

Had this volume increase not occurred, a deficit would have resulted.

Capital expenditures during the year amounted to \$25,572,000, representing for the most part, final delivery payments on new aircraft. TCA is now committed by purchase contracts to spending \$118,000,000 on turbine aircraft and spares during the period 1958 to 1961 inclusive.

Service and Traffic Growth

In 1957 the transportation capacity of the airline, measured in terms of seat-miles available to passengers, was increased by 20%. By adding aircraft to the fleet and increasing flight frequency on many routes, TCA continued its progressive expansion of public service. The chart on page 8 illustrates the steady growth of passenger-carrying capacity during the past decade and its relationship to actual demand.

The planned increase of available transportation was well utilized during the first half of the year, but the percentage of seats occupied declined during the latter half of the year.

An event in Canadian transportation history was the introduction of non-stop air service between Toronto and Vancouver, reducing transcontinental travel time to seven hours. Also of significance were the inauguration of non-stop Atlantic service between Toronto and the United Kingdom and the routing of a daily transcontinental flight through Windsor.

Operations with the propeller-turbine Viscounts were extended to London (Ontario), Quebec City, Saguenay, Seven Islands, Moncton, Fredericton, Saint John, Yarmouth, Halifax and Boston. On the majority of routes served by Viscounts prior to 1957 the flight frequency was increased to meet the public demand for this extremely popular aircraft type.

The transcontinental main line was particularly well served with seven daily flights to the West Coast, and two additional daily flights operating between the eastern centres and Albertan centres. During the peak traffic period, twelve flights per week crossed the Atlantic in both directions.

TCA engaged in active promotion of air transportation, with particular emphasis upon newspaper, radio and television advertising. For the second successive year, well over two million passengers were carried.

In conformity with its policy to keep the cost of air transportation in Canada at the lowest level consistent with the maintenance of a sound financial position, the Company again avoided general increases in passenger fares or cargo rates. In fact, a reduction in average return to the Company per revenue passenger mile was achieved.

First class mail moved by air in heavy volume, expediting delivery wherever the use of aircraft offered advantage over surface transportation. TCA enjoyed the closest cooperation of the Canadian Post Office Department and endeavoured to operate, to the greatest possible extent, schedules consistent with postal requirements. As mail traffic again increased, there was a further decline, by contract, in the unit mail payment received for the transportation provided. This trend of recent years is illustrated on page 16.

The growth of air freight and air express continued, although traffic remained strongly directional and was still far from sufficient to fill the extensive capacity offered by the airline in its endeavour to stimulate this type of load. A daily transcontinental freight service was flown with all-cargo North Stars, each capable of carrying nine tons of commodities, and other cargo accommodation was offered on all scheduled flights. TCA was able to provide most domestic