

SECOND REPORT

OF THE

Financial and Departmental

COMMISSION.

FEBRUARY, 1864.



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SECOND REPORT

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Financial and Departmental Commission.

On the 23rd May last, the undersigned had the honor to report to His Excellency the Governor General the results of the enquiry conducted up to that date under the authority of Her Majesty's Commission. Adhering to the terms of their Commission, they have since addressed themselves to the examination of various matters having a direct connection with the declared objects of the investigation entrusted to them. The contingencies of the various departments and the system which prevails with regard to them—the manner in which expenditure for local purposes has been managed, as exemplified in the loan for the purchase of Seed Grain in Lower Canada—the Census, its management, trustworthiness, and cost—the tug service in the Lower St. Lawrence, its conduct and results—and the financial relations of the Grand Trunk Railway Company to the Province, are the principal subjects which have occupied their attention. The undersigned now respectfully beg leave to present their Second Report, embracing these and some other subjects of enquiry, together with the evidence and documents upon which their statements and conclusions are founded.

The importance of a minute examination into “the manner in which the contingencies of the various departments and all branches of the public service are vouched, paid and accounted for, or estimated and checked,” is apparent in view of the large expenditure which annually takes place under these heads, and the tendency to rapid increase which has developed itself during the period embraced within the enquiries of the Commission. Over these expenditures the Legislature has no direct control. They are incurred and paid on departmental authority; no estimate being furnished to Parliament in advance, no appropriation being sought, and no means provided by which Parliament may restrain the amount, or supervise the details of which it is composed.

In 1852 the salaries and contingencies of the departments formed a total of \$155,329; in 1856 it had risen to \$346,476; in 1860, to \$472,066; in 1862, to \$536,208; the aggregate of these expenditures from 1852 to 1862, inclusive, being not less than \$3,920,245. Classifying the expenditures under the several heads into which they have been divided, the totals of the eleven years named stand as follows:—

Permanent Staff.....	\$2,560,298 45
Extra Clerks and Services.....	213,926 88
Printing and Stationery.	569,100 19
Newspapers and Advertising.....	128,996 52
Postages	81,295 91
Telegraphs	52,601 61

Maintenance of Office.....	201,132 82
Sundries.....	112,893 09
	<u>\$3,920,245 47</u>

The enormous growth becomes more apparent when the expenditures for the first and last years of the term are brought into juxtaposition ; the single apparent diminution—namely, in the item of postages—being explained probably by the operation of the Act franking the public correspondence of the legislature and of the departments at the seat of government, which came into effect in 1855.

	1852.	1862.
Permanent Staff.....	\$102,223 43	\$345,258 17
Extra Clerks and Services.....	11,506 16	26,985 25
Printing and Stationery.....	15,639 27	91,428 20
Newspapers and Advertising.....	2,812 87	20,756 61
Postages	10,480 79	8,606 88
Telegraphs.....	97 58	9,068 56
Maintenance of Office.....	9,372 51	20,430 84
Sundries.....	3,197 15	13,674 33
	<u>\$155,329 76</u>	<u>\$536,208 84</u>

The departmental expenditures for 1863 in some degree exhibit the ability of Ministers to reduce the annual charge for contingencies. A statement prepared by the Auditor, after both the evidence and appendix had been printed, shows that last year the contingencies cost \$454,379.46: a saving of \$36,935.83, as compared with 1861, and \$71,829.38, as compared with 1862.*

* ANALYSIS OF THE CONTINGENCIES OF THE DEPARTMENTS FOR 1863.

Departments.	Permanent Staff.	Extra Clerks and Services.	Printing and Stationery.	Newspapers and Advertising.	Postages.	Telegrams.	Maintenance of Office.	Sundries.	Total of the year.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Governor's Secretary ..	7504 00		360 09	243 43	1847 27	1027 96	115 41	1139 40	12,237 56
Provincial Secretary...	2661 69	3467 25	3620 87	2245 85	377 09	732 65	1026 48	225 00	34,356 88
Provincial Registrar...	7220 82	1533 46	1955 34		120 83		480 62	6 00	10,417 07
Receiver General	20228 32		590 65	355 02	379 38	277 32	693 73	168 02	22,692 45
Finance Minister.....	29604 42	462 00	1147 37	351 05	753 91	948 37	1309 00	286 37	34,862 49
Audit Branch.....	10040 00	60 00	339 54	20 00	251 75	35 11		18 01	10,764 41
Customs Branch.....	15674 66	2452 40	22 83	694 38	201 09		111 49	212 31	31,369 16
Executive Council.....	18356 66		22 06	871 02	451 61	317 42	550 76	50 30	21,319 83
Public Works.....	37415 67	2044 50	311 11	209 03	404 86	397 14	1320 51	786 57	45,835 54
Bureau of Agriculture	13024 83	1340 80	2905 57	1114 82	655 08	171 93	2054 05	1943 79	23,410 87
Post Office.....	39600 00		10342 75	176 64	781 44	952 53	1419 55	1188 49	54,391 40
Crown Law, E. and W.	22092 61	230 83	1083 69	379 46	396 22	2018 72	74 25	214 98	26,520 76
Crown Lands	77931 32		10696 62	111 51	1390 44	343 14	2478 99	894 06	93,849 08
Munici.....	17945 00		5507 51	261 55	445 42	335 66	481 21	282 25	25,258 60
Contingencies of the Departments generally.....					91 09			7002 27	7,093 36
									<u>\$ 454,379 46</u>

Quebec, January 25th, 1864.

JOHN LANGTON,
Auditor.

Looking more closely into particulars, the items "Printing and Stationery," and "Newspapers and Advertising," are those most likely to challenge remark. Let the "Printing and Stationery" be glanced at first. The expenditure of the Customs' branch of the Finance department under this head rose from \$4,949 in 1853 to \$11,559 in 1854, and \$14,061 in 1855. In 1859 it reached \$17,246, and in 1862 was \$13,184. The Public Works department exhibits no notable increase, except for the years 1860 and 1861. The Post Office department, which averaged \$10,402 for the years 1856-8, advanced to \$13,245 in 1859, and in 1862 to \$16,678. The Crown Law department, which, during the four years, 1852-5, averaged the modest sum of \$833, in 1858 expended \$4,926, and from 1859 to 1862, inclusive, maintained an average of \$3,046 per year. The Crown Lands department did not exceed an average of \$4,478 until 1856, when it sprang to \$12,850. In 1859 it advanced again to \$16,670; in 1860, to \$24,700; and in 1861, to \$33,243; being a total for three years of not less than \$74,613.

A similarly disproportionate increase is observable in the payments under the head "Newspapers and Advertising." From 1853 to 1859 inclusive, the Provincial Secretary's department paid \$2,988, or an average of about \$426. In 1861 it expended \$3,479, and in 1862, \$6,497; the outlay of these two years being considerably more than thrice the amount which formerly served for seven years. "Of the expenditure in 1862," the Accountant of Contingencies states, (Q. 1310) "the principal proportion was paid before the end of May in that year. I find on reference to my books that of the \$6,497, about \$6,116 were paid previous to the 24th May." The monthly items given by the witness, omitting cents, are:—January, \$150; February, \$243; March, \$694; April, \$340; May, \$4,387. The Executive Council, which was contented with an expenditure of \$364 in 1853, and \$579 in 1860, paid \$1,721 in 1861, and \$1,835 in 1862. The Bureau of Agriculture jumped from \$376 in 1860 to \$1,927 in 1861, falling to \$525 in 1862. The Crown Lands department, which maintained an average of \$5,382 for the three years, 1856-8, expended \$26,856 during the three years 1859-61, or an average of \$8,952.

"Maintenance of office" and "sundries" are descriptions of expenditure so conveniently elastic that their increase under a system of departmental irresponsibility can hardly excite surprise. They may be made to cover everything, and the irregularities in the payments of different years indicate the extent to which this license has been used. The office of the Governor's Secretary, during the nine years from 1852-60 inclusive, averaged \$1246 for "maintenance of office"; in 1861 it spent \$2182, and in 1862, \$4561. The Receiver General's department, which in 1852 applied \$264 to office maintenance, paid \$1459 for the same purpose in 1857, \$2095 in 1860, \$1975 in 1861. The Finance department—embracing the Inspector General's branch and the Customs' branch—required but \$716 to meet expenses for maintenance of office in 1855; whilst in 1856 its outlay under the same category amounted to \$5,446, and from 1857 to 1861 inclusive, its annual average was \$3,832. The "sundries" of the Customs' branch are also a formidable item; having amounted to \$3,580 in 1857, \$2,656 in 1861; and \$2,524 in 1862. The Audit branch of the Finance department figures with extreme moderation in these as well as in other branches of expenditure. The Executive Council expended \$3,333 for sundries in 1855; and from 1856 to 1862 paid an annual average of nearly \$2,000 for "maintenance of office," though an average of \$846 previously sufficed. The Bureau of Agriculture, for maintenance of office, paid \$5,100 in 1853, \$2,586 in 1854, \$3,859 in 1855; afterwards des-

ending to a more reasonable standard in this branch of its expenditure. The Crown Lands department adhered to an average of \$1,310 until 1857; in 1858 it went up to \$3,416; in 1859, \$3,470; in 1860, \$4,792; 1861, \$5,741; 1862, \$5,451: an average of \$4,574.

The tabular details of departmental expenditure from 1852 to 1862, arranged according to departments, will be found in the Appendix (App. pp. 10 to 17), having been furnished to the Commission by Mr. Langton, Auditor. "In the earlier years," Mr. Langton tells the Commission, "the subdivisions under the different heads is not very perfect. It would not be possible to make it quite accurate without analysing the details of the individual vouchers, where charges belonging to several different heads are included in the same account, as for instance stationery with newspapers and advertising; and I do not think that I possess details sufficient to divide the telegraphs of the different departments with accuracy." (Q. 1262.) Again says the same witness: "A considerable portion of the Contingencies of the Customs is paid by the Finance department, and not by Mr. Ross. It is not always easy to distinguish what are the proper departmental contingencies, and what more properly belong to the Customs service. A similar difficulty also presents itself to some extent with the department of Public Works." Since 1858, the classification of expenditure under some of the heads has been more perfect; and the tables, altogether, if not free from error, are nevertheless sufficiently accurate to indicate the growth of outlay, and the departments which are more particularly chargeable with it. With the data thus acquired, another series of tables has been constructed by the Commission, showing the payments during the same period, classified under the heads of the several expenditures. (App. pp. 18 to 21.)

The causes of the remarkable increase in these expenditures, as explained by different witnesses, are by no means satisfactory. "The fact is notorious," Mr. Ross states, (Q. 1279) "that for some years past there has been an increase in the expenditure for contingencies, but the exact cause of it I cannot explain." The large increase in the expenditure of the Crown Lands department for printing and stationery in the years 1860 and 1861 is said by Mr. Russell, (Q. 1316) to be "in part explainable by the fact that, owing to a change in the system of disposing of timber licences, a large addition to the number of our printed forms was required in the years named. Another, and the principal cause, was an unusually large supply furnished by Mr. Foote, in conjunction with the exorbitant prices which he charged." Mr. Langton, referring to the statements he produced, and the marked increase they exhibit, gives the following explanation as the causes to which this general result is attributable:—

"The business of the country has very largely increased since 1852, and an increase might naturally be expected in all items of contingencies. The salaries of all officials were raised by the action of the legislature in 1854, and many were increased in 1857. Since 1857, there was not any marked increase in the expense of the permanent staff until 1862, when a considerable sum of arrears under the operation of the Civil Service Act was paid; and there were also other charges which then for the first time came under the head 'Civil Government,' and which were previously charged to other accounts, which sufficiently explains the increase. I allude to the expense of the Indian branch, to some of the clerks in the Public Works department, to one member of the Executive Council formerly charged to legislation, and some other minor changes. I think that the increased business of the country, taken in connection with the increased pay, is nearly sufficient to account for the increased expense of the permanent staff and extra services since 1852. I have no doubt,

however, that the expense is susceptible of considerable reduction, and that more in the number of *employés* than in the rate of their pay. By far the most important item of increase is printing and stationery. No doubt there ought to have been a large increase from the increase of business; but since 1858, or at any rate since 1860, I conceive the increase to be out of all proportion to the real requirements of the service. The item of newspapers and advertising varies very much from year to year, both on account of the irregularity with which accounts are sent in, and the amount of extraordinary advertising which takes place in particular years. With regard to advertising, I am hardly competent to pronounce an opinion as to what saving might be made, but I believe that the number of newspapers taken in is quite unnecessary, and in our own department it has been very much reduced. There has been a large increase in the expense of telegraphing, but the item is not in itself a very heavy one. I see that there is a reduction in the expense of postages, which I have no doubt arises from the change of method in paying the account. Formerly the individual postmasters sent in their accounts, which it was not easy to check; now they are sent in by the department." (Q. 1267)

The opinion so confidently expressed by Mr. Langton, that the departmental expenditure for clerical service, ordinary and extra, "is susceptible of considerable reduction, and that more in the number of *employés* than in their rate of pay," will fortify the conclusion to which an examination of the statements can hardly fail to lead—that the increase of expense under these heads has been proportionately greater than the *bonâ fide* increase in the requirements of the departments. The observation of the same witness, that the increase in the outlay for printing and stationery has been "out of all proportion to the real requirements of the service," may, in the judgment of the Commissioners, apply generally to the expenditure for contingencies. As a rule the increase has been excessive, and for the most part apparently arbitrary. Had it been regulated by the development of the public business of the country, it would have exhibited something akin to a progressive advance; the truth being that in many instances the growth is made up of a succession of sudden jumps, having no discoverable connection with the operation of a business law.

How, then, are the contingencies "vouched, paid, and accounted for, or estimated and checked?" In what manner are these enormously increased outlays incurred?—by what method are they controlled?—to what system of supervision and restraint are they subjected? The Commissioners believe that the evidence they have obtained upon these points indisputably proves the inefficiency of the means at present provided by way of check, and their tendency to foster irregular and reckless expenditure.

An Order in Council, dated the 4th June, 1858, by which Mr. Ross was appointed Accountant of Contingencies, embodies for his guidance these instructions: "From and after the 1st proximo, all requisitions duly signed by the head or deputy head of any public department, or officer acting by authority in their behalf, should be directed to the officer in charge of the contingencies, who shall substitute therefor his own requisition, addressed to the establishment from whence such head or deputy head of department may consider the said articles may be obtained of the most suitable description, and on the most favorable terms." It was further directed that "no account shall hereafter be paid from the Contingent Fund, the items of which shall not correspond with and be covered by the requisitions alluded to, which requisitions shall in all cases accompany the accounts when transmitted to the Inspector General's department for audit." Had these instructions been adhered to, the management of the contingencies would have been comparatively perfect. The ordering of articles would still have been a departmental matter, and therefore subject more or less to laxity; but a complete record of all departmental orders

would have been preserved ; accounts rendered would have been subject to a check, both as to order and price ; and double payment would have been effectually prevented. These instructions, however, were acted upon but for a few months. Gradually, Mr. Ross states, (Q. 1441) " the practice as to requisitions fell into disuse. Heads of departments sent orders to parties irrespective of the rule laid down, and without any reference to me ; and I paid the accounts on the certificates of the heads or deputy heads of departments, subject to the check of the Auditor, who passed the accounts without any remonstrance. The system laid down by the Order in Council was completely set aside when ministers began to authorize advances on account of printing and stationery, in the autumn of 1858." The Order in Council, then, simply indicates an improved system which might have been, but was not, reduced to practice. The ministers who adopted it, as the rule applicable to contingencies, disregarded and virtually annulled it.

The evidence accompanying the first report of the Commission contained Mr. Trudeau's statement of the manner in which the contingencies of the department of Public Works are managed. " They are obtained under written orders signed by myself," Mr. Trudeau states, " a copy of which is kept on the margin of the order book. The written order is given to a clerk, who has charge of the contingencies, who himself either obtains the goods or sees that they are delivered. These articles are kept under lock and key, and a memorandum is made of their distribution." The accounts for contingencies—the same witness testifies—" are generally referred by the Commissioner to Mr. Harper, with instructions to ascertain that the articles have been supplied only on written orders, and whether the prices charged are reasonable." After having been thus checked, the accounts are paid by Mr. Ross, the Accountant of Contingencies.

In the Crown Lands department, as the Commission learns from the evidence of Mr. Russell, Assistant Commissioner, the requisitions for contingencies " are prepared by the heads of the respective branches, and submitted for approval and signed by the Commissioner or Assistant Commissioner," being then sent to Mr. Ross, who is merely an agent for their transmission. " The accounts are sent to the department, and examined by the heads of the branches, who initial the articles they have received in detail. The account is then certified by the Commissioner or Assistant Commissioner and returned to Mr. Ross for payment." (App. 7, Journals Leg. Ass., 1862.) A departmental regulation, dated 5th March, 1862, forbids the incurring of expense on account of contingencies " until the necessary requisition has been approved ; and an estimate of the cost of the work or materials must be procured before the approval of the order." Being asked to explain how this method operated to prevent unnecessary supplies, or in what way it secured the public against extravagant charges, Mr. Russell replies : " When the heads of the branches brought me a requisition for stationery, &c., I examined it, and judged from my knowledge of the business of the branch whether the articles were requisite, and that the quantity was necessary, but the requisition had no reference to the prices of the articles." (*Ibid.*) With regard more particularly to the ordering and checking of, and payment for, printing and stationery required for the department, Mr. Russell states that since Mr. McDougall became Commissioner, " the department has had the benefit of his practical knowledge with regard to the examination and certifying of these accounts, more particularly those for printing." (Q. 1315.)

The Post Office department pays its own accounts for contingencies without the intervention of Mr. Ross. "Our accounts are not subjected to any examination outside the department before payment," says the Deputy Postmaster General. "They are not sent to Mr. Ross, the Accountant of Contingencies, but are forwarded after payment direct to the Auditor, and are returned by him to the department after examination." (Q. 1321.) The *rationale* of the system which prevails within the department is explained by the same witness. The head of each branch of the department orders for that branch minor articles, "such as are necessarily of daily consumption;" other orders being subject to the approval of the Postmaster General or the Deputy. The Accountant is charged with the duty of ascertaining that the articles were regularly ordered, that they were duly supplied, and that the prices charged are equitable; the Accountant's certificate being accepted by the Deputy Postmaster General, by whom payments are made. Cases in which routine has been departed from, whether as to order or price, are submitted to the deputy, who exercises his judgment with reference to them. The charges for the printing of the department, with the exception of that required for the Money Order branch, are regulated by a schedule of prices. The bulk of the stationery is imported direct from England, under an order which is prepared annually. (Qs. 1321, 1322.)

Previous to November, 1862, the Finance department received goods ordered by requisitions without bills of parcels, the accounts when delivered subsequently being subject to check by comparison with the requisition. The present Deputy Inspector General, in his earliest examination before the Commission, stated that he was "not aware that the goods delivered were always checked by a comparison with the requisition, to shew that all the articles, and the whole quantity, were actually received by the department." The check applied only to the quality of the articles delivered and the price charged. (Q. 27.) In November, 1862, changes were introduced under the direction of the Hon. Mr. Howland, then head of the department. A clerk was placed in charge of the printing and stationery of the three branches of the department—the Auditor's, the Customs' and the Inspector General's—the requisitions of each branch being sent to him. For these requisitions his own are substituted. For the receipt of the articles as charged, the branch by which they were required is responsible. Having received its certificate, the account passes to the clerk, who compares it in detail with the counterfoil of his requisition, "checking its arithmetic as well as examining its prices"—the latter being regulated by fixed schedules of rates. The clerk's certificate is accepted by the head as conclusive, and authorization of payment follows. "All stationery and printing required by the various Custom Houses and other Collectors of Revenue, throughout the Province are now supplied here, being delivered to the Customs' branch of the department and distributed hence." (Q. 1462.) Substantially, this amended system of the Finance department is identical with that which has long obtained in the Post Office department. Its adoption, however, in conjunction with lower rates of payment for printing and paper, has led to a marked reduction in the expenditure of the Finance department under these heads. The comparative economy of the system is thus stated by Mr. Harvey:—

"The department now allows 40 cents per thousand ems for composition, and the same per token for press work. Previously, the charges for both ranged from 50 cents to a dollar, and in some cases charges were made in bulk, not in detail. With regard to paper, I obtained manufacturers' samples and price-lists, and allow an average of about 53

per cent. profit to the parties who supply the department. For the smaller articles of stationery, and for book-binding, we pay only fair trade prices. Coming to particular cases, by way of illustration, I find that in 1861, \$21.39 per 1,000 were paid for ship's reports; the price we now pay per 1,000 is about \$13. In 1861, reciprocity entries cost \$12.62 per 1,000; we now pay \$7. Entries for duty, in 1861, cost \$12.59 per 1,000; we now pay \$8.75. Let-pass books, in 1861, cost \$7.12 per 100 let-passes; we now pay \$3.76. Circulars which in 1861 were paid for at the rate of \$5.30 per 100, now cost \$3.12½. These are fair examples of the rates formerly paid, and the rates paid now. Taking printing and stationery generally into account, I estimate that a saving of at least 40 per cent. has been effected in prices. The expenditure of the year, from November 1st, 1862, to November 1st, 1863, for printing and stationery, was just \$10,000. The average expenditure of five previous years was about \$18,000. As the consumption of certain printed forms has, during the last year, been greater than ever before, as paper has advanced in price, and as the system of supplying the Customs and Canal offices has been more perfect than formerly, I estimate that the year's saving in our department, caused by the change introduced by Mr. Howland, is more than \$10,000." (Q. 1463)

Until 1858, the Bureau of Agriculture had the payment of its own contingencies. Since that date, all its expenses, including the Census, have been paid by the Accountant of Contingencies. The orders for stationery and ordinary printed forms are given by requisition. "With regard to printing, generally speaking, there does not seem to have been formal requisitions." Large numbers of pamphlets have been issued by the department during the last few years, "and the orders for these were given under the direction of the Minister of Agriculture." (Q. 1283.)

The Militia department, again, still retains the settlement of its accounts for contingencies. Orders are given by the Deputy Adjutant General for the section to which the expenditure relates, "acting, of course, under general instructions from the Minister of Militia." What may be called the outside expenditures of the department, the deputy, under the minister, supervises, dealing with them without further scrutiny. The contingencies proper are under the management of the chief clerk of the department, upon whose certificate payments are made.

In one particular, then, the Post Office department and the Militia Department are exceptional. Each pays as well as orders its own contingencies on its own responsibility; the accounts being sent to Mr. Langton, the Auditor, after payment, and by him returned to the department. With these exceptions, and with the exception also of a portion of the contingencies of the Customs, and of the advertising of the Crown Lands Department, all departmental accounts for contingencies are paid by Mr. Ross, on the certificate of the head of the department. Previous to 1863, the Accountant of Contingencies accepted the certificate of the deputy head as to the correctness of the account; but early in that year "an Order in Council was passed, requiring that the Minister in charge of the department, or, in his absence, some other Minister acting in his behalf, shall certify every account." (Q. 1269.)

The checks in operation in the Post Office department have been more complete than those which have obtained in other departments; but their insufficiency is demonstrated by evidence taken by the Commission. Ordinarily, no doubt, they have restrained the expenditures for contingencies within comparatively narrow limits; and accounts for printing and stationery have been governed by schedules of prices which, as a rule, are low. Instances remain to be adduced, however, which show of how little avail are any regulations when the head of the department has power to set them aside. Orders have

been given without reference to the wants of the department and paid for irrespective of its established rates, the officers of the department receiving articles not adapted to the service, and paying accounts which they knew to be extravagant. It is a repetition of the experience to which allusion has been made as embodied in the testimony of Mr. Ross. The heads of the departments chafe under restraints by which their own authority to order or to pay is restricted, and violate them with impunity. And the Auditor is in such cases powerless. "I do incidentally check the details," says Mr. Langton, speaking of those contingencies which are not paid by Mr. Ross; "but I am aware that my audit is almost perfectly useless. The payment of the account as a whole is the real point for which it serves as a voucher." (Q. 1264.)

The violation by heads of departments of the checks provided by themselves, as a ministry, has rendered the auditing functions of the Accountant of Contingencies of no value whatever. The apparent intention was, that by preserving a clear record of all orders he should be enabled to audit accounts when presented for payment, and generally to prevent abuses which may always occur in the absence of some vigorous authority wholly independent of the heads and deputy-heads of the departments whose expenditures are to be scrutinized. Practically, however, the Accountant of Contingencies has been reduced to the position of a mere cashier, entrusted with moneys of which he renders a monthly account, and disbursing these on the certificate of any minister without reference to the propriety or reasonableness of the particular payment. In reply to the question, "Do you exercise any check upon the expenditure on account of contingencies, whether in regard to the ordering or delivery of articles, or the rates at which they are charged?" Mr. Ross replies, "I do not. I am simply the cashier. When an account comes before me with the proper signature attached I pay it, and afterwards send it to Mr. Langton as a voucher. He receives it as a matter of course." (Q. 1270.) The "proper signature" means the signature of any minister, whether the head of the department in the name of which an account is rendered or not. "I could not refuse the signature of a minister of the Crown, whether he were the head of the particular department or not," are Mr. Ross's own words. (Q. 1275.) Under this practice—the certificate of a minister being accepted as absolute in relation to a department with which he has no connection—the same account may be paid twice, or even several times. The Accountant of Contingencies has no means of discovering a double claim, should it be urged with a ministerial certificate, or a double payment, should it occur. (Q. 1277.)

The Post Office department does indeed adopt measures to prevent double payment. The accounts of that department, the Deputy Postmaster General states, are filed by its own Accountant, "by whom reference is made before payment to the account last paid to the same party. This constitutes the check against the double payment of the same account." The necessity for such a check is established by Mr. Griffin, who says that "it has frequently happened that the same account has been presented twice, but I have never known a double payment to occur." (Q. 1321.) In other departments the only means of preventing double payment consists in a reference to the margin of the requisition book; and the ineffectiveness of this method, entrusted as it is to irresponsible subordinates, is unreservedly stated by the Assistant Commissioner of Crown Lands. "The accounts for contingencies do not enter into our books at all, as matters of account," states Mr. Russell, "We have, therefore, no check against over or double payment

beyond that which the requisition book supplies. I consider the system unsatisfactory, more especially because Mr. Ross, the Accountant of Contingencies, holds that he is merely paymaster, and in no manner invested with the functions of Auditor." The witness adds, that had the instructions of the Order in Council in reference to the keeping of a requisition book by Mr. Ross, and the substitution of his requisitions for those of the departments, been adhered to, and had Mr. Ross under this order written off the requisitions in the margin of his book when the accounts were sent to him, "double payments would have been effectually prevented." (Q. 1443.)

Of what efficacy is the final supervision over the expenditures for contingencies as exercised by Mr. Langton, the Auditor? Mr. Langton himself supplies an answer. "I cannot say that I exercise any check at all," is the frank declaration with which he meets the interrogatory. "If there is anything manifestly wrong in an account," he goes on to say, "or any evident overcharge, I call the attention of the deputy head authorizing the payment to the circumstance, but the account is paid before it comes to me, and I have no power to interfere. I have upon several occasions reported to Government, both verbally and in writing, that the checking of the contingencies is very imperfect and entirely beyond my control. My audit of the contingencies is simply the audit of Mr. Thomas Ross' account, or, in the case of contingencies paid otherwise than by Mr. Ross, of the party paying them." (Q. 1263.) As Mr. Ross confesses that he does not exercise any check upon the expenditure—that he is "simply the cashier," paying moneys when any minister certifies in favor of payment, whether the account be right or wrong, fair or extravagant—it follows that Mr. Langton's audit is of no value whatever as a means of preventing or even of detecting wasteful expenditures. "I have no means of knowing," Mr. Langton informs the Commission, "except from the certificate of the deputy head, whether the articles charged were required, whether they were delivered, or whether they were charged at a proper price. For all these latter points I consider the head or deputy head certifying the account to be responsible." (Q. 1264.) The whole system is unsatisfactory to the auditor, who pronounces it "very imperfect indeed." It is little more than an empty form, there being "very little practical use in any audit of details, except an audit before payment." (Q. 1265.)

The gross abuse to which the present system of contingencies is liable can have no more remarkable illustrations than those connected with the supply of printing and stationery to certain of the departments by Mr. S. B. Foote. With the general circumstance of large supplies furnished by Mr. Foote at excessive prices the province is familiar. These, however, are only the more palpable features of cases which are, in every other particular, deserving of attention as evidences of departmental recklessness and wrong.

A fair assumption is, that orders for stationery and printing, as for all other things, are predicated upon the actual wants of a department. The ability to carry this rule into all the details of a requisition may not in every instance exist; but, at least, the principle is supposed always to be theoretically recognized. The deputy head—the real, acting manager of details in a department—signs the requisitions when regularly prepared, and is virtually responsible for the propriety of the order. In certain of the Foote cases, this, the only safe form of routine, was departed from by Ministers of the Crown. The actual requirements of the service were not consulted, and the transactions were consummated with-

out regard for the checks which are usually considered essential to the maintenance of common honesty.

Taking the cases in the order in which they came under the notice of the Commission, that of the Bureau of Agriculture stands first. The practice of the department has been to base all requisitions upon its ascertained requirements; and the Hon. John Ross, as Minister of Agriculture, acknowledged the soundness of the practice when, in the autumn of 1861, he directed Mr. Campbell, the acting secretary, to prepare an order for stationery. It was to be an order for a large supply, undoubtedly, but the stock on hand was to be examined that the actual wants of the department might be known, with especial reference to the Census work. After taking stock Mr. Campbell drafted an order for the approval of his chief, who did not act upon it. Subsequently, a much larger order was presented to Mr. Campbell by Mr. Foote, with the signature of Mr. Vankoughnet, "who was at the time supposed to be acting for Mr. Ross." "Mr. Foote said that Mr. Vankoughnet wished me to attach my signature to the order," Mr. Campbell testifies, "which I did, with the remark that my signature was superfluous when the order had actually been given." (Q. 1285.) This order, the same witness states, was in excess of the immediate wants of the department, which had a considerable stock of stationery on hand at the time. (Q. 1286.) Although called one order, it is evident that the order presented with Mr. Vankoughnet's approval was divided into two parts: one designated as for the Bureau of Agriculture, the other as for the Census. The former seems to have been the only one of which the Committee on Public Accounts, in the enquiry of 1862, took cognizance. It amounts to \$6,313; that of the Census Commission to \$2,991; making a total of \$9,304. These accounts Mr. Campbell after some hesitation declares to be "parts of the large order given by Mr. Vankoughnet to Mr. Foote; the respective amounts charged indicating what was believed to be an approximation to the probable consumption of the two departments." (Q. 1292.) Mr. Campbell's certificates, attached to the two parts of the order, are in direct contradiction to his evidence before the Commission. To the larger part, Mr. Vankoughnet's memorandum is "to be taken by the Bureau and paid for;" to the other part "to be taken as certified for;" both being dated 30th October, 1861. Mr. Campbell's certificate, on the contrary, in one case bears date 29th October, and runs—"I think that the three branches under the superintendence of this department require this amount of stationery for the two years ensuing." To the other he certifies—"I think this amount, with that of the Bureau of Agriculture and Statistics, is required." (App. pp. 8, 9.) Nevertheless, the witness persists in his allegation that his certificate was attached after Mr. Vankoughnet's memoranda, and in obedience to Mr. Vankoughnet's request, conveyed by Mr. Foote. "I cannot say on whose side the mistake as to dates occurred," is Mr. Campbell's reply to a question; "but it was only on seeing Mr. Vankoughnet's signature to the order that I ventured to add the remark which appears on the face of the account. On this point I am positive. The order, as it appeared, so far exceeded what I believed to be the requirements of the office, as shown in the memorandum which I prepared for the Hon. John Ross, that I wrote what I did after great hesitation, and only on being pressed to do so by Mr. Foote, who, I believe, brought the document from Mr. Vankoughnet, with a verbal request to me to add my name to it." (Q. 1302.) Accepting Mr. Campbell's version of the circumstances connected with the order, the conclusion is inevitable, that, under pressure from the acting head of his department, he

represented as requisite an order which at the time he believed to be far beyond the wants of the office. The evidence as to the delivery of this large quantity of stationery is less satisfactory than it ought to be; the order not having been entered in the requisition book in the ordinary manner. (Q. 1300.) Nor were the prices charged subjected to any scrutiny in the department. (Q. 1288.) The accounts were not even sent to the department for certificate as to amount prior to payment. When Mr. Campbell saw the account "it was merely a memorandum of quantities, without any prices being given." "I never saw it except in blank, and know nothing of the payment." (Qs. 1303, 1304.) But the whole \$9,304 were paid by the Accountant of Contingencies; whose payment passed unchallenged by the Auditor.

Another large supply of stationery was delivered by Mr. Foote to the Crown Lands department in March, 1862, in pursuance of an order given by Mr. Commissioner Vankoughnet. The quantity furnished on that occasion, Mr. Russell informed the Committee on Public Accounts, in advance of the requirements of the departments, was larger than usual, (App. 7, Journals Leg. Assem., 1862,) and the prices charged are declared by the same witness to have been exorbitant. (Q. 1316.) The correctness of the latter remark is made apparent by a memorandum prepared by Mr. Russell, being a statement of prices of articles supplied to the department by Mr. Foote in comparison with prices as stated by Mr. Hartney, clerk in the stationery department of the Legislative Assembly, and by Mr. Sinclair, bookseller, Quebec. (pp. 29.) Thirteen articles for which Mr. Foote charged at the rate of \$135, Mr. Sinclair sells at the rate of \$55.50, and the Legislative Assembly, under its tariff, would pay at the rate of \$42.90. The extent of the overcharges may be inferred from the fact, that in 1861, Mr. Footé had furnished to the Crown Lands department stationery for which he was paid \$11,567.38, and early in 1862, \$3,284. (App. 7, Journals, 1862.) The account more particularly referred to by Mr. Russell, as for stationery ordered by Mr. Vankoughnet in October, 1861, and delivered in March, 1862, amounts to \$8,138. (App. p. 85.) The total charges for stationery supplied by Mr. Foote to this department in 1861 and during the earlier part of 1862, therefore, amounts to \$22,989.38. Applying the Rule of Three, with the data given, it follows that articles for which Mr. Foote charged \$22,989.38, would have been furnished by Mr. Sinclair for \$9,451.18, and would have been obtained at the Legislative Assembly prices for \$7,305.51. For the articles for which Mr. Foote has actually been paid \$14,851.38, Mr. Sinclair would have charged \$6,105.56, and Mr. Hartney's valuation would be \$4,704.60. These figures are of course only approximately correct, but they suffice to demonstrate the enormous overcharges made to this single department in Mr. Foote's accounts. The payments were made, too, with a full knowledge of the extravagance of the rates charged. When Mr. Foote sent in his first account, the Assistant Commissioner appears to have drawn the attention of the Commissioner to some of the prices as in excess of the charges of other parties, and, "as none of the employes have the requisite knowledge of the stationery and printing business to enable them to audit the account," it was submitted to the Auditor, "with a view to ascertaining how such accounts shall be audited previous to certifying them for payment by Mr. Ross." Beyond this step the Crown Lands department seems to have done nothing to reduce the account to proper proportions. Mr. Langton, having previously "been in communication with Government upon the subject of the unsatisfactory position of the auditing of stationery, and printing accounts," for-

warded Mr. Russell's letter to Mr. Alleyn, then Provincial Secretary. (App. 7, Journals, 1862.) There the effort at correction ended. The charges of the account in question were paid with the full knowledge of at least two Ministers that they were excessive.

