

Mr. BROOME: Are we to assume that perhaps the share of overhead which was allocated to that route was in excess of what should have been allotted to it?

Mr. MCGREGOR: No.

Mr. BROOME: Have your operations picked up to the point where a \$1,300,000 loss has come down to a break-even figure?

Mr. MCGREGOR: The allocation of overhead, I think, is entirely fair, and it was done on the basis of the formula I mentioned a moment ago. With respect to the major part of the route in question, Vancouver-Victoria, 1958 improved very substantially over 1957. There was a shipping strike, among other things. There was a system of reservations put into effect, or rather lack of reservations that greatly improved the situation and will continue to do so, I hope. There is one feature of the allocation of costs that we must admit, I regard with some suspicion, and that is that we take the average cost of selling tickets and apply that to each ticket sold.

Mr. BROOME: Will each ticket take the same amount?

Mr. MCGREGOR: Yes.

Mr. BROOME: Then a \$10 ticket takes the same amount as a \$40 ticket?

Mr. MCGREGOR: That is correct, the theory being that it is just about as time-consuming an operation to sell a \$4 ticket as to sell a \$40 ticket, but it is not quite true.

Mr. PASCOE: Mr. Chairman, supplementary to Mr. Smith's questions, I think Mr. McGregor knows the situation with regard to my own city of Moose Jaw, which has very fine airport facilities but has lost all air contact through termination of P.W.A.'s service. I wonder if you have any suggestion for smaller points such as Moose Jaw, where they can form a contact with T.C.A.?

Mr. MCGREGOR: As you know, there has been correspondence on that subject. I think Moose Jaw is some forty miles from the airport now serving it, which is quite border line from the standpoint of being inconvenient. Hamilton is something like the same distance from Malton and it is a very much larger place. From the airline standpoint at least, I think it would be aggravating to passengers to put in another short-hop intermediate stop on that route.

Mr. CHOWN: Was it not suggested or implied in the Wheatcroft report that, in due course, the T.C.A. should shed itself of these feeder lines, especially in the prairie traffic? Does that not indicate that you might get rid of the rest of your DC-3's and that some secondary carrier may take them over and operate perhaps more efficiently with a direct government subsidy?

Mr. MCGREGOR: I think it is correct to say that the Wheatcroft report did express some hopes along those lines. A very careful investigation was undertaken quite recently by what might be regarded as a smaller airline with headquarters in your city. They came up with an estimated operating cost which is within a few dollars of our own and, incidentally, we are still operating at a loss.

Mr. SMITH (*Calgary South*): What equipment is this?

Mr. MCGREGOR: DC-3's. I am speaking, of course, of Trans-Air. It was obvious that a subsidy was essential if they were not to become involved in a losing operation, which naturally they refrained from doing.

Mr. CARTER: The question I wish to ask has been asked by Mr. McPhillips. I would, however, like to make the same suggestion we made during the railway inquiry, that we discuss one page at a time or one heading at a time. We are jumping from one to another, and will spend the whole afternoon and still be on the first page.