Utilities Commission

Continued from page 1

and L. B. MacMillan. The abritration board whose findings were reviewed in the Commission report comprised Messrs. A. Belcher, F. W. Curtis, and R. S. P. Jardine.

Commission Report

Following are excerpts from the Commission report:

"At the outset, it should be said that members of this Commission appreciate the importance of Trade Unions in industry and business and the many benefits which, in the past, they have secured for the employees. We also feel that they will continue to be essential in the future and that without them the cause of the employee would rapidly deteriorate. For this reason we welcome the presence of Union Representatives at this inquiry.

"Again, we feel that we should say that while our duty in this inquiry is to confirm, reverse or vary the arbitrator's award, the case before us is wholly different from that before the Arbitration Board. It was called upon to arbitrate only between two opposing parties while this Commission has to deal with the matter in the light of representations not only of The Union and The Company but of the general public as well.

"We feel, therefore, that the matter should be approached by a consideration of the following questions, namely: (1) Are the employees in need of a wage increase, and if so how much? (2) Is The Company in a position to meet the added cost of a wage increase out of revenues to be derived from the existing rate schedules? (3) And, if not, what effect would a general rate increase have on the next revenues of The Company?

"Although the evidence placed in the record by the Union wholly overlooked that part of its case of showing a need for an income increase to the employees, we feel that, in equity we should not seize on that oversight as a reason for quashing the award, but, rather that we should draw upon personal information of living costs and their relation to the wage schedules placed in the record. And, therefore, we assume, for the purposes of decision that a wage increase to the employees is in a measure warranted. In taking this view we are not adopting any new attitude, because the Board of Commissioners of Public Utilities and its successor the Public Utilities Commission have heretofore urged the need for wage increases by the Company . . . .

Company Revenues

"We shall now pass from the first to the second question which is whether the Company can meet the added cost of a wage increase from the revenues derived from the existing rate schedules. The Union claims that the Company can do so and for two reasons. The first claim is that the Company's present revenues are adequate to pay the additional cost of a wage increase since its estimates provided for an unappropriated surplus of $16,000 after the payment of all operating costs and a 6% dividend on Common Stock. And the second claim is that the Maritime Telegraph and Telephone Company is a well-to-do Company and owns the Island Telephone Company and, therefore, could afford to subsidize the Island Company.

"As to the latter, the correct statement is that of the 80,000 shares of common stock of the Island Telephone Company, 60,000 or 75% are owned by Atlantic Utilities Limited, a wholly owned subsidiary of the Maritime Telegraph and Telephone Company, and the remaining 20,000 shares are held by private individuals of whom 97.3% are residents of this Province.

"And large portions of the shares of Maritime Telegraph and Telephone Company are owned by the employees of that Company as well as by some employees of The Island Telephone Company, under a Stock Purchase Plan which allows for purchase at very favourable rates. And it may be stated further that contrary to prevailing belief in some areas, neither the Island Telephone Company nor the Maritime Telegraph and Telephone Company are either owned or controlled by any one of the many corporations comprising the Bell Telephone System.

"One cannot imagine the Board of Commissioners of Public Utilities of Nova Scotia permitting the Maritime Telegraph and Telephone Company to divert from its earnings any sum of money by way of subsidy to the Island Telephone Company operating outside Nova Scotia, and that very charge was made before the Nova Scotia Board at a recent Telephone Rate Hearing.

"But, even if it were permitted, it would not be fair to the shareholders of Maritime Telegraph and Telephone Company to have their profits in Nova Scotia syphoned off to make up for deficiencies in this Province, and, certainly it would not be favourably received by the employees of the Island Telephone Company who hold shares in The Maritime Telegraph and Telephone Company. The Nova Scotia shareholders, would doubtless, insist that the non-paying project be abandoned. And history will affirm that Island owned and controlled public utilities have not in general, met with any reasonable share of prosperity.

Financial Status

"In dealing with the contention that the additional cost of implementing the whole award of the arbitrators, it is necessary to examine fully the financial status of the company and to briefly state the results. Until December 14th 1953, there were only 60,000 shares of common stock all owned by Atlantic Utilities Limited, a wholly owned subsidiary of Maritime Telegraph and Telephone Company so that, up to that time, it was unnecessary for the Company to declare and pay full dividends. The dividends paid for the years 1940 to 1951, averaged about 3.7% and including 1951 averaged 3.74%. And any sum over and above the declared dividend was permitted to remain as an unappropriated earned surplus. When, in 1952, the Company placed its common stock with the public, it then became necessary to retain the confidence of the investors, to declare a reasonable dividend not only on the newly issued 20,000 share block but on all the shares of the Company.

