

ing month. Freight and passenger revenues consequently decreased at alarming rates and with increased capital expenditures and fixed charges, the financial condition of Canadian railways demanded re-adjustment. To study the situation and, if possible, to remedy it, the Government appointed a Royal Commission under the chairmanship of the Rt. Hon. L. P. (now Sir Lyman) Duff, Judge of the Supreme Court of Canada, which held hearings throughout the country and on Sept. 13, 1932, submitted its report, summarized at pp. 648-650 of the 1933 Year Book. During the following session of the Dominion Parliament legislation known as The Canadian National-Canadian Pacific Act, (c. 33) 1933, was passed implementing the report of the Commission.

Under this Act the former 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.

Under Part II of the Act the Canadian National and Canadian Pacific Railways are required to co-operate as recommended by the report of the Commission and, in addition, the railways are to divide the employment of such co-operative activities between the employees of the two railways, the division to be made by negotiations with the employees.

The co-operative measures may include:—

- (a) New companies controlled by stock ownership, equitably apportioned between the companies;
- (b) Leases, entrusting agreements, or licences, or agreements for pooling and division of earnings arising from the joint operation of any part or parts of freight or passenger traffic, or express, telegraph, or other operating activities or services;
- (c) Joint trackage, running rights, joint ownership, or joint operating agreements, depending upon the nature of the property or services included in any co-operative plan;
- (d) Joint or individual highway services, or highway and railway services combined, in any form.

In the formation of any new company, the employees in any services taken over by the new company shall be given preference.

Under Part III provision is made for the erection of a tribunal with jurisdiction as recommended by the Commission, except that clause (e) "abandonment of lines, services and facilities" is struck out. The powers of the tribunal may be invoked by either company and decisions of the presiding officer and one member shall be final and binding on both railways, even if one railway fails to appoint a representative. The orders of the tribunal shall be binding and enforced in the same manner as orders of the Board of Railway Commissioners and shall not be subject to appeal except as to jurisdiction and only to the Supreme Court of Canada. Where an order of the tribunal conflicts with an order of the Board of Railway Commissioners the former shall prevail. Where a dispute is of substantial concern to the public, or affects any province, the presiding officer shall give due notice and the interested parties may be heard at the sitting.