Now without the necessary authority to issue capital stock and to finance, by that means, we have been concerned as to what our position is going to be. With the risks that we now face of a commitment of $150 million and a program of $962 million we have got to consider that if the capital is not made available to us—we cannot make bricks without straw—we will have to proceed to give consideration to the curtailment of the construction program. It will have to be curtailed to the extent that we can carry on with borrowing and internal financing.

If this becomes necessary, we believe we will have to cut our construction program during the next 18 months by some $75 million, or about 30 per cent. If that course should be necessary it may result in our having to reduce our forces by some 2,000 men. Our suppliers of equipment will have their orders cancelled and that may reduce their employee requirements by some 3,000 people. This would also involve a cancellation of some $10 million for construction work, which would have a widespread effect. Now this is the program your petitioner is facing and with respect to which it comes to this parliament seeking authority to take the necessary steps to carry it out we submit, in the public interest in any way you care to look at it.

Thank you, gentlemen.

The CHAIRMAN: Thank you. Now, gentlemen, any questions on the preamble?

By Mr. Macdonald (Vancouver-Kingsway):

Q. Speaking as one member, I appreciate your very complete brief.—A. Thank you, sir.

Q. We appreciate that you were indicating an extension program and also that you are perhaps going to be able, by the issue of these additional shares, to widen the base of your ownership of the company. I would like to ask how you plan to issue the new capital. I think in the past you have issued share rights, have you not?—A. Yes.

Q. To existing shareholders?—A. Yes.

Q. I would like to refer to the last time it occurred and you will correct me if I am wrong. I understand that in 1956 you issued to shareholders of record the right to take up 1,725,000 of your shares at the price of $37 each?—A. That is right.

Q. Exercisable up to 1956?—A. Yes.

Q. Now was not the market price at that time considerably in excess of $37 per share?—A. Yes, sir. The offering price was about 80 per cent of the market quotation.

Q. 80 per cent?—A. The offering price was about 80 per cent of the market price the day before we got the approval of the Board of Transport Commissioners for the sale at that price.

Q. And you made that offer available only to your existing shareholders?—A. Only to existing shareholders, but those who did not want to take up this stock had the right to sell their rights and get what they could for them. I think about 60 per cent of our existing shareholders took up their stock. The other 40 per cent of the warrants were taken up as a result of sales of rights to other individual investors. I think we added about 15,000 new shareholders as a result of that issue.

Q. In quite a number of years you used the same method of disposing of your capital stock. I refer to the years 1946, 1947, 1949, 1952, 1955, and 1956.—A. Yes sir; nine times since the end of the war.

Q. An effect of an issue of that kind is to give a minimum capital gain of about 20 per cent to your existing shareholders.—A. That is rather a double-barrelled question. That is one way of looking at it. If a shareholder sells his rights, he is reducing his investment in the company and getting back some of