As a single instance of overcharge by Mr. Foote, and as proof that the excess was sometimes even greater than that which a comparison with the rates of Mr. Sinclair and the Legislative Assembly establishes, reference may be made to the charge paid in 1861, for printing the "Report of the Supervisor of Cullers on the Lumber Trade." In one account \$250 are set down as the price for 250 copies of this report, and in another \$1000 for 1000 copies. The report is a pamphlet of forty-six pages, with paper cover; and the evidence of Mr. Rose, of the firm of Hunter, Rose, & Lemieux, printers, Quebec, shows that the fair trade price for 1000 copies would be \$171.94, to which might possibly be added \$5 for author's corrections. (Q. 1452.) On this single item of \$1000 paid to Mr. Foote, upwards of \$820 were thus paid in excess of regular business prices. For 500 copies of the same Report, in French, but with better paper and better workmanship, Mr. A. Coté, Quebec, received \$250; the proper price, according to Mr. Rose's estimate, being \$136.67. (Q. 1453.)

The intervention of a minister regardless of the wants of his department appears again in a large delivery of stationery at extravagant prices, by Mr. Foote, to the Post Office department in 1861. The form of making up an estimate, as in the case of the Bureau of Agriculture, was not adhered to. The officers of the Post Office department were not consulted, nor were its requirements considered. Without attempting to ascertain what was wanted, and without even conveying to the officers of the department his intention, the Hon. Sidney Smith, the then Postmaster General, gave the order to Mr. Foote, who soon afterwards rendered an account amounting to \$9,358. (p. 35.) The irregularity of the order, the absence of all pretence for it, and the waste of materials which it entailed, are manifest from the evidence of the Deputy Postmaster General.

"The usual departmental order was not given, nor was any estimate made with regard to it. We had already ordered our usual annual supply from England. I was not aware of the order given to Mr. Foote until he told me verbally that he was about to deliver a large quantity of stationery under instructions from the Postmaster General. I discredited his statement at the time, treating it as a joke, until the articles were delivered, with a written order from the Postmaster General to receive and pay for them. The account was checked only as to quantities, which were all right; the Postmaster General's certificate superseding the ordinary routine of check as to prices. Practically, the stationery supplied by Mr. Foote was in excess of our wants; many of the articles not being of a serviceable character. We endeavored to utilize them as far as possible, by distributing them through the outlying services of the department, such as the inspectors' offices, the city offices, and the railway service. Taking the supply as a whole, it was not of a character adapted to the wants of the department." (Q. 1326).—

So far as the knowledge of the accountant of the department extends, no examination was instituted as to the prices charged in the account. The delivery of the articles was checked, but the only other examination of the account related to its arithmetic. (Q. 1339.) The memorandum of the Postmaster General authorizing the delivery of the articles, and his initials opposite the amount, were accepted by Mr. Wicksteed as reasons for disregarding the usual checks of the department. "In addition to the order for the delivery of the articles, the Postmaster General had placed his initials opposite the amount on the face of the account, and I took this as evidence that he approved of the prices

charged." (Q. 1340.) Mr. Griffin makes a similar statement. "The account was presented with the signature of the Postmaster General attached," he says, "which for the purpose was equivalent to a draft, and was promptly honored accordingly. I hesitated to make the payment, and only paid the account after enquiries at some of the other departments, which satisfied me that there was no legitimate ground on which I could refuse payment. Mr. Foote told me that he was supplying large orders to the departments, ours amongst the number, and I found that this was the case." (Q. 1326.)

The absence of a departmental examination of the account deprives the Commission of the means of determining the extent to which the rates charged and paid differ from the established rates of the department. The account, with samples of the stationery, was, however, submitted to Mr. Hartney, that the prices might be compared with the prices paid for similar articles by the Legislative Assembly. Of the \$9,358, Mr. Hartney valued articles charged at \$8,938—the remaining \$420 being for articles which did not admit of comparison with his invoices; and it was found that for articles for which Mr. Foote was paid \$8,938, the Legislative Assembly would pay \$2,796.90.

Mr. Foote's excessive charges to the Post Office department were not confined to stationery. The year which witnessed Mr. Sidney Smith's order was also signalized by the payment of accounts for printing, at rates far beyond the schedule fixed by contract, by which all other printers have been and are regulated. One account ranging from February to June, 1861, was charged \$5,590.01; the actual value, judged by departmental rates, being \$2,203.99. Another, extending from June to September, was charged \$4,270.62; the actual value of all but two items being \$1,464. Estimating the whole, proportionately, the \$4,270.62 should have been in round figures about \$1,800. (Q. 1330.) Payment of the accounts was refused by the department with the professed intention of referring them to the Postmaster General. Mr. Griffin states that "the accounts were then referred by Mr. Foote to Mr. Postmaster General Smith, and by him were specially authorized at the rates charged." (Q. 1325.) Mr. Wicksteed's statement is somewhat different.

"On the 9th July, 1861, Mr. Foote was paid \$4,590.01, being the balance on the larger account; my authority for the payment being the initials of the Postmaster General on the face of the account. The account was brought to me, with the initials, by Mr. Foote, who had taken it away when the \$1,000 were paid on account. I had no other authority than the initials, which I believed to be sufficient. On the 2nd August, 1861, I paid Mr. Foote \$2,000 on account of work then in hand and delivered, and which entered into the account charged \$4,270.62. The balance—\$2,270.62—was paid to him on the 15th September, on the authority of the initials of the Postmaster General, which were attached opposite the amount, as in the previous instance." (Q. 1332.)

But though on Mr. Wicksteed's testimony an interval of more than three months elapsed between the payment of the first and the payment of the second account, the fact of an overcharge was not brought officially to the knowledge of the Postmaster General. "To the best of my knowledge," says Mr. Wicksteed, "I had not an opportunity of reporting to the Postmaster General the result of my examination of the accounts previous to final payment. When the accounts were presented with his initials, I did not consider that I could delay payment longer, or until I had an opportunity of making representations to him on the subject." (Q. 1333.) In this opinion Mr. Wicksteed had the concurrence of the Deputy Postmaster General, and payment was made accordingly. The

responsibility of thus sanctioning extravagant prices belongs, therefore, in some degree to the department, as well as to its then Head. The Postmaster General acted irregularly in certifying accounts, for the examination and approval of which the department had well understood machinery. On the other hand, it is barely credible that from July to September neither the deputy nor the accountant had an opportunity of representing the facts of the case to the Postmaster General. Their acknowledgment of Mr. Sidney Smith's initials as an authority which they could not resist, notwithstanding the wide departure in prices from the established rates of the department, is a circumstance which indicates the weakness of any mere departmental audit of contingencies, howsoever excellent other checks in operation may ordinarily be.

Subsequently, though before the close of the same year, a third account for printing was handed in to the Post Office department by Mr. Foote, based upon the same high rates. Then, and not till then, the matter was brought by the accountant under the notice of the Postmaster General, who "directed the printing of the department to be given to those who are willing to execute it at the regularly established rates." As no specific agreement had been made, however, the payment of this third account was also ordered. \$1803.03 were paid for work which at the usual rates of the department would have cost but \$601.67. (pp. 34.) Thus, on four accounts, paid by the Post Office department in 1861, Mr. Foote received \$21,021.66 for articles and work the aggregate value of which did not exceed \$7,822.56; the overcharges amounting to \$13,199.10.

The authorization of advances on account of printing and stationery has been alluded to by Mr. Ross, as completely setting aside the system laid down in 1858, for the guidance of the Accountant of Contingencies. The Commission called upon the Auditor to furnish a return of all advances made from 1858 to 1863 inclusive, and the statement prepared in compliance with this request appears in the appendix. (App. p. 34.) The object of the Commission was to ascertain what and to whom advances had been made; using the term in its precise relation to payment in connection with which no work has been done, and no orders for work or goods have been given. As rendered by Mr. Langton, the statement does not preserve any distinction between payments of this class—advances, properly so called—and payments on account of work in progress or orders for goods the delivery of which has been commenced.

The statement as furnished affords proof that the books of the Audit office do not contain a complete record of advances made on the authority of individual ministers within the period referred to. The omission is the more noticeable in the case of Messrs. Laballe, Chapleau, & Co., publishers of the *Colonisateur*, to whom \$200 were advanced in January, 1862, and also in the case of Messrs. D. Carey & Co., to whom \$200 were advanced on the order of Mr. Alleyn, because both are presented by the Accountant of Contingencies as unsettled advances, which he had returned as such to the Auditor. (Q. 1435.) In both cases, moreover, accounts were paid subsequent to the advance, and without reference to it. The publishers of the *Colonisateur* were paid \$353.15 in April, 1862, no deduction having been made on account of the advance which they received in the previous January. So again Messrs. D. Carey & Co. received \$218 in November, 1862, although they were debited in the books of the Accountant of Contingencies with the \$200 advanced on the authority of Mr. Alleyn, (Q. 1437.)

The *Colonisateur* advance, although small in amount, very plainly shows the uses to which the system of advances has been applied. Messrs. Labelle, Chapleau & Co. entered on their newspaper project with a ministerial promise of material aid, and with the first number of their publication they transmitted a polite application on the subject. Addressing Mr. Alieyn, Provincial Secretary, on 3rd January, 1862, they wrote: "We have the honor to send herewith the first number of the *Colonisateur*. We shall be infinitely obliged to you if you will send us, between this and Tuesday, the advertisements and the advance which you and the Honorable Mr. Cartier had the kindness to promise us." Thereupon \$200 of public money were advanced, and advertisements were transmitted with a generosity which more than redeemed the ministerial promise. The full extent to which the *Colonisateur*, of Montreal, received succor in this form does not appear. But \$353.15 were paid in April 1862, and \$115.50 were paid in the following August, by the Crown Lands department, "which pays its own contingencies in the matter of advertising;" (Q. 1445) the advance all the time remaining unadjusted, and beyond the knowledge, at least, of the Crown Lands department. (Q. 1445)

An illustration of the system on a large scale, as well as of the departmental irregularities to which it has led, occurs in the case of the *Hamilton Spectator*. Mr. Langton's table exhibits advances to Mr. Gillespy amounting to \$2,000 in 1859, \$12,000 in 1861, and \$1,400 in 1862. The evidence taken by the Commission applies to only a portion of these amounts, and was rendered necessary by Mr. Ross's enumeration of unsettled advances. His testimony limited Mr. Gillespy's indebtedness under this head to \$400, being a sum advanced by him in April, 1861, on the order of the Hon. John Ross "on account of work for the Bureau of Agriculture." (Q. 1436.) Of this advance the Bureau of Agriculture, on whose account it was professedly paid, has no knowledge. Mr. Campbell, its acting secretary, states that his department has no record of the advance or of work done on account of it. "I find that in March, 1861, \$412.50 were paid to Mr. Gillespy for printing Census sheets, but we have no entry giving credit for work done subsequent to the advance." (Q. 1457.) Subsequently it transpired that the \$400 formed part of a sum of \$2,000 paid to Mr. Gillespy in the shape of advances. "The \$400 advance of which I have spoken," says Mr. Ross when further interrogated, "was one of three advances made simultaneously to Mr. Gillespy, amounting altogether to \$2,000. Of this sum \$800 were refunded to me by the Crown Lands department, which assumed that advance; other \$800 were refunded by the Board of Railway Commissioners, for whom the advance was made on the authority of Mr. Galt; the remaining \$400 being treated as an advance on account of the Bureau of Agriculture." (Q. 1455.) The advance assumed by the Crown Lands department duly passed to the debit of Mr. Gillespy in its books, and has been reduced to \$108.62, at which it now stands. (Q. 1454.) An account of \$250 for printing an Emigration report—rendered to the same department—was retained by Mr. Ross, "but nothing has been done with it," the voucher for the \$400 advance having been previously returned to the Auditor. (Q. 1455.) The advance of \$800, paid on the authority of Mr. Galt, and alleged to have been refunded by the Board of Railway Commissioners, does not appear in the books of the Board. Mr. J. G. Vansittart, the secretary, is positive upon this point.

"The advance does not appear in the books of the Board of Railway Commissioners in my possession. The only knowledge I have of it is derived from the Public Accounts

for the year 1861, in which \$800 appear as charged to T. Ross, for printing done under the head of Railway and Steamboat Inspection. With the view of preparing a return called for by Parliament, my attention was attracted to this item, and I made such enquiries at the time as satisfied me that it was a distinct advance authorized to be made by Mr. Ross, and for which I was not chargeable. I have no accounts or vouchers in my office corresponding with this item. The only work done for the Board, of which I have any record, by Gillespy and Robertson, was the printing of the report in 1859, for which \$800 were advanced on the 10th June, 1859. This payment appears in the Public Accounts for that year. There has been no printing done for the Board—so far as my knowledge extends—by Mr. Gillespy, since the advance which appears to have been made in 1861.” (Q. 1458.)

Mr. Vansittart’s statement reveals, as by accident, another advance of which nothing could be learned through the channels provided for the audit of expenditures. In 1859 the Railway Board did not render accounts to Mr. Langton, who knows nothing of the \$800 advanced in that year, or of any account rendered in connection with it. (Q. 1460.) With regard to the advance of \$800 as for the Railway Board in 1861, and the refunding of that amount to the Accountant of Contingencies, Mr. Langton gives an explanation which again incidentally exhibits an advance of \$600 previously unheard of.

“I have found the application of Mr. Ross for the warrant in September, 1861. It encloses the original order by Mr. Galt, which was drawn out for the payment of two hundred pounds ‘on account of my department.’ But there is added, in Mr. Galt’s own handwriting, ‘for printing for Railway Commissioners and returns.’ The last word would appear to imply that it was to cover other printing besides that of the Railway Commissioners, but I cannot find that any printing order, on account of the Finance department, was given to Mr. Gillespy until March, 1862, when a further advance of \$600 was made to him, and an order given for blank Custom house forms to about that value. No account has yet been received from Mr. Gillespy for this printing, but I understand that the returns of the Custom house officers whom he was to supply show that the greater portion of the forms has been supplied, and probably the whole may have been supplied. In relation to the advance of \$800, I know of no work done or ordered by the Finance department, and no account in connection with it has come into my hands from any source.” (Q. 1464.)

A more unsatisfactory state of the advance account under which Mr. Gillespy became a debtor to the Government, could hardly be conceived. The evidence as here recapitulated shows not only that departments in the name and in behalf of which moneys were paid, were ignorant of the fact, but that the Auditor whose books should be an unailing check and a final standard of appeal was unaware of the existence of a portion of Mr. Gillespy’s indebtedness. In these circumstances, the Commission deemed it due to Mr. Gillespy to afford him an opportunity of offering an explanation in relation to the advances made by or for the Railway Board. The letter addressed to him, with the reply, will be found in the Appendix. (App. p.p. 69, 70.) Mr. Gillespy afterwards transmitted to the Commission copies of four accounts, which he apparently relies upon to cover the advances made both by the Railway Board and the Finance department. The accounts, amounting together to \$2,623 80, were sent by the Commission to the Auditor, who communicates the result of his examination of them. (App. p p. 70, 71.) This result may be stated briefly. Two accounts, amounting to \$1,192, are held, subject to settlement; the third, for \$43.02, has already been paid, after being audited and reduced; the fourth, having a total of \$1,388.80, for advertising for the Customs department, “will be reduced, on audit, to about one-tenth of the amount claimed.”

Into the details of other advances, or the general position of accounts connected with advances, the Commissioners did not enter. Their enquiries related to the system on which the contingencies have been managed; and the particular advances to which they have referred having been brought before them by replies to general questions, are introduced merely as examples of the system and of the abuses of which it is susceptible. The same remark applies to other parts of the evidence pertaining to contingencies. It would not be possible, without an almost indefinite prolongation of the investigation, to analyse in detail the departmental payments during the last ten years; nor could such an extended examination be expected to do more than multiply the instances of irregularity which may be said to have been gathered casually from amongst large masses of papers accumulated in the course of the general enquiry. A passing reference to two or three of these may bring into merited prominence other imperfections of the system.

The Accountant of Contingencies admitted that under the practice of his office the same account might be paid more than once, without the possibility of detection there. (Q. 1277.) The Commission ascertained that double payments have actually occurred without discovery or hindrance. Mr. Foote, as proprietor of the London *Prototype*, received \$295.82 in August, 1861, for advertisements; and in May, 1862, the same charges were preferred and paid a second time, with an additional item of \$14.40. Both accounts were certified by Mr. Alleyn, as Provincial Secretary (Q. 1438.); Mr. Ross having no means of checking them, and, indeed, on his own showing, considering himself bound to pay on the certificate of a Minister of the Crown without more ado. (Q. 1276.) An account of Mr. G. T. Cary for \$22.80, for advertising, has also been paid twice—the first time on a regular departmental certificate, in June, 1861; the second in August, 1862, irregularly, on the certificate of the Census Commissioners for the City of Quebec. (Q. 1439.) Mr. Cary further received \$102.50 twice, on the certificate of the Crown Lands department—once on the 10th May, 1862, and again on the second of August, in the same year. Mr. Russell's explanation is, that the examining clerk neglected to check off the items in the margin of the requisition book when the first account was presented, and consequently had not the means of checking the second account as usual. (Q. 1443.)

An account of *La Minerve* for £90, for the publication, in 1856, of advertisements emanating from the Bureau of Agriculture, exhibits the mischief of acknowledging any other certificate for payment than that of the department on account of which the service purports to have been performed. On the face of the account £10 appeared as having been paid, but without date, and by whom Mr. Ross does not know. On the 14th January, 1860, £80 were paid on the authority of the Hon. Mr. Morin, then Solicitor General for Lower Canada, whose memorandum reads—"I certify that the advertisements above mentioned were published in *La Minerve*." Mr. Ross accepted this certificate as authority for payment, and charged the £80 to the contingencies of the Bureau of Agriculture, whose books give no clue to any sanction for the publication of the advertisements, no trace of any payment on account, and whose officers neither certified the account nor in any way authorised its payment. (Qs. 1440, 1442.)

The increase in the expenditure of the Crown Lands department for advertising, is attributed by Mr. Russell, to a certain extent, to "the payment by order of the Commissioner, of accounts for advertisements which had been inserted without the usual order

In these cases," he says, "an appeal was made from me to the Commissioner, by whom settlement was ordered." (Q. 1317.) A couple of cases exemplify the working of this practice. The *Peterborough Review*, in 1862, presented an account amounting to \$110.10 for advertisements, of which \$44.88 were disallowed by the Assistant Commissioner, as for advertisements the publication of which had not been authorised by the department. Mr. Sherwood, the Commissioner, was appealed to, and he directed the payment of the full amount. *Le Colonisateur*, again, charged \$115.15, although the authorised items amounted only to \$15.81. But the publishers—according to Mr. Alley—enjoyed a general order from the ministry of which he was a member "to publish the Government Advertisements"; and on the ground that this comprehensive certificate of Mr. Alley "would have been accepted as sufficient authority for payment, had the Government of which he was a member continued in power," payment of the \$115.15 was sanctioned. (Qs. 1444, 1445.) Under this practice, the regulation of expenditure for advertising with strict reference to the wants of a department, as estimated by its own officers, is impossible. Publishers become judges for themselves in the matter of publication, relying upon personal or political influence with the head of a department afterwards to obtain sanction for the charges made. Or a member of the Cabinet, by giving a general order "to publish the government advertisements," without regard to fitness or cost, may commit a department with which he has no direct responsible connection, to expenses for which its requirements do not afford the slightest justification.

The Commissioners have not considered it expedient to encumber their evidence with a greater number of cases than seem to them necessary for the purpose of exhibiting the operation of the system under which the expenditure for contingencies has been conducted. In their opinion, they have brought together more than sufficient to prove the radical defectiveness of the system in every department to which their enquiry has extended; and that the audit, which in regard to contingencies should be, as it were, above all departments, and should possess the means of checking departmental errors and irregularities, is really a mere formality, utterly divested of the vital force and discriminating power which are essential to the complete prevention of extravagance or fraud.

The irregularity which has distinguished the management of moneys appropriated for local purposes is fitly illustrated in the application of moneys advanced to the inhabitants of certain counties in Lower Canada in 1855. The appropriations made by Parliament in that year embrace the item, "Loan to inhabitants in certain parts of Lower Canada, to enable them to procure seed, £5,000"; and this sum was divided by Orders in Council amongst various counties, whose inhabitants had by petition alleged the existence of distress and the necessity of relief.

The terms of the Order in Council, dated 21st May, 1855, indicate adherence to the idea of a loan, as sanctioned by the legislature. The payment of the sums respectively allotted devolved upon the then Provincial Secretary, the Honorable Mr. Cartier, in whose favor cheques were drawn by the Receiver-General's department, and by whom these cheques were endorsed to parties for actual use. A recommendation embodied in the Order in Council provided for the taking of a proper acknowledgment from every person who received assistance, together with a promise to repay the same within one year. As addi-

tional security, it was directed that the sums loaned should be charged against the amount accruing by grant to the agricultural society or societies of the county to inhabitants of which loans might be made; or, in the case of a county not having an agricultural society, against the roads money falling to its share.

Practically, these conditions as to security were nearly altogether disregarded. Of the twenty-seven counties to which assistance was afforded, but one has repaid the money. In the majority of instances, the papers returned to the Provincial Secretary present no means of checking the expenditure of the money by parties to whom it was paid by Mr. Cartier, and no provision for its recovery from the recipients of relief. The sums assigned to the respective counties, and the record of their application, as found in the office of the Provincial Secretary, may be seen most plainly in tabulated form.

Gaspé	\$ 1600	Expenditure and distribution accounted for. Certified copies of receipts, the parties binding themselves to repay the amount.
Bonaventure	2000	Detailed statement of distribution. No vouchers.
Chicoutimi and Saguenay.....	2400	Details of distribution. No vouchers: no promise to repay.
Charlevoix	1000	Grain distributed, \$616.66: details for larger part. Of \$883.34 distributed in cash, \$238 are accounted for, with promises to repay.
Rimouski	600	Distributed in cash by the clergy. Receipts and promissory notes taken.
Kamouraska	600	Expenditure and distribution equally unaccounted for.
Drummond and Arthabaska	1200	Details of distribution: nothing more.
Wolfe	1200	Details of \$875.13 distributed in seed, with promises to repay. \$324.87 charged for expenses: no vouchers.
Compton.....	1400	Distributed by Agricultural Society. No vouchers or particulars.
Stanstead	800	No accounts.
Miasisquoi	600	One half only accounted for.
Shefford	800	Details for only \$460, for \$260 of which promissory notes were taken.
Chateauguay and Huntingdon	1400 }	Papers in hands of Parliamentary Committee.
Beauharnois.....	800 }	Distributed in money. Notes for \$160.
Maskinongé.....	440 }	\$200, the original grant, represented by receipts, payable on demand. No trace of \$240.
Pontiac	200	No returns.
Laprairie	520	\$360 distributed, but without particulars. Of \$160, no trace.
Temiscouata.....	200	Details of distribution, with promises to repay.
Portneuf.....	120	Particulars of distribution.
Yamaska	280	Statement of expenditure, without vouchers.
Joliette and Berthier	165	\$200 granted, \$35 returned. No particulars.
De Rouville	200	Repaid.
Bellechasse	270	Statement of distribution. One-half covered by promissory notes.
Montcalm.....	240	\$120 accounted for. Of the other \$120, no account.
Bagot	160	No accounts.
Soulanges.....	160	Details of distribution.

Some of the amounts as here given differ from the amounts set forth in the return furnished by Mr. Deputy Receiver General Harington, having been corrected by reference to other evidence and the papers on which it is founded. The general impression conveyed by the facts is the reverse of flattering to the management of the loan. With the exception of Gaspé, not a single county appears to have rendered complete accounts. Whether the moneys were honestly expended in the purchase of seed or not, whether the distribution in cash or seed really took place—are matters concerning which, in some cases, no information whatever has been afforded. Even where the form of accountability has been kept up, the substance has for the most part been disregarded. The looseness which runs

through the whole affair seems to have been acquiesced in by the Provincial Secretary's office, without remonstrance or complaint, and without an effort to obtain more satisfactory returns. In the same way the promises to pay, which were taken and transmitted in exceptional cases, have remained in the department as though no intention ever existed to enforce their payment.

The mismanagement receives further exemplification in the inability of the Provincial Secretary's office to account for four hundred dollars—part of the sum originally allotted to the counties of Wolfe and Sherbrooke, but which were returned as not required for distribution in the latter county. The fact of the return and the re-allotment of the amount by way of additional aid to the counties of Laprairie and Maskinongé, is established by the terms of an Order in Council passed on the 31st May, 1855. Had the proper forms been adhered to, the \$400 returned from Sherbrooke would have been handed over to the Receiver General, by whom cheques for the additional aid to Laprairie and Maskinongé would have been made out for use by the Provincial Secretary. As the matter stands, the transaction referred to (Q. 1430) never entered into the books of record or account, in either of the departments. One of the consequences is, that the Receiver General's department charges Wolfe and Sherbrooke with \$1,600, whilst Wolfe received but \$1,200, and Sherbrooke not a cent; another, that Laprairie and Maskinongé are undercharged by the same department to the extent of \$400.

With the view of ascertaining more precisely the final use of this sum, application was made by the commissioners to the Hon. Mr. Cartier, who was the Provincial Secretary at the time when the loan was granted. Mr. Cartier in his reply, under date 9th November last, states that the particulars of the various advances have passed from his memory. With regard to the management of the loan generally, Mr. Cartier writes: "I do not recollect, now, to have ever looked or enquired into the mode and manner in which the payments of these sums, or the reimbursement of any of them (if any such reimbursement was made), were recorded in the books of the department. I took for granted that everything connected with that matter had been regularly recorded by the proper officers in the Provincial Secretary's office." On the suggestion of Mr. Cartier, a communication was addressed to Mr. Justice Loranger, through whom the sum primarily granted to Laprairie was paid. Mr. Justice Loranger recollects the receipt of the second sum—\$160—and its delivery by him to a committee appointed by the Parish of St. Constant; further than this he cannot speak. Of the \$240 additional aid to Maskinongé, nothing has been learned. (App. pp. 67-69.)

Although the Order in Council under which the \$20,000 were advanced specifically treats the transaction as a loan, and points out the means to be employed to secure repayment by the several counties concerned, not a single step has been taken anywhere to give effect to these conditions. The Receiver General's department has an inaccurate record of the sums granted to the counties respectively; and its deputy head, Mr. Harington, has no knowledge of any attempt to collect the loans. He, indeed—forming his opinion upon the terms of the Order in Council—considers (Q. 1419) "that the responsibility of collecting the moneys loaned devolves upon the Provincial Secretary and Bureau of Agriculture—principally on the latter." But the department of the Provincial Secretary merely received such papers as the parties who were entrusted with the distribution of moneys thought proper to send. The Bureau of Agriculture, its acting Secretary says

(Q. 1421) "had no official knowledge on the subject," and does not find (Q. 1422) any correspondence or memorandum in reference to the retention of sums from the appropriations made to the counties from other sources, as provided for by the Executive Council. And the Agent for Colonization Roads in Lower Canada seems never to have been informed that any deduction should be made from the sums appropriated for roads under his charge. (Q. 1425.)

The testimony of the Deputy Inspector General shows that though the \$20,000 were voted by Parliament as a loan, and were dealt with by the Government of the day as a loan, for the repayment of which security should be taken, in the books of the Finance department the grant was from the outset treated as a gift. (Q. 1432.) "In the general books of our department," Mr. Dickinson states, "the sum of £5,000 is charged to the Consolidated Fund under the estimate of 1855." "When a sum is charged to the Consolidated Fund and authorized by the Legislature," the same witness says, "it has the character of a grant for the purpose to which it has been applied." The Finance department overlooked the fact that the Legislature appropriated the money as a loan, not as a gift. "The actual balance at the debit of the Consolidated Fund is \$19,754.23; the precise sum which is charged to Mr. Cartier in the Auxiliary Ledger, to be accounted for," (Q. 1432,) and "the precise sum" which the Province may be said to have lost by the negligent administration of the fund.

In contrast to the management and the result of the Lower Canada Seed Loan of 1855, stands the record of the aid rendered to certain counties of Upper Canada in 1859, under the operation of "An Act to enable County Councils to raise money for assisting persons in certain cases to sow their land and for other purposes." Under authority conferred by this Act, the municipal bodies of the counties requiring aid issued debentures, which were purchased at par by the Government to the amount of £28,750; the municipalities themselves managing the distribution of the proceeds. A statement handed in to the Commission from the Receiver General's department, (p. 90) shows that the full amount of debentures which up to the 12th November had become due, have been redeemed. The County of Waterloo has redeemed all it issued; Elgin, three-fifths of its amount; Kent, all; Bruce, more than a fifth; Huron and Bruce (United), seven-tenths; Wellington, all; Lambton, one-half, though not maturing until 1869; Grey, all; Perth, three-fifths. Nor are there any arrears of interest due to the Government on account of these debentures. "The interest has always been punctually paid," Mr. Reiffenstein says; (Q. 1434) and the whole account is creditable to the municipal management of the counties whose temporary necessities led them to seek facilities for borrowing to afford relief.

The importance of statistical information has not been overlooked by the Legislature. The Minister of Agriculture, the Receiver General, and the Provincial Secretary are by law constituted a Board of Registration and Statistics, of which the Minister of Agriculture is chairman, and to this Board is committed the charge of the decennial census and the duty of framing instructions "for the guidance of persons employed in taking the same, and forms to be used by them."

The provisions of the law under which the census of 1861 was taken are plain and imperative.* The then Board of Statistics, (Q. 1189)—composed of the Hon. John Ross, President of the Council *ex-officio* Minister of Agriculture, Mr. Receiver General Sherwood, and Mr. Provincial Secretary Alleyn—held several meetings, of which no minutes are preserved. (Q. 1190.) Mr. Campbell, at present Acting Secretary, says in explanation of this omission, (Q. 1190) “I think they communicated generally verbally with Mr. Hutton, the secretary.”

The Census Commissioners were gazetted on the 8th December, 1860, sixty for the counties of Lower Canada and forty-three for the counties of Upper Canada; being one Commissioner for each county, one for the Magdalen Islands and Anticosti, three for the city of Montreal, three for Quebec, one for Sherbrooke Town, and one each for Toronto, Hamilton, Kingston, London, and Ottawa. The number of commissioners fixed by statute was exceeded in these appointments, only one Commissioner each being allowed for Quebec and Montreal, and none for Sherbrooke, which was not an incorporated town containing “five thousand souls and upwards by the last census,” or for the Magdalen Islands, which are in the County of Gaspé. No authority is alleged for this excess beyond an order in Council, and all the commissions were forwarded about the 20th December.

Printed forms, or sheets suitably ruled and printed for the statistical information required, to enable the enumerators to take the census systematically; full printed instructions as to the mode of proceeding, and hand-bills or posters specifying the time of taking the

* Consolidated Statutes Chapter 33, Section 10, “The Governor may appoint a census commissioner to act in and for each county of this Province, exclusive of any city in such county, and of any incorporated town therein, containing, by the then last census, five thousand souls or upwards, and a census commissioner to act in and for each city and each such incorporated town as aforesaid.”

Section 12. “The said enumerators” (persons named by the commissioners to take the census and fill up the census sheets) “shall act under the immediate instructions and directions of the census commissioner for the county, city or town within which they are respectively to act; and it shall be the duty of each census commissioner to instruct each enumerator under him and to see that he perfectly understands the duties he is to perform under this Act and to furnish him with the proper forms.”

Section 13. “On the second Monday in January, one thousand eight hundred and sixty-one, and on the second Monday in January in every year thereafter in which the census is to be taken, and upon such number of days next after each such Monday as may be necessary,” every enumerator shall proceed with the work, and “on or before the fifteenth day of February the enumerator shall deliver the account so attested to the census commissioner.”

Section 14. “Every census commissioner shall, immediately on receiving the said accounts, carefully examine the same, in order to ascertain whether the instructions given to the enumerators have been punctually complied with; and if not, he shall cause any defect or inaccuracy therein to be supplied as far as may be possible.”

Section 15. “So soon as any census commissioner has received all the accounts of the enumerators acting under him, and has examined the same, and satisfied himself that they have been made as accurate as possible, he shall sign a certificate to be printed on each to that effect, and shall deliver them to the Board of Registration and Statistics:—

2. “The Board shall examine the accounts and cause any defects or inaccuracies they discover therein to be corrected as far as possible, and shall then make such abstracts thereof and compile such tables therefrom as the Governor in Council shall direct.”

Section 23. “Each of the said census commissioners shall receive an allowance for his services not exceeding the rate of two dollars and fifty cents per diem for the time during which he shall be actually occupied in his official duties.

2. “Each of the said enumerators shall receive an allowance not exceeding the following rates, viz: At the rate of two dollars for every hundred persons by him returned, when such persons reside in the country parts, but with power to the said Board of Registration and Statistics to increase the said rate to a sum not exceeding three dollars for every hundred persons returned in cases where, from the dispersed situation of the houses, they shall be of opinion that such additional allowance ought to be made, and to a sum not exceeding four dollars for every fifty persons returned in cases where the population does not exceed three hundred persons in an area of ten miles square, proportioning such allowance as far as possible to the labor required of the enumerator; and when such persons reside in any city or incorporated town, then at the rate aforesaid for the first three thousand persons returned by him and at the rate of two dollars for every three hundred persons returned by him over three thousand.

3. “And the said allowance, having been fixed by the said Board, shall be paid to the persons entitled thereto in such manner as the Governor in Council shall direct; but it shall not in any case be payable until the services hereby required of the person receiving it have been faithfully and fully performed.”

census, and other information in accordance with the Census Act, were prepared by the Board and transmitted to the commissioners, to be by them distributed to their enumerators. These papers comprised and covered all the printing and stationery that was deemed requisite for the proper execution of their work. (Q. 1231.) That such was the understanding of the Board is clear from several letters written in answer to the earliest enquiries; the letters expressly stating "that no charge for printing could be allowed, the same not being authorized by the Act," and prohibiting "printing, postages, advertising, and all other extras being charged for;" the commissioners being informed that their *per diem* allowance of two dollars and fifty cents was presumed to cover all petty outlay, the large requirements for printing and paper having been already supplied at the cost of the Province.

The second Monday in January, 1861, falling on the 14th, thirty-one days intervened between that date and the 15th February, on or before which day the enumerators were bound by law to make returns to the commissioners of their work, duly attested. Nothing was required of the commissioners in regard to these beyond an examination to establish that the respective columns on the ruled and printed forms were regularly filled. Neither were abstracts, compilation, or condensation demanded except in one case. They had merely to transmit the sheets as received, if correct in form, or if otherwise to have the work done over; and consequently the whole of the census sheets, with the exception perhaps of those for the Magdalen Islands, should have been returned within a short period after the fifteenth of February. (Q. 1223.) The importance of doing this appears to have been urged by the Secretary of the Board, on the ground that information was desirable for the Parliament then in session.

Mr. Neville explains the duty enjoined on the commissioners in respect to the returns by their instructions from the Board of Statistics:

"They were to receive them from the enumerators on or before the 15th day of February, and in the event of their not being sent in before that date, they were to take steps to cause the same to be forthwith delivered, and immediately on receiving them, after careful examination, to ascertain that the instructions had been punctually complied with, to certify them, and deliver them to the Board of Registration and Statistics. (Q. 1170.)

