

*Canadian National Railways*

the provision for contracts in the first six months of 1953. With respect to that may I point out that from the way it now reads apparently we are covering eighteen months in this bill. Will it always be an eighteen months provision or once we have made this transition will it be twelve months?

**Mr. Sinclair:** That arises because of the fact that the railway operates on a calendar year and the financing bill passed by parliament usually does not come up until May or June, so there is a lag of four or five months in which there are no financing powers. Therefore there is authority in the bill for a six months period so that equipment which has been ordered, the contracts for which have been entered into during the fiscal year and on which payment does not come until after the beginning of the next year, will be covered. That will take us up to July 1 this year, by which time I hope the bill will be through. That of course does not apply to this year but next year the same situation will occur, and in the bill there is a limit put on how much they can carry forward. A top limit of \$50 million is put on the carry-over of contracts that have been entered into in the calendar year but as to which demand for payment was made after the end of the calendar year.

**Mr. Knowles:** That provision will be included in the bill?

**Mr. Sinclair:** Yes.

**Mr. Knowles:** In other words it is comparable to the commitment authority that appears in certain estimates. I should also like to ask the parliamentary assistant for a further word by way of explaining the relationship between this measure and the bill that was before us a short while ago with respect to the capital structure of the Canadian National Railways. Will there continue to be bills of this kind in future years even after the other act comes into full operation?

**Mr. Sinclair:** I would expect so because as the railway expands it is going to need more capital, and parliament is the source of capital for the national company.

**Mr. Knowles:** By way of loans.

**Mr. Sinclair:** Yes, loans. One thing we hope will disappear is the temporary advances we make to cover operating deficits during the course of the year. If at the end of the year they have a deficit then that is of course included in the financing bill for the next year, but if the capital revision places the railway on a basis where it is unlikely to have continuing deficits then this part will at least be greatly lowered if not eliminated.

[Mr. Knowles.]

**Mr. Knowles:** That is the point I was hoping the parliamentary assistant would deal with. We dared to believe that the other bill would make it possible for the C.N.R. no longer to have deficits arising from its top-heavy and unfair capital structure. If that is the case the providing of money to meet those deficits should no longer be necessary.

**Mr. Sinclair:** That of course is the statement made by the Minister of Transport. As far as I am concerned, provision is made here for the advance of moneys to the company for temporary deficits in the same way a commercial company would turn to the banks for temporary advances.

**Mr. Macdonnell (Greenwood):** I think it was made quite clear that this measure would still be a necessity even after the adjustment in capitalization because, as we will see when we come to the other bill, it did not go far enough to cover all the need for capital adjustment. Without going into details now, when the bill comes forward and we are examining these figures further I wish the parliamentary assistant would have regard to the statements made on pages 128 and 129 of the committee evidence. Perhaps my question follows somewhat along the line of that asked by the hon. member for Winnipeg North Centre. The committee that studied the recapitalization bill was given what it is true is only an estimate of what might be required by way of additional authorization for capital expenditure. I confess these figures are somewhat higher than I had hoped, and when the bill is before us I think we should be prepared to scrutinize them closely and try to relate them first of all to what was said in the committee last April; and second, to what was said to the other committee a couple of weeks ago.

Resolution reported, read the second time and concurred in.

**Mr. Abbott** thereupon moved for leave to introduce Bill No. 346, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system during the calendar year 1952, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company.

Motion agreed to and bill read the first time.