

The express company receives and contracts for the delivery of goods, which are carried to their destination, either by railway, or by other carriers.

A very large part of the service to the public, is the transportation by these carriers, and in the case of railways, in Canada, in almost all cases it is performed by the carriage of the express goods in a car forming part of an express train.

It is, in fact, not a privilege, but a service, performed by the railway, for the express company, for which the railway company should be paid.

The term "net operating revenue" is also technical. It does not mean net income. It only means the difference between gross operating revenue, and the amounts paid for:

- (1) Express privileges, and
- (2) Operating expenses.

Taxation does not fall within either of these headings, and has been omitted in Mr. Payne's figures.

Payments for the purchase of additional plant, and equipment, are not operating expenses, but are proper charges to capital account.

Although not distinctly stated, the impression conveyed by Mr. Payne's evidence is, that the accounts of the express companies have been improperly prepared, so as to show increased rates of payment to the railway companies, and to conceal the profits which would otherwise appear. The expression, used by him, is that profits have been "eliminated".

Mr. Payne could not be mistaken as to the methods by which payments are made by express companies for the items classed as "express privileges."

On page 37, of the official form, provided for the companies to make their annual returns, the basis on which the different railways are paid for the carriage of shipments, are required to be shown, and any increase, or decrease, in the basis of payments, are required to be explained fully on page 59.

These reports show, and Mr. Payne must have known:—

1. That there have been no changes in the basis of payments to the railway companies, by the express companies, in the years 1911 to 1915.
2. That the Canadian Express Company's arrangement for privileges, with the Grand Trunk Railway Company, provides for the payment of fifty per cent of the gross receipts, from the transportation of express goods. There are many contracts also with other carriers.
3. That the Dominion Express Company, has contracted for payments to a large number of carriers, but that the principal payment is made to the Canadian Pacific Railway Company, and is not based on a percentage of revenue, but upon the tonnage of the goods carried, and that such payments do not vary with the amount of revenue received, but in proportion to the tonnage.
4. That with the exception of the Dominion Express Company, the other express companies generally pay the railways on a percentage of the gross receipts from transportation.
5. That the ratio between the aggregate revenue, and the amounts paid to the railway companies, would not have been affected to any extent, if Mr. Payne had not included the figures of the Dominion Express Company.

When the express companies pay for express privileges, upon the basis of a percentage of receipts, the ratio does not vary with changes in the conditions of traffic, or in the rates of toll.

The result upon this ratio is different, however, when payment is made upon a tonnage basis, because in that case the sums paid vary in proportion to the weight of goods carried, and not in proportion to the express tolls received.

Mr. CHRYSLER, K.C.