

The CHAIRMAN: Are we through with questions on page 7?

We will turn to page 8. I do not think this page needs much comment. It concerns retirement of capital obligations.

Page 9, the operating budget for the year 1961. This will be quite interesting.

I see that you predict a slightly smaller deficit for the current year?

Mr. TASCHEREAU: We expect that there will be an income deficit in 1961 of \$64 million. We have forecast an operating revenue of \$700 million. This forecast of course is subject to all the uncertainties which exist including indications which have been confirmed that there would be a decline in traffic for the first half of the year. On the other hand we expect a favourable upturn in revenue during the second half of the year, and the result is that our prediction is for a one per cent increase in gross revenues in 1961.

You will therefore find that the deficit we anticipate this year will be just slightly under the amount of the 1960 deficit.

The CHAIRMAN: In 1960 you showed a deficit of \$67 million. What was your estimate that you gave last year of what your deficit would be for 1960?

Mr. TASCHEREAU: Our estimate of the deficit last year that we gave when we were before this committee was \$24 million. We made a mistake. Our mistake was shared by many other people. Many economists had predicted a rise in the gross national product that just did not materialize, and at the beginning of the second half of the year we saw that the decline in the business activity would not permit us to live by our forecast.

Mr. VAUGHAN: Our revenues went down roughly \$47 million in the year.

Mr. TASCHEREAU: Even though we were able to reduce our expenses by \$35 million in the year it was not enough to overcome a larger deficit.

Senator STAMBAUGH: I suppose this year, the grain crop in Western Canada being not so large as in former years you won't have so much grain to carry and you will lose less money.

Senator LAMBERT: My honourable friend forgets that there are millions of bushels of wheat ready to be moved at any time but that the trade policy of this country won't permit it to be done.

The CHAIRMAN: Have we completed our questioning on this capital budget?

Hon. SENATORS: Agreed.

The CHAIRMAN: Shall we proceed to the bill itself?

Hon. SENATORS: Agreed.

The CHAIRMAN: Shall section 1, the title, carry?

Hon. SENATORS: Agreed.

The CHAIRMAN: Shall section 2 carry?

Senator KINLEY: Mr. Chairman, I want to ask a question on the interpretation section. I read, "National Company" means the Canadian National Railway Company; "National System" means the National Railways as defined in the Canadian National Railways Act and any companies controlled by the National Company through stock ownership, and it goes on.

What is the relationship between the Canadian West Indies service and the Canadian National Railways?

The directors of this company are certain senior officials, as I recall, of the Department of Finance and Transport. There is no longer any control by the C.N.R.

Senator KINLEY: There is no control by the C.N.R.?

Mr. TASCHEREAU: No.

Senator KINLEY: Are there any vessels still operating?