

4. The Budget of the Canadian National Railways and the Canadian National (West Indies) Steamships, Limited, for the calendar year 1949.

Your Committee held thirteen meetings, during eleven of which the above named matters were considered and evidence adduced thereon.

The Annual Report of the Canadian National Railways for 1948, discloses an operating income of \$11,297,109.39. However, interest on the Funded Debt, due the public, amounted to \$23,202,817.69 and interest on Government Loans, \$21,627,032.82, bringing about a deficit of \$33,532,741.12. The Annual Report was unanimously adopted.

The Annual Report of The Canadian National (West Indies) Steamships, Limited, for the calendar year 1948, shows an operating profit of \$644,105.53, to which is added from the Vessel Replacement Fund Earnings the sum of \$85,733.06. Deducting therefrom interest on bonds held by public (\$470,000.00) and interest on Government Advances (\$93,794.16) there remains a surplus of \$166,044.43. The said Annual Report was unanimously adopted.

The Annual Report of Trans-Canada Air Lines for 1948, shows a net deficit of \$1,183,022.00 for the North American Services, and a deficit of \$1,750,218.00 for Trans-Canada Air Lines (Atlantic) Limited. The Report was unanimously adopted.

The Auditor's Reports to Parliament with respect to The Canadian National Railways System, The Canadian National (West Indies) Steamships Limited, and Trans-Canada Air Lines, also the Annual Report of the Canadian National Railways Securities Trust for the calendar year 1948, were severally examined and unanimously adopted.

The Financial Budgets of the Canadian National Railways and the Canadian National (West Indies) Steamships, Limited, for the calendar year 1949, after careful examination, were unanimously adopted.

Your Committee notes that the Operating Budget of Canadian National Railways for 1949 shows estimated gross system operating revenues of \$520,900,000 a substantial increase over the actual revenues for 1948 and more than twice the amount of what was considered normal revenues of the railway prior to the war. It is pointed out, however, that no provision is made in the estimated budget for 1949 for additional revenue which may result from the hearings now going on before the Board of Transport Commissioners with respect to increased freight rates. Operating expenses are estimated at \$494,300,000 which leaves a net operating revenue of \$26,600,000. The net income charges, excluding interest, are estimated at \$18,290,000; interest on Funded Debt due the Public, \$22,833,000 and interest on Government Loans, \$23,277,000 leaving an estimated net deficit of \$37,800.00.

The Capital Budget of the Railway System for 1949 includes the following: Additions and Betterments, \$24,500,000; New Equipment, \$8,700,000; Barraute Branch Line, \$612,890; Acquisition of Securities and Retirement of Capital