

Mr. FAIRWEATHER: That is the Atlantic Region. The Eastern lines start at Levis.

Sir EUGENE Fiset: There is a difference between the Eastern division and the Eastern lines. The Eastern division begins at Riviere du Loup and the Eastern lines begin at Diamond Junction.

Sir HENRY THORNTON: That is right.

Mr. FRASER: Practically it is the Maritime lines then.

Sir HENRY THORNTON: Yes. Now, have we got you cleared up, Mr. Fraser.

Mr. FRASER: Yes, thank you. I have got some information anyway.

Sir HENRY THORNTON: Well, if you have not got all you want we will try to get it.

Mr. FAIRWEATHER: Transportation for Investment—(Credit) represents the cost of transportation service incurred in moving men and materials required for railway construction on capital account, which expense is credited to Operating Expenses and charged to Capital.

A comparison of 1930 and 1929 follows:—

1930—Credit.....	\$1,360,199
1929—Credit.....	1,963,044
Decrease—Credit .....	\$ 602,845 or 30.7%

This decrease is due to the decrease in Branch Line construction and decreased relaying rail and ballasting.

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

The remaining items of Income and Expense, as shown on page 17 of the Annual Report may be classified into four groups. The first of these groups is composed of railway taxes and uncollectible railway revenue; the second, under the name of Miscellaneous Operations, has to do with the Hotels; the third shows rents receivable, profit on separately operated properties, dividend income and such like items; the fourth shows rents payable, losses on separately operated properties, miscellaneous charges and interest. These groups lead progressively to totals showing railway operating income, total operating income, gross income and net income.

The main item of the first group is Railway Tax Accruals. Railway taxes show an increase in 1930 over 1929 of \$361,934. Taxes have shown a decided tendency to increase from year to year. The increase of 1930 taxes over 1929 amounts to \$1,494,000. It might be well to point out too that this item does not include all taxes paid by the Railway, such as Hotels, Subsidiary Companies etc., thus, the total taxes accrued by the Canadian National Railways in 1930 amounted to \$6,519,708, whereas Railway Tax Accruals amounted to \$5,694,012.

Hon. Mr. EULER: May I ask there, is it not a fact that the Canadian Pacific is exempt from taxation in some of the Prairie Provinces?

Sir HENRY THORNTON: My recollection is—and I would like any officer who happens to know about it to correct me—that the main line of the Canadian Pacific in the prairie provinces from the time of its construction was exempted from taxation by law or by some statute that was passed at that time. Is that your understanding of it Mr. McLaren.

Mr. McLAREN: I cannot say, Sir Henry.

Sir HENRY THORNTON: Is the tax commissioner here?