

Mr. SYMINGTON: Five years. This new company—the statement was made there—has now paid all its deficits for the first two years and has balanced accounts and paid the interest on its investment.

Mr. NICHOLSON: Am I right in assuming that the post office department has operated the air mail service at a profit during the last year? I think that statement was made.

Mr. SYMINGTON: Yes, that is a correct statement. I will come to that.

Mr. NICHOLSON: If that is the case, it hardly seems fair for the T.C.A. to give a further reduction of 8 per cent as proposed.

Mr. SYMINGTON: Yes. Of course, there is this compensation that we always have to keep in mind. If times are not so good, and there is a deficit, then of course the post office rate goes up. We always have to keep that in mind. That is the other side of the picture.

Hon. Mr. HANSON: Is that in the statute?

Mr. SYMINGTON: Yes.

Hon. Mr. HANSON: Or in the contract?

Mr. SYMINGTON: It is in the contract.

Hon. Mr. HANSON: Based on the statute?

Mr. SYMINGTON: It is a contract made in the terms of the statute.

Hon. Mr. HANSON: Yes; based on the statute.

Mr. SYMINGTON: It is fixed, "If in the preceding year the corporation incurred a deficit, the rate or rates for the current year shall be fixed so as to produce an increase in the sum total to be paid on account of the said rates equal to the deficit for the preceding year." That is, if we suffer a deficit, then the mail rates are increased for the succeeding year.

Hon. Mr. HANSON: In other words, the company can always fall back on the Post Office Department to take care of it.

Mr. SYMINGTON: Exactly; to take care of this deficit.

Mr. NICHOLSON: You would prefer to leave the arrangements as they are in the meantime?

Mr. SYMINGTON: I think so.

Hon. Mr. HANSON: You cannot lose very much and you cannot gain very much by carrying more?

Mr. SYMINGTON: That is it exactly.

Mr. DONNELLY: What do you mean when you say the Post Office Department is making a profit?

Mr. SYMINGTON: I will put it to you shortly in these terms. In rough figures the post office got from the public for the air mail we carried last year approximately \$6,000,000. It is \$6,000,000 and something. They paid us \$3,000,000. Therefore they got \$3,000,000 more. But it costs them something to do business, apart from our part of the operation; and in these calculations they deduct 2 cents of the 6 cents, or \$1 of the \$3 to contribute to their general overhead costs of the post office.

Hon. Mr. HANSON: They have to service it.

Mr. SYMINGTON: Exactly. You take off the \$3,000,000. It is still according to the principle that was laid down in this committee last year. They have, after taking off the 2 cents to meet their general overhead, and after taking off what they paid us, about \$1,300,000. There may be a difference of some few figures between the post office and ours, but generally speaking that is about the position.

Hon. Mr. HANSON: In other words, they have a billion to the good?

Mr. SYMINGTON: Yes, and we contribute \$2,000,000 and something to their general overhead expenses.