

*Canadian National Railways*

and before that date plans will have to be made as a result of the review of the whole picture.

**Mr. Chevrier:** Is the cabinet, either directly or indirectly through a subcommittee, giving study and consideration to the problem of capital revision?

**Mr. Fleming (Eglinton):** Mr. Chairman, as to the particular method, I do not think I should be asked to disclose that. But I have indicated that before December 31, 1961 some provision will have to be made for the period following that date, and that will require action on the part of parliament, of course.

**Mr. Chevrier:** I am not too sure that I follow the minister. I can understand why he cannot indicate what method is being followed as to the consideration of this problem, and I have no fault to find with that. I am not too sure if I heard him aright, but I take it from what he has said that consideration in some form or other is being given to the capital structure after 1961, and may I go a step further, to the capital revision of the financial structure of the Canadian National Railways.

**Mr. Fleming (Eglinton):** I can assure the hon. member that this subject is not absent from my thoughts.

**Mr. Benidickson:** When we discussed these proposals at the resolution stage last week I made some calculations. I have not my notes in front of me but I pointed out to the committee that there had been a write-off of certain debts to the government in 1951, I think it was, of some substance. I think they amounted to about \$800 million. I made a calculation that following the write-off of this debt of \$800 million odd there were subsequently obligations incurred by Canadian National Railways such as referred to in this section, that is, purchases of preferred stock.

My recollection is that over the years since 1951, or shall I say January 1, 1952, it was less than \$200 million. I think it was less than \$200 million, but the minister will correct me if I am wrong. None the less the over-all obligation of Canadian National Railways in that period of eight years after revision and write-down of its debts still showed an increase of over-all debt, either to the government or to the public, by deficits or otherwise, of about \$1 billion. Am I very far wrong in my rather rough figures which I am offering without notes?

**Mr. Fleming (Eglinton):** At the time of the capital revision, which went into effect in 1952, the preferred stock acquired by the

[Mr. Fleming (Eglinton).]

minister as at that time was \$736,385,405. At May, 1961 the balance was \$913,480,714.

**Mr. Benidickson:** May, 1960, you mean?

**Mr. Fleming (Eglinton):** I am sorry, May, 1960. As at May, 1960 it is estimated to have reached \$913,480,714.

**Mr. Benidickson:** That is helpful but I think the minister should also give the figure as to the over-all obligations outside of preferred stock of the road after the write-off in 1959, and the forecast proposed, as he has indicated, for a certain date in 1961, and will the total not approximate an increase of about \$1 billion, as I have suggested?

**Mr. Fleming (Eglinton):** In connection with the preferred stock I think I should give this figure to complete my statement. The figure at March 31, 1960, the close of that fiscal year, was \$909,849,274. The principal amount outstanding on December 31, 1959 was \$1,341,058,970.

**Mr. Benidickson:** What was it after the re-organization?

**Mr. Fleming (Eglinton):** On December 31, 1952 it was \$605,494,829.

**Mr. Benidickson:** What happens to the annual deficits, if incurred? Are they simply written off? They are assumed by the crown and do not go into the capital structure?

**Mr. Fleming (Eglinton):** They are provided for as usual, in the final supplementary estimates which are passed in March of each year.

**Mr. Benidickson:** Once they are paid by the taxpayers they do not get into the figures such as the minister has given.

**Mr. Fleming (Eglinton):** They go into the figures of the net debt.

**Mr. Benidickson:** Are they considered a liability?

**Mr. Fleming (Eglinton):** That is an interesting question to ask of a company whose relations with the government are such as those between Canadian National Railways and the government. When you talk about debt, these are all matters of accumulation, as the hon. gentleman can see by referring to page 39 of the printed annual statement of the Canadian National system.

Clause agreed to.

Clause 12 agreed to.

Title agreed to.

Bill reported.