

try to ascertain what their competitors are charging, and many times will apply the same rate. Other times it might be higher, or lower, depending on the value of the railway service compared with the competitive service.

Mr. CHEVRIER: Are some of those rates non-compensatory?

Mr. KNOWLES: I do not think so, Mr. Chevrier. They are usually on high-rated articles that simply will not stand the high classification. They have to be brought down. I would say the competitive rates yield as good revenue as a lot of the other traffic.

Mr. CHEVRIER: Yes, I see that.

Mr. DRYSDALE: Have competitive rates always been related to the railways, or have they ever been used on other forms of transport?

Mr. KNOWLES: If it was a matter of cutting the other fellow's throat all the time, you would simply have chaos in your freight rate structure. So there is an association, the Canadian Freight Association, to which the two principal railways and about 15 of the smaller railways belong. They meet once a month and determine the rate applications that are being made to them by the shippers, and they determine what the rate shall be.

Mr. CHEVRIER: It is \$73.8 millions for one year—is that the figure—that moves on competitive rates for the Canadian National?

Mr. KNOWLES: That is on the Canadian National. On the Canadian Pacific it was slightly different. You have not got the Canadian Pacific figures down, I think, Mr. Chevrier. I will put them on the record if you wish. The total revenue is \$406.2 million, and the grain products account for \$37.7 million. The international export and import traffic is \$121.3 million; coal and coke \$15.5 million; competitive rates \$50.6 million; agreed charges \$48.4 million; and all other freight traffic—which would be the normal traffic—is \$132.7 million.

Mr. CHEVRIER: Coming back to this question of competitive tariffs and their compensatory aspect, the board has a provision that allows it to examine whether the competitive rate is compensatory or not, has it?

Mr. KNOWLES: We have used that quite a few times, Mr. Chevrier. It has been a very useful section of the Railway Act, section 334. It was something that I myself recommended to the royal commission. They adopted my recommendation and parliament enacted it, as you know.

Mr. CHEVRIER: Hear, hear.

Mr. KNOWLES: Ordinarily, the railways file these competitive rates, and unless somebody complains about them there is no investigation of them. If somebody complains about them, or if our traffic department—Mr. Kirk is the supervisor of this—hears about a complaint; we also take a look at these tariffs as they come in. If anything looks suspicious, we ask the railways to submit the information—under section 334—on which they published this rate. I have one under investigation now and I have asked the railways to submit the information required under that section.

Mr. BROWNE (*Vancouver-Kingsway*): What percentage of the competitive rates would be envisaged in that? On what percentage of the rates would you call for information?

Mr. KNOWLES: It would be a very small percentage.

Mr. CHEVRIER: But if there was any complaint by anyone, you would examine it at once, would you not?

Mr. KNOWLES: At once, yes. We examine every complaint that we get.

Mr. FISHER: Since we are on this question of compensation, would you give us a definition of these out-of-pocket expenses, out-of-pocket costs, fixed costs, joint costs?