

We can, for instance, take specific comparisons of given areas for our own purposes, when we are trying to see whether or not their costs are higher than in other places, but that is a technical operation which we perform for departmental reasons. But you cannot get district comparisons of the type you have in mind because there is a common expense factor which has to be spread across the whole system.

Mr. POULIOT: If a car is loaded at Halifax for Vancouver, what region gets the credit for the freight? Is it Halifax—

Mr. GORDON: The originating point.

Mr. COOPER: It would have to be divided by regions.

Mr. GORDON: You are thinking of what goes into the revenue account?

Mr. POULIOT: No, I want to know what region is credited.

Mr. GORDON: Each region gets its share of the haul. We start off with the originating point and then we spread it across where the haul takes place.

Hon. Mr. CHEVRIER: The Atlantic region would get the share up to Diamond Junction, would it?

Mr. COOPER: It is divided into 50 mile blocks—that is the basis for division, inter-regionally.

Mr. MACDONNELL: Are your operating costs dealt with in the same way?

Mr. GORDON: Costs are direct.

Mr. MACDONNELL: I just wondered if it corresponded to the earnings pattern?

Mr. GORDON: Well, the cost factor does not arise. Costs are direct in the place where they arise. They do not have to be spread over other regions; they are applicable to the particular points.

Mr. POULIOT: The cost in each region is separate?

Mr. GORDON: Yes.

Mr. POULIOT: Whether freight charges are paid in Halifax or in Vancouver each would have a share?

Mr. GORDON: Generally speaking we would give each region its share of the revenue that arises out of the operation in that particular region.

The CHAIRMAN: Is that share based on the rate structure or on the mileage haul?

Mr. GORDON: Its basis, as Mr. Cooper points out, is a railway division of 50 mile blocks.

The CHAIRMAN: What do you do where there is a long haul with a low arbitrary?

Mr. GORDON: The same would apply.

The CHAIRMAN: So it is really based on a proper allocation of the freight rate?

Mr. GORDON: That is what we try to do, yes.

Mr. McLURE: I have another question in connection with that. In the case of the Prince Edward Island regions and a long freight haul originating there, what proportion would be credited to the car ferry? Or, is it just taken in as a portion of the road?

Mr. GRACEY: It is a ton mile proportion.

Mr. GORDON: Mr. Gracey might answer the question. He is our comptroller and he will explain it.

Mr. GRACEY: Would you repeat the question?