"At the end of 1952 the Company had an unappropriated earned surplus of $182,618.51. But, if it had been paying the 6% dividend throughout the period of 1940 to 1952 the amount of that unappropriated earned surplus would only have been $14,321.76. The Company then proceeded to make up a financial statement for 1953 on the basis of 10 months actual and 2 months estimated which discloses an unappropriated surplus of $19,291.

"For the year 1954 on the basis of estimated revenue and expenditure, not including any wage increase, the Company's unappropriated surplus will be $23,677. This includes an estimated $10,000 additional revenue to the Company by the transfer of the Charlottetown Exchange from Group V to Group VI as of July 1, 1954. If the Charlottetown Exchange should fail to reach the higher grouping the Company's revenues will be reduced by approximately $5,100. being the estimated $10,000 less the estimated Income Tax of $4,900 payable thereon, and thus the estimated earned surplus will be reduced accordingly to $18,577 instead of the $23,677 given above.

Company Dividends

"The company claims that for sound financing it should be permitted to lay aside, as unappropriated earned surplus, an annual sum of $16,000 representing 2% of its Common Stock. There is no doubt that due to weather hazards there is a continual risk of the Company being called upon at any time to bear the cost of line damage by storm and if some provision be not made for great line damage the Company may find itself, in some years, compelled to defray very large costs which would leave little, if any, money available to pay any dividens on common stock.

"And, when it is considered that at the end of 1952 the unappropriated surplus would only have been $14,321.76 if 6% dividends had been paid, and that in one of the years of this accumulation the amount was as high as $31,720.24, it cannot be said that an objective of $16,000 for unappropriated surplus is excessive. "Especially is this true when it is realized that the amount of the refundable portion of Income Tax received in recent years exceeded by several times, the amount stated as remaining in the Unappropriated Surplus Account. If at any time the unappropriated surplus exceeds a reasonable safety margin the right of further accumulation should be restricted.

"In reaching this conclusion we are not taking any benevolent attitude towards the investors in the Company. It is unlikely that if their dividends were reduced any of them would go hungry. It is well settled public utility law that public utilities are entitled to such fair return on investment as will attract the minds of the investing public. If the returns be low the utility will be unable to secure capital which is continually being required for expansion and improvement of service facilities.

In fact, in the United States according to the constitution rates which do not yield a fair return of investment are deemed to be confiscatory and invalid. If we fail to give due consideration to the necessity of fair return on investment, a utility will fail to attract investment capital and the people of this Province will be the ultimate losers in the kind of service made available to them.

Costs Of Implementation

"In addition to the figures which the Company has placed in evidence respecting earnings without any wage increase, it has also set forth what effect the complete implementation of the Arbitration Award would have. And while this hearing deals only with the award in favor of the members of Union Local No. 1311 any improvement in the wages of those must, in equity, be followed by increases for all employees. Therefore, the figures which will be used in the following computations will apply to all Company employees.

"A wage increase of 7½% effective on July 1, 1953, for all Company employees, but without the additional expense resulting from the reduction to a 40-hour week, would cost the Company for 1953, $10,144. less $4,971 for Income Tax, which would be payable on same, or a net of $5,173. This would reduce the Company's unappropriated surplus to $14,108. a sum which if not further reduced would not be a serious blow to the estimated requirement of $16,000.

In giving figures for 1954, the Company was compelled to rely wholly on estimates based on past experiences. On those estimates the Company expects, without pay increases, to have an unappropriated surplus of $23,677. And the net cost of a 7½% wage increase for all employees will be $11,510. leaving a balance of $12,167. or a deficit of $3,833. after providing for the required reserve of $16,000. As above stated, these estimates are based on the assumption that the Company will have an increased revenue of about $10,000 arising from the anitcipated transfer of the Charlottetown Exchange to Group VI.

