

perhaps undercut the competition. In a case like that the commission disapproves or rejects the tariff, and the carrier must file a new one.

Senator Buckwold: Does this happen very often?

Mr. Morrison: Not very often.

Senator Buckwold: I am trying to get into the competitive factor so far as the smaller carriers are concerned, and I think that is probably what worries the minister most.

Senator Molson: What about contract operations such as those carried out many years ago by Eldorado, and various others? I am talking about contracts between the carrier and some large exploration or mining company, or forest operation. It is as simple to file as a schedule of rates. Do those contracts have to be filed?

Mr. Morrison: Yes, sir, particularly if they divert from the filed tariff of the carrier. In many instances they are specific contracts, as you suggest, for mining companies—long term contracts, and so on.

Senator Molson: If the whole operation is set up for this purpose, there is no tariff at that stage. They would then have to file that contract. Suppose it is on a cost-plus basis, for the sake of argument, is that filed too?

Mr. Morrison: If they are a licensed carrier, they would have filed a tariff for their normal business, and then, when this contract came along, if they wished to depart from their filed tariff, they would have to file the new tariff with the commission for approval.

Senator Molson: I am really thinking in terms of things that perhaps do not exist today, but which existed a long time ago. For example, when a specific operation was opened up, it would have nothing to do with existing tariffs. Tariffs did not exist. There was nothing going on. I am thinking specifically of all the Labrador flying. There was no schedule, there were no bases, and they were set up to carry out the exploration for the iron ore in Labrador. Would that agreement between the Labrador mining and exploration company and the carrier have to be filed with the Transport Commission?

Mr. Morrison: I think that goes back to the days prior to the formation of the Air Transport Board. It was not until 1942, or whenever it was, that the board came along, and then they required the filing of tariffs. I think we have to bear in mind, in the cases you are referring to, that these are rates per mile or per hour, and usually, in the long term type of contract, you contract to put the aircraft at the disposal of the company for a given period of time. That is where you invariably depart from your tariff.

Senator Laird: Are you really stuck with rates per mile or per hour? In the case of your non-scheduled operators there must be a wide variation in destinations.

Mr. Morrison: Yes. The destination does indeed vary, but the rates do not vary very much. By types of aircraft we find that they become pretty competitive, and as a consequence there is not too much variation.

The Chairman: Mr. Morrison, to what extent does the technical service that the commission has look at and deal with any tariffs that are filed?

Mr. Cameron: Mr. Chairman, I know that the governing departments in the CTC examine such contracts and such

tariffs as are filed very carefully, and from my previous term of office as president and chairman of the Air Transport Association I know that many contracts were turned back for further explanation or justification, so that they are very carefully studied. In the case of the main line carriers the history has been one of public hearings with regard to the last two major rate increases.

The Chairman: Would you say it is a wrong statement, or that there is an error in the statement, that all the airlines do is file a schedule of rates which they have agreed to with the commission, and then go about and carry on with those rates. Is that the procedure?

Mr. Cameron: I would say that would be a very wrong statement because our experience with the Canadian Transport Commission is that it exercises high regulatory powers over us in many, many sectors. It exercises them very thoroughly, and there is the particular example of the last two public hearings where it took a great deal of effort to place evidence on the record to show that these rate increases were needed by the industry and to convince the CTC that they were in the public interest.

The Chairman: I was looking at the regulations passed under the Aeronautics Act, and this is the authority of the commission. Have there been any cases where the commission has disallowed or suspended any tariff or toll that has been presented to it, as far as you know?

Mr. Cameron: I am thinking of the last case where fare increases were submitted, and then, after consultation, they were amended by the carriers and, in effect, a change of submission was made without as great an increase of fares.

Mr. Bowling: This was at some point half way through the hearing?

Mr. Cameron: Before the actual public hearing, so far as I recall.

The Chairman: A sort of preliminary discussion indicating the view of the commission, I suppose, and you fell in line by amending your filings?

Mr. Cameron: I believe in this case there was a public discussion indicating the view of the minister.

The Chairman: The second power they have has to do with the substitution of a tariff or toll satisfactory to the commission for whatever you may have presented. Has that occurred?

Mr. Cameron: Not, to my knowledge, in our case. I would guess that in some of the small chartered carrier applications the Air Transport Committee looks into it to be sure that the fares are compensatory, and I would hazard a guess that some have occurred, but I do not know of my own knowledge.

The Chairman: Then the third power they have is that the commission may prescribe other tariffs and tolls in lieu of the tariffs and tolls so disallowed by them. Have you experienced that?

Mr. Cameron: I have not, no.

The Chairman: The word "prescription" there bothers me a bit. I presume it means prescribed by regulation—that is, that the commission may prescribe by regulation—

Senator Flynn: A guideline like in Bill C-73.