

7. Vote 476—Maritime Freight Rates Act—payment of 20% reduction in tariff of tolls to Canadian National Railway and other railways operating in territory fixed by the Act.

Your Committee held ten meetings, during which the above-named matters were considered and evidence adduced thereon.

The Annual Reports of the Canadian National Railways for 1952 disclose a net income of \$24,305,448.00, as compared with \$31,783,119.00 in 1951. However, interest charges amounted to \$24,163,121.00 in 1952, as compared with \$46,815,115.00 in 1951 bringing about a surplus of \$142,327.00 as compared with a deficit of \$15,031,996.00 in 1951. The said Annual Report was adopted.

The Annual Reports of the Canadian National (West Indies) Steamships, Limited for 1952 disclose a net operating profit of \$326,276.00 as compared with a net operating deficit of \$31,576.00 for 1951. After inclusion of Vessel Replacement Fund earnings of \$145,065.00 and payment of interest on bonds held by the public and on Government advances, there was an income deficit of \$3,909.00 compared with an income deficit of \$468,992.00 in 1951. The balance in the Vessel Replacement Fund at the end of the 1952 was \$5,018,229.00 as compared with \$4,685,357.00 at the year end in 1951. The Insurance Fund balance was \$2,354,572.00 against a balance of \$2,046,654.00 at the end of 1951. The said Annual Report was adopted.

The Annual Report of Trans-Canada Airlines for 1952 discloses a net operating revenue of \$2,757,879.00, and that after payment of interest amounting to \$750,000.00 on capital invested and making provision for income tax of \$1,200,000.00, there is a resulting surplus of \$807,879.00 as compared with a surplus of \$3,890,957.00 in the year 1951, during which year no income tax with respect to this company was payable. The said Annual Report was adopted.

The Auditors' Report to Parliament with respect to the Canadian National Railways System, the Canadian National (West Indies) Steamships, Limited, and the Trans-Canada Airlines, also the Annual Report of the Canadian National Railways Securities Trust for the calendar year 1952, were severally considered and adopted.

The Financial Budgets of the Canadian National Railways System, the Canadian National (West Indies) Steamships, Limited, and the Trans-Canada Airlines, for the calendar year 1953 were examined and adopted.

The items of the Estimates for the year ending March 31, 1954, being votes 467, 471 and 476, were considered and approved.

The task of your Committee was greatly facilitated by the valuable assistance of Mr. Donald Gordon, C.M.G., L.L.D., Chairman of the Board of Directors and President of the Canadian National Railways; Mr. S. F. Dingle, Vice-President, and Mr. T. J. Gracey, Comptroller, both of the Canadian National Railways; and Mr. G. R. McGregor, President of the Trans-Canada Airlines, and Mr. W. S. Harvey, Comptroller.

A copy of the evidence adduced in respect of the matters referred is appended hereto.

All of which is respectfully submitted.

HUGHES CLEAVER,  
*Chairman.*