

Payment of the capital subsidy will be made under regulations of the Governor in Council. It is expected that around \$6,000,000 will be expended in the first year of the operation of this new policy but this figure cannot be taken as a guide to future years since part of the subsidy will be applied toward the construction of large ships which require anywhere from a year to a year and one-half to complete.

Subsidy has been paid by the Government for the maintenance of essential steamship services since the latter part of the nineteenth century. Included in this program were subsidies for domestic services and, as well, mail and operating subventions for overseas services. At the outbreak of World War II all subventions except those for domestic services were suspended and since the end of the War subsidies for ocean-going ships have been paid on only two occasions. On one occasion the purpose was for the preservation of a water transportation link with Australia and New Zealand but this was discontinued in 1952 when the *Aorangi* was withdrawn from service for demolition; the other occasion was a special one-year subsidy for Canadian ocean-going ships generally during a period of depressed freight rates in 1950.

The National Energy Board.—The National Energy Act (SC 1959, c. 46) proclaimed Nov. 1, 1959, provided for the establishment of a five-member Board charged with the duty of assuring the best use of energy resources in Canada. In the performance of this function, the Board is responsible for the regulation of the construction and operation of the oil and gas pipelines that are under the jurisdiction of the Parliament of Canada, the tolls charged for transmission by oil and gas pipeline, the export and import of gas and the export of electric power, and the construction of the lines over which such power is transmitted. Up to the end of 1960, the work of the Board was confined mainly to the conducting of hearings in connection with the issuing of permits to export oil and gas and for that reason is covered in more detail in the Foreign Trade Chapter of this volume (see Index). However, toward the end of the year the Board devoted a considerable amount of time to studies associated with the development of the national oil policy.

PART II.—RAIL AND URBAN TRANSPORT*

Section 1.—Railways

Since Confederation the railways of Canada have been the principal utility for the movement of passengers and freight throughout, and beyond, the nation. The two great national systems, supplemented by a newly completed north-south line on the West Coast and a few regional independent railways, are the only carriers able to transport large volumes of freight at low cost in all weather by continuous passage over Canadian trans-continental routes. Though highway and air competition is increasing, the railways still retain their primary position in the freight transport field. However, growing public preference for air travel on long trips and for the use of private automobiles over short distances has greatly affected railway passenger services. In an attempt to meet this competition, much streamlining at both the administrative and operational levels has been undertaken by the railways, designed primarily to improve efficiency and flexibility of service.

The two national railway companies control a wide variety of Canadian and international transport and communication services. The government-owned Canadian National Railway System is the country's largest public utility and operates the greatest length of trackage in Canada. In addition, it operates a highway service fleet of coastal and ocean-going steamships, a national telegraph system connecting the principal points of Canada with other parts of the world, an extensive express service in Canada and abroad, a

* Revised in the Public Finance and Transportation Division, Dominion Bureau of Statistics; more detailed information is given in the annual reports of the Division. Certain of the financial statistics were compiled in co-operation with the Department of Transport.