

Mr. VAUGHAN: Yes, sir, that is a fair question. If I could just read part of this statement here, it might serve to explain. When we originally looked at trucking we considered at the outset that to have an effective highway operation we needed to have adequate licences. Now, numerous trucking companies were examined, and in western Canada alone the licences in operation of ten separate companies were analyzed. The firms of Midland Superior Express Limited, Empire Freightways Limited and East-West Transport Limited, were then selected and purchased in whole or in part. That was the western group. In eastern Canada we purchased the Eastern Transport Limited, the Sydney Transfer Limited; five trucking operations in all; and you will see them listed in the annual report as wholly-owned companies except for the Midland Superior. We do not wholly own that; we own 49 per cent of the stock.

Senator PEARSON: Do you find it more advantageous to buy these truck lines in areas away from your railway as feeders to your railway line, or do you parallel the rail service?

Mr. VAUGHAN: Our overall plan is one of road-rail integration, the one complementing the other. We are now in the business and the pattern is gradually taking a good shape. In the Maritimes I think we have perhaps one of the best rail-road integrated services anywhere in the country.

Senator KINLEY: What did you say?

Mr. VAUGHAN: I was saying, Senator Kinley, that I think in the Maritime provinces the Canadian National has one of the best road-rail integrated services to offer to the shipping public, and gradually we are extending that pattern with this gradual selective entry into the trucking business.

Senator PEARSON: Is that why you are asking for this \$5 million?

Mr. VAUGHAN: The \$5 million is what we think we might need to purchase other ones that we now have options on.

The CHAIRMAN: As well as to conclude the purchase of some you have already bought?

Mr. VAUGHAN: If there is anything outstanding in that respect, yes.

Senator KINLEY: Does that offer any competition with your express services?

Mr. VAUGHAN: What we are talking about now are the trucking operations that we purchased. The express operation is a different matter. The Sydney Transfer Limited that runs from Halifax to Truro, Sydney, and down through that area is a company which the C.N.R. purchased, but we have express trucks all over the place, hundreds of them, and also we engage private operators, too, to pick up and deliver and do cartage and so on.

Senator KINLEY: Is the trucking service from Halifax to Sydney competitive with the railroad? Do you run that as a part of your operation or is it a piggy-back operation?

Mr. VAUGHAN: There has been a gradual evolution in the pattern of movement of goods in Canada and it is hard for me to answer that question by just a yes or no, as to whether it is competitive or not. Trucks are adaptable to a certain kind of service, and the railway is adaptable, and the best, for certain other kinds.

Senator KINLEY: And you use both?

Mr. VAUGHAN: Yes, we are getting into both so that we can offer the shipper the best service we can.

Senator KINLEY: Do you carry trucks across to Newfoundland on the boat?

Mr. VAUGHAN: Yes, I think the "Carson" carries trucks. I have a note on this. We are developing in Newfoundland a plan of integrated service.