

tion of rates until 10 per cent had been earned per annum on the capital. Assurance was also given that no competitive road would be chartered for 20 years."

Mr. KENNEDY: What taxes are the railways subject to, municipalities and provincial governments?

Sir HENRY THORNTON: Oh, most everybody, I suppose you might say the bulk of it is the municipalities and the provinces, and of course, there is the gentle little sales tax that comes along.

Mr. KENNEDY: Does this include the added cost of material due to the tariff.

Sir HENRY THORNTON: No.

Mr. KENNEDY: I heard someone say in parliament the other day that the tariff was a tax.

Sir HENRY THORNTON: I suppose most everything is a tax.

Mr. FAIRWEATHER:

Non-operating Income in total showed an increase of \$1,062,529. The principal items of increase are:—

Dividend Income.. . . . . .	\$ 495,022
Income from Funded Securities.. . . . .	281,040
Income from Unfunded Securities and Accounts.. . . . .	251,470
Joint Facility Rent Income.. . . . .	109,277
Income from Sinking and other Reserve Funds.. . . . .	106,667
Contributions from others.. . . . .	100,000

Dividend Income was swelled by special dividends from the Detroit Terminal Railroad of \$400,000 and special dividends from the C. & W.I. Railway of \$100,000. Income from Funded Securities increased as the result of the holdings of Northern Alberta Railways Bonds and Toronto Terminal Railway Bonds by the System. The increased income from Unfunded Securities and Accounts reflects the Unemployment Relief Act of 1931, under which interest payments accrued to the railway. The increased income from Sinking and other Reserve Funds reflects the growth of these funds. Contribution from others represents the amount due by the province of Manitoba in connection with the Flin Flon Branch in Manitoba.

The principal items of decrease are:—

Separately operated properties (profit).. . . . .	\$ 198,596
Rent from work equipment.. . . . .	83,508

The latter item reflects the restricted volume of construction work. Separately operated properties (profit) should properly be viewed with separately operated properties (loss), which will be found in the next group.

These two accounts record the operation of a number of enterprises carried on by the Canadian National Railways, but which are distinct from the steam railway operations. A complete schedule of them may be found in the Annual Report on pages 34 and 35, where each is marked with an asterisk. Included in these accounts there are 24 properties, of which number 12 are included in the item of separately operated properties (profit) and 12 in separately operated properties (loss).

The results of operations of all these properties, as reported in 1930, indicate a loss of \$793,733, as contrasted with a profit of \$273,707 in 1929. There is, therefore, a worse showing in separately operated properties to the extent of \$1,087,440. Practically all of these enterprises suffered a severe reduction in revenues due to the general business depression. The principal decreases which go to make up the \$1,067,440 are as follows:—