

Mr. GIBSON: Better not build any new stations until we get more houses.

Mr. JACKMAN: Hear, hear.

The ACTING CHAIRMAN: Are there any other questions on page 8?

Mr. PICARD: The bulk of that amount in the capital expenditure account would be for rolling stock?

Mr. COOPER: The details of that are shown on page 10.

Mr. PICARD: When you mention equipment purchases would that be rolling stock or new cars?

Mr. COOPER: Yes.

Mr. PICARD: That would be mainly freight cars?

Mr. COOPER: Yes, we mention that in the narrative. We say: "The major portion of the total expenditure was for new equipment acquired under hire-purchase agreements with the Dominion Government, consisting of 1,980 box cars and 146 refrigerator cars costing \$10,078,911."

Mr. PICARD: I did not see that.

Mr. JACKMAN: Some years ago I asked a question about rolling stock predicated on this basis, that if the railway was able to handle such an increased volume of traffic during the war years and we expect some decrease in the post-war years would the demand for new rolling stock equipment be extraordinary or just be as it was in pre-war years to carry the volume of business you expect?

Mr. VAUGHAN: I do not think that there is going to be any great demand for new equipment. I think that our situation would be pretty much as it was before the war. We will add to our equipment as the need arises to take care of obsolescence and if there is new business in the offing or our earnings increase and any particular class of traffic requires new equipment we will buy it.

Mr. JACKMAN: You are not expecting any very heavy outlay beyond the scale that you had in 1939?

Mr. VAUGHAN: No. We will have some sleeping cars to order and perhaps a few freight cars in the next two or three years, and perhaps a few locomotives, but our requirements are not going to be very heavy in the line of new rolling stock.

The CHAIRMAN: Page 9, gentlemen.

Mr. JACKMAN: I should like to ask a question in connection with the Canadian National Express. Does it operate at a profit or a loss? Can you tell?

Mr. VAUGHAN: I think it may be said that it operates at a profit. They pay a certain amount to the railway for the use of the facilities. Have you got the figures there?

Mr. COOPER: Yes.

Mr. JACKMAN: Is it treated as a separate company in your accounts?

Mr. VAUGHAN: Just a department of the railway.

Mr. JACKMAN: Do you charge them for all haulage?

Mr. VAUGHAN: Yes. Mr. Cooper can give you just what they paid the railway last year for the use of the facilities.

Mr. COOPER: The gross revenue is \$18,898,000, and their operating expense, which does not include the hauling of the cars is \$10,565,000. There is a net of \$8,332,000. That is what they paid to the railway for hauling the cars.

Mr. WALTON: Whatever they make goes to the railway anyway, so that if you try to work out a charge it is always questionable whether you have included everything that should be there. All of their results go to the railway in any case.