

plus. The statement which my hon. friend made in that off-hand way was absolutely and literally correct. I showed that by setting aside some \$13,000,000 or \$14,000,000, which was somewhat less than our surplus, we could provide for the payment of the seven years interest which we are under obligation to give to the company. By our agreement we give then seven years free rental on the eastern division, and seven years free interest on the mountain section of the western. I pointed out, upon the authority of an actuary, that by laying aside \$13,000,000 or \$14,000,000 we could provide for the complete payment of that obligation and that therefore that was the measure of what we would have to pay. I have been asked to revise that statement, and I am glad to be able to inform the House that the result of my revision is that the figures are not materially changed by the supplemental contract. I strike out of the calculation the Quebec bridge, which, as I have clearly shown, has no part there, and when I do that I find that the possible increase which may result from the changes made in the contract do not materially change the figures presented last year:

Prarie section; 1,000 miles; the government to guarantee three-fourths of the cost, not exceeding \$13,000 a mile.

The amount which the government has to guarantee on this section is thus limited to \$13,000,000. The company will pay the interest on this from the beginning, and therefore there will be no burden whatever on the government.

Mountain section, 480 miles. In the calculations I made last year, my figures for the section from Quebec to Winnipeg were somewhat larger than those of some hon. gentlemen, but for the mountain section they were somewhat smaller.

Mr. R. L. BORDEN. Are these estimates for a four-tenths per cent grade?

Mr. FIELDING. They are estimated upon the larger sum \$35,000 per mile for the section from Quebec westward and \$31,250 per mile for the section from Quebec to Moncton.

### A FAIR AND REASONABLE ESTIMATE.

Mr. R. L. BORDEN. Has the hon. gentleman any report of any engineer which says that the line can be built for that sum with a four-tenths grade?

Mr. FIELDING. No, but I have the statement of a very eminent engineer that the allowance I made of 25 per cent above the first figure was a fair and reasonable allowance for that purpose.

Mr. R. L. BORDEN. Is that the Deputy Minister of Railways.

Mr. FIELDING. Yes, Mr. Schreiber. I stated that I allowed 25 per cent extra for the better grade, and he said that was a fair allowance. For the mountain section I am taking the highest figures of hon. gentlemen opposite. We estimated last year roughly that \$40,000 per mile would cover the cost. My hon. friend from Hamilton (Mr. Barker) relying on the statement attributed to Sir Charles Rivers-Wilson that the road will cost \$50,000 per mile, plus interest on construction, made the cost \$56,000 per mile. I may point out that the company has only power, under its charter, to issue bonds to the extent of \$50,000 per mile, and as it has made no application for an increase, I think we may fairly assume that it does not expect the road to cost more than \$50,000 per mile including the interest. I think I might have made the computation on the basis of \$50,000 a mile, but in all these calculations I wish to be on the safe side. I take, but under protest, the estimate of my hon. friend from Hamilton of \$56,000 per mile, which would cost \$26,880,000. On this the government guarantees three-fourths in cash or \$20,160,000.

Assuming a possible discount of five per cent on the bonds issued, it would require additional bonds to the amount of \$1,061,052, making a total issue of bonds to be guaranteed by the government of \$21,221,052. Annual interest on \$21,221,052 at three per cent is \$636,631. The government pays interest for seven years (all other interest being paid by the company) as its contribution to the work.

To provide at once this interest for the seven years it would be necessary to lay aside now the sum of \$3,177,794.

### THE SURPLUS WOULD PAY IT.

A summary briefly of the figures show the following:

Total present sum required to cover seven years' interest (all other interest being paid by the company) on cost of eastern division.....	\$10,655,562
Total present sum required to provide government portion of seven years' interest (all other interest being paid by the company) on cost of mountain section, western division.....	3,177,794
Total present sum required.....	\$13,833,356

That is to say, if, out of our large surplus this year, we should set aside \$13,833,356, it would provide for the full payment on the seven years' interest which is all the obligation that the government are to bear as respects the whole line from Moncton to the Pacific.

Mr. BELL. At what rate of interest does the hon. minister calculate it?

Mr. FIELDING. Three per cent.

Mr. BELL. You expect to realize that?

Mr. FIELDING. I think it as fair a rate as can be taken. If we have to pay high interest when we borrow, we shall receive high interest when we invest, so we shall get the benefit of it, I hope, on one side of that account.

### COST OF NEW LINE COMPARED WITH THE C. P. R. GRANTS

Hon. gentlemen opposite have been taking exception to our making comparison between the cost of this enterprise and the cost of the Canadian Pacific Railway under their administration. They always become restive when we make these calculations. Now, Canada has had only one great transaction of this character, and it seems to me it would be fair and reasonable to make our comparisons with that transaction. If there are new conditions, by all means let us take them into ac-