

executed under the terms hereof, and such securities shall be made payable by instalments, the last instalment to be made payable on or before the expiry of ten years from the issue thereof; and further, to provide that the Minister may transfer to the Canadian Government Railways any equipment so acquired, and in such event there shall be charged to the accounts of the said railways such amounts as may properly be chargeable hereof, and the provisions of the Consolidated Revenue and Audit Act shall, as far as applicable, extend to the accounts and charges incurred hereunder.

Mr. REID: I may explain the necessity for this legislation. Owing to the Government taking over the Canadian Northern railway, and owing to the Government requiring more equipment for the Government railway system, and then, on account of the war, owing to the other railways requiring equipment, it is necessary for the Government to purchase and finance this equipment. In doing so, we wish to have the power, after purchasing it, to lease or sell it to railways, other than the Government railways, that may require further equipment. In purchasing this equipment, we wish to be in the same position as other railways are at the present time in making such purchases. For instance, other railway corporations, such as the Canadian Pacific, or the Canadian Northern, or the Grand Trunk, are in a position to issue equipment bonds and in that way not pay the full purchase price of the equipment at the time delivery is made. By issuing equipment bonds they can spread the payment over a term of years. It certainly makes it very difficult for the Government to finance the purchase of equipment when it is called upon to pay a very large amount in one year at the present time. For instance, last year the Department of Railways and Canals ordered 150 engines and six or seven thousand cars. We put the amount in the estimates, and of course we were compelled to pay the amount of the equipment delivered last year. We received the equipment, and we leased a portion of it to the Grand Trunk railway system and a portion to the Canadian Northern railway system. The Canadian Pacific railway got four or five of our large engines, and the other engines went to the Canadian Government railways. If we had not purchased that equipment, we would have been in a very serious position during last winter on account of not having sufficient motive power. It was, therefore, a good thing that we ordered the engines last year. The other day we had, in order to protect the transportation situation during the coming winter and for the future, on account of the heavy movement of troops

[Mr. J. D. Reid.]

and so on, to give orders for a very large quantity of engines, cars and other railway equipment. We had to order 100,000 tons of rails that will cost five or six million dollars. We want to be in this position that we can pay for the equipment and then transfer it to other companies by way of sale or lease. The purchase of the items that come under this Bill is all done in the regular way by tender and Order in Council, and any lease or sale is done by Order in Council in the usual way.

Mr. DEVLIN: Is any part of the \$500,000,000 loan to be effected under the Bill introduced by the Prime Minister to be used for purchasing any of this equipment?

Mr. REID: No, this is a regular operation, irrespective of any war measure at all.

Mr. DEVLIN: I find in the Canadian Daily Record of Saturday, March 23, 1918, a paper published by the Canadian Records office for the boys in the trenches, this article:

Record railroad order, Government places contract of \$22,500,000 value, mostly cars for Canadian Northern railway.

(Daily Record Cablegram), Ottawa, Friday. One of the largest railroad equipment orders ever placed in Canada has just been given by the Dominion Government. The order totals \$22,500,000, the bulk of it being for cars for the Canadian Northern railway. The Canadian Car and Foundry Company, of Montreal, receives about \$16,000,000 worth of orders, which will be distributed between several subsidiary companies at Montreal and Hamilton and in Nova Scotia.

Will the minister state what other companies are to have the balance of the orders totalling \$22,500,000?

Mr. REID: This is the equipment that we have ordered. In the first place, we have ordered 150 engines, that is divided between the two companies in Kingston and Montreal. That disposes of the question of engines. In regard to other equipment, we ordered 5,000 forty-ton steel frame box cars from the Canada Car and Foundry Company. They are dividing that order amongst the plants at Fort William, Montreal and Amherst. We ordered 1,000 forty-ton steel frame box cars from the National Steel Car Company. We gave them an order for 1,000 cars a year ago, and up to the present time they have delivered about one-half, but they say that they will, about the first of May, deliver the balance of those cars ordered last year, and that they will have this last order of 1,000 ready by the fall.

Mr. DEVLIN: Where is that company?

Mr. REID: The National Steel Car Company, Hamilton. We ordered 750 forty-one