

you are not responsible for them—has been shot pretty well through with holes—49·4 per cent, 47·3 per cent—and steel 12 per cent. You had price ceilings on during that period, and your wage rates were stabilized.

Mr. VAUGHAN: Except where the labour board granted very substantial increases in wages.

Mr. JACKMAN: That is labour, but you also had an increase in the volume of traffic, yet there is a decrease shown there.

Mr. COOPER: Due to the change in traffic characteristics the rate per ton mile decreased in 1945. Military traffic also had a bearing.

Mr. JACKMAN: As a matter of fact, you received less for carrying more.

Mr. VAUGHAN: Less for carrying a ton of freight one mile.

Mr. NICHOLSON: Where do you get those figures?

Mr. COOPER: They are shown there; the reduction in average revenue rates per ton mile and per passenger mile are equivalent to a reduction in operating revenue of \$10,742,000.

The ACTING CHAIRMAN: Are there any more questions on page 7? If not, we will turn to page 8.

Mr. JACKMAN: Just one thing in connection with the line on page 7, where you mention \$24,756,130; on what capital investment, or equity of the government, is that a return?

Mr. COOPER: That, Mr. Jackman, is shown on page 14. The government is there shown to have an equity account of \$777,000,000.

Mr. JACKMAN: And in effect that is a return of?

Mr. COOPER: A return of better than three per cent on the amount.

Mr. JACKMAN: In fact that money simply went to the government to reduce that loan.

Mr. COOPER: Yes.

Mr. PICARD: That is what you say in the statement at the bottom of the page there:

“Net income available for payment of interest was \$71,084,272; approximately 3·5 per cent earned on total capitalization.”

Mr. COOPER: That shows that the return on the total capitalization was approximately at the same rate as on the equity capital.

Mr. PICARD: You mean by that that the figures would not vary very much?

Mr. COOPER: Not a great deal. On the total capitalization it worked out at 3·5, and on the equity capital it is 3·2 per cent.

The ACTING CHAIRMAN: Are there any questions on page 8; gentlemen?

Mr. NICHOLSON: In connection with the capital expenditure amount, is there any special policy which was followed in connection with the construction of new stations? A great many communities in Canada apparently are of the impression that they require new stations as a part of the post-war building programme. Who decides whether they ought to be built?

Mr. VAUGHAN: The construction of new stations is something which is studied very carefully. A great many municipalities take pride in the appearance of their towns, and consider that they ought to have a new station. Our policy is formed by the need, by the condition of the station, by the population they have to serve, and the traffic that is available. All these factors are taken into consideration when we build a new station. We only build them where they are most needed. Naturally, we cannot give every one a new station who wants one.