

Clauses 4 and 6 deal with a different phase of the matter, and that is external financing of these capital projects by borrowings from the public and from the Government. While the capital program for the calendar year 1961 involves a sum of \$178,900,000 as you will see from clause 3(1)(a), and a sum of \$76 million, as you will see from paragraph (b) of clause 3, or a total of \$254,900,000 for the entire 18-month period, the C.N.R. has available to finance these capital projects sources other than borrowings from the public or the Government. They consist of depreciation accruals, amortization of discount on funded debt, and so on, which, over a period, will provide \$162.1 million.

Senator BRUNT: That is not referred to in the bill.

The CHAIRMAN: In the explanatory note opposite page 3:

Depreciation accruals and amortization—

They come under revenue, do they?

Mr. TASCHEREAU: Yes.

Mr. VAUGHAN: This bill gives us authority regarding them.

Mr. TASCHEREAU: If you deduct \$162 million from the total capital requirements of \$254.9 million, you will obtain a figure of \$92.8 million.

We will not, in our estimation, be able to complete in 1961 some portion of the capital projects, and that situation will arise for several reasons, such as unavailability of materials, labour and so on. We estimate the dollar value of the work which will be uncompleted at \$16 million. So deducting that figure of \$16 million from the \$92.8 million I have just mentioned, you arrive at a figure of \$76.8 million, which is the amount mentioned in clause 4 and clause 6. It is also the figure that is shown at the bottom of the explanatory notes, on the back of page 2 of the bill. This sum of \$76.8 million is the maximum amount the Minister of Finance will have authority to lend to the C.N.R. and that the C.N.R. will have authority to borrow from either the minister or the public under the provisions of this bill.

Senator BRUNT: This figure is very close to the \$76 million referred to in paragraph 2, but has no relation to it?

Mr. TASCHEREAU: Yes, and that is why I wanted to give this explanation, because it is very misleading.

Mr. VAUGHAN: It is a coincidence.

Senator BRUNT: It just happened that way?

Mr. TASCHEREAU: Yes. In actual fact, the C.N.R. will borrow much less than \$76.8 million because we expect to sell to the Government, during the period in question, preferred stock to the extent of \$32 million. What the bill does, therefore, in practice, is to authorize the C.N.R. to borrow money and issue securities to the extent of \$44.8 million, in order to finance the capital projects extending over a period of 1½ years and amounting, in total, to \$254.9 million.

Senator BRUNT: Mr. Taschereau, could you tell me if there is any formula you have for arriving at the figure of \$32 million, with respect to the sale of preferred stock?

Mr. TASCHEREAU: This is based on section 6 of the Capital Revision Act, which provides that the Minister of Finance will purchase preferred stock from the C.N.R. at a rate of 3 per cent of the gross revenues of the C.N.R. during the year. The Minister of Finance will purchase preferred stock from the C.N.R. at the rate of three per cent of the gross revenue of the C.N.R. during the year. That is done on a monthly basis.

Senator BRUNT: This is an estimate of \$32 million?

Mr. TASCHEREAU: Yes.