

## APPENDIX No. 3

Two changes in the conditions of carriage, however, affected the figures of the Dominion Express Company.

The tolls of the express company were reduced, by the order of the Board of Railway Commissioners for Canada, the order taking effect on the 1st of July, 1913.

The effect of this, so far as the Dominion Express Company was concerned, was to lower the amount received in tolls, for carrying an equivalent amount in weight in other words, for the same quantity of goods carried after the 1st of July, 1913, the express company would receive a less amount for its express tolls, but the payments for transportation to the railway, based upon tonnage, would remain the same.

The payments to the railway company, based upon tonnage, have, however, been automatically reduced, so far as the business west of lake Superior is concerned, by the reduction made by the Board of Railway Commissioners for Canada, in the freight rates on Western lines, but the reduction so made has been more than offset by the reduction in the revenue received by the Express Company from the reduced rates for carriage of express.

For example:—

Take an express rate of \$1 per 100 pounds and first class freight rate 50 cents per 100 pounds.

The express company would pay the railway 50 cents, which would be 50 per cent of the express revenue. A reduction of 10 per cent in the freight rates would make a first class freight rate 45 cents and the express company would again pay 45 cents to the railway, or 45 per cent of its revenue.

A reduction of 20 per cent in the express rate would make the express rate 80 cents per 100 pounds and the express company would pay the railway 45 cents, or 56¼ per cent of the express revenue.

As the result of these changes, the Canadian Pacific Railway Company, carried for the Dominion Express Company, a larger tonnage in 1914 than it did in 1913, and on the whole earned larger remuneration for transportation, while the express company received a smaller amount in tolls.

(In addition to these two changes, the ratio of expenses to gross transportation receipts was increased in 1915 by increased payments of the Dominion Express Company to the Canadian Pacific Railway, under the provision in its contract requiring minimum monthly payments.)

The figures are set forth in the statements which have been prepared by the companies.

To return to Mr. Payne's first statement, on page 154, it will be seen how misleading is a conclusion drawn from the adding together of the figures of these two companies and combining them with all the traffic figures of all the other companies in Canada.

In fact, the ratio for expense for transportation has not increased with the Canadian Express Company, while it has increased with the Dominion Express Company, owing to the fact that they are carrying as much, or more, tonnage, of goods for less money.

The following extract from the annual report of the Controller of Statistics, for the year 1914, will show that these facts were explained to the Controller, and that the explanation was given due prominence in his report:—

“It would appear that while there was a falling off in gross revenue in 1914, there was, at the same time, a relatively large increase in both operating expenses and express privileges. Such a situation is apt to create surprise. It was therefore made the matter of official inquiry. It was by this means ascertained that two new factors had operated in 1914 to materially affect express companies; First, the application of a reduced tariff, imposed by the Railway Commission; and second the commencement of a parcels post service by Government. Both probably cut into earnings. The reduction in rates and

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