Notwithstanding this, the same witness, in answer to another question, (Q. 1221) states that the above provisions, which are those of the Census Act, were not complied with. "Most of the papers," it is said, "were not forwarded till long after the month of February," and when they did come they were in part "very inaccurate." (Q. 1166.)

Nevertheless, "the returns were acted on as received," (Q. 1169) instead of being sent back to the commissioners to be made regular, as required by law; and in utter disregard of the provision that the remuneration of persons employed in taking the census "shall not in any case be payable until the services hereby required of the person receiving it have been fully and faithfully performed," not only were the Commissioners fully paid for this imperfect work, but the work itself was, by being "acted on as received," made the false foundation on which all the census tables of 1861 have been constructed.

No rule was laid down by the Board of Statistics as to the commencement, duration, or conclusion of the commissioners' term of office, and the answers made by the secretary, Mr. Hutton, to those who made enquiry are a mass of contradictions. (Q. 1216.) To one applicant he says, "the commissioner is allowed all the days actually employed,

whether writing notices or travelling ;” to another, “ the commissioners generally charge most of their time, from the date of their appointment until the papers are delivered to this office, which ought to be about the 15th February ;” to another, “ the commissioners are allowed 12s. 6d. per day, for every day from the time they receive their commissions till the papers are returned to this office, on or about the 15th February ;” to another, “ I think it is usual to charge every day from date of your commission, Sundays included ;” to another, “ I think the general plan adopted was to charge all the days from date of commission up to the day of sending the census to this office, at 12s. 6d. per day, or as many as would cover all extras ;” to another, “ my advice to you is, to put nothing in your account but what the law allows, say 75 or 80 days. It has been usual to charge from 60 to 77 days and nothing extra.” “ In a number of other letters,” says Mr. Campbell, “ I find that the secretary recommends commissioners to charge a few days additional in their accounts, in lieu of extras for various incidental petty expenses.” Such is the varied departmental exposition of a law which expressly declares that the allowance to a census commissioner shall not exceed the rate of two dollars and fifty cents *per diem* for the time actually occupied in his official duties, which duties could not have commenced until at least twelve days after the date of the commissions, as that period elapsed between their date and the time of their transmission to the commissioners.

With such latitude of instruction, the commissioners differed much in the charge made for days’ service, the most moderate contenting himself with 40 days, and the most extravagant charging 169 days. (App. pp. 3-5.) And these charges were paid without question, though Mr. Campbell confesses (Q. 1219.) that there does not seem adequate ground, either from extent of population or any other cause, for such wide differences. In Lower Canada, 44 days are charged for Arthabaska, a comparatively thinly settled county ; 100 days for the less populous county of Argenteuil, 164 for the not much larger population of the county of Two Mountains, and 50 days for the Town of Sherbrooke. In Upper Canada, 40 days only are charged by the commissioner for the City of Kingston, and 86 days by the commissioner for London, where the population was considerably less. For the county of Peel 49 days are charged ; 130 days for the county of Carleton, where the population is but little in excess. Similar inequalities prevail throughout.

The express injunction in the outset with respect to printing, postages, advertising, and other small charges, has been noticed, and the invariable direction was that such charges were prohibited as not being authorised by the Census Act. (Q. 1227.) * But this was in part reversed at a meeting of the Board of Registration and Statistics on the 28th February, 1861, whose minutes declare that “ the printing and posting of handbills, under the twelfth section of the Census Act, where such work had been done by commissioners, was ordered to be allowed at a reasonable rate.” This not being authority to perform an act, but an endorsement of certain acts alleged to have been performed, though they had been prohibited, and notice having been given to several commissioners that they would not be paid, some were enabled to receive what was denied to others.

The payment for extra allowances authorized by this minute varied as unreasonably as the payment for *per diem* services. The term “ a reasonable rate” offered a wide margin for speculation. Some commissioners claimed from four to eight dollars, sending vouchers for expenditure, while others for the same service were paid without vouchers from \$75 to over \$100 ; (Qs. 1233, 1234) this, too, notwithstanding the fact that parties

were informed at dates subsequent to the minute of the Board, that thirty to forty dollars were the utmost that could be allowed. After this decision the charge for the county of Carleton was reduced from \$166 to \$100, and Mr. Commissioner Clemow was informed that "with regard to your own account, you are allowed much more than others, and I explained to Mr. Powell that the Board could not allow any more than the sum specified." Mr. Clemow was, as will be seen by reference to Appendix (p. 5), allowed more than three dollars per hundred names for the entire population of his county. The commissioner of Elgin was told: "The charge you make of \$161.24 is excessive, as the most of the commissioners charge from \$5 to \$30, and in one or two cases up to \$100 for printing bills." On the 6th April, 1861, Mr. Commissioner Jarvis, of the county of Perth, was notified—"the charge you make of \$136 for printing handbills is altogether out of the question, \$30 being the amount generally charged and paid." Yet, on the 2nd May, the whole sum was paid to Mr. Daly, M.P.P. Mr. Commissioner Gamble, of York, was written: "the whole of the different items you charge for special services, postages, and printing, please include under the head 'printing and publishing handbills.'" Mr. Commissioner Leeming, for Montreal, was distinctly informed, on 3rd January, 1861, that "there is no allowance for advertising in newspapers;" yet \$203.12 was paid for advertising in Montreal, and \$139.57 in Quebec. To every one else extraneous assistance was refused, but the Montreal commissioners were allowed \$300 for a clerk and \$100 for "taking religions," (Q. 1236) for which no allowance was made elsewhere.

The law distinctly declares that the pay to enumerators shall be "at the rate of two dollars for every hundred persons by him returned when such reside in the country parts," but gives power to the Board of Registration and Statistics to increase the rate "to a sum not exceeding three dollars for every hundred persons returned in cases where, from the dispersed situation of the houses, they shall be of opinion that such additional allowance ought to be made; and a sum not exceeding four dollars for every fifty persons returned, in cases where the population does not exceed three hundred persons in an area of ten miles square." Plainly, then, the rate for the country was two dollars per hundred persons, with an allowance not exceeding one dollar extra for the residents in isolated dwellings, and not exceeding eight dollars per hundred persons in out-settlements where three hundred persons were scattered over one hundred square miles, which is equivalent to one hundred families of three persons each residing a mile apart. Consequently, whatever might be the ground to be traversed, the population for which by law more than two dollars per hundred could be paid, must be very limited in numbers.

Payment, except in a few cases, was not made to the enumerators direct, but through the commissioners, by whom they were appointed and who rendered all the accounts. The only interference of the Board of Registration and Statistics, which alone by law should have adjudicated upon all extra allowances, was not to retrench but to increase them by the minute of 28th February, authorizing a double payment for all names copied upon what were called "Agricultural Sheets," which was not permitted when the previous census was taken under the same law. There is no record of any examination of accounts by the Board as by law provided. Mr. McNider says:

"They were acted upon in this way: I think a general understanding existed between the Board and Mr. Hutton, the secretary, in pursuance of which the latter had power to allow commissioners, for enumerators, the higher rates provided by law for exceptional

cases. Practically, the discretionary power vested by the law in the Board was exercised by the secretary. I always submitted the accounts to the secretary after I had examined them, pointing out all charges higher than the minimum rate fixed by law. My usual practice was to report orally my opinion as to the propriety of paying higher rates when charged, and, generally speaking, Mr. Hutton acted upon my report. After Mr. Hutton's death, the acting secretary, Mr. Campbell, also generally adopted my report, without much examination of his own." (Q. 1246.)

Mr. McNider's examination extended to the commissioners' accounts generally, including the payment to their enumerators, with the other items for which there were sometimes vouchers produced and sometimes none. Mr. Campbell, explaining his agency, (Qs. 1195, 1201) states that no accounts were submitted to him for examination, but that when brought to him by Mr. McNider without any signature as evidence of examination, he, upon a verbal report of their correctness, certified them for payment, and they were paid. Mr. Campbell himself admits that his certificate in no way attested their accuracy. (Q. 1196.) Thus the accounts for all claims in taking the census, whether for allowance to commissioners, remuneration of enumerators, or charges for extras, were not submitted to examination by the Board previous to payment, as required by law, or to the secretary, or acting secretary, but were left to the discretion of a clerk, who gives what may be a very good if not satisfactory reason for some of the extravagant charges allowed to particular parties. "In some instances," he says, "members of Parliament had more or less influence in inducing members of the Board to sanction a departure from the minimum rate named." (Q. 1247.) Mr. Campbell asserts that he, as acting secretary, never certified an account without the assurance of Mr. McNider; but in regard to those paid previous to his appointment, Mr. McNider states: "It sometimes happened that accounts were allowed irrespective of my examination, commissioners obtaining a settlement direct from the secretary without my intervention." (Q. 1247.)

It is unfortunate that almost the only instances of interference of the Board of Registration and Statistics that appears to have been exercised were in the sanction of charges not authorised by law, such as the payment for 208,022 names copied on the "agricultural sheets," involving an extra payment of over \$6,000; "a departure from the minimum rate" in payment of enumerators, and the allowance of exorbitant claims for disbursements made contrary to their own previous instructions.

The accounts when certified by Mr. Campbell, whose signature "not at all" attested their accuracy, were paid by Mr. Ross, the Accountant of Contingencies, who, by authority of an Order in Council was charged with payment of the expenses of the census. Mr. Ross says, (p. 5) "I paid upon the face of them as there stated. I did not examine them; it was no part of my duty." From Mr. Ross the accounts went to Mr. Langton, the Auditor, who also passed them without examination or comment. "I only look upon them," he says (Q. 1176), "as his (Mr. Ross') vouchers to ascertain that he paid, and had authority for paying, the sums which he charges in his accounts." The only positive examination or pretended audit of the accounts for taking the census, involving the payment of \$106,095.15, (App. pp. 3-5) was, therefore, that of an irresponsible clerk.

The rule for payment to enumerators, laid down in correspondence (Qs. 1247, 1248) with county commissioners, was two dollars per hundred names, and in the outset the \$2 rate was acted upon, but soon after deviations commenced, irregular in degree, till a result was attained at variance with right and reason.

The whole irregularity of remuneration or payment is exhibited at a glance in tables I. and II. of the Appendix, which the commissioners caused to be prepared with much care, and to which attention may be particularly directed.*

In the first place, the enumerators were paid for taking 35,452 names more than are to be found on their own returns of the population, being an over-payment under this head, taking the average at 2½ cents, of \$886.30, and \$4,891.15 more were paid for taking the census of Lower Canada than for that of Upper Canada, where the population is one-fourth greater, and the houses more "dispersed." The relative cost, as paid to the respective commissioners, of taking the census in the Western section of the Province, was \$3.62 per hundred names, and in the Eastern section, \$4.95. The corresponding cost for the census of 1851 was—Western, \$3; Eastern, \$3.55. Montreal, with two unauthorised commissioners, an unauthorised clerk, and unauthorised advertising, cost \$3.82 per hundred names. Quebec city, \$4.32 per hundred. Sherbrooke town—which should have been included in the account of a county commissioner—cost, with its unauthorised commissioner, \$6.33 per hundred. On the other hand, the average cost of the five Upper Canada cities was \$3.10 per hundred. In Lower Canada, in nineteen out of the sixty counties, the enumerators were paid wholly at the higher rates, though there is a pretence for "dispersed houses" in all these localities. \$1,041.35, or \$8.07 per hundred for a population of 12,897, are paid for the county of Argenteuil, and \$445.19, or \$3.03 per hundred for 13,473, equally or even more scattered, in the county of Arthabaska. The counties of Hochelaga, Rouville and Yamaska are the only counties paid at the rate of two dollars per hundred, while others equalling them in density of population were paid three dollars per hundred and upwards. The Magdalen Islands, of which the census should have been taken by enumerators under the commissioner for the county of Gaspé, had a special commissioner, whose charge is \$822.20 for a population of 7,435, or \$11.05 per hundred, though all of these cannot be presumed to be living in "dispersed houses," and the commissioner was acting at the same time as a salaried public official of the Province making the voyage in a provincial vessel. In Upper Canada, a large number of counties were paid at the regular rate of two dollars per hundred, whilst others, for no cause of difference visible from published census returns, were paid two dollars and fifty cents and upwards per hundred.

Stationery forms a large item of expenditure in connection with the census; but as that procured for the Bureau of Agriculture and that for the Census Department were confused together, it is impossible to ascertain the cost or quantity of the portion consumed by the latter. Mr. Campbell says (*Q.* 1295), "We attempted, in the first instance, to keep separate the quantities of stationery supplied for the Census and the Bureau respectively; but it was found impracticable, and the whole went into a common stock." Mr. McNider's statement is: (*Q.* 1308) "Mr. Campbell had custody of the whole quantity—that charged to the Census Commission as well as that charged to the Bureau; the whole being placed in an attic of which he retained the key." Why it was "impracticable" to keep them separate, unless they were through negligence huddled together promiscuously when received, is by no means apparent.

* By an error in Table I, the days' service of the commissioners for the city of Quebec appears as 140 instead of 420 days. The total of the column headed "No. days' service" should therefore be 73434, instead of 70634.

So far as the accounts shew, there was nothing particularly extravagant in the consumption of stationery up to the end of October, 1861, when the large orders, \$9304, were given to Mr. Foote, at which date Mr. Campbell says (Q. 1295): "We had besides a considerable stock on hand," and, (Q. 1296) "of foolscap, we had an ample stock on hand at the time." At this date, too, nineteen clerks had been working on the census returns for months—ten of them from the time the census returns came in from the commissioners—a time sufficient, according to the opinion of the statistical clerk of the Finance Department, to have completed the work for publication, and when certainly a large portion of the stationery required should have been consumed. The requirements of the Bureau of Agriculture are not large. Its correspondence is limited, and the correspondence of the Census Department had to a great extent ceased in October, 1861. Yet on the 30th of that month Mr. Foote received an order to supply—and afterwards did supply—200 reams of note paper; 120 reams of letter paper; and 110,000 envelopes, out of which there has been a consumption of 154 reams note paper; (Q. 1296) 76 reams of letter paper, and 100,000 envelopes. Of letter envelopes Mr. Campbell says, "we use very few:" 40,000 were supplied by Mr. Foote, and only 1,100 remain. There was a further consumption of over 100 reams of foolscap. The whole quantity stated is so much in excess of the apparent wants of the respective offices, that the inference is inevitable, either that the articles were not correctly received, or that unaccountable waste occurred within the department.

A looseness of calculation in the arrangements for the publication of the entire census work corresponds with what is found elsewhere. In October, 1861, when the compilation from the census sheets should have been so far advanced as to give, by comparison with the census volumes of 1851, an approximate idea of the bulk of the work in hand, it was given to Mr. Foote for publication upon an estimate of three volumes of not exceeding six hundred pages each, at five shillings per volume, of which there were to be two thousand copies in English and one thousand in French, or an entire edition of nine thousand volumes. No tenders were asked for the printing, which was ordered by direction of the Board of Registration and Statistics. The English edition was offered to Mr. Foote, and the French to Mr. Coté—who subsequently transferred his contract to Mr. Foote at the rate named. In answer to question 1205, whether other printers offered to print the census volumes, Mr. Campbell replies: "Yes, tenders were sent in by two or three other parties unasked. I never saw those offers, but to the best of my belief two of the parties were the Queen's Printers and Hunter, Rose & Co. I do not know the terms of these offers." Being asked whether the matter of the census will fill three volumes, Mr. Neville replied: "Certainly not. The whole of it will certainly be comprised in two volumes of not more than six hundred pages each."* Certain abstracts from the census

* "MORNING CHRONICLE,"

Quebec, Nov. 30, 1862.

Sir,—With regard to your enquiries relative to the number of volumes of Census, I beg to say that the contract was for 3 volumes, comprising 2,000 English and 1,000 French of each, making in all 3,000. In consequence of representations made to me by the Cartier-Macdonald government, I printed 500 English and 250 French extra. When the Macdonald-Sicotte government were in power, a Board was formed to enquire into the Census: they came to the conclusion to have it put in two volumes, and, in consideration of their interfering with the original contract, to take the extra numbers printed, making in all 7,500 volumes, being a saving to the department of 1,500 dollars.

I am, sir,

Your obedient servant,

SAMUEL B. FOOTE,
Per J. J. F.

Hon. Mr. LEBELLIER,
Minister of Agriculture, M. L. C.

returns being required to be laid before Parliament in 1862, Mr. Foote was paid one dollar per copy for a pamphlet of one hundred and sixty pages—the edition being five hundred; and a dollar per copy for another of two hundred and fifty five pages—the edition being one thousand; the price for each of these pamphlets being the same as that which was to be paid for volumes of six hundred pages.

By an excess of small patronage, twenty-three clerks were placed upon the census work during the first year, and nearly the same number were employed during the whole of the year 1862, after which they were reduced by degrees till the whole remaining were dismissed in the month of July, 1863, when the work was nearly completed. They appear to have been under the superintendence of Mr. Hutton, secretary of the Board, until his death in the summer of 1861, when Mr. Thomas McNider, one of the temporary clerks, was “requested” by the Hon. John Ross, then Minister of Agriculture, “to take charge of the Census Department.” Some of the clerks, declares Mr. Neville, (Q. 1161) “were rather irregular in their attendance;” “several of the clerks were inefficient and some inattentive,” (Q. 1244). One was “occasionally absent performing his duty as interpreter to the Court.” A second was at the same time in the employment and pay of the Emigration Department; a third was for a time employed in the House of Assembly as extra clerk, receiving four dollars per day; a fourth drawing his full salary as book-keeper in the Receiver General’s Department, of whom Mr. McNider says: (Q. 1251) “There was one instance in which a salary of \$400 was paid to a clerk who never, to my knowledge, performed service either in the Census or the Bureau.” The qualifications of this numerous staff of clerks, and the manner in which they performed their assigned duty, is further described by other witnesses examined. Mr. Neville says: (Q. 1173) “I think, from the staff we had in the Census Department, the work might have been completed by December, 1862. I think, also, the system was defective in having so many tabular forms ruled and headed by hand, instead of being prepared by the printers. A large amount of expense might have been saved had forms been printed.” Mr. Harvey says: (Q. 1180) “I believe that ten of the staff, working diligently, would have prepared for publication before the end of 1861 the census taken in the early part of that year if proper forms had been devised to facilitate their work.” Mr. Henry May, a merchant familiar with the ordinary routine of office work, and for a time a census clerk, says (Q. 1253): “I have no hesitation in stating, as the result of my observation, that the office work was most inaccurately and discredibly performed.” Mr. May thus states the grounds of his opinion:—

“In the first place, I conceive it was perfectly impossible to have arrived at any accurate results, from the state in which the returns were forwarded by the commissioners to the office; and I consider it certainly not creditable to the department that these returns were received and analyzed without apparently any remonstrance, or being sent back for correction. The consequence was, that it was necessary to attempt to correct the returns in the office as the work proceeded; and as these corrections were made in a great measure according to the fancy or judgment of the clerk employed, they were arbitrary and extremely irregular. The irregularity in the returns themselves resulted from the evident ignorance of many of the enumerators as to the object of the different columns, and carelessness in leaving some of them blank or filling them in a manner that was manifestly absurd. Where the addition of several columns should have agreed with the total given in some other column, it often happened that irreconcilable differences occurred. Most of these mistakes were so obvious, that it would seem to have been the duty of the office to

send the returns back to the commissioners for correction. Besides these defects, a somewhat loose system prevailed in the clerical details of the office. Thus, after the population of a county had been computed, an analysis of the religions would show a total differing materially with the total population. In a like manner, the total of origins would afterwards disagree with both the total of population and the total of religions. Some mode of bringing these totals into harmony was necessary, and an arbitrary system of what I must call cooking the figures was resorted to for the purpose. These discrepancies were as frequently the consequence of want of care on the part of the clerks as of defects in the returns themselves; and had any attempt been made to find out the error, when the discrepancies were discovered, anything like cooking would have been generally unnecessary. The clerks were left to themselves, without any superior check, and hence their indifference and carelessness increased as the work went on." (Q. 1257.)

The same witness declares that, in his judgment, "the errors are so great as seriously to impair the value of the work."

"The return of the colored persons is one of the most obvious of the errors; the total set down being 190 in Lower Canada, whereas there must be more than that number in Montreal alone. It is also a fact that the usual custom in the office was to class the Indians of Lower Canada as of French origin, in addition to putting them in the column reserved for Indians. Another obvious error is in the calculation of the ages, no column being given for those under one year old. The census of 1851 had such a column. This fact may be taken as an illustration of the process of cooking to which I have referred, since the column of births in 1860 is made to do duty as a return of children living under one year of age. The column headed 'Under two years,' properly represents the children living between one and two years of age. Opening a copy of the published abstract of the census now before me, I turn to the exhibit of agricultural products for the county of Brant, and I find that of the first thirteen columns no less than five show incorrect additions. The tables abound in errors of this description. With regard to the returns of mills and manufactories, the analysis of them made in the office, but not yet published, shows results manifestly erroneous. An independent compilation made from the returns for the information of the Minister of Finance proved their utter worthlessness." (Q. 1259.)

"The discipline and attendance," he adds, "were not such as would prevail in a properly organized department. Many of the *employés* were very inefficient, and the number employed was far too great—practically impeding rather than hastening the work." Mr. Harvey (Q. 1178.) names defects in the returns made by the commissioners which render them a delusive basis on which to form any work whatever. "The chief manufactories of various kinds throughout the Province were omitted." "A saw-miller returned carrots and parsnips as the annual product of his mill, and flour millers as turning out boards." "The returns of mills and manufactories," Mr. Neville asserts, "are universally defective. They are so much so as to make the returns of very little value, as not giving anything like an accurate account of the progress of the manufactures of the country." (Q. 1166.) The returns of the City of Montreal, with its two extra commissioners and clerk, do not invite compliment. They were less neat than others, (Q. 1178) and as one omission, there appears to be no mention of Molson's Brewery, notwithstanding the space it occupies and the capital it employs. Defects in the returns of population could only be shown by taking it over again, but the presumption must be that inaccuracies will be as great where there are no means of detection as in places where their occurrence is obvious. The small number of Indians and colored persons in Lower Canada enables any one to judge of the accuracy of the census tables in regard to them. A marked distinction of race and color should ensure accuracy here if anywhere, yet the whole colored population are returned as 190 individuals, 104 being in the County of Ottawa and 46 in the City of Montreal. The Indians of

Lower Canada, according to Mr. May, are twice counted; in one column as persons of French origin, and in another as Indians. (Q. 1259.)

A statement from the Auditor's office, (App. p. 7.) shows the sum of \$155,186.22 paid on account of the Census up to 1st August, 1863, and there will be other payments to follow. All the Province is to receive in return for this expenditure is a ponderous pile of figures, which according to the testimony of those who have been charged with its execution, has been compiled without system or attempt at accuracy, from returns declared to have been inaccurate, defective, and of little value when received. A work so unreliable must be of little worth for present reference, and delusive as a basis upon which to found comparisons with census returns of either past or future periods.

The cost of the Census of 1851, taking entries from the Public Accounts, appears to have been \$83,264.42 or one half the expenditure upon that of 1861.

The necessity of establishing a line of tug steamers on the St. Lawrence below Quebec had been urgently impressed upon the attention of the Government by parties interested in navigation, who represented that the diversion of so much western trade from our early chain of public works through American channels to the ocean, was in a measure attributable to the excess in rate of freight from Quebec to Europe over the rate from New York. It was represented that this disadvantage might be obviated by tug service on the Lower St. Lawrence, through which the delays and risks of navigation would be diminished, insurance lowered, and freight reduced.

The project being approved by the Legislature, an appropriation was made for carrying it into operation, and in November, 1853, the Government advertised for tenders from parties willing to undertake the enterprise with suitable steamers of not less than 250 horse-power each. Four tenders were received, and that of Mr. Francois Baby was accepted by Order in Council, 27th February, 1854. One of these tenders was from the house of Edmonstone, Allan & Co., Montreal, who affirmed, as the result of their long experience, that side-wheeled wooden steamers would not answer the requirements of a service below Quebec, where powerful sea-going iron screw steamers were necessary. The common and equitable rule in giving out contracts is to prefer the party tendering whose circumstances and experience offer the best guarantee for efficient performance, in which case no Canadian house could stand before Edmonstone, Allan & Co., by reason of their long continued connection with the navigation of the St. Lawrence, the number of ships with most valuable cargoes annually consigned to them, and their undoubted means for carrying out whatever they undertook. Whether the contract was given to them or not, allegations respecting the description of boats necessary for the service, coming from a source so worthy of attention, should have been weighed and examined before concluding with any party. A bargain was, however, struck with Mr. Baby, the conditions of which are thus set forth by Mr. Trudeau:—

“The contract was for a term of seven years, from the 27th February, 1854; Mr. Baby engaging to maintain a line of steam tug-boats to run between Quebec and Bic, and below Bic when required, for the purpose of towing and aiding vessels coming up or going down the River St. Lawrence, and for the purpose of relieving wrecks when directed so to do by the Department of Public Works. He bound himself to build at Quebec two steam tugs, of not less than 250 horse-power each, to be completed to the satisfaction of the Public Works Department, on or before the 1st August, 1855. Pending the construction

of these tugs, the contractor to be at liberty to use the steamers "Admiral," "Advance," and "Doris," for the purposes set forth in the contract. A bonus of £7,965 currency, to be paid annually by Government for the two steamers. The contract also embodied a scale of charges to be paid by ships for towage; the relief of wrecks being made subject to special charges." (Q. 1466.)

The vessels to be built were to be wooden side-wheel steamers, and until they were ready for service the contractor was to be paid the bonus of £7,965, for placing upon the line the "Advance," a wooden side-wheel steamer of 150 horse-power; the "Doris," another small steamer, and the "Admiral," an old side-wheel steamer, built at Niagara in 1843, of 7½ horse-power, declared by competent judges, some time after, to be unfit for any service that they knew of. While the tenders called for steamers of 250 horse-power, which might be assumed to be useful, the contract gave this large sum for steamers that were useless for any rough emergency. It would have been only reasonable that the payment of the bonus should have commenced when the contractor had completed the boats for earning it, the more particularly as Mr. Baby had, in a letter of 22nd December, 1853, accompanying his tender, (App., p. 73) used these words: "If allowed to use second-hand boats, this service might be performed for half the bonus asked in my tender." The vessels he was permitted to put upon the line were, for the service, worse than "second-hand." The new boats were to be completed on or before the 1st August, 1855, but no preparations were made for their construction during the year 1854. Statements were addressed to the government by the Quebec Board of Trade, and other parties interested in the trade of the St. Lawrence, setting forth the insufficiency of wooden paddle steamers for the tug service, which a rejected tender had represented at the outset; and upon the 26th February, 1855, an Order in Council was passed cancelling the old contract, and directing a second one to be entered into with Mr. Baby, the terms of which are thus recapitulated by Mr. Trudeau:

"It was for the term of ten years, from the 26th February, 1855. Mr. Baby bound himself to place and maintain a line of steam tug-boats, to run between Quebec and Anticosti, for the purpose of towing and aiding vessels coming up and going down the river. He engaged to construct two first class iron screw steamers, of not less than 300 horse-power each, to be ready for use on or before the 1st September, 1856. Pending the construction of these vessels, the "Admiral" and the "Advance" were to be employed on the line. A bonus of £11,300 per annum was to be paid by the government for the two boats, with a right to call for the use of one or more additional boats, to be paid for proportionately, at the same rate. To aid in the building of the steamers, an advance of £19,000 currency to the contractor was authorized to be paid on the certificates of Lloyd's surveyor, and to be secured by mortgage on the vessels building, and the vessels employed. This advance was to be repaid by four annual instalments of £4,750 each, out of the subsidy for the second, third, fourth and fifth year's service, with interest at six per cent. A further advance, amounting to the bonus of the first year, was authorized, to aid the contractor in procuring the iron vessels from the builder, so soon as they were ready to enter upon the service." (Q. 1469.)

This contract permitted Mr. Baby to postpone the time stipulated for in his first contract, for commencing the efficient service more than a year; and sixteen months later than the time proposed in the rejected tender of another party. The bonus, which would have sufficed to secure a fair trial to the project of towage below Quebec, was therefore to be paid at least one year and a half longer, for the employment of two wooden steamers of small use or value; the statement of Mr. Baby, that with second-hand

boats, the service might be performed for half the first bonus of £7,965, being again overlooked, or disregarded.

The contractor was, in the years 1854, 1855 and 1856, paid \$122,260 for the use of boats of less efficiency than would be understood by the description "second-hand," with which he said in the letter of 22nd December, 1852, the service might be performed for half the bonus asked. Calculated upon this remuneration, named by himself, the three years' service would have amounted to only \$47,790. A small allowance might be added for what the new iron boats were ready to perform in the fall of 1856, the first of them, the "Victoria," having arrived in September.

No tenders were invited for these iron tug-boats; but with an offer on record, from responsible parties, to construct and run two similar boats for an annual bonus of £10,000, the then Commissioner of Public Works recommended—and an Order in Council approved—this new contract, for ten years from date, allowing Mr. Baby a bonus of £11,300 annually, with an advance of £19,000, to aid in building the vessels.

A reference to the rejected tender of Messrs. Edmonstone, Allan & Co., to the Orders in Council, and the description of the steamers (App. pp. 71, 74, 78) will show that the "Victoria" and "Napoleon III.," built by Mr. Baby under the second contract, are within a fraction of the exact dimensions recommended by the firm just named; and that the scale for towage named by them, though at a somewhat higher rate, is that established as the tariff for Mr. Baby.

The service of 1857, by Mr. Baby's new boats, was reported by the Commissioner of Public Works to have been "creditably performed," but at a loss to the contractor, for which the provincial bonus was an insufficient remuneration, in consideration of which an Order in Council had been passed on the 16th June of that year, authorising the contractor to reduce the rates of towage fifty per cent. The Government engaged to pay thirty per cent. of this, by way of an additional remuneration to him, by which his share of the diminution would be only twenty per cent.

This change of tariff entailed an additional allowance by the government to Mr. Baby, in 1857, of £2096 2s. 7d; in 1858, of £762 17s. 6d; and in 1859, of £2189 8s. 5d; and as, during each of the last two years, the full bonus of £11,300 with no deduction on account of the £19,000 advanced was paid, the entire payment to Mr. Baby for tug service to the end of 1859 amounted to not less than £61,656 10s.—\$246,626.

From the following passage in the report of the Commissioner of the Department of Public Works, for the year 1858, it would appear that the new contract was not prosperous: "Notwithstanding this it is to be regretted that shipowners availed themselves, either in the years 1857 or 1858, only to a limited extent in the use of the tug vessels." The contractor, through his son, in August, 1858, made propositions to the department of Public Works for the sale of the boats. The previous complaint had been, that he was losing money by his contract, but a statement enclosed in his son's letter to the commissioner, dated 16th August, 1858, under the head of "Annual Receipts," makes a shewing of £13,500 annual profit derived from the tug steamers. (Q. 1476.) No action was taken on this proposition, and on the 16th August, 1859, Mr. Baby wrote to the Provincial Secretary, formally offering to surrender at the end of the season his contracts

with the Government, having still five years to run, and to sell to the government his five tugsteamers, the "Victoria," "Napoleon III.," "Lady Head," "Advance" and "Admiral," for £56,386. This sum was estimated upon three items,—namely, £18,000, balance due to the Government for the advance towards building the two larger boats; £23,386 due by Mr. Baby to the Bank of Upper Canada, covered by mortgage on all the boats, which the government was to pay off; and £15,000 to be paid to Mr. Baby. The offer was accepted by Order in Council, on recommendation of the Minister of Finance (App. pp. 76-78) and the five boats became the property of the province. The only value of the boats furnished in evidence as named by Mr. Baby, is found in a memorandum attached to the statement of 1858, that estimates the whole value at £87,000, under the head of "Capital invested," while by another statement in 1859, they are said to cost £96,000. Both statements are exaggerations.

The Commissioner of the Department of Public Works directed an examination and valuation of the iron boats by Mr. D. Vaughan, and of the "Admiral" by Mr. J. D. Armstrong and Mr. W. Smith, whose report will be found in their letters, (see Appendix LXIV. and in reply to Q. 1483). With these estimates for a basis, the following may be taken as the approximate value of the boats at the time of purchase :

Napoleon III.—At one-third less than cost, say.....	£18,300
Victoria—At £700 or £800 less, say.....	17,550
Lady Head—At £8000 or £9000, say.....	8,500
Advance—No estimate but that stated by Mr. Baby in memorandum of 1858...	7,000
Admiral—At £750 to £800.....	875
	£52,225

As a prelude to this bargain, the following argument is found in the report of the Commissioner of Public Works for the year 1858 :

"Upon entering into a contract of this nature, in the absence of any experience or previous data from which the proceeds or revenue of the work to be performed under it could be calculated on with any, or even a remote degree of confidence or safety, both parties were, necessarily, much in the dark.

"The contractor, on the one hand, could with certainty reckon up the cost of outfit, maintenance, insurance, &c., but was unable to guess, only very vaguely, at what the returns might be beyond the bonus to be paid him.

"So on the other side, the Government was equally without the means of determining what the extent of reasonable aid or bonus to be given should be, or to decide as to the number, description and power of the vessels which they should require the contractor to place on the line."

That the favored contractor was "much in the dark" from his inexperience in the trade of the St. Lawrence is probable; but the Government was not so of necessity, for a rejected tender from a responsible and respectable firm gave specifically all details required, and named £10,000 as a "reasonable aid or bonus" for which a competent party would give the project of tug service on the Lower St. Lawrence a fair trial. If these details required verification, it could have been obtained from men at hand experienced in this navigation.

The report of the Hon. A. T. Galt to the Hon. Executive Council, already referred to, embodies the farther reasonings upon which the bargain was concluded :

"The cancelment of the contract would relieve the province of the subsidy of £11,300 for five years, or £56,500, and also the allowance for towage, amounting on the

past average to £12,250—in all of a payment of £68,750, of which, however, £18,000 has already been advanced, leaving the future charge as £50,750, for which he proposes to accept £15,000 and £23,386, or in all £38,386, shewing an absolute saving, in five years, of £12,364, in addition to which the province would become the proprietor of the five steamers named in his offer, costing, it is said, £96,000.

This may be called the poetry of figures. Reduced to sober prose, the estimates read more harshly. The saving of £68,750, to be paid to Mr. Baby in five years, involves the discontinuance of five years' tug service. If the tug service was necessary, there must be payment to somebody else for performing it, and therefore no "saving" in releasing Mr. Baby. If not necessary, as he wished to be released from a bad bargain, a cancellation of the contract ended the whole matter. There was no necessity of paying £23,386 to the Bank of Upper Canada, or £15,000 to Mr. Baby. All the province had at stake was the advance of £18,000, which he should have been in a position to repay easily, if left in possession of vessels "costing, it is said, £96,000," and the payment of this, with the cancellation of the contract, would leave the province and the contractor in their original position. So far as concerned the province there can have been no gain in the cancellation.

Upon the succeeding business question of what to do with the government's valuable acquisition, Mr. Galt thus speaks:—

"The Minister of Finance is therefore of opinion that of the five vessels the three most valuable could be retained by the Province, at a probable saving on the present outlay for their services, apart from the tug contract, and with very great additional advantage; while the two inferior ships would produce probably from £8,000 to £10,000, which would apply in diminution of the sum to be paid to Mr. Baby."

