

The CHAIRMAN: That is not "less than cost"; it is less than the rate they should get.

Mr. FULTON: I am quite satisfied.

Mr. DREW: Well so that we will have it clarified, are you actually carrying mail at a loss at present?

Mr. MCGREGOR: It is impossible to answer that question factually. The mail we carry is carried as part of the composite cargo. If you say that the aircraft would fly anyway and the space in it which the mail occupies would be there in any case and therefore the company is paying no additional cost by carrying the mail, then you may say it is carried at a profit. If you say, as you should, that some proportion of the cost of operation of the aircraft, weight-wise and otherwise should be charged to the mail the position is different. You should take into consideration the fact that the actual schedules on which we operate are to a degree influenced by the post office; that flight times from major centres are designed for convenient pick-up. That is a very massive calculation and the result would depend upon the amount of cost which you would assess in respect of these various items, and upon other completely judgmental decisions as to the proportion of cost to the company attributable to mail.

Mr. FULTON: It is a fact, as I understood from your earlier statement, that you are carrying mail for the Post Office Department at a rate considerably less than you consider adequate in view of the amount of mail that you are called upon to carry?

Mr. MCGREGOR: That is correct, and furthermore at rates which I also said were less than those which are paid to air lines of a comparable size in the United States.

Mr. FULTON: I am satisfied with the correction or reference to the record as to what Mr. Cooper actually said because the point I intended to make is that T.C.A. is called upon to carry mail under circumstances to which you have just referred. With reference to your Air Transport Board suggestion, I agree with you that there was an inaccuracy in my words when I said that the Air Transport Board sets the rates. I should have used the words "approves the tariffs submitted". I hope you will confirm your earlier answer which I find in the minutes of proceedings of volume 6 at page 409. In answer to my question on the figures you produced to the Air Transport Board when you ask for their approval of tariffs you said "—I think the Air Transport Board, as I understand it, in the ratification of our proposals on fares, base their considerations principally on the need of the public." A little later you said "I do not think the Air Transport Board are interested in the efficiency or inefficiency of the operation."

Mr. MCGREGOR: Correct.

Mr. FULTON: Would I be correct in saying that the Air Transport Board does not approve or otherwise of your tariffs on the basis of what it costs you to operate any particular service?

Mr. MCGREGOR: Correct.

Mr. DREW: I think it is a question of refinement of terms but I must say that I cannot entirely agree that they do not fix the rates. Is it not true that T.C.A. make an application to the board for the approval of schedule rates?

Mr. MCGREGOR: Correct.

Mr. DREW: The board either disapproves or approves. If they disapprove, the matter is not left up in the air and you must make another submission, and you must do that until they approve of the rates you set forward?

Mr. MCGREGOR: The condition has never arisen.