

Senator ISNOR: Is that the situation applicable to delay in building the hotel in Halifax?

Mr. GORDON: There is nothing held up at Halifax. I notice that the Foundation Company, which has the contract for the foundation, has a strike on its hands at the moment but that has nothing to do with us.

Senator EULER: Supposing you had appropriated \$10 million and the offer was \$10 million or below and they went on with it and as is so usual you would find out after all that there are extras coming up adding perhaps another million to the cost. What would you do about that?

Mr. GORDON: I cannot conceive of a situation where the overrun in the expenditure would be more than 10 per cent. We would regard an overrun of that amount a serious matter. Nevertheless we would be able to take care of that out of our contingency fund; but I cannot conceive of a practical situation of that sort. We always know pretty well what the tender is likely to be within certain limits.

Senator EULER: That seems to be happening right along, though.

Mr. GORDON: Let me make this clear. In all requests for tenders we first of all prepare our own engineering estimates and if our engineers are more than a reasonable percentage out then we get some other engineers, that's all, because that is their job. In practise I have found the figures are pretty close. We do not find much variation between the estimate and the actual tender.

Senator EULER: You take care of the overruns out of your contingency funds?

Mr. GORDON: Yes, that is part of our business. We have a tremendous number of contracts and tenders going on all the time and as a business management we must be able to handle them.

Senator MACDONALD: I notice at the bottom of page 1 there is this note: "The amounts required for refunding and/or retirement of maturing securities are shown on page 8 hereof."

Mr. GORDON: Yes.

Senator MACDONALD: These maturing securities amount to \$14,517,000. Will it be necessary to raise additional funds to pay these maturities or can you issue securities in their place?

Mr. GORDON: We could do it either way but in actual practice we do not issue renewal securities for these items. We pay them off in cash, and that is why it is in our general cash requirement. We borrow in the first instance from the Government and then go to the market with an issue to the public. I think the last one was \$300 million. This is treated as a cash requirement because as they mature we pay them off.

Senator ISNOR: You spoke, Mr. Gordon, about the estimates made by your engineers. I would judge from what you have said that their estimates would be pretty accurate.

Mr. GORDON: Yes.

Senator ISNOR: How did the estimate for the subway in Halifax, which we were after for so many years, compare with the actual cost?

Mr. GORDON: A subway?

Senator ISNOR: Yes, your portion of it.

Mr. GORDON: I don't recollect that. I haven't got that specific information with me at the moment. I would have to look it up but again I can speak with confidence that our estimate would be pretty close to the actual result. I can generalize on that with confidence. I would be very glad to get the specific information for you, Senator Isnor.