

add that the list which you will so kindly give, is to be used for the purpose of determining by audit the cost of such portions with a view to their not being included for the present, in the cost of construction.

Yours truly,
(Sgd.) Arthur Meighen.

The Solicitor General surely admits absolutely in that letter that the road is not completed, except, as contended by the Government, sufficiently to be operated, in a measure at least, but not completed under the agreement; because from that letter of the Solicitor General to Mr. Gordon Grant, the inference is clear that there will have to be a later statement of the cost as a basis for the final determination of what the rental is to be. I will read that again, because there is no question that that is the contention—that the road is not completed under the agreement, but is completed so that it may be operated, in a measure at least, which we all want to see. This is the last sentence of the letter of the Solicitor General to the chief engineer:

May I add that the list that you will so kindly give is to be used for the purpose of determining by audit the cost of such portions with a view to their not being included for the present in the cost of construction.

Mr. Gordon Grant replied to that as chief engineer, and it is necessary to give his reply, dated just a few days ago, to the letter I have just read:

Ottawa, March 10, 1915.

Hon. Arthur Meighen,
Solicitor General, Ottawa.

Dear Sir,—Answering your letter of 6th inst., I may say that I intended the certificate dated February 2, 1915, (which I signed and forwarded in duplicate to Mr. H. A. Woods, chief engineer of the Grand Trunk Pacific railway, for him to sign) to be a certificate that in my opinion, as chief engineer of the National Transcontinental railway, it is completed and ready for operation within the meaning and intent of section 20 of the agreement scheduled in the National Transcontinental Act, 1903.

You are aware that Mr. Woods has refused to sign the above acceptance, as he is of the opinion that the line should first be inspected before it is accepted, but otherwise does not mention anything in particular as not being completed.

As you state that Mr. Woods may have in mind any work now under construction, and ask me to give you a detailed list of such work as may not be ready to hand over as part of the leased premises,—

1. I may instance the approaches to the Quebec bridge. They are completed, but will be of no value to the company as part of the main line until the bridge is completed.

2. The Leonard shops, Quebec. They are not completed, but we hope to have them available by the time they are required.

3. The branch lines into the Leonard shops

[Mr. Graham.]

will not be required until the shops are sufficiently completed to be used.

4. Quebec joint terminals are as yet not completed. Should the Government wish to deduct from the total cost of the road up to December 31, 1914, the money expended, with interest thereon, for the above-mentioned items by reason of the fact that the company will not obtain any immediate use of these facilities, I would recommend the following deduction be made:

1. South side approach to Quebec bridge, paid by this commission exclusive of that paid by the Quebec Bridge Company, and not included in the estimated cost of this line (2.4 miles), \$530,000.

Cost of north side approach to Quebec bridge, \$150,000.

Cost of Leonard shops, land, buildings, etc., \$1,138,000.

Cost of branch line to Leonard shops, \$200,000.

Quebec terminals, \$382,000.

Total, \$2,400,000.

This is a liberal estimate and includes an ample allowance for interest charges, so that no additional deduction should be made on that account.

I may also add that it is quite questionable whether a deduction should be made for the north approach to the Quebec bridge (\$150,000), as the company will be using this greatly to their profit in bringing in steel, etc., for the erection of the bridge. They will not, however, be using that part of the line on the south side, for which I have deducted \$530,000 until the bridge is completed.

I might say that there is a fine distinction here, properly so that Mr. Gordon Grant is only referring in this to the amount already expended on uncompleted work, and he figures the items of cost which should make up the amount that ought to be deducted from the lease now being executed. As this work is not entirely completed, the company would have no use of these works until they were fully completed, but of course they would belong to the company under the lease when fully completed. I agree with Mr. Grant as to the approaches to the Quebec bridge; and I might say, in passing, that I think the Government will find that the company has no ground to complain about the non-completion of the Quebec bridge as part of the line. I think there is correspondence on file in which it is admitted by the late Mr. Hays that a ferry would be considered a completion of the line. Such a letter was written.

Mr. COCHRANE: They deny it now. I agree with my hon. friend that there is enough on file to establish it.

Mr. GRAHAM: I know that such a letter was received, and I cannot conceive of its going astray. It was received in connection with some other correspondence.