

Mr. JACKMAN: Oh, that was your competitor's train?

Mr. VAUGHAN: Yes.

Mr. NICHOLSON: How about the pool train to Quebec, do you operate that?

Mr. VAUGHAN: Yes, we are interested in the service between Montreal and Quebec, which is a pooled service.

Mr. LOCKHART: There are one or two other matters on which I would like to have some information. One is in connection with operating revenue. I notice that demurrage has increased this year over last, 1946 over 1945 by half a million dollars; what is the explanation of that?

Mr. VAUGHAN: I think that is largely due to strikes, such as the Steel Company of Canada.

Mr. LOCKHART: Holding up the cars?

Mr. VAUGHAN: Yes.

Mr. LOCKHART: I have never heard of any increase in rates or anything of that kind.

Mr. HATFIELD: Oh yes, there was an increase in your demurrage rates.

Mr. WALTON: There was some time ago, but it would not affect the increase in 1946 versus 1945.

Mr. VAUGHAN: This is the explanation we have here. This was due to cars held in strike-bound plants at Hamilton, Welland, Pontiac, Detroit and Flint.

Mr. LOCKHART: I think that explains it. Further up, in the operating revenue statement, I notice there has been a drop in the Railway Express Agency revenue of over \$400,000. What is the explanation for that?

The CHAIRMAN: What page is that?

Mr. LOCKHART: It is page 13, about the eighth item on the page.

Mr. COOPER: It is due to the fact—well, first of all, I should say this amount represents payments to the Canadian National by the American Railway Express Agency. Their payments to us are based on the profit from their operations, and the profit from their operations in 1946 was very much less than it was in 1945.

Mr. LOCKHART: They only pay you a proportion?

Mr. COOPER: Yes, sir.

Mr. VAUGHAN: We have exactly the same contract with the American Railway Express Agency as all the American railways have.

Mr. LOCKHART: That would account for the very large decrease?

Mr. VAUGHAN: Yes.

Mr. LOCKHART: If I might just satisfy my curiosity a little further, Mr. Chairman, in connection with the mail in 1947, is the revenue from the mail service holding its own as compared with the two years previous or is there a tendency to drop?

Mr. VAUGHAN: We will just give you our figures in a moment.

Mr. COOPER: In 1947, for the first quarter, our revenue from mail was \$1,046,000, as against \$1,048,000. There is a drop of \$2,000 in the three months. It is running neck and neck.

Mr. LOCKHART: Do you expect any T.C.A. contracts or other contracts will materially affect the revenue of the railway from that source? Do you feel that a decrease is coming?

Mr. VAUGHAN: With the present contracts I do not think we will be affected to any greater extent than we are now, Mr. Lockhart, but we do not know what the post office may have in mind with regard to increasing the delivery of mail by air.