

At Goderich: Canadian Warrior, Canadian Signaller.

At Halifax: Canadian Gunner, Canadian Miner, Canadian Sealer, Canadian Settler, Canadian Voyageur.

Services cancelled since May 1st: Montreal to Liverpool, fortnightly; Montreal to Glasgow, fortnightly.

New service inaugurated since May 1st: Montreal to Antwerp, fortnightly.

The deficit in connection with the Canadian Government Merchant Marine for 1922 was \$9,649,478.72; but, as pointed out by the honourable Senator for Grenville, this includes interest and depreciation. The actual deficit from operation was \$2,384,189.17.

Route	Number Voyages	Receipts		Disbursements		Balance	
		\$	cts.	\$	cts.	\$	cts.
United Kingdom.....	82	2,566,573	69	3,040,915	95	474,342	26
West Indies (Freight).....	29	855,947	20	744,526	52	111,420	68
West Indies (Passenger).....	18	344,559	53	599,880	49	255,320	96
Newfoundland.....	21	216,409	85	176,571	10	39,838	75
Pacific Coast.....	38	653,755	91	517,433	68	136,322	23
Australia-Pacific.....	15	1,280,421	79	1,569,866	05	289,444	26
Australia-Atlantic.....	13	1,761,669	10	1,982,881	39	221,212	29
Orient.....	14	638,004	52	858,672	44	220,667	92
South America.....	2	69,159	77	121,213	69	52,053	92
India.....	3	518,791	89	517,204	62	1,587	27
Mediterranean.....	4	146,153	10	194,675	71	48,522	61
Russia.....	5	239,730	41	357,472	15	117,741	74
Continent.....	3	68,318	32	97,782	54	29,464	22
Lakes and Pulp Charters.....	12	312,918	23	306,759	51	6,158	72
	259	9,672,413	31	11,085,855	84	1,413,442	53

The balance of the operating deficit is made up of overhaul and lay-up expenses.....	\$ 352,301 37
General expenses, wharf expenses, etc.....	651,818 93
Less the following credit items:—	
Profit on operation of Vancouver wharf.....	30,754 13
Commission handling outside steamers.....	2,619 53
Operating deficit.....	\$2,384,189 17

A number of the smaller vessels have been of service in the grain trade on the upper Lakes. They are not suited for the St. Lawrence route as, structurally, they are not adapted for service through the St. Lawrence Canals under full load.

To assist in relieving the acute fuel situation last season, vessels of the fleet were used in transporting coal to Canada from British ports. The total tonnage of coal thus imported was 108,139 tons.

The loss on account of the West Indian passenger service during 1922 amounted to \$255,320.96, not including interest or depreciation. This service was established as a result of the Canada-West Indies trade agreement, and as against the loss, there were received from the Governments of the Bahamas, Jamaica and British Honduras subsidies amounting to \$59,090. The Canadian Government Merchant Marine vessels, both freight and passenger, were put on the West Indian route to retain for Canadian channels Canadian traffic which was going out of American ports, as well as to carry forward any other traffic offering. That the business is regarded as desirable is indicated by the fact that the Canadian Pacific Railway have now put on steamers.

The Canadian Government Merchant Marine Australian service was commenced in February, 1921, in the interest of Canadian trade, in the development of which it has performed useful service. The subsidy previously paid to the New Zealand Shipping Company of \$140,000 a year was cancelled in March, 1921.

The ships have carried a goodly share of Canada's export lumber trade in recent years, though lately lumber shipments have declined. Arrangements have been made to cater to the prospective cattle trade between

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Canada and Great Britain which is expected to result from the recent change in the Imperial regulations governing the admission of Canadian store cattle into Great Britain.

The Management have made several important recommendations; one is that interest due the Government be regarded as payable only if earned, allowing for depreciation, such remission of interest to be payable for a period of five years. On the notes at present in the hands of the Government this would reduce the deficit to the extent of \$4,263-, 952 a year.

But of course this would not alter the charge upon the public treasury; it would simply change the method of bookkeeping.

But the Management recommend also that the capital cost of the vessels be reduced to what may be considered present replacement value, which they estimate to be in the neighbourhood of \$50 per deadweight ton. The capital cost of the ships averaged \$191 per deadweight ton.

Again I would remark that this would not alter the obligations of the Federal Government, but would simply be a matter of different bookkeeping.

The Management have also under consideration the possible disposal of a number of smaller vessels of the fleet which are unsuited to successfully compete in overseas trade with vessels of the larger type and which, while suited to coasting trade, are not suited