has also increased. The company has eight different wage agreements, and the experience in 1955 over 1954 was an increase of about 3¼ per cent.

Mr. HAHN: Can you give us a percentage rate per man hour of labour cost to the revenue per operating mile over a period of years?

Mr. McGREGOR: Yes, but I would do it in a rather different way, because the revenue mile is a function of the type of aircraft being operated, and it is not fair to say that the labour associated with operating a Super-Constellation for a mile bears any reality to the labour cost of operating a D. C. 3 for a mile. But if you would like to have a comparison in terms of available seat or ton miles, we would be glad to do it.

Mr. HAHN: Could we have it both ways?

Mr. McGREGOR: Yes. We will provide it for you after lunch.

Mr. FULTON: Would you care to enlarge on that matter of your operating expenses? The thing which appears obvious, and which must have given you concern, is that they have gone up just over $9 million while your revenue went to something under $9 million. What were the main factors in your increased operating expenses? Was it the bringing into service of new aircraft?

Mr. McGREGOR: Not entirely. In actual fact the cost per available ton mile —if we may make use of that yard-stick—went down, which is a most satisfactory condition. The main body of that increase in operating expenses was due to additional services provided, some 18 per cent more available ton miles operating in 1955 than in 1954. The discrepancy between the increase in expenses and the increase in revenue can, I think, readily be attributed to the two factors which are specifically mentioned here, a greater cost per man hour of labour provided, and the additional cost associated with the introduction of new equipment.

Mr. FULTON: Do you look for a point where it will break even, when increased service will not bring about an increase in cost, and when it will offset or be more than offset by efficiency or greater carrying capacity of the units which are used to provide that increased service, which does not appear to be the case as yet? Will there ever be a break-even situation, or favourable?

Mr. McGREGOR: I think it is perfectly reasonable to expect that there will. The reason I say that is that the efficiency of the new aircraft going into service is a marked improvement over the more long-lived aircraft that we have in being, and I think that as the number of more modern aircraft increases, we will see a greater reduction in the cost per seat mile and the cost per ton mile, in spite of such things as the rising cost of the materials we use and the labour which we hire.

Mr. FULTON: And in your estimation, their service is not keeping pace, as the Americans are; and the new units, or carrying capacities of the new units you are bringing in does not mean that you will really have to undertake a very heavy capital program in order that you may operate with fewer but more efficient aircraft?

Mr. McGREGOR: I am sure that is correct. So far, our quite substantial purchases of aircraft have done no more than meet growth, with one small exception of four aircraft that were disposed of during 1955. But the company is planning to meet the growth requirement by purchase of new aircraft, and the replacement of older aircraft, during the next five or six years.

The CHAIRMAN: Are there any other questions on page five?

Mr. HAMILTON (*York West*): The aircraft you disposed of, Mr. McGregor, were they passenger type aircraft or freight type aircraft?

Mr. McGREGOR: Freight type aircraft.