

but progress has been made and new installations that we have seen in the central region and the western region etcetera are certainly showing improvement.

Mr. HAMILTON (*York West*): Now, is this a fair question: is it in line with the use of such equipment by commercial companies that you audit?

Mr. TURVILLE: Yes, definitely.

Mr. HAMILTON (*York West*): It is?

Mr. TURVILLE: Definitely.

Mr. HAMILTON (*York West*): Another question. I notice on your first page that you refer to the fact that the affiliated companies since Canadian National does not have voting control you don't audit those accounts?

Mr. TURVILLE: No.

Mr. HAMILTON (*York West*): But do you examine the audited statements?

Mr. TURVILLE: Yes, we get the audited statements certified by joint committees of the Canadian National Railways and the other railways concerned.

Mr. HAMILTON (*York West*): How often do you get them?

Mr. TURCOTTE: Once a year. Some times they are late in arriving.

Mr. HAMILTON (*York West*): You do not examine those on a quarterly or half yearly basis or anything like that?

Mr. TURVILLE: No, an annual basis. When I said we get them through promptly we did not get them as quickly as you get the report on the Canadian National Railways.

Mr. MORISON: They have to go through their own companies first.

Mr. HAMILTON (*York West*): And although you do not conduct the audit do the statements which you receive, and which I assume are reflected here in this statement, appear to be in order, all of them?

Mr. MORISON: Yes, as far as we can tell without examination of the books.

Mr. FULTON: One further question under the heading of "Other Assets and Deferred Charges". There is a sentence which I do not understand. I would be glad if you would just enlarge on it or perhaps Mr. Gordon would have to answer it. The first paragraph:

Investments under this heading consist mainly of government of Canada bonds valued at cost and include unlisted securities of a miscellaneous nature held primarily for purposes of traffic benefit valued at or below cost.

Can you explain that?

Mr. TURVILLE: I think it was mentioned last year and an explanation given. They include hotels and grain elevator companies not owned nor controlled by the Canadian National Railways.

Mr. FULTON: You mean held primarily for purposes of traffic benefit in order to create traffic for the railways?

Mr. TURVILLE: Yes, the Admiral Beatty is one which is not owned by the Canadian National, but they own a portion of their stock.

Mr. HAMILTON (*York West*): Another question, Mr. Turville. You probably could lay your finger on it quicker than I could. The surplus of inventory as disclosed by your check, have you that amount?

Mr. TURVILLE: Yes, I have.

Mr. HAMILTON (*York West*): How much was it?

Mr. TURVILLE: One million two hundred thousand dollars.

Mr. HAMILTON (*York West*): Now there again I see, as with T.C.A., that was credited to operating expense?