

Mr. MCGREGOR: No, I think there is a frequency of once a day required there, and that would be it.

Mr. MCPHILLIPS: On page 4 of your report—at least I take it as page 4, it is not numbered—you have an item there, “Non-operating income,” showing net of something over half a million dollars. How is that made up?

Mr. MCGREGOR: I can give you all the details of it—largely the servicing of other companies’ aircraft. I beg your pardon, it is investment income, insurance fund excess earnings, cash discounts, profit on foreign currency transactions, and federal income tax refunds.

Mr. MCPHILLIPS: In regard to the Vancouver-Victoria-Seattle run, to which there has been a good deal of publicity given in recent times, what is your position on that, the economics of it? Do you contend that you are losing money on that line?

Mr. MCGREGOR: I am delighted to answer that question, because there is certainly a good deal of confusion abroad about it. On a fully allocated cost basis, that is, with the company’s overhead spread across all the routes which it operates in relation to the ton-mileage performed on the different routes, we are losing money,—not as much as we did in the year which was quoted in the hearing, which was 1957. If overhead is not assigned to the route, with respect to 1958 we would just about break even. Therefore discontinuance would be an financial injury to the company, because the abandonment of the route would not reduce the overhead in any way. It would simply spread that overhead more thickly over the remaining routes. Does that answer your question?

Mr. MCPHILLIPS: I was trying to reconcile—I may be mistaken in this—but in some of your releases and letters to officials in Victoria I gathered the impression that you had adopted a fatalistic attitude. You would remain on the run if the Air Transport Board told you to. I was trying to ascertain whether the desire of the company would be to leave the run?

Mr. MCGREGOR: No, very definitely not. Our desire is to keep the run because it properly relates to the rest of the operation. We believe that T.C.A. should be serving each of the provincial capitals in the country. Leaving this run does not improve our position financially, particularly in the light of the equipment plans we have for the run; and my phrase was, as I remember quite clearly, that “if the Air Transport Board did not give a licence to another carrier we would be delighted to continue to serve it.”

Mr. MCPHILLIPS: What type of equipment do you propose to put on that?

Mr. MCGREGOR: Viscounts.

Mr. BROOME: Supplementary to that one question, Mr. Harvey testified, because I heard him testify, that we were losing \$1,300,000 a year on that, and I think he said on all these feeder routes we were losing something in the nature of \$10 million, when you take all the smaller routes and add them together. That was not giving credit to the absorption of overhead, but it seems fantastic Mr. Harvey’s evidence should show a loss of \$1,300,000 in one year and a break-even figure in the next year.

Mr. MCGREGOR: No, Mr. Harvey’s figure was very definitely inclusive of overhead and was stated as such, as being fully allocated cost.

Mr. BROOME: You agree with the \$1,300,000 figure, then?

Mr. MCGREGOR: Yes, quite.

Mr. BROOME: At a loss?

Mr. MCGREGOR: Yes, on a fully allocated cost basis in 1957.

Mr. BROOME: You are quite right, it was including overhead.

Mr. MCGREGOR: Yes.