

*Supply—Transport*

December 1; Pacific Salvage Limited, North Vancouver, payable \$75,000 per annum, quarterly on the 2nd of January, April, July and October.

Item agreed to.

River St. Lawrence ship channel service—

611. Contract dredging—further amount required, \$1,529,361.

**Mr. MacLean:** I notice this is a large item over \$1,500,000, and that the estimate for this fiscal year was \$2,500,000, making a total of over \$4 million, roughly. The estimate for the next fiscal year is only \$2 million. Would the minister give a word of explanation as to what the expenditure was for this year?

**Mr. Harris:** Yes. The reason, of course, is that we were able to do more dredging last year than had been expected because of good weather conditions, and the total cost is made up of several contracts. There are in fact eight contracts for various yardages. I think this is most fortunate in that we were able to do this work last year rather than having to do it this coming year. Of course there may be other items that will have to be met this year, but if not, at least we have this work behind us.

Item agreed to.

Railway and steamship services—

612. Construction or acquisition of auto-ferry vessels, as detailed in the estimates—further amount required, \$1,300,000.

**Mr. MacLean:** Could the minister give an indication as to when the ferry service between North Sydney and Port aux Basques will be improved.

**Mr. Harris:** No, I am afraid I cannot. Perhaps some other members of the house who are more familiar with the progress in the construction of the ferry could say something about it. All I can say is that we certainly hope it will be completed as early as possible because of the service it will give between North Sydney and Port aux Basques.

Item agreed to.

613. Canadian National (West Indies) Steamships, Limited, deficit, 1954—additional amount in excess of the sum of \$581,000 already appropriated to provide for the payment to the Canadian National (West Indies) Steamships, Limited (hereinafter called "the company") of the deficit for the year ending December 31, 1954, in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company to the Minister of Finance and approved by the Minister of Transport—further amount required, \$47,410.

**Mr. Trainor:** Could the minister give an explanation or a breakdown as to just how

[Mr. Harris.]

this considerable deficit on the Canadian National (West Indies) Steamships, Limited, has been brought about?

**Mr. Lennard:** Mr. Chairman, as far as Canadian National Steamships are concerned I think they have done very well. As a matter of fact I believe that last year the minister said on the main estimates that if there were not some improvement they might have to discontinue this service, and I might say that the balance sheet for the year shows they have done very well under the circumstances, with the cut-rate competition with which they have had to deal. I know something of their operations because I have had the privilege of travelling on their ships on two different occasions. As a matter of fact that is about all that is left of the Canadian merchant marine. I am pleased to find they had such an excellent year and have cut down the deficit to a great extent. I feel if they have another year like 1954 they will be in the black. I think this line should be encouraged and they deserve a lot of credit for the job they did last year.

**Mr. Nowlan:** I would like to support the statement which was just made by my desk-mate. The report of the steamship line shows that the revenue of the company increased by 13.2 per cent during the past fiscal year and expenses went up by only 1.7 per cent. In this day of rising costs I believe that indicates extremely efficient management and is a very creditable showing.

I well remember that last year when this item was up the Minister of Transport threw rather a cold chill over some of us when he suggested that if the losses should continue to be as high as they were then he would have to give serious consideration to a withdrawal of the service entirely. At that time, a year ago, the operating loss was over \$820,000. This year the operating loss is down to \$319,000, which represents a saving of about half a million dollars. I certainly hope that never again will there be a necessity for any intimation—I won't say threat—or suggestion that this service should be abandoned or done away with.

I think it is a most important service for Canada as a whole, and particularly for the east. Last year I urged that we should be given more service and that more boats should be put on which would result in better earnings. To some extent my argument was justified, although perhaps by accident, in that the company this year was able to make 14 more trips than a year ago, according to the report. Of course, that was due in part to the fact that last year they were tied up in a strike but because of these additional trips and services the company