"It follows then, that an additional wage increase of 7½% to all Company employees will leave [illegible] slim margin and dangerously close to an overall deficit with no assurance of any surplus. However, having due regard to the fact that we believe the Company's estimates were conservatively made, there is a strong probability that, if economic conditions had continued as formerly, a reasonable or modest surplus would be realized.

Farm Prices Compared

"But we cannot overlook the mass of evidence given by Mr Roland McDonald, President of the P. E. I. Branch of the Canadian Federation of Agriculture, of the downward trend in the price of farm products in this Province. And while we do not express ourselves as sharing the views of some 'prophets of gloom' who say that Canada is heading towards a major economic depression, we cannot close our eyes to the fact that, in Prince Edward Island our prosperity is very closely tied in with the prosperity of the farmers, and, consequently, business in this Province will be more or less adversely affected, during the coming year, by the decreased spending power of Island farmers.

"Any recession in spending, however small, may be sufficient to halt temporarily the expansion of the Charlottetown Exchange thus deprive the Company of anticipated revenue as well as health in general the expansion of telephone business in the Province.

"While there is nothing to indicate the method whereby the Arbitration Board arrived at the increase of 7½% in the wages of the Union members and while we feel the increase is bordering on danger to the Company's financial requirements without additional revenue by a rate increase we do not think the difference between the 5% increase offered by the Company and the 7½% award is sufficiently great to serve as a ground for upsetting that part of the award which, with hesitation we agree should be confirmed.

"We now turn to that portion of the Arbitration award which deals with the institution of a 40 hour work week effective January 1, 1954. According to the Company's evidence the net cost of the 7½% wage increase plus the additional cost of changing to a 40-hour week would be $15,507 leaving only $493. above operational costs and dividends, obviously any deficiency in revenue either from the failure of the Charlottetown Exchange to reach Group VI or a falling in revenue due to decreased use of telephone or the removal of equipment due to economic conditions would leave the Company without adequate funds to meet the dividends requirements without application for a telephone rate increase.

"And if a rate increase were applied for and granted, there can be little doubt that the increase would so adversely affect the people of Charlottetown that the Exchange would definitely remain for some further time within the present grouping with the attendant loss of revenue to the Company. And in the light of present economic conditions a rate increase might not bring corresponding revenue increases. With these facts in mind, it seems proper to give careful study before acceding to a request for the inauguration of a 40 hour week at this time

Foundation of Economy

"Agriculture is the foundation of Prince Edward Island enonomy When Prince Edward Island farmers have good times Island business is relatively prosperous; when their earnings diminish our economy suffers. A 40-hour week has never been and will not be, in the foreseeable future, the privilege of the Islands' farmers. The idea, however, is gaining ground in the industrial areas of Canada but, as yet, is far from general.

"According to a recent report of the Economic and Research Branch of the Canadian Department of Labor, only something in excess of 40% of the employees in Canadian Manufacturing plants were on a 40-hour work week. This fact seems to show that there is still a long way to travel until the 40-hour working week can be said to apply generally in industry in Canada. . . ."

"The report notes that the forty-hour five-day week for federal public servants is only to be inaugurated 'in those localities and those classes of employment where the five-day forty-hour week is the established pattern in business and industry.' Since no such pattern exists in this Province the five-day forty-hour week will not affect employees here unless government policy be changed. The report continues:

Working Hours

"Of industry working on a forty-hour week in this Province none is reported as found outside Charlottetown and here only Canada Packers and Rite-Way Cleaners are mentioned. Canada Packers is a national organization which demands efficiency in production far in excess of Prince Edward Island standards. Banking and financial institutions were also mentioned but their standards are geared to the large centres and their universal practices given no thought to local requirements. Other financial institutions play a very small role in Island economy. Canadian National Railways in fixing working hours like Banking institutions, gives no thought to local requirements.

"On the whole the progress towards a forty-hour week for industry is not so far advanced as to form a general pattern, and, therefore, the inauguration into Public Utilities cannot be approved at the present time in the light of the present recession in our provincial economy.

"In reaching the foregoing conclusion, we have noted the fact that nothing in the evidence indicates that a shorter working week for those engaged in the work of the members of the Union would improve their health or boost their working efficiency.

"Whether the present trend towards the shortening of working hours and the accompanying increase in production costs is generally sound from an economic viewpoint is a matter on which we are not called upon to express any opinion. And if that trend is justified in other parts the same reasons do not obtain here.

