

Mr. MCGREGOR: The condition has changed rapidly, Mr. Fulton, during the period covered by this report. At the beginning of it, we, if I remember rightly, we still had some money on loan to them. At the end of it the situation had reversed very substantially. The detail of that is, we had money on loan to them at the beginning of the year, and by April 29 that had been completely drawn down; in other words, paid off by the C.N.R., and from that point on we became the borrower.

The CHAIRMAN: Mr. Knight—I am sorry.

Mr. FULTON: You do say on page 6 in the same heading, financial review, that you actually borrowed from them \$10,400,000 during the year, and at the year end these borrowings totalled \$13,500,000. Do you mean borrowings from the C.N.R., or total borrowings, \$13,500,000?

Mr. MCGREGOR: The borrowings from the C.N.R., the total borrowings from them would be \$13,500,000.

Mr. FULTON: Well, then that would indicate to me that you must have started the year with a liability to them of some \$3 million?

Mr. MCGREGOR: That is quite correct, Mr. Fulton. This is a rather involved affair. Actually we arranged with the C.N.R., due to arrangements that they had for borrowing from the government, to borrow in excess of our actual requirements. We borrowed a lump sum of \$10 million. Because we did not require that, we loaned back to the C.N.R. a portion of that \$10 million, and under "other income" we credited ourselves with the interest on that, and the interest we are paying on the \$10 million appears as an expense. Those two things are not netted in the non-operating revenue.

Mr. FULTON: They are not?

Mr. MCGREGOR: Perhaps we can give you a summary of that by dates, if you would like to have it.

Mr. FULTON: Or, I was going to say, will this come up in connection with your budget?

Mr. MCGREGOR: It could.

Mr. FULTON: Well, which would be the better time to—

Mr. MCGREGOR: I think we had better give you a memorandum on it, Mr. Fulton.

Mr. FULTON: I would appreciate that.

Mr. MCGREGOR: Yes.

Mr. FULTON: Because, if your insurance fund totals, as I understood you to say, some \$6 million, and your borrowings as at present, or at the end of 1955 were \$13,500,000 from the C.N.R., it just occurred to me now to wonder what effect that is going to have on this item, non-operating income—net. Will that be—oh, I see, interest expense will always be under that separate heading.

The CHAIRMAN: Mr. Knight.

Mr. KNIGHT: Mr. McGregor, your company's payroll is being represented as 45 per cent of the operating expenses. Does that figure remain fairly uniform over the years? I mean, how does that compare, for instance, with last year? 1954, what was it there?

Mr. MCGREGOR: Yes. It is down 1 per cent from last year.

Mr. KNIGHT: Down?

Mr. MCGREGOR: As a percentage of our total expenses, but it has run between 46 and 45 for three years in succession.

The CHAIRMAN: On the heading of operations and traffic review, carried?