

C.N.R. Securities

1952; to authorize Her Majesty to make loans to the Canadian National Railway Company and Air Canada to meet deficiencies in operating reserves to June 30, 1968, any such loans to be repaid from revenues of the railway company and Air Canada or, if revenues prove insufficient, by subsequent deficit appropriation by parliament.

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

Mr. Walker: Mr. Chairman, this resolution is that which usually precedes the introduction of the Canadian National Railways financing and guarantee bill. It is basically the same as in previous years, with the exception of the 1963 act which covered 1962 and 1963 and the 1966 act which covered 1965 and 1966.

The bill is intended to accomplish six main purposes, each of which is similar in form to those of preceding acts.

First, it is to authorize capital expenditures by the Canadian National Railways not exceeding \$264,800,000 during the 1967 calendar year, including \$67 million for investment in Air Canada. This level of expenditures compares to \$192 million authorized previously for 1966 in which there was no amount included for investment in Air Canada. The bill also contains technical provisions authorizing Canadian National Railways to make expenditures not exceeding \$135 million between January 1 and July 1, 1968 for obligations incurred prior to 1968, including \$55 million for investment in Air Canada, and to enter into contracts before July 1, 1968 for capital expenditures not exceeding \$94 million for which payment will not come due until after 1967.

Second, the bill provides for the continued purchase by the Minister of Finance of Canadian National Railway 4 per cent preferred stock through to the end of the calendar year 1968. This continues the practice of previous financing and guarantee acts; the 1965-66 financing and guarantee act extended to December 31, 1967 the expiry date of the authority granted by the Canadian National Railways Capital Revision Act 1952 for the purchase of such stock equivalent to 3 per cent of the company's gross revenue.

Third, and for the same reasons, the bill also will extend until the end of 1968 the moratorium on interest on the government loan of \$100 million to the railway company authorized by the Capital Revision Act, 1952.

Fourth, the bill will provide for the interim financing requirements of Air Canada during

the first six months of the calendar year 1968 in an amount not exceeding \$55 million.

• (9:10 p.m.)

Fifth, as in previous years the bill—if the house adopts the resolution and it becomes one—will provide authority for the government to make temporary loans to the Canadian National Railways and Air Canada to meet deficiencies in operating revenues up to June 30, 1968. Any such loan is repaid later from revenues of the C.N.R. and Air Canada or, if these prove insufficient, the loans are written off through parliamentary appropriation.

Sixth, the bill would provide for the appointment of the firm of Touche, Ross, Bailey and Smart of the cities of Toronto and Montreal, chartered accountants, as auditors of the C.N.R. for the calendar year 1968.

The nature of the provisions of the bill differs from those of earlier years in only one respect. The present bill makes no provision for enlargement of the C.N.R.'s authority to refund, which at present stands at \$680 million and is considered adequate for the period covered by the bill.

Mr. Bell (Saint John-Albert): Mr. Chairman, this resolution is routine. As the hon. parliamentary secretary said, there is little change, on the surface, from other years. I note that his explanatory remarks are almost the same as those of other occasions. I do not plan to dwell too long on anything this evening.

We have had considerable discussion in the last few years about the railways, Air Canada and the like. We have gone into the matter of the financing of the Canadian National and Air Canada extensively in the house and in committee. In this connection, may I say this evening that we are sorry that an old face, in the person of the former minister of transport, is not with us. It is difficult to feel sorry for him, when we know that he is reposing somewhere up there with a job that carries a salary of \$40,000 a year.

An hon. Member: Which he created himself.

Mr. Bell (Carleton): Is the hon. member lonely?

Mr. Bell (Saint John-Albert): Up to a point; as was alluded to this afternoon in the remarks about the cabinet changes, the former minister of transport, with his broad interest in history, created history himself by