

APPENDIX No. 3

Mr. J. LAMBERT PAYNE called, sworn and examined.

By the Chairman:

Q. You are in the service of the Dominion Railway Department?—A. Yes.

Q. What is your official capacity?—A. Comptroller of Statistics.

Q. Can you inform the Committee what the earnings of the express companies in Canada have been during the past few years?—A. I can give you the earnings of the express companies for the past five years, that is, the full extent of the period covered by any statistical information in the Dominion of Canada. Prior to 1911 there was not any information in relation to the business of express companies in Canada, but commencing with that year, a very comprehensive system of statistics was applied to the express companies, that system being identical with the plan of the Interstate Commerce Commission at Washington. The number of companies include American as well as Canadian companies, and it was thought expedient to have a system which was uniform on both sides of the line, so we adopted practically the schedule and classification of the Interstate Commerce Commission because that Board was in the field first. You asked for the earnings of the express companies. Do you mean the gross earnings or the net earnings?

Q. Perhaps you had better state both, the gross and the net earnings.—A. I will give you the gross earnings first and then explain how it was arrived at. In 1911 the gross earnings, if you care to call them that, of all the express companies operating in Canada, were: \$9,913,018.31

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| 1912 | 10,994,418.10 |
| 1913 (still higher) | 12,827,478.96 |
| 1914 (slight shrinkage) | 12,646,451.99 |
| 1915 (ending 31st June, 1915, a further drop) | 11,311,797.20 |

By Mr. Stewart (Lunenburg):

Q. Those are the Canadian earnings?—A. Those are the earnings of the Canadian and American Express Companies entirely in Canada. Of course there is a slight arbitrary apportionment of earnings in Canada which it would be difficult to apply on any other plan; if you ship a parcel from Ottawa to New York, pay for which was collected in New York, it would be wrong probably to credit all the earnings to the United States. Then from the gross earnings there are two deductions which have to be made in order to arrive at the net operating revenue. The first deduction is the operating expenses and then there is the deduction for express privileges. The operating expenses are easily understood, they represent the cost of operating the business. The express privileges represent the money which the express companies pay to other carriers for carrying express matter. It so happens in Canada that practically means the payment of money by the express company to the "Owning" company, which is the railway company. All the Canadian express companies are owned by Canadian railway companies. That is not true in the United States, I do not know of a single express company of any consequence in the United States which is owned by the railway. But, in Canada, the whole of the express companies are owned by the railways. The Dominion Express Company is owned by the Canadian Pacific Railway; the Canadian Express Company is owned by the Grand Trunk Railway Company; the British America Express Company is owned by the Algoma Railway Company, it is a small affair; and then the Canadian Northern Express Company is owned by the Canadian Northern Railway.

Q. The Canadian Northern Railway have no specific name for their express company?—A. No, it is called the Canadian Northern Express Company. We just have these four, the Dominion, the Canadian, the British American, and the Canadian Northern operating in Canada. The order in which I named them is not the proper order relative to their importance. Now in 1911, with gross earnings of say

Mr. J. L. PAYNE.