

Canadian National Railways

committee to consider the following resolution:

That it is expedient to bring in a measure to authorize the Canadian National Railway Company to make capital expenditures in the year 1952 not exceeding \$154,755,280 and to make certain capital expenditures and enter into certain contracts prior to July 1, 1953; to authorize the national company to issue securities to provide amounts required for the authorized expenditures; to provide that the aggregate principal amount of securities, not including any securities issued to secure temporary loans made by the Minister of Finance, outstanding at any time shall not exceed \$202,405,280; to authorize the governor in council to guarantee the principal and interest of securities issued by the company for the purpose aforesaid; to authorize the Minister of Finance to make temporary loans to the said company secured by such securities and not exceeding \$202,405,280 in principal amount to enable the said company to meet such expenditures and with authority to give financial aid and assistance to other companies of the said national system.

Mr. Macdonnell (Greenwood): Is the parliamentary assistant going to make a statement?

Mr. Sinclair: In view of the debate last night I do not know whether I would be in order to make my statement now or in committee. I am in the hands of the house.

Mr. McLure: It is all right any time.

Mr. Sinclair: We will have it in committee, in that case.

Motion agreed to and the house went into committee, Mr. Beaudoin in the chair.

Mr. Sinclair: Mr. Chairman, this is the annual resolution which paves the way for the introduction of the Canadian National financing bill. Perhaps I could make a short statement and then be ready to answer questions. The bill to be founded on this resolution is divided into four specific parts. The first part is similar to that of previous years and is to authorize Canadian National Railways to incur capital expenditures up to \$154,755,280. The second part is to authorize the railway company to acquire additional working capital in an amount not exceeding \$15 million. Provision was made last year for additional working capital of \$20 million. The third part authorizes the railway company to make capital expenditures prior to July 1, 1953, to discharge obligations incurred under this act which become due and payable after January 1, 1953. That is to take care of the six months lapse between the end of their calendar year and July 1.

Mr. Macdonnell (Greenwood): Is there any specific amount?

Mr. Sinclair: No. I am putting a table on *Hansard*. Those are the capital expenditures authorized by this bill but which do not become due until after the calendar year ends. We cannot say what the amount is, but the total amount will be within the \$50 million

[Mr. Fournier (Hull).]

I have specified. While this section is new it does not involve any new principle, as the law officers of the crown have ruled that the authority contained in the annual financing and guarantee acts does not expire at the end of the calendar year. It was felt that it would be more desirable to disclose this to parliament by specifically referring to it.

The last part provides for the railway company to enter into contracts for new equipment in the amount of \$123,130,710. This provision was first introduced last year when the company was authorized to place orders for \$111,512,920. It will be noted that none of this equipment is expected to be delivered in 1952.

To summarize, parliament is being asked to approve financing either by way of direct loan from the government or by way of the issue of securities guaranteed by the government in the amount of \$202,405,280. For the convenience of hon. members who will want to study this before second reading I have a table here which perhaps the committee will agree should be placed on *Hansard*. It is not too long, but perhaps it is too long to read.

The Chairman: Has the hon. member the consent of the committee to place the table on *Hansard*?

Some hon. Members: Agreed.

Mr. Sinclair: The table follows:

Additions and betterments (excluding new equipment)—		
Ordered prior to 1952 (re-	vote)	\$23,014,271
Ordered and to be paid in	1952	27,363,257
		\$ 50,377,528
Branch line construction		
Sherridon-Lynn Lake		7,800,000
New equipment—		
Ordered prior to 1952		\$93,647,760
Ordered and to be paid in	1952	2,413,092
		96,060,852
Acquisition of securities		516,900
Acquisition of additional working capital		15,000,000
Payment for equipment ordered but deli-	vered in period January 1 to July 1,	1953
		50,000,000
Total		\$219,755,280
Less amounts available from depreciation	reserves and debt discount amortization	17,350,000
		\$202,405,280

It will be noted from the above that we are including in this legislation amounts that were authorized by previous financing and guarantee acts. In other words the legislation to be founded on this resolution will be the sole authority for the financing of the railway company up to July 1, 1953. This is an interesting point because last year in