

*Trans-Canada Air Lines*

revenue earned by the corporation from all sources? It is difficult to understand why the definition should be put in its present form.

Mr. HOWE: Trans-Canada lines refers to lines running across Canada, and the mail subsidies set out apply only to those lines. That safeguard is inserted in case other services should be undertaken. It is to make it quite clear that the provision refers only to the trans-Canada air mail services.

Mr. BENNETT: That is why I asked the question. What follows subsequently deals with the "gross revenue" of the enterprise. Later on there is a description of "operating expenses," and it is provided that there will be—

—an allowance equal to five per centum per annum on the capital invested in the trans-Canada lines, an allowance for depreciation to be determined in accordance with the terms of the trans-Canada contract, premiums for the insurance of passengers, goods and equipment and such other items of operating expense as may properly be allowed in accordance with the terms of the trans-Canada contract aforesaid.

The difficulty I see is that if you use the terms "gross revenue" and "operating expenses" in the interpretation section dealing with the corporation as a whole, you are going to do violence to company accounting, as distinguished from that section. Surely "gross revenue" means everything the corporation receives from every source, as it does with respect to any other corporation. But in the present instance it is being separated for a particular purpose. What should be said is "gross revenue," for such and such purposes means so and so; for with respect to the enterprise as a whole it would be absurd.

Mr. MACKENZIE (Vancouver): May I point out that it is the revenue earned by the corporation from the operation of the trans-Canada lines. That is specific and definite.

Mr. BENNETT: But under the Companies Act that is not the gross revenue, and the provision of the Companies Act would apply. The gross revenue of a corporation is all its resources—all its income from all sources. But for the purposes of this particular measure the minister says: I desire to limit the term "gross revenue" as applied to the trans-Canada lines to such and such a definition, and "operating expenses" in the same way. Now—

Mr. HOWE: May I point out there is a distinction in the measure between Trans-Canada Air Lines, which is the name of the corporation, and trans-Canada Lines. We wish  
[Mr. Howe.]

only to subsidize or to provide a mail subsidy to trans-Canada Lines. It may be that for reasons peculiar to the situation this corporation may engage in other services. If so, we wish to have nothing in the way of guarantee on that operation.

Mr. BENNETT: It is not as though this matter were complicated or difficult. This is a corporation, and it comes within the terms of the Companies Act. Part III of the Companies Act as applied to the gross revenue of this corporation means its income from all sources. But the minister has said, quite properly, that for certain accounting purposes and for the purposes of our obligation to make good the deficit for two years, he desires to limit the use of the words "gross revenue" and "operating expenses" to a special meaning in connection with trans-Canada Lines, and not more than that. Then, if he is going to do that, his own experience as a business man must tell him at once that the words "gross revenue" for the purposes of section 14 of this measure mean so and so, because you cannot take away from the ordinary meaning of the word "corporation." I do not care what is said about it—"Gross revenue" means all its income, and "operating expenses" means its expenditures. But for the specific purposes of trans-Canada Lines the minister desires to limit it, and he should use appropriate words for that purpose. Otherwise he will have trouble.

Mr. HOWE: For the purposes of this act "gross revenue" has the meaning we give it. Anywhere it occurs in the bill it has the particular meaning in this definition. It may have other meanings in other places, but for the purposes of this bill it means what appears in the definition.

Mr. BENNETT: Part III of the Companies Act applies to this company under section 18.

Mr. MACKENZIE (Vancouver): Wherever the words "gross revenue" are used in this bill they have the meaning as given in the interpretation clause. If my right hon. friend will refer to paragraph (b) he will see that "Corporation" means Trans-Canada Air Lines. "Gross revenue" means the total revenue earned by the corporation, that is by the Trans-Canada Air Lines, from the operation of the Trans-Canada Lines. Where the words "gross revenue" are used in this particular bill they have a specific definition which relates to a particular purpose.

Mr. BENNETT: If the minister will refer to section 3 he will see that certain persons are to comprise a corporation to be known as Trans-Canada Air Lines "Corporation" is