

Hon. Mr. MARLER: Also I think Mr. Fulton was not aware of the fact that in the past the expenditures were on a net basis, whereas they are now on a gross basis.

Mr. FULTON: Yes.

The CHAIRMAN: Shall "Branch Line Construction" carry?

Carried.

"New Equipment" on page 5.

Mr. GORDON: I would like to say a word about this new equipment by way of explanation. You will see there a total amount of \$180,400,000. Now, of that amount you will see, starting from the top, that \$40,900,000 is already authorized in previous budgets, but has not yet been delivered. In the total of \$138,500,000 there is a figure of \$35,800,000 covering equipment which has already been ordered in anticipation of the approval of this committee. That in part represents the box-cars which show in our annual report as being on order as of December 31. So that what we are looking at now for new approval is the confirmation of the orders which have been placed, namely, \$35,800,000 plus the \$40,900,000 that has been regularly authorized, and a new request of \$103,700,000.

The figure of \$138.5 million covers 273 locomotives, 29 passenger train cars, 8,290 freight cars, 598 work equipment units. To make that clear again, there are 8,290 freight cars we are buying through this budget but of that there are 3,225 which have already been ordered, and we are now dealing with a request for the difference, which is 5,065 cars.

Mr. CHURCHILL: Why is there not an order for freight cars outstanding of 4,593, as your total shows?

Hon. Mr. MARLER: Because they have not all been placed.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Just as an item of interest, Mr. Gordon: what would happen to your commitments if the committee in its wisdom decided that they were not wise?

Mr. GORDON: That is a very fair question, and I would reply to it exactly the same as the Canadian Pacific would reply to it. You will find in the annual report of the Canadian Pacific every year an item to the shareholders which says in effect:

"In anticipation of your approval your management has placed additional orders"

And I have protected myself to that extent by having the approval of the shareholders' representative, which is the Governor in Council, under the legislation affecting the Canadian National Railways.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That is the point I wanted to make. There was an order in council passed?

Mr. GORDON: No, not an order in council, but under the Canadian National-Canadian Pacific Act anything which shareholders would normally approve can be approved by the Governor in Council. In anticipation of this meeting this particular order, which covers about 3,237 cars, was submitted to government for their approval and is now subject to confirmation here. If you press me further and ask: well, what will happen if the committee does not approve, then, I would have some railway freight cars for sale and I could sell them at a very good profit right now.

Mr. CHURCHILL: The committee now applies the rubber stamp, but this does not relieve the Minister of Transport from the responsibility for these cars.

Mr. GORDON: That is right.