

Mr. VAUGHAN: It depends where the supplies are required. The supplies needed are mostly in the way of foodstuffs and they are bought mostly in Canada. The oil is bought from the West Indies where it can be purchased to advantage. These boats are all oil burners. The boats on the eastern trip take oil at Trinidad and on the western trip at Jamaica.

Mr. RYAN: When you spoke about foodstuffs you said they were purchased in Canada. Where in Canada?

Mr. VAUGHAN: Very largely in Halifax or Saint John.

Mr. RYAN: Is there anything at all purchased in Saint John?

Mr. VAUGHAN: Not as much as at Halifax.

Mr. RYAN: Is there anything at all purchased there?

Mr. VAUGHAN: A little, not very much.

Mr. KINLEY: There is not much bought in Halifax.

Mr. VAUGHAN: Yes, there is, quite a lot. Halifax is really the terminus of the boats and they have not got sufficient time in Saint John for one thing to provide them with very much.

Mr. RYAN: They stay there a day.

Mr. VAUGHAN: Yes.

Mr. RYAN: Do you not think you should divide the purchases up a little bit?

Mr. VAUGHAN: We have gone into that carefully, and in fact we did not long ago, to see if we could not buy more in the city of Saint John. We are looking into it now. I do not know just how it is going to pan out. It is done from the standpoint of what is the most economical thing for the boats.

Mr. RYAN: I should like to call your attention to this fact. My understanding of the situation is that so far as Saint John is concerned no purchases are made there at all.

Mr. VAUGHAN: I am quite willing to admit at the present time very little is bought there for these boats.

Mr. RYAN: In addition to that I am told by the merchants there that the laundrymen are not even allowed on the boat to take a shirt or collar from any of the employees. If they go down to take their laundry off and it can be done in a day, they are not allowed to go on the boat at all. I do not think that is a fair proposition. Have you heard any protests in that regard?

Mr. VAUGHAN: We have not heard anything about it. However, that question of buying at Saint John is receiving our attention, anyhow.

Mr. RYAN: I appreciate that very much. I hope that some benefit will accrue to Saint John from it. I should like to take up another matter, and that is in regard to the laundry being done at Saint John. I am told that if a laundryman goes down to the boat he is not allowed to go on the boat to get the laundry. I wish you would take that up as well.

Mr. VAUGHAN: We will take note of that.

Mr. BOTHWELL: I have one question I should like to ask in regard to the profit and loss account. The profit and loss account shows a deficit as at 31st December, 1935, of \$8,687,238.67, and the annual report states that you made a profit and paid interest on the bonds to the public, and yet the statement shows a deficit of \$9,000,000 apparently at the end of December, 1936. You might explain that. I do not understand it just at the moment.

Mr. McLAREN: The \$8,000,000 you speak of is the deficit at December, 1935, from which is deducted the cash deficit which was paid as a contribution, reducing the amount to \$8,417,269.50. Then we bring forward the book deficit from the year's operations of \$574,212.58, and deduct the cash surplus that is to be paid back to the government—

Mr. BOTHWELL: Where did you get that loss of \$574,212.58?

Mr. McLAREN: On page 17, Mr. Bothwell. The operating profit is \$87,000, and you have to deduct the interest due the government, depreciation on vessels, which makes a net deficit of \$574,212.58 for the year.

Mr. BOTHWELL: I get it now. You are taking into account depreciation on vessels and interest due to the government.