

Mr. HAMILTON (*York West*): West of York Street, yes.

Mr. GORDON: And the east end, Canadian Pacific Railway and for reasons of physical convenience we have decided that we should each own our own facilities there and not have to go through the joint committee in respect of purchases, operations, etc. So we have each bought back our facilities from the joint interest at an estimated price; and the money is being used to pay off bonds which were issued by the Toronto Terminals Railway and were jointly owned by the two interests.

Mr. HAMILTON (*York West*): Now, I do not see any provision here for an outlay for the Toronto Terminals Railway and I understood there was to be money spent on trackage there. Do you know anything about that?

Mr. GORDON: That would come through the Toronto Terminals area as such, and would go into our accounting in separately operated properties.

Mr. HAMILTON (*York West*): The only reason I asked is that we are naturally anticipating a much greater volume of freight traffic there, once the seaway opens up.

Mr. GORDON: It would not be in the stations in any event that we would have trouble. It would be in our yards; and we are concerned about our own yard facilities in Mimico and beyond the station area.

Mr. FULTON: Why are you buying \$1 thousand in capital stock of the St. Lawrence Railroad?

Mr. GORDON: That is part of the corporate reorganization provision we are doing.

Mr. FULTON: I do not see it mentioned anywhere in your report as an affiliated company. What is the relationship?

Hon. Mr. MARLER: The Atlantic and St. Lawrence is the line that runs between Montreal and Portland.

Mr. GORDON: It shows there in item 2 on page 10 of the green sheets.

Mr. FULTON: That is a system company, not an affiliated company, it is not? I am confused.

Mr. GORDON: Well, as a matter of fact perhaps we have slipped a bit here. This heading "Investment in Affiliated Companies": It used to be called in the budget "Acquisition of Securities" and I thought I would simplify it by calling it "Investment in Affiliated Companies" and I was perhaps misleading myself.

Mr. FULTON: It is a quite simple explanation. It is explained now.

The CHAIRMAN: Shall the item carry?

Carried.

"Description of Maturing Bonds, Principal Payments Due Under Equipment Trust Issues and Equipment Lease Agreement".

Mr. GORDON: Well, I might say, Mr. Chairman, that is a new sheet too that we put in in the interests of making the statement complete in our budget. It is a refunding item and used to be dealt with separately; but we thought we could show it now in our budget, the actual bonds which matured each year so the committee could see what our re-financing job is.

Mr. FULTON: Last year, Mr. Gordon, I do not know whether it was as a result of your re-financing but you had achieved a debt reduction of approximately \$4 million shown on page 9?

Mr. GORDON: Yes, the effect of which is that it really came out of our working capital. We reduced our working capital \$22,192,000. If you look at page 11 on the green sheets, if you have it there, you will see that it is in part offset against that \$22 million reduction.