

F. Davidson, Auditor, Canadian Government Merchant Marine, Limited.
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Canadian Government Merchant Marine

Your Committee has had under consideration Item 373 of the Estimates, which provides for a loan of \$600,000 to the Canadian Government Merchant Marine, Limited, and has in the course of its deliberations examined the operating statements of the company for the year ending December 31st, 1925. Your Committee notes that the net results from operations have improved to the extent of \$492,826 during 1925, as compared with 1924; and it is recalled that the improvement in 1924, in comparison with 1923, was \$423,412.

Your Committee is also impressed with the conviction expressed by the President of the Canadian National Railways that during the year 1926 the position of the Canadian Government Merchant Marine will be still further improved, and is also gratified to learn that the net result of the operations for the first five months of the present year is an operating profit of \$62,000 as compared with an operating deficit for the same period last year of \$593,000.

From the evidence adduced it is interesting to note that the improvement in the results of the operations during the year, due to the rearrangement of services, amounted to \$207,000.

Your Committee reviewed in considerable detail the negotiations leading up to the sale of fifteen vessels comprising part of the fleet of the Canadian Government Merchant Marine, which were not suitable for any of the services being operated, and is of the opinion that every reasonable precaution was taken to obtain the best possible prices for such vessels.

Your Committee is accordingly unanimously of the opinion that the amount asked for for the coming year, namely, \$600,000, should be passed by the House.

Canadian National Railways

Your Committee has also had under consideration Item 372 of the Estimates which provides for loans or guarantees of \$31,000,000 to the Canadian National Railways for the fiscal year ending March 31st, 1927, and has in the course of its deliberations examined the operating statements of the company for the year ending December 31st, 1925.

The Committee notes that by reason of an improvement in the operating results for the fiscal year ending March 31st, 1926, over that contemplated when the estimate of \$50,000,000 for last year was under consideration, the financial requirements of the railway were reduced from \$50,000,000 to \$25,722,101.80 and that such requirements, with the exception of \$10,000,000 advanced by the Government in cash during the year, were met by the railway partly through a reduction in materials and supplies on hand and partly from working capital and by improved operating methods, resulting in marked economies.

Considerable evidence was adduced relating to the activities of the Canadian National Railways in regard to immigration and colonization and your Committee is pleased to note that during the past year an arrangement has been effected between the Government and the Canadian National Railways in conjunction with the Canadian Pacific Railway to eliminate over-lapping in immigration activities.

Your Committee calls attention to the fact that expenditures on equipment during the past year have continued at a moderate figure and to the statement of the President that only moderate outlays for freight and passenger equipment are expected for some time.