

APPENDIX No. 3

Q. Do you mean to say that you are actually going it blind in the matter of all your rates?—A. No.

Q. Is this rate an exception?—A. This rate is exceptionally low.

Q. I did not mean that. I mean to say if the whole question as to whether or not this is a paying business is not determined in your mind, is it in this case an exception?—A. No.

Q. I do not want a wrong impression to be conveyed by my question and your answer. By that I mean, you come here as a traffic expert. I ask you whether the return you get on a car with a minimum of 24,000 pounds hauled from Mulgrave to Montreal is a paying business, and your answer is what?—A. A railway has certain gross results which it accomplishes each year. The net results are there also. I do not think that any traffic man or any operating man, has ever figured out yet to a nicety what it actually cost to produce any particular volume of business or any particular line of traffic before. We see general results at the end of the year. Then you have your standards of comparison as to what the rates are between different sections from this point to that market or from some other point to the same market. You have to be guided largely by the general results you get at the end of each year.

Q. You are not in a position to tell the Committee that when you increased your minimum carload quantity you were justified by the failure to earn a sufficient amount to cover the cost of operations?—A. Well, I know as far as that particular movement is concerned, measured by any standard of comparison we have had, the actual results from the movement of that fish is very much below any basis that we have that we can measure by. You take the tare of the car at 24,000 pounds for a refrigerator car, 6,000 pounds, at least, for ice, and say you have 24,000 pounds of fish upon which you charge your freight. That is 54,000 pounds in weight which you have to carry and you are getting freight at 28 cents per hundred pounds, on 24,000 pounds; that is \$67.20. Now you have 27 tons of tare and fish on which you get \$2.50 a ton for transporting the tare of that car, the ice and the fish, a distance of 884 miles from Mulgrave to Montreal and, as I say, ordinarily the refrigerator cars have to be returned empty for practically the entire distance.

Q. In what percentage of cases do the refrigerator cars return empty?—A. I would not undertake to say.

Q. Have you any returns in your office from which you can give us that information?—A. They can be picked out.

Q. But you have made the statement that they are returned empty?—A. I would not say in what number of cases the refrigerator cars are returned empty, but we have very little eastbound freight requiring refrigerator cars.

Q. You are not in a position to say what the reason was—whether it was the question of the earnings being too low, which necessitated the raising of the carload minimum or whether you merely did it to get the fish business more in line with the regular business which your road was then carrying on?—A. That was the purpose for which it was done.

Q. Before you made that change did you take the matter up with the Marine and Fisheries Department with whom you had arrangements for the transportation of fish?—A. I do not think it was done, but they had no arrangement covering this carload business with us or with the shippers.

Q. Did the C.P.R. at that time also make a similar change in its minimum carload?—A. I think the C.P.R. did.

Q. Was this done as a result of a conference or an understanding between you?—A. As I say, I had nothing to do with the arrangement that was made.

Q. But it was made during the time you were in charge of that branch?—A. It was, I did not make the arrangement but I assumed the responsibility for it.

Q. But you cannot say whether it was made as a result of a conference between the management of the Intercolonial and the C.P.R.?—A. No, I would not say that.