It was not left to the Finance department to carry out these expectations. The boats were turned over to the custody of the Department of Public Works, and the Commissioner, in his report of the year 1859, detailed the various services in which they might be advantageously employed under public management.

Mr. Commissioner Rose having recommended the disposal of all the steamers, and an Order in Council having passed adopting the recommendation, they were advertised for sale in June, 1860, but no tenders were received in answer to the advertisements. Offers were subsequently made for the steamer "Admiral," and one of the parties who had offered \$3,000, was informed by letter that the Commissioner would be disposed to recommend acceptance of his offer if advanced to \$4,000, but no answer was received, and the boat was afterwards sold for \$1,400; two-thirds of the purchase money, with interest, are still unpaid.

Since the year 1859, the boats have been employed under the superintendence of the Department of Public Works in towage, Trinity, light house, Lower Ports mail, and the fishery services, and relief of skips; and the report of the commissioner for 1860—again making figures subordinate to imagination—labors to show that the expectations of a reduced annual charge under the present management, as compared with that entailed by the previously existing arrangements with Mr. Baby, had been "entirely fulfilled." The appropriations in aid of this service, made by parliament, were \$40,000 for the year 1860, \$50,000 for the year 1861, \$30,000 for the year 1862, at the end of which, as appears in the report of the Commissioner of Public Works, an unexpended balance remained of \$21,970.76, available for the service of 1863. For this last year there was an additional

appropriation of \$20,000, about sufficient, with the year's earnings, to cover the year's expenses.

A statement of the expenses and earnings of the provincial steamers (App. p. 83) exhibits the whole expenses during the four years that they have been under the superintendence of the Department of Public Works, at \$263,127.33, and the earnings—including stock on hand—\$133,841.03; leaving on this part of the account, an excess of expense over receipts of \$129,286.30. The nature of the "receipts" stated in the account as "Revenue collected and paid to the Receiver General," is indicated by the account below, comprising the details of what is called "revenue," \$37,756.98 for the year 1862.* The second part of the account sets against the above debit balance of \$129,286.00 the sum of \$135,700 as the assumed value of mail service to the Lower Provinces, protection to fisheries, carrying light-house supplies, and Trinity-house service; and by this process a balance of \$6,413 is brought down to the credit of the steamers. This balance is purely imaginary, because the amounts allowed for these services are based, apparently, not upon what might have been the cost if thrown open to the competition of private enterprise, but upon what a generous department had for some years allowed to Mr. Baby. Nor are the merits of "revenue" improved by the details exhibited in the account of 1862. And when, moreover, it is added that the four boats "Victoria," "Napoleon III.," "Lady Head" and "Advance," have run on a dangerous navigation for four years uninsured, and consequently at the risk of government, which involves an estimate, or charge, if taken at the ordinary rates of insurance of more than \$50,000, and an equal sum in interest for the four years on £56,386, cash paid in 1859 and thus invested in the boats, it is plain that the possession and employment of them since has resulted, apart from wear and tear causing a diminution in value, in a heavy loss to the province, over and above the Parliamentary appropriations of \$140,000. †

* MEMORANDUM OF REVENUE FROM PROVINCIAL STEAMERS PAID RECEIVER GENERAL'S DEPARTMENT IN 1862.

	\$	cts.
Lady Head—Passage and freight account	17,990	56
" Towage account.....	12,324	47
Napoleon III.....	84	80
Services of steamers conveying Mr. Page to Bird Rocks.....	1,400	00
" " Prince Alfred.....	1,000	00
" " Governor General to Montreal	1,800	00
" " Lord Mulgrave from Shediac	2,600	00
Miscellaneous.....	43	10
Coal, &c., sold.....	258	88
	\$37,501	81
Miscellaneous in 1861	255	17
	\$37,756	98

No insurance.

T. TRUDEAU,
Secretary, Public Works.

DEPARTMENT OF PUBLIC WORKS,
23rd January, 1864.

† Stating the account of the provincial steamers in the most favorable point of view, that is, by charging the actual cash advanced, with interest and insurance, which are both legitimate charges on a business undertaking, and giving credit for earnings at their imaginary estimate, it would stand thus:

Dr. — Original cost of steamers purchased from Mr. Baby

\$225,544	
Interest for 4 years, at 6 per cent. per annum	54,130

book-keeping.* Not until the 9th October were a series of statements received, the remainder not being obtained until some weeks afterward. As received, the statements convey but a small proportion of the information applied for, extending no further than an enumeration of amounts expended, and under what authority, with balances in hand on 1st January, 1863, and affording none of the means of ascertaining the amounts expended under contract on each work, and the amount expended on the unchecked and practically irresponsible order of the minister for the time being. Time has not allowed an oral examination of witnesses in reference to these expenditures. Enough appears, however, to warrant the remark, that in several instances large sums have been expended in advance of the sanction of Parliament, as shown by the appropriation. The total expenditures of the Public Works department—subject to all the irresponsibility and irregularity which have been proved to attend its operations—during the eleven years covered by the returns, amount to \$11,349,572.90, less \$953,260.98, the aggregate of balances of appropriations remaining unexpended. The commissioners have compiled from the returns a statement of the amounts appropriated for the several works, together with the details of the general balance. (App. pp. 86, 88.)

* DEPARTMENT OF PUBLIC WORKS,
Quebec, 20th January, 1863.

SIR,—In reference to your letter of the 2nd inst., calling for a return of all public works undertaken by this department, during the last eleven years, namely, from January 1st, 1852, to December 31st, 1862, I am directed by the Honorable the Commissioner to transmit for the information of the Financial and Departmental Commission, the enclosed extract from a report by the accountant of this department. The return is being made with all possible despatch.

I have the honor to be,
Sir,
Your obedient servant,

T. TRUDEAU,
Secretary.

GEO. SHEPPARD, Esq.,
Commissioner and Secretary,
Financial and Departmental Commission,
Quebec.

Copy of Extract from letter No. 62,650, received from James Baine, Book-keeper, Public Works Department.

The compilation of this return is one of no ordinary character, involving lengthy details, and will, no doubt, be attended with some difficulty, as the books of this department, prior to the year 1857, when I was appointed its book-keeper, do not correspond, as to balances of appropriations, with those of the Inspector General's department.

With respect to the state of these appropriation accounts, Mr. Langton, the auditor, in a report addressed by him to the Honorable the Minister of Finance, dated 31st October, 1858, and transferred to this department, states as follows:

"It is very important that the same balances of appropriations should appear in the books of both your department and that of the Public Works. For many years past great differences had been accumulating, and the subject having been discussed two years ago between the Inspector General and the Commissioner of Public Works and myself, it was believed that it would be a work of great labor, with no corresponding profit, to trace out and rectify them. As the public accounts have always been made with reference to the books in your department, it was thought that it would be best to assume them as the basis, with some modifications, and that an Order in Council should pass determining the balances which were to be adopted by the departments."

In the early part of 1859, balances of appropriations were agreed upon with the Inspector General's department, and, at the close of the session of Parliament of the same year, a schedule was prepared embracing all available appropriations, which was adopted by both departments; comparisons have since then been made annually, by which mutual discrepancies, formerly allowed to accumulate, were adjusted yearly. From that period up to the present time, therefore, there would not be any hindrance in this respect to making up the return.

During the present month the accounts are being closed for the past year, and the daily payments are numerous, requiring much attention, so that the return could not be proceeded with, at present so rapidly as at other periods of the year, and it would also require, as is already seen, the joint action of the Department of the Minister of Finance.

I am unable to state what length of time would be taken up in its preparation, some months might be required.

(Signed) JAMES BAINE,
Book-keeper.

Probably no more complete exemplification on the various points of enquiry enjoined on the Commission concerning the mode of keeping the public accounts of this Province, the receipts and disbursements of the departments, and the manner in which they are checked and audited, the issue, disposal and sale of debentures, the payment of interest thereon, and the redemption thereof, and the extent to which the existing method facilitates the application of proper checks to the various transactions connected with the issue and management of public securities, can be adduced than by supplying a narrative of the transactions between the Grand Trunk Railway Company and the Bank of Upper Canada with the Government or individual members of it, in connection with the construction of that railway. Before entering on the history of that vast undertaking, it may elucidate the subject to refer to the prior legislation of the country with reference to railroads generally.

The railway system was of somewhat tardy growth in Canada, not from any apathy on the part of the people, but owing to the fact that their energies had been taxed largely for the achievement of the grand object which had long been paramount in their estimation, the completion of a line of canals—a vast highway traversing the whole country and connecting the Far West of Canada with its eastern extremity; thus opening its commerce and the sale of its products to the whole world. The realization of such a conception by so young a country, and the considerable sacrifices it entailed, lightened although they were by the liberality and wise foresight of Great Britain in the facilities she afforded by her guarantee, naturally led to some pause before entering on other undertakings which might seem in a certain degree to militate against the interests of the one accomplished. Hence the comparative backwardness of Canada in relation to the construction of railways may readily be accounted for. The fact itself is indubitable. In 1847, the only railway in the Province was a line from a point on the St. Lawrence opposite Montreal to the town of St. Johns, the length about 15 miles, constructed entirely by means of private capital.

In the year 1849, the first Railway Act of a general character (12 Vic., cap. 29) passed the legislature of Canada. To that time had the spirit of enterprise of the people remained almost dormant, as is thus described in a document published near the close of that year, which attracted considerable attention and was widely distributed: “While the adjoining States are covered with a network of thriving railways, Canada possesses but three lines, which together scarcely exceed fifty miles in length, and the stock in two of which is held at a depreciation of from 60 to 80 per cent.—a fatal symptom of the torpor overspreading the land.”

The title of the Act referred to (12 Vic., Cap. 29) explains its two-fold objects, viz., *To provide for affording the guarantee of the Province to the Bonds of Railway Companies on certain conditions, and for rendering assistance in the construction of the Halifax and Quebec Railway.* What relates to the guarantee by the Province of the bonds of railway companies is comprehended in the 1st section.

“Whereas at the present day, the means of rapid and easy communication by railway, between the chief centres of population and trade in any country and the more remote parts thereof, are become not merely advantageous, but essential to its advancement and prosperity; and whereas experience has shown, that whatever be the case in long settled, populous and wealthy countries, in those which are new and thinly peopled, and in which

capital is scarce, the assistance of government is necessary, and may be safely afforded to the construction of lines of railway of considerable extent; and that such assistance is best given by extending to companies engaged in constructing railways of a certain length, under charter from, and consequently with the approval of, the Legislature, the benefit of the guarantee of the government, under proper conditions and restrictions, for loans raised by such companies to enable them to complete their work: Be it therefore enacted," &c., &c. "That it shall be lawful for the Governor in Council, on behalf of this Province, to guarantee the interest on loans to be raised by any company chartered by the Legislature of this Province, for the construction of a line of railway not less than seventy-five miles in extent, within this Province, on condition,—that the rate of interest guaranteed shall not exceed six per cent. per annum,—that the sum on which interest shall be so guaranteed shall not be greater than that expended by the company before the guarantee is given, and shall be sufficient to complete their road in a fitting manner, and to the satisfaction of the Commissioners of Public Works; provided always, that no such guarantee be given to any company, until one-half of the entire line of road shall have been completed,—that the payment of the interest guaranteed by the Province shall be the first charge upon the tolls and profits of the company, and that no dividend shall be declared, so long as any part of the said interest remains unpaid,—that so long as any part of the principal on which interest is guaranteed by the Province remains unpaid, no dividend shall be paid to the stockholders, until a sum equal to three per cent. on the amount so remaining unpaid, shall have been set aside from the surplus profits of such railroad, and paid over to the Receiver General, under the provisions hereinafter contained, as a sinking fund for the redemption of the debt on which interest is guaranteed as aforesaid,—and that the Province shall have the first hypothec, mortgage and lien upon the road, tolls and property of the company, for any sum paid or guaranteed by the Province, excepting always the hypothec, mortgage, or lien of holders of bonds or other securities on which interest is guaranteed by the Province, for the interest so guaranteed, and the principal on which it shall accrue."

The provisions respecting the aid to the Quebec and Halifax Railway are as follow :

"And whereas the proposed railway between Halifax and Quebec will be a great national work, linking together the several portions of the British Empire on the continent of North America, and facilitating the adoption of an extensive, wholesome and effective system of emigration and colonization, and it is right that Canada should render such assistance as her means will admit of, towards the accomplishment of a work so important, and promising results so beneficial: Be it therefore enacted, That if Her Majesty's Government shall undertake the construction of the said railway, either directly or through the instrumentality of a private company, it shall be lawful for the Governor in Council, on behalf of this Province, to undertake to pay yearly, in proportion as the work advances, a sum not exceeding twenty thousand pounds sterling, towards making good the deficiency (if any) in the income from the railway, to meet the interest of the sum expended upon it, and to place at the disposal of the Imperial Government all the ungranted lands within the Province lying on the line of the railway, to the extent of ten miles on each side thereof, and to undertake to obtain, pay for and place at the disposal of the Imperial Government, all the land required within the Province for the line of the railway, and for proper stations and termini."

The policy of the legislature as declared in this Act was, so far as the construction of leading lines of railway within the Province of such length as to entitle them to be classed as provincial undertakings is concerned, to encourage the undertaking of them through chartered companies possessed of sufficient capital to ensure their completion through at least one-half of their extent; the inducement being offered that on so much being actually accomplished, the Government, at the requisition of the company, and on a first hypothec of the entire work, should render assistance to its completion by a guarantee of the interest on such loans as the company might raise for that purpose. To the intercolonial road between Quebec and Halifax the proffer of aid was limited to an annual payment of twenty

thousand pounds sterling, with a free grant of all the unconceded lands to the extent of ten miles on each side of the line, to the British Government, in the event of their undertaking its construction. In the passing of this Act, there is no apparent disposition on the part of the legislature to clothe the Provincial Government with any powers beyond those necessary to ensure the Province from loss through the guarantee it might be called on to afford. No interference with the management of the roads on their completion was contemplated; that was entrusted to the individuals by whose capital and enterprise they were to be constructed.

The next Act of railway legislation to which it is necessary to advert is that of 1851 (14 & 15 Vic., cap. 73.) Various circumstances had occurred, since the passing of the Act of 1849, essentially to modify the policy of the Government. Delegations and correspondence had passed between the Colonies and the Imperial Government, through the means of which the intentions of the latter, with relation to the extent and nature of the aid they were disposed to yield towards the cost of construction of the intercolonial railroad, were made the subject of negotiation. In 1850, the Honorable Mr. Howe, a member of the administration of Nova Scotia, visited England with the view of obtaining Imperial assistance towards the construction of a railroad from Halifax to Portland, U. S. Whilst Earl Grey, then Colonial Minister, declined the recommendation of Imperial assistance to that particular scheme, he signified a willingness on the part of his Government to further the undertaking of a trunk road connecting the British North American Provinces of Canada, Nova Scotia, and New Brunswick, taking the survey of Major Robinson as the guiding idea. Mr. Howe, on his return to this continent, strongly urged on the Governments of the several provinces the adoption of the views expressed by Earl Grey, and affirmed that with their joint assent, the Imperial Government would guarantee Provincial debentures to be issued in aid of the construction of the intercolonial railroad, as suggested, to the extent of seven millions pounds sterling.

On the 14th March following, Earl Grey signified, in a despatch to the Governor General of Canada, that Her Majesty's Government was disposed, on certain conditions, to recommend to Parliament that the credit of the United Kingdom should be employed to enable the Provinces of Canada, New Brunswick, and Nova Scotia, to raise upon advantageous terms the funds necessary for the construction of a line of railway from Halifax, in Nova Scotia, to Quebec or Montreal. Nothing in the despatch warrants the belief of a willingness on the part of the British Government to supply aid to any other than the railroad between Quebec and Halifax, or to give a guarantee of a specific sum to be placed at the discretionary disposal of the Provincial Government.

The Provincial Administration here, however, appears to have construed this despatch as a confirmation of the accuracy of the exposition of the views of the British Government given by Mr. Howe. Acting on this assumption, in the Session which ensued shortly after the receipt of Lord Grey's despatch, ministers carried a measure which subverted the whole principle of legislation on which the Act of 1849 was based. On introducing his Bill, the Honorable Inspector General, Mr. Hincks, declared that the opinions he had formerly entertained in favour of encouraging the construction of railroads through chartered companies was entirely changed. "He believed that the experience of other countries warranted the conclusion that the best method of constructing and managing railroads was by placing them under the control of the State. In Belgium, the railroads were entirely the

property of the State, and their management was unquestionably the best with which he was acquainted, and he, therefore, proposed to apply this principle to this Province."

Regarding the soundness of the new policy as established, and the exposition by Mr Howe of the willingness of the British Government to guarantee interest on £7,000,000 sterling of Provincial securities, for Provincial railroads generally, without any distinct stipulation as to their route, as undeniable, Mr. Hincks jumped to the conclusion that Canada would have four millions of pounds to her share, of which any portion that might be unexpended after the completion of her one-third of the intercolonial road, it would be within her right to apply to other railroads of a Provincial character. With these four millions thus placed at the disposal of the Canadian Government, Mr. Hincks estimated that the entire line from Halifax in Nova Scotia to Toronto could be constructed. The following extract from his speech on the 8th August, 1851, in the Committee of the House of Assembly, contains an exposition of the grounds on which he rested that conclusion :

"Mr. Keefer's estimate for that portion between Toronto and Kingston was £4,500 per mile, and from Kingston to Montreal, £5,000 per mile. Taking the average at £5,000 a mile—a very safe estimate—the whole would amount to £1,900,000. He did not desire to go too low, and, therefore, called the estimate, from Melbourne to Quebec, £6,000, for ninety-five miles, £570,000; to which must be added one third of the line between Quebec and Halifax, which he estimated at £7,000, making the whole £3,338,000—or say, in round numbers, £4,000,000."

The Act of 1851 (14 and 15 Vic., cap. 73,) to which these remarks are introductory, is entitled *An Act to make provision for the construction of a Main Trunk Line of Railway throughout the whole length of this Province*. The 1st section declares that :

"Whereas it is of the highest importance to the progress and welfare of this Province, that a Main Trunk Line of Railway should be made throughout the length thereof, and from the eastern frontier thereof, through the Provinces of New Brunswick and Nova Scotia, to the city and port of Halifax; and it is therefore expedient that every effort should be made to ensure the construction of such railway, whilst as an Act of justice to those who have advanced their money upon Provincial securities, and as the best means of sustaining the credit of the Province, and of readily commanding such further pecuniary assistance as may from time to time become necessary for great provincial works of internal communication, it is expedient that the Provincial Parliament should pledge itself not to allow the public debt and liabilities of the Province to be increased, except in the cases and under the conditions hereinafter mentioned. It therefore enacts, that excepting only as regards such loans as may be raised for the purposes of this Act, under the authority and guarantee of the Parliament of the United Kingdom, and as regards the guarantee of the Province under Act 12 Vic., cap. 29, for interest only on debentures issued or to be issued by the *St. Lawrence and Atlantic*, the *Great Western*, or the *Ontario, Simcoe and Huron Railway Cos.*, the Provincial Parliament will not hereafter authorize the increase of the public debt and liabilities of this Province without the consent of the agents, through whom loans may have been negotiated in England, or the previous offer to pay off all debentures then outstanding."

The 2nd and 3rd sections provide that if the funds necessary for the construction of the intercolonial road shall be raised by loan under guarantee of the Imperial Parliament, or advanced as a loan under its authority, it shall be lawful for the Governor General in Council to enter into arrangements with the Governments of Great Britain and of the Lower Provinces, for the construction of the Quebec and Halifax Railway. The ungranted lands of the Province, ten miles on either side of the road, are placed also at the disposal of the Governor in Council, to be appropriated as he may think proper in furtherance of the arrangement, and other necessary means are conferred on him for the effecting of the object.

The 4th to 14th sections provide that if the Imperial guarantee be granted, the extension of the railway from Quebec westward to Hamilton shall form part of the main trunk, and be constructed with the funds raised on the Imperial guarantee; but if such guarantee be not obtained, or be insufficient in amount, the whole road, or the residue thereof, shall be made at the joint expense of the Province and such municipal corporations as shall subscribe towards the same. The sum subscribed for by the Municipalities to form a fund to be called "The Municipal Subscription Fund." The Government are authorized to issue Debentures chargeable to the Consolidated Revenue Fund of the Province not exceeding in amount that subscribed by the Municipalities, with an equal amount chargeable solely on the Railway Subscription Fund, and the Sinking Fund thereafter provided.

Section 15 enacts that in the event of its being found impracticable to use the funds for constructing the main trunk line of railway in any of the modes before mentioned, the undertaking may be prosecuted by private chartered companies duly authorized by the Legislature. Section 16 limits the guarantee under 12 Vic., cap. 29, to certain companies therein enumerated. Section 17 appoints a Board of railway commissioners, composed of the following members of the Government, in virtue of their office: the Receiver General, the Inspector General, the Commissioner and Assistant Commissioner of Public Works, and the Postmaster General.

The 20th clause recited further conditions of the guarantee as follow:

"And be it enacted, that the said guarantee shall not be given with regard to any railway or section until the said Board shall have reported to the Governor in Council that the land for the whole railway or section has been acquired and paid for, that a part of the work thereon has been completed to their satisfaction, and that the fair cost of the part so completed, including the fair cost of the land and of all materials then procured by and the property of the company (and not merely the sum the company may have actually expended upon the same), would not be less than the cost of the part remaining to be done, according to an estimate made upon tenders received and approved by the company and by the said Board as fair and reasonable, and in which case the guarantee of the Province may be granted for the sum necessary to complete such remaining part of the work according to such estimate; and generally it shall be the duty of the said Board to obtain and report to the Governor all such information, and to do all such things as may be necessary to ensure the faithful execution of the said Act and of this Act, and any duty assigned to the Commissioners of Public Works by the said Act shall hereafter be performed by the said Board."

An important deviation from the principle which runs through the Statute of 1849 was introduced into the Act now under consideration. The original intention was to limit the guarantee to the interest on moneys raised by loan; but by the Act of 1851, it was provided that the guarantee might, on certain conditions, extend to principal as well as interest. The 22nd clause enacted—

"That the said guarantee may, as regards those companies whose railways will form part of the said main trunk line, and upon such conditions as the Governor in Council shall think fit, be extended to the payment of the principal of the sum guaranteed, as well as to the payment of the interest thereon; provided the bonds guaranteed are made payable at periods previously approved by the Governor in Council, or in his discretion, Provincial debentures for the amount to be guaranteed, or any part thereof, may be delivered to the company in exchange for their bonds, for like sums, and the principal and interest whereof shall be made payable at like periods, or at such others as may be agreed upon; and for the principal and interest of such bonds, the Province shall have the same

priority of hypothec, mortgage and lien upon the railway, tolls and property of the company, as by the said Act is given for sums paid or guaranteed by the Province, and subject to the same provisions, and the said guarantee may be given either at once for the whole sum to be raised by the company, or from time to time and by portions as the same shall be required for carrying on the works, according to the terms and conditions which shall have been made in that behalf."

An accounting clause was introduced, requiring that the due application of all moneys expended under the authority of the Act should be properly accounted for, and that full particulars thereof should be laid before the Provincial Parliament within fifteen days after the opening of the Session next after such expenditure.

Very shortly after the passing of this Bill, it was discovered that there had been a misapprehension on the part of Mr. Howe as to the intentions of Earl Grey. That nobleman never contemplated a line from New Brunswick to Portland as forming a part of the scheme, not regarding it as strictly intercolonial. New Brunswick, on the other hand, considered that line as most important, and unless it could be included determined to abandon all connection with the undertaking. On this becoming known, three members of the Canadian Ministry, the Receiver General, the Inspector General, and the Commissioner of Public Works, paid a visit to the Lower Provinces, and there succeeded in uniting Nova Scotia and New Brunswick in assent to a project of a new line different from that chalked out by Major Robinson, but not supposed to be inconsistent with the views propounded by Earl Grey.

To obtain the assent of the Imperial Government to this new project, Mr. Hincks and Mr. Chandler proceeded at once to England, whither they were to be followed immediately by Mr. Howe. On their arrival in England they found a change had been effected in the Imperial Administration, and Lord Grey was succeeded in the office of Colonial Secretary by Sir John Pakington. The new ministry were occupied with the elections which the changes of office occasioned, but Mr. Hincks lost no time in obtaining an interview with the Premier, the Earl of Derby, which was granted to him and Mr. Chandler on the 30th April, 1852. The result is stated in the following extract of a letter of Mr. Hincks to his colleagues in Canada: "We were given to understand by His Lordship that he would examine the various papers on the subject of the British American railway, and that he would see us again on the arrival of Mr. Howe, of Nova Scotia. I left His Lordship in the confident hope that I should receive an early communication of the intentions of Her Majesty's Government," &c. Mr. Chandler also wrote to New Brunswick, giving a favourable impression of the interview with Lord Derby.

On the following day, however, the 1st May, Mr. Hincks, without waiting for the arrival of Mr. Howe, or the promised interview with Lord Derby, addressed a letter to Sir John Pakington, the Colonial Minister, which, it will be observed by the following extract, anticipated as probable a failure of the entire railway negotiation :

"It seems to me far from improbable, that, on some ground or other, this negotiation will prove a failure. If so, it is of the utmost importance to Canada that the fact should be known as soon as possible. I have reason to believe that I can effect arrangements on the spot with eminent capitalists, to contract all the railroads necessary for Canada with our own unaided credit. I have, likewise, reason to think that the European line from Halifax to the frontier of Maine can be constructed by the unaided credit of Nova Scotia and New Brunswick. I therefore most respectfully request of you, Sir, that you may give me a final answer by the 15th instant, and I must add, that if Her Majesty's Govern-

ment are unable, either from want of time or from the necessity of consulting Parliament, to come to a decision by that period, I must beg it to be understood that Canada withdraws from the present negotiation : and that I shall deem it my duty to enter into arrangements, which, if confirmed, as I believe they will be, by the Government and Legislature, will put it out of the power of the Province to negotiate on the present basis."

Pending these negotiations with the Imperial Government, Mr. Hincks appears to have been in communication with English capitalists and contractors, the result of which led him to the opinion expressed in his letter, that the construction of our lines of railways might be effected through their means with the credit of the Province, and without the aid of the Imperial guarantee. Some correspondence between the Honorable Mr. Hincks and Mr. W. Jackson, who acted on behalf of himself and his partners, Messrs. Peto, Brassey, and Betts, ensued on this subject.*

* From Honorable F. Hincks to William Jackson, Esquire.

MORLEY'S HOTEL, London, 20th May, 1862.

SIR,—Having reference to our several personal communications, I now beg to submit, in writing, the arrangements under which it appears to me that the Grand Trunk line of railroad between Montreal and Hamilton can be constructed.

Firstly.—I understand that certain parties, including Mr. Peto, M.P., Mr. Brassey, Mr. Betts, and yourself, are prepared to construct the above mentioned railway, estimating their profits in doing so on the same scale as they have estimated them in their contracts for various lines of railway in England and of the continent of Europe.

Secondly.—If the terms of such contract be agreed to, I propose that the funds necessary for the construction of the line should be raised in the following manner, viz. : one-tenth of the amount shall be taken by the contractors in stock of the company, and credit given for the same in the account for construction ; one-tenth shall be taken in stock by private individuals in Canada, or by municipal corporations, or by the Government of Canada. In case such stocks should be subscribed for by government or by corporations, their bonds, at twenty years' date, bearing six per cent. interest, to be taken at par by the said contractors. Three-tenths of the amount shall be provided by the issue of the bonds of the company, bearing six per cent. interest, and payable twenty years after date, which bonds the said contractors will take in payment at par. The remaining one-half of the amount to be raised by the issue of the bonds of the company or companies, guaranteed by the Province of Canada, and bearing six per cent., under the terms of the Canadian Railway Guarantee Act.

Thirdly.—The said contractors shall send out, with as little delay as possible, to Canada, competent engineers to examine the surveys of the line already made, to complete them if deficient, and to prepare the necessary working plans, and estimates of the cost of construction of the whole line. On the completion of the estimates, they, together with the plans, shall be submitted with a tender for the construction of the works to two engineers, one to be appointed by the Railway Commissioners of Canada, and one by the contractors ; and in case either or both of such engineers should decide that such tender is too high, and that the said contractors shall be unwilling to reduce the same to an amount deemed reasonable by such engineer or engineers, then the said plans shall become the property of the company, who shall pay, on delivery of the same, such expenses, including the cost of travelling, as the said engineers shall deem reasonable.

Fourthly.—In the event of the contract being agreed upon, the Railway Commissioners shall be authorized to employ, at the cost of the company, such superintending engineers as they may think necessary, with a view to the interests of the Government and company, at the cost of the company, and the preliminary charges already incurred on behalf of the company, in engineering and obtaining plans, shall be charged as part of the cost of the road.

Fifthly.—It is understood that the cost of land shall be paid out of the portion of the stock of the company subscribed for by individuals or municipalities, or the Government of Canada.

If you and your friends are disposed to construct the Trunk Road in Canada on the terms above-mentioned I am prepared, on behalf of the Government of Canada, to agree to the engineers being sent out with as little delay as possible.

I am, sir, your obedient servant,

(Signed)

F. HINCKS,
Inspector General of Canada.

W. JACKSON, Esq., M.P.,
&c., &c., &c.

From William Jackson, Esquire, to Honorable F. Hincks.

LONDON, 20th May, 1862.

SIR,—On behalf of Messrs. Peto, Brassey, Betts, and myself, and any other parties who may be associated with us, I agree to your proposals for the construction of a railway from Montreal to Hamilton, contained in your letter to me of this day's date, subject to the following modifications :

Firstly.—That direct Government bonds, five-tenths (5-10ths) of the capital shall be given in lieu of the company's bonds guaranteed by the Government. The option of taking one or the other to rest with us.

Secondly.—That the bonds of the company shall bear seven per cent. interest, so as to enable them to compete in the money market with similar bonds issued by railway corporations in the United States, and which are now offering in the market. We shall be prepared to pass to the credit of the company any surplus which these seven per cent. bonds may produce beyond par.

Mr. Hincks returned to Canada in June 1852, and Parliament was convened on the 19th August. His Excellency the Governor General, on opening the session, thus alluded to the steps that had been taken during the vacation with reference to the railway legislation of the preceeding session :

" I shall cause such documents to be laid before you as will put you fully in possession of the steps which I have taken during the recess, with intent of giving effect to the intentions of the Legislature embodied in the Acts passed last session for promoting the construction of railways. I have endeavoured in these proceedings to act, so far as circumstances have permitted, in concert with the Lieutenant Governors of the lower provinces."

The measures of railway legislation submitted to Parliament by the Provincial Government operated as a complete abandonment of the main intent of the Act passed the previous session (14 & 15 Vic. cap. 73,) which was to construct with Imperial aid a Main Trunk line of railway from Halifax to the eastern bounds of the Lower Provinces, and thence to Hamilton or some point on the Great Western railway, the entire road being considered as a Provincial work.

The first Railway Bill of the session (1852) was the Act 16 Vic., cap. 37, intituled *An Act to incorporate the Grand Trunk Railway of Canada*. It incorporates certain iridi-

I will write by to-morrow's mail to Mr. Ross, and give him the requisite instructions to proceed forthwith with the survey.

Yours truly,

(Signed)

W. JACKSON.

Honorable F. HINCKS,
Morley's Hotel.

From the Honorable F. Hincks to William Jackson, Esquire.

LONDON, 20th May, 1852.

SIR,—I have to acknowledge the receipt of your letter of this day, agreeing, on behalf of Messrs. Peto-Brassey, Betts, and yourself, to construct the Montreal and Hamilton Railway in Canada, on the terms suggested in my letter of this day's date, with certain modifications. I am certain that no objection will be made to the issue of direct bonds of the Government, provided such bonds are negotiated by Messrs. Baring, Brothers & Co., and Messrs. Glyn, Mills & Co., the agents of the Province, to whom the Canadian Government is bound not to allow its bonds to be issued through other parties. I do not apprehend that any difficulty will be raised to the second proposal with reference to the rate of interest, it being understood that if the six per cent. bonds can be negotiated at par, you will endeavour to do so. With reference to another point mentioned in conversation, I beg to say that if no companies be formed, or if any difficulty should occur with them, the Government of Canada will be responsible for the cost of survey, in case, under the agreement, it has to be reimbursed. While I assume the responsibility of agreeing to this, you, of course, understand that the other portions of the scheme must be concurred in by the Government; but my utmost support shall be given to the plan as now arranged.

I am, your most obedient servant,

(Signed)

F. HINCKS.

W. JACKSON, Esquire.

From William Jackson, Esquire, to Honorable F. Hincks.

LONDON, 21st May, 1.30 a.m.

SIR,—Your reply to mine of last evening is to hand and satisfactory.

Yours,

(Signed)

WILLIAM JACKSON.

Honorable F. HINCKS.

From William Jackson, Esquire, to Honorable F. Hincks.

21st May, 1852.

SIR,—You seem to think that the seven per cent. payable on the bonds to be issued by the company, may be an obstacle to your progress; do not let it be made one. If the company do not find it their interest to make the bonds bear that rate, their interest being ours, we must do the best we can.

(Signed)

WILLIAM JACKSON.

Honorable F. HINCKS.

viduals therein named with such others as may become proprietors of stock, as a company to make and complete a railway to be called the Grand Trunk Railway of Canada, from the City of Toronto along a certain line of route, therein designated, to the City of Montreal. The capital stock of the company is limited to three millions pounds sterling, divided into shares of twenty-five pounds sterling each; power being given to increase the said stock in accordance with by-laws to be passed to that effect. The guarantee of the Province in behalf of the road is thus defined and limited in the 28th section :

“ Provided always, and be it enacted, That for and notwithstanding anything to the contrary in the Act passed in the twelfth year of Her Majesty’s reign, and entitled, *An Act to provide for affording the guarantee of the Province to the bonds of railway companies on certain conditions, and for rendering assistance in the construction of the Halifax and Quebec railway*, or in the Act passed in the session held in the 14th and 15th years of Her Majesty’s reign, and entitled, *An Act to make provision for the construction of a Main Trunk line of railway throughout the whole length of this Province*, the guarantee of the province shall not be given to the company incorporated by this Act, or in respect of the railway hereby authorized to be constructed, to an amount exceeding the sum of three thousand pounds sterling for every mile in length of the said railway: but provided the limits above-mentioned be not exceeded, the said guarantee may, notwithstanding anything to the contrary in the said Acts, be given to the extent of forty thousand pounds sterling, so soon as it shall be ascertained by the report of any engineer or engineers to be appointed for that purpose by the Governor of this Province, that one hundred thousand pounds sterling has been actually, and with due regard to economy, expended on the said railway by the said company, in work or materials delivered on the ground, or both conjointly; and whenever it shall be ascertained in like manner that another sum of one hundred thousand pounds sterling has been so expended as aforesaid, then the guarantee of the Province may be given for another sum of forty thousand pounds sterling, and so on *toties quoties* and till such guarantee shall have been given to the whole extent hereby before limited: Provided always, that such guarantee shall, except in so far as otherwise provided by this section, be subject to all the provisions of the Act first cited in this section, as amended by that secondly cited therein, and may, under the provision of the twenty-second section of the Act last mentioned, be given by issuing and delivering to the said company Provincial debentures, for the amount to be guaranteed in exchange for the bonds of the company, to which bonds all the provisions of the said section and of the said Acts shall apply.”

The 29th section confers power on the company to renounce the said guarantee.

