

In the Committee.

On clause 2:

Hon. Mr. DANDURAND—I stated that I would move in committee an amendment to this clause, and I now move that the words "reasonable and necessary" be included in clause 2 after the word "actual," so that that part of the clause would read:

The value thereof as determined by the Exchequer Court of Canada, said value to be the actual, reasonable and necessary cost of said railways, less subsidies, etc.

I need not repeat the argument that I made. My object is to enlarge the mandate given to the Judge of the Exchequer Court and examine into the reasonableness and necessity of the expenditure made by the company on those roads; otherwise I feel that there will be a limitation which will prevent the judge from going beyond examining into the amount of money that was actually paid upon the railway.

Hon. Mr. DAVID—What does the leader of the House think of that amendment? Does he object to it, and what would be the effect? I would vote against the amendment if the effect of it was to kill the Bill.

Hon. Mr. LOUGHEED—I think my hon. friend who has moved this amendment has misinterpreted the meaning that would be attached to the words "actual cost," because in his first speech he reasoned that it would be necessary to produce the books, and that the books would be evidence of the actual cost. Now my hon. friend is placing actual cost and expenditure upon the same plane. If the books will be evidence of the cost, that means that the expenditure made upon the road must be the standard of the cost. Now, that is clearly not the case. It would seem to me that the books will in no way be conclusive evidence as to what the cost is, because the books would only at the most be evidence of expenditure. Expenditure would not necessarily mean actual cost. A very reckless expenditure might be made in carrying out the work, and it would be folly to say that because a reckless expenditure was made upon the work it was, therefore, the actual cost of the work. If my hon. friend leaves in the words "actual cost" and adds to them "reasonable and necessary," it seems to me to be adding complexity to an expression which my hon. friend has already invested with a good deal of mystery; because if the word "ac-

Hon. Mr. DANIEL.

tual" be left there, then why put in "reasonable"? Why put in "necessary"? Are they not all synonymous expressions? Or might not the word "reasonable" be interpreted by a court as something beyond actual—assuming for a moment that the work had been done on the minimum cost it might very well be said, that is not the reasonable cost; we can very well place an increased percentage on that, and then it would not be more than reasonable. Then, again, the words "necessary cost" would seem to me to be surrounded with a good deal of indefiniteness. What might be necessary? I would say, looking at this in a broad, commonsense way, that it would be for the Exchequer Court to determine what is the value of that road. As my hon. friend behind me said in speaking, what can that work be duplicated for? Assuming that the same standard of cost existed to-day as when it was done, what could we do it to-day for? It seems to me—I say it with all deference—that my hon. friend is not improving the language of the expression by adding the words "reasonable and necessary," but is rather mystifying it.

Hon. Mr. ROSS (Middleton)—I would like to point out to the hon. gentleman that he is widening the word "actual" very much, and he is going to let in promotion charges and charge for floating bonds; and kindred expenditures of that kind as being reasonable and necessary in the construction of work of that kind. I think that the word "actual" is by far the safest expression. There is a case in the Exchequer Court of the Montreal Suburban Street Railway Company that throws light on that, and where that evidence was let in.

Hon. Mr. BOSTOCK—I understand the argument of my hon. friend to be that the actual cost of the road would be what the road actually cost at the time it was constructed, and that the idea of this clause was that the judge of the Exchequer Court, in trying to arrive at the price that is to be paid, will have to take into consideration the actual cost of the road at the time the road was built.

Hon. Mr. LOUGHEED—Yes.

Hon. Mr. BOSTOCK—And then deduct from that the subsidy and what he considers right for depreciation.

Hon. Mr. LOUGHEED—That is what the road should have cost at that particular time.