"In the large industrial areas it is very often necessary for an employee to spend as long as an hour and a half on a crowded street car or driving through congested traffic to reach work and a like time in similar conditions to return. An employee in such circumstances must add three additional hours of strain to those during which he works. The decentralization of industries might go a long way to help this situation. In this Province, no such problem is met. Very few people here live more than a few minutes time travel from work and it cannot be said that traffic conditions cause any mental strain.

Other Activities

"It may be interesting to consider the relation which the working of a 40 hour week in this Province would bear to the time for other activities. A person working a 40 hour week with two weeks for holidays and time off on seven statutory holidays regularly works 1944 hours in a 365 day year which contains 8760 hours. Allowing for eight hours of rest in each day he sleeps 2920 hours and still has 3896 waking hours. If the waking hours of the 52 Sundays be excluded the hours free from work in the year amount to 3064. In the first case they are more than double the hours of work and in the second they exceed them by about 58%.

"Much stress was laid on the wage differentials between telephone workers here and those elsewhere. But this differential is generally found when Island incomes are compared with those in other parts of Canada, as is very clearly shown by the great mass of statistical information placed in the record by Mr. A. W. Gaudet, acting on behalf of the independent telephone companies. Our chief sources of income are from farm products and fishing. And the large freight costs arising out of the long hauls to market result in the producers receiving smaller returns on their products. The fixing of wages by comparisons with those of other Provinces and cities is only satisfactory when all of the factors which determine net values are concerned. The size of the pay envelope alone does not reflect the true picture.

Benefits To Employees

"Comparisons between wage schedules of different utilities in this Province are only accurate when all the circumstances are considered. The comparisons made between wage schedules of Island Telephone Company and those of Maritime Electric are not complete without due consideration to all the benefits which the former provides to its employees without cost or contribution from them.

"While the Company pays its contribution to the support of compulsory benefits of Workmen's Compensation and Unemployment Insurance amounting to 2.08% of the total of its payroll, it provides, without contribution, and at a cost to it of 11.97% of its total payroll, for its employees' pensions, sickness disability benefits, group insurance and Blue Cross hospitalization, which benefits are by far in excess of those provided by any other employer in this Province. And while some or all of these benefits may not be appreciated by all employees, they are a great source of security and stability to the older ones with dependents."

Canada's View

Continued from page 1

retary to the war office in the last Labor government, asked what difference this made.

Why could not Canada manufacture the Belgian rifle and Britain the British one, he asked, in view of the fact that both weapons could fire the .300 round agreed on by the North Atlantic Treaty Organization as standard ammunition. Would not the fact make the rifles interchangeable to a degree if shortages of either developed? Replied Head: "It ought to have dawned on the honorable gentleman that, if the government had two rifles in an army, it would mean two different lots of spare parts. That makes a difference."

In a debate that brought Prime Minister Churchill to lead the government defence, argument tended to obscure the real issue.

"Let us get it straight from the beginning," said Head, following Churchill, who had praised both weapons while stating that the Belgian rifle appeared to contain more potential for changing with the times.

Make Under Licence

"One side of the House ... says that the E. M. 2 British rifle is the best rifle; it has British invention and prestige behind it. Now we have standardized on the .300 round, why not give the E. M. 2 a .300 calibre, because we have overcome the problem of standardization?

"This side of the House (the government side) says that if the difference between the two rifles is marginal, surely it is common sense to standardize on the F.N. (Belgian) rifle because we then have the prospect—I put it higher than the prospect—of manufacture of this rifle under license in Canada and production in North America, outside this country."

Earlier, Emanuel Shinwell, defence minister in the last Labor government, raised the name of Canadian Defence Minister Brooke Claxtom, whom he quoted as saying at a 1951 rifle conference:

"I am not going to take sides. What we are concerned with is who is going to produce the rifle and the round," sought for NATO standardizing in small arms.

Shinwell added: "I appreciate that Canada is a great producing country. She is concerned about production. She wants to be a universal provider, and good luck to her.

"Canadians were not going to consume the rifle on a large scale. They have not the troops and do not intend to have them in the future. They have other ideas about how to conduct military operations, but I cannot go into that now....The question with which we are left is which rifle is the best to use with this round (the .300 standard round.")

