

to the Board of Transport Commissioners for an increase in rates. Tonight, we have been told that the cost per telephone has risen now to somewhere between \$500 and \$600. It seems to me it is going to be impossible for the company to provide service at the old rates.

Mr. Green, speaking in the House the other night, at page 2431 of *Hansard* had this to say: the Montreal press of February 26 stated that,

Frederick Johnson, President of The Bell Telephone Company of Canada, told the annual meeting today that the company cannot live forever within its present rates for service.

Now, it would appear to me from that and from my own deductions, it is quite likely the rates charged by this company will go up in the very near future.

Mr. McCULLOCH: Will the company not make a profit on the hundred thousand telephones it puts out?

Mr. CAMPBELL: They might, but with that increase in cost, I do not see how they can.

Mr. HARTT: It is possible that 50 years from today the cost may have gone up or down.

Mr. JOHNSON: Whatever the situation may be, gentlemen, I am quite sure, having been through the last rate case, that the telephone subscribers' interests are very well protected by the amount of investigation which is made of our affairs and the close scrutiny which is given to our requirements by the Board of Transport Commissioners.

The honourable member, Mr. Church, made reference to the last rate application when we were combed out by two different firms of chartered accountants, Clarkson, Gordon, Dillworth and Nash for the city of Toronto and Price, Waterhouse for the city of Montreal. They made a searching inquiry, both as to our going rate at that time and the anticipated rate before the decision of the Board of Transport Commissioners was arrived at. Whatever the future holds for us, I am quite sure the public interest is amply protected by the Board of Transport Commissioners.

Mr. IRVINE: I was not at the meeting this afternoon because I had to attend another committee meeting. Perhaps the questions I am going to ask were answered this afternoon, in which case it will not be necessary to answer them again.

The first question I wish to ask is, have the officers of the company satisfied the committee this afternoon that they were amply justified in the enormous increase in capitalization required by this bill? Next, I should like to know if the officers of the company have indicated the capital expenditures the company proposes in the next two or three years and where those expenditures are to be made as well as the details which can be given in that connection. Thirdly, I should like to know what guarantee the company is giving to the public that the rural sections of the community served will have their proper share, at least, of the expenditures which are to be made. Those are three questions I should like to have answered if they have not already been answered, in which case I shall have to read the minutes.

Mr. McCULLOCH: They are all in the minutes.

The CHAIRMAN: In fairness to Mr. Irvine, I wonder whether you feel any question has not been answered?

Mr. MUNNOCH: I think the last point Mr. Irvine mentioned, that is what we propose to spend in the rural territories was, perhaps, not dealt with. The estimates for rural expenditures—that is the figures I am giving now are for our rural projects—for 1948, we propose to spend \$4,600,000 in capital expenditures; for 1949, \$6,000,000; for 1950, \$7,000,000; 1951, \$8,000,000. Those are