

Supply—Transport

Mr. Fisher: Mr. Chairman, this is a staggering sum. Surely we should not pass it without at least some comment or explanation. Can the minister indicate to us what was the projected deficit last year as compared with the actual deficit?

Mr. Fleming (Eglinton): The 1959 deficit was \$43.6 million. Last year the C.N.R. deficit was \$67.5 million, which represents an increase of \$23.9 million.

Mr. Fisher: As I recall the railway practice, some indication is given by the president of the railway as to what the picture is going to be in the next year. I want to know whether this \$67 million deficit is high or low?

Mr. Fleming (Eglinton): It is very high.

Mr. Fisher: Has the minister any explanation of this other than that we can turn to the annual report of the president?

Mr. Fleming (Eglinton): The annual report has recently been tabled, Mr. Chairman. In it the president draws attention to the contraction in the volume of railway freight business.

Mr. Fisher: Can the minister give us assurance that the government brings this forward without any hesitation and generally approves of the management of the railway which has resulted in a deficit of this size?

Mr. Fleming (Eglinton): All I can say is that the deficit has been incurred; there can be no question about that, and it must be paid. Therefore, we are asking parliament to make provision for the payment. The deficit in question has been incurred.

Mr. Fisher: The minister would not care to comment on whether the government is satisfied with the actual level of the deficit; that nothing could have been done in the past year to make the deficit lower?

Mr. Fleming (Eglinton): Naturally, Mr. Chairman, the extraordinarily large size of this deficit is a matter of very keen disappointment alike to the management of the railway and to the government. It is substantially more than the management had anticipated when they furnished an estimate to me a year ago. It was one of the elements entering into my forecast of the budgetary position of the government for the present fiscal year, and when I brought in the supplementary budget on December 20 I drew attention to the fact that one of the factors which had disappointed my hopes of a balanced budget, with a modest surplus, and turned those hopes into the certainty of a budgetary deficit this year, was this matter of the C.N.R. deficit.

[Mr. Fleming (Eglinton).]

Mr. Fisher: Does this not raise in the minister's mind the question of the efficiency of the management of this particular concern?

Mr. Fleming (Eglinton): No one can view this large deficit without being concerned about the whole operation. This is not to say, however, that the responsibility for the deficit should be attributed to some mismanagement. The fact is that the Canadian National Railways are expected to carry on operations on a very large scale and, in the face of a contraction of railway freight, it is not possible for railways quickly to adjust their budgetary position. There is a good deal of inflexibility in our railway structure in Canada. The companies operating railways are not in a position to make quick adjustments to meet the financial situations that they face in consequence of fluctuations in the volume of railway traffic.

In this particular case the management has suffered a disappointment in its hopes and indeed in its forecast of its operating position for 1960. They did expect a very much better result when they surveyed the situation in 1960 and made their first estimate of the probable results of operations.

Mr. Fisher: Perhaps I could just close my remarks by saying I am sure the minister would not mind me at least expressing my doubts about the efficiency of the management of the Canadian National Railways in the light of this deficit.

Mr. Hellyer: Will the minister say whether the government has in mind any plans to merge the two railway systems?

Mr. Fleming (Eglinton): I am sorry, I did not catch the first part of the hon. member's question.

Mr. Hellyer: Can the minister say whether the government has any plans ultimately to merge the two railway systems in Canada?

Mr. Fleming (Eglinton): No, Mr. Chairman. I may say with regard to this subject in general that, as usual, this matter will be before a sessional committee and the officials of the Canadian National Railways will be appearing before that committee to answer questions on the 1960 operations.

(Translation):

Mr. Deschatelets: Mr. Chairman, may I take only a few moments of the time of the house, under item 741 of the supplementary estimates, to say a few words on a matter that was raised by the hon. member for Laurier (Mr. Chevrier) on March 13 last. It dealt with the 160 C.N.R. employees who will be laid off shortly unless the Minister of Transport (Mr. Balcer) makes less timid