

Mr. McLURE: I am not asking what is paid to the provincial governments.

Mr. GORDON: No. The item I have before me in the 1949 report shows \$1,942,539 in the form of unemployment insurance; \$121,510 in the form of excise stamps and \$8,203,000 in the form of sales taxes.

The CHAIRMAN: The last item would be charged to capital?

Mr. GORDON: Mr. Cooper reminds me that there could be duties on imported materials but I have not got that figure.

The CHAIRMAN: Sales tax would be charged to capital account and not to revenue account?

Mr. GORDON: It is part of operating costs.

The CHAIRMAN: Sales tax?

Mr. GORDON: Yes.

The CHAIRMAN: On the purchase of new rolling stock?

Mr. GORDON: On purchases of anything where sales tax is applicable.

The CHAIRMAN: All right.

Mr. MUTCH: Mr. Chairman, these items could be dealt with when we reach pages 24 and 25.

Mr. GORDON: Sales tax on new equipment would be part of the capital cost.

The CHAIRMAN: That is what I had in mind, yes.

Mr. FULTON: Mr. Chairman, does the annual vote by parliament to cover the deficit, when paid, also bear interest or is it a straight payment?

Mr. GORDON: No, that is just a straight payment.

The CHAIRMAN: Are there any more questions on page 5?

Mr. GILLIS: I want to ask a question concerning page 4. Perhaps it will not be a fair question to ask Mr. Gordon.

Mr. GORDON: I cannot think of any question that would be unfair.

Mr. GILLIS: It is stated on page 4 that on December 28 it was found necessary, due to coal shortage, to curtail certain traffic. Now, I know you are not responsible for that, but some of your officials may be able to explain it. The question I want to ask is why did the Canadian National Railways, in the Atlantic region in particular, allow their coal stocks to get into the position where they had to curtail traffic to the extent of 25 per cent in areas where there was plenty of Canadian coal available. Why could we not use our own fuel in areas where Canadian coal is available, rather than getting ourselves into the position where we have to use and are dependent upon United States fuel. I think it was inexcusable because in the year previous the mines in Nova Scotia were idle, working part time, and coal was available. The mess they got themselves into in the United States was very apparent two years ago. I would like some explanation as to just why that happened?

Mr. GORDON: Mr. Chairman, on the first part of the question I would say that the curtailment of passenger service which took place in the maritime region was not because of a shortage of coal in that region. Let us be perfectly clear about that. The reason why the passenger service was curtailed by 25 per cent was that there was an over-all coal shortage, particularly in the heavy traffic region—called the central region. If we had not taken precautionary cuts in the services all over Canada in very short order our central traffic region might have been tied up completely. We had to move coal from where the stocks were in the maritimes. There would be no sense in closing down the central region and running in the maritime region because traffic would be completely disrupted. We had to run the Transcontinental services or there would have been freight lying around all over the country. We felt that we had to keep traffic moving. Therefore, we averaged the cut all across Canada and moved coal from places where there was a long supply to places where there was only a short supply.