

Mr. BROWNE: I notice in your charge for tons the figure is about \$10 a ton on the ammonium sulphate, on the refined nickel it is about \$26 a ton, and on cobalt you have got \$197 a ton. Why are you charging so much for the cobalt?

Mr. FAIRWEATHER: Cobalt is very much more valuable.

Mr. BROWNE: That does not make any difference.

Mr. FAIRWEATHER: Well, one of the elements in making a freight rate is the value of the commodity.

Mr. BROWNE: It costs \$197 a ton to bring cobalt in?

Mr. FAIRWEATHER: No, that is the revenue to the railway.

Mr. BROWNE: For 100 tons of cobalt?

Mr. FAIRWEATHER: Yes, we propose to get that amount of revenue from the movement of 100 tons of cobalt but it does not represent our cost. We simply say that cobalt, being a very valuable commodity, having a value of \$2, or \$3 a pound; can afford to pay a big freight rate and therefore we charge a big freight rate. On the other hand, on ammonium sulphate which is a cheaper commodity we charge a low rate.

Mr. BROWNE: On copper sulphate you do not charge anything?

Mr. FAIRWEATHER: Well, the rate on that is not yet set.

Mr. BROWNE: The same as on the sulphate?

Mr. FAIRWEATHER: I do not know what it is.

Mr. BROWNE: Your total revenue here would be \$2,904,000?

Mr. FAIRWEATHER: Yes.

Mr. BROWNE: That is gross revenue?

Mr. FAIRWEATHER: Gross revenue.

Mr. BROWNE: Have you estimated what your costs are?

Mr. FAIRWEATHER: Yes.

Mr. BROWNE: What are they?

Mr. FAIRWEATHER: Well, the costs of our whole project are such that after we have paid all of our expenses—and it gets complicated because one has to distinguish between average costs and out of pocket costs, but let me see—after we have paid all of our costs we anticipate we will have a small amount left over from operations.

Mr. BROWNE: How much?

Mr. FAIRWEATHER: About \$200,000—that is after out of pocket expenses.

Mr. BROWNE: After you have paid your operating expenses you will have \$200,000 left?

Mr. FAIRWEATHER: Out of pocket expenses.

Mr. BROWNE: After you have paid the out of pocket expenses you say you will have \$200,000 left?

Mr. FAIRWEATHER: \$200,000 to \$250,000.

Mr. BROWNE: Those operating expenses include interest on capital and depreciation?

Hon. Mr. CHEVRIER: Yes.

Mr. FAIRWEATHER: That is right.

Mr. BROWNE: You say depreciation?

Mr. FAIRWEATHER: Yes.

Mr. BROWNE: How much depreciation are you allowing?

Mr. FAIRWEATHER: We depreciate this particular railway over the life of the mine—twenty years.

Mr. BROWNE: The life of the mine is supposed to be twenty years?