

Mr. BARNETT: The North West Telephone Company has other operations than radio telephones I take it?

Mr. FARRELL: Yes, it has, but they are very minor compared to the radio.

Mr. BARNETT: Am I correct in suggesting that the North West Telephone Company operates the radio telephone links on the coast of British Columbia?

Mr. FARRELL: Yes.

Mr. BARNETT: And that it operates the telephone service between Vancouver and Alert Bay?

Mr. FARRELL: Yes. We have about 3,000 boats which are connected through our radio system.

Mr. BARNETT: I wonder what the source of expansion funds of the North West Telephone Company is? I think you can see some point to my question, because the services operated by the two companies are closely connected.

Mr. FARRELL: The British Columbia Telephone Company has the power to be in the radio business. Of the new television-two circuit running across Canada we are building the part in British Columbia—this being part of the British Columbia Telephone Company's area, so the expansion of the North West Telephone Company is rather limited to the area in which they are.

Mr. BARNETT: Does the North West Telephone Company have to rely on the capital funds provided to the British Columbia Telephone Company in order to undertake expansions and modifications?

Mr. FARRELL: No. They have public financing.

Mr. BARNETT: They act separately in the bond market?

Mr. FARRELL: Yes.

Mr. BARNETT: Is the present capital set-up of the North West Telephone Company adequate to provide for their expansion and needs?

Mr. FARRELL: Yes. They are getting along all right.

Mr. BARNETT: In its review of the affairs of the company by the Board of Transport Commissioners and of the set-up or the structure, does the company or the board take the approach that all segments or sections of the system should provide, let us say, a more or less even rate of return on the rates that are set?

Mr. FARRELL: Well, I do not know.

Mr. BARNETT: Or is it related to the rate structure and the earning position of the company as a whole? Is that really the guiding principle?

Mr. FARRELL: Oh yes.

Mr. BARNETT: On what basis is the decision made as to which particular construction or expansion of facilities the company is going to undertake in a given time—that is to say, as between the metropolitan areas and the lower mainland, or Vancouver Island, or the northern centres of Vancouver Island?

Mr. FARRELL: Well, that is left to the company to decide. We try to be fair and to take care of all the requirements in every one of the 107 places in which we do business.

Mr. BARNETT: Is it the policy of the company that all extensions shall be on a self-sustaining basis? That is, does an expansion in northern Vancouver Island have to stand on its own feet before it is considered by the company?

Mr. FARRELL: We would expect it to be reasonable. We look forward to the future, and if we believe that the place is going to grow, we would be satisfied to go in there at the present time and probably lose money in that particular area, but hoping in the future that it would pick up. Yes.

Mr. STANTON: I would like you to give me, roughly, the percentage of your total supplies that you purchase from Automatic Electric?