

The CHAIRMAN: Increasing its capital by surplus.

Right Hon. Mr. HOWE: There is no other way of doing it.

Mr. MACDONNELL: The income tax laws will not let you.

The CHAIRMAN: Are there any other questions on the auditor's report? If not, does the report carry?

Carried.

Now we shall turn to the budget.

### TRANS-CANADA AIR LINES

#### Operating Budget—1952

	All Services	North American Services	Atlantic Services
Operating Revenues .....	\$53,750,000	\$42,565,000	\$11,185,000
Operating Expenses .....	52,430,000	40,250,000	12,180,000
Operating Profit or (Loss) .....	\$ 1,320,000	\$ 2,315,000	(\$ 995,000)
Miscellaneous Income .....	80,000	150,000	Dr. 70,000
Interest on CNR Investment—Net	400,000	140,000	260,000
Net Profit or (Loss) before Income Tax .....	\$ 1,000,000	\$ 2,325,000	(\$ 1,325,000)

### TRANS-CANADA AIR LINES

#### Capital Budget—1952

	Revotes	New Items	Total
Airplanes .....	\$ 155,000	\$ 739,000	\$ 894,000
Propeller Equipment—Lockheed ....		60,000	60,000
Radio Equipment .....	82,000		82,000
Miscellaneous Flying Equipment ....	11,000		11,000
Spare Units and Assemblies .....	182,000	30,000	212,000
Ground Communications Equipment.	14,000	2,000	16,000
Hanger and Shop Equipment .....	104,000	83,000	187,000
Ramp Equipment .....	19,000	77,000	96,000
Motorized Vehicle Equipment .....	79,000	122,000	201,000
Waiting Room and Office Equipment.	74,000	83,000	157,000
Engineering Equipment.....	1,000	5,000	6,000
Food Service Equipment .....		1,000	1,000
Storage and Distribution Equipment.		7,000	7,000
Miscellaneous Equipment .....	1,000	14,000	15,000
Buildings and Improvements .....	88,000	1,350,000	1,438,000
Contingency Fund .....		300,000	300,000
	\$ 810,000	\$2,873,000	\$3,683,000

The CHAIRMAN: "Operating Revenues"? Are there any questions on "Operating Revenues"?

Mr. MACDONNELL: You have been paying income tax this year, too?

Mr. MCGREGOR: Yes, beginning January 1st 1952.

Right Hon. Mr. HOWE: We carry self insurance, and the income tax will not recognize as a cost self insurance unless you have an accident and use it up. Therefore we get taxed on the annual allocation to our self insurance fund.

Mr. MCGREGOR: The main risk is carried in the self insurance fund and the accruals to that fund are on the basis of premium charges, and are not chargeable as operating expenses.

Mr. FULTON: In what respect do you anticipate the main increase in your operating revenue on the North American service? Would that be air cargo?