

Dominion as a result of wheat marketing operations.

18. The last item in this classification covers losses arising from the dominion's guarantee of a price of 80 cents per bushel, basis No. 1 northern, Fort William, for the Western Wheat Crop of 1938. At the close of the fiscal year under review there remained unsold a small quantity of wheat of the 1938 crop and accordingly the losses of the Canadian Wheat Board in respect of the marketing of that crop were not finally determined. It was clear, however, that these losses would amount to at least \$52,000,000. An advance of this amount without interest was made on account to the board to enable it to pay off guaranteed bank advances. During 1938-39 a reserve of \$25,000,000 had been set up as a reserve in the accounts in respect of possible losses in marketing this wheat and the difference between the total advance of \$52,000,000 and this reserve, namely, \$27,000,000 has been charged to the dominion's accounts in 1939-40.

GOVERNMENT OWNED ENTERPRISES

19. The next major classification of expenditures comprises the losses of, and non-active advances to, Government owned enterprises which are operated as separate corporations.

Canadian National Railways

20. The operating revenues of the Canadian National Railways for the calendar year 1939 amounted to \$203,820,000, an increase of \$21,578,000 or 11.8 per cent from the preceding year. All classifications of revenue tonnage, except forest products, showed substantial increases over 1938.

Operating expenses of the railways totalled \$182,966,000 an increase of \$6,790,000 or 3.8 per cent over 1938. Most of this increase was in maintenance and transportation expenses necessitated by the increase in traffic.

The net revenue available for interest on the railway's debt was \$10,635,000 compared with a deficit before interest charges of \$3,549,000 in 1938. After payment of interest charges of \$49,814,000 due to the public and interest charges of \$916,000 due to the government in respect of temporary loans for capital purposes, there was a net cash deficit of \$40,096,000 compared with \$54,314,000 in the previous year, a decrease of \$14,218,000.

The operating deficit of the Prince Edward Island Car Ferry and Terminals during 1939 was \$427,000 as compared with \$388,000 in 1938.

National Harbours Board

21. The operations of the harbours and facilities under the administration of the Na-
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tional Harbours Board in 1939 recorded a small gain over 1938. Operating income for the calendar year after payment of interest to the public but before depreciation and interest on Government advances, totalled \$3,723,000 compared with \$3,640,000 in the previous year.

Financial assistance provided by the government to the National Harbours Board and charged to dominion expenditure in the fiscal year ended March 31, 1940, amounted to \$1,121,000. This amount was made up as follows: \$94,000 for the operating deficits of the harbours at Quebec and Churchill; \$377,000 for non-active advances for the deficit of the Jacques Cartier Bridge at Montreal; \$7,000 for retirement of debentures of the Saint John Harbour Commission and \$643,000 for capital expenditures at Halifax, Saint John, Quebec, Chicoutimi and Three Rivers.

The elevators at Port Colborne and Prescott operated at a profit during 1939 and the Government received \$325,000 from these sources which was credited to Casual Revenue.

Canadian National Steamships

22. Total earnings, especially passenger revenue, of the Canadian National (West Indies) Steamships Limited were seriously affected after the outbreak of war. The 1939 operations of the company resulted in a surplus of \$154,000 after payment of interest on bonds held by the public but before depreciation and interest on advances from the government. The comparable figure for 1938 was \$276,000. The 1939 operating surplus was paid to the Government in partial payment of interest. An advance of \$8,000 was made to the company for capital improvements of vessels under its control.

Trans-Canada Air Lines

23. The operations of the Trans-Canada Air Lines expanded greatly during the calendar year 1939. Operating revenue increased from \$591,000 to \$2,350,000. The annual deficit after payment of interest on capital and depreciation decreased from \$818,000 in 1938 to \$412,000 in 1939.

Central Mortgage Bank

24. The operations of the Central Mortgage Bank for the period July 14 to December 31, 1939, resulted in an operating deficit of \$16,000 which was paid by the dominion government. Further information as to this bank will be found under Loans and Investments.