

In the very early stages of negotiating with an industry, if we are asked for a horseback estimate regarding the cost of say 50 miles of track, from our experience, having regard to the type of country, we indicate the probable cost of the track on a per mile basis. We might do it that way at that stage.

Mr. DRYSDALE: Perhaps I can rephrase my question. The cost of construction is to be \$2,300,000. What is your opinion or estimate of the minimum break-even cost for a company going in and constructing it?

Mr. PURVES: Well, if everything goes along perfectly well and we get the breaks on the weather and find contractors who are hungry for business, then it might be of the order of \$2 millions. However, everything would have to go very well for us, and we do not always expect that kind of thing to happen.

Mr. DRYSDALE: Under clause 2 of the bill does the Canadian National Railway attempt to give preference to Canadian contractors?

Mr. PURVES: We always do that. I could not possibly conceive of a non-Canadian contractor being interested in coming into the area on such a comparatively small job.

Mr. DRYSDALE: All things being equal, preference would be given to the Canadian contractor?

Mr. PURVES: I do not know how the purchasing department gauges whether all things are equal. Normally the lowest tender is the successful one.

Mr. DRYSDALE: So there is a preference given to the Canadian contractor?

Mr. PURVES: I do not know. A contractor would have to be established in the country and ready to commence the job and I cannot conceive of an outsider bidding on a \$2,300,000 job in that area.

Mr. DRYSDALE: I am not familiar with the territory and, having noticed the provision contained in clause 2, I wondered about this preference. This situation has arisen before and I wondered whether there had been any change in the general Canadian National Railway approach to the situation. I presume the practice is the same regardless of the size of the job. I did wonder whether there was a clause providing a preference to Canadian contractors.

Mr. PURVES: I expect this to be the case as a matter of course, if possible.

Mr. DRYSDALE: Mr. Macdougall from the legal department is here. Perhaps he could tell us if there has been any change in Canadian National Railway practice regarding preference to Canadian contractors in respect of tenders and bids.

The CHAIRMAN: Mr. Macdougall of the solicitor's department, the general solicitor for the Canadian National Railways could perhaps give some indication in this regard.

Mr. GRAHAM MACDOUGALL, Q.C. (*Solicitor General for the Canadian National Railways*): Mr. Chairman and Mr. Drysdale, I do not know of any specific clause in our tenders which precludes anyone from bidding on them. However, I do not think that problem has ever arisen because of the fact that a non-Canadian contractor would only be interested in a job in an area adjacent to the United States border. Such a non-Canadian contractor in that event would still have problems in regard to moving his equipment through customs as well as other problems of that type. Therefore unless such a contractor was set up to operate in Canada as a Canadian operator, he would not really be in a position to make a bid.