

The CHAIRMAN: You mean the obligations upon which the government or the railway are now paying charges are greater than the actual value of the assets, and perhaps should be written down?

Mr. HARRIS: I should say it is the capital value per mile that I want.

SIR HENRY THORNTON: Was not that information given in the House the other day?

SIR HENRY DRAYTON: I suppose what is really wanted is the actual cost, and then the replacement value.

Mr. HARRIS: Could we get the value per mile?

The CHAIRMAN: In the balance sheet at the foot of page 7 it says—

SIR HENRY THORNTON: No, that is not it.

The CHAIRMAN: I fancy it is. "Consideration is being given to the policy to be followed with respect to the capitalization of the system, and the extent to which, if at all, the advances made and capital held by the Government should be written down to a figure which may be regarded as consistent with the earning prospects of the railway." Is that along the line you want?

Mr. HARRIS: I want it, so that we can give consideration to it as well.

The CHAIRMAN: You want the capital cost or the value?

Mr. HARRIS: I do not want the cost; I want its value.

SIR HENRY THORNTON: We can give you the capital cost per mile; that is comparatively simple, but if you should ask me today what is the value of this railway per mile—

SIR HENRY DRAYTON: You could estimate the replacement value.

Mr. HARRIS: I will be satisfied with the cost, and I will take the cost of some competitive road and crystallize my ideas on that.

The CHAIRMAN: It is a big job.

Mr. HARRIS: Yes, but something has to be done. This snowball is growing at an enormous rate.

The CHAIRMAN: Can you do it in time for this committee.

SIR HENRY THORNTON: I doubt it. We might make a sort of stab at the replacement value.

Mr. HARRIS: I understood there was some considerable work being done in this connection also, inasmuch as there is consideration being given to the policy now.

SIR HENRY THORNTON: Yes, but we have not gotten very far with it. I would like to furnish the information, but my difficulty is in getting at what you want.

SIR HENRY DRAYTON: If you take the Swayne report that will give you a fair yardstick. If you take that report of 1916, which Mr. Henry knows all about, that will cover the value; not the cost, but the value of the Grand Trunk Pacific lines, and also the Canadian Northern lines. Then if you take the basis of the Grand Trunk award—not the claim, but the amount actually awarded—you will get a pretty fair idea as to the value.

SIR HENRY THORNTON: I think I know what Mr. Harris wants, and I think we can satisfy him.

Mr. HARRIS: There is a sentence in this "Balance Sheet" at the foot of page 7 which says, "On the other hand it would seem unreasonable to burden the Canadian National Railways with a load which is beyond its conceivable earning capacity." Let us have that load, and what the earning capacity is.

The CHAIRMAN: I think that can be done all right.

[Mr. W. D. Robb.]