

From a traffic standpoint, there is no pressing necessity for a union station in Montreal, the interchange of passengers, mail, baggage and express between the existing Canadian National stations, as a group, and the Canadian Pacific stations, as a group, being of small proportions.

From a street traffic standpoint, the Montreal terminal development improves the north and south arteries of the city, segregating pedestrian from street car and vehicular approaches to the station, gives direct access to the retail and hotel sections of the city and provides an opportunity for commercial building over the terminal site. On the other hand, Windsor street station possesses none of these advantages and would add to street congestion.

From the standpoint of future requirements, the central terminal site is pre-eminently suited for a union station while Windsor street station could never properly be so designated.

The conclusion is inescapable, that the best interests of the Canadian National Railways and of the city would be served by the completion of the Montreal terminals on a modified plan to meet the present requirements of the Canadian National, and in such a manner that they could be readily adapted to use as a union station.

That is the end of it.

Mr. DEACHMAN: In your opinion would there be any material economy and efficiency in handling the freight in Montreal by the use of this terminal?

Mr. FAIRWEATHER: Oh, yes.

Mr. DEACHMAN: Could you give us an idea of any savings that would be possible, and what exactly the advantages would be?

Mr. FAIRWEATHER: I touched on that question in my memorandum; that our freight facilities in Montreal are cramped, and there is an opportunity for a very substantial improvement by re-arrangement. But we cannot begin to re-arrange your freight facilities until you get rid of your passenger facilities, because they are all mixed together; and consequently when you get rid of your passenger problem by terminal development it will enable you to turn your attention to the freight lay-out; and when you do that you are going to get economies that are really of a very substantial nature.

The CHAIRMAN: Mr. Deachman, before we go on with this discussion of this memorandum read by Mr. Fairweather I would like to finish first of all with the report of the Canadian National, and then we will go on with the discussion of the special report when we are through with that. Have you gentlemen any further remarks on the other part of the report, excepting the Montreal terminal?

Mr. WALSH: Yes. On page 4 of the report, the very opening figures, operating revenues and operating expenses; we notice a decrease of \$4,613,546.31 in the operating expenses of the railway; and it is suggested further down that this was carried out by holding such costs to a minimum. Now, there is a decline from \$16,154,886 in the operating revenue. Would the management consider that the decrease in operating revenues would in any way decrease operating costs? Is the fact that the operating costs are down due altogether to the fact that very careful business management was applied?

Mr. HUNGERFORD: Well, Mr. Walsh, reduction in traffic automatically reduces expenses to a certain degree, but the reduction from that point of view would not equal the total reduction that was effected, by a long long way.

Mr. WALSH: I see, but it would affect it to a certain extent?

Mr. HUNGERFORD: Quite.

Mr. WALSH: And further down you have suggested that 25 per cent of the reduction in maintenance and equipment forces, referred to at the bottom of