

The CHAIRMAN: Are there any questions on the budget?

Mr. BROWNE: Yes. I notice in the budget for 1953 it is expected to have a very much lower revenue and expenses. Are these due to the fact that the two ships have been taken out of service?

Mr. GORDON: Yes. The "Lady" boats have been the most expensive.

Mr. BROWNE: They must have been giving a certain service. Do you intend to replace those ships at any time?

Mr. GORDON: We have no immediate intention of providing a service similar to that provided by the "Lady" ships. The service we provide now is a regular service to specified ports, also additional calls to other ports depending on the demands of the traffic.

Mr. BROWNE: How do you find that trade? Is it increasing or declining?

Hon. Mr. CHEVRIER: Decreasing, very substantially. The passengers on the "Lady" ships have been decreasing very rapidly because of the air lines.

Mr. BROWNE: I can understand that, but I am talking about the other ships now.

Hon. Mr. CHEVRIER: I would think so, too.

Mr. BROWNE: I am referring to the trade on the other ships apart from the "Lady" ships.

Mr. GORDON: That is a question, I suppose, of what do you think of the prospects. Is that what you had in mind?

Mr. BROWNE: Yes.

Mr. GORDON: Well, as it stands now, the actual export revenue for January and February, plus that estimated for March, is slightly below the estimate prepared at the end of the year. This is partly due to exports to some of the Colonies falling below last year's figures and the fact that Jamaica is purchasing the bulk of their flour requirements from the United States. That is one element of trade that is falling off.

Now, on the import side we also see a falling off in revenue there because of a drastic reduction in the freight rate on sugar brought about by the depressed charter market. We think there might be some improvement in that over the last part of the year, but at the moment it does not look very promising. Also, in the off season we have been able to charter several of our ships and the charter market this year has been very poor.

Mr. BROWNE: Where do these ships run from, Halifax or Saint John?

Mr. GORDON: Halifax and Montreal in summertime; Halifax in wintertime.

Mr. FRASER: I note there it says additional income tax provision from surplus of insurance fund, last year was \$70,000, and this year, \$144,000. Just what is that?

Mr. GORDON: Mr. Gracey has the accounting information.

Mr. GRACEY: On account of there being a deficit in the operations of vessels last year, it operated to reduce the amount of income tax that was payable on the combined earnings of the vessels and the insurance fund, but this year there is an estimated surplus and, therefore, the whole insurance fund will be taxable.

Mr. FRASER: They will all be taxable then?

Mr. GRACEY: Yes, they were last year, but they are reduced on account of the losses.

The CHAIRMAN: Shall the budget of the Canadian National (West Indies) Steamships Limited carry?

Carried.