

will be to make a careful, safe, conservative estimate. Taking that, you then allow a margin by paying only 70 per cent of the estimated surplus subsidy. You have two checks which give a reasonable assurance that there will be no abuse. Abuse can follow from only one of two assumptions—either that the engineer is incompetent in making his estimate and that his errors more than counterbalance the margin of safety, and the other—which we need not assume—that he is dishonest and wishes to deceive the government. I think it will be found in practice that the engineer, for his own reputation, will make a moderate and careful estimate, and I think that no cases will be found where the actual cost will be less than the engineer's estimate.

Mr. R. L. BORDEN. What is the experience of the roads generally subsidized as to earning this \$6,400 of a bonus? I imagine there are only a few cases.

Mr. FIELDING. Perhaps the minister has the figures on that point. When I was in the department my attention was called to the fact that there were several. They did not all get that amount by any means, but there have been several that have got it.

Mr. EMMERSON. There have been cases where parliament has fixed the bonus at \$6,400.

Mr. FIELDING. They would not come in under this Act.

Mr. CLANCY. If I understand the Bill, the effect will be that all roads costing less than \$15,000 a mile will get an additional subsidy.

Mr. FIELDING. No, not an additional subsidy.

Mr. CLANCY. They get 70 per cent or 50 per cent of the additional cost and to that extent, it does mean an additional subsidy to the road.

Mr. FIELDING. It does not mean an additional subsidy to what they would otherwise receive. If they do not receive it now, they would receive it at the end of the undertaking. But, if the road cost the sum fixed they would have no assurance in the meantime that they would receive it. They would have to speculate on the engineer's ultimate report. The effect is to reach a conclusion, with a margin for safety, at an earlier stage and to give the company the assurance at once.

Mr. R. L. BORDEN. The government is taking the risk of the correctness of the estimates instead of the person who is to advance the money.

Mr. FIELDING. Except that the contractor takes the risk of the road costing more.

Mr. FIELDING

Mr. R. L. BORDEN. The contractor takes a certain risk, because it may turn out that the road cost more than the estimate made by the chief engineer.

Mr. EMMERSON. He forfeits his right to the additional amount.

Mr. R. L. BORDEN. I appreciate that. I do not know whether or not there would be anything in the experience of the government to indicate that possibly the contractor might in that case come along with a claim.

Mr. FIELDING. It does not take much ground for that.

Mr. R. L. BORDEN. It might possibly work out that, whenever the cost had been overestimated the government would recover nothing, and when under estimated the contractor would put in a claim and say that, though he had no legal claim, yet, in all fairness he ought to be paid.

Mr. EMMERSON. The word 'may' is there.

Mr. R. L. BORDEN. I must say that I have not yet known of a contractor who was afraid of the word 'may' or of any other. There is this to be observed also—that the surveys, plans, and profiles, I suppose, will not be made by the chief engineer, but will be furnished by the contractor.

Mr. FIELDING. He will not do it personally, but he will have to send his engineers.

Mr. R. L. BORDEN. The language is :

Upon the report of the chief engineer of government railways, and his certificate that he has made careful examination of the surveys, plans and profiles of the whole line so contracted for.

I do not know what is intended; but would there not be some little risk in taking the surveys, plans and profiles submitted by those who are to build the road? And does it not mean that?

Mr. FIELDING. It is capable of meaning that.

Mr. R. L. BORDEN. It does not call for examination, except of the surveys, plans and profiles made by those who are to build the road. There is certainly a looseness in the statute in that regard. I think the statute would be satisfied by the examination of those surveys, plans and profiles. Possibly the government might consider whether there should not be some additional safeguard in that respect.

Mr. BARKER. I would suggest to the Minister of Railways that seventy per cent on half the estimated cost over \$15,000 is rather risky; the government might find it had paid a larger subsidy than it intended to pay. It seems to me a more reasonable proposition would be to allow fifty per cent absolutely and hold twenty per cent for final