

dwindling business has a very serious effect on transportation performance and operating ratios. In this respect, the C.P.R. is in a much better position.

(3) *Geographical distribution of traffic*—A greater proportion of C.P.R. traffic is handled in western Canada where transportation costs are lower due to:

- (a) longer average haul
- (b) higher train loading and average speed due to terrain
- (c) less industrial switching per carload originated or terminated.

For the year 1960, Canadian National transportation costs on the Western Region per thousand gross ton miles were 42 per cent less than on the Central and Atlantic (excluding Newfoundland) Regions combined. In 1960, 60 per cent of C.P.R. freight gross ton miles were generated in Western Canada against 46 per cent for C.N.R. In eastern Canada the concentration of industry in and around large cities and urban centres has increased the cost of serving this type of customer, so that C.P.R. enjoys an advantage through this in the field of transportation costs.

In spite of this, Canadian National freight train performance over the past decade, measured in gross ton miles per freight train hour, an acceptable and overall measure of transportation performance has consistently been on a par or better, than the C.P.R. as is demonstrated by the following figures:

Gross Ton Miles per Freight Train Hour

1950	
C.N.R.	C.P.R.
27,300	27,000
1960	
C.N.R.	C.P.R.
46,600	46,200

So you see from that that we are as good as and slightly better than the C.P.R. in that performance record.

(4) *Differences in C.N.R.—C.P.R. Motive Power Inventories.*—The C.N.R. has some 4500 miles of track laid with light rail which restricts the class of diesel power that can be operated by reason of axle loading. Our information is that C.P.R. has less than 100 miles of track laid with light rail, which requires restriction of certain diesel units. Because of the weight restrictions brought about by rail and bridge conditions, the C.N.R. requires over 200 light axle road diesel units to handle traffic on these branch lines. C.P.R. have only six light axle road diesel units. While these light axle units must be available for use on the branch lines with minimum service the utilization of the units is very low. Because of their nature they cannot be packed with the main line power and this restricts the flexibility of C.N.R. motive power to a greater degree than C.P.R.

The cost of upgrading these branch lines to make them fit for main line power is prohibitive (approximately averaging 30 to 50 thousand dollars per mile).

The additional diesel units required, because of weight restrictions, are reflected in the C.N.R.'s operating expense as higher equipment depreciation than the difference in traffic handled by the two railways would indicate.