

rates by 7 per cent approximately. In some cases you have stated that it may be less and in other cases it may be more, the aggregate amount being \$20 million.

Mr. HEES: That is right.

Mr. CHEVRIER: What objection would there be in providing in the bill for the reduction to be not less than 7 per cent?

Mr. HEES: Because, Mr. Chairman, the bill specifies that the total amount which the government is proposing to be spent is \$20 million. We are limited in the bill to the spending of \$20 million.

Mr. CHEVRIER: Well, you could spell that out, could you not, if you provided that it was to be not less than 7 per cent over and above the \$20 million? What harm would there be, Mr. Knowles, if over and above the aggregate subsidy of \$20 million you, as it were, guaranteed—let me use that phrase—the reduction to be not less than 7 per cent?

Mr. KNOWLES: The 7 per cent, Mr. Chevrier, uses up practically the whole subsidy, according to my calculations, based on the Canadian National and Canadian Pacific estimates of traffic for the year 1959.

If the traffic increases, then the \$20 million might be used up in ten months unless we reduce the amount, say to 6 per cent reduction. We may have to change it. On the other hand, if traffic slumps off, we could increase the reduction to maybe 8 or 9 per cent, depending on the amount of money we have left.

Mr. CHEVRIER: Then there would be no harm in saying “not less than 7 per cent”?

Mr. KNOWLES: If the minister wants to do that, but we may run out of money in 10 or 11 months instead of a year.

Mr. CHEVRIER: You cannot run out of money if the maximum is \$20 million.

Mr. KNOWLES: We will use up the \$20 million.

Mr. CHEVRIER: You cannot go beyond the \$20 million; it says so in the bill.

Mr. KNOWLES: But if you make a guaranteed 7 per cent reduction and your traffic increases, the traffic that is moving will get the 7 per cent reduction and at the end of the month, each month it will show we are getting to the point where we have used up the \$20 million. That is the trouble.

With the bridge subsidy we have to watch that like a cat watching a mouse to see we do not get over the \$7 million.

Mr. BELL (*Saint John-Albert*): Is there any precedent for this type of legislation in our history? Is there any precedent for this type of repayment?

Mr. KNOWLES: Yes; you have the bridge subsidy; you have the Maritime Freight Rates Act. They both require reductions in freight rates and the payment by the government of the balance.

Mr. FISHER: I would like to ask the minister how the figure of \$20 million is arrived at?

Mr. HEES: That was arrived at in a cabinet discussion, and my oath of office does not permit me to say what went on in the cabinet, Mr. Chairman.

Mr. FISHER: Let me put it this way. Was it felt that the 7 per cent reduction would take care of most of the major grievances?

Mr. HEES: It was felt that \$20 million was the amount that the government felt it could expend in this way, at this time.

Mr. CHEVRIER: Having regard to its budget which it brought down the other evening?