

To effect remedies it recommended:

(1) That the board of directors of the Canadian National Railways be reduced to three trustees (from 17), and that a majority of the trustees, which must include the Chairman, should govern its decisions.

(2) The annual budget of the railway should be under the control of the trustees and should be presented to Parliament for approval. Annual deficits should be voted by Parliament and not raised by the issue of railway securities.

(3) A continuous audit should be made by independent auditors appointed by Parliament.

(4) A statutory duty should be imposed upon the trustees of the Canadian National and upon the Board of Directors of the Canadian Pacific Railway to adopt as soon as practicable such co-operative measures, plans, and arrangements as may be best adapted to the removal of unwarranted duplication and unnecessary services and facilities and to co-operate and use jointly all facilities as far as feasible.

(5) To facilitate co-operation, an arbitral tribunal composed of the Chief Commissioner of the Board of Railway Commissioners as chairman and a representative from each of the railways should be appointed to settle disputes between the railways, especially as to co-operative measures or arrangements. The tribunal may be increased by an additional representative from each railway when deemed desirable by the railways. The tribunal should have jurisdiction in relation to the following matters:

- (a) Joint use of terminals.
- (b) Running rights and joint use of tracks where there are actual or functional duplications, or where such may be avoided.
- (c) Control and prohibition in respect of the construction of new lines and provision of facilities and additional services where no essential need of the public is involved.
- (d) The joint use of facilities where this would promote economy or permit the elimination of duplication or unremunerative services or facilities.
- (e) Abandonment of lines, services or facilities.
- (f) Pooling of any part or parts of freight traffic or of passenger traffic.
- (g) Things necessarily incidental to the above enumerated matters.

Whilst all members of this Commission concur in these recommendations which, if carried out in letter and spirit by all concerned (the Government, the public and the railways), should effect a considerable measure of relief to the taxpayers of Canada, some members would have preferred a plan which would have established a complete disassociation of the Government of Canada from the responsibilities of competitive railway management or of any direct interest therein.

The Commission also suggested a joint inquiry by the Dominion and Provincial Governments into regulation and taxation of motor vehicles using the highways. During the following session of the Dominion Parliament (1933), legislation known as The Canadian National-Canadian Pacific Act, 1933, was passed implementing the report of the Commission.

Under this Act the Board of Directors of the Canadian National Railways is replaced by a board of three trustees, the chairmanship of which is a full time position. The members are appointed for terms of five years and shall not be removed from office unless for assigned cause and on Address of the Senate and House of Commons. Decisions of the majority which must include the chairman will prevail. The trustees must submit each year estimates of requirements to Parliament through the Finance Minister and income deficits shall not be funded. The trustees shall also present annual reports to Parliament through the Minister of Railways and Canals. Continuous audit shall be made by independent auditors appointed annually by Parliament.