

The CHAIRMAN: And is the balance of \$71 million odd increase in total made up of increased traffic?

Mr. GORDON: It would be increased volume of traffic as distinct from rates, yes.

Mr. POULIOT: Before we go further, Mr. Gordon, I notice that the record of operating revenues for 1951 over 1950 was only 13 per cent, and that the increase of operating expenses was 17.4 per cent.

Mr. GORDON: That is correct.

Mr. POULIOT: Which means that the increase of expenses there was 4.4 per cent more than the year before?

Mr. GORDON: Yes.

Mr. POULIOT: Is that due to increases in salary?

Mr. GORDON: You will find that for the most part in our breakdown of expenses—that total increase, as you pointed out—actual operating expenses rose by 17.4 per cent while our revenue rose roughly 13 per cent.

Mr. POULIOT: Yes.

Mr. GORDON: For the most part that increase is due to higher wages.

Mr. POULIOT: Yes, and therefore the increase in revenue did not cover the increase in expenses.

Mr. GORDON: That is correct.

Mr. POULIOT: On account of that.

Mr. GORDON: That is correct. We have stated specifically in the report—we have pointed out, on page 9—that the increased revenues described there were more than offset by the higher operating expenses of 17.4 per cent; but the major part of that, as I said, is due to wage increases; and, also, there were, of course, general increases in the prices of building materials, supplies and so on; but the major part is represented by wages.

Mr. POULIOT: Therefore, it was in part due to higher salaries and they would have to increase revenues by increasing freight operations.

Mr. GORDON: Yes, generally speaking our expenses were \$15 million higher than the amount of revenue that we took in.

The CHAIRMAN: Have you a breakdown, Mr. Gordon, of the amount by which the operating expenses were increased resulting from the \$41 million increase in volume of traffic?

Mr. GORDON: Perhaps, Mr. Chairman, if you will permit me, I will give you a breakdown—an explanation of the principal increases in expenses.

Mr. MACDONNELL: Before you do that, Mr. Gordon, I would like to ask you this: I would like to get the net final operating results for 1950 and 1951.

Mr. GORDON: That is on page 6, I think you will find it there.

Mr. MACDONNELL: All right, thank you.

Mr. GORDON: You will note it in the detail there right at the beginning. That is our net operating report; and it shows, for 1950, \$59,834,502, as against \$44,683,899 in 1951; and our expenses in 1951—to answer the previous question—our expenses in 1951 were \$86,152,000 higher than in 1950—and I will just summarize the reason for that increase; there were \$23,534,000 which we call a pure wage increase representing money paid out in pay rolls. There is \$10,332,000, represented by the additional cost of the forty hour week which was in effect only part of the year; there is \$21,181,000 represented by additional labour; and there is \$12,325,000 represented by this increased price of materials.

Mr. MACDONNELL: Have you those figures in the report, the ones you are reading from?