

Mr. GRAHAM. There was some complaint of the ventilation of the buildings, but I think some improvement has been made in that.

Passenger cars, to equip with fire extinguishers and tool boxes, \$6,400.

Mr. GRAHAM. We are equipping all our cars with these.

Mr. RHODES. Is this called for by the Railway Commission?

Mr. GRAHAM. It is called for by the orders of the Railway Commission to the railway companies, and we are trying to comply with them.

Rolling stock, \$133,200.

Mr. GRAHAM. This is for new rolling stock, including four switching engines, two baggage cars and fifteen tank cars.

Mr. BLAIN. Is there any public competition for these?

Mr. GRAHAM. We invite tenders from the different car builders in Canada.

Mr. BLAIN. Do you always accept the lowest?

Mr. GRAHAM. No, for this reason. Sometimes we get a low tender from one company which cannot supply the cars in time, and we usually divide up the work. Sometimes we get the cars constructed at the lowest price, and sometimes we get a number at the lowest price and a number at the next lowest price.

Mr. RHODES. What is the practice with respect to writing off each year for wear and tear of rolling stock, and also as to replacements of rolling stock which has previously been charged to capital stock?

Mr. GRAHAM. We lay aside every month \$25,000 for renewal of equipment, so that we write off \$300,000 a year on account of rolling stock. This year I am going to ask the House to let me have \$100,000 more out of revenue, as we need rolling stock very badly. I am being urged by the board to ask for \$200,000. It may be done.

Mr. RHODES. The answer of the minister would indicate that the government have no settled policy. At present he asks \$130,000 a year. Later on he proposes to ask an additional \$100,000, and some of the members of the Intercolonial Railway Board want him to take an extra \$200,000 or \$500,000 in all. What percentage does he write off this rolling stock each year for depreciation? Are cars which are otherwise good, but wrecked by railway accidents replaced from income account?

Mr. GRAHAM. Yes.

Mr. RHODES. What percentage do you write off for depreciation?

Mr. STANFIELD.

Mr. GRAHAM. There is no percentage written off. Under the regulations of the Interstate Commerce Commission, you have to keep the standard of your cars up. You start the year with a certain number of cars carrying so many tons, and at the end of the year you must have that same number carrying that same tonnage, and you must keep them up out of revenue. If the system we adopted two years ago had been adopted many years ago, there would have been no difficulty, but we are practically following the regulation of the Interstate Commerce Commission. We do not write off any percentage, but keep up the rolling stock out of revenue, so that it is always in good condition.

Mr. RHODES. The only way you can do that would be by keeping a record of the rolling stock and its condition.

Mr. GRAHAM. That is what we do.

Mr. RHODES. What is the amount expended on rolling stock from year to year?

Mr. GRAHAM. The average replacement of the present rolling stock will run about \$300,000 per year, perhaps a little more. This year the road is in thoroughly good condition, and I want to make up for loss of time, and go further than the Interstate Commerce Commission would allow me to go, by providing rolling stock out of revenue.

Steamer 'Scotia,' new machinery for, \$1,100.

Mr. LENNOX. How is this chargeable to capital account?

Mr. GRAHAM. This is for a repair shop for our machinery to be put on the boat. It is all new. We never had it before. Instead of sending out pieces of machinery for repairs, we will make the repairs right on the boat.

Surveys and inspection, \$15,000.

Mr. GRAHAM. We have not at present any vote to pay for a survey when necessary. If I want to find what a thing is going to cost, I have no contingent fund or anything of that kind out of which to take the money.

Mr. RHODES. Is this properly chargeable to capital?

Mr. GRAHAM. Yes.

Mr. RHODES. You have nothing to show for it.

Mr. GRAHAM. It will be for capital work. Suppose I wanted to double the track and find out what it will cost, I would take the money out of this vote.

Mr. RHODES. You might survey different routes and only chose one.