

ior. I venture to say that if to-day that road were in full running order, a load of forty cars could not be hauled over it from Edmonton to Winnipeg any more cheaply per mile than a similar train can be hauled from Calgary to Winnipeg over the Canadian Pacific Railway, or down from Prince Albert by the Canadian Northern. And until that statement can be disproved I think it will have to stand; and it devolves upon the government, first of all, before they ask us to assist in paying the debts of a road costing \$35,000 per mile, to show that we really have a superior road for our money. It is hard to believe that \$35,000 per mile has really gone into that railway. It is hard to believe it for more reasons than one. It is hard to believe it when we think of the experience that we ourselves had in this House only two years ago.

I wish to say, Mr. Speaker, that in my opinion it is a necessary prerequisite to any consideration of this demand for assistance that there should be prepared and submitted to this House a statement in detail of every item of expenditure which it is claimed has gone into the road, or will be required to complete the road, and that such a statement should be so prepared that it may be subject to audit, that it may be subject to examination, that it may be subject to study and criticism by one of the committees of this House. A few years ago we purchased from the Grand Trunk Pacific Company their surveys north of Lake Superior. How was it done? We appointed a board of three auditors, outside, independent men; they went down to Montreal, they went through every account, checked every statement of expense, and they satisfied themselves that the \$350,000 we were called upon to pay for these surveys, did represent money that had actually been expended and for which we had value received. Is that going to be done in this case? Are we to have a similar audit before we are called upon to pay off the debts of this company on the prairie section of the road?

Now, among the papers that were subsequently brought down when we asked for details in connection with these proposals, are two important letters. These letters were produced on the demand that was made by the leader of the opposition, who wished to have a detailed statement of the amounts that had gone into the construction of this road. We find that the assistant deputy Minister of Finance, on the 26th of March, 1909, writes to the departmental auditor of the Department of Railways and Canals, and states among other things:

Mr. Borden also asked for detailed statements of the prairie and mountain sections expenditures. Please give such details as are available.

In reply to that Mr. Bell writes a letter, from which I will quote the major portion:

For your information I may state that the Grand Trunk Pacific Railway Company have submitted monthly, statements in detail, under the different headings, as laid down in the standard classification, showing total cost to them of the mountain and prairie sections. From time to time, as these statements were received, I went to Montreal and by personal examination of each voucher and of the books of the company, have satisfied myself as to their correctness. Bearing in mind the interpretation of the words 'construction work' as defined by article 1, section 5 of the mortgage and schedule (A) to the Acts 4 & 5 Edward VII., chapter 98, certain vouchers have been disallowed by me as not coming within the meaning of 'construction work.' Certain other vouchers have been disallowed, not because they did not come within the meaning of 'construction work,' as defined by the mortgage, but because the company failed to produce sufficient detailed proof, to justify me, in my opinion, in passing these vouchers, as I have always taken the stand that burden of proof lies with the company. It is probable that when further promised details are obtained these items will be passed, some of these are of considerable amount. I have tried to make it clear, in the above, that while the cost of construction as arrived at from results of my audit, is considerably lower than that submitted by the company, this is the result of the company having to include in the cost of the railroad, certain charges which are legitimate from their standpoint, but which are not, in my opinion, so far properly vouched or are not permissible, under the definition of 'construction work' referred to.

So we see that in the company's estimate of the cost of construction there are a number of items which are not properly vouched for, and which are not properly chargeable to construction work. When we read the statement that is attached by Mr. Bell to that letter, we find that the cost as submitted by the company up to the 31st of December, 1908, on the prairie section, is \$27,031,453; but that the amount allowed to December 31, 1908, is \$26,256,445, a difference of \$775,000 between the amount which the Grand Trunk Pacific claim as having been spent on that prairie section, and the amount which the auditor of the department feels he can, under the law, pass as legitimate accounts. Now remember that is pro rated for the prairie section, and does not include that which is chargeable on the mountain section. In that \$775,000 we find preliminary and legal expenses, \$303,000, which the auditor cannot pass; and in the mountain section \$112,000 which the auditor cannot pass. Now we have had some experience in parliament with items that could not be accepted and passed by the auditor, for it will be remembered that two years ago we had a discussion in this House along those