A Bill was also passed (16th Vic., cap. 38), intitled, *An Act to provide for the incorporation of a company to construct a railway from opposite Quebec to Trois Pistoles, and for the extension of such railway to the Eastern Frontier of this Province*. The terms of this Act are precisely similar to those of chap. 37, with the exception that the former incorporated certain persons designated therein, the latter empowered the Governor in Council to incorporate a company to be formed as soon as a proper amount of stock should be subscribed for. The capital stock of the company to construct a railway from Quebec to Trois Pistoles was fixed at one million pounds sterling, with a power to increase it by three million pounds additional, and a right to extend the road to the eastern limits of the Province. The guarantee of the Province to be precisely to the same extent as that of the Grand Trunk Railway, namely, “three thousand pounds sterling for every mile in length,” but for the extension, should it be determined on, to be confined to one million of acres of the ungranted lands of the Crown, lying within the counties of Rimouski and Beauaventure. In all other respects the Act cap. 38 corresponds with cap. 37.

The third of this series of railway enactments introduced was that commonly designated the *Amalgamation Act* (16 Vic., cap. 39). It empowered any railway company whose railway forms part of the main trunk line of railway throughout this Province, to unite with any other such company. The preamble of the Act sets forth that its provisions shall apply to and include the St. Lawrence and Atlantic Railroad Company, and the whole of the railway which that company are empowered to construct. The tenth section repealed the Acts 14 and 15 Vic., cap. 143, and 14 and 15 Vic., cap. 146, incorporating the Montreal and Kingston Railway Company, and the Kingston and Toronto Railway Company, on conditions of the Grand Trunk Railway Company of Canada agreeing to pay to the promoters of these railways certain preliminary expenses incurred for surveys and otherwise.

The Provincial Parliament adjourned on 10th November, 1852, and re-assembled in February, 1853, when it immediately proceeded to pass two other measures in connection with the Grand Trunk Company.

The first (16 Vic. cap., 75) was *To provide for the construction of a general railway bridge over the river St. Lawrence, at or in the vicinity of the City of Montreal*. It empowered the Grand Trunk Company alone, or in conjunction with any other company or companies united with it in that behalf, to construct such bridge within certain specific limits, on a plan to be approved by the Governor in council. The company was authorised to increase its capital or borrow money to the extent of £1,500,000 sterling to build the said bridge, the Provincial guarantee and privileged claim not to extend to the bridge or works connected with it.

The other Act (16 Vic., cap. 76) extends the provisions of the Railway Companies Union or Amalgamation Act (16 Vic., cap. 39) to *Companies whose railways intersect the main trunk line or touch places which the said line also touches*. It changes the provisions as to the choice of directors, fixing the number at eighteen, of which, until the Provincial guarantee is renounced, six shall be appointed by the Governor of the Province.

In the month of January following the passage of the Amalgamation Act, the Hon. Mr. Galt, representing the St. Lawrence and Atlantic Railroad Company, the Atlantic and St. Lawrence Railroad Company, and the Toronto and Guelph Railroad Company, arrived in London, with the view of promoting the amalgamation of these companies with the Grand Trunk Railway Company. He there met and conferred with the Honorable John Ross, as President of the Grand Trunk Company proper, who acted for that company alone, and for the Grand Trunk East, in connection with Mr. Forsyth and Mr. Rhodes. Mr. Alexander Gillespie, of London, acted with Mr. Galt for the Toronto and Guelph Railway Company. The Quebec and Richmond Railway was represented by the shareholders residing in England, where the bulk of the stock is held. Their interviews were carried on from about the 4th January, 1853, to the month of May following, when Mr. Galt returned to Canada. The first official meeting was held at Mr. Ross's rooms, but the subsequent meetings were generally held at the office of Messrs. Smith and Wagstaff, solicitors, in Westminster. Several gentlemen besides those already mentioned are spoken of as having been present at these meetings on various occasions; Messrs. Peto, Brassey, Jackson, E. Betts, Wagstaff, Swift, and Mr. Chapman of Liverpool, representing the Liverpool stockholders of the Quebec and Richmond Railway, are mentioned. It was finally decided to

amalgamate the following roads: the Toronto and Sarnia, Toronto and Kingston, Montreal and Kingston, Montreal and Portland, Quebec and Richmond, Quebec and Trois Pistoles, and Belleville and Peterborough; and to float off the united scheme on the London money market, as early as possible, under the name of the Grand Trunk Railway of Canada.

By the amalgamation agreement executed in pursuance of this determination, on 12th April, 1853, the amalgamated company assumed all the liabilities of the previously separate companies which included certain contracts already entered into by them for the construction of the respective roads, namely, a contract between the Toronto and Guelph Railway Company, executed on the 24th March, 1853, and Messrs Gzowski & Co., for the construction of a line from Toronto to Sarnia, estimated at 172 miles, for the sum of £1,376,000 sterling; a contract between the Grand Trunk Company of Canada, and Messrs. Peto, Brassey, Betts and Jackson, executed on the 23rd March, 1853, for the construction of a line from Montreal to Toronto, estimated at 345 miles, for the sum of £3,000,000 sterling, a contract between the Quebec and Richmond Railway company and Messrs. Peto & Co., executed on the 20th October, 1852, for the construction of a line from Point Levi to Richmond, about ninety-five miles, for the sum of £650,000; a contract between the Grand Trunk Company East and Messrs. Peto & Co., executed on the 23rd March, 1853, for the construction of a line from Quebec to Trois Pistoles, estimated at 153 miles, for the sum of £1,224,000 sterling; and a contract between the Grand Junction Railway and Messrs. Peto & Co., executed on the 23rd March, 1853, for the construction of a line from Belleville to Peterborough, about fifty miles, for the sum of £400,000 sterling. "The conditions of these contracts are for the construction of a first-class single track railway, with the foundation of all the large structures sufficient for a double line, equal in permanence and stability to any railway in England, including stations, sidings, workshops, ample rolling stock, and everything requisitely essential to its perfect completion, to the satisfaction of the Canadian Government." In the contract for the Quebec and Richmond portion, there is no such reference to foundations for a double line. The amalgamated company also assumed the liability of a contract entered into on the 23rd March, 1853, between the Grand Trunk Railway Company of Canada, and Messrs. Peto & Co., for the construction of the Victoria Bridge, in consideration of £1,400,000 sterling to be increased to £1,500,000 on certain contingencies therein mentioned.

The Atlantic and St. Lawrence Railway Company, of the State of Maine, also became parties to the amalgamation agreement so far as to lease their road from Portland, in that State, to Island Pond, in the State of Vermont, a distance of about 148 miles, for 999 years, at "a yearly sum or rent equal to interest at the rate of six pounds per cent. per annum upon the share and stock capital of the said Atlantic and St. Lawrence Company so called up; being the said sum, one million seven hundred thousand dollars, and to the total amount of interest payable by the Atlantic and St. Lawrence Company on all capital already borrowed by them on debentures or bonds, or otherwise, being the said sum of three million dollars, free of all deductions whatsoever; such annual sum or rent being payable by equal half yearly instalments on the first day of January and the first day of July in each year."

This amalgamation agreement was to be finally submitted to the different companies in Canada, for their approval, at meetings of stockholders and directors called for that purpose. In connection with this amalgamation agreement, a prospectus inviting applications for shares in the Grand Trunk Railway Company was issued and published in London.*

* PROSPECTUS OF THE GRAND TRUNK RAILWAY COMPANY OF CANADA.

Directors in London.—Thomas Baring, Esq., M.P.; George Carr Glyn, Esq., M.P., Agents of the Province of Canada, and Directors of the Company on behalf of the Canadian Government; Henry Wallaston Blake, Esq.; Robert McCalmont, Esq.; Kirkman Daniel Hodgson, Esq.; Alderman W. Thompson, M.P.

Directors in Canada.—The Honorable John Ross, Member of the Legislative Council, Solicitor General, for Upper Canada, President; The Hon. Francis Hincks, M.P.P., Inspector General; The Hon. E. P. Taché, M.L.C., Receiver General; The Hon. James Morris, M.L.C., Postmaster General; The Hon. Malcolm Cameron, M.P.P., President of the Executive Council; The Hon. R. E. Caron, Speaker of the Legislative Council; The Hon. Peter McGill, M.L.C., President of the Bank of Montreal; George Crawford, Esq., M.P.P., Brockville; Benjamin Holmes, Esq., Vice-President of the St. Lawrence and Atlantic Railway Company; W. H. Pouton, Esq., Mayor of Belleville; W. Rhodes, Esq., Quebec; E. F. Whittemore, Esq., Toronto.

Bankers in London.—Messrs. Glyn, Mills & Co., and Messrs. Baring, Brothers & Co.

Engineer in Chief.—Alexander McKenzie Ross, Esq.

Assistant Engineer.—Samuel Keeler, Esq.

Secretary in Canada.—C. P. Roney, Esq.

Solicitors in England.—Messrs. Swift & Wagstaff, 30, Great George Street, Westminster.

Solicitors in Canada.—G. E. Sturrier, Esq., M.P.P., Montreal; John Bell, Esq., Belleville.

Applications for shares to be made to Messrs. Laurence, Cazenove and Pearce, Auction Mart, London, Brokers; or to William Chapman, Esq., 2 Leadenhall Street.

The Government and Legislature of Canada have, by various Acts, incorporated several companies for the construction of different sections of the Main Trunk Line of Railway throughout the Province, and Acts of the Canadian Parliament have also been passed authorizing the amalgamation of all the companies whose railways intersect or join the Main Trunk Railway with the Grand Trunk Railway Company, so as to form one company, under the name of the "Grand Trunk Railway Company of Canada." Arrangements are accordingly in progress for a fusion of the Grand Trunk Railway Company of Canada, East, the Quebec and Richmond Railway Company, the St. Lawrence and Atlantic Railway Company, the Grand Junction Railway Company, and the Toronto and Guelph Railway Company, with the Grand Trunk Railway Company of Canada, forming together 964 miles of railway (including a bridge over the St. Lawrence, at Montreal, which will be constructed under the superintendence of Robert Stephenson, Esq., M.P., and A. M. Ross, Esq.) with a combined capital of nine millions five hundred thousand pounds, and for a lease in perpetuity of the Atlantic and St. Lawrence Railway, from the point of its junction with the Grand Trunk Railway to the City of Portland, 148 miles, whereby access is obtained to the Atlantic at one of the natural harbours of the western continent.

The capital is.....	£ 2,500,000
made up as follows:	
Amount already raised in shares, and spent on works of the St. Lawrence and Atlantic and Quebec and Richmond Railways.....	£ 683,400
Amount already raised on bonds.....	733,600
	£ 1,416,400
Received in shares and debentures for the shareholders in the St. Lawrence and Atlantic, and Quebec and Richmond Railways, on the amalgamation, and for the bondholders of the Ontario, Simcoe and Huron Railway Company.....	£ 837,600
	2,254,000
Leaving.....	£7,246,000
This amount will be created and apportioned as follows:	
Stock in 144,920 shares of £25 each.....	£3,623,000
Debentures of £100 each, payable in 25 years, bearing interest at 6 per cent. per annum, payable half-yearly, in London, and convertible into shares on or before the first day of January, 1863, at the option of the holder.....	1,811,500
And debentures convertible into bonds of the Provincial Government, of £100 each, payable in 20 years, bearing interest at 6 per cent. per annum, payable half yearly in London.....	1,811,500
	£7,246,000

Of these 144,920 shares, it is proposed now to issue one-half, viz.: £1,811,500 in shares, and the same amount in debentures, the other half having been agreed to be taken by the contractors, who, however, engage to give to the holders of such shares, on the 1st July, 1854, (twelve months after the anticipated opening of the St. Lawrence and Atlantic section of the railway) the option of taking, in equal proportions, two-thirds of such remaining moiety; that is to say, every holder of thirty such shares will, on the 1st July, 1854, be entitled to claim twenty shares more at par, together with an equal amount of debentures, also at par. Such additional shares and debentures to bear interest at 6 per cent. from the said 1st July, 1854.

£200 of debentures (one-half of each description) will be issued at par, with each £200 of shares.

By the law granting the Provincial aid, it is provided that the bonds of the Province shall be issued as the works advance. These bonds will, therefore, be held in trust to be delivered *pro rata* to the holders of the convertible debentures.

The entire list of directors, both in London and Canada, who had signed the prospectus, are those named as the first directors in the amalgamation agreement. Appended to the prospectus is the following statement of the several works forming the entire capital of the company, £9,500,000.

ORIGINAL distribution of Capital.—Estimated cost of several works comprised in the Grand Trunk Railway Company :

St. Lawrence and Atlantic, 142 miles—£8,500 per mile.....	£1,258,000
Quebec and Richmond, 100 miles—£6,500 per mile—£650,000	
Extension	50,000
	700,000
Montreal to Toronto	3,000,000
Trois Pistoles, 153 miles, at £8,000 per mile	1,244,000
Grand Trunk Junction, 50 miles, at £8,000 per mile	400,000
Toronto and Sarnia, 172 miles, “ “	1,376,000
Victoria Bridge.....	1,400,000
Contingencies.....	142,000
	£9,500,000

Interest at the rate of six per cent. per annum, from the completion of the amalgamation until the entire works are finished, will be paid half yearly in London, in sterling, on the amount from time to time paid upon each share. The dividends, as declared, will also be payable in sterling, in London.

The first payment in respect of the shares and debentures will take place on allotment as follows, viz. : £5 on each share, and 20 per cent. on each debenture, to be paid at the Company's bankers in London, Liverpool, or Canada. The remainder will be called up by instalments, not exceeding £2 10s. per share, and 10 per cent. per debenture, at intervals of not less than four months between each call, and the first call will not be made until the expiration of six months from the date of allotment. Subscribers will, however, have the privilege of anticipating the calls upon the debentures receiving six per cent. interest on the amount paid up in advance.

The description and objects of the Grand Trunk Railway are fully set forth in the appendix, to which especial reference is craved.

The more prominent points therein are :—

1. The completeness of the system of railway, engrossing, as it does, the traffic of Canada and the State of Maine, and precluding injurious competition.
2. The large amount of government guarantee and of Canadian capital invested, being two millions eight hundred thousand pounds sterling.
3. The fact that 250 miles of the railway are now open for traffic, to be increased to 300 miles by the close of the present year.
4. The execution of the whole remaining works being in the hands of most experienced contractors, the eminent English firm of Messrs. Peto, Brassey, Betts and Jackson having undertaken seven-sixths thereof, including the St. Lawrence bridge.
5. The cost of the railway being actually defined by the contracts already made, whereby any apprehension of the capital being found insufficient is removed.

In the Appendix will also be found the data for the following summary of probable revenue :—

On 1112 miles, at an average of above £25 per mile per week.....	£1,479,660
Deduct working expenses, 40 per cent.....	591,864
	£887,796
Interest on Debenture debt, £4,635,200.....	278,100
Rental of Atlantic and St. Lawrence Railway.....	60,000
	338,100
Thus showing a profit on the share capital, £4,864,800, of nearly 11½ per cent.....	£549,696

Application for shares may be made to Messrs. Laurence, Cazenove & Pearee; or to William Chapman, Esq., in the following form :

(Form of application for shares.)

To the Directors of

The Grand Trunk Railway Company of Canada.

I request you will allot to me _____ shares of £25 each, with the proportionate amount of debentures of each class in the capital of the above named Railway, and I agree to accept the same, or any less number, and pay the deposit of £5 on each share, and 20 per cent. on each class of debentures, and to sign any deed which may be required for giving effect to my subscription.

Dated the _____ day of _____ 1853.

Name.....
Address.....
Profession.....
Reference.....

The contribution which the Provincial Government engaged itself to make towards the completion of these undertakings was the loan of Provincial debentures payable in 25 years, bearing 6 per cent. interest, to be advanced as the works should progress, namely :—

Toronto to Montreal	345 miles
Quebec to Trois Pistoles.....	153 "
	498 miles.
At £3,000 per mile.....	£1,494,000
St. Lawrence and Atlantic.....	67,500
Quebec and Richmond	250,000
	£1,811,500

This constitutes the amount of debentures specified in the prospectus as to be issued. To this must be added the sum of £400,000 sterling advanced to the St. Lawrence and Atlantic Railroad, prior to the amalgamation. The whole sum advanced and to be advanced by the Province was fixed by legislative authority, at the time the prospectus was issued, at £2,211,500 sterling, in Provincial debentures secured by the first hypothec on those particular works to which the guarantee was supplied.

These constitute the inducements, so far as the Canadian Government is concerned, held out in the prospectus to capitalists to invest in Grand Trunk Railway of Canada stock, and the assurance of the prospectus is distinctly given of "the cost of the railway being actually defined by the contracts already made, whereby any apprehension of the capital being found insufficient is removed."

The allocation of the first half of the stock, viz : £1,811,500 in shares, and a similar amount in debentures, took place on the 25th April, 1853, in a room in the counting house of Messrs. Baring, Brothers & Co. The advertisements of the meeting had been issued for an unusually short time, probably from about the date of the amalgamation agreement, entered into on the 12th of the same month. Mr. Ross, in his evidence before the committee of the Legislative Assembly, in 1854, states: "I think the advertisement was continued in the newspapers about three weeks before the allotment took place. The time was unusually short. I have no memorandum about me from which I can inform the committee as to the exact time; it may have been much less than three weeks."

The stock, however, was very favorably regarded in the London Stock Exchange, and brokers were selling, before the allotment, guarantees to deliver scrip for one pound per share premium. All accounts concur that the applications for stock were greatly in excess of the sum to be allocated. It was stated by Mr. Ross and others, before the committee, that the applications exceeded the amount to be distributed; it was said to be three or four times as much. Mr. Rhodes says, "I understood the applications amounted to twenty millions."

The distribution was made through the London Board of Directors. On what principle the selection was made does not appear, but great dissatisfaction was expressed by a number of applicants, who were disappointed in not obtaining the amounts they had asked for. Several persons, especially Canadians, were stated to have purchased shares out of doors after the allotment, at premiums of one to two per cent.

The whole number of 72,460 shares were allotted on the day mentioned, and the deposit of £5 per share was then paid in, with the exception of 816 shares, upon which the deposit was not forthcoming at the time. The names of the original allottees not being before the Commissioners, they are unable to say what number of shares the directors in London distributed amongst themselves; but a return laid before the Honorable Legislative Assembly of the shareholders of the Grand Trunk Company on the 31st December, 1854, exhibits those directors, their partners in commerce, their families, their solicitors, and the English contractors, as having then absorbed upwards of one-third of the whole number of shares apportioned. The allotments were made at par, the market value outside at the time, and some time subsequently, being 1½ to 2 per cent. premium; but the Grand Trunk Company derived no profit from the difference. Afterwards they fell below par, and have never been up to par since.

In the following session of the Provincial Parliament, held in 1854, the steps taken in London were virtually sanctioned by an *Act to amend the Acts relating to the Grand Trunk Railway Company of Canada* being passed (18 Vic., cap. 33). It confirms the various articles of the amalgamation agreement entered into in London on the 12th April, 1853, and changes the title of the company then formed to that of the *Grand Trunk Railway of Canada*, "applying to them the provisions of the Railway Clauses Consolidation Act." Section 7 gives power to the company to increase its capital, subject to the proviso, that the prior lien of the Province, or of any other party, shall remain unimpaired thereby. The 20th section enacts that the lien of the Crown, by reason of its guarantee on the several works forming part of the Grand Trunk Railway, shall be a lien upon the whole Grand Trunk Railway and works, and that the guarantee of forty per cent., on certificates of engineers to be given hereafter, shall extend to all the works connected with the Grand Trunk Railway of Canada: the total amount of the guarantee to be limited, as before, to debentures to the amount of £1,811,500 sterling, together with the sum of £400,000 sterling advanced to the St. Lawrence and Atlantic Railway Company, forming a total amount of Provincial guarantee of £2,211,500 sterling. The following proviso also explains to what portions only the guarantee shall extend:

"Provided also that no Provincial bonds shall be issued in favor of the said company on account of any expenditure on the line of railway between Point Levi and Richmond, or between Montreal and Portland, beyond the amounts already issued on account of those roads, that is to say, seven hundred and seventeen thousand five hundred pounds; nor shall any Provincial bonds be issued on account of expenditure on any branch railway to be hereafter constructed, or on account of expenditure on any line of railway now amalgamated or which may hereafter be amalgamated with the Grand Trunk Railway of Canada, excepting those forming the direct line from Trois Pistoles to Sarnia; neither shall any larger amount than one hundred thousand pounds sterling of Provincial bonds be issued on account of expenditure on the Victoria Bridge."

At a later stage of this same session, it was deemed expedient to grant *additional aid by loan to the Grand Trunk Railway Company of Canada*, and Act 18 Vic., cap. 174, was passed on 19th May, 1855, accordingly. It empowers the Governor General to authorise the issue of Provincial debentures to the amount of £900,000 sterling, redeemable in twenty years, and to advance the same to the company, on condition that the total amount of aid which the company shall have received, or shall receive, for work or

materials delivered on the ground prior to the 1st May, 1855, shall not exceed fifty per cent. of the sum expended, nor shall the sum advanced to the company under the Act ever exceed seventy-five per cent. on the sum expended by the company after the said date, in work or materials delivered on the ground, on that portion of the line of their railway lying between St. Thomas below Quebec, and Stratford above Toronto, and exclusive of the Victoria Bridge. The loan under this Act is made a first charge on the whole amalgamated Grand Trunk Railway Company of Canada and their effects, with the same privilege as the first loan, and is repayable in twenty years, the interest thereon being six per cent. per annum, payable half-yearly.*

Next year it was again found necessary to grant *additional aid to the Grand Trunk Railway Company of Canada*, and Act 19 and 20 Vic., cap. 111, under which the Province surrendered its first hypothec on the road to the extent of two million pounds sterling, was passed on the 1st July, 1856. This application to Parliament assumes a different form from those which preceded it, it being passed to *authorise the Governor in Council to carry into effect the arrangement provisionally entered into between the Government of Canada and the said company, based upon the following terms, viz:*

“The said company shall be authorised to issue preferential bonds to the extent of

* FINANCIAL AND DEPARTMENTAL COMMISSION,
1st February, 1864.

Sir,—The Act 16 Vic., cap. 37, sec. 28, provided that Provincial debentures should be given to the Grand Trunk Railway Company in exchange for the bonds of the company. Will you be good enough to inform the Commission what amount of bonds has been received from the company under the arrangement thus authorized, and how they have been disposed of?

The Commission further desires to be informed of the tenor and date of the £900,000 debentures issued under the Act 18 Vic., cap. 173; their rate of interest, and the time at which they were transmitted to the London agents.

I am, sir, your obedient servant,

(sgd.) SHEPPARD,
Commr. and Secretary.

T. D. Harington, Esq.,
Deputy Receiver General,
Quebec.

RECEIVER GENERAL'S DEPARTMENT.

Quebec, 2nd February, 1864.

Sir,—In reply to your letter of yesterday, I beg to state that the Receiver General has received Grand Trunk Railway Company's bonds, which are now in his custody, as follows:—

No. XI.—(14 and 15 Vic., cap. 73), £419,100 sterling. Payable at *Baring, Brothers & Co.*

No. XII.—(14 and 15 Vic., cap. 73), £419,200 sterling. Payable at *Glyn, Mills & Co.*

Both dated 1st February, 1854, for 25 years. Interest at 6 per cent. Coupons unpaid to date.

The Receiver General also holds two mortgage bonds, dated 1st February, 1854, and for the respective amounts above stated.

I enclose a statement in detail of the £900,000 debentures issued under the Act 18 Vic., cap. 174. These debentures run for 25,—though the Act and the Order in Council say to be for 20 years. But, as the Order in Council refers to the favorable state of the London market at the time, I suppose 25 year bonds commanded better prices, and no debentures maturing at a shorter period ever being issued.

I am, sir, your obedient servant,

T. D. HARINGTON,
D. R. G.

George Sheppard, Esquire,
Commr. and Secretary,
Financial and Departmental Commission,
Quebec.

£900,000 sterling Debentures issued under the Act 18 Vic., cap. 174, all dated 1st July, 1855, for 25 years, at 6 per cent interest:—

Glyn, Mills & Co.

1855.	A.			
August 6—Nos. 2743	@ 3242	= 500	× 100	= £ 50,000
“ 25— “ 3243	@ 3742	= 500	× 100	= £ 50,000
Sept. 3— “	(Nil. To Barings only).			
“ 10— “	{ 4743 @ 5242	} = 700	× 100	= £ 70,000
	{ 5542 @ 5742			

two million pounds sterling. The holders of such bonds to have priority of claim therefor over the present first lien of the Province.

"Such issue shall not take place until the railway of the said company from St. Thomas in Lower Canada, to Stratford in Upper Canada, shall have been finished and in operation.

"The proceeds of the said bonds shall be deposited with the Provincial agents in London, and released to the company on the certificates of the Receiver General, upon proof to the satisfaction of the Governor in Council, of progress of the several works hereinafter mentioned.

"The said proceeds shall be appropriated to the aid or construction of the following works, and apportioned as hereinafter stated, and released to the company as the said works are severally proceeded with :

The railway from St. Marys to London and Sarnia.....	£450,000
The railway from St. Thomas, Lower Canada, to Rivière du Loup.....	525,000
Victoria Bridge.....	800,000
Three Rivers and Arthabaska.....	125,000
To enable the said company to assist the Port Hope, and Cobourg and Prescott railways as subsidiary lines.....	100,000
	£2,000,000

"It is provided that the proceeds of the said preferential bonds, to the amount afore-said, be deposited with the Provincial agents, the interest accruing on the Provincial debentures issued to the company shall, during the period of five years (being the time necessary for the completion of the works and for the development of the through traffic), be advanced by the Province, and such advances, as they are made, shall be repaid to the Province in share capital of the company, and the lien of the Province, subject to the preceding conditions, shall rank, as to dividend or interest, with that of the company's bondholders."

Next year, 1857, the harvest of Grand Trunk legislation was again to be reaped. It presented itself on this occasion in the very unobtrusive form of *An Act to dispense with Government directors in the Grand Trunk Railway of Canada, and to facilitate the completion of the Company's works from Rivière du Loup to Sarnia* (20 Vic., cap. 11). On the former point it was enacted, that so much of the several Acts relating to the company as authorizes the appointment of any directors thereof by the Governor of this Province, is hereby repealed, and the then present directors appointed by the Government shall go out of office at the next general meeting of the shareholders for the election of directors: all powers vested in the directors thenceforth to be vested in the elected

"	17--	"	7243	66	7842	=	100	x	500	=	£ 50,000	
"	24--	"	7767	66	7861	=	95	x	1000	=	£ 95,000	
Oct	1--	"	{ 6743	66	7242	=	500	x	100	}	= £125,000	
			{ 7343	66	7512	=	170	x	500			
											Sterling, £450,000	
			<i>Daring, Brothers & Co.</i>									
			A.									
1855.	August.	6--	Nos.	2243	66	2742	=	500	x	100	=	£ 50,000
	"	25--	"	3743	66	4242	=	500	x	100	=	£ 50,000
	Sept.	3--	"	4243	66	4742	=	500	x	100	=	£ 50,000
	"	10--	"	5243	66	5742	=	300	x	100	=	£ 30,000
	"	17--	"	5743	66	6242	=	500	x	100	=	£ 50,000
	"	24--	"	{ 6243	66	6742	=	500	x	100	}	= £105,000
				{ 7513	66	7512	=	100	x	500		
				{ 7862	66	7911	=	50	x	100		
Oct.	21--	"	"	{ 7613	66	7690	=	78	x	500	}	£115,000.
				{ 7691	66	7766	=	76	x	1,000		
											Sterling, £ 450,000	

Receiver General's Office.
2nd February, 1864.

T. D. HARRINGTON,
D. R. G.

directors. The Grand Trunk Company thenceforth shall render detailed statements of their affairs, with a balance sheet, duly attested, to the Inspector General half yearly, or more frequently if required by the Governor. The Board of Audit are empowered to inspect the books, accounts, and vouchers of the company, and to exercise similar powers in relation to the accounts of the Grand Trunk Company to those vested in them with respect to institutions supported by public funds.

The propriety of dispensing with Government Directors on the Grand Trunk Railway Board had already attracted the attention of the Government. It had been represented that their presence had led to much misconstruction both in England and in the Province; the English proprietary having taken it as indicative of a kind of copartnership relation between the Province and the Stockholders in an enterprise of a commercial character, in which both had equally to encounter the chances of success or failure; whilst in Canada the interference of the Government had invested the undertaking with quite a political character. A reference to pages 35, 36 and 37 of appendix will show the vacillating policy and action of the Government concerning this matter.

On the other, and still more important point—the completion of the company's works—additional relief is afforded to them by granting an extension of one year of time for that purpose to complete the several works respectively; and it was further provided that if the works, undertakings, and engagements mentioned in the Act of 1856 be completed within the limits of this extension of time, and so long as they are worked and maintained regularly, “the Province foregoes all interest on its claims against the company, until the earnings and profits of the company, including those of the Atlantic and St. Lawrence Railroad Company, shall be sufficient to defray the following charges:—1. All expenses of managing, working and maintaining the works and plant of the company. 2. The rent of the Atlantic and St. Lawrence Railway, and all interest on the bonds of the company exclusive of those held by the Province. 3. A dividend of six per cent on the paid up share capital of the company, in each year in which the surplus earnings shall admit of the same; and then in each year in which there shall be a surplus over the above-named charges, such surplus shall be applied to the payment of the interest on the Province Loan accruing in such year. The bonds and share capital herein mentioned shall be held to include and consist of all loans and paid up capital which the company have raised or may hereafter raise *bonâ fide* under the authority of any Act of the Provincial Legislature, passed or to be passed, for any purpose authorized by any such Act.”

The 5th section contains the following provision with reference to the preferential bonds lodged with the Receiver General under the 2nd section of the Act of 1856:

“The said company are hereby authorised to receive from the Receiver General of the Province, and expend upon and for the several works and purposes mentioned in the Act last cited, the proceeds of the preferential bonds therein mentioned, as such proceeds are paid in, provided the sum so expended upon each work bears the same proportion to the total sum allotted to it, as the sums paid in bear to the whole amount authorised to be raised by the said Act, and that each of the several works mentioned in the said last cited Act shall be proceeded with simultaneously and in the same proportion.”

In 1858, legislation took the form of *An Act to amend the Acts relating to the Grand Trunk Railway Company of Canada* (22 Vic., cap. 52). Its provisions empowered the board of directors of the company to execute any arrangements with the Atlantic and St. Lawrence Railroad Company for altering or enlarging the conditions of the sub-

sisting lease between the companies, without prejudice or alteration of the relative position of the Province and the company. Section 3 authorises the company to increase its capital by the issue of preferential bonds, which shall be deemed preferential within the meaning of Acts 19 and 20 Vic., cap. 111. and 20 Vic., cap. 11, or bonds not preferential, or mortgages, or new shares, with such privileges as to priority of dividend or otherwise on the present share capital of the company, as they shall direct; provided that such issue shall not in any way affect the Province lien on the road. Section 5 declares the order in which the net earnings of the company, after paying all working expenses shall, subject to the rights and powers of the Atlantic and St. Lawrence Railroad Company under their lease, be appropriated—

“First, in and towards payment of the interest upon the amount which, for the time being, shall have been raised by the issue of preferential bonds as herein mentioned; secondly, in and towards payment of the interest upon the loan capital of the company for the time being raised and subsisting upon, and in respect of the several classes of bonds and debentures hereinbefore mentioned, other than the said preferential bonds; and thirdly, in and towards payment of a dividend at the rate of six per cent. per annum on the stock and shares of the company; and after payment of such dividend then, in or towards the payment of the interest on the Provincial debentures issued in aid of the company from time to time, to the extent of three millions one hundred and eleven thousand five hundred pounds sterling in all; and after payment of such interest, the surplus, if any, shall be applied in payment of a further dividend upon the stock and shares of the said company.”

With this Act of 1858 the annual series of concessions to the Grand Trunk in measures of a Legislative character came to a pause. Not until the session of 1862 did the company again appear as a suppliant in the halls of Parliament. In another portion of this report sufficient evidence will, however, be exhibited to prove that in this interval Provincial relief, other than parliamentary, was not wanting to its necessities to enable it to tide over its difficulties, and to promote and complete its work of utility. The Government supplied what Parliament had ceased to furnish. This last source also being exhausted, or insufficient, a state of embarrassment ensued, which will be found depicted in several of the documents contained in the appendix to this report. Reference is especially craved to the letters (App. pp. 55, 56) between Mr. Baring and Mr. Galt, dated London, 17th July, 1860. The hopes of “recovery” expressed by the latter proved futile, and it appears by Order in Council, dated 2nd October, 1861 (App. p. 57), that the London directors of the Grand Trunk Company, and Mr. Watkin, the superintending commissioner, respectively, memorialized the Canadian Government, praying that Parliament might be assembled to consider a measure of relief for that company. The source whence the company “expect to effect a settlement of their pecuniary difficulties,” it will be observed, is from the amount payable for the postal service rendered by the company. This subsidy they represent is altogether inadequate, and they claim “that the sum should be equal to its capitalization at one and a-half millions sterling for the service of the ensuing twenty-five or thirty years.” “This capitalization is sought for,” and legislative authority is prayed to enable the further sum of £500,000 sterling to be raised by the company for completing, repairing, and equipping the line, &c.

The Order in Council above mentioned adopts the memorandum of the Finance Minister, Mr. Galt, to whom the memorial was referred, that the London directors of the Grand Trunk Company be informed that “His Excellency does not at present consider that a

special session of Parliament should be convened, but hopes that in the meantime the best mode of arranging the difficulties of the company will be determined upon, and that the working of the line may not be interrupted." Of the feasibility of capitalizing the postal subsidy doubts are expressed; but the Government declare themselves "prepared to submit the question of the rate of postal payment to the arbitration of three disinterested parties."

At the next session of Parliament, *An Act for the re-organization of the Grand Trunk Company* (25 Vic., cap. 56) was passed. It recites the company's difficulties; that the interest on all its bonds is in arrear, as well as the rent of the railways leased to it; that the company is heavily in debt both here and in England; and that the terms of a compromise have been provisionally settled between the different classes of creditors and the company, the intervention of the legislature of this country in which has become necessary. For the payment of the present debts of the company due to other than bond or mortgage holders, it appropriates all moneys to be received from the Provincial Government, or from Her Majesty's Government, for postal service or for the conveyance of troops, military stores and munitions of war, and authorizes the company to issue bonds in favor of the said creditors in security of such moneys. It gives power also to the company to raise £500,000 in "equipment mortgage bonds" giving them a first hypothec over the company's railway, works, &c, the money so raised to be applied to the providing of additional sidings, wharfage, stowage, elevators, rolling stock and other plant. A variety of other provisions relating to conversion of the various bonds and stocks, and other matters connected with the economy and management of the company, are also contained therein.

The full responsibility contemplated by the Province on behalf of the Grand Trunk Company, at the stage of the proceedings when its prospectus was issued in London, amounted, as has been already shown, to £2,211,500 sterling. The £900,000 sterling of additional aid granted in the following year, 1855, swelled the guarantee to £3,111,500, the amount at which it now stands in the Public Accounts. The authorization by the Act of 1856 of the issue by the company of two millions sterling preferential bonds diminished the first hypothec of the Province to that extent; the Government, under the same Act, incurring an additional liability of meeting the obligations of the company for interest for a period of five years in respect of the whole £3,111,500 issued, accepting in repayment of this further advance, an equal amount of stock in the share capital of the company. The Acts of 1857 and 1858 consummate the surrender, by declaring that the Province foregoes all interest on its claim against the company until its earnings are sufficient to pay all other interest, with a dividend of 6 per cent. to its shareholders. These antecedent claims, including as they do in the terms of the Act, "all loans on paid-up capital which the company have raised or may hereafter raise, *bonâ fide*, under the authority of any Act of the Provincial Legislature," render the supposed lien of the Province on the road or its appurtenances, nearly worthless.

