

Mr. McLURE: My question is simply this. If you were apportioning or crediting the long haul freight would the connecting link from our province to the mainland, meaning the car ferry system, be credited with their proportion of the long haul rate right straight through as an operating revenue? For instance, if there were thirty carloads—

Mr. GORDON: Do you mean to ask whether we include the car ferry as part of the Prince Edward Island operation?

Mr. McLURE: Or by itself?

Mr. GRACEY: By itself, yes.

Mr. GORDON: We do not maintain a record of revenue on the Prince Edward Island division as distinct from the Atlantic region as it is an integral part.

Mr. McLURE: The reason I bring the question up is that from time to time we see in Public Accounts the fact that there is a deficit on that railway. As I have always said, the word "deficit" should never occur there because it is a service. However, the bookkeepers still call it a deficit. I was wondering whether from time to time anything is credited to it to overcome that deficit?

Mr. GORDON: I should point out that the cost or the deficit, or whatever you want to call it, of the ferry is not included in the Canadian National accounts.

Mr. McLURE: No, I know it is not.

Mr. GORDON: It is not in this report at all.

Mr. McLURE: But it appears as a deficit from the C.N.R. to the government and a vote is given each year. I always say that it is a service which must be rendered and it is not a deficit. When we apply for improvement they always turn around and say: Well, here is a deficit.

The CHAIRMAN: I take it, Mr. McLure, that what you want to be assured of is that in arriving at this deficit, proper credit is given for all the earnings of the ferry?

Mr. McLURE: There would not be a deficit as it would be based on the service which the government has to render.

The CHAIRMAN: Are there any further questions on operating revenue?

Mr. MACDONNELL: I have one general question which perhaps might be left but I would like to hear Mr. Gordon say something as to it if it can be done conveniently. I refer to the effect on the C.N.R. earnings of the tremendous increase in trade with the United States. Perhaps that is too vague but I notice an increase of 73 per cent in pulpwood traffic, and I mention that only as an instance?

Mr. GORDON: Yes.

Mr. MACDONNELL: Would there be anything in your accounts which would enable you to say, even as a rough venture, how much of the increase in your earnings came from the tremendous increase of trade with the United States. For instance, would your Chicago, Portland and other American connections show great change?

Mr. GORDON: Our United States lines are kept separately from our general accounts. We could tell you the operations, for instance, of the Grand Trunk Western.

Mr. MACDONNELL: When you say they are kept separately do you mean they are not included here?

Mr. GORDON: No, but we can give you figures for the United States lines. In other words, we can tell you the results for the Grand Trunk Western or the Central Vermont railways.

Mr. MACDONNELL: Are those accounts not carried into this?