

TAXES, MISCELLANEOUS OPERATIONS, NON-OPERATING INCOME AND DEDUCTIONS
FROM GROSS INCOME

The only items which show any considerable variation from last year are:—

Interest on Funded Debt	\$149,640 (Inc.)
Interest on Unfunded Debt	511,404 (Inc.)

Interest on Funded Debt in the hands of the Public was \$394,699 in 1930, compared with \$245,059 in 1929, or an increase of \$149,640, due to interest on Bonds of the St. John & Quebec Railway being included in 1929 from September only and in 1930 for a full year.

Hon. Mr. EULER: What do you mean by interest on Unfunded Debt?

Mr. FAIRWEATHER: That will follow.

The increase in interest on Unfunded Debt is due to interest on the purchase price of the Quebec Oriental, the Atlantic, Quebec & Western, the St. John & Quebec and the Inverness Railways, also to additional capital expenditures.

That concludes the analysis of the income account of the Canadian National and of the Eastern lines.

Mr. HANSON: This interest on Unfunded Debt will be a recurring item so far as certain of these matters are concerned. You have assumed the bonded indebtedness of the St. John Quebec railway for a period, up to a certain limitation, but should not that fall off quite rapidly, that \$511,000.

Mr. McLAREN: The accounts for 1929 include interest for the Gaspé railways as from June 1st, 1929, and the 1930 accounts include it for the entire year, and likewise for the Inverness, and the St. John and Quebec at varying dates.

Mr. HANSON: I understand that, but you will have paid for the Quebec and Oriental, we will say, and that will go into your Funded Debt ultimately. The St. John and Quebec is on a little different basis because you have assumed obligations that are outstanding.

Hon. Mr. MANION: It would not go into the Funded Debt until the bonds fall due.

Mr. HANSON: They will be carried in the Funded Debt.

Mr. McLAREN: It would be in the Funded Debt.

Hon. Mr. EULER: But they are all guaranteed by the government. They are simply taken over by a private company.

Mr. McLAREN: They are taken over by the Canadian National.

Hon. Mr. EULER: But they are guaranteed.

Mr. HANSON: The St. John and Quebec is guaranteed by the government.

Mr. GRANT: Guaranteed Bonds have and will be issued in payment of part of the purchase price which is payable over a period of years. The balance of the purchase price represents Bonds in the hands of the public, the liability for which we assume.

Hon. Mr. MANION: How would it be Unfunded Debt then if the bonds were issued in place of them?

Mr. McLAREN: That will remain constant as far as the capital expenditures prior to July 1, 1927, are concerned.

Mr. HANSON: On what?

Mr. McLAREN: On the Halifax and Southwestern.

Mr. HANSON: Those bonds are guaranteed by the province of Nova Scotia.

Mr. McLAREN: The Halifax and Southwestern.

SIR HENRY THORNTON; I do not think so, Mr. Hanson.