The last link in this chain was the Act of 1862, conferring on the company power to incur an additional debt of half a million pounds sterling, with a privilege of priority of repayment over any other of the obligations of the company.

The indebtedness of the Grand Trunk Railway Company to the Province of Canada,

growing out of these Acts of the legislature, amounted, as will be seen by reference to Appendices 8 and 9, to the following sums :

Aggregate of debentures issued, (£3,111,500 stg.).....	\$15,142,633 34
Interest to the 31st Dec., 1862.....	6,368,947 01

\$21,511,580 35

The issue of these debentures, as set forth in detail by the Inspector General's Office formed the subject of a minute documentary examination by the Commission. It was found that whilst some irregularities in point of form had occurred, the aggregate result of the account is correct.

This recapitulation of the various successive Acts of the legislature affecting the Grand Trunk Company, passed since its formation, evince a strong desire to act in a most liberal spirit in providing the fullest and most effectual aid to the completion of an undertaking on the success of which the future welfare and advance of the country so largely depended. Considering, too, the magnitude of the pecuniary contribution levied but a few years previously for the construction of the canals on the St. Lawrence, the further enormous expenditure on the land route is a striking fact that cannot but be regarded as manifesting an amount of enterprise and public spirit redounding highly to the credit of the people, and as affording an ample refutation of the cry industriously raised against the Legislature of Canada, of having been niggardly in its countenance and assistance to this undertaking.

But the aid supplied to the Grand Trunk Company was not merely legislative. In the appendix to this report, and in the evidence produced before this commission, will be found a mass of information covering numerous transactions between the Government and the Trunk Railway Company relating to loans, advances, and other facilities granted by or through the former to the latter.

The first to be adverted to are two loans, one for £25,000 sterling under Order in Council, July, 1856, "to enable the Grand Trunk to meet their engagements on this side of the Atlantic" (Q. 1346); the other of £12,500 currency, under Order in Council (App. p. 36) of September, 1856, "to meet the payment of interest due in the Cities of New York and Boston on a portion of the bonds of the Atlantic and St. Lawrence Railway Company;" both advances to be charged against railway securities in the hands of the provincial agents in London. These advances are not of record in the books either of the Receiver General's or the Inspector General's office. Mr. Reiffenstein's impression is that both of these advances were paid by the Bank of Upper Canada, and that the bank was refunded by the company. The next advance (App. p. 27) is headed "Grand Trunk Railway Company Special Account." It represents certain payments made by Government on account of the Montreal, Kingston, and the Quebec and Richmond Railways, assumed by the Grand Trunk Railway Company; the balance, \$19,428.06, still remains unpaid. By Order in Council (Appendix, p. 38), it appears that £66,720 sterling were retained until certain advances, of which this formed a part, were adjusted; but by Order in Council (App. p. 43), that sum was released, on condition that the \$19,428.06 should be charged to a new loan of £100,000 with which the Government had arranged to assist the company. In the settlement of the loans, this sum appears to have been overlooked, and it, with the interest accruing remains unpaid.

The next account to which reference is made is "Grand Trunk Railway Company—Advance Account." (Appendix, p. 27.) The first item at the debit is a loan of \$400,000, under Order in Council of 21st July, 1857, based on a resolution of the directors of the Grand Trunk Company, setting forth "that in view of the pressing engagements of the company, application be made to the Government for a temporary advance" of that amount. The loan was made on the deposit of preferential bonds of the company to the amount of £200,000. Provincial debentures to the amount of this advance were issued and dispatched on the 27th July. (Q. 1351.) The time stipulated for repayment of the loan was the 1st of October following (Q. 1346); but, by Order in Council of 28th September, that time was extended to the 31st December, and a further advance of £60,000 currency was authorized, repayable at the same date, £60,000 sterling of preferential bonds being lodged as additional security. Both advances were made as authorized exchange, having been drawn on the 26th October by the Receiver General in favor of the Bank of Upper Canada, to the amount of £131,506 17s. sterling. In explanation of the item of \$108,000, Mr. Dickinson says (Q. 1344); "There were further loans to the Grand Trunk Company in 1857, of which £20,000 currency were under an Order in Council of 31st October in that year; £7,000 were advanced to the company by the Bank of Upper Canada, but I am not aware on what authority." Mr. Reiffenstein says of the latter sum (Q. 1347): "The receipt for the \$28,000 not covered by the Order in Council of 26th October, 1857, purports to have been given by Mr. Grant, assistant secretary of the company," and bears date 15th December, 1857; "I do not know of any authority for this advance. The whole of the £27,000 had been advanced by the Bank of Upper Canada to the Grand Trunk Company, and was repaid to the Government on the 6th February, 1858. On the 17th April following the "Advance Account" was credited in the Inspector General's books for \$730,000, proceeds of £150,000 sterling received from the Bank of Upper Canada, and \$18,000 credited from the Post Office department on the account of transport of mails; thus balancing the account, of the principal, on which, however, no interest has been charged.

The next account is entitled "Grand Trunk Railway Company in account with the Provincial Government. (App., p. 28.) It relates to an advance made in London by the financial agents, on the authority of the Honorable Finance Minister, in July and August, 1860. The correspondence relating to this advance will be found in App., pp. 53, 54, 55. Mr. John M. Grant, secretary of the Grand Trunk Company, on the 10th July, 1860, addressed Mr. Galt, then in London, in these terms:

"I am instructed by the directors of this company to request that you will authorize the financial agents of the Province to advance a sum of about £35,500, to meet an urgent liability of this company, and which this company engages to repay out of the sums due and to become due by the Government to the company, for postal services, unless this loan is previously reimbursed to the Provincial agents out of other resources."

Mr. Galt, on this request, authorized Messrs. Baring, Brothers & Co., and Glynn, Mills, & Co., to make the advance requested from unemployed balances in their hands, on their receiving satisfactory assurances that the mail money should be retained by the Government, and on a deposit of second preference bonds for gradual sale in liquidation of the advance. "On the 14th July, Messrs. Baring, Brothers & Co. apprised Mr. Galt that they had made the advance in accordance with his instructions, and that the company had lodged

with them, as security, the sum of £42,500 in the company's second preference 6 per cent. bonds. On the 16th July, Mr. Grant addressed a second urgent request for "a further small loan," in these terms:

"On the part of the directors of this company, I am desired to represent to you the very great importance of a further small loan, say of £15,000, for a short time, pending other arrangements, with which the company may be enabled to meet several trifling but pressing payments; and I am therefore desired by the London Board to ask if, under these circumstances, you would authorise the agents of the Province to make this further advance on the security of the moneys due or coming due to this company for postal services?"

"I have also to add that the directors will lose no opportunity of realizing the Toronto City debentures to cover the loan, for which they are now pledged at 80 per cent., and of applying the balance in part payment of the present advance, the remainder to be paid on the company receiving ten days' notice."

Mr. Galt, on the same day, addressed the London agents in acquiescence with the request, with this remark: "I must, however, attach as a condition that the Toronto city bonds, now held by you as security at 80 per cent, be sold as speedily as possible, to cover the loan for which they are pledged. The balance over 80 per cent. to apply on the present advance." The extent to which this liberality of the Minister of Finance was then appreciated will be understood on perusal of the letter of Mr. Thomas Baring, chairman of the London directors of the Grand Trunk Company, dated on the same day, and to be found with the other documents in the Appendix (p. 55.) Mr. Galt received therein the united thanks of the board for the uniform courtesy and attention shown "to their representatives upon the subject of the exciting difficulties of the company;" he was thanked for the "sympathy" with which the narration of these difficulties had inspired him, although "unable to pledge either himself or the Ministry with regard to any positive measure of relief." But he was invited, "previous to his departure," "to state to the bondholders and shareholders of the company, not only that their position occupies his most serious attention," but that he feels "empowered to offer some advice or plan for their consideration and adoption." Mr. Galt's reply, written on the following day, individually assures the company of his deep sympathy with their painful position, but disclaims being empowered, without the sanction of the Government, to offer "either advice or suggestion," adding that "any communication on the subject of the affairs of the company should be addressed to the Government," and he feels "assured it will secure the best attention of his colleagues and himself." He trusts that "the difficulties will prove but temporary, and that reviving confidence may enable the funds to be provided to cover the floating debt of the company, which appears, from its magnitude and pressure, to prevent any improvement in the financial position of the company."

This advance, made on the authorization of Mr. Galt, was ratified by his colleagues in Canada by Order in Council of the 3rd August following. The particulars of the account, as it stands in the books of the Inspector General's department to the 31st December, 1862, as they may be found in the Appendix (p. 28), shewing a balance of the principal, then unpaid, of £4,390 15s. 4d. sterling; added to which there was an account of £174 13s. 2d. sterling due for interest (App., p. 28). The item of 30th January, £10,544 13s. 4d. sterling, or \$51,317.38, for mail service in 1862, should be \$60,000, the amount of \$8,682.62 having been diverted to the payment—then due—by the Grand Trunk Company to the Railway Inspection Fund (Qs. 1414, 1415). By a letter from the

London agents (App., p. 60), it appears that the Toronto city bonds, mentioned as part of the security for the loan by Mr. Galt on postal subsidy, are disposed of at 90 per cent.

The next loan by the Government to be adverted to is (App., p. 28) "Grand Trunk Company—Special Advance Account." This is an advance by the authority of the Minister, in February, 1861, on an application from Mr. Joseph Elliott, secretary and treasurer of the Grand Trunk Railway (Q. 1347), enclosing the following:—

Extract from Minutes of Board Meeting on 15th February, 1861.

RESOLVED,—That in consequence of the stoppage of the line from snow storms, the receipts during the last few weeks have been insufficient to meet the working expenses, and that the company is now in arrear for wages to the extent of one hundred and twenty thousand dollars and upwards, which, unless paid without delay, will involve the immediate closing of the road, and that to avoid such a calamity the Government be applied to for an advance of one hundred and twenty thousand dollars, to aid in payment of said wages, the same to be repaid out of the receipts of the line.

By order.

(Signed) JOSEPH ELLIOTT,
Secretary and Treasurer.

The request was complied with and the sum advanced on the 23rd February, 1861. (Q. 1344.) On the 19th March following, the Executive Council took into consideration a memorandum of Mr. Galt, dated the 5th *idem*, stating that "during the presence in Montreal, on the 15th February, of the Hon. Attorney General for Lower Canada and himself, the application of Mr. Elliott had been placed in his hands, with the additional verbal information that the workmen were in hourly expectation of going on strike, and that the immediate closing of the line was to be expected." It was further represented that, in view of these and other circumstances which he enumerated, and especially the impossibility of obtaining aid in any other way, he, the Minister of Finance, had requested the Bank of Upper Canada to advance the amount to the Government, on the understanding with the company that the surplus receipts of the road should be exclusively appropriated to the repayment of this advance of \$120,000, week by week—to which the directors assented. No repayment of any portion of this advance has since been made, with the exception of the sum of \$1,000 on the 5th April, 1861; the balance, \$119,000, with accrued interest, remains at the debit of the Grand Trunk Company.

These two last named advances of £50,513 3s. stg., and \$120,000 were made, it will be observed, by the Finance Minister on his own authority solely.

In addition to the foregoing advances made by the Government direct to the Grand Trunk Company, there were certain loans or advances made under their sanction by the English financial agents, which are particularized in a statement by Mr. Reiffenstein (p. 46), "Investments *ex* Consolidated Canadian Loan." That portion of these loans which relates to the advance therein named of £50,513 3s. has already been explained in this report. The authority for the other advances, amounting to £245,000 sterling, will be found in Mr. Galt's letter to the London agents, dated London, 23rd January, 1860, which sanctions the loan already made of £50,000 on Province bonds, authorises a loan of £65,000 on the deposit of City of Toronto bonds for 6 months at 80 per cent. of their nominal value, and further authorises loans out of the balance of the consolidated loan in their hands on account of the Province, for periods not exceeding six months, in Consolidated Municipal Loan Fund bonds, and upon such other stocks as they may be prepared to guarantee to the Govern-

ment. Upon this further authorisation, various sums amounting to £130,000 were advanced. Mr. Reiffenstein speaks of the whole of these loans as having been made to the Grand Trunk Company. The £50,000 was repaid on the 17th November, 1860; the £65,000, £27,240 on the 4th July; and the remainder on the 1st October. When the loan of £130,000 fell due, the Grand Trunk Company were unable to repay them, and the London agents informed the Government of the lapse. Mr. Galt, in reply on the 17th May, disclaimed the responsibility, reminding them that they had made the loans at their own risk; to which Messrs. Glyn and Baring responded, that they did not intend to convey any doubt as to their engagement to see their advances repaid; but as the loans in question were made with his cognizance, they considered it right that he should be informed of the inability of the company to repay them, and that he would naturally be interested in being made acquainted with a circumstance which tends to show the intimate connection of the affairs of the Grand Trunk Company with the financial arrangements of his Government. The Provincial Government was duly credited by the London agents with the amount with interest.

There was also another loan made by the London agents, with the sanction of the Government, to the Grand Trunk Company to which, although there is no record of it in the books of account of the public departments, reference is made in some of the evidence laid before this Commission. This loan is for the sum of £300,000 sterling, advanced by the agents, under the authorisation of Mr. Receiver General Morrison in a letter to Messrs. Glyn & Co., dated 18th January, 1858, on a pledge of preferential bonds issued under the Relief Acts of 1856 and 1857, of such amount as might be sufficient to realize the sum so loaned. It was further stipulated that the preferential bonds should be protected, and, if sold, should be replaced by sales of the seven per cent. bonds or moneys by the 1st September following. On the 3rd September, after the time of repayment had passed, Messrs. Glyn, Mills & Co., apprised Mr. Sherwood, then Receiver General, that they had learned from the Grand Trunk Company in London, that they had received information from Canada that the overdue loans would be renewed. Messrs. Glyn & Co., waited instructions from the Government on the subject. Mr. Sherwood, in reply, wrote that Mr. Galt gave no instructions on the subject, but he, Mr. Sherwood, presumed that if they had not already acted on the original letter of Mr. Morrison, they could at any time do so; adding—"I write for the purpose of placing the matter beyond any misunderstanding, and in order that you may take the necessary steps to repay yourselves the amounts advanced under the arrangements." The Grand Trunk Railway Company ultimately, as acknowledged on the 11th February, 1859, repaid the amount of this loan out of the preference bonds released to them.

The various sums recapitulated as advanced to the Grand Trunk Company, supplementary to the legislative aid granted, amount to about four millions of dollars; of which about one fourth were granted, including the one advance of \$170,000 to the Arthabaska road (explained in a subsequent part of this report) from provincial funds; the remaining three-fourths were advanced by the London agents on the authority of the Minister of Finance, Mr. Galt, with the exception the instance of £300,000 sterling, which was sanctioned by the Receiver General, Mr. Morrison. All the loans were made without prior knowledge or appropriation of Parliament, and excepting three loans in 1857, by individual ministers without the previous sanction of Orders in Council. The evidence taken (Qs. 1344-1346)

shews traces of other loans made through the Bank of Upper Canada, to the Grand Trunk Company, under sanction of the Government, without passing into the books of the Finance department. To what extent this practice prevailed, the absence of official records of these transactions prevents the ascertaining. Abundant proof, however, it is believed, is adduced to show the large pecuniary facilities which the Grand Trunk Company were habitually in the reception of from the public chest.

Of the various loans by the Government that have been recapitulated, the balance apparently unpaid is about \$300,000; added to which there is a large amount of interest growing out of these transactions, to be placed to the debit of the Grand Trunk Company.

On the 25th August, 1859, Mr. Blackwell, vice president of the Grand Trunk Company, applied to R. J. Pennefather, Esq., then of the Indian department, setting forth that the company had in their possession bonds of the city of Toronto for £100,000, as well as a large amount of preferential bonds and other securities, which they were desirous to delay placing in the London markets, and suggesting that it would be a desirable arrangement if they could assume the securities now held by the Indian fund, undertaking the payment for the same at such time, say 18 months, as His Excellency may judge proper, if it should be the desire of Parliament to dispose of these securities, or to return to the Indian fund either the whole or any part of them. These securities consisted of

Provincial debentures, 5 per cent.....	£ 18,937	7	11,	cy.
Do do 6 per cent.....	68,706	13	4	
Consolidated Municipal Loan Fund, 6 per cent.....	132,095	16	4	
Montreal Turnpike Trust and other securities.....	63,690	14	3	
Total.....	£283,490	11	10	

As security for the payment of the interest on these debentures, he offered to transfer the engagement of the Provincial Government for the payment of the mail services, amounting to about £15,000 sterling per annum; he proposes that the debentures referred to, held by the Indian fund, should be transmitted to the financial agents of the Province in London with instructions to transfer them to the custody of the Grand Trunk London Board, on receiving the securities above mentioned.

Mr. Pennefather transmitted the letter of Mr. Blackwell to the Provincial Secretary. It was laid before the Executive Council, together with a report from the Minister of Finance, Mr. Galt, recommending compliance with the request of the Grand Trunk Company on the terms proposed by them. The Council assented to the recommendation.

This arrangement, which so far as concerned second preference Grand Trunk Company's bonds, would have had the effect of exchanging securities of unquestionable value for those which Mr. Blackwell acknowledged his desire "to delay placing in the London market," was not carried out. It was cancelled by Order in Council of the 24th November following. The character of the proffered Grand Trunk securities may be better understood by perusal of the evidence given by the Hon. Mr. Galt before this Commission on the 23rd March last, (Q. 1092), wherein he states that the company were in the same summer, 1859, negotiating the sale of second preference bonds for upwards of a million sterling; and by the evidence of a few days previous (Q. 1081), by the Hon. Mr. Ross, that a bill drawn by the Grand Trunk Company at 6 months from on or about the 13th

June, on Glyn, Mills & Co., for £100,000 sterling (the bill so frequently alluded to in the first report of this Commission) was refused acceptance "on the ground that there were no funds, and that there was not a certainty of a favorable time arising for placing the second preference bonds before the bill would mature."

A transaction relative to £500,000 provincial six per cent bonds referred to in a minute of the London Board of the Grand Trunk Railway, and described as "Loan by the financial agents of the Province of Canada to the Grand Trunk Railway Company, by the order of the Honorable John Ross, acting on behalf of the Finance Minister of Canada," required attention from the Commission. The matter was not left unnoticed by the Commissioners who reported specially on the affairs of the company in 1861, and the correspondence which then took place with regard to it is reproduced as forming the ground-work of further investigation. (App., pp. 61—63.) As Mr. Galt, in his letter to the London agents, merely declares that the government "never sanctioned any such transaction as that set forth in the entry," and as the communications between the London agents and the Grand Trunk Company are merely "explanatory of the reasons for opening the account under the title annexed to it," it became necessary to ascertain whether a loan of the nature set forth in the minute of the London Board really did take place. Application was therefore made to the Deputy Inspector General for such additional information as the Finance department might be able to furnish upon the subject. Mr. Dickinson, however, states that the Finance department has no knowledge whatever of the transaction beyond that which is afforded by the published correspondence. "I have looked through subsequent correspondence between the department and the London agents," he says, "but find no further reference to the matter." (Q. 1431.)

In the record of the relations between the Government, the London agents, and the Grand Trunk Company, all special reference to the circumstances connected with the carrying out of the provisions of Acts 19 & 20 Vic. cap. 111, and 20 Vic. cap. 11, commonly known as the Relief Acts, has been reserved. The appropriation of the two millions of the preferential bonds authorised to be raised under the former has already been detailed. £100,000 was to be applied in assisting the Port Hope, Cobourg, and Prescott lines as subsidiary lines, and £125,000 for the construction of a line from a point opposite the town of Three Rivers to Arthabaska. It was provided that in making releases from time to time of the preferential capital to the Grand Trunk Company, the financial agents in London should reserve and place to the credit of the Receiver General of this Province, the amounts due respectively to the above lines in proportion to the whole amount authorised to be raised in preferential bonds; that is to say, in the proportion of £225,000 to £2,000,000 sterling. It was further provided that inasmuch as the Grand Trunk Company was bound to pay interest on its bonds, and as the Arthabaska road was not immediately to be undertaken, the Grand Trunk Company should be allowed 6 per cent interest on the sums retained for that line, until withdrawn for its construction. The subsidiary lines of Canada West received through the Upper Canada Bank (Q. 1364) the proportions respectively assigned to them—Port Hope £30,000, Cobourg £25,000 and Prescott £45,000,—in advance of the time when they were legally entitled to claim them. £84,131 18s. 11d. were released between the 8th January, 1857, and the 8th June,

1858, to the Arthabaska line in instalments according to the provisions of the Act, leaving the balance of £40,868 1s. 1d. due to it out of the subsequent releases. The residue then due to the subsidiary lines west out of subsequent releases amounted to £32,694 8s. 11d. The collective residue was thus £73,562 10s., which will be treated hereafter as appertaining exclusively to the Arthabaska line, the subsidiary lines Canada West having been paid in full as already mentioned.

It was the duty of the Government to regulate the releases in accordance with the Act. This was regularly attended to up to the time mentioned above. But on the 15th June, 1858, a departure from the rule was made by an Order in Council (App., pp. 49 and 50); £500,000 were released without the usual instruction to reserve the portion due to the Arthabaska and subsidiary lines. This authority was communicated to Glyn, Mills & Co., by Mr. Receiver General Ross, without comment. (Q. 1373.) This neglect of the usual reservation attracted their attention, and they, in a letter dated 16th July, brought under the notice of the Government the omission thus: "The release of £500,000 authorized by the Order in Council, 15th June last, we may add, makes no mention of any amount to be reserved for the Three Rivers or the subsidiary lines;" adding—"We mention this in the event of any clerical error having been committed." Mr. Ross acknowledged the receipt of this letter on 2nd August, stating that the contents were duly noted. A few days subsequently he retired from the department, and no further notice was after taken of the agent's letter. On the 22nd January, 1859, an Order in Council was passed, of which Mr. Sherwood, on the 24th January, advised the London agents, for a further release of £214,287 12s., being the balance of the £2,000,000 of preferential stock, subject to the condition that the company shall give satisfactory security to the Government, that the Arthabaska appropriation shall be duly applied toward the construction of the branch line. He alludes to £74,000 as due from former releases, but gives no instruction concerning it. The agents replied on the 11th February, stating that the whole £2,000,000 authorized to be issued under the Relief Act has now been put at the disposal of the company. Nothing more than a simple acknowledgment of this letter also was returned, nor was any exception to the agents' action in the matter taken.

Subsequently to this period, all correspondence of a financial character between the Province and its agents was chiefly conducted by the Finance Minister. The earliest letter from the Finance department in reference to releases is one from Mr. Galt, on 4th December, 1860. In it he states the inability of the Grand Trunk Company to negotiate their bills in London, and consequently to make their payments due on the Arthabaska line; the moneys for which, under the Relief Act, are presumed to be available in the hands of the Provincial agents, under instructions of the Receiver General. He states that the Government has already advanced about £40,000 sterling on account of such supposed moneys to the Grand Trunk, which in the meanwhile will be charged by the Receiver General, one-half to each of the London firms, and asks to be informed at their convenience, the state of this fund and the balance remaining in their hands. On the 27th December, Messrs. Glyn and Co. and Messrs. Baring and Co. wrote in reply. They express their regret that they are unable to confirm the entries under which they are charged in the books of the Province with forty thousand pounds, which must have arisen, if made, from some misapprehension of the Receiver General, adding: "We have no funds, assets, or securities in our hands

applicable to this line, the balance of the preference capital having been released by order, contained in the letter of the Receiver General, under date 24th January, 1859." The condition attached that security should be taken from the company for the proper application of the money prior to its release was the "finding and furnishing to the Government such security as should be satisfactory to *them*." "A reference to the documents in question will show that no liability can attach to us." (Q. 1374.) Mr. Galt, on 11th January, 1861, acknowledges receipt of the foregoing, and attributes his misconception of the state of the account to the manner in which the items are charged in the books of the department; but adds that the Auditor appears to be of opinion that a portion should be in the hands of the financial agents, and that his view seems to be borne out by the statement published 26th October preceding, by the London directors of the Grand Trunk Company, wherein £84,087 10s. sterling are stated to have been paid out of the hands of the Provincial agents, &c., on account of the Three Rivers and Arthabaska line. Messrs. Baring and Co. and Messrs. Glyn and Co. answer on the 26th January, 1861, showing in detail that sum as having been paid over by them to the Government, at different dates from the 10th July 1857, to 10th June 1858, and that consequently there were no funds in their hands applicable to the Arthabaska line, either at the time when the Grand Trunk Company obtained the advances from the Government or since.

Mr. Galt's response of 20th March acknowledges the accuracy of the account of the London agents with reference to the sums named; but with reference to the question of their responsibility for the balance, he declares that the question is still under the consideration of the Government, whose decision he hopes to communicate at an early day. There the matter ended, and there is no further reference to it in the books of the public departments. The silence of the Minister of Finance must be construed as an acquiescence in the doctrine of the London agents, which is indeed obvious, that it was for the Government and not for them to take security before surrendering the money for its appropriation upon the Arthabaska line. No security being taken, the result was that the Grand Trunk received from the London agents a relief of £73,562 10s. to which they were not at the time entitled. From this neglect has risen much of the difficulty that has since arisen connected with this work.

The Act of 1856 fixed the 1st September as the date at which the Arthabaska line should be completed; the time was extended one year by the Act of the succeeding session. In 1858 a contract was entered into between the Grand Trunk Company and the Honorable Mr. Turcotte for the construction of the work. The amount assigned in the Relief Act for this road was, as already mentioned, £125,000 sterling, equivalent to \$608,333.33. The accounts furnished to the Government by the Grand Trunk Company, the latter appear to have paid up to September, 1861, on account of the line, \$187,738.49, (Q. 1389); the Government paid \$420,590 (Q. 1382); these sums, with the balance \$4.94 still unpaid, completes the £125,000 sterling.

By the accounts from the Inspector General's and Receiver General's departments respectively (App., pp. 16 and 22), it appears that the Grand Trunk Company stand indebted to the government in the sum of \$170,260.83 on account of the Arthabaska and subsidiary lines, arising from the mismanagement of this account by the public departments here, and the misconception to which it has given rise. This balance is in effect the excess of payment to the Arthabaska and subsidiary lines over the sum placed to the credit of the

Receiver General for these accounts. What in reality is so simple has been rendered so complicated by voluminous correspondence and reports, and the confused and contradictory form in which entries have been made in the respective departmental books, as to make it difficult to point out and explain the actual balance. It may be mentioned that the first expenditure on the Arthabaska road was made out of the proceeds of \$160,000 Three Rivers debentures (Q. 1409), which were purchased by the Government at 94; but this sum is in no way included in the accounts respecting this transaction.

In their first report, the commissioners recited at some length the circumstances connected with the payment of \$100,000 for the redemption of Montreal city bonds, for which the Grand Trunk Railway Company was primarily responsible. Some emphasis was placed upon a transaction by which the railway company and the City of Montreal equally profited, and which was marked by a degree of disingenuousness, amounting to deception, which cannot be too severely condemned. The question, Who were the *bonâ fide* holders of the bonds at the time of their redemption by Mr. Galt?—remained to be answered. It is unanswered still.

The evidence of Mr. Deputy Receiver General Harington, bearing upon this point, throws some further light upon the manner in which one part of the transaction was managed. The Order in Council of the 1st June, 1859, sanctioning the redemption of the bonds, alluded to the payment as due on that day. On the 4th June, the Montreal City Treasurer was advised that the Government had redeemed the bonds. On the 15th June, a warrant for \$100,000 was issued to "reimburse the Bank of Upper Canada that amount paid for the redemption of Montreal city bonds;" the item forthwith entering into the books of the Finance department as a charge to "City of Montreal Advance Account." It now appears (Q. 1417) that though on the 18th June, Mr. Ridout, late Cashier of the Bank of Upper Canada, certified that that institution held \$100,000 City of Montreal debentures, "subject to the order of the Hon. the Receiver General," no delivery to the Government took place until the 28th July, 1859, when \$97,000 were handed over to the Receiver General's department by the bank. The remaining \$3000 were not received by the department until some time in the following September.

Whence did the Bank of Upper Canada receive the bonds? "That is a point," Mr. Harington tells the Commission (Q. 1417), "upon which we"—the Receiver General's department—"should not trouble ourselves, and it is one on which the bank never gave any information to the department." Mr. Richard S. Cassels, manager of the bank at Quebec, being called as a witness on the subject (Q. 1423), produced a letter from the manager at Montreal, stating that the \$97,000 were received from the Bank of Montreal; the source of the remaining supply not being distinctly indicated. An application by letter to the general manager of the Bank of Montreal elicited the information that \$82,000 of the bonds were received from the Bank of British North America. Of the balance—\$15,000—Mr. King says he can find no trace. The general manager of the Bank of British North America, in turn, intimates that \$55,000 of the bonds were received from the agents of the bank in New York, and \$17,000 from England; leaving \$10,000 unexplained. From whom the New York agents of the Bank of British North America received the \$55,000, they decline to tell. (App. pp. 60,67.) Their reticence is a circumstance not calculated to remove the cloud which overhangs the whole transaction.

The distinct averment by Mr. Galt (Q. 1106, 1st Rep.) that the London agents had relieved the Province of the responsibility, each assuming one half of the advance, met as it was by an emphatic denial of any such assumption of the debt on their part, left the affair in a mysterious state of uncertainty, to obtain a solution of which the commission addressed the department of the Minister of Finance, to ascertain whether any correspondence had taken place on the subject subsequent to the date of its former report. In a note will be found the reply to the application.* By the united letters of Messrs. Baring, Brothers, & Co., and Glyn, Mills, & Co., it will be observed that every individual of each of these firms disavows "the recollection of ever authorising the payment of this sum," and the corroborative remark,—“as Mr. Galt was extremely precise in all business matters with

FINANCIAL AND DEPARTMENTAL COMMISSION,

30th January, 1864.

SIR.—Before closing our second Report, we shall be glad to be informed whether any further communication has been received from the London agents of the Province in relation to the difference arising out of the \$100,000 paid to the City of Montreal, in 1859, which your department charged to the agents on the authority of an alleged arrangement between them and Mr. Galt, and which evidence attached to our first report represents them to have repudiated.

If not at variance with public interests, I have to request that you will, with as little delay as possible, furnish to the Commission copies of any recent correspondence had with the London agents upon this subject.

I am, sir, your obedient servant,

GEO. SHEPPARD,

Commr. and Secretary.

W. Dickinson, Esq.,
Deputy Inspector General,
Quebec.

INSPECTOR GENERAL'S OFFICE,

Quebec, 1st February, 1864.

SIR,—In reply to your communication of the 30th ult., requesting copies of any recent correspondence had with the London agents, in relation to the difference arising out of the \$100,000 paid to the City of Montreal in 1859, I beg to furnish herewith, by direction of the Minister of Finance, an extract from a letter dated 14th December last, addressed to the London agents on the subject to which you refer, with an extract from their reply thereto, dated the 7th January last.

I have the honor to be, sir,

Your obedient servant,

WILLIAM DICKINSON,

D. I. G.

Geo. Sheppard, Esq.,
Commr. and Secretary,
Financial and Departmental Commission,
Quebec.

Extract from the Hon. Mr. Helton's letter of the 14th December, 1863, to Messrs. Baring, Brothers & Co., and Glyn, Mills & Co., London:

"I transmit to the address of each of your firms, by this mail, a copy of the Report of the Commissioners appointed to enquire into the management of the various departments of the Provincial Government, and I beg to invite your attention to the evidence respecting the payment of Montreal city bonds for \$100,000, which amount was debited to your accounts in equal proportions under instructions from Mr. Galt. I would particularly call your attention to Mr. Galt's letters to Mr. Reiffenstein, of the Receiver General's department, which will be found on pages 172 and 173 of the Report.

"I am induced to bring this matter under your notice now, in order, if possible, that the balances as shewn by the accounts of your respective firms, and the books of the Province may harmonize at the close of the current year."

I have, &c.,

(Signed)

L. H. HOLTON,

Minister of Finance.

Extract of Messrs. Baring, Brothers & Co.'s, and Glyn, Mills & Co.'s letter to the Hon. Mr. Holton, dated 7th January, 1864:

"Reverting to your letter of the 14th December, and having received the copy of the Report therein referred to, we have carefully perused the evidence respecting the payment of the Montreal city bonds, for \$100,000, and beg to remark, that we had supposed this matter had been arranged by Mr. Howland when he was in England, as we understand that on the 6th December, 1862, upon his return to Canada, he made a claim on behalf of the Finance department direct upon the Grand Trunk Railroad Company, and it would seem clear that no responsibility rested upon us, as an individual member of our two firms has any recollection of authorising the payment of this sum; and as Mr. Galt was extremely precise in all business matters with which he had to deal with us, we have no doubt, had any arrangement been sanctioned by us, it would have been reduced to writing."

(Signed)

BARING, BROTHERS, & Co.
GLYN, MILLS & Co.

which he had to deal with us, we have no doubt, had any arrangement been sanctioned by us, it would have been reduced to writing"—adds cogency to their disclaimer, and testifies to the force of their conviction.

Were it even possible to conceive, what would certainly be contrary to common sense, and in the teeth of formidable direct evidence to the contrary, that Mr. Galt's impression of the London agents having undertaken to reimburse this loan was well founded, this would only be another added to the numerous instances that have struck the Commission at every step of these examinations, of the baneful consequences of the looseness, want of system, and violation of law, which have so frequently characterised the management of the public funds. It has been the duty of this Commission to unveil monetary transactions amounting to millions of dollars, especially those relating to the Grand Trunk Company, the Bank of Upper Canada, and the London agents, of which the origin, the figures and the actors alike are scarcely traceable. This is one of those instances; its consequences are the augmentation of the debt of the Grand Trunk Company to the Province of the sum of \$100,000, in addition to the other large sums that have been enumerated in this report as unadjusted.

Of one portion of the labor performed by the Commissioners, neither the evidence obtained from witnesses nor the documents embodied in the Appendix can be said to afford a satisfactory illustration. They refer to investigations relating to the items of accounts, and more especially to the details of the Grand Trunk debenture account, as rendered by the Finance department. It was not enough to know that the aggregate of debentures issued corresponded with the aggregate authorized by the legislature; nor that their transmission and ultimate disposal were in conformity with the terms of Orders in Council, or the directions of an individual minister of the Crown. The Commissioners deemed it their duty to examine closely the circumstances connected with each particular release—to ascertain that each proceeded on authority which parliament or the ministry had pronounced sufficient—and thus to verify the correctness of the whole. The task involved repeated references to the records of departments, informal consultations with officers of the government, and a degree of care which those who have been required to analyse and test complicated financial transactions will readily appreciate.

