

My question is this: Who now gets the advantage of the subsidy—the railway company, or the maritime or Atlantic shipper?

Mr. DICKSON: Madam Chairman, in reply to Mr. Stewart's question may I say that the Maritime Freight Rates Act subsidy is a shipper subsidy, although it is paid to the railway. Certainly the whole philosophy of the maritime freight rates subsidy was to reduce the rates to the shipper, so I say it is a shipper subsidy. It is paid to the railway in return for a reduction in rates. Therefore, it is a shipper subsidy, but it is paid to the railway.

Mr. STEWART: My question goes a little further than that. Would you argue that, after the railway has increased its rates again and again in the maritime region, in reality the subsidy which was supposed to provide a relative advantage to maritime shippers is being absorbed by maritime shippers or by the railway companies?

Mr. DICKSON: Undoubtedly the payment of a subsidy helps any industry group—if you want to call Ontario a group, inasmuch as it is passed on presumably to the user. It is possibly of some help to a carrier in attracting traffic.

I think the railways attempted to pass the subsidy on to the user. If they have not done so, it is perhaps through inadvertence. I am not going to suggest for a minute that they have deliberately retained a subsidy when it could have been passed on to a shipper, but the amount of subsidy has not been adequate to maintain the relationship. It may well be that the Duncan commission, in recommending a subsidy in 1926, felt that 20 per cent was the amount needed at that time to restore the relationship, and that this percentage figure was only a secondary figure to indicate a principle.

I may not be answering the specific point of your question, but I am trying to give a little background to the 20 per cent figure. I would suggest there is nothing sacred about the 20 per cent or the 30 per cent, as the case may be; it is a figure applied to indicate the principle.

Mr. STEWART: Would it not be correct to say that to the extent the subsidy is absorbed by the railway—and we will not enter into the question of whether or not this is done deliberately—the subsidy becomes in effect a subsidy for shippers in central Canada? The railway gets more money here by reason of the subsidy. Consequently, it is able to compete more vehemently in the central Canadian area.

Mr. DICKSON: I do not think I could agree to that, Mr. Stewart.

Mr. STEWART: Well, I would go that far. The fact that the subsidy is paid only to the railways and not other carriers does mean, when they are competing for any given block of traffic, that the other carriers are at a disadvantage. To the extent that this may take place, then I suppose one could say the subsidy is not dollars in the railways pocket though it is of assistance to them in retaining that traffic.

The last question I want to ask arises out of a question asked by Mr. Pascoe. Have you inspected the report of the board of transport commissioners of March 8, 1965, on the waybill analysis?

Mr. DICKSON: That is exhibit 1?

Mr. STEWART: Yes.

Mr. DICKSON: Yes.

Mr. STEWART: I notice in your own appendix 1 you deal with class rates, yet this report of the waybill analysis shows that class rates figure to a very small percentage—for example, in 1963, three per cent—of the amount of carload traffic moved.

To what extent is your appendix 1 liable to give a distorted impression because it concentrates on a portion of the traffic which itself is only a small percentage of the total traffic?