

Senator SMITH (*Queens-Shelburne*): Mr. Taschereau, was the increased cost which resulted in a deficit due to the extra large depreciation amounts which had to be written off on the new aircraft purchases? What is the principal reason as to why we had a deficit last year and that now we are looking for a surplus? I don't need detail.

Mr. VAUGHAN: We were just going to say that the officers of T.C.A. appeared in another place on this very point. Is it out of order to refer to that?

The CHAIRMAN: No.

Mr. VAUGHAN: If I could refer you to the Minutes of Proceedings and Evidence of the Sessional Committee on Railways, Airlines and Shipping, Volume 7, the officers who appeared there described—because of Mr. McGregor's illness they endeavoured to explain and answer the very question you asked. I would prefer not to endeavour to answer that, if I could defer.

Senator LAMBERT: Did Mr. Gordon attempt to answer any questions with respect to the interest or the share of the C.N.R. in T.C.A.?

Mr. VAUGHAN: Well, the C.N.R. really is the shareholder.

Senator LAMBERT: It is the largest shareholder.

Senator BRUNT: The only shareholder.

Mr. VAUGHAN: It is the only shareholder. Mr. Gordon appeared at the Trans-Canada Airlines Sessional Committee—

Senator LAMBERT: If I may interrupt, a year ago when this bill was before us Mr. Gordon was here himself.

Mr. VAUGHAN: That's right.

Senator LAMBERT: And he was asked a question with respect to the financial problem in connection with T.C.A., and one certainly got the impression he left, which was largely in the form of a shrug of his shoulders, that the C.N.R.'s influence in connection with the financing of the T.C.A. was not proportionate to the extent of its share and control of the stock of that organization.

Senator BRUNT: It owns all the stock.

Mr. TASCHEREAU: On this point, you may recall that the C.N.R. is the sole shareholder and also that it nominates five of the nine directors of T.C.A., the remaining four directors being appointed by the Governor in Council. So that we have representation on the board. Mr. Gordon is one of the directors of T.C.A., and when he has appeared before committees he has been endeavouring to explain matters connected with T.C.A. but without taking upon himself the responsibility of the submission and discussion of the budget in detail.

Senator SMITH (*Queens-Shelburne*): I suppose you do not have any information in answer to this question, whether or not the deficit this year was in greater part due to the increase in interest charges, the depreciation and operating costs on the new aircraft, or whether it was due in greater part to the drop in revenue due to competition from Canadian Pacific?

Mr. TASCHEREAU: The point is that there was a good deal of discussion in that other committee about it and a great deal of difference of opinion on this.

Senator SMITH (*Queens-Shelburne*): On the part of witnesses?

Mr. TASCHEREAU: On this particular point that you raise?

Senator SMITH (*Queens-Shelburne*): But a difference of opinion on the part of witnesses?

Mr. TASCHEREAU: No. Not on the part of witnesses, but between some of the members of the committee. That is one of the reasons why we would not like, since we do not represent T.C.A., to get into a similar discussion.

Senator SMITH (*Queens-Shelburne*): Mr. Gordon made a statement in that committee on that subject, did he?