

Mr. KNIGHT: Pardon me. We got these high figures quite simply by dividing these tremendous assets by a certain number of telephones. You could do it by arithmetic for 1933 to 1937. Let me have that.

Mr. MICHAUD: He has given that.

Mr. KNIGHT: What was it?

Mr. MUNNOCH: \$230 for 1930; for 1931 it was \$247.

Mr. KNIGHT: My question is this: the amount that the company is asking is predicated on the need for a certain number of phones. Now, is that figure over the period of the next five years, whatever time this money is to last on the present high price of \$550?

Mr. MACAULAY: I would say yes, sir, that the estimates on construction we make are made on the current cost level.

Mr. KNIGHT: You are estimating, then, that this price of \$550 is going to keep up. In other words, you are estimating that the prices for each of these commodities which go into the cost of a telephone will not come down. This afternoon, no one would prophesy anything. Now, you see you are prophesying that these prices will keep up at the present high level. It would seem that the increase in your capitalization is based on that.

Mr. JOHNSON: Not prophesying so much, sir, as using the latest cost figures we have.

Mr. KNIGHT: You would be a wizard if you could keep track of a day to day prices in these times.

Mr. JOHNSON: We are using present day construction costs in pricing it out for the next five years which, I believe, is the only sound way to approach it.

Mr. KNIGHT: You are now asking for a capitalization to cover a number of telephones which you figure will cost you at the rate of \$550 per unit to put in over the period of the scheme, that is correct?

Mr. MACAULAY: Yes, or even somewhat more. I expect that the unit cost is likely to go up for several reasons which we did not bring out here. This year, we are still continuing to place an undue proportion of party line stations which means we are not putting in as much cable as we should. We are getting all the cable we can, but at the present time, with our present customers, we have 69,000 party lines for which individual line service has been requested. We will be unable to do that for several years in the future. As we do that, I expect the unit cost may increase above what it is this year.

Mr. KNIGHT: The position is this; if your cost goes down to \$230 within the next year or so, you will find yourselves, in terms of what you are asking for, in the position of having twice the amount you need, predicated on present costs?

Mr. JOHNSTON: I think we can agree with that.

Mr. KNIGHT: Which means the company would not have to come back to parliament for twice the length of time, provided the costs do not stay high.

Mr. MUNNOCH: We cannot issue any of the stock without showing the Board of Transport Commissioners that we need this money for a specific purpose.

Mr. KNIGHT: We are interested in having you come back to parliament occasionally, you see.

Mr. POULIOT: I wish to have some information which I hope to obtain in a very friendly manner. I want the whole matter to be made clear in my mind. Here, I have the balance sheet and your report. I always admire the balancing to the cent. Those accounts give me the impression of an even balance. According to that report, the company has liabilities amounting exactly to the assets. Well, this is a way of speech, of course. I do not contend that the company is not solvent but on the other hand, I find it puzzling at times