

Mr. GRANT: That is a government matter.

Hon. Mr. MANION: I think on the 1st of January, 1931, there was something like \$45,000,000 or \$46,000,000 loaned by the government to the National Railways, and at various times throughout the year whenever they are thinking of putting out a bond issue, if it does not happen to be a good time, Mr. Grant, the Vice-President in charge of finance, discusses it with the Minister of Finance and myself, because it is really a matter for the Minister of Finance, and if it is not considered a good time to put out the loan, then the government advances the money, or they authorize some bank to advance the money to carry the railway along until such time as the loan is sold.

Sir EUGENE Fiset: But you see, sir, in that resolution brought down by the Prime Minister providing for \$68,000,000 there is provision for meeting certain expenditures. That is in the first paragraph. Then in the second paragraph he provides for those same expenses in two or three different ways. The object of this, I understand, is to prevent switching from one vote to the other. I mean that you provide also that part of the \$27,000,000 can be attached, or allotted if you like, or used, or switched, to fill in the gap, and that the money raised by those loans is to be deposited by the Consolidated Revenue. Now, it becomes a statutory expenditure by the very fact that you are providing for that expenditure in such a way, and if it is a special expenditure it becomes subject to audit by the Auditor General. The deficit on the Eastern lines, the deficit on account of the Maritime Freight Rates Act, also the Canadian Merchant Marine are all statutory expenses and they are all subject to audit by the Auditor General under a special ruling of the Treasury Board, and I would ask if the Minister would be kind enough to bring down before this Committee the ruling of the Treasury Board that directs the Auditor General as to the mode. What I am not clear about is this, sir, if that \$68,000,000, even temporarily, is going to be embodied in the Consolidated Revenue of Canada. If it is, then it becomes subject to audit, in my opinion.

Hon. Mr. MANION: I can be corrected if I am wrong, but it is in exactly the same position as it has always been. If it is put in the Consolidated Revenue it stands as it did in the past, so that the government will have some check upon the expenditures of the railway.

Mr. GRANT: I would like to clear up a little matter. The proceeds of the Canadian National loans are not deposited to Consolidated Revenue. They are deposited in trust for the Canadian National.

The CHAIRMAN: Gentlemen, Mr. Heaps asked a question, if it would be possible for Mr. Grant to give us a comparison as between those loans made by the railway and similar loans made recently by the government itself. I do not think it will be very hard to make a short statement on that showing any disparity made between the value of the loan made by the Canadian National and the government itself on some of their own borrowings.

Sir EUGENE Fiset: Is a sinking fund provided for every one of those loans?

Mr. GRANT: A sinking fund is not provided in these recent loans.

Sir HENRY THORNTON: I think we had better clear up Mr. Heaps' question. I think what Mr. Heaps wants to know is how successfully does the railway finance its loan as compared with the government. That is really what he wants to know.

Mr. HEAPS: Yes.

Mr. GRANTS: I may just say that at different times of the year different market conditions prevail, and that would vary these comparisons. For instance, the government's last loan was made at a different period of the year from ours. You cannot compare unless you take practically the same date.