

Mr. DEACHMAN: I should like to know how traffic expenses measure up compared with what you have on other railways. Take, for instance, comparable railroads in the United States or the C.P.R. I know there is a difference in the method of accounting in traffic, but I should like to get an idea how you measure that percentage on earnings—what your traffic ratio would be as against earnings.

Mr. FAIRWEATHER: You could express it in that way, yes. We have the figures here, I think, if we can lay our hands on them.

Mr. DEACHMAN: Is that not down materially from last year?

Mr. FAIRWEATHER: Of course, our traffic expenses have generally been in line with the class one roads of the United States. We have never been out of line with class one roads in the United States.

The CHAIRMAN: Have you got those figures?

Mr. ARMSTRONG: Yes. The figures here are for 1938. This is a percentage of the total operating revenue. Canadian National, 2·82 per cent; average of all class one United States roads, 2·87 per cent; Canadian Pacific, 5·17 per cent.

Mr. DEACHMAN: Theirs includes steamships?

Mr. ARMSTRONG: Theirs includes steamships, yes.

Mr. DEACHMAN: They are not comparable.

Mr. ARMSTRONG: No.

Mr. DEACHMAN: Have you got one of the great roads in the States like the Northern Pacific or the Great Northern?

Mr. HUNGERFORD: That would not be comparable, because we operate in the east and they do not do that.

Mr. DEACHMAN: No.

Mr. FAIRWEATHER: I think we are more nearly comparable with the class one roads, on the average.

Mr. DEACHMAN: The class one roads would include a number of considerably smaller roads. You would have to have that, anyway.

Mr. FAIRWEATHER: Yes, but it averages up. I would say that is about as safe a comparison as any.

The CHAIRMAN: Transportation expenses. Carried.

Miscellaneous operating expenses.

Mr. KINLEY: Mr. Chairman, in connection with dining and buffet service the figures for 1937 are \$1,215,313.91. The figures for 1938 are \$1,181,190.56, showing a little less expense, a little more business, but still there is a great discrepancy between the revenues and expenses. In 1937 the revenue was \$771,938.79, and in 1938 it was \$773,471.63, leaving a deficit of \$400,000 or \$500,000 in connection with dining service. What do they include in the expenses, the hire of the car and the cost of hauling the equipment, or is it just the food?

Mr. COOPER: No, there is no charge in there for hire of the car or hauling the car. It is labour and supplies.

Mr. KINLEY: Just operating costs?

Mr. COOPER: The inside costs of the dining car.

Mr. KINLEY: The sleepers do better than that, do they not?

Mr. HUNGERFORD: Yes.

Mr. KINLEY: They run at a profit, but in connection with the dining car service they buy food and sell it and suffer a loss. There must be some reason. What is the experience of the C.P.R.? Do they lose on their dining car service?

Mr. COOPER: I have no doubt they do. I think every railroad does.