

Supply—Transport

Mr. Chevrier: Yes, but the operating expenses did not fall in proportion, and that is why I asked whether it was due to labour costs.

Mr. Fleming (Eglinton): I pointed out that there had been some savings. The actual operating expenses were not as much as were budgeted for, but whatever reduction was achieved in that respect did not equal the reduction in the operating revenues compared with the budget. To put it in a concrete form, the deficit of \$43.5 million was \$8.9 million greater than the budget contemplated but the actual operating revenues were \$16.4 million less than the budget contemplated.

Mr. Chevrier: What about the failure of the Canadian National Railways to get any increase in freight rates? Does that constitute one of the reasons for the increased deficit?

Mr. Fleming (Eglinton): No one can say whether Canadian National Railways, if its application had proceeded, would have succeeded in obtaining an increase in railway freight rates by decision of the board of transport commissioners. No one can say that. If one could assume that they would have been granted an increase in freight rates and had carried as much freight at the increased rates as they carried at the present rates, then obviously there would have been a higher operating revenue. I presume that at the same time there would perhaps have been some added operating expenses. But here we are in a completely speculative field and I cannot go further in making assumptions in regard to the possibility of their having obtained higher freight rates or having retained all their traffic.

Mr. Chevrier: But was the 17 per cent increase not reduced in part? It was an interim increase and it was reduced in part. Would that not account for the increase in the deficit?

Mr. Fleming (Eglinton): Again I think we are in the field of speculation. The subsidy that the government provided recompensed the company.

Mr. Chevrier: I will not insist, but will the minister answer this question? Will he attribute any of the increase in the deficit to interest rates?

Mr. Fleming (Eglinton): So far as the deficit is concerned, obviously interest rates enter into the company's expenditures. They must. It has fixed charges in its total budget amounting in 1959 to \$52,918,886. Those are fixed charges. The company has a very substantial outstanding bonded indebtedness and of course this has to be serviced.

[Mr. Fleming (Eglinton).]

Mr. Chevrier: What was the interest rate on the last loan floated by Canadian National compared with the previous one?

Mr. Fleming (Eglinton): I will have to speak from memory, but I think the coupon rate on the last loan was 5½ per cent and the bonds were sold at a small discount. I do not have those figures with me but I will be glad to furnish them.

Mr. Chevrier: I will take them subject to correction in *Hansard*. Can the minister say how that compared with the previous issue?

Mr. Fleming (Eglinton): The previous issue was the year before and interest rates at this time were somewhat higher than they were a year ago. Interest rates have risen in the early or middle part of the year and there has been some tapering off since. I will be glad to get the hon. gentleman the exact figures.

The Chairman: Order. It being ten o'clock—

Mr. Churchill: Would the committee care to go on for a few minutes more? We only have ten items left.

The Chairman: Is the committee unanimous?

Some hon. Members: Agreed.

Mr. Chevrier: Then I have a question or two I wanted to ask. What was the date of the issue upon which the coupon rate was 5½ per cent?

Mr. Fleming (Eglinton): That issue was put out about three months ago. For the past three years there has been an annual issue by Canadian National Railways. I will be glad to furnish the hon. member with the details of these issues if he wishes them.

Mr. Chevrier: Does the minister know whether there will be one in 1960?

Mr. Fleming (Eglinton): That depends. We never indicate in advance but there has been an annual issue for the past several years.

Mr. Pickersgill: I was just wondering whether the minister could give us the figure for the comparative amount of interest charges borne by the C.N.R. in the current fiscal year and a year ago. I refer to the total.

Mr. Fleming (Eglinton): I have given the actual figures of fixed charges. It was about a million dollars less than the budget contemplated. In the previous year the fixed charges amounted to \$46.5 million.

Item agreed to.