

was followed by a second one of the second class. There is also a dock at Port Arthur. Then there is a floating dock at Montreal, and one at Prince Rupert. A graving dock of the first class is pretty expensive. The cost would run up to \$4,000,000 or \$5,000,000 and the capitalists have not found the proposition sufficiently attractive to take hold of it. In view of the high rate of interest to-day, I should think that four and a half per cent would be a reasonable rate of interest to prescribe. With regard to the other change, that bonds may be issued when \$1,000,000 has been expended, I observe by the Bill that the proportion is only 75 per cent. My experience was, when I was a minister that one of the serious drawbacks against capitalists taking hold of the proposition was that the investor felt that his security ought not to be dependent in any way on the ability of the company to operate the dock. Under the original statute it was provided that, if at any time the company should cease to operate the dock, the interest on the subsidy should cease. The matter was brought to the attention of the late Government when I was Minister of Public Works and Mr. Fielding was Minister of Finance. The Government recognized that objectionable feature of the statute and a change was made by which it was provided that when the Government accepted the work and engaged to pay the interest that should be irrevocable and should continue for the period specified whether the dry-dock was operated or not. Provision was made that the Government should take charge of the dry-dock and operate it, charging up any expenses of operation to the company, but notwithstanding, the payment of the subsidy should continue for the specified period. As I understand, the only change that is now made is that an agreement is made by you to pay the subsidy on what you might call progress estimates, no payment to be made until the expenditure has reached the sum of \$1,000,000. I should suppose that the margin of 25 per cent ought to be reasonably sufficient to ensure the full completion of the dry-dock, and also that it would be a desirable change make because you can understand how difficult it would be for any company to finance the whole \$5,000,000. It makes it an easier proposition if bonds on progress estimates can be financed during construction. On the whole I would think that the change is a reasonable one. The subsidy is limited to cases where, in the opinion of the Government, a dock of the first class is

necessary in the public interest. I very heartily approve of the Bill. I think there is one slight change that ought to be made.

Mr. HAZEN: You want to put in the words "per annum?"

Mr. PUGSLEY: Yes.

Mr. HAZEN: I have that noted.

Mr. A. K. MACLEAN (Halifax): What is the policy of the Government with respect to the construction of a dry dock at Halifax? There has been, in the annual estimates, for some years, a sum for the construction of a dock there, and I have always understood that it was provided for the reason that it would be required partially for naval services. I also understand that on many occasions the British Admiralty have urged the construction of a dock of the first class at that port. When this resolution was introduced, I said that the policy of paying a certain rate of interest for a period of years on an issue of bonds was calculated to encourage purely promotion schemes, which was undesirable. The chances of an expensive dry dock being a very profitable project in Canada are very slight indeed either on the Pacific or Atlantic coast. I did urge on that occasion that great care should be taken by the Government in entering into contracts for the construction of dry docks. A dock, for instance, should not be constructed at Yarmouth, N.S., or somewhere on the St. Lawrence under the Act, simply because some promoter represents to the Government that he desires and is in a position to construct such work. That would be bad policy. The point I wished to make, however, was that if it is the policy of the Government, or the desire of the British Admiralty to have a dock of the first class at the port of Halifax, primarily or partially for naval purposes, the question then arises whether or not the Government should build the dock of Canada in conjunction with the British Admiralty. I have an idea that if the Government secured the services of a reputable contractor to build the dry dock upon the basis of cost, plus a small percentage of profit, in the end a very substantial amount would be saved in the construction. I would not be surprised but that a competent contractor, building on a force contract basis, could build a \$5,000,000 dry dock for at least \$1,000,000 less than would be required by a company. I fear it is the practice of private companies, when constructing dry docks to increase improperly