

Supply—Transport

services or the North American services, as they are described; and it represents an increased deficit of \$1,147,932 on the overseas service. That large increase in the deficit on the overseas service follows an assurance last year by the general manager of the Trans-Canada Air Lines that there was every reason to believe the situation in regard to the overseas services would improve. It would be well now to go back to the time that this bill was put before the house and the anticipated situation at that time. On page 2043 of *Hansard* of March 22, 1937, there is a statement by the minister who was then introducing the bill, the present Minister of Trade and Commerce, and I quote these words:

It is thought that from the start the mail contract and such passenger and express business as is immediately available should cover the cost of the service. We have made provision, however, for a subsidy to protect the service in that period. After 1940, as I have said, the subsidy provision expires, and the mail contract will be on the basis of cost of the service. I think that outlines fairly well the intention of the bill. The whole matter can be more fully considered when the bill is brought down.

In other words, at that time it was expected that the extension of the service was going to make the Trans-Canada Air Lines self-supporting. Today we find ourselves in the position where the surpluses of the years during the war are now giving way to greatly increasing deficits. I might point out that in 1940 there was a surplus of something in the neighbourhood of \$500,000. In a speech on March 20, 1941, the present Minister of Trade and Commerce estimated that the surplus for that year would be \$60,523. In view of those surpluses, in view of the increasing deficits, it seems that before we are called upon to pass on this there should be a detailed explanation of the reason that the expectation of the general manager of the Trans-Canada Air Lines last year was not fulfilled, and why we have this large increase in the deficit on the overseas services, in addition to a smaller increase in the deficit on the domestic operations.

Mr. Howe: Mr. Chairman, the annual report of the Trans-Canada Air Lines has just reached my desk. It will be tabled in the house on Friday. We hope the committee on government-owned enterprises will sit next week and will examine the results of the operations for the fiscal year 1949-50 and the forecast of this year's operations. I think my hon. friend will agree that to try to duplicate that work, or to anticipate it, in committee of the whole, would be defeating the purpose of having estimates referred to committees of the house.

Mr. Fulton: Estimates are not referred.

Mr. Howe: This particular estimate will not be, but the estimates of the railways will be.

Mr. Fulton: As I recall it, it is not the practice to refer the estimates to the committee, but merely the reports.

Mr. Howe: I can assure the hon. member that the estimates will be referred to the committee.

Mr. Fraser: Only the estimates of External Affairs are ever sent to a committee.

Mr. Howe: I have been associated with this for many years. I can assure my hon. friend that certain items in the estimates are referred to that committee and are reported back to the house.

Mr. Fulton: If the minister will permit me, Mr. Chairman, I have in my hand the report of the committee of last year. Subject to correction, my reading of the third report does not indicate that the estimates were before the committee. I was a member of the committee. I do not remember that we considered the estimates, certainly not any estimate—

Mr. Howe: I assure my hon. friend that tomorrow the Minister of Transport will move that certain items in the estimates be referred to the committee on government-owned railways and shipping.

Mr. Fulton: This one will not be referred.

Mr. Howe: No, that is correct. Trans-Canada Air Lines had a very bad year last year, much worse than anticipated. Several factors contributed to that. The fundamental factor is growing pains. In July, 1948, the number of seat miles flown by Trans-Canada was more than doubled by the introduction of bigger equipment. As far as the transatlantic service was concerned, it was realized that there would be a movement from summer peaks to empty seats in the winter-time. To offset that, services were developed to the Caribbean, which are showing much better results this year than were shown last year when the routes were being initiated. Put simply, the load factor was below the break-even point of the system. Of course the system has also been faced with increasing operating costs, just as every other transportation system has been faced with higher operating costs. That is a summary. I could go into some of the circumstances that were responsible for the loss of a good deal of traffic last year; for instance, crashes all over the world were responsible. I may say that a crash in India has a repercussion on domestic and particularly on overseas lines of Trans-Canada Air Lines—or a crash anywhere in the world, for that matter.