

commuter traffic to and from the larger cities also showed some increase, so that the inference is drawn that those who are using the motor vehicle as a means of transport to the detriment of the steam railways are the medium distance passengers, travelling not more than 75 miles.

12. Since it is likely that the provincial authorities in control of highways will continue to develop all-weather highways, especially to meet the demands of the private motor car owners, who now comprise the great majority of voters and taxpayers, medium and long haul passenger traffic will be subject to increasing losses from the operations of the passenger automobile. The completion of the Trans-Canada Highway, now under construction, and of trunk line highways in the various provinces cannot but have an adverse effect on railway passenger earnings. The economical range of operation of the motor coach in Canada, now estimated to be about 100 miles, is likely to be extended, and it would seem that there is a progressive and continuing loss of passenger traffic to be faced by the steam railways, if the present activities in provincial road building are continued.

13. Considerations of personal conveniences and not of economic costs of transportation are the governing factors in the use of the motor car and motor coach in passenger transport and as the trend seems to have set definitely in favour of the motor vehicle, the railways must adapt themselves to the situation and concentrate on service to the long haul passenger and to such commuter traffic as may remain in and about the larger centres of population.

14. The loss suffered by the entry of the motor coach into the suburban and interurban passenger traffic field could be met in part by the utilization of unit cars moving on the railways, but because of their limitations in usefulness by reason of fixed route and definite stopping places in contrast to the flexibility of the motor coach, it is doubtful if much traffic could be recovered in this way. The capital expenditure for these unit cars is out of all proportion to that of the motor coach and costs of operation are greater. The motor coach could be used on the highway by the railways as a substitute for steam trains and for the purpose of giving more frequent service where traffic is light. Provincial authorities in Saskatchewan, Manitoba and Ontario informed us that permits to operate motor coaches along highways parallel to existing railway lines had been offered to the railway companies, but in no case had advantage been taken of the opportunity. The railways have, it would seem, concluded that there is a very small field at present in Canada for the economical utilization of the motor coach as a substitute for or as auxiliary to the steam train for passengers.

II. FINANCIAL RESULTS OF OPERATIONS

15. We had little evidence before us as to the financial success of motor coach operations. In Ontario, where the services are now well established, figures were submitted by Gray Coach Line, Limited, showing that in some four or five years of operation of interurban coaches a profit had been made after all proper reserves had been set up. Counsel appearing for the Provincial Transport Company, a large operator of motor coaches in the province of Quebec with the city of Montreal as the centre of its activities, expressed the opinion that his company and other well managed companies in Quebec were on a satisfactory basis. In several cases provincial authorities consulted expressed the opinion that no profit was being made by the operators, if proper accounting standards were used. Commissioner Loree stated that his railroad, the Delaware and Hudson, had been operating a large fleet of motor buses and coaches for a period of about eight years, and that they had lost money and were now operating at a loss. Speaking broadly, it was Mr. Loree's opinion that

motor coach and bus operations in the United States were not profitable and the same was true of Canada, though there were always exceptional cases where by reason of good management and favourable traffic conditions some profit was being made.

16. Until such time as experience has proved the economic advantages of motor coach operations and that there is some assurance of a fair return on the capital invested, the railway companies have hesitated to engage in conveying passengers by motor coach even where substituted and auxiliary services in connection with steam passenger trains might seem to be indicated. Doubtless their conclusions have been that they would merely add to the loss they are already experiencing in this phase of their transportation services.

III. REGULATION AND CONTROL OF THE MOTOR COACH

17. In all provinces where motor coach services have attained to any considerable magnitude there have been in recent years progressive, and in the opinion of the officials charged with the responsibility, fairly satisfactory, efforts to regulate the traffic in the public interest. Permits are granted which in effect are franchises to operate on the highways between fixed termini, and in general these permits are exclusive, but must be renewed annually. Schedules of rates or tolls to be charged are filed with the regulating authority and time tables are required to be posted. The applicant must furnish insurance against injury to his passengers by negligence in operation and vehicles are subject to inspection from time to time.

18. The opinion was expressed by the Premier of Ontario that, so far as regulation of the motor coach on the highway is concerned, the situation is well in hand, and that a dependable service is given and one with which the public is well satisfied. The Minister of Highways in that province, remarking on the result of the introduction of regulations by his department, made this statement: "Immediately the law became effective a marked improvement not only in the vehicles but in the type of owner and operator was evident and to-day the service given on the various public vehicle routes licensed by the department is regular and dependable with few complaints of excessive speed or careless driving and with a minimum of accidents."

19. There was general agreement amongst those in charge of highways that progress had been made in handling the motor coach situation and that while changes might be necessary they were proceeding in the right way. The regulations that have been put into effect, combined with the system of granting exclusive permits, tended to put the traffic into hands of operators of financial strength, and the result was to give regularity and dependability of service with increasing satisfaction to the patrons and a greater opportunity to transact business at a fair profit. On the whole the operations of the motor coach in the various provinces are well conducted, and, so far as the public are concerned, on a satisfactory basis.

IV. TAXATION OF MOTOR COACHES

20. Taxes paid for registrations of vehicles, fees for licences or permits to operate, and the imposts on gasoline used, provide at least a fair contribution for highway use and maintenance. Figures given by Gray Coach Line Limited, in Ontario showed that a passenger coach with seating accommodation for 30 passengers, paid in 1931 \$640, being at the rate of 1.94 cents per coach mile, or \$143.38 per annum for each mile of highway used by their coaches as a whole. The average tax paid by a motor coach with capacity for 30 passengers