UNSURPASSED for flavour!
KING COLE TEA

Freetown Royals Defeat R.C.A.F. Flyers 10-4

—Freetown Royals defeated the R. C. A. F. Flyers 10-4 at Bedeque rink last evening in the second game of the hockey semi-finals, and now need only one more win from the R.C.A.F. squad to end this best three out of five game series, having won the first two games. The game was played on a good sheet of ice before a large crowd.

The next game in this series will be played on Friday evening. The winner of the series will enter the finals against the Summerside Aces.

Summary:

First Period

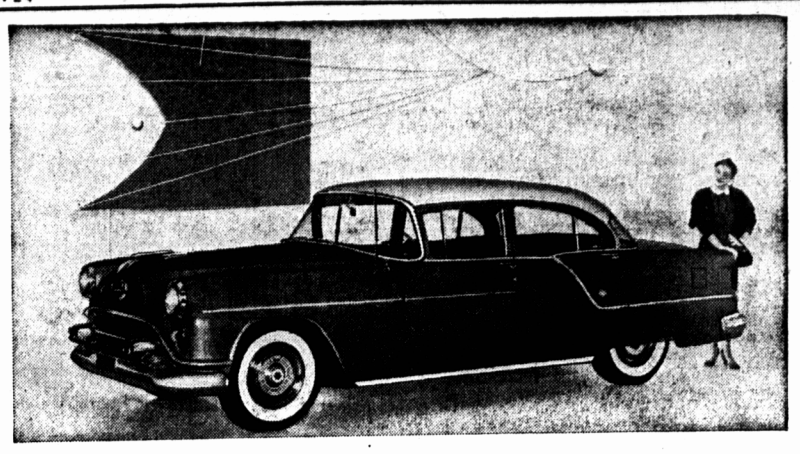
1—R. C. A. F., Poirier (Henry)
2—R. C. A. F., Taylor (Roberts)
3—Freetown, Smith (W. Mills)
4—Freetown, D. Roberts.
Penalties: None.

Second Period

5—R. C. A. F., Taylor (Pickering, Roberts)
6—Freetown, W. Mills (Smith)
7—Freetown, D. Roberts (W. Mills, Smith)
8—Freetown, D. Mills (Muttart)
9—R. C. A. F., Taylor (Pickering)
Penalties: Thomas, E. Taylor, (minor and misconduct), W. Mills, Campbell, O'Rourke.

Third Period

10—Freetown, D. Roberts (Smith)
11—Freetown, E. Roberts (D. Roberts)
12—Freetown, W. Mills (Smith)
13—Freetown, E. Taylor (Muttart)
14—Freetown, E. Roberts
Penalties: None.
Referees: Hunter and Crossman.



1954 OLDSMOBILE SUPER "88" FOUR-DOOR SEDAN

Road-hugging beauty and a smooth ride are characteristic of this lowest of Oldsmobiles, the 1954 model, with road height of 60.5 inches as exemplified in this Super "88" four-door sedan. The custom-styled panoramic windshield greatly increases forward vision and helps accent the low contour hood and rear deck. The wraparound windshield gracefully merges with the new keystone-shaped wind vent. The cowl-wide ventilator with stainless steel intake grille improves the heating and fresh air ventilation system, which is incorporated in a compact unit at the rear of the engine compartment. Interior appointments are luxurious, with three upholstery color choices in two types of nylon cloth. Powering the Super "88" is a more powerful 185 h.p. "Rocket" engine with 8.25 to 1 compression ratio. Safety power steering, power brakes, Hydra-Matic Drive, Autronic Eye, two-tone paint, rear wheel fender panels and white wall tires are optional extras.

Alberton Regals Edge O'Leary Maroons 4-2

—The Alberton Regals edged the O'Leary Maroons 4-2 in a surprise victory at the Alberton rink last night in their final encounter of the West Prince Hockey League. The Maroons led in the opener, W. Harris scoring on a long shot which beat Millman in the Alberton net, W. Hardy getting the evener three minutes later on a pass from A. Richard. G. Bernard tallied for the Maroons to end the period 2-1 for the visitors. The sandwich session saw no scoring by either team, O'Leary having a strong edge on the play but failing to get by the Regals' strong defence.

