

the engineer report which fixed the amount at \$3,202,000, to the extent of some \$1,100,000. In the face of such a discrepancy in the figures given by the company and the figures that are given us by the chief engineer of the Intercolonial railway (if I am not mistaken that is his title), who made this report and of the fact which is most exceptional, that in October last, I think, the company made an offer to the Government declaring that its total cost in the purchase of those three roads and the amount it would ask was \$600,000 odd less than the amount it now asks, we should proceed cautiously. The president, it is true, says that it was through a miscalculation, or misinterpretation of his demand upon his accountant that this error happened. But when we have this large discrepancy between the figures of the company and those of the chief engineer, and when, besides, we have the fact that this 62 and 8.10 miles which are only constructed to the extent of 87 per cent, cost at this moment, if we take the figures of the company, about \$80,000 a mile, it seems to me that we should be somewhat prudent in the mandate that we should give the Judge of the Exchequer Court. Now, that judge will have to accept as a basis for his examination of the value of this road, the following direction:

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.

Hon. Mr. DAVID—That is the maximum.

Hon. Mr. DANDURAND—That is the maximum; that would mean \$6,849,000, that is to say, being the \$4,349,000 and the \$2,500,000 of bonds which the Government would assume. Now, if we pass this Bill in the shape in which it is, the Judge of the Exchequer Court will simply have to determine if the actual cost of said railway reaches a sum of \$6,849,000.

Hon. Mr. CLORAN—Is that the whole system?

Hon. Mr. DANDURAND—That is the three railways. Under this clause, as I read it, it seems to me that the judge would simply have to be shown the expenditure

by the company of the money upon those roads to make his addition and find out what actually has been paid, or what actually those three roads have cost the company to date. Now, the expenditure of \$80,000 a mile upon an uncompleted road, without any stations, without any rails, so to speak, seems to be such a large amount that the judge, in my opinion, should be given a little more leeway in finding what has been not only the actual cost, but the reasonable and necessary cost.

Hon. Mr. CLORAN—Hear, hear.

Hon. Mr. DANDURAND—Those expressions—"actual, reasonable and necessary cost"—are to be found in the Act which allows a company to claim a double subsidy by establishing that it has spent more than \$15,000 a mile, if they can establish that that cost is the actual, reasonable and necessary cost. It seems to me that if the company can with a clear conscience establish a bona fide expenditure of the amount which they claim to have spent, they would not refuse to enlarge to a certain extent the mandate to be given under this Act to the judge of the Exchequer Court in order to satisfy the public, whose suspicions have been aroused by the extraordinary financial dealings of those companies which have ended in such a disastrous way.

Hon. Mr. DAVID—The other matter shows that the judge is bound by the words "actual cost."

Hon. Mr. DANDURAND—I will leave to my hon. friend the weighing of the words. When the judge is given a direction it is in the following words: "Said value to be the actual cost of said railways, less subsidies and less depreciation."

Hon. Mr. CLORAN—Who is going to prove the actuality of the cost?

Hon. Mr. DANDURAND—As far as I can make out, the actual cost will be established by the books of the company.

Hon. Mr. DAVID—By the company itself.

Hon. Mr. DANDURAND—If my hon. friend thinks that it means more than that, I shall be glad to have his opinion, but I do not see why we should not make it clear that the judge will have to be satisfied that