

we expect to spend \$2,366,985 which was authorized in the Financing and Guarantee Act 1952. That is an over-run on our original cost. When we present to you the cost of our equipment we are obliged to deal in basic figures subject to escalator clauses and this is an authorization covering the escalator clause of 1952 authorization.

Mr. MACDONNELL: Does that mean the total expenditure for new equipment is \$9,900,000 for the current year?

Mr. GORDON: No. I will deal with that in a moment. Previously authorized by the Financing and Guarantee Act, 1951, 1952, are those three figures there. This is a financing statement of \$130 million. We show you there that we expect to finance ourselves so to speak to a total of \$19,900,000 out of our depreciation reserves and we will get from the government from sale of preferred stock \$21,600,000, so there is a net figure of \$88 million. Note number one tells you that the Financing and Guarantee Act, 1952; which has already been authorized, will now call for an expenditure of \$31,707,000 for equipment ordered prior to 1953 but which will be delivered in the first half of 1953. Now, the payment authority must be recognized. The equipment will be delivered.

Note number 2 means we are asking for authority to place orders for new equipment in 1953 in the amounts of \$3,765,000 and \$54,534,000 to be included in the 1954 budget, none of which equipment will be delivered in 1953. And if you turn to page 9(g) you will see the details of the equipment there. That is a commitment authority, not a financing authority. The detail there just shows you the different kinds of equipment and to the best of our belief the total of the estimated cost of that equipment, and I say this will come before you again in later years for the cash authority. At the moment we are only asking authority to commit ourselves to place these orders.

Mr. MACDONNELL: Could you at this point just give us the over-all figure spent on equipment, let us say, over the last three years, year by year, if that is convenient.

Mr. GORDON: In 1951 our total new equipment cost us \$56,554,000; in 1952 our new equipment cost us \$82,025,000—that covers, of course, locomotives, freight cars, passenger cars, etc.; the 1950 figure—I think you said three years—was \$22,868,000.

Mr. FOURNIER: Would you mind repeating the figure for 1951?

Mr. GORDON: In 1951 the total figure was \$56,554,000.

Mr. MACDONNELL: Is it possible for an answer to be given to this question? In the state of your equipment I suppose that there was a lag during the war. Is it possible to ask you to forecast over a period of years what is something of the normal growth? Here we have an average figure of about \$50 million a year for three years. Now, is there any reason to believe that will continue to be the requirement? Are we piling up equipment, are we repairing deficiencies to the extent that we can look forward to less expenditure, or is it the opposite, or are we about even?

Mr. GORDON: We are picking up in the course of about two years a very serious lag in connection with our passenger equipment. That total passenger equipment program is—

Mr. MACDONNELL: What is the value of passenger equipment against freight, roughly?

Mr. GORDON: —is about \$57 million, maybe \$60 million, in the air, so to speak, in the form of passenger equipment ordered, and now in process of being delivered, the first of which will start about the end of this year. We hope that \$60 million will pick up what I will call the backlog to bring our passenger equipment up to a reasonable basis, and it is the plan from year to year to try to keep that on a more regular basis instead of having what was