

Mr. HEAPS: What do you do in regard to repairs to the ships?

Hon. Mr. FULLERTON: That is an operating expense. It is all charged to operating expenses.

Mr. KINLEY: Now with regard to those Canadian National Steamships—pardon me, Mr. Heaps.

Mr. HEAPS: I should like to go further into the item of \$200,000. Has the whole fleet been sold, Mr. Howe?

Hon. Mr. HOWE: Yes, the fleet has been sold.

Mr. KINLEY: Which one?

Hon. Mr. HOWE: The service to Australia.

Mr. KINLEY: Not the west Indies fleet at all?

Hon. Mr. HOWE: No.

Mr. HEAPS: The only ships the government has now are the West Indies service?

Hon. Mr. HOWE: That is all.

Mr. HEAPS: There will be no operating deficit next year?

Hon. Mr. HOWE: Yes. The West Indies estimated deficit, as the chairman points out, is \$399,000.

Mr. HEAPS: I am speaking of the other service.

Hon. Mr. HOWE: No; there will be neither a profit nor a loss.

Mr. KINLEY: The deficit is the bond interest, \$399,000, that is all?

Hon. Mr. HOWE: Yes.

Mr. KINLEY: There is an operating profit, but the bond interest brings it down to that deficit?

Hon. Mr. HOWE: Yes.

Mr. KINLEY: The point is this: In the whole setup of the Canadian National system, no part of it is doing much better than these boats have done in the last few years.

Hon. Mr. HOWE: No; they are doing very well.

Mr. KINLEY: They have been doing missionary work for the last few years, and now they are coming into their own.

Mr. HEAPS: That is right.

Hon. Mr. FULLERTON: We had an operating profit last year of over \$200,000.

Mr. HEAPS: A few years ago it ran over a million.

Hon. Mr. FULLERTON: Yes, if you include interest.

The CHAIRMAN: I should like to call the attention of the members of the committee to the following facts: The first item of \$200,000 should be struck off, and the amount of money to be provided would then be \$399,450.

Mr. HEAPS: The boats operated for a certain period in this year. When was the fleet sold?

Hon. Mr. HOWE: They are sold as they arrive at Canadian ports.

Mr. HEAPS: Are they all sold now?

Hon. Mr. HOWE: They are sold, but delivery is being made as they arrive in Canada.

Mr. HEAPS: There will be something to show for this \$200,000?

Hon. Mr. HOWE: Perhaps the chairman can give you the estimate. I think there is some little profit on the Australian fleet.