

ber of years, and, as will be noted from the earnings of the road which I shall read presently, is a paying road. The earnings were as follows:

1912.	
Gross earnings	\$14,025 26
Operating expenses	8,047 55
Net earnings	5,977 71
1913.	
Gross earnings	\$34,870 07
Operating expenses	27,964 97
Net earnings	6,905 10
1914.	
Gross earnings	\$30,259 47
Operating expenses	28,993 89
Net earnings	1,265 58

Hon. Mr. CLORAN—That is, the net earnings per annum?

Hon. Mr. LOUGHEED—Yes, for those particular years. The total cost of the line was \$349,208.85. It is proposed that the Government shall take over this line, divided into the three sections which I have enumerated. The payment to be made therefore shall be the value to be fixed by the Exchequer Court on the following basis, as will be observed from clause 2 in the Bill:

2. The consideration to be paid for each of the said railways and for any equipment, appurtenances and properties that may be acquired as aforesaid shall be the value thereof as determined by the Exchequer Court of Canada; said value to be the actual cost of said railways, less subsidies and less depreciation, but not to exceed four million, three hundred and forty-nine thousand dollars, exclusive of outstanding bonded indebtedness which is to be assumed by the Government, but not to exceed in all two million, five hundred thousand dollars.

It will therefore be observed that the Government has protected itself in adopting this basis of valuation, so that even the actual cost of the road may not be realized so far as the owners are concerned, on account of the maximum value which has been fixed in the Bill. In any event this shall not exceed the \$4,349,000, even though the cost of the road should very substantially exceed that amount. Hon. gentlemen who come from the province of Quebec are more familiar than I am with the possibilities of this road.

Hon. Mr. CLORAN—No.

Hon. Mr. LOUGHEED—It is needless to say that the position of the road, and the conditions attending its construction, and the demands or requirements of the people of Quebec, make it desirable that something should be done towards its acquisition to prevent the portion which has al-

ready been built falling into disuse, and the money which has been expended thereupon being absolutely wasted. The intention is that it should form a branch of, or be used in connection with the Transcontinental system. The sections of Quebec through which the road runs, I understand, are fairly well settled, and are possessed of possibilities which augur well for its future, and demand from the Government that reasonable railway facilities be provided for that particular section of Quebec. I am fully aware of the fact that the Quebec and Saguenay section of this road has been subjected to a great deal of public criticism, much of which was exaggerated and may possibly not have been to the advantage of Canada. Suffice to say that this road received the support of the late Government, inasmuch as a substantial subsidy was given to the promoters when they entered upon its construction, and I apprehend that the Government in granting that subsidy did not fail to perform their duty and properly investigate the merits of the undertaking. It, therefore, had the sanction of the Federal Government at the time the project was entered upon, and it is not unreasonable to say, in view of the fact that the Government of Canada has taken over the Transcontinental system, and this particular section of Quebec looks forward to the Government furnishing it with necessary railway facilities, that negotiations should be entered into for the purpose of acquiring the road. Under those circumstances I therefore submit the Bill to the House with a reasonable degree of confidence, feeling that it will be supported, and ask for its second reading.

Hon. Mr. BOSTOCK—My hon. friend did not answer the question about the bonded indebtedness.

Hon. Mr. LOUGHEED—The Quebec, Montmorency and Charlevoix railroad has an issue of \$2,500,000 of bonds. The Quebec and Saguenay issued bonds to the extent of \$4,684,000, and it is claimed that the proceeds of the bonds were applied to the building of the road. In addition to the proceeds of the bonds, \$1,050,000 has also been expended upon the road. It will therefore be observed that the Government, in restricting the Exchequer Court to the basis of valuation set out in the Act, has restricted that valuation to one-half of the bond issue, namely, \$2,500,000, and the maximum cost of the road to very consid-