

and planes while on the ground in different ports, and much more careful and did a better job in so far as mechanics were concerned than some of the larger airlines in the United States.

Mr. MCGREGOR: I think, Mr. Chairman, all the large scheduled airlines are extremely meticulous about maintenance operations and I think the difference is largely one of volume. Such airlines as American and United are about four times the size of T.C.A. in domestic operations and gather the benefits of increased efficiency which goes with increased volume in the matter of maintenance. Another thing which has affected the 1955 reports is that there has been a heavy expense associated with introducing a new fleet of aircraft which is always an expensive matter in the training of both air and ground personnel.

Mr. HAHN: How would this profit compare with last year?

Mr. MCGREGOR: Smaller as a percentage.

Mr. HAHN: You could not give us the proportion?

Mr. MCGREGOR: Yes, we could work it out in a moment. The gross revenues are up some eight and a half millions over last year.

Mr. HAHN: Perhaps we should leave that until later.

Mr. FULTON: You have a comment on page 3 and you say, "As planned, the increase in airline capacity was even greater than the increase in volume of business." Was that in absolute terms or percentage terms, and how would that compare in percentage terms?

Mr. MCGREGOR: This first page as I say is simply a synopsis of what follows on the other pages.

Mr. FULTON: What about this one on the following page? It seems to go along with that. Is that answered later?

Mr. MCGREGOR: Yes.

Page 3 agreed to.

The CHAIRMAN: Page 4 "The Year in Brief".

Mr. HAHN: The route mileage, I see, is down 302 miles. Did we deduct some route?

Mr. MCGREGOR: Yes. The major reason for that was the exchange with Canadian Pacific Air Lines of the Mexico route, which was a long one for a somewhat shorter route mileage with respect to Quebec, Seven Islands, Val d'Or, Rouyn and so on.

Mr. KNIGHT: Is that southern route outside the country while what you got from C.P.A. was inside the country?

Mr. MCGREGOR: Yes.

Mr. FOLLWELL: Why was the change made?

Mr. MCGREGOR: It was one of these things which seemed to meet the requirements of all concerned. Canadian Pacific Air Lines were operating a service isolated from their maintenance base in Vancouver and their aircraft had to be ferried out to their maintenance base. It tied in very closely with our operation east of Montreal to the maritimes and they also operated from Mexico to Vancouver so the Mexico-Toronto operation fitted in with their plans and the suggestion was made they might apply to the Air Transport Board to make that change. They studied it and decided it would be financially sound from their standpoint and an application was made for that route and it has been approved.

Mr. HAHN: We note you have an increase in passengers carried and in passenger miles flown and a decrease in the route mileage and that net income is down by some \$306,000 as compared with 1954.