

Mr. GORDON: The budget item for the building itself is \$20,837,000 and for the furnishings and equipment the budget item is \$4,950,000. We have not finalized all accounts yet, but, as I say, on present expectations we expect to be within that budget.

Mr. ROBINSON: May I ask, Mr. Chairman, in picking out this profit and loss has this capital expenditure been taken account of on that?

Mr. GORDON: I do not know what statement you have, but our figures include interest on capital.

The CHAIRMAN: Any other comments or questions on hotels? Equipment, page 6; any questions on equipment?

Mr. CHEVRIER: Just one question, Mr. Chairman. Of the amount of equipment, for instance, locomotives, passenger cars, sleeping cars, freight cars, special cars, and so on, how much of this goes to the Newfoundland railway?

Mr. GORDON: We have budgeted for delivery in Newfoundland three locomotives, five items of passenger equipment, 130 items of freight equipment, making a grand total of 138 units—\$3,287,000.

Mr. GUNDLOCK: I would like to ask a question about locomotives, the comparison of price between Canadian locomotives and United States locomotives.

The CHAIRMAN: I think you mentioned that yesterday.

Mr. GUNDLOCK: Well, I did not get the answer to that question yesterday, Mr. Chairman.

Mr. GORDON: Let me put it this way: I cannot give you a precise figure because we are not actually getting tenders from American companies for diesel locomotives delivered in Canada. We have bought diesel locomotives over in the United States and delivered in the United States, but I can say that the 22½ per cent duty effectively shuts out the purchase of diesel locomotives from American manufacturers here.

Mr. GUNDLOCK: I realize that, Mr. President, but I would just like for information to have a figure regardless of duty on how much a locomotive costs in the United States and how much it costs in Canada.

Mr. GORDON: This is as near as we have got it and it is a few thousands one way or the other. If you take a typical road switcher unit—that would cost us about \$180,000 in the United States and that same unit will cost us in Canada \$220,000 to \$225,000.

Mr. GUNDLOCK: Thank you very much.

Mr. SMITH (*Simcoe North*): What is the life expectancy of an average road diesel?

Mr. GORDON: We do not know, we have had no experience. It depends on what kind of maintenance. Let me state it this way: you take a steam locomotive, it can last forever because you just keep on rebuilding parts in and it never needs to be retired at all until finally it gets to the point where it is an obsolete model. However, steam locomotives are going out. With diesel locomotives, we have not had sufficient experience with them to decide their life. For depreciation purposes we have estimated a life of 20 to 25 years.

Mr. SMITH (*Simcoe North*): The purpose of that question, Mr. Gordon, was that once your dieselization is completed there will not be a great field for manufacturers of diesel railway locomotives in Canada?

Mr. GORDON: No. They are very well aware of that fact.

The CHAIRMAN: Any more questions on equipment?

Mr. BOURBONNAIS: How many proposed box cars are to be built this year?