The work of the Commission in this respect would have been easier and shorter were the accounts of the various departments as harmonious as they should be. In the absence of a well-digested system, it is often difficult and sometimes impossible to trace transactions through the books of the departments to which they properly pertain, with anything like clearness or completeness. As has been already shewn, even the two departments which are charged with the management of financial affairs do not afford the direct check, each upon the accounts of the other, which it is desirable to maintain; and the identity or continuity of record is yet less distinctly discoverable when the departments are considered in their entirety. Thus, entries which stand under one head in one department are under a different head in another; the entries themselves do not always correspond; and in some cases entries are not to be found in the departments to which reference would in the first instance obviously be made. Hence there is a complexity and a certain untrustworthiness which has added greatly to the difficulties of an enquiry that would have been worse than useless if not perfectly accurate so far as it has extended.

These remarks upon the defectiveness of the departmental records are not intended to convey censure upon the officers respectively connected with them. The fault is in the system—or, rather, the want of system—which only a comprehensive scheme of change can remedy. Nor should it be inferred that the prosecution of the enquiry has been to any extent retarded by the officers of the departments. On the contrary, the Commissioners would be unjust if they failed to express their high sense of the frankness and attention they have experienced from the officers of every department to which application has been made. There has been a general willingness to furnish information and to facilitate investigation, which merits an unqualified acknowledgment.

The suggestion of remedies is not within the province of the Commissioners. The authority under which they act imposes upon them the task of thoroughly and impartially investigating the system under which the financial affairs of Canada have been conducted; and within this well defined sphere they have endeavored faithfully to confine themselves. Their enquiries have not as yet been exhaustive, but that they have been impartial the evidence submitted in their judgment amply proves. Directing their attention primarily to the departmental system, they have kept its working constantly in view; diverging into particular cases and transactions only when the more general search brought them to light, or when it became necessary to demonstrate the operation of the system by reference to examples. Their aim has moreover been so to point out the errors and weaknesses of the system, that, without transcending the limited power entrusted to them, they might lay the foundation of reforms which are called for to secure the efficient working of the public service, and to protect the great interests which under our form of government are more or less dependent upon the excellence and purity of departmental administration.

The whole, nevertheless, respectfully submitted.

T. S. BROWN,
W. BRISTOW, } Commissioners.
GEO. SHEPPARD, }

Dated at Quebec,
the 11th day of February, 1864.

EVIDENCE

TAKEN BEFORE

The Financial and Departmental Commission.

Thursday, July 30, 1863.

EVELYN CAMPBELL, sworn :

I am Acting Secretary to the Bureau of Agriculture and Statistics, and have held that office since the 1st April, 1861. My whole service in the office extends upwards of eleven years. During the former portion of that time I was chief clerk.

1160. What have been your duties in connection with the taking of the Census of 1860-61?

I have had no direct connection with it whatever, beyond giving advice. It was conducted through the late Mr. Hutton to the time of his decease, before which he had for some time from illness been incapacitated from attending. Mr. Hutton died in the summer of 1861. The Honorable Mr. Ross, then Minister of Agriculture, appointed me acting secretary, and at the same time requested Mr. McNider, who had been previously employed from the commencement of the taking of the Census, to take charge of the Census department. Since that time I have taken no active part in that work. All that I have ever done connected with it, has been to submit the accounts for printing to the Minister of Agriculture, after certificate by Mr. McNider, of the work being done. I never examined any accounts connected with the Census, or employed any of the clerks, or superintended any of their work.

1161. Are the books and papers connected with the Census now under your charge?

They are not. But I believe they are in the charge of Mr. Neville, who has been employed from the first in the work of the present Census, but was not previously an *employé* in the department. I understand him to have succeeded Mr. McNider, who has ceased to be on the staff of the department for some days past. With the exception of Mr. Hart and Mr. Neville, the whole staff of clerks either retired or were removed within the last few days.

CHARLES CECIL NEVILLE, sworn :

I have been employed in the Census department since 1st November, 1860. My duty was then, and continued until about the 16th of this month, to make abstracts from the sheets of the enumerators of the Census of 1860-61. On or about that date, the Hon. Mr. Letellier, Minister of Agriculture, dismissed all the clerks employed on the Census, with the exception of myself. He gave me orders to take charge of all the books and papers connected with the Census. The first thing I had to do was to examine in what state the work of the Census really stood. I proceeded to examine all the papers to find out whether or not that part of the Census relating to houses was finished. I found that

the whole of Lower Canada, all the cities of Upper Canada, and three counties of Upper Canada, were unfinished, so far as relates to houses in the lists made up in the office for the printer from the enumerators' returns. Before I was placed in charge of the office, I supposed that all that work was done, the rest of the abstraction from the enumerators' returns having been made. All the rest of the work of extracting from the enumerators' returns, except that relating to houses, I found to be complete, so that, with that exception, the whole of the two volumes of the Census is in the printer's hands. Two clerks under my superintendence are now completing the part of the work which relates to the houses. This work will probably employ the clerks for two months. At the time I was first employed on the Census, the number of clerks was five; two were added in the latter end of November, 1860; two more in January, 1861; one in March; one in May; four in June; four in September; two in October; two in June, 1862; making twenty-three in all. In July there were twenty-two; in August and September twenty; in October nineteen, according to the "Census Account" book kept by Mr. McNider. About that number continued to be employed until the end of 1862. From the commencement of the present year to this month, some six or seven were removed or retired, and the remaining eleven were then discharged. The hours of attendance were considered to be from half-past nine A.M. till four P.M. Some of them were rather irregular in their attendance. Three or four were not very constant in their attendance, but the remainder were tolerably punctual. The entire staff was constantly employed in transcribing from the enumerators' sheets into forms prepared for the printers by Mr. McNider. These forms were all ruled in the office by hand, and occupied a great deal of time. To have had this work done by a printer would have been a very great saving.

Friday, July 31.

CHARLES CECIL NEVILLE, recalled :

1162. Were all the clerks who are named in the list as employed in the Census department, exclusively employed in that office during the business hours, or had any of them other occupations elsewhere during a portion of those hours?

There were several; I could name them.

1163. Please do so.

There was Mr. Dufort, book-keeper in the Receiver General's department; he received £100 for services rendered. I do not know that he performed any duty connected with the Census. I find the authority for this payment in the following letter in the Census Letter Book :—

Mr. DUFORT,
Receiver General's department.

B. OF A. AND S.,
QUEBEC, 29th Nov., 1860.

The Board further ordered that Mr. Dufort, of the Receiver General's department, be employed by Mr. Hutton at the taking of the Census, and be remunerated at the completion of the Census with a sum not exceeding four hundred dollars.

(Signed) WM. HUTTON,
Secretary.

I never saw Mr. Dufort in any of the offices belonging to the Census department. Mr. Duggan was occasionally absent performing his duty as interpreter to the court, during which time his pay as Census clerk continued. I find the following letter also, with reference to that gentleman, in the Letter Book :—

(Copy.)

JOHN DUGGAN, Esq.,
Quebec.

NOVEMBER 30TH, 1860.

DEAR SIR,—There is now a desk at your service here. The Board will not authorize your absence from the office, but request your regular attendance here from to-morrow, the 1st December.

Yours, &c.,
(Signed) W. HUTTON,
Secretary.

Mr. Duggan was employed in the department from 19th November, 1860, to 16th July, 1862, when he was dismissed, receiving his pay from the former date to 31st July, 1862, without any deduction for occasional absence. There was also the late Mr. Wiloughby. He was employed from the 19th November, 1860, to the time of his death, which took place some time last December, and was paid during the whole time. At the time while he was thus engaged in the Census department, he was employed also during the summer of 1861 by the Emigration department, for which he received pay, and which occupied him during the day time the greater part of the summer of that year. During the rest of his time, he was punctual in his attendance at the Census office. Mr. Charles Panet was paid in full as Census clerk for 1861, whilst during the session of that year he was employed in the House of Assembly as extra clerk, receiving \$4 per day. These are all I can recollect as having been employed otherwise than in the Census department, where they were engaged.

1164. Who prepared the forms to be used by the enumerators in taking the census of 1861?

The late Mr. Hutton, the then Secretary of the Bureau. There were two sets of forms, the one for the personal Census and the other for the agricultural Census.

1165. Do you consider those forms well devised and complete?

I do with two exceptions. One is column No. 6, "Residence, if out of Limits;" Nos. 18 and 19, "Members of Family absent, M. and F." Those I consider unnecessary.

1166. Were the returns made by the Commissioners to the Census department generally accurate?

Some returns were very well made, others were very inaccurate. The returns of mills and manufactories are universally defective. They are so much so as to make the returns of very little value, as not giving anything like an accurate account of the progress of the manufactures of the country. The personal and agricultural Census was generally considered to be tolerably correct.

1167. Were the returns in accordance with the instructions given to the enumerators by the Census department?

They were not in respect to mills and manufactures.

1168. Was it the duty of the Commissioners to examine the returns of the enumerators to ascertain that they were in compliance with those instructions?

The 14 and 15 sections of the Act, chap. 33, of Consolidated Statutes, expressly imposes that duty on the Commissioners.

1169. Are you aware of any returns by the Commissioners being sent back to them by the Census department for rectification of those omissions, which you state to have been made in their returns?

No. The returns were acted on as received.

1170. When were the Commissioners enjoined to make their returns of the Census to the Government?

They were to receive them from the enumerators on or before the 15th day of February, and in the event of their not being sent in before that date, they were to take steps to cause the same to be forthwith delivered, and immediately on receiving them, after careful examination, to ascertain that the instructions had been punctually complied with, to certify them, and deliver them to the Board of Registration and Statistics. These are the provisions of the Act above referred to; sections 13, 14 and 15.

1171. When did the duties of the Commissioners commence?

Their appointments were gazetted on 8th December, 1860. The commissions for the Lower Canada Commissioners were received from the Provincial Secretary by the Census department on the 18th December, 1860; but when forwarded to the Commissioners I do not know. The commissions for Upper Canada were forwarded there, from the Census department, on the 20th December, 1860.

1172. Can you state from what time the pay of the Commissioners was dated in the adjustment of their accounts?

I cannot. The examination of their accounts was the duty of Mr. McNider.

1173. From your observation of the progress in the Census department, in preparing the schedules for the printers, are you of opinion that due diligence was used in expediting the work?

I should say there was not. I think from the staff we had in the Census department, the work might have been completed by December, 1862. I think also the system was defective in having so many tabular forms ruled and headed by hand instead of being prepared by the printers. A large amount of expense might have been saved had forms been printed.

1174. Are you aware of what arrangements have been made by the Census department for the publication of the Census?

I find the following letters in the Letter Book of the Census department. They comprise the whole of my knowledge of the subject.

S. B. FOOTE, Esq.,
Chronicle Office.

B. OF A. AND S., 9th October, 1861.

SIR,—I am directed by the Board of Registration and Statistics to offer you the printing and binding of the present Census, at five shillings per volume.

The work will comprise three volumes, not exceeding six hundred pages to each volume; two thousand copies of the work, comprising six thousand volumes, to be published by you in the English language.

A volume of the last Census is sent herewith, and the quality of the paper and style of printing and binding must be fully equal to the sample.

(Signed) THOMAS McNIDER.

Messrs. COTÉ & Co.,
&c., &c., &c.

B. OF A. AND S.

GENTLEMEN,—I am directed by the Board of Registration and Statistics to offer the printing and binding of the French portion of the present Census, at five shillings per volume. The work will comprise three volumes, of about six hundred pages each, and one thousand copies of the work,—say three thousand volumes are required to be published by you in the French language.

A volume of last Census is sent herewith, and the quality of the paper and style of printing and binding must be fully equal to the sample sent.

(Signed) T. McNIDER.

S. B. FOOTE, Esq.,
Chronicle Office, Quebec.

B. OF A. AND S., 25th October.

SIR,—I beg to acknowledge the receipt of your letter to the Hon. C. Alleyn, of the 23rd instant, accompanying the transfer made by Messrs. Coté & Co., to you for the printing of the French portion of the Census for 1861.

I am instructed by the Board of Registration and Statistics to acknowledge and accept such transfer.

I remain, yours, &c.,
(Signed) T. McNIDER.

1175. Will the tabular statements connected with the late Census form matter to fill three volumes of about 600 pages each ?

Certainly not. The whole of it will certainly be comprised in two volumes of not more than 600 pages each.

Saturday, August 1.

THOMAS ROSS, sworn :

I am Accountant of Contingencies. In that capacity, and by authority of an Order in Council, I paid the expenses of the Census of 1861. My duty extended to the payment of the Commissioners' Accounts, Printing and Stationery in Quebec, and other expenses. I did not pay the salaries of the clerks employed in the Census office here. The accounts were sent in for payment from the Bureau. I paid upon the face of them as there stated. I did not examine them ; it was no part of my duty. Accountable warrants were issued in my favour for sums as required. I returned statements of the expenditure, accompanied by vouchers, to the Auditor. All the accounts presented to me for payment were certified by some person in the Bureau. Nothing was paid by me without authority from the Bureau. Particulars of the receipts from the Government are regularly entered in a cash book kept for the purpose. The amounts paid by me were, in 1860, \$482.75 ; in 1861, \$107,577.27 ; in 1862, \$8,241.76 ; in 1863, to this date, \$1,612.67. Total, \$117,914.45.

JOHN LANGTON, Auditor, sworn :

1176. Will you be pleased to state what is the nature of your audit of the accounts connected with the taking of the Census of 1860-61 ?

The accounts of the Census come to me as vouchers from Mr. Thomas Ross, Clerk of Contingencies, who pays the accounts. I only look upon them as his vouchers to ascertain that he has paid and had authority for paying the sums which he charges in his accounts. The vouchers as sent to me do not contain any details which would enable me to determine whether the amount certified as payable by the secretary of the Bureau is correct. The salaries of the clerks employed upon the Census who are paid by a pay list do not come before me at all.

1177. Have you had any opportunity of forming an opinion as to the reliability of the Census tables prepared at the last Census ?

I cannot say that I place much reliance on the Census tables, but I have not had an opportunity of examining them with sufficient minuteness to be able to point out the instances in which I believe them to be at fault.

ARTHUR HARVEY, sworn :

I am statistical clerk in the Finance department.

1178. What knowledge have you as to the reliability, for statistical purposes, of the Census as taken in 1860-61?

Mr. Howland, late Minister of Finance, desirous of knowing the number of tanneries in Canada, and full particulars as to their products, instructed me, with Mr. Evanturel's (the late Minister of Agriculture) sanction, to prepare that portion of the Census relating to mills, manufactories, &c., it having been represented, contrary to my belief, that this work could not be completed within the time Mr. Howland wanted it. I superintended the preparation of that return in all but its final stage. It was finished as far as required much within the time. During the progress of the work the most striking instances of the inaccuracy of the returns, as given in by the Commissioners, became apparent. The chief manufactories of various kinds throughout the Province were omitted. For instance, Mr. Howland's own grist mill, in York county, was not mentioned, although the capital embarked in it, and its annual produce, were more than those, as returned, of all the others (as he stated to me) in that township put together. There was no trace in the Census returns of Molson's brewery, Montreal, as Mr. Byrnes, one of the clerks whom I instructed to examine, stated. There was no mention of the Great Western Railway's large engine and car factory, Hamilton; and numerous other instances of omissions of a similar kind were mentioned to me. Very few of the returns were complete in all particulars of capital invested, raw material used, power employed, quantity and value of annual product, and in other respects; so that this portion of the Census has no practical value whatever. The carelessness of the enumerators seemed to me reprehensible in allowing a saw miller to return carrots and parsnips as the annual product of his mill, or flour millers as turning out boards. Instances of this kind are frequent, and could have been much more easily prevented than another kind of mistake, which was also common—namely, that relating to capital employed and the value of the annual product. Many of the Upper Canada returns were very carelessly drawn up in all these respects. The Lower Canada returns, with the exception of those for Montreal, were much neater and better. It would have been of very great value to the country to have had the return of motive power (column 52) properly filled up, so as to shew how much water power and how much steam power was in exercise. It was not properly filled up. In some cases there was no entry in the column; in others, the words "stream" or "water" only were used, and to put this alone is perfectly useless. I do not think the schedules are at all well drawn up. Confusion must occur from the headings of some of the columns. Some information is called for, such as the number of stories of houses, which is of little use to know in Canada, and some information, which to obtain would be of great value, is not. For instance, the value of farms is given, but not that of messuages and houses in cities.

1179. Have you any knowledge as to the efficiency of the staff employed in the department on the Census?

I had the charge of them for about a week, and found the greater part of them very intelligent and quick at work.

1180. From your experience of the strength and abilities of the staff employed, and your knowledge of the work to be done in the Census department, can you offer an opinion as to the time it should have taken to complete the work for publication?

I believe that ten of the staff, working diligently, would have prepared for publication before the end of 1861 the Census taken in the early part of that year, if proper forms had been devised to facilitate their work.

1181. You have described the returns rendered by the Commissioner as unreliable in several respects relating to property, did you discover any irregularities in the returns relating to persons, as to births, marriages, deaths, longevity, or in other respects?

I have no official knowledge of any other portion of the Census, but from statistical examination, and from the figures, I am sure that the Census is not to be relied on in these respects also. This remark applies both to the Census of 1851 and '52, and '60 and '61

Tuesday, August 4.

THOMAS ROSS, Accountant of Contingencies, recalled :

1182. When were you appointed Accountant of Contingencies, and under what authority ?

I succeeded Mr. Harington in June, 1858, under the authority of an Order in Council. The accounts of the contingent expenses of the public departments are submitted to me for payment. Up to the 31st December, 1862, part only of the contingent expenses of the Crown Land department were paid by me. Subsequent to that period, the whole have been paid by me. The Post Office department is exceptional, inasmuch as its accounts are not paid by me. All other departmental expenses in Quebec are paid by me.

1183. Do you exercise any and what audit on the accounts submitted to you for payment ?

None whatever.

1184. To what authority do you look for indemnity for payments you make ?

To the certificate of the head or deputy head of the department, on account of which the money is paid. The rule now obtained is, that the minister of the department, or in his absence the minister in charge of the department, must certify the account.

1185. Then are we to understand that you take no cognizance of the rate charged for articles, or of their being required for the use of the department to which they are furnished ?

I take no cognizance of the account. My duty is simply to pay under proper authority.

1186. From what source do you derive the funds to pay the departmental accounts for Contingencies ?

By accountable warrants, granted in my favor, as required.

1187. How do you keep and render your accounts of the amounts paid by you ?

I keep a cash book in which the daily payments are entered. At the end of every month I balance my account. My accounts are rendered to the Auditor monthly, subdivided into departments, with a statement of the balance on hand, and the requisite vouchers for the amounts paid. On the last day of each year, I pay over to the Receiver General any balances I have on hand.

1188. Prior to the adoption of the rule now in force of the minister of the department, or of the minister in temporary charge of the department, certifying accounts presented to you for payment, what was the rule ?

The deputy heads certified. I never paid accounts without such a certificate.

Wednesday, August 5.

EVELYN CAMPBELL, recalled :

1189. What was the composition of the Board, under whose directions the Census of 1861 was taken ?

The President of the Council, at that time *ex-officio* Minister of Agriculture, the Honorable John Ross, chairman; the Receiver-General; the Honorable Mr. Sherwood; and the Secretary of the Province, the Honorable Mr. Alleyne.

1190. Did they hold formal sittings, and were minutes taken of their proceedings ?

They had several meetings, but I am not aware that any formal minutes were taken. I think they communicated generally verbally with Mr. Hutton, the secretary, who had conducted the Census of 1852.

1191. Were any changes subsequently made in the composition of the Board ?

In the office of Registration and Statistics, I have had three different chiefs since. On Mr. Ross's resignation, in March, 1862, Sir N. F. Belleau succeeded as Minister of Agriculture. In May, 1862, Mr. Evanturel succeeded him; and, recently, Mr. Letellier de St. Just succeeded. Other changes were also made in the other offices of the Board.

1192. Did the Commissioners and enumerators employed in taking the Census receive formal instructions from the Board as to the performance of their duties ?

They did receive printed instructions, of which I had copies marked I and II. Those to the Commissioners were forwarded to them direct; those to the Enumerators, through the Commissioners.

1193. Were printed handbills, specifying the time of taking the Census and other information, in accordance with the Census Act, chapter 33, section 12, forwarded to the Commissioners with their instructions ?

Yes. I had a copy printed in a large form for postage, marked III.

1194. To whom were the payments for taking the Census in the different localities paid ?

With a very few trifling exceptions, the whole amount was paid to the Commissioners, who paid their respective enumerators.

1195. Were any of the Commissioners' accounts submitted to you for examination ?

No. After Mr. McNider examined the accounts, they were submitted to me to be certified for payment.

1196. Then did your certificate in any way attest the accuracy of those accounts ?

Not at all.

1197. Did Mr. McNider attest the accuracy of those accounts by his signature ?

No. They were brought by Mr. McNider to me, after examination, to be certified for payment.

1198. With the accounts of the Census Commissioners which are now before you, will you be pleased to state whether there is any evidence on their face, and if so what, that they were examined as to their correctness prior to their payment ?

There is none.

1199. On what grounds, then, do you state that those accounts were examined by Mr. McNider?

On his own assurance, and I had no other means of ascertaining their correctness.

1200. Did you in every one of these references to you for your certificate demand of Mr. McNider whether he had examined the account so referred?

I did so invariably.

1201. Did you ever certify to any account of the Census Commissioners, except when presented to you by Mr. McNider?

I never did.

1202. Will you be pleased to furnish a statement of the various amounts paid to the Commissioners, specifying in detail the sums paid to each for the different branches of their service?

Such a report is now in course of preparation, and will be submitted with as little delay as possible.

1203. In what manner was the printing connected with the Census given out; by tender or otherwise?

It was all given by private arrangement. I see by the Letter Book that the French matter was printed by Mr. Coté, of the *Journal de Quebec*. The English printing was given to Mr. Foote, of the *Quebec Chronicle*; Mr. Beaty, of the *Toronto Leader*; and Mr. Gillespy, of the *Hamilton Spectator*. These consisted of blank forms, &c., issued preliminary to the taking of the Census, including instructions to commissioners and enumerators. Some of these were supplied also by Mr. Cary, of the *Quebec Mercury*. I do not remember any others. As to the printing of the work, although I find in the Letter Book a form of tender, 22nd August, 1861, I do not believe that it was ever made public; but I find in the same Letter Book a letter addressed by the acting secretary to the Hon. Mr. Alleyn, dated 23rd September, 1861, stating that he had carefully examined the contracts for the printing of the Census of 1851-2, and recommended an allowance to the party undertaking the contract for the printing of the present Census, of \$1 per volume of 500 pages; and also recommending that there should be a contract in writing, so as to avoid any future accounts for extra work, and that the work should be printed in Quebec. The whole of the English printing was given to Mr. Foote, and the French printing to Mr. Coté, at the above named rate, by letters from the department, dated the 9th October. On the 25th of the same month, the department accepted a transfer, of which they had been notified by Mr. Coté, of the contract, made by him to Mr. Foote.

1204. Was any formal contract drawn up between the department and the printers for the Census volumes?

I am not aware of any, but I have seen a formal letter from Mr. Foote, engaging to print and bind the work on the above named terms.

1205. Are you aware of any other printers than Messrs. Foote and Coté having offered to print the Census volumes; and if so on what terms?

Yes; tenders were sent in by two or three other parties, unasked. I never saw those offers, but to the best of my belief two of the parties were the Queen's Printers and Hunter, Rose & Co. I do not know the terms of these offers.

1206. What number of volumes comprised the Census of 1851-2?

It consisted of two volumes, of 580 and 474 pages, respectively.

1207. Was there a necessity for three volumes, of 600 pages each, for the Census of 1861?

There was a necessity for a considerable increase in the size of the work, but whether to that extent I cannot say. The returns in this Census are much more voluminous, and with a larger number of columns than in the Census of 1852.

1208. Can you say when the first sheets of the Census tables were sent to the printers ?

I cannot, without reference to the office papers.

1209. Have there been any other Census tables published besides the general work printed by Mr. Foote ?

Yes. The Board authorized, on the 15th February, 1862, 500 abstracts of the work then so far advanced (the origins and religions), for the use of the Legislature ; and, subsequently, a further supply of a thousand of the same pamphlet, with the addition of the agricultural Census of Upper Canada, was ordered on the 10th of April. The price of these I will supply.

Friday, August 7.

EVELYN CAMPBELL—Examination continued :

1210. Have you prepared a statement of the amounts paid to the Commissioners for the different branches of their services in taking the Census ?

I now present it.

1211. What number of Commissioners was employed ?

One hundred and seventeen, viz : Sixty for the counties of Lower Canada, and one for the Magdalen islands and Anticosti ; forty-three for the counties of Upper Canada ; three each for the cities of Quebec and Montreal ; one for the city of Three Rivers ; and one for Sherbrooke town, in Lower Canada ; one each for the cities of Toronto, Hamilton, Kingston, London, and Ottawa.

1212. For what number of Commissioners does the Census Act provide ?

I find that the 10th section provides the appointment of a Commissioner for each county of this Province, exclusive of any city in such county, and of any incorporated town therein, containing by the then last Census five thousand souls or upwards ; and a Census commissioner for each city, and each such incorporated town as aforesaid.

1213. Can you state any special authority for the appointment of more than one commissioner for each of the cities of Quebec and Montreal ?

I cannot, other than that the appointments were made by His Excellency the Governor General in Council.

1214. Did the town of Sherbrooke come under the category of incorporated towns containing by the previous census five thousand souls or upwards ?

I think not ; for I find, on reference to the former census, that the whole population of the town only amounted to 2,998

1215. What was the rate of pay allowed by law to the Commissioners ?

Two dollars and fifty cents *per diem*, during the time which he should be actually occupied in his official duties.

1216. From what date and to what date were the official duties of the commissioners construed in the settlement of their accounts to extend?

I find some difficulty in answering this question, for after a careful examination of the correspondence, I find not only that no invariable rule seems to have been laid down, as to the commencement, duration, or conclusion of their term of office, but the opinions on those points expressed by the secretary, Mr. Hutton, are contradictory of each other. For instance, in a letter of 10th December from Mr. Hutton, the secretary of the Board, to Mr. Gamble, Commissioner for the county of York, the rule is thus laid down: "The Commissioner is allowed all the days actually employed, whether writing notices or travelling." On the 28th December, 1860, Mr. Hutton writes to the Commissioner for Vaudreuil:—"The Commissioners generally charge most of their time, from the date of their appointment until the papers are delivered to this office, which ought to be about the 15th February." On the day following Mr. Hutton writes to the Commissioner for Kent: "The Commissioners are allowed 12s. 6d. per day, for every day from the time they receive their commissions till the papers are returned to this office, on or about the 15th February." On the 19th January, Mr. Hutton writes to the Commissioner for Prince Edward:—"I think it is usual to charge every day from date of your commission, Sundays included." On the 11th February, Mr. Hutton writes to the Commissioner for Montcalm, as to the practice of the former Census, thus:—"I think the general plan adopted was to charge all the days from date of commission up to the day of sending the Census to this office, at 12s. 6d. per day, or as many as would cover all extras." On the 1st March I find the following recommendation from Mr. Hutton to the Commissioner for Frontenac:—"My advice to you is, to put nothing in your account but what the law allows, say 75 or 80 days. It has been usual to charge from 60 to 77 days and nothing extra." In a number of other letters I find that the secretary recommends commissioners to charge a few days additional in their account in lieu of extras for various incidental petty expenses. I refer particularly to letters of 28th February, 1861, to the Commissioner for Ottawa city; on 2nd March, to the Commissioner for Arthabaska; on the 23rd March, to the Commissioner for Pontiac; on the 12th April, to the Commissioner for Chateauguay; on the 13th April, to the Commissioner for Richelieu.

1217. Can you say whether any, and which of these various rules was adopted in the settlement of the Commissioners' accounts?

Not having examined the accounts, I cannot say.

1218. Did the accounts of the Commissioners vary materially from each other in their statements of the time occupied in the work?

They do vary much; the shortest time being 40 days, the longest 169 days.

1219. Glancing over these accounts, does there seem, either from extent of population or any other cause, adequate ground for such extreme variation as you describe?

There does not.

1220. Does not the Act prescribe that the enumerator shall deliver his account, duly attested, to the Census Commissioners, on or before the 15th February, and that the Census Commissioner shall, immediately on the receipt of the said accounts, make the necessary examination of them, certify to them, and deliver them to the Board?

It is so enacted in the 13th, 14th and 15th sections of the Act.

1221. Were the prescriptions of that Act complied with in these respects?

I believe not. Most of the papers were not forwarded till long after the month of February.

1222. Did the Commissioners continue to receive pay for the time that elapsed between the 15th February and the transmission of the papers to the Bureau?

I believe so.

1223. Do you find any special reasons why the Board required the return of the Census papers from the Commissioners by the 15th February?

In a letter of the 7th December, 1860, addressed to the Commissioner for Toronto, the Secretary writes thus:—"You will observe that the papers should be all in by the 15th February, by statute, and the Board is desirous that they should be received in this department by that date, that some idea of the population may be formed before the House rises."

1224. Does the Census Act assign any other compensation for the services of the Commissioners than the allowance of \$2.50 *per diem*?

It does not.

1225. Were any other allowances made to the Commissioners, and if so, by what authority and for what purposes?

To some of the Commissioners certain allowances were made.

Saturday, August 8.

EVELYN CAMPBELL,—Examination continued.

1226. Will you complete your answer to the question respecting the allowances made to the Commissioners and the authority for them?

The allowances were for the printing and publishing of handbills, for postages, advertising, employment of labor and payment for extra services. The authority was that of the Board.

1227. Have you any minute of the Board authorizing any of these allowances?

I have one dated 28th February, 1861. The fifth clause thereof is the only one referring to allowances. It runs as follows:—"The printing and posting of handbills, under the twelfth section of the Census Act, where such work had been done by commissioners, was ordered to be allowed at a reasonable rate."

1228. Does the twelfth section referred to in your last answer direct the Census Commissioners to print any handbills?

It instructs them to cause public "notice to be given of the taking of the said Census and of the information which all persons are required to give to the said enumerators, and the manner and time in and at which the same is to be given, and the penalties to be incurred for refusing or neglecting to give it."

1229. Did the Government cause handbills of the nature described by you, containing all the information you specify, to be printed for them and transmitted to the several Commissioners?

Handbills or posters of this character were printed by the Government, and a certain number were, I believe, distributed to each Commissioner.

1230. The minute of the Board which you have cited in reference to handbills was subsequent to the printing of them by the Commissioners, and therefore merely an endorsement of acts they had performed, not an authority to perform them ?

It was so.

1231. Do you find any reference in the Letter Book prior to the minute of the Board, instructing the Commissioners as to the printing of the handbills ?

I find in almost all the letters to Commissioners, a remark expressly stating that no charges for printing could be allowed, the same not being authorized by the Act. I instance the following letters to the Commissioners for York, Kent, Frontenac, Prince Edward, Berthier, Three Rivers, Haldimand, Perth, Grenville, and Ottawa City, prohibiting printing, postages, advertising, and all other extras being charged for.

1232. Do you find any rule of the department under which the apportionment of the amounts to the respective Commissioners for the printing of handbills is fixed ?

The order says at a reasonable rate. I find several letters subsequent to the minute of the Board, stating that from thirty to forty dollars is the utmost that can be allowed for the purpose.

1233. Were not several allowed much larger sums ?

There were. I instance the following : the Commissioner of Bruce, \$131.32 ; of Carlton, \$100 ; of Elgin, \$100 ; of Essex, \$100 ; of Kent, \$86 ; of Lambton, \$75 ; of Perth, \$136.26 ; of York, \$90 ; of Ottawa (County), \$100 ; of Pontiac, \$99.50 ; of Terrebonne, \$100 ; of Montreal, \$203.12 ; and of Quebec, \$137.59.

1234. Do you find in the Letter Book any explanation of these excesses of payments ?

The claim for Bruce seems to have been allowed without comment. That for Carlton was reduced from \$166 to \$100, and in a subsequent letter the following remark is addressed to Mr. Commissioner Clemow. "With regard to your own account, you are allowed much more than others, and I explained to Mr. Powell that the Board could not allow any more than the sum specified."—To the Commissioner for Elgin the secretary writes thus:—"The charge you make of \$161.24 is excessive, as the most of the Commissioners charge from \$5 to \$30, and in one or two cases up to \$100 for printing bills. You will have to reduce this charge to at most \$100, as that is the utmost the Board has allowed." I find no remarks with reference to the account of the Commissioner for Essex in the Letter Book ; the sum, however, appears to have been paid to Mr. McLeod, M. P. for the county. I find no remark respecting the payment of the Commissioner for Kent. The amount to the Commissioner for Lambton appears also to have been paid without comment. On the account of the Commissioner for Perth, I find the following remark in a letter dated 6th April, 1861, to Mr. Commissioner Jarvis:—"The charge you make of \$136 for printing handbills is altogether out of the question, \$30 being the amount generally charged and paid." The amount was paid in full by cheque to Mr. Daly, M.P. for the county, on 2nd May. In a letter addressed to Mr. Commissioner Gamble, county of York, I find the following remark respecting certain claims disallowed:—"The Board has not nor will allow for stationery ; two and-a-half dollars per day is to cover all expenses, except handbills and printing. I much regret you cannot reduce your claim for special services. The Board seem to think you abused the privilege not allowed to any other Commissioner. The items for postage you may also include in your account, although it has been disallowed in almost every instance. The whole of the different items you charge for special services, postages, and printing, please include under the head, printing and publishing handbills." The account of the Commissioner for Ottawa county appears to have been paid without remark. The Letter Book affords no explanation respecting the charge of the Commissioner for Pontiac, but in a letter of 23rd March, to Mr. Commissioner Heath, the following reference is made to his accounts:—"After receiving your accounts I hoped to have seen your relative, Mr. Edmund Heath, to ex-

plain how very much they are beyond what the law allows, and consequently could not be granted without a special Order in Council," &c. The amount of \$99.50 for printing handbills and special messenger was paid on the 3rd April to Mr. Edmund Heath, M.P. for the county. I find no remark on the claim of the Commissioner for Terrebonne. Respecting the claim of the Commissioners for Montreal, I find the following remark in a letter to Mr. Commissioner Leeming, dated the 3rd January, 1861:—"There is no allowance for advertising in newspapers." On the 4th April, 1862, \$203.12 was paid for advertising as per accounts, to the Honorable John Rose, M.P. for Montreal. I find no reference in the Letter Book to the accounts of the Quebec Commissioners, but the amount of \$137.50 is charged as paid for advertising in six city journals.

Monday, August 10.

EVELYN CAMPBELL.—Examination continued.

1235. Have you vouchers for the amounts paid by the Commissioners for handbills, or any evidence that the printing charged and paid for was actually done?

I cannot answer the question of my own knowledge. I merely certified the accounts for payment, after they had been examined by Mr. McNider, who had charge of the Census branch.

1236. Were any other allowances made to Commissioners for extras?

The Montreal Commissioners were allowed a clerk. That was the only instance of such an allowance. \$300 were paid for this item. I believe the Commissioners employed the clerk on their own responsibility, and I find by a letter to the Hon. John Rose, dated 27th March, 1862, that the Board sanctioned it. From the same letter, I learn that a further sum of \$100 was allowed to the Montreal Commissioners for "making abstracts of Census, being" as the letter states, "four hundred dollars more than was allowed any other Commissioner in the Province." In the Account Book the payment appears to have been "allowance for taking religions," &c. All the Commissioners were compelled to furnish abstracts of their work, but I know of no other case in which extra payment was allowed for the same. Another extra payment appears to have been that of postages, for which \$81 were allowed to Mr. Larue, the Commissioner for the County of Ottawa. This is the only instance in which a sum for postage was directly allowed.

