

Mr. HEES: Always having regard to our budgetary position.

Mr. CHEVRIER: Mr. Chairman, may I follow up the question by Mr. Bell about precedents—and you have given a number of them, Mr. Knowles. Can this also not be considered a precedent, that from time to time in the past the board has, of its own volition and free will, under the statute, decreased the effect of certain increases?

For instance, in the 40 per cent place, which was applicable over a period of some time, the board reduced the effect of it to 25 per cent and then 17 per cent.

Mr. KNOWLES: Yes, the board acted of its own volition there to make reduction in the 40 per cent. In fact, in the order which was issued allowing the 40 per cent—which became effective September 13, 1920—it was stated that the 40 per cent must be reduced to 35 per cent on January 1. That gives the railways a little over three months at the 40 per cent for the purpose of recouping them for the fact that they had been waiting a long time for this increase. That was the only reason for the 5 per cent reduction.

But in 1921 the board saw that the railways were earning very substantial sums of money under the 35 per cent increase, and they altered it and reduced it to 25 per cent, and that reduction took effect.

Later on, in 1922, they ordered a 7½ per cent reduction on basic commodities because there was not enough money in the surplus that the Canadian Pacific Railway had to make any reduction on other traffic.

Mr. FISHER: In connection with the bridge subsidy, it has been fixed at the same level ever since it was introduced?

Mr. KNOWLES: No, we have changed it twice.

Mr. FISHER: What was the change?

Mr. KNOWLES: Mr. Kirk has been following that right through, and if there is any question on the bridge subsidy, I think he could answer it quite readily.

Mr. FISHER: Could you just, perhaps, give us a sort of history of the bridge subsidy, the changes and how it has been applied?

Mr. KNOWLES: I could do it, but I think Mr. Kirk could do it better.

Mr. KIRK: Mr. Fisher, the bridge subsidy, as you know, starts with the premise that payment of the maximum \$7 million, for the actual amount of the cost of maintaining—

Mr. FISHER: I am sorry, I cannot hear your answer.

Mr. KIRK: The bridge subsidy starts with the premise that payment is made to a maximum of \$7 million for the cost of maintaining the trackage between Sudbury and Fort William, which is 551½ miles, and an equivalent amount of mileage of the Canadian National in the same area.

That money which is designated to be paid has been used in each year, because the actual cost of maintaining the trackage has been in excess of \$7 million. So there was, in effect, a fund of \$7 million.

We started to take that money away from the railways to make a freight rate reduction by a compromise basis that took half of a reduction in the terms of a percentage and half on a fixed charge per 100 pounds, or a ton. We started on May 1, 1952—and I have to quote these two factors, because I cannot keep it straight otherwise. The percentage reduction was 2.53 per cent and the factor on weight was 5.8 cents per 100 pounds. That is all worked out on a master tariff, again, and those come together, and this kind of a tariff comes out of it. You take the rate in the tariff as it stands, and this gives the other rate.