

Mr. BROOME: I disagree. This is on policy. We are discussing T.C.A. policy. In these discussions we will complete the whole report.

Mr. CARTER: On a point of order; we will not know when we have completed the report. The questions of policy are covered in traffic and service growth, and all these questions could be asked under these headings. We would make much better progress if we proceed under the headings than we are making now. I do not know where we are.

Mr. SMITH (*Calgary South*): I think that is a good idea. However, there are some questions I have in respect of air safety and I do not see a category as such.

The CHAIRMAN: I think with all respect to you, Mr. Broome and Mr. Smith, that Mr. Carter's suggestion has some merit in the operation of the committee. In the discussion in respect of the C.N.R. he made the same suggestion and it helped. At least you always may ask questions on the general policy. We have, however, Financial, Service and Traffic Growth, Equipment and Facilities—under which questions on safety would come—and you have Personnel and Planning. I think the report is well set out. Then you have the Financial Statement.

I am inclined to feel that Mr. Carter's suggestion is worthy of being followed.

Some hon. MEMBERS: Go ahead.

The CHAIRMAN: It is not our purpose to curtail anyone discussing something else. You can always revert. We will not stick to this rigidly. I do think, however, that it would be well to follow the suggestion.

Mr. CATHERS: Are we on the item, "Financial"?

The CHAIRMAN: Yes.

Mr. CATHERS: I was surprised to hear Mr. McGregor state that it was not the policy of the T.C.A. to make high profits. My first question is, when was that policy laid down?

Mr. MCGREGOR: This was a policy laid down by implication, Mr. Cathers, in our opinion, and only in our opinion, by the drafting of the Trans Canada Air Lines Act which formed the company. The policy was to give the best possible airline service within and between Canada and other countries at the lowest possible fares. High profits and low fares do not, in our opinion, go hand in hand.

Mr. CATHERS: I see that in property and equipment you have \$120 million. I also see the profit is about \$500,000. That is less than half of one per cent. Do you consider that is any way near a high profit?

Mr. MCGREGOR: You forget that about 4 per cent interest has been paid on that \$120 million before the \$500,000 was achieved.

Mr. CATHERS: There is no doubt about that; but when any ordinary business puts in \$120 million they expect more return than one-half of one per cent on their capital.

Mr. MCGREGOR: They are getting 4% plus the $\frac{1}{2}$ per cent, that you mention.

Mr. CREAGHAN: No.

Mr. MCGREGOR: Of course, they are.

Mr. CREAGHAN: It is borrowed money. You pay your fixed charges before you have a profit.

Mr. MCGREGOR: But this is the return on the investment about which Mr. Cathers is speaking.

Mr. FRASER: They borrowed it from the shareholders.