

Sir HENRY THORNTON: Page 11 shows the distribution of the amount.

Hon. Mr. STEVENS: Without going into all the details, on the subsequent pages, as far as I am concerned, I might ask you briefly as to these three or four items; "Eastern Lines—\$4,590,439;" is that for purchases including estimated purchases on any of these lines.

Sir HENRY THORNTON: No.

Hon. Mr. STEVENS: Or is it purely maintenance and new expenditures?

Mr. FAIRWEATHER: That is for general betterments entirely.

Hon. Mr. STEVENS: On existing lines?

Mr. FAIRWEATHER: Yes.

Hon. Mr. STEVENS: The same answer applies to the other three items?

Mr. FAIRWEATHER: Yes, sir.

Sir HENRY THORNTON: That is right.

Hon. Mr. STEVENS: \$28,000,000 over the whole system for betterments?

Mr. FAIRWEATHER: Only railway lines.

Sir HENRY THORNTON: Only railway lines. Then there follows the Niagara, St. Catharines and Toronto Railway and subsidiary companies, telegraphs and telephones.

Hon. Mr. STEVENS: That \$28,000,000 would include what we discussed very fully the other day, for last year, such as the relaying with one-hundred-pound rails. This is charged up to increases, additions, and so forth?

Sir HENRY THORNTON: Exactly.

Hon. Mr. STEVENS: But your maintenance is included in the item over here?

Sir HENRY THORNTON: Straight maintenance is chargeable to expenses, and that you have already dealt with. This only deals with additions to the property, exclusive of branch lines.

Hon. Mr. STEVENS: What was it last year, I have forgotten. Does the twenty-eight million correspond with last year?

Mr. FAIRWEATHER: General additions and betterments, \$25,685,385 was the estimated amount, and the amount expended was \$23,000,000 odd.

Hon. Mr. STEVENS: You are going ahead at a fairly good rate. There is quite an increase, five million dollars this year. Do you think that is warranted?

Sir HENRY THORNTON: Part of that was occasioned by such things as rail requirements in the construction of the Hudson Bay Railway. It would be unwise, unnecessary, and uneconomical to lay on that railway any new one-hundred-pound rails. It would be very much better to apply the new one-hundred-pound rail to that part of the railway over which high-speed passenger and freight trains are maintained. We are trying to confine our relaying rails to good quality. We found that ordinary rail renewals would not produce a sufficient amount of good relaying rail for the Hudson Bay Railway. Therefore we increased our rail program in order to take care of that, which had the effect of anticipating to a certain extent the rail requirements which we ordinarily would have thought wise this year.

Mr. GEARY: Have you a credit with the Hudson Bay Railway?

Sir HENRY THORNTON: That is one of the things Mr. Stevens drew attention to, the fact that we have been, as he described it, making fairly good progress in the matter of additions to capital; that is one thing. Another thing is, our desire to hasten as fast as prudence would permit the introduction of improvements between Montreal and Toronto and Toronto and Sarnia. There was a large increase in our gross earnings, which necessitated the purchase of additional heavy power this year, as I think I explained to you in an earlier