

The CHAIRMAN: (Reads).

Your Committee is gratified to observe the continued improvement in the earnings of the Company's hotels and to learn from the officers of the Company of the indirect benefit resulting from the operation of the hotel system.

Your Committee has already, in its Third Report, referred to its consideration of Bill 204, "An Act respecting the Toronto Terminals Railway Company."

Your Committee notes that the requirements for the present year, exclusive of the Eastern Lines, amount to \$39,000,000, as compared with the requirements asked for last year of \$22,500,000 for the nine months ending December 31, 1927, including the Eastern Line. The chief reasons for the increase are the twelve months' period as compared with the nine months' of last year, increased interest, and a larger program of additions and betterments, which was examined by your Committee and found to be reasonable.

From the evidence given, your Committee is of the opinion that the amount of \$39,000,000 is necessary for the purposes of the Company during the year 1928, and should be passed by the House.

That is all for the Canadian National Railways. The next the Canadian Government Merchant Marine. (Reads):

Your Committee has had under consideration Item 409 of the estimates which provides for a loan of \$758,000 to the Canadian Government Merchant Marine Limited, and has, in the course of its deliberations, examined the operations for the year ending December 31, 1927. Your Committee notes that the results of the operations have not been quite as favourable as those for the previous year, due to a highly competitive situation, which resulted in a reduction of freight rates in certain directions, with a resultant reduction in the gross revenue of the Company.

Your Committee notes that the amount asked for, viz: \$758,000, is to be used to the extent of \$750,000 for contemplated deficits and \$8,000 for betterments, and is of the opinion that this amount is necessary and should be granted by the House.

Mr. CANTLEY: There is just one point in connection with that, as I referred to earlier in the meetings of the Committee. I think it has been shown that vessels under 8,000 tons capacity cannot be operated profitably, and I feel that the Government should sell all those vessels under 8,000 tons.

Sir HENRY THORNTON: If it meets the judgment of the Committee, I should say that that suggestion might be left to our judgment to review the situation, and see how soon we could get rid of those boats, or what we ought to do in connection with your suggestion. I think it would be unwise that that should appear as a mandate to the officers of the Company. No doubt there is much truth in what Colonel Cantley says, that you cannot operate a small vessel, under present marine conditions profitably, but I think it would be a mistake to put the Merchant Marine officers under a mandate to do that immediately.

Hon. Mr. DUNNING: Would you undertake to review the whole situation?

Sir HENRY THORNTON: I do not know just how it would work out.

Mr. CANTLEY: I suppose we could change that and say that the Committee further recommends the consideration by the management?

Mr. JENKINS: What tonnage are the boats operating from Montreal to St. John, N.B.?

Mr. HENRY: One steamer of 2,800 tons.