CANADIAN NATIONAL RAILWAYS

REFUNDING OF MATURING OBLIGATIONS

Hon. CHARLES A. DUNNING (Minister of Railways and Canals) moved that the house go into committee to consider the following proposed resolution:

Resolved, that it is expedient to bring in a measure respecting the Canadian National Railways to provide for the refunding of certain maturing financial obligations, and to issue substituted securities therefor guaranteed by the Dominion as to principal and interest, but not exceeding $18,000,000, the aggregate face value of the original securities.

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

Mr. STEVENS: I want to make it perfectly clear that I am not rising to voice any objections to providing ample finances for the Canadian National Railways. The resolution however, affords an opportunity of my presenting to the committee some facts which I think the committee ought to have in mind in dealing with this and other similar resolutions. It will be noted that another resolution on the order paper provides for $50,000,000 for Montreal terminals, and there are perhaps half a dozen or more other bills providing for the purchase of certain railway lines. We also have before us the estimates of the railway department, calling for a capital expenditure of $53,000,000 and so on. I want simply to bring to the attention of the committee and of the house the commitments of the next year or thereabouts in connection with this great undertaking.

Before addressing myself to that technical phase of my remarks, may I observe that we have recently, in the special committee on national railways and shipping, given considerable study to the position of the national railways and listneed to most elaborate reports from the president and his officers—and I may interpolate that the president and his staff undoubtedly came before that committee exceedingly well equipped to give to the committee the fullest information. But the study of this information, the consideration of the various phases of the undertaking, impressed most of us, I think, with the gigantic character of it. Perhaps we are prone to pass over a little too lightly many of the commitments that come before the house. It might be advisable just to call attention to the fact that the Canadian National Railways, as reorganized and brought into their present combined or composite condition, constitute a system that is larger than the Canadian Pacific system as regards mileage. It is a tremendous undertaking. As the net revenues increase, we naturally congratulate ourselves. During the last several years there has been a tendency on both sides of the house—I am speaking particularly for this side—to give to the government, and to the minister who asks, on behalf of the railway, for appropriations, a pretty generous response. I note, for instance, that the minister will come before parliament, present a very heavy item and indicate that this has had the consideration of the management, who recommend it. These recommendations have been received with favour and have been given every consideration, and I think the minister would be one of the first to state that we have given every reasonable consideration to his presentations of that character. But as they come sometimes in this form of individual items, we are prone to forget the magnitude not only of the undertaking in its physical state but of the many obligations that we are incurring from time to time. I wish to give to the committee—and what I shall say now will apply as well to resolution No. 32 for the $50,000,000 for the Montreal terminals—a picture of some of the country's commitments to the railway for the immediate future.

There is a carry-over from last year of $40,000,000 of capital expenditure which was provided for by the Canadian National Railways by borrowing from the banks, I think last October, for a period of six months, and this was renewed on April 15 for a further period of six months. To provide for the capital expenditures for 1929 a further sum of $100,000,000 is required. I am just giving the general outline of the figures.

Mr. DUNNING: Including refunding, of course.

Mr. STEVENS: Not in the $100,000,000. I will give the items of that in a moment. This, together with the Canadian Government Merchant Marine and the West Indies service, another $2,000,000, makes a total of about $145,000,000. In order that I may not be thought to be giving these figures recklessly, let me quote from the evidence of Sir Henry Thornton before the special committee. I am reading from page 117 of that committee's records:

Sir Henry Thornton: I can tell you what our total requirements are, item by item.

Hon. Mr. Stevens: Then let us have them.

Sir Henry Thornton: The Edmonton, Dunvegan and British Columbia Railway, $2,500,000; Quebec, Montreal and Southern, $6,000,000; Inverness Railway and Coal Company, $375,000; Quebec, Oriental and Atlantic, Quebec and Western Railway, $3,500,000; The Kent Northern Railway, $60,000; 1927-1930 branch line program, $1,500,000; new branch lines now be-