

Mr. HAMILTON (*York West*): You have not taken advantage of the larger allowance which would be made to you?

Mr. MCGREGOR: No, because the permissible government rate is a sloping curve which will never end.

Mr. HAMILTON (*York West*): With respect to the planes which might become available for sale in connection with the DEW line, I assume that a fairly good price might be obtained for them right now. Have you taken into account that you would have recovered depreciation, and that you might run into a tax problem in connection with your forecast?

Mr. MCGREGOR: We have not considered that. In the first place, we only became liable for Federal corporate income tax in 1952, so the problem is a short lived one. It is quite true that probably the sale value of some of our fully depreciated aircraft exceeded the original value. That might be a problem if we sold the aircraft, but at the moment we have no aircraft for sale.

Mr. HAMILTON (*York West*): Are we on this statement now and may we ask questions on it?

The CHAIRMAN: Yes.

Mr. HAMILTON (*York West*): With respect to your travel plan deposit, and the corresponding liability with respect to your travel plan in your assets, there is a difference in the figures. Would that mean that some of the deposited funds had been used for travel purposes?

Mr. MCGREGOR: No, you mean the difference between year and year?

Mr. HAMILTON (*York West*): You say that there is a liability of \$1,151,000. I assume that is what these people have paid in in order to get their travel cards; and you show \$973,000 as assets. What is the explanation of the difference?

Mr. MCGREGOR: The figure you first referred to is the accrued deposits which have been made for the travel cards, while the other figure is the current billings which are due, for sums which have been billed for transportation delivered and still to be collected.

Mr. HAMILTON (*York West*): I see. In other words, it is in fact a credit extension and it has no bearing on the deposits?

Mr. MCGREGOR: That is right.

Mr. BELL: On the balance sheet, who holds the stock?

Mr. MCGREGOR: The Canadian National Railways.

Mr. BELL: How is it then that some of the Board of Directors are appointed by the Governor in Council and others by the shareholders; and there is one elected by the shareholders. What is the procedure? Why is there a distinction in that way?

Mr. MCGREGOR: Well, there is a stipulation in the Act under which the company was formed that a majority of the board would be named by the shareholders (the Act does provide for more than one shareholder) and the minority by order in council. That was true when the board consisted of only seven, but some two years ago it was increased to nine, and the proportion is now five to four whereas previously it was four to three.

Mr. BELL: Theoretically the Canadian National Railways would appoint shareholders to the Board of Directors, and the Canadian National Railways would appoint the shareholders?

Mr. MCGREGOR: No.

Mr. BELL: How does it work out?