

in expenses. Of that, however, the most gratifying thing and the thing which is the most encouraging, is the reduction in the transportation expenses, amounting to \$3,600,000. Now, it does not always follow that a decrease in what we call maintenance—and I mean by that, maintenance of way and maintenance of equipment—it does not always follow that a decrease in those two items is a wise decrease. It is conceivable that reductions in maintenance expenses might involve deterioration of property, but when there is a saving in transportation expenses that is a real legitimate saving, which involves no obligations for the future.

Sir HENRY DRAYTON: Quite right.

Sir HENRY THORNTON: Therefore, I think we may all feel gratified that the actual movement of traffic was accomplished with less expense than in any previous year.

Referring to page six of the Annual Report—about the middle of the page—under the heading "Transportation Expenses," the committee will see that for every dollar of gross, or amount paid out for transportation, the expense was decreased from 48.57 in 1922 to 43.46 in 1925; that is to say, in 1925 for every dollar of gross earnings, 43.46 cents were paid for the movement of traffic. That is still pretty high. There is still a field there for reductions, but the way we shall reduce or proportionately reduce the transportation expenses will depend considerably on the increase in traffic, because, as the gross earnings increase, automatically the proportion of transportation expenses goes down.

Mr. HEAPS: What is it on the C.P.R.?

Sir HENRY DRAYTON: I have the figures here. The C.P.R. per train mile for fuel in 1924 was 37.5 as against ours of 40.2.

Sir HENRY THORNTON: That was the total transportation.

Sir HENRY DRAYTON: No, per train mile, for fuel. I will give you the details afterwards. I am giving you this because you can get a better birds-eye view of this, Sir Henry (Thornton), take not last year's figures, but the figures of 1923, because when you take the figures of 1923, you have the right to take a great deal more credit than by taking the other figures. In the first instance you have claimed that you cannot save money unless you have density and volume, while you show, as a matter of fact, that with less volume, than in 1923, there has been a saving.

Sir HENRY THORNTON: I am quite prepared to say that that is a correct statement; we compared more favourably with 1923.

Sir HENRY DRAYTON: There is a very gratifying drop there, a drop of practically \$20,000,000. You have your organization running now.

Sir HENRY THORNTON: Of course, Sir Henry (Drayton) you will recognize this at once; we hardly got going as a railway until the middle of 1923; the machinery hardly began to function until about the middle of 1923.

Sir HENRY DRAYTON: Yes, you only then began to get the benefit of your organization. I will give you the figures which Mr. Heaps wants. For 1925, for fuel on the C. P. R., the amount was 33.4, and for ours, 36.9. Now the total transportation expenses per train mile, which is really a very difficult thing to get at—

Hon. Mr. DUNNING: There is a good deal of estimating in that, Sir Henry (Drayton), of necessity.

Sir HENRY DRAYTON: It depends so much on the length of the train, and so forth; this is simply an average, that is about all there is to it. In 1924, the C. P. R. per train mile was \$1.58; ours \$1.81, and for 1925, the C. P. R. was \$1.50, and ours \$1.75; we are coming down a bit.

[Sir Henry Thornton.]