

The CHAIRMAN: If, for example, there is any doubt about the National Railways and the government getting into conflict, then the argument of the General is bound to be correct, that it is better for the government to handle the whole thing.

Hon. Mr. MANION: May I interject there, that the government advances money, or authorizes the railway to borrow at the bank until a suitable time arrives for the railway to borrow it.

Sir EUGENE Fiset: These loans are made subject to the approval of the Privy Council. The reason why I am asking this question, sir, is this, that I noticed in your estimates this year that you have provided simply for the necessary authorization for the Canadian National to float their own loans fully guaranteed by the Dominion Government subject to the authority of the Privy Council, and nowhere in that Act is there any provision for any direct advance from the Treasury to the company.

Hon. Mr. MANION: Yes, but it is being done all the time. I venture to say that at this moment the Canadian National owes the government quite a bit of money. Is that not so, Mr. Grant.

Mr. GRANT: Yes.

Sir EUGENE Fiset: The reason I am asking that is this, that in the form of your estimates last year the first vote provided in the estimates was advances from the Treasury. The second vote was loans from the public which the government guaranteed, and the third loans from the public without the guarantee and then temporary borrowings.

Hon. Mr. MANION: May I interject this also, that there is absolutely no change whatever from the usual practice. Is that not true, Mr. Grant? There is absolutely no change whatever, even with these two Bills that we have passed. It is simply doing it in a different form, but exactly the same thing will be done as has been done in the past.

Mr. GRANT: The new Bill provides for temporary borrowings.

Hon. Mr. MANION: Is that not so, Mr. Grant, there will be no change whatever in the vote at all.

Mr. GRANT: No change whatever.

Sir EUGENE Fiset: I am sorry, sir, but we have not seen the Bill which evidently Mr. Grant is discussing. The Bill which Mr. Grant is discussing at the present time is a different Bill, but in your Bill as far as it affects the Canadian National there is no provision whatever for direct borrowings from the Treasury.

Hon. Mr. MANION: There does not have to be, because they borrow from the Minister of Finance.

Mr. GRANT: May I read the last paragraph of this Bill:—

“ Pending the issue and disposal of such guaranteed securities, the Governor in Council may from time to time authorize advances to be made to the Company from the Consolidated Revenue Fund, or to be obtained by the Company from persons other than His Majesty, on such terms and conditions as the Governor in Council may approve, such advances to be reimbursed by the Company from the proceeds of the sale, pledge or other disposition of such guaranteed securities.”

Sir EUGENE Fiset: That was one of the main points. I suppose we can discuss this matter. You say that these temporary loans can be paid out of the Consolidated Revenue.

Mr. GRANT: We say we can borrow.

Sir EUGENE Fiset: The moment the advance is made from Consolidated Revenue is it not a fact that these various expenditures become subject to the Auditor General.