

page 6; the review of operations beginning on page 12, dealing for the most part with physical facts; and, finally, a section of general interest which begins on page 17. You will see that the paragraphs within each of these sections have been numbered so as to facilitate reference in the course of your examination of this report. The balance sheet is conveniently located in the centre of the report (pages 24 and 25) and is followed by the consolidated income account and detailed statistics relating to our finances and operations generally.

With that, Mr. Chairman, I will begin by reading the letter of transmittal.

The CHAIRMAN: If I might interrupt for a moment, for the record, in addition to Mr. Gordon we have here this morning Mr. S. F. Dingle, vice president in charge of operations; and Mr. T. H. Cooper, vice president in charge of the accounting department; and Mr. T. J. Gracey, comptroller.

Mr. FULTON: Mr. Chairman, I am not sure that I speak for all members of the committee and I do not want to arrogate to myself any right to. We are impressed by the report. Although some of us may have reservations as to some parts of it, or receive it with a varying degree of enthusiasm, I think that we are all agreed that the company is to be congratulated on the success shown for this year; and, in order to save Mr. Gordon's voice, to save the time of the officers of the company who are here and also to save the time of members of the committee, may I move that the report itself be printed as it appears here without Mr. Gordon being put to the trouble of actually reading it.

Mr. MUTCH: I would like to second that motion.

Mr. FULTON: However, if Mr. Gordon wants to read it—

Mr. GORDON: I am entirely in your hands. I thought the reading of the report would settle a number of questions which might be asked.

Mr. MUTCH: That has been the usual procedure, as I recall it.

Mr. FULTON: Then, I withdraw my motion.

The CHAIRMAN: Mr. Fulton moves, seconded by Mr. McLure, that the report be taken as read and printed in our proceedings.

Agreed.

Our practice is to take up the letter first. Are there any questions on the letter to the minister?

Carried.

Now, turning to the report.

1. Review of financial results. Are there any questions on that paragraph? Then we turn to operating revenues (paragraph 2) on page 6.

Mr. MOTT: How would it be, Mr. Chairman, if we go through this—are you going to go through it page by page? If so, Mr. Gordon might give us any highlights he has in mind and in that way explain them to us.

The CHAIRMAN: Are there any questions with regard to operating revenues?

Mr. MACDONNELL: There is one question which occurs to me there—it may be fully covered here—but I wonder if Mr. Gordon could explain the increase in freight resulting operating picture. It appears to me desirable to know the facts in this report.

The CHAIRMAN: Would it be satisfactory to the committee if we take operating revenues and operating expenses together and bring them in full discussion, Mr. Macdonnell, on the point which you have raised?

Mr. GORDON: Perhaps I could summarize that point. Increased revenues during the year were \$27,050,000, arising from increased freight rates, as such. That is for freight only. Then, passenger and other services, \$2,681,000; a total of \$180,000 arising out of the communications department generally—\$29,881,000 all told for increased rates of various kinds.