

Mr. HORNER (*Acadia*): I wanted to make it clear as to whether you were speaking directly for the lignite coal company operating in Saskatchewan or for those operating in western Canada. When people refer to the coal in Alberta, they generally refer to the coal in the Crowsnest pass area, even the coal at Drumheller. The coal, particularly at Sheerness, is of a lower quality than that at Drumheller, and I think it would qualify under lignite.

Mr. BLAIR: I always felt the people of Alberta would never admit they produced a coal as cheap as lignite; they call it sub-bituminous.

Mr. HORNER (*Acadia*): I was interested in the price. They have not sold any to me at \$2 a ton, but they sell for just a shade better than \$2 a ton in carload lots going into Saskatchewan.

Mr. PASCOE: I have two questions. What railway hauls most of this coal; and is it a fair question to ask would that railway support your application for relief on the grounds of more business?

Mr. BLAIR: In answer to your second question, Mr. Pascoe, I hope they would, because there is a mutuality of interest between the coal company and the railway. They will not make a nickel transporting natural gas. My feeling is that more of this coal is transported on the Canadian Pacific Railway than on the Canadian National Railways—and I have a nod from a railway official who tells me that is the case.

Mr. SOUTHAM: I think we should emphasize point 5; subventions do not apply to major lignite coal movements. This subvention that has applied has only been on 275,000 tons, which is only about 10 per cent of the total lignite movement. It was just quoted in regard to the movement from the eastern Manitoba boundary into Ontario.

Mr. BROWNE (*Vancouver-Kingsway*): I wonder if I might have Mr. Knowles' comments on the question I asked earlier. Perhaps he could give some of the reasons why the 22 cents applies regardless of the mileage that is involved and why some of the other coal is receiving some of the same subventions when they might be better able to stand the 22-cent increase.

Mr. KNOWLES: Well, that goes back a long way, to 1917, when the railway companies applied through the board for a 15 per cent increase on all freight rates, including coal. After hearing all sides the board at that time decided that in view of the vital necessity of the people of Canada and the kind of climate we had, they would impose the smallest possible increase they could look in the face and, instead of giving the railways 15 per cent—which, true, would have made a small increase on the low rate, but a very big increase on a high rate of, say, \$4 or \$5 a ton—decided in their wisdom that they would only allow 15 cents per ton on all. "Let everybody suffer alike—a 15 cents increase".

In all increase cases since that time the railway companies have followed that lead set by the board and they only apply for flat increases; they do not apply for percentages on coal. The same thing applies in the United States; all the rates on coal within the last 15 or 20 years have been increased by flat allowance. After the last increase, the high increase, where coal was increased 40 per cent, it was only increased 20 cents per ton in Canada.

We are giving very great consideration to the coal industry all through these increases, and I might point out the average rate on coal in 1957, shown by the waybill study, is 3.36 cents per ton. The 22 cent increase on that is 6 per cent, instead of 17 per cent. That was another reason why I think that coal was not given much consideration in connection with this subsidy; it was because of the low increase it has already and the fact that most of it is subsidized today.