

*Canadian National Railways*

for in an item in the estimates? Canadian National Railways have already indicated that they expect their deficit will be something about \$20 million for 1960. I have suggested that unless they change their course it will be another \$40 million beyond that figure. On these gigantic matters surely the Minister of Finance is taken into the confidence of these crown companies and he must have some estimate as to the expected operating results of Trans-Canada Air Lines, on a basis similar to that of the Canadian National Railways when many months ago they suggested to him that they would require the payment of a deficit of approximately \$20 million. After four months of operation, as I say, we have found, that unless there is a change of trend, it will be some \$40 million beyond that figure. Trans-Canada Air Lines is another big crown company. Surely they also have indicated to the Minister of Finance, even some months ago, what their forecast of profit or loss would be for the calendar year 1960.

**Mr. Fleming (Eglinton):** I have already reported to the committee several times that Trans-Canada Air Lines anticipate no net income this year. That means that where they show what would appear to be an operating deficit, that deficit will have to be provided for out of depreciation allowance. Therefore there is no net income. The Minister of Finance does not pass on the operating deficit or the operating budget of Trans-Canada Air Lines. He passes only on the capital budget. I have already given that capital budget and have placed in on the record. The total requirement provided by this bill in respect to Trans-Canada Air Lines is the figure to which we have already referred, namely the figure of \$82,350,000 which is included in the gross capital expenditures.

**Mr. Benidickson:** We all see that figure, but I think we are all interested in knowing whether or not that amount, if voted, would improve the profit position of Trans-Canada Air Lines and, in particular, what reference it has to 1960 operations. I am astounded to find that apparently the Minister of Finance has not inquired into these matters and is not able to inform the house about them regardless of their magnitude.

**The Chairman:** Shall clause 3 carry?

**Some hon. Members:** Carried.

Clause agreed to.

Clauses 4 to 9 inclusive agreed to.

On clause 10—*Trans-Canada Air Lines*.

**Mr. Benidickson:** On this clause we are back to Trans-Canada Air Lines. Is the minister after reflection not able to indicate to

parliament that he does get some forecast of operating results for a calendar year, such as 1960, from an important crown company like Trans-Canada Air Lines?

**Mr. Fleming (Eglinton):** I think I have already answered that about four or five times, Mr. Chairman.

Clause agreed to.

On clause 11.

**Mr. Chevrier:** I wonder if the minister would give some indication of whether consideration has been given to revising de novo the capital revision act of the Canadian National Railways. As the minister knows, it was revised by act of parliament some years ago; I have forgotten exactly what the date of the legislation was.

**Mr. Fleming (Eglinton):** It came into effect in 1952.

**Mr. Chevrier:** The minister says 1952. There was a deterioration of the budgetary operation of the Canadian National Railways in 1959 and I know that Canadian National Railways would not make any representations to the minister, but it is a matter which has to be determined by the government.

I remember when the legislation was passed earlier that it took a great deal of time before it was approved. A subcommittee of the cabinet was established composed of several ministers and many other officers of various departments, and it was after a careful and long study that the matter was finally determined and legislation introduced. I wonder if any consideration has been given to a revision of the capital structure of Canadian National Railways since that time?

**Mr. Fleming (Eglinton):** Mr. Chairman, at the resolution stage on June 7 I pointed out that this provision in the bill is new as compared with the annual similar bill of other years. The effect of this clause is to extend the authority of the Minister of Finance to purchase the 4 per cent preferred stock for one year. It will expire under the Canadian National Railways Capital Revision Act, to which reference has been made, on December 31, 1960. This is to extend it to 1961 so that it will be coterminous in that respect with the conclusion of the period within which the 20-year interest free obligation delivered to the minister by Canadian National Railways extends.

Obviously before December 31, 1961 plans will require to be made in relation to the future of the financial operations and financial structure in this respect of Canadian National Railways. This present provision will carry the present plan up to December 31, 1961