

Hon. Mr. SPROULE—In dealing with the fixed charges of the Canadian Pacific railway, do you take into account their land holdings?

Hon. Mr. LOUGHEED—Yes, I have taken that into consideration.

Hon. Mr. BOSTOCK—Could my hon. friend give us the figures of the fixed charges with regard to the capitalization?

Hon. Mr. LOUGHEED—No, I am sorry I cannot give that to my hon. friend; but when we speak of fixed charges we mean by that the interest payable upon debentures and fixed capital, or, in other words, upon the capital indebtedness of the road; that is to say, the amounts which I have mentioned go annually towards paying the interest upon the debentures and the dividends upon stock.

Hon. Mr. SPROULE—With regard to, say, the Canadian Northern railway, they have so many leased lines which pay 40 per cent of their earnings.

Hon. Mr. LOUGHEED—That includes, of course, the payment of the rentals of the Canadian Northern railway for any leased lines which they have. My impression is, though I cannot put my hand upon the information at the moment, that the leased lines will not represent over between 300 and 400 miles in the approximate amount of 10,000 miles of road—which is almost infinitesimal.

Hon. Mr. DANDURAND—I suppose the hon. gentleman can easily give us the explanation for the larger charge on the Grand Trunk Pacific as compared with the other roads.

Hon. Mr. GORDON—What is it?

Hon. Mr. DANDURAND—It being a shorter road, running from Winnipeg west, and being weighted with the Rocky Mountain section.

Hon. Mr. LOUGHEED—Yes, of course, all these things had to be taken into consideration, and yet, at the same time, when we discuss the possible success of any transportation system we have to consider the basis of its obligations. The Government is called upon to make this loan in order to meet current liabilities, pending the decision by the Government as to the position they will take in the immediate future to protect their securities upon this

road. At the present time there are current liabilities of the road amounting to \$92,450,883. I need not recapitulate the particulars—and they are numerous—which make up this sum, except to say that this amount has been secured to a very large extent by the company pledging its securities, and, furthermore, with the expectation that they will be enabled to renew their loans from time to time to carry this indebtedness over until there is a distinct improvement in the times. But they lack the means to meet those liabilities by some twenty odd million, and it is thought that by the Dominion Government coming to their assistance, and loaning them at the present juncture fifteen millions to meet those liabilities, they will be enabled to tide over until the Dominion Government at least can determine what shall be done with reference to the future of the road.

Hon. Mr. BOSTOCK—Will the hon. gentleman state what the liabilities are?

Hon. Mr. LOUGHEED—The liabilities constituting \$92,000,000—the current liabilities.

Hon. Mr. BOSTOCK—They are part of the \$92,000,000.

Hon. Mr. LOUGHEED—Yes. They are made up as follows:

Canadian Northern Railway System—Memorandum re liabilities April 15, 1916.			
London loans on securities as per list			\$29,411,964
Dominion Government loan on Canadian Northern Ry. 4 per cent debenture stock (Dominion guar.)	\$10,000,000		
Sundry loans on securities as per list	6,214,066	16,214,066	
C.N.R. 4 per cent D.S. (Dom. guar.) 2 year notes due 1st September, 1917	11,500,000		
C.N.R. 5 per cent 1 year notes due 10th January, 1917	2,500,000	14,000,000	
Bills payable—advances on construction of main line and branch lines		7,300,000	
Temporary loans covering interest, construction, betterments and equipment	\$19,925,345		
Less receivable from proceeds of securities, etc., applicable in reduction of the above	3,529,929	16,395,416	