1237. What was the scale fixed by law for the payment of enumerators?

Two dollars for every hundred persons resident in country parts; power being given to the Board to increase the same to a sum not exceeding \$3 for the same number where the population was sparse, and to \$4 for every fifty persons, in cases where the population did not exceed three hundred in an area of ten miles square. In cities and incorporated towns, the rate was \$2 for every hundred, up to 3,000; and beyond that, \$2 for every three hundred.

1238. Was the scale fixed by law adhered to by the Board in determining the sums paid to enumerators for services performed?

I believe so in every case.

1239. In what form were the enumerators' accounts for services performed rendered to the Board?

The enumerators' accounts were rendered to the Commissioners, who examined and certified them, and embodied them in their accounts. The Board had no direct communication with the enumerators, their charges being paid through the Commissioners.

1240. Is the Board in possession of vouchers, shewing that the sums charged as for enumerators and paid to Commissioners on their account, were actually paid to the persons in question?

I am not aware that we possess any receipts other than those of the Commissioners. The Board conceived that having paid the Commissioners, the account was closed, so far as we were concerned.

1241. Can you now state the cost of the abstract taken from the Census returns, and published to be laid before Parliament in 1862?

The cost was \$1 for each copy. There were two editions; 500 of the first containing 160 pages; 1000 of the second, 255 pages. The cost was the same for both.

Thursday, August 13.

THOMAS MCNIDER, sworn :

1242. Were you employed in the Census branch of the Bureau of Agriculture and Statistics?

I was; having been appointed in November, 1860, and having held the appointment until the 19th July, last.

1243. What were your duties?

I was employed in the first instance as a Census clerk, and was promoted to the chief clerkship of the branch in July, 1861. My business as chief clerk was to see that the staff of clerks were punctual in their attendance and to their duty, and to superintend and revise the work as performed by the clerks. I audited the accounts of the Census Commissioners and Enumerators, afterwards submitting them for payment to the then secretary, and after his death to the acting secretary. Generally, I had the supervision of the whole working of the Census after Mr. Hutton's death.

1244. As chief clerk, were you satisfied with the efficiency of the staff of clerks over whom you exercised superintendence?

I was not. From time to time I reported to the Minister or Acting Minister of Agriculture that several of the clerks were inefficient, and some inattentive, but my representations were ineffective, until the appointment of the present Minister of Agriculture, who dismissed all the clerks but one. In consequence of the inefficiency of which I speak, the time required for performing the work of the Census was considerably extended; and notwithstanding vigilance on my part, inaccuracies on their part may have been overlooked.

1245. What rule was laid down by the Board, in relation to the accounts to be rendered by the Commissioners, as for sums to be paid to the enumerators?

The question is answered by a resolution of the Board, dated 28th February, 1861. The purport of the resolution was, that the names on the agricultural sheets should be allowed for at the regular rate allowed by law, "in consideration of the extra labor occasioned to the enumerators in collecting the information required on those sheets." The

intention was, that the enumerators should be allowed the same rate of payment for names copied into the agricultural sheets as was allowed for the personal sheets. In fact, it was a gratuity for extra services not called for by the law. There was another rule requiring the secretary of the Board to submit the several accounts of commissioners and enumerators to the Board before certifying them for payment, and also requiring him to report any items in the said accounts which in his judgment were not authorized by the Census Act.

1246. Were these rules acted upon in the examination of the accounts in question ?

They were acted upon in this way: I think a general understanding existed between the Board and Mr. Hutton, the secretary, in pursuance of which the latter had power to allow commissioners, for enumerators, the higher rates provided by law for exceptional cases. Practically, the discretionary power vested by the law in the Board was exercised by the secretary. I always submitted the accounts to the secretary after I had examined them, pointing out all charges higher than the minimum rate fixed by law. My usual practice was to report orally my opinion as to the propriety of paying higher rates when charged, and, generally speaking, Mr. Hutton acted upon my report. After Mr. Hutton's death, the acting secretary, Mr. Campbell, also generally adopted my report, without much examination of his own.

1247. On what data did you base your examination of the accounts, and your reports upon them ?

I was guided to some extent by the reports of the several Commissioners in relation to the labors of the enumerators. In most cases we had no other data to proceed upon. The rule laid down by the Board in correspondence with several Commissioners was, to allow only the minimum rate of \$2 per hundred names, and this rule was acted upon, except when good reasons were assigned by the Commissioners for a departure from it. In some instances, members of Parliament had more or less influence in inducing members of the Board to sanction a departure from the minimum rate named. In many cases, the charges made were largely reduced by me in my examination of the accounts. I refer to cases in which more than \$3 per hundred names was charged. There were also cases in which, when \$3 was charged, we only allowed \$2 or \$2.50. I was partially influenced in my examination by my knowledge of the counties charged for. I recommended a disallowance of payments over the minimum rate, except when in my judgment higher rates might properly be charged. It sometimes happened that accounts were allowed irrespective of my examination, Commissioners obtaining a settlement direct with the secretary, without my intervention.

1248. Were accounts generally settled at the minimum rate of \$2 per hundred names, or at higher rates ?

At the outset, the \$2 rate was acted upon, but in consequence of the representations of Commissioners respecting the insufficiency of the remuneration, the higher rates of \$2.50 to \$3 were generally allowed. Glancing over tables furnished by the Bureau, I find that in the counties of Lower Canada the more general rate allowed was \$3, whilst in Upper Canada a larger proportionate part appears to have been paid at the \$2 rate.

1249. In your examination of accounts rendered by Commissioners, did you take cognizance of the time charged for by them as well as the rates charged as for enumerators ?

I did. I allowed Commissioners their *per diem* pay from the date of receipt of their appointment, to the date on which they sent in their returns. There was a great variation in the periods charged for by Commissioners, ranging as they did from 40 to upwards of 160 days. Whatever these periods were, the Commissioners were allowed for them.

1250. Did you require the Commissioners to produce satisfactory vouchers for payments alleged to have been made for handbills or printing in connection with the Census ?

I did not. I allowed the sums charged for these items without vouchers, although in some instances they were furnished, and in others the sums charged were reduced. The printing charged for by Commissioners was done on their own authority so far as I know.

1251. Have the contingencies of the Census branch been charged with salaries paid to persons who rarely performed services in the branch?

They have. I should say that on an average at least four of the Census clerks have been constantly employed on the work of the Bureau. Thus, about \$250 per month have been charged to the Census, which properly belonged to the Bureau. There was one instance in which a salary of \$400 was paid to a clerk who never, to my knowledge, performed service either in the Census or Bureau. I allude to the late Mr. Dutort, who was at the time employed in the Receiver General's department. I believe that the late Mr. Willoughby, who was a Census clerk, received a gratuity from the Emigration department, for services rendered. These services, however, did not materially interfere with his attendance or efficiency as a Census clerk. Mr. Duggan, another Census clerk, obtained a brief leave of absence on a few occasions, to enable him to act as interpreter to one of the law courts.

Friday, August 14.

HENRY MAY, sworn.

1252. Were you employed in the Census branch of the Bureau of Agriculture and Statistics? If so, for what term and in what capacity?

I entered the service of the Government as a Census clerk about August, 1861, and I remained in the Census branch two months and a half. During that time I was employed on the ordinary work of a Census clerk. I left the service of the Government in May last.

1253. Had you opportunities of observing the manner in which the general office work of the Census was performed, and of forming an opinion as to the correctness of the statistics prepared for the information of the public?

During the two months and a half of which I speak, I had practical experience of the office work of the Census, and subsequently to that time the nature of my duties, as clerk in the Bureau, and clerk to the Board of Registration and Statistics, involved my attention being occasionally directed to some matters connected with the Census. I have no hesitation in stating, as the result of my observation, that the office work was most inaccurately and discredibly performed. In this remark, I desire not to reflect upon the capacity or fidelity of individual members of the Census staff, but to state my opinion of the value of their labors as a statistical record of the Province.

1254. Do you mean to state, then, that the system on which the work of the office was conducted was in itself defective or unsound?

I do consider the system defective. Perhaps I ought to say that there was no system whatever, as the Census work was entrusted entirely to temporary clerks, who had had no previous experience in the collection of statistical facts, and seemed to have been left without any responsible head to whom they might have referred in cases of difficulty or doubt.

1255. Should not the Board of Registration and Statistics, as organized by the Legislature, have been considered the responsible head of the Census branch, and the responsible manager of its work?

Certainly it should ; but I am not aware that the Board of Registration and Statistics ever assumed the practical direction of any of the Census work, which was left, as I have already stated, entirely to the internal arrangements of the office. The evident intention of the Legislature in constituting the Board of Registration and Statistics seems to have been to entrust to it the collection and arrangement of the statistics of the Province. Had this intention been carried out, the Census work would have merely increased temporarily the duties of the Board, and the clerks called in would have been subordinate to a well-established system, and in fact only an addition to a staff already disciplined to the work, from having constantly the care of the annual statistics required by the Act 22nd Vic., cap. 33, Con. Stat., Canada. But the functions of the Board having been previously suffered to fall into disuse, the taking of the Census may be said temporarily to have revived the recognition of the Board, and consequently the administration of the Census work passed into raw hands.

1256. As clerk to the Board of Registration and Statistics, did you ever make any representation upon this subject to the Board ?

I was instructed by the Minister of Agriculture, Mr. Evanturel, in September last, to consider how far the duties of the Board had been discharged, and to suggest my views in regard to it, which I did in a letter addressed to him, dated 7th October, 1862. I will furnish a copy of this document to the Commission. It was subsequent to the date of this letter that I was appointed clerk to the Board. I have reason to believe that in consequence of my representations Mr. Evanturel made a report upon the subject to the Executive Council.

1257. Will you state some of the facts which came under your observation, as illustrative of the inaccurate and discreditable manner in which the work of the Census was performed ?

In the first place, I conceive it was perfectly impossible to have arrived at any accurate results, from the state in which the returns were forwarded by the Commissioners to the office ; and I consider it certainly not creditable to the department that these returns were received and analyzed without apparently any remonstrance or being sent back for correction. The consequence was, that it was necessary to attempt to correct the returns in the office as the work proceeded ; and as these corrections were made in a great measure according to the fancy or judgment of the clerk employed, they were arbitrary and extremely irregular. The irregularity in the returns themselves resulted from the evident ignorance of many of the enumerators as to the object of the different columns, and carelessness in leaving some of them blank or filling them in a manner that was manifestly absurd. Where the addition of several columns should have agreed with the total given in some other column, it often happened that irreconcilable differences occurred. Most of these mistakes were so obvious, that it would seem to have been the duty of the office to send the returns back to the Commissioners for correction. Besides these defects, a somewhat loose system prevailed in the clerical details of the office. Thus, after the population of a county had been computed, an analysis of the religions would show a total differing materially with the total population. In a like manner, the total of origins would afterwards disagree with both the total of population and the total of religions. Some mode of bringing these totals into harmony was necessary, and an arbitrary system of what I must call cooking the figures was resorted to for the purpose. These discrepancies were as frequently the consequence of want of care on the part of the clerks as of defects in the returns themselves ; and had any attempt been made to find out the error, when the discrepancies were discovered, anything like cooking would have been generally unnecessary. The clerks were left to themselves, without any superior check, and hence their indifference and carelessness increased as the work went on.

1258. Are the errors in the tabulated statistics, as prepared for publication, so obvious and great as seriously to impair the value of the work ?

In my judgment, the errors are so great as seriously to impair the value of the work.

But I am not prepared to say that all are obvious, though they become so upon very slight examination.

1259. Will you enumerate some of the errors to which you refer?

The return of the colored persons is one of the most obvious of the errors; the total set down being 190 in Lower Canada, whereas there must be more than that number in Montreal alone. It is also a fact that the usual custom in the office was to class the Indians of Lower Canada as of French origin, in addition to putting them in the column reserved for Indians. Another obvious error is in the calculation of the ages, no column being given for those under one year old. The Census of 1852 had such a column. This fact may be taken as an illustration of the process of cooking to which I have referred, since the column of births in 1860 is made to do duty as a return of children living under one year of age. The column headed "Under two years," properly represents the children living between one and two years of age. Opening a copy of the published abstract of the Census now before me, I turn to the exhibit of agricultural products for the county of Brant, and I find that of the first thirteen columns no less than five show incorrect additions. The tables abound in errors of this description. With regard to the returns of mills and manufactories, the analysis of them made in the office, but not yet published, shows results manifestly erroneous. An independent compilation made from the returns for the information of the Minister of Finance, proved their utter worthlessness.

1260. What opinion did you form with regard to the discipline and regularity of attendance in the Census office, and the numerical strength of the staff employed upon the work?

The discipline and attendance were not such as would prevail in a properly organized department. Many of the *employés* were very inefficient, and the number employed was far too great—practically impeding rather than hastening the work.

Monday, August 17.

JOHN LANGTON, Auditor, sworn.

1261. Can you supply this Commission with detailed statements of the expenditure for contingencies in the several departments from 1852 to 1862, inclusive?

I put in the statements asked for

1262. Have you any explanation to offer in connection with the statements now produced?

In the earlier years, the subdivisions under the different heads is not very perfect. It would not be possible to make it quite accurate without analysing the details of the individual vouchers, where charges belonging to several different heads are included in the same account, as for instance stationery, with newspapers and advertising; and I do not think that I possess details sufficient to divide the telegraphing of the different departments with accuracy. The Crown Lands department formerly used to pay all its own contingencies out of its accountable warrants, including them under the head of general disbursements. What are now properly considered the departmental contingencies are paid as in other departments by Mr. Ross; but the department still retains in its own accounts the head, "General Disbursements," and it is not always that the line between the two classes of accounts is very correctly drawn. The Militia and the Post Office departments continue to pay their contingencies out of their general accountable warrants. A considerable portion of the contingencies of the Customs is paid by the Finance department, and not by

Mr. Ross. It is not always easy to distinguish what are the proper departmental contingencies, and what more properly belong to the Customs' service. A similar difficulty also presents itself to some extent with the department of Public Works. I have put in one account of "Departments generally," where it was not from the vouchers easy to distinguish on account of which department the expenditure was incurred. The heads of "Telegraphs," and "Fuel for Departments," are amongst the principal items which are so undistinguished. Since 1858, they are more accurately divided.

1263. What check do you exercise, as Auditor, upon the expenditures of the various departments on account of contingencies?

I cannot say that I exercise any check at all. If there is any thing manifestly wrong in an account, or any evident overcharge, I call the attention of the deputy head authorizing the payment to the circumstance, but the account is paid before it comes to me, and I have no power to interfere. I have upon several occasions reported to Government, both verbally and in writing, that the checking of the contingencies is very imperfect, and entirely beyond my control. My audit of the contingencies is simply the audit of Mr. Thomas Ross's account, or in the case of contingencies paid otherwise than by Mr. Ross, of the party paying them. The detail of the contingencies can only be audited efficiently by the deputy head who ordered the articles supplied, and certified that the account should be paid.

1264. Does your audit take cognizance of the vouchers supplied in either case?

As far as Mr. Ross is concerned, I only look to the vouchers to ascertain that he has paid the money which he charges in his account, and that there was authority for him to pay it on the certificate of the head or deputy head of the department to which the account is chargeable. I do not mean that I merely take the sum total of the account; we check the additions and extensions also; but what I do mean is this, that I have no means of knowing, except from the certificate of the deputy head, whether the articles charged were required, whether they were delivered, or whether they were charged at a proper price. For all these latter points, I consider the head or deputy head certifying the account to be responsible. With regard to those contingencies which are not paid by Mr. Ross, exactly the same thing occurs. I do incidentally check the details, but I am aware that my audit is almost perfectly useless. The payment of the account as a whole is the real point for which it serves as a voucher.

1265. Are you satisfied with the sufficiency of the audit you exercise in regard to contingencies?

By no means. I consider it very imperfect, indeed. And I think there is very little practical use in any audit of details, except an audit before payment.

1266. Is the authority of the head of one department a sufficient voucher for a payment by another department?

Where he is acting for the head of another department, in his absence, I conceive that it is; but not otherwise. Ministers acting for others frequently sign as such. At other times, it is not so specifically stated, and it would be almost impossible for the person auditing the account to know whether an absent minister had given authority for another to act in his place, or indeed whether, at that particular date, the former minister were really absent from the seat of Government. Generally speaking, I should say that the signature of any minister ordering a payment on account of a particular department, would be taken as a proof that he had authority from the head of that department to make such order.

1267. The statements you have produced exhibit a marked increase in the expenditure of the several departments on account of various items enumerated. Can you give any information as to the causes to which this general result is attributable?

The business of the country has very largely increased since 1852, and an increase might naturally be expected in all items of contingencies. The salaries of all officials were raised by the action of the Legislature in 1854, and many were increased in 1857. Since 1857, there was not any marked increase in the expense of the permanent staff until 1862, when a considerable sum of arrears under the operation of the Civil Service Act was paid; and there were also other charges which then for the first time came under the head "Civil Government," and which were previously charged to other accounts, which sufficiently explains the increase. I allude to the expense of the Indian branch, to some of the clerks in the Public Works department, to one member of the Executive Council formerly charged to legislation, and some other minor changes. I think that the increased business of the country, taken in connection with the increased pay, is nearly sufficient to account for the increased expense of the permanent staff and extra services since 1852. I have no doubt, however, that the expense is susceptible of considerable reduction, and that more in the number of *employés* than in the rate of their pay. By far the most important item of increase is printing and stationery. No doubt there ought to have been a large increase from the increase of business; but since 1858, or at any rate since 1860, I conceive the increase to be out of all proportion to the real requirements of the service. The item of newspapers and advertising varies very much from year to year, both on account of the irregularity with which accounts are sent in, and the amount of extraordinary advertising which takes place in particular years. With regard to advertising, I am hardly competent to pronounce an opinion as to what saving might be made, but I believe that the number of newspapers taken in is quite unnecessary, and in our own department it has been very much reduced. There has been a large increase in the expense of telegraphing, but the item is not in itself a very heavy one. I see that there is a reduction in the expense of postages, which I have no doubt arises from the change of method in paying the account. Formerly, the individual postmasters sent in their accounts, which it was not easy to check; now they are sent in by the department.

Tuesday, August 18.

THOMAS ROSS, Accountant of Contingencies, recalled.

1268. What is your duty as Accountant of Contingencies?

To pay the contingent accounts of the various departments, and to render an account of the same, monthly, to the Auditor, Mr. Langton.

1269. What authority for payment do you require from the several departments whose accounts come before you?

I require every account to be certified by the head of the department. Formerly, I accepted the certificate of the deputy head, but about three months ago an Order in Council was passed, requiring that the minister in charge of the department, or, in his absence, some other minister acting in his behalf, shall certify every account.

1270. Do you exercise any check upon the expenditure on account of Contingencies, whether in regard to the ordering or delivery of articles, or the rates at which they are charged?

I do not. I am simply the cashier. When an account comes before me with the proper signature attached, I pay it, and afterwards send it to Mr. Langton, as a voucher. He receives it as a matter of course. What examination of it he makes I do not know. There have been only two or three instances in which an account sent by me as a voucher, has been returned to me by the Auditor for correction. I transmit all my accounts monthly to the

Auditor. I pay all accounts out of accountable warrants issued to me on my requisition to the Provincial Secretary ; moneys being paid to me in bulk without reference to particular departments. I apply for a warrant when my balance gets low, without making any special estimate ; and the warrant is issued for the sum of \$6000, which is about the average of my monthly payments. In rendering my monthly account to the Auditor, I classify the expenditure under the heads of the several departments, designating the object of each payment, and showing the balance in my hands at the date to which the account is made up.

1271. Are advances sometimes made to parties on account of work not performed, or goods not supplied ?

Not now. Formerly they were. There have been none since January, 1862.

1272. Did you keep any record of advances, when made ?

I did until they were covered by vouchers. I kept the order from the head or deputy head of the department on whose account the advance was made ; and these memoranda for the time formed my vouchers. I destroyed these so soon as I received the account of the party to whom the advance was made. I could not now furnish a complete statement of advances made. In the case of Mr. Samuel Thompson, I made frequent advances, from time to time, for a considerable period, commencing in 1858. In fact, the system of advances may be said to have commenced in that year.

1273. As you render your account to the Auditor monthly, with accounts as your vouchers, in what form did advances appear when making up your balance ?

They did not appear at all. Their amount appeared as cash at my credit in the bank. I was responsible for the amount. On many occasions I protested to the Provincial Secretary against these advances being made, because I felt my responsibility with regard to them. I also protested to the Commissioner of Crown Lands, from whose department orders to make advances very frequently came.

1274. Are some of these advances yet unsettled ?

Yes. I will furnish to the Commission a statement of advances remaining unsettled. I am no longer responsible for them, having returned them to the Auditor as vouchers.

1275. Do you accept the authority of one minister on account of a department of which he is not the responsible head ?

Certainly I should. I could not refuse the signature of a Minister of the Crown, whether he were the head of the particular department or not.

1276. Is the authority you require a formal order for payment or merely a certificate of work done or articles supplied ?

The certificate of any Minister of the Crown that work has been done or articles supplied, I hold to be sufficient authority for payment.

1277. Under the practice you describe, the certificate of a Minister of the Crown being accepted as absolute in relation to a department with which he has no connection, might not the same account be paid more than once ?

Yes, it might. I have no knowledge, however, of any such thing having occurred. I have no means of discovering it should it occur.

1278. In the performance of your duties, have you become aware that an increase has taken place during recent years in various items of expenditure coming under the head of contingencies ?

I am aware that there has been an increase.

1279. Can you give any information with reference to its cause ?

The fact is notorious that for some years past, there has been an increase in the expenditure for contingencies, but the exact cause of it I cannot explain. I know that the expenditure for the last year, as compared with the expenditure for the year preceding, exhibits a considerable decrease.

Wednesday, August 19.

EVELYN CAMPBELL, Acting Secretary, Bureau of Agriculture, recalled.

1280. What check exists in your department upon the expenditure for services other than those which are rendered by the ordinary staff ?

When extra clerks are employed, I see that the work is performed on which they are occupied, and that their payment is according to the ordinary scale—never exceeding \$2 per day—to the best of my knowledge. During the last two years, I am not aware that any extra clerks have been employed. Extra work, however, when required—that is, work performed after the ordinary office hours—has in one or two instances been allowed for. The sums which appear in the expenditure of 1861 and 1862, as for extra clerks and services, were really payments for this over work.

1281. By whose order were extra clerks formerly employed, and by whom were these extra payments regulated ?

By the Minister of Agriculture for the time being.

1282. Were these extra services performed on your representation that the ordinary staff were unequal to their performance, or on the representation of the head of any branch of your department ?

I think in almost every case the extra services were required to supply information called for by the heads of other departments, or by committees of the Legislature. For the ordinary work of the department, our ordinary staff has generally been found sufficient. When extra work has been required, I have represented to the head of the department that, without neglecting our proper duties, it could not be done in the time indicated without obtaining temporary assistance.

1283. What course has been pursued in ordering and checking the printing and stationery required for the department ?

The orders for the stationery are always given by requisition. After Mr. Hutton's death, for a short time, I signed these requisitions, as he had been accustomed to do ; but about the time at which Sir Narcisse Belleau assumed office, a general order was passed by which it was made necessary to obtain the signature of the head of the department to all orders. With regard to printing, generally speaking, there does not seem to have been formal requisitions. Our common blank forms I class under the head of stationery, and the printing of these was ordered by requisition, and included in what I call the stationery accounts. During the last few years the department has issued, under the authority of the Government, large numbers of pamphlets on emigration and other subjects, mainly for distribution on the continent of Europe ; and the orders for these were given under the direction of the Minister of Agriculture.

1284. Have the orders for stationery always been predicated upon the actual wants of the department ?

So long as I signed the requisitions this was the case; and at present the orders are given on my representation that the articles ordered are required for the office. One large order was given towards the end of 1861, with reference to which this course was not pursued.

1285. To what order do you allude, and under what circumstances was it given?

About the end of September, or the beginning of October, 1861, I was requested by the Hon. John Ross, then Minister of Agriculture, to write out an order for a large supply of stationery, which owing to a large accession of clerks, then commencing the Census work, he said he believed would be required. I said that before doing so it would be better to examine the stock on hand, with the view of ascertaining what was actually required. After taking stock, I drafted an order for his approval, but this order was not acted upon. Subsequently, I think two or three weeks afterwards, a much larger order was presented to me by Mr. Foote, signed by Mr. Vankoughnet, who was at the time supposed to be acting for Mr. Ross. Mr. Foote said that Mr. Vankoughnet wished me to attach my signature to the order, which I did with the remark that my signature was superfluous when the order had actually been given.

1286. Was the order given by Mr. Vankoughnet, and signed by you under the circumstances you describe, in excess of the wants of the department?

It was in excess of the immediate wants, and therefore contrary to our usual practice. Apart from this, we had a considerable stock on hand at the time. During the time which has since elapsed, a very considerable proportion of the whole has been consumed by the department, including of course, the Census branch. All the articles furnished were of the nature required for the office, but the quantities of some of the articles were injudiciously regulated. For instance in addition to the stock on hand, we received 100 reams of foolscap, 150 reams of note paper, 100 reams of letter paper, and a very large amount of envelopes. Of each of these a large quantity remains on hand.

1287. Did a bill of parcels accompany the goods when delivered by Mr. Foote, and were the articles checked with the order and the account?

I asked for and obtained a copy of the order, and I appointed a clerk and two messengers to check every parcel as sent in by Mr. Foote. I am therefore able to state that all the articles ordered and charged were delivered.

1288. Were the prices charged subjected to any scrutiny?

None in our department.

1289. Are you able to state whether the prices charged were reasonable, judging them by the prices previously paid by the department and by the quality of the articles supplied?

I think so; in many cases they were lower. I say this after having looked into the matter for my own satisfaction, and not in connection with any formal check.

1290. Two accounts are shown to you, both in the name of Mr. Foote, one charged to the Bureau of Agriculture, amounting to \$6313, being for articles supplied under the order of which you have been speaking; the other charged to the Census Commission, amounting to \$2991. Were not both parts of the same order, the amounts charged indicating the apportionment of the articles as between the Bureau and the Census?

On the face of the accounts this would seem to be the case. I desire a little delay, however, in order that I may consult with Mr. McNider before giving a more positive answer.

1291. When you stated that the articles delivered were checked as charged, did you refer to the quantities covered by the aggregate of the two accounts now shown?

I desire to look into the matter before answering further.

Thursday, August 20.

EVELYN CAMPBELL.—Examination continued!

1292. Are you now prepared to state whether the two accounts produced are parts of the same order, given to Mr. Foote by Mr. Vankoughnet?

The two accounts shown to me—one amounting to \$6313, and the other to \$2991—I find to be parts of the large order given by Mr. Vankoughnet to Mr. Foote; the respective amounts charged indicating what was believed to be an approximation to the probable consumption of the two departments. The smaller amount refers to the Census branch, as stated in the account.

1293. Were the whole quantities of the articles comprised in the two accounts duly delivered to the department?

I believe so. A portion was not delivered until some weeks after the larger proportion, having been delayed for printing headings to paper and envelopes. But I employed Mr. C. Alley, then a clerk in the department, and John Johnston, a messenger, with another messenger, to assist to check the parcels on arriving; and Mr. Alley reported to me that all the articles ordered and charged were delivered with certain exceptions, which I know were afterwards supplied.

1294. Are the same rates charged in the two accounts, amounting together to \$9304?

They appear to be exactly the same.

1295. You have stated that a large proportion of the articles supplied has been consumed; do you mean a large proportion of the whole quantities embraced in the two accounts?

It must be so. We attempted, in the first instance, to keep separate the quantities of stationery supplied for the Census and the Bureau respectively, but it was found impracticable, and the whole went into a common stock. We had, besides, a considerable stock on hand at the time when the large order was filled by Mr. Foote. How much we had on hand at that time I cannot state. Of the larger articles supplied under Mr. Vankoughnet's order, we have consumed at least one-half, and of the smaller ones, very few remain, in many cases none.

1296. Can you state more in detail what proportion of the articles has been consumed since the date of the order, October, 1861?

Of foolscap, we had an ample stock on hand at the time the order was given, amounting, I should say, to not less than 25 or 30 reams. Mr. Foote supplied 150 reams; we now have 58 on hand. Of note paper, I should say we had at least 20 reams. Mr. Foote supplied 200 reams, and we now have 66 reams in stock. Of letter paper we had, probably, 10 reams. Mr. Foote supplied 120 reams, and we have 54 reams in stock. Of packing paper we received 30 reams, of which 14 are in stock. Of blotting paper we received 24 reams, of which 7 remain. Of large white envelopes, we must have had 2000 or 3000 on hand. Mr. Foote supplied 40,000, and 12,000 remain. Of letter envelopes we had only

a small quantity on hand; we use very few. Mr. Foote supplied 40,000, and 1,100 remain. Of note envelopes, we may have had 3,000. We received from Mr. Foote 30,000; and we have 5,500 in stock. Of red tape we received 20 gross, and none remains.

1297. What amount has been expended by the department for stationery subsequent to the delivery of the articles supplied under Mr. Vankoughnet's order?

We continually require small supplies of particular articles of stationery, but there has been no large order since that of which I have been speaking. There is one other account of Mr. Foote's, running from January, 1861, to March, 1862, amounting to \$651.90.

1298. When were these accounts of Mr. Foote paid?

On 10th January, 1862, \$4000 were paid on account of the Bureau; the balance of \$2,313 having been paid on the 5th February. The full amount of the Census account, \$2991, was paid on the 10th January, 1862. The \$651.90 were paid on the 29th April, 1862.

1299. Is any record of accounts received and paid kept in the department?

Formerly, we merely certified the accounts and sent them to the Clerk of Contingencies, fying duplicates. Since Mr. Evanturel's accession to office, we have entered and indexed the accounts in a book, continuing to fyle the duplicates. We have not at present any book of debit and credit with parties having accounts against the department. We know that items cannot be charged a second time, because on the payment of each account the requisition authorizing the supply of the goods is given up. The counterfoil in the requisition book is an additional check, to which we always refer before certifying an account for payment. We have always had a requisition book in use, so far as my knowledge of the department has extended.

1300. Was the order given by Mr. Vankoughnet to Mr. Foote, amounting as the accounts show to \$9304, entered in the requisition book in the ordinary manner?

It was not.

1301. Did you not certify the two accounts in the usual way?

Certainly not. After the order was given I thought it unnecessary to add my certificate to an account ordered by my chief. What I did certify was, that over an extended period we should probably be able to consume the amount ordered.

1302. How do you reconcile this statement with the fact that your certificate to the Bureau account is dated October 29th, 1861, whilst the order of Mr. Vankoughnet is dated October 30, 1861?

I cannot say on whose side the mistake occurred; but it was only on seeing Mr. Vankoughnet's signature to the order that I ventured to add the remark which appears on the face of the account. On this point I am positive. The order as it appeared so far exceeded what I believed to be the requirements of the office, as shewn in the memorandum which I prepared for the Hon. John Ross, that I wrote what I did after great hesitation, and only on being pressed to do so by Mr. Foote, who, I believe, brought the document from Mr. Vankoughnet, with a verbal request to me to add my name to it.

1303. Did the accounts come to your department for certificate prior to payment in the regular way?

No. When I saw the account, I attached to it the remark of which I speak; it was merely a memorandum of quantities, without any prices being given.

1304. By whom, then, were the prices examined before payment of the account?

I cannot say that they were examined. I never saw it, except in blank, and know nothing of the payment.

1305. Do the accounts show on their face any formal order for payment?

No. On neither of them is there any direct order for payment. The only order which appears is one stating that the goods are to be taken. On the Bureau account, Mr. Vankoughnet's order reads—"To be taken by the Bureau and paid for." On the Census account it reads—"To be taken as certified."

1306. Is the expenditure for newspapers and advertising regulated by the checks which you say are applied to the payment of other accounts?

As a general rule, no. The leading daily papers of the Province have been instructed from time to time to insert particular advertisements. These have been very generally copied, without authority, by various local papers, and in some few cases, charges for the latter have been allowed. The larger proportion have been refused payment. I keep a record of orders given for advertisements, and when accounts are rendered, I check them by this record, so as to prevent payment twice. Formerly, the department was deluged with newspapers, and the evil became so great, that about two years ago a list was prepared of such as were to be received. The others were sent back and repudiated. We now pay only for those which are in the list.

Saturday, August 22.

THOMAS McNIDER, recalled.

1307. As chief clerk of the Census branch, were you cognizant of the supply of a large quantity of stationery, supplied by Mr. Foote in October or November, 1861, and charged to the Census Commission?

I was. The only knowledge I have of the circumstances arises from the fact that I was requested by Mr. Campbell, the Acting Secretary of the Bureau, to make out an estimate of the probable amount of stationery that would be required for the Census. To the best of my recollection this occurred in the autumn of 1861. I made out a list and handed it to Mr. Campbell. I cannot now say what it amounted to, but I remember shortly afterwards meeting Mr. Foote, who told me that the order had been altogether changed by directions from head quarters, or something to that effect. I also remember that about the same time a very large quantity of stationery was received at the Bureau from Mr. Foote. I suggested to Mr. Campbell the expediency of checking the quantities delivered, and I think that this was done. Some of the articles were not all delivered at the same time. My impression is that the checking took place when the whole had been delivered.

1308. In whose custody was the stationery placed?

Mr. Campbell had the custody of the whole quantity—that charged to the Census Commission as well as that charged to the Bureau; the whole being placed in an attic, of which he retained the key. From time to time I received from him small quantities of stationery, as it was required for use in the Census branch. The Census clerks had not free access to the general stock. I dealt out what I received in small quantities as required. There was no waste in the Census office to my knowledge.

1309. Looking at the quantities embraced in the two accounts shewn to you, amounting in the aggregate to \$9,304, can you form any opinion as to the proportion consumed in the Census branch, from October, 1861, to July, 1863, the date at which you left the office?

According to the accounts shown me, one-third of the whole order was originally assigned to the Census branch. I should say that of the foolscap charged the Census consumed more than one-third of the whole quantity. As to the other articles, I am of opinion that the quantities consumed for the Census were less than the quantities assigned to it in the account.

THOMAS ROSS, Accountant of Contingencies, recalled.

1310. The expenditure for contingencies in the office of the Provincial Secretary exhibits large increase in the items for newspapers and advertising in the years 1860, 1861, and 1862, as compared with the expenditure for those items in previous years.— Can you state the causes of the increase?

Up to 1859, inclusive, the expenditure of the office for newspapers and advertising had not exceeded \$800 per year. In 1860 it rose to \$1245.09; in 1861, to \$3479.65; in 1862, to \$6497.87. The increase is attributable to the expenditure for advertising, under the orders of the Provincial Secretary. Of the expenditure in 1862, the principal proportion was paid before the end of May in that year. I find on reference to my books that of the \$6497, about \$6116 were paid previous to the 24th May. I give the monthly items:—January, \$150.20; February, \$243.71; March, \$694; April, \$640.71; May, \$4,387.67.

Tuesday, August 25.

CHARLES CLARKE ALLEY, sworn.

1311. Were you formerly a clerk in the Census office?

I was. I left it in June.

1312. Were you employed to check the delivery of a large quantity of stationery supplied by Mr. Foote to the Bureau of Agriculture and the Census office