

Mr. CHOWN: I do not want the committee to waste time on something which I can read in the minutes.

The CHAIRMAN: Well, he explained yesterday about the different situation.

Mr. CHOWN: Very well.

Mr. GORDON: I quoted Mr. Crump to this effect. He said that the proportion of total income provided by his railway enterprise dropped from 80 per cent in 1928 to around 60 per cent in 1957. That is what Mr. Crump said about the Canadian Pacific Railway; that only about 60 per cent of their revenue came from railway operations.

So that makes a comparison which would be very difficult for us to establish.

Mr. PASCOE: In your first report you show an operating revenue of \$753.2 million, while on the next page you show it as \$763.2. There must be an extra \$10 million somewhere.

Mr. GORDON: Where do you find \$763.2?

Mr. PASCOE: On the green chart on the next page.

Mr. FISHER: Is it poor proof reading?

Mr. GORDON: No. The chart on the next page includes other income. On page 29 you will find other income of \$10,055,332, which added to Railway Operating Revenues of \$753,165,964 produces the total revenue figure of \$763.2 million.

The CHAIRMAN: That proves that Mr. Pascoe is following very closely what is going on here.

Mr. ROBINSON: Could Mr. Gordon give us an idea of the profit and loss on the passenger service and on the freight service?

The CHAIRMAN: That was dealt with pretty extensively yesterday in this other report. I am sorry that you were not here, Mr. Robinson, but you will find it in the other report which we dealt with yesterday. I think the president can cover it fairly quickly, but I do not want him to repeat so much with all the talking that he has to do.

Mr. GORDON: I am not sure that I gave this figure accurately, as it is a very difficult thing to establish definitely what is the so-called passenger deficit.

If we work according to the I.C.C. formula—that is Inter-State Commerce Commission of the United States—they produce a formula which is a book-keeping formula to arrive at what the cost of passenger service is—if we apply this formula, we would show a deficit in passenger operations of \$90 million last year.

I immediately qualify that figure because I do not agree with the formula. It is a very complex one as it attempts to take account of all the probable overhead expenditures that should be allocated to the operations of the passenger business.

What I am trying to say is that if we went out of the passenger business completely, we would not save \$90 million. We would still require the railroad line, most of the terminal facilities, and so on, for our other rail operations.

However the passenger business uses the railway line, and the terminal facilities, and some share of the cost should be allocated to it.

I repeat, I am not suggesting that we would save \$90 million if we went out of the passenger business. But on the basis of the formula, \$90 million is the figure which confronts us.

Mr. ROBINSON: Could you give us an idea of how much they are gradually cutting the passenger lines of the company?