

Q. Page 18 of the Corporate Overview Evidence states that a portion of fleet operating and maintenance expenses are allocated to capital. Please give a percentage and dollar amount for this item for 1998 – forecasted 2004 and the rationale.

A. Table 1 below indicates the Company's total fleet operating and maintenance costs for the period 1998 to forecast 2004. The percentage of total fleet operating and maintenance costs allocated to capital is also shown.

Table 1 Fleet Operating and Maintenance Costs 1998 – 2004F (\$000s)					
Year	Total Fleet Operating and Maintenance Costs	Allocation			Capital as a Percentage of Total
		Operating	Miscellaneous ¹	Capital	
1998	3,078	2,183	161	734	24%
1999	3,081	1,866	280	935	30%
2000	3,056	1,592	362	1,102	36%
2001	3,005	1,481	369	1,155	38%
2002F	2,829	1,409	316	1,104	39%
2003F	2,836	1,372	364	1,100	39%
2004F	2,881	1,405	366	1,110	39%

1. Miscellaneous includes costs related to plant retirements and work done and charged to third parties.

A direct relationship exists between the nature of the Company's labour costs and the use of its fleet vehicles. Consequently, the allocation of fleet operating and maintenance costs to capital is based on the proportion of total labour that is attributable to capital work.