

Mr. HATFIELD: I can tell a better story than Mr. Pouliot. I had a man call me from my constituency the other day and I told him that I would give him an answer and call him back within five minutes. When I did so, they told me the lines had been down all day.

Mr. HARTT: That was in New Brunswick.

Mr. HATFIELD: No, we could not get as far as Quebec City.

The CHAIRMAN: Shall subsection 1 of clause 1, "power to increase capital" carry?

Carried.

Mr. CHURCH: A proposal is made to adjourn to 11 tomorrow now. Tomorrow morning there is a meeting which I have to attend as do certain other people in the building who move in a mysterious way their wonders to perform. You also have a meeting tomorrow morning—

Mr. KNIGHT: Before we leave this financial angle it is said that you have assets of \$379,000,000. What about this depreciation reserve and what is the amount?

Mr. JAENICKE: \$108,000,000.

Mr. JOHNSON: That \$108,000,000, the balance of the reserve is invested right in the assets shown under fixed capital and part of it might be in the present cash figure. It is not separately identified. It is the practice as a matter of economy to employ your depreciation moneys which are represented by that depreciation reserve in the construction of plants to save having to borrow more money.

Mr. KNIGHT: Is that amount of depreciation reserve justified? I would like a comment as to what contingencies it is reserved for? There is a lot of money there.

Mr. MACAULAY: The depreciation reserve of course is an amount of money created each year and which accumulates to take care of retirement of a plant when it is worn out and has to be replaced.

Mr. KNIGHT: My question is what specific contingencies are you providing for?

Mr. MACAULAY: That is something on the order of 38 per cent of the plant value, but I emphasize that the depreciation reserve is computed in relation to the first cost of the plant and therefore bears no relation to what the replacement of the plant might cost if it is installed in the future.

The CHAIRMAN: Section 1 subsection 2—"issue and sale of stock, subject to approval of transport board". Shall subsection 2 carry?

Carried.

Section 2, "repeal". Shall section 2 carry?

Carried.

Section 3, subsection 1, "par value of shares may be changed from \$100 to \$25". Shall the subsection carry?

Carried.

Section 3, subsection 2—"coming into force". Shall subsection 2 carry?

Carried.

Mr. KNIGHT: I want to ask a question here on subsection 2 of clause 1. This sort of closure business does not work. This is a committee of grown men and not children.

Mr. CHURCH: Section 3, Mr. Chairman; I would like to ask if there is to be a split or not?

The CHAIRMAN: Subsection 1 of clause 3. Now, Mr. Church, did you wish to ask a question on that? There certainly has been lots of time.

Carried.