

Mr. LEMIEUX: Yes. The judge makes these remarks about the striking evidence of Colonel Wurtele as to the cost of construction:

I may call the attention of counsel to the fact that in the trust deed, schedule "D," at page 19, there is the estimate of cost of constructing certain extensions. The total is 11 miles—and the total estimate is \$149,947, which would be under \$14,000 a mile—and while of course the main railway previously built may not have been built at that low figure, the contrast between the two figures, namely, \$92,500 a mile and the \$14,000 a mile, is striking.

And it is striking, indeed. Proceeding with the Quebec and Saguenay, the judge says:

To my mind to allow these charges for obtaining money—

because they charged a large amount of money for the issue of bonds and for the borrowing of money—

—and the interest for a period of years might make the matter almost farcical. The railway might have laid dormant for a period of another twenty years. Meanwhile the interest on the bonds would have to be paid amounting to two or three million dollars, all of which, assuming the company paid the interest, would be charged up in their books to the shareholders, and if the argument put forward is correct in that case, the Crown when paying what is defined by the statute to be the actual cost of the railways, would be paying some three million dollars odd for interest, for which no value is given in return.

and the judge very naturally says, in concluding his reasons for the judgment:

It will be easy when the case is concluded, to arrive at the amount which, in my judgment, ought to be allowed. There will have to be deducted the allowance for depreciation, which has been settled. There will also have to be deducted the amounts received from the Dominion and provincial subsidies. These sums are not in dispute. There will also have to be deducted these items that I have just been referring to in connection with the Saguenay railway, and any amounts that should be deducted from the Montmorency and Charlevoix railway and the Megantic railway on a proper valuation being proved.

Mr. TAYLOR: Will the hon. gentleman permit a question with reference to the sum for interest of which he has just been speaking? Was that sum based upon money borrowed during the construction period of the railway?

Mr. LEMIEUX: No. In the first place, the railway has not been constructed.

Mr. TAYLOR: There is some construction.

Mr. LEMIEUX: I spend the summer at Murray Bay, and I know whereof I speak.

[Mr. J. D. Reid.]

The railway has not been constructed. There are no rails, there are no ties—nothing except the roadbed partly finished. Some years ago the company was exploiting another company, known as the Nairn Falls Pulp Company, at Nairn Falls. In order to exploit the pulp proposition to advantage, it built the terminus of the railway, starting from Murray Bay wharf to Nairn Falls, about seven miles. No passengers are carried. The road was only built to transport pulp from the mills of the Nairn Falls Pulp Company to Murray Bay wharf.

Mr. SEVIGNY: The Eastern Canada Pulp Company.

Mr. LEMIEUX: The Eastern Canada Pulp Company. It is an outside enterprise altogether, and has nothing to do with the railway. Nothing has been constructed.

Mr. CARVELL: What about the road from Nairn Falls westward? How much of the link has not been constructed?

Mr. LEMIEUX: There are no rails, and no ties.

Mr. REID: If my hon. friend would put it fairly, I think he would say the roadbed has been constructed, and is practically ready for laying the rails. In other words, if they had the rails ready to lay it would probably only take a month or two until they could be running trains right through to Murray Bay.

Mr. LEMIEUX: In all sincerity, I must say my hon. friend is entirely at sea. The Minister of Railways and Canals will tell him that this year, in order to maintain what little work had been done on the roadbed, he has been obliged to take, illegally in my judgment, \$400,000 from the amount voted last year. He will remember that that amount was voted with a qualification.

Mr. NESBITT: Three hundred and thirty-five thousand dollars.

Mr. LEMIEUX: My hon. friend stated the other day that it was a revote from last year. The vote last year was for \$4,000,000, and the difference between the two votes was spent on construction last year. They were trying to protect the road and putting in stone to prevent the current from washing out the ballast. Formerly a quantity of timber and other material was put in the sides for that purpose. The Minister of Inland Revenue and the Secretary of State visited the district last year and went over the road. They can tell