

Mr. HARRIS: Item No. 106 in the Railway Operating Revenue for the year ending December, 1923: There seems to be quite a little shrinkage in the revenue for carrying mails—on page 18. Perhaps Mr. Fairbairn could enlarge on that for us.

Major BELL: Perhaps I could explain that to you, Mr. Harris. We had this readjustment and the cost of carrying the mails was reduced to the Post Office Department. That affected the Canadian Pacific just the same as the Canadian National; that is, lessening of the service to the Canadian National Railways and lessening the cost to the Post Office Department.

Mr. HARRIS: You have made some concessions to the Post Office Department with regard to rates?

Major BELL: Yes.

Mr. HARRIS: Due, perhaps, to the underlying principle of competition?

Major BELL: No, what is the fair rate? Mr. Henry, can you give us details on that? He has gone into that from top to bottom with the Post Office Department and the different railways, and we finally got to the place where we all agreed that it should be readjusted.

Hon. Mr. GRAHAM: The Post Office Department brings in an Order-in-Council after an agreement is made in regard to the new rates.

Mr. FAIRBAIRN: In addition to that there have been a few cases where the Post Office Department has reduced the character of the services on the trains; they have eliminated the postal car service and put in a baggage car service, which would mean a reduction in the Post Office Department expenses; they would not have to pay the railway as much, and would cut out the wages of the postal clerks, so that is reflected in that item. There is a big change going on all the time, and they are watching their expenses very closely.

The CHAIRMAN: Yesterday we were going on with the statement of expenditures. I suppose we might continue with that now. Had you completed your examination of operating expenses in connection with Maintenance of Way, Structures and Equipment?

Mr. KYTE: That is pages 18 and 19?

The CHAIRMAN: Yes, and 20, I think. At the foot of page 20 begins the Traffic Expenses. I do not know as we touched that. Are there any other questions before we go on with the examination of Traffic Expenses?

Mr. STEWART: I would like a little explanation on a matter I do not understand in regard to items 151 and 152 "Joint facilities," giving first a credit and then a debit following.

Mr. HENRY: This represents the joint use of facilities at terminals, the joint trackage as between different railways.

Mr. STEWART: How do you get a revenue out of it?

Mr. HENRY: We get a revenue when some other carrier uses your facilities, and the expense part of it when we have to pay to use the facilities of other carriers.

Hon. Mr. GRAHAM: Would not the station facilities here be an example?

Mr. HENRY: Yes, that would.

Hon. Mr. GRAHAM: The C.P.R. pays the Canadian National Railways a certain amount per year for the use of its facilities. At another place, say in Quebec, the Canadian National Railways has to pay the Canadian Pacific.

The CHAIRMAN: Mr. Henry, you have a credit marked in one type and a debit in another type. Is there any significance in that?

Mr. HENRY: One is a credit and the other is a debit.

Major BELL: It takes the place of red and black ink in the printing.