

*Supply—Transport*

this side of the house. The minister himself would not want this item to go through without giving a more detailed explanation of it. First, we should be given some reason why the amount of the deficit is as high as it is. What are the reasons for it, and what are the prospects for the calendar year 1960?

**Mr. Fleming (Eglinton):** I share the hon. gentleman's concern over this very substantial sum. This, of course, is an annual vote in years when the Canadian National Railways show an operating deficit, and it has to come before the house in the late stages of the fiscal year.

The results of the year in question, 1959, from the financial point of view, are not as good as the railway had expected at the beginning of the year. In the budget for 1959, which was approved, it was anticipated that there would be a deficit of \$34,400,000. Operations did not develop during the year as favourably as had been hoped, with the result that the company shows an operating deficit for the year 1959 of \$43,588,290. While this is not as favourable a result as the budget for the year indicated, it nevertheless is an improvement over the operating results for 1958. The committee will recall that a year ago it was necessary to provide for a deficit of \$51,591,424 for the year 1958.

The hon. member has asked as to the present outlook. I may say that the outlook for 1960 is somewhat brighter than the results for 1959. The indications are that unless the company encounters an increase in its operating expenses it should in 1960 show an improved operating result over 1959. But the hon. member as well as anyone in this house knows how difficult it is to forecast nowadays the results of the operations of the line a year in advance.

**Mr. Chevrier:** I am sure the minister will not feel that I am trying to hold up this item because I ask for some additional information. As I said earlier, I really feel the minister would be advised to give some further information. Can the minister tell us whether this additional increase in the deficit from \$34 million, which was estimated, and the \$43 million which we have before us, was caused by an increase in over-all labour costs; whether it was because of the failure to obtain increased freight rates or whether it was because of the financing costs of the Canadian National Railways? By that I mean the high interest rates which the Canadian National Railways had to pay. Would it be for those three reasons or some of those three reasons, or other reasons?

**Mr. Fleming (Eglinton):** The reason was a disappointment in respect of operating revenues. The budget had contemplated operating revenues of \$756,500,000; the actual operating revenues proved to be \$740,165,041. There were some savings with respect to operating expenses, but the reason the deficit has exceeded the budget in that respect is the disappointment in respect of operating revenues.

**Mr. Regier:** Would the minister care to comment on newspaper reports of a little while ago that the government of the province of Quebec has agreed to subsidize the trucking industry there? Does the minister know whether this is actually being done and, if so, how can we say we are looking after the welfare of the taxpayers if one level of government subsidizes the chief competitor of the railways while another level is subsidizing the railways?

**Mr. Fleming (Eglinton):** I have not seen the article to which the hon. member refers but, of course, the federal government has no jurisdiction in respect of highway transport except in the case of interprovincial and international movements. For that reason I think the hon. member has invited me to comment on a subject that is entirely within provincial jurisdiction. Canadian National Railways, as he is aware, does operate some trucking services as ancillary to its rail operations.

**Mr. Regier:** Will the minister agree that if provincial governments begin to subsidize the trucking industry the federal government should give consideration to curtailing interprovincial and long distance trucking?

**Mr. Fleming (Eglinton):** What we are doing in the present item, of course, is subsidizing rail transport in Canada. The present item is a governmental contribution to the cost of operating the Canadian National system, but I would not wish to go further into this field because there are hypothetical elements in the situation in the article to which the hon. member referred.

**Mr. Chevrier:** The minister did not answer the question I asked him earlier as to what was the reason for the difference in the estimate of the deficit of the C.N.R., \$34 million compared with \$43 million, and I asked whether it was due to increased labour costs.

**Mr. Fleming (Eglinton):** I did answer the hon. gentleman's question. I pointed out that the cause was a disappointment in operating revenues, that the operating revenues fell \$16.4 million short of the operating revenues anticipated in the budget.