

Canadian National Railways

could ask them whether they could give him some indication as to what is likely to be in their annual report.

Mr. Lundrigan: One last question, Mr. Chairman. We are a little disappointed that the personnel is not available to assist us in answering our questions today, but we have to compliment the parliamentary secretary for his very brave efforts in trying to deal with these questions.

I should like to quote a statement that appears at page 6 of the annual report of the C.N.R. for 1967:

If the commission decides that an uneconomic passenger service or branch line should be maintained in the public interest, the railways will be compensated, in whole or in part, for losses in respect of each specific operation.

Is this Canadian National policy, and is it reflected in the decisions of Canadian National Railways throughout Canada?

Mr. Gray: I might inform my hon. friend that this statement appears to be a summary of the provisions of a law that was passed by this parliament, the National Transportation Act. Therefore it would be the obligation of the government to carry out the provisions of the act in the terms set forth in the C.N.R. annual report from which the hon. member quoted. The quotation is a summary, by whoever drafted the report, of the provisions in the National Transportation Act that was passed by this parliament.

Mr. Lundrigan: Would my hon. friend agree that the government of Canada ought to take issue with decisions which have been reached by the Canadian Transportation Commission in violation of this particular principle?

Mr. Gray: Mr. Chairman, I think it is the obligation of the government of Canada to carry out the responsibilities imposed upon it by this parliament under the terms of the National Transportation Act. I am confident that this has been, and will continue to be, the obligation of the government. One must recall the C.N.R. is not a department of government but a separate entity, a crown corporation with all that that means with respect to method of operation. Perhaps we can continue this further when the matter is next before the house.

Clause agreed to.

Clauses 3 to 6 inclusive agreed to.

[Mr. Gray.]

On clause 7—*Loans to Air Canada out of C.R.F.*

Mr. Bell: May I just confirm, Mr. Chairman, that subclause (3) of this clause is new?

Mr. Gray: That is right.

Mr. Forrestall: I was wondering what the necessity was for making this particular clause of the financing bill operative from January 1, 1968 inasmuch as we are now into November of 1968, some ten months later. Has Air Canada taken steps during the current year, in anticipation of this authority, to raise money for any particular purposes. I had in the back of my mind, for example, money required for expansion of operation in the Caribbean, or something like that.

Mr. Gray: Mr. Chairman, I am informed that there has certainly been no borrowing by the C.N.R. up to the present time under this type of provision.

Mr. Forrestall: Then what is the explanation for dating the bill January 1, 1968, or is this normal practice? We are now in November 1968.

Mr. Gray: I gather, Mr. Chairman, that this is a relatively normal way to draft such a measure. At the time the bill was being drafted I gather there was no clear indication when this type of authority might need to be used.

Clause agreed to.

Clauses 8 to 14 inclusive agreed to.

On clause 15—*Auditors*.

Mr. Knowles (Winnipeg North Centre): On this clause, Mr. Chairman, I simply ask: Why not have the Auditor General of Canada do this work?

• (6:00 p.m.)

Mr. Gray: Mr. Chairman, the Canadian National Railways Act states that the C.N.R. auditor shall be an independent auditor appointed by parliament. Section 38(1) of the Canadian National Railways Act reads as follows:

A continuous audit of the accounts of National Railways shall be made by independent auditors appointed annually by Parliament who shall annually report to Parliament in respect of their audit.

I think I summarized the matter correctly.