

\$10,000,000 in round figures, the operating expenses of these companies were \$4,451,227.91 and the express privileges were a little more than that, \$4,553,861.43. Still with these two deductions, one of which is almost entirely arbitrary, the express operating expenses you can understand are definite, depending upon the cost of operation to the express service; but the express privileges are purely an arbitrary amount, agreed upon between the express company and the railway company, largely a domestic matter.

By Mr. Loggie:

Q. That is about 50 per cent of the gross earnings?—A. Somewhere about 46 per cent in that year. I have calculated it, and I think it is 46 or 47 per cent, but it keeps going up.

Q. What percentage would be operating expenses?—A. The operating expenses, you see, are somewhere about 42 per cent.

Q. That would give them a net profit of about 12 per cent?—A. I have them all calculated out here. In 1911 the operating expenses amounted to 41.9, and the express privileges to 45.9.

By Mr. Kyte:

Q. In your operating expenses you have included all possible charges that could be made for operating the business, salaries and everything of that kind?—A. Absolutely everything, including the messenger on the express car and agents. "Privileges" includes nothing but the expense of operating over the railway. Since 1911, for every succeeding year up to this last year, there has been a steady rise in the operating cost, and an equally steady rise in the cost of express privileges, so that whereas in 1911 the net revenue was equal to 12.2 per cent in the last year it amounted to just six-tenths of 1 per cent. It kept going down from 1911; the percentage of these two items to the total gross earnings was 87.8 in 1911, 88.9 in 1912, 94.2 in 1913, 96.6 in 1914, and 99.4 in 1915.

By Mr. Stewart (Lunenburg):

Q. Was there a fairly even proportion in the increase of operating expenses and privilege expenses?—A. Apparently they have moved along pretty closely together.

Q. And does the same hold true with respect to the different railways and the different express companies?—A. Apparently.

Q. They are about the same?—A. About the same; they have all apparently increased, although I think there has been a larger rise in the Dominion Express Company, which has shown the greatest shrinkage in net results. That is the average of all the companies. I say with the utmost frankness it is absolutely startling.

By Mr. Kyte:

Q. According to your figures they have had no profits at all—A. They have eliminated their profits. The profits, Mr. Kyte, in 1911 were \$1,207,929 and they were reduced to \$68,668 last year. That is to say they were reduced to that on the basis of net operating revenue. They were doing an exceedingly profitable business up to 1913 on the face of it, and then, for reasons which I would like very much to know—

Q. Would the inauguration of the parcel post system have anything to do with it?—A. That came only in last year, Mr. Kyte, and I have made very careful enquiries as to the extent to which the parcel post had possibly reduced the net earnings or gross earnings, and the express companies—who are certainly sitting with their fingers on the pulse of the parcel post—believe that it affected 10 per cent of their business. But that was only for the first year, or for the first nine months, of the operation of the parcel post system. Then the information which reached me officially was that to a large extent the express companies had recovered the principal amount of that business. For example, in Toronto the Eaton Company had swung

Mr. J. L. PAYNE.