exchange of branch lines or of running rights or connecting branch lines to other lines of railway and even to the lines of other railways. There are provisions that the cost of such connections and exchanges may be borne by the Government.

I must remind honourable senators here that the provisions with respect to branch line abandonment must be considered in the light of the Government's announcement that a certain network of lines in the Prairie Provinces will be guaranteed by the Government until January 1, 1975. If the branch lines are not part of the now guaranteed network, the railways must apply to the commission for authority to abandon these non-guaranteed lines, and after a hearing has taken place, as explained earlier, the commission may either grant or refuse the application depending upon the evidence. In short, the bill carries out the basic recommendations of the royal commission, that railway operations that are required to continue for reasons of national policy or interest should not be a burden on the shippers or on the railways themselves.

There was in the other place a long discussion preceding an amendment to the original provisions of the bill having to do with the Crowsnest Pass rates. The present bill, which includes all the amendments which were brought to the bill since its introduction in the other place, renews the statutory provisions with respect to the Crowsnest Pass grain and flour rates and makes statutory the related grain and flour rates for movements to Vancouver, Prince Rupert, and Churchill, under clause 328, page 42, while the so-called related rates are protected indirectly under clause 470 at page 65. Contrary, however, to the recommendations of the MacPherson Commission, the bill does not provide for a subsidy to the railways with respect to Crowsnest Pass and related rates. Conditions have changed remarkably since 1959, as honourable senators are aware. This applies particularly with respect to the volume of grain moved to export ports, and the Government does not now believe that the recommendations of the royal commission on the matter are necessarily applicable in 1967. The commission has, however, under clause 15 broad discretionary powers to inquire into and report to the minister upon situations where financial assistance to railways is required.

Honourable senators, I regret to say that it is not possible for me to conclude my remarks on Part V without mentioning at least some important clauses with respect to three particular situations. Firstly, I said before that unfortunately the royal commission had not enough time to deal with the special regional problems of the Atlantic area. As many honourable senators are particularly interested in this region, I would like to mention that there are provisions in Part V stating that rates on movements into, out of and within the Atlantic Provinces, which were reduced by the Freight Rates Reduction Act, are now frozen for a further period of two years by this bill; these include rates on coal, coke and timber. In the meantime a thorough and comprehensive study of the transportation system of the Atlantic Provinces is now under way and it is expected that by the time this freeze expires the Government will be in a position to act on the recommendations in the report.

Secondly, there are provisions also regarding rates on grain and flour moving to ports on the St. Lawrence or the east coast for export from elevators or flour mills in eastern Ontario or Quebec. These rates are made statutory, and provision is made for payment of assistance to the railways by the Government in respect of such movements. However, I wish to add that the bill does not in any way touch the feed grain subsidies which are governed by and paid under entirely different legislation introduced by the Minister of Forestry.

The third point—and of course you would expect me to say a few words about this—has to do with the general transitional subsidy to the railway companies. To avoid a too radical change in the financial position of railways, because of the change from the present system of subsidies to the new system set up by this bill, the legislation provides a general transitional subsidy. This subsidy begins at the level of $110 million for all railways this year and will decline by $14 million per year until it disappears in 1975.

It will operate along the following lines. The special subsidies for passenger services, branch lines and eastern grain and flour are payable first; and it is provided that if the total of the special subsidies is less than the general subsidy—for example, $110 million this year—then the difference is payable in addition to the special subsidies. If the special subsidies are greater for a given year than the general subsidy, then only the special subsidies will be paid.

Honourable senators, the last part of the bill—clauses 80 to 95 inclusive—protects the present rights of members of the Board of