

*Canadian National Railways*

Then we were asked questions about the anticipated operating results of Trans-Canada Air Lines this year. The hon. member must be aware that no net income is anticipated from Trans-Canada Air Lines this year. It had an operating net income in 1958 of approximately \$550,000; that dropped in 1959 to approximately \$152,000, and no net income from Trans-Canada Air Lines is anticipated by Canadian National Railways in 1960.

**Mr. Benidickson:** Do they expect a deficit and, if so, how much?

**Mr. Fleming (Eglinton):** That information was all available in the committee. Apparently the hon. member did not see fit even to ask for the tabling of the budget. I was amazed to find that—

**Mr. Benidickson:** There are many members of this committee who were not members of the other committee, and I am sure they would be interested.

**Mr. Fleming (Eglinton):** There is no occasion for the hon. member to stand up and interrupt. I was surprised to find that the budget of Trans-Canada Air Lines had not been requested in the committee and was apparently not put on the record of the committee. I dealt with the requirements of Trans-Canada Air Lines for this coming year in the committee on June 7. The clause under consideration is 3 (a) which indicates that the investment of the national system in Trans-Canada Air Lines during this calendar year, 1960, is \$82,350,000. Subclause (b) indicates also that the capital expenditures for the calendar year 1961, prior to July 1, to be authorized amount to \$86 million.

I reviewed in the committee of ways and means last week the reasons for these very large requirements. They relate to new equipment which Trans-Canada Air Lines has acquired. It is ordered and delivery is expected within these next few months. This is an existing commitment and must be met. It is regrettable, as I pointed out on June 7, that the requirements of Trans-Canada Air Lines in this respect are not more evenly distributed from year to year. But that is the way the particular situation was met. Trans-Canada Air Lines considered that they required equipment and that equipment was authorized to keep the company in a position to give effective service and to meet competition.

In the last place, the hon. member asked about the possibility that some of the money to be authorized in this clause might not be required. I indicated on June 7 that most of the amount provided for equipment is to meet existing commitments. I drew attention, in

line 5, to the fact that equipment will account for \$34,977,000 of gross capital expenditure for the calendar year 1960. Of that amount, \$20,707,000 represents the equipment which has already been authorized under financing and guarantee acts in prior years. This included 140 locomotives, 9 passenger train cars, 300 freight cars and 5 work equipment units. There is an additional amount of \$5,638,000 for anticipated deliveries in 1960 consisting of a portion of the 1,366 freight cars and 5 work equipment units.

The hon. member for Kenora-Rainy River spent some time at the last meeting discussing the 40 diesels. I pointed out to him then that the diesels were already authorized; indeed, they were part of a larger group of diesels that had already been authorized and some of the units had been delivered. The cost of the anticipated deliveries of equipment already authorized, as I have already indicated, is estimated at \$20,707,000, leaving a balance of \$12,200,000 to be paid out after 1960 on equipment purchased and authorized by prior acts. Of this \$12,200,000, between \$7 million and \$8 million represents the cost of the 40 diesel units already authorized but not yet ordered. These sums form part of the total of \$86 million provided for in clause 3(1)(b) now under discussion.

The president of Canadian National Railways, Mr. Gordon, told the special committee when he appeared before it in the last week of March that he did not know whether the 40 diesel units would in fact be ordered at that time. There is still no absolute certainty that they will be ordered. However, it is considered advisable to authorize the provision of funds for the purchase in case they should be needed. Should later surveys indicate that traffic would not warrant the purchase of these units at this time the orders will not be placed and the amount involved will lapse.

**Mr. Drysdale:** I should like to make one or two remarks on this particular item. On June 7 I spoke during the resolution stage in connection with the money that had been allocated to the Canadian National for trucking, the sum of \$5 million. I should point out to the Minister of Finance that I laid the foundation for these remarks in the committee and established that I could not get the information at that particular time. The hon. member for Vancouver-Kingsway also spoke in the committee. On June 8 there was a press release issued from Winnipeg by the Canadian National indicating the acquisition of some five truck lines. However, the press release did not indicate what proportion of the \$5 million had been used by the Canadian