

employees may have which they feel would be helpful. We would be only too glad to hear them at any time. In the first instance, the best approach, I should say, would be to take it up with the local manager there, Mr. Grayston.

Mr. BROWNE: We have done that already.

Mr. GORDON: Then we will be hearing from him.

Hon. Mr. CHEVRIER: Mr. Grayston is a very remarkable man.

Mr. GORDON: We are only too glad to discuss it.

Mr. FULTON: In your income account you show a substantial increase in government loans over last year of something over \$4 million.

Mr. GORDON: Yes.

Mr. FULTON: While the total figure is not huge, it is \$6,700,000, yet I think the increase is large enough to be a little disturbing, particularly since we have just recently refinanced the capital structure. Why were you able to show a small surplus last year and yet have these borrowings going on?

Mr. GORDON: We are only borrowing for capital account.

The only interest is government interest. It is still going up but that is because at the moment we are borrowing from the government instead of going to the market. Under normal procedure we would go to the market and sell our bonds to the public, and the interest would appear under "Interest to the public". But in the last two years we have been borrowing directly from the Minister of Finance because, for various reasons, the Minister of Finance desires that we do not go to the market. Our bonds carry a government guarantee and we cannot go to the market without the consent of the Minister of Finance.

Mr. FULTON: Your borrowings at the end of this year will be more than twice what they were last year, because the interest has more than doubled?

Mr. GORDON: Yes. In the annual report at page 34 you will see how it appears in our financial statement. That is all in capital account. It shows how we finance our capital. We got from the government \$18,486,540 for the sale of preferred stock under the recapitalization arrangement. We had certain retirements which netted out to \$9,702,206. We borrowed for capital expenditures \$94,586,864; and we retired a debt of \$12,279,932. Therefore our net increase is \$97 million, and the increase in our total capitalization is \$115 million.

Mr. FULTON: It is the interest on borrowings which increases the interest?

Mr. GORDON: That is right.

Mr. MACDONNELL: Mr. Gordon said yesterday that he would give us a few illustrative figures for comparison between the Canadian Pacific and the Canadian National. It seems to me that with the huge investments we are making, which have been explained in a clear manner, it would be of value to us to have some yardstick. We recognize that there are burdens on the Canadian National Railways which they have to carry.

The CHAIRMAN: I intended that that would come at the end, or would you rather have it now?

Mr. MACDONNELL: I thought you were leaving the Canadian National Railways.

The CHAIRMAN: I said that we would take up the clean-up questions after we had gone through the reports and the budgets. I understood that was one of the clean-up questions.

Mr. MACDONNELL: I do not care when we do it.

Hon. Mr. CHEVRIER: Could we get on perhaps to the end?