In the final frame G. Matthews scored the tieing goal on a long pass from R. Pridham. R. Fraser and LeClair also scored to put the Regals ahead 4-2.

The Maroons, favored to win after their decisive victory over the Regals in their last game put on the pressure but time ran out ending on a disputed goal, 4-2 for the Regals.

The Maroons were short J. Baglole and L. Harris, two of their best players.

Referees were R. Profitt and L. Silliker.

First Period

1—Maroons, W. Harris 1:10
2—Regals, W. Hardy (A. Richard) 14:10
3—Maroons, G. Bernard (Wedge) 12:00
Penalties: None.

Second Period

No score.
Penalties: None.

Third Period

4—Regals, G. Matthews (R. Pridham) 3:10
5—Regals, R. Fraser (C. Bernard, G. Matthews) 13:10
6—Regals, LeClair, (T. Barbour, C. Bernard) 14:45
Penalties: G. Matthews, L. Harris (majors).

Mt. Pleasant Defeats Micmacs

—The Mount Pleasant Bombers won a close 7-6 victory over the Lennox Island Micmacs in a closely contested game played in Mount Pleasant rink last evening on an excellent sheet of ice and with a large crowd in attendance.

Summary:

First Period

1—Bombers, Doug Williams (E. Kelly, Trainor) 10:30
Penalties: R. Lewis, M. Sark.

Second Period

2—Bombers, J. Coughlin (S. MacCaull) 4:00
3—Micmacs, P. Paul (L. Peters) 7:16
4—Micmacs, R. Peters 16:26
5—Micmacs, Callow (Maloney) 17:37
6—Bombers, J. Coughlin (E. Strongman, I. Strongman) 18.12
Penalties: M. Sark (misconduct), R. Kelly, R. Keefe.

Third Period

7—Micmacs, A. Callow
8—Bombers, D. Williams (C. Williams) 2:56
9—Bombers, S. MacCaull (I. Strongman) 5:46
10—Bombers, S. MacCaull 6:18
11—Bombers, I. Strongman (J. Coughlin) 15:13
12—Micmacs, P Paul 18:29
13—Micmacs, Maloney (P. Paul) 19:17
Penalty: M. Sark.

TO THE ELECTORS OF CHARLOTTETOWN

In appreciation of the support accorded me in yesterday's Civic Election, I extend my sincere thanks.

It will be my endeavour to justify your confidence, and during the next two years see the City make progress with economy.

A special word of thanks to my friends and workers for their splendid efforts on my behalf.

J. DAVID STEWART,

TO THE ELECTORS OF CHARLOTTETOWN

I again thank the voters of Charlottetown for their support in yesterday's election and promise them my continued efforts on their behalf for the economical administration of the City Water Department.

H. ROY BEVAN.

TO THE ELECTORS OF WARD V.

Ladies and Gentlemen:

Many thanks for the trust you have placed in me—
And I promise to serve—conscientiously—
"Sinking Fund"—"Pension Scheme" and "Tax Arrears"—
Will receive my attention for two more years.

EDWIN C. JOHNSTONE.

TO THE VOTERS OF WARD 5

and especially to my many GOOD WORKERS I offer my sincere THANKS

P. R. McCORMAC.

WARD FOUR ELECTORS

Thanks very much for your support in yesterday's contest; the personal work of many friends is gratefully acknowledged. It will be my endeavour to worthily represent you in the City Council.

ELMER MacDONALD.

TO ELECTORS OF WARD 5

To all my supporters in the Civic Election I wish to extend thanks.

All civic affairs will receive my careful attention, may they prosper.

F. GORDON HUTCHESON.

ELECTORS WARD 2

My grateful thanks to friends and supporters in yesterday's election. Ward Two will be worthily represented by Mr. Gaudet to whom I extend congratulations.

J. ERNEST CORRIGAN.

Sincerest thanks to all my supporters and workers in yesterday's election.

M. A. FARMER.

TO THE ELECTORS OF WARD 4

Most grateful thanks to all the electors of Ward 4 who so faithfully supported me in yesterday's election.

I shall endeavour to meet with your approval and wishes.

Very sincerely,
GEORGE R. KEEFE.

THANK YOU

I wish to offer my sincere thanks to the large number of citizens who supported me and made my election for City Water Commissioner possible.

E. E. CLAWSON.