

the public have the advantage of it, pending the final decision.

Mr. LEMIEUX: I am very glad of the explanation given just now by my hon. friend the Minister of Customs. It shows that if the Government were to abandon part of this scheme and confine its efforts to completing the latter portion, it would be the best thing for Canada and the taxpayers. Last year the Department of Railways and Canals decided to purchase three different railways. First the Lotbinière and Megantic on the south shore, the Quebec and Montmorency, running from Quebec to St. Joachim, and the Quebec and Saguenay, running from the terminus of the Quebec and Montmorency to Nairn's Falls. Out of this third section about nine miles have been constructed at the tail-end of the line, from Murray Bay to Nairn's Falls. Parliament last year decided, at the same time, that the value of the three railways should be fixed by the Exchequer Court. The section of the statute, chapter 22 of 67 George V, reads:

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 \$4,349,000, exclusive of outstanding bonded indebtedness, which is to be assumed by the Government, but not to exceed in all \$2,500,000.

Subsequently the Government put in the supplementary estimates of last year the sum of \$4,000,000. The item reads:

To provide amount required to be paid for the Quebec, Montmorency and Charlevoix Railway, the Quebec and Saguenay Railway and the Lotbinière and Megantic Railway, and for the equipment, appurtenances and properties used in connection with such railways, to be acquired under the authority of a statute passed at the present session; and to provide for the cost of completing, equipping and operating the said railway—the operating expenses to be chargeable to revenue—revote, \$4,000,000.

This year the item reads as it did last year. But I must remind my hon. friend and the Minister of Railways and Canals that this item cannot be spent unless it is spent by virtue of the statute passed last year. I do not see how the Department of Railways and Canals could spend any sum out of that vote without the Exchequer Court having passed on and fixed the value. However, after Parliament was prorogued, the matter was referred to the Exchequer Court. The railway companies and the de-

[Mr. J. D. Reid.]

partment were represented. The department meanwhile made an agreement which was signed by the parties, embodying the statute—the will of Parliament.

The question came up before the Exchequer Court. As I stated a moment ago, the companies were represented by very able counsel, and so was the Department of Railways and Canals. The railway companies filed a claim on which they did their best to make a case which would give them the right to obtain these amounts:

For the Quebec, Montmorency and Charlevoix	\$2,942,397.58
For the Lotbinière and Megantic	349,208.85
For the Quebec and Saguenay	5,543,867.32

But they were limited by the statute which had been passed a few months before by this Parliament. The maximum price agreed by Parliament to be paid was \$4,349,000 plus the assuming by the Government of debentures of the Quebec, Montmorency and Charlevoix railway amounting to \$2,500,000, making a total of \$6,849,000 as against \$8,834,867.32 as claimed by the railway companies. I am pleased to say that the case came before Sir Walter Cassels who gave his attention to it, and throughout the many sittings of the Ex-

10 p.m. chequer Court, as evidenced by the bulky documents which I have perused, Sir Walter Cassels protected the interests of the department and of the Dominion to a remarkable degree. Nobody need be surprised at that; he did his plain duty, but I am glad to pay him this compliment that he was the faithful protector of Canada in that case. What happened? It would take too long to go through the voluminous evidence which was unravelled before Sir Walter Cassels, but in the case of the Quebec, Montmorency and Charlevoix railway, he deducted first \$500,000 for one item and then \$794,869.58 for another, making a total of \$1,294,869.58.

Mr. NESBITT: What were those items for?

Mr. LEMIEUX: I will give that information in a moment. Those two items had been admitted by the counsel of the Government, but notwithstanding that admission, Sir Walter Cassels said: No, I will not accept them; the company is not entitled to those two items; and I will put them aside. The \$500,000 was supposed to have gone into the construction of the railway, but according to the evidence, the judge found that amount had not gone into construction. The other item of \$794,869.58 was floating liabilities. Let me read the