

of the foregoing, may for its own requirements and also for the requirements of any or all such other companies from time to time:—

(a) Issue notes, obligations or other securities, joint or several, at discretion, for the purpose of any guarantee made or to be made under the provisions of this enactment;

(b) Apply the proceeds of any such guaranteed issue, or the amount of loans received by virtue of this enactment, in meeting authorized expenditures on its own account or on account of any or all of such other companies;

(c) Make advances for the purpose of meeting authorized expenditures to any or all of such other companies, upon or without any security, at discretion.

No purchaser of such guaranteed notes, securities or obligations shall be under any obligation to inquire into the application of the proceeds of any guaranteed issue, \$39,000,000.

Mr. BENNETT: This resolution, involving the expenditure of some \$47,000,000, is a matter of very great importance. I have ventured to point out to this house that I think it should take the form of a separate bill, introduced and passed as a statute, and that question has not been discussed by members of the government or by the house.

Mr. DUNNING: Will my hon. friend just permit me one interruption? I know he wishes to state these figures accurately; the vote in question is for \$39,000,000. The total of four or five votes is \$47,000,000 including that to provide for maritime freight rates.

Mr. BENNETT: Apart altogether from the question of whether this vote should appear in the supply bill, there is another point which I think the Minister of Finance would do well to consider. This particular vote is for \$39,000,000, but it does not indicate where the money is to be expended. It has been the custom of this parliament when granting money to indicate exactly what is to be done with it, but this estimate does not in any sense indicate where that money is to be expended. This is done in the Public Works estimates, in the National Defence estimates, in the Customs, and in other estimates. My contention is that these particulars should be set out in an act of parliament, and not in the proceedings of a select committee which does not bind this parliament nor bind the persons affected. I do know that the permanent officials of the Department of Finance have found the gravest difficulty because of this circumstance, through money that was intended for one purpose being applied, very properly, by the railway company to another, because there is no statutory or parliamentary restriction placed upon its use. I think the Minister of Finance should take this into consideration. I insist that we have the right, as parliament, to have these estimates con-

[Mr. Speaker.]

tain a clear statement as to where the money is to be spent and the amount to be applied for each purpose, and its mere inclusion in a statement or report of the proceedings of a select committee does not in any sense meet the requirements of this parliament with respect to the expenditure of public money. We should have the details as given in other estimates.

The other evening I ventured to draw the attention of the house to the fact that obligations in respect to equipment trusts were being paid out of capital or money borrowed from the country, and the minister very properly observed that these moneys should be paid out of income. It will be seen from the statement of the National railway system for 1927 that the funded debt outstanding shows an increase of \$55,901,492.03. Four and a half per cent equipment trust securities, series J, having a par value of \$15,000,000, were issued, and it appears that various equipment trust obligations, amounting to \$5,291,400, were retired out of capital. The proceedings before the select committee show that this was not an initial payment, because the initial payment for equipment is provided for in these estimates. I took the trouble to check this up with the Department of Finance. If the \$5,291,400 were used to make a down payment, one could understand it, but in looking over the evidence before the select committee it will be found that this year a million dollars is to be used for equipment trust and \$7,841,000 is required to make payment of equipment principal certificates during the next year. If the minister will say whether or not these are principal payments for new equipment, it will shorten the argument. If he will say whether they are principal payments on equipment already purchased, it will make it much easier.

Mr. DUNNING: They are both.

Mr. BENNETT: My impression was that it must have been both because it is too large an item for this year. This answers to some extent, the observation made by the minister the other evening that this should be paid entirely out of income.

Mr. DUNNING: My hon. friend misunderstood me there.

Mr. BENNETT: The hon. gentleman so stated in Hansard. He said the equipment item should be paid out of income after the equipment is purchased.

Mr. DUNNING: My intention was to state the common practice, that when equip-