

Mr. GILLIS: That is right, and of course if it is the installation of diesels which I think it is—I pressed that yesterday, and Mr. Gordon was going to take a look at it. The answer that Mr. Gordon was to give me today would have some relation to that. I would like to know how fast that market is dropping off.

Mr. GORDON: Perhaps I can deal with the question first. The question you asked yesterday was the tonnage purchased by the Canadian National Railways from the small operators in Nova Scotia laid down at Moncton for 1951 and 1952 that will give you an idea of how fast that market is dropping off.

I have not got the figures yet, so I am not able to answer the question as regarding the coal coming out of specific coal mines laid down in Moncton, but we will get these figures for you, although not for this meeting. I can get in touch with you later.

One of the difficulties arising out of trying to compare any of our costs is that disagreement exists in connection with a five mill per ton mile rate in respect to O.C.S. haul—

Mr. GILLIS: Five mills?

Mr. GORDON: That 5 mills is only the basis for the subvention application. We do not take that. We take our actual O.C.S. cost of haul and the O.C.S. cost of haul varies as you can plainly see from point to point and from mine to mine, and it will also vary on traffic. What our purchasing agents do is that they use the total of our O.C.S. costs as worked out and when they get a quotation on coal from a given mine at the minehead, they apply the O.C.S. cost figure and that gives the laid down cost at the consuming point. That figure is not publicly known and we do not think we can make it publicly known because it confuses other aspects of cost in regard to general freight rates because we do not weight that figure with overhead administrative costs. It is our purpose, and our purchasing agents are under such instructions, to apply that O.C.S. cost figure to the advantage of the Canadian mines wherever possible. We give them all the advantages we can with respect to traffic. What I intended to say yesterday was that when you start off with a minehead cost of \$9.30 in Canada and a minehead cost in the United States of an average of \$4.14 per ton, then they start off with a terrific advantage enabling them to absorb the costs of haulage which ought to be against American coal.

Let me put it this way. If the minehead cost of American coal was anywhere near Canadian coal we would not buy American coal at all, that is providing we could get it from Canada. The only reason American coal becomes competitive at all is because their minehead cost is so low that they start off with a terrific advantage to overcome their natural handicap.

The CHAIRMAN: May I ask a question on a subject I do not know too much about. If the Canadian National Railways accepted the arbitrary O.C.S. rate set down by the coal board would the maritime coal then be used?

Mr. GORDON: It would depend on the circumstances. In some cases the 5 mill rate is higher and in other cases the 5 mill rate is lower than our actual cost. I am getting into a controversial subject, Mr. Minister, perhaps you will guide me.

Hon. Mr. CHEVRIER: I would like to say something on this when the opportunity arises.

Mr. GORDON: I am not sure whether I should get involved in this controversy of O.C.S. rate and subvention rate. The point is it is not a controversy—I was going to say it is a difference of opinion, but perhaps that is the same thing. Our view is that when we buy coal we should deal with our actual cost figures. The Dominion Coal Board is the board I understand charged with trying to help the Canadian coal industry and they take the view that in the interests of simplicity and as the best way to order a subvention formula they have ruled when we apply for a subvention we must use the fixed figure