

ations, were \$18,697,000 in the fiscal year ended March 31, 1948. The increase of \$8,015,000 over the expenditure of the previous year was occasioned mainly by the larger deficit of the Canadian National Railways and the inclusion for the first time in many years of the deficit of the Trans-Canada Airlines.

Canadian National Railways

36. The operating revenues of the Canadian National Railways for the calendar year 1947 totalled \$438,198,000, an increase of 9.4% over those of 1946. Operating expenses of the Railway totalled \$397,123,000, an increase of 11.2% over those of 1946.

The net operating revenue of the railway was \$41,075,000 and after deducting \$13,136,000 for taxes, and for equipment rentals and joint facility rentals, there remained a net railway operating income of \$23,711,000. Other income less deductions totalled \$4,228,000, resulting in \$27,939,000 being available for interest. After payment of \$23,822,000 in interest on funded debt held by the public and \$20,002,000 in interest to the Government on temporary loans for capital and refunding purposes, there was a net cash deficit of \$15,885,000. This amount was paid to the railway by the Government and charged to expenditure.

The operating deficit of the Prince Edward Island Car Ferry and Terminals for 1947 was \$932,000, compared with \$888,000 in 1946.

Canadian National Steamships

37. The Canadian National (West Indies) Steamships, Limited, had an operating surplus of \$829,000 in the calendar year 1947 and earnings on the Company's Replacement Fund totalled \$267,000. From the total income of \$1,096,000, there were paid \$470,000 for bond interest and \$103,000 for interest on Government advances, leaving a resulting income surplus of \$523,000. Of this income surplus the sum of \$267,000 was retained in the Replacement Fund and the remainder, namely \$256,000, was paid to the Government in reduction of advances made in prior years for deficits.

Trans-Canada Airlines

38. The Trans-Canada Airlines North American service had total operating revenues in 1947 of \$15,297,000. In the same period operating expenses totalled \$16,796,000, resulting in an operating deficit of \$1,499,000. After payment of invested capital of \$262,000, there was a total deficit of \$1,761,000.

The Trans-Atlantic service had total operating revenues of \$5,483,000 in 1947. Operating expenses amounted to \$5,342,000, resulting in an operating surplus of \$141,000. After payment of interest on invested capital of \$5,000, there was a surplus of \$136,000.

Deducting the surplus of \$136,000 on Trans-Atlantic service from the deficit of \$1,761,000 on North American service there was an over-all deficit of \$1,625,000. The accumulated surplus of Trans-Canada Airlines at December 31, 1946, totalled \$255,000. After deducting this amount from the over-all deficit for 1947 there remained a net accumulated deficit of \$1,370,000, which amount was paid to the Airlines by the Government.

National Harbours Board

39. The operating income of the National Harbours Board for the calendar year 1947, after payment of interest to the public but before depreciation, reserve for replacements and interest on Government advances, was \$3,827,000 compared with \$4,143,000 in the previous year. Interest paid to the Government in the fiscal year ended March 31, 1948, totalled \$2,025,000.

[Mr. Abbott.]