

to whatever restrictions are imposed upon other road transport operators. On the other hand, in our opinion, in Canada, where of necessity freight must be conveyed in large quantities over long distances at all times of the year, railway transportation is essential to the economic welfare of the country. Because they are essential and because the railway freight rate structure implies conditions approximating to a quasi-monopoly, the railways require, if they are to continue to operate efficiently, a measure of protection from long distance road competition and an equalization of the conditions under which short distance traffic is carried.

166. Any restrictive regulations imposed on the road vehicle will not determine the division of the functions as between roads and railways except to a relatively limited extent. In our view, this division of function will not be best obtained through the arbitrary action of governments, but rather through the efforts of those engaged in the transport industry. By concentrating less on mutual competition and by turning their energies to the co-ordination of the services they provide, a properly co-ordinated system of transport will be evolved. In our view the true function of road transport, in such a co-ordinated system, as auxiliary and complementary to the steam railways, would appear.

167. Under the constitution of Canada regulation of road transport falls within the exclusive jurisdiction of provincial authorities. While the Dominion Government is not limited by the constitution in the matter of taxation, in practice road vehicle taxes are imposed solely by the provinces. These considerations make it inadvisable for us to make any specific recommendations in regard to the regulation and taxation of road transport. The federal and provincial governments in co-operation should, however, examine this question of the regulation and taxation of road motor vehicles with a view to equalizing the conditions under which road and rail transport is carried on, and to securing uniformity throughout the Dominion. A joint inquiry in which both federal and provincial governments were represented should enable a measure of agreement to be reached upon the general principles which should govern the regulation and taxation of motor vehicles using the public highways. The administration and adaptation from time to time of the agreed principles of road transport might be left to a consultative committee consisting of representatives of the various provincial governments and of the federal Government.

168. In our view the general principles upon which operators of road passenger services and common and contract carriers of freight should be regulated are as follows:—

- (i) Schedules of rates and charges should be published.
- (ii) Within those schedules common carriers of freight should accept and carry what is offered to them without discrimination between customers and commodities.
- (iii) Operators should be insured against all risks, including third party risks.
- (iv) Operators should keep accounts on a prescribed system and render returns to appropriate public authority on a common basis.
- (v) Minimum standards in regard to working conditions, including wages and hours of labour, should be required.
- (vi) In the interests of the safety of the public, a standard of fitness should be required of all operators in regard to their vehicles.
- (vii) Due regard should be had to the preservation of road surfaces, and, to this end, restrictions should be imposed upon the size and weight of road vehicles in accordance with the type and character of the highway.

169. Furthermore, we consider that any joint inquiry that may be set up to examine this question should give serious attention to the institution throughout the Dominion of a uniform system of licensing (in addition to the existing licensing for revenue purposes) of road passenger service vehicles and motor vehicles used for the conveyance of freight, whether operated as common carriers, contract carriers, or used exclusively for the conveyance of the freight of their owners. Under such a system it is suggested that a licence should only be granted to common carriers of passengers and freight where it can be proved to the satisfaction of the licensing authority that the service rendered, or proposed to be rendered, is in the public interest.

170. As regards the taxation of road motor vehicles, the amount of such taxation, including the tax on gasoline, should reflect a fair proportion of the cost of providing and maintaining the highways. A fair proportion would, in our opinion, be equivalent to two-thirds of the total cost in respect of highways in urban areas, while in the more undeveloped districts the proportion might be increased. As to the distribution over the various classes of vehicles, it is suggested that the scales of taxation should be so adjusted as to fall with greater severity upon the heavy long distance traffic.

(b) AVIATION

171. The development of aviation has been one of the phenomena of the present century and with the advance of aeronautical science, aircraft will play an increasingly important part as an agency of transport. Particularly will this be the case in this country where the physical and geographical characteristics, the sparsity of the population and the long distance between the centres of the population, all tend to favour air transport.

172. Good progress has already been made in the development of this new transportation instrument and much credit is due to those whose responsibility it is to foster that development. The aeroplane is already accepted as a normal means of transport throughout very large areas in Northern Canada. It has rendered possible travel to the farthest limits of the Dominion, with speed and comparative safety and without the large capital expenditures which are inseparable from roads and railways.

173. Great as are its potentialities, aviation is still in its infancy and we feel that it is too early to make any specific recommendations in regard to air transport. The Dominion Government should, however, keep in close touch with the developments which are taking place, and which will to an increasing extent take place in the field of aviation. It is encouraging to observe that the two principal railways have recognized the importance of the newer mode of travel and their investment in one of the largest aviation undertakings in the Dominion may well prove to be the foundation of a proper co-ordination between these two agencies of transport.

(c) WATERWAYS

174. For eight months of the year the facilities of the railways of Canada are duplicated through approximately one-third of their length by a system of inland water transportation which, developed by the Government at great cost, furnishes shippers of long-haul bulk commodities with a service at rates with which the railways are unable to compete. During the navigation season our inland waterway absorbs not only practically the whole of the eastbound export grain traffic from the head of the lakes to lower lake ports, but a considerable portion of internal traffic of the Eastern and Central regions in bulk commodities, such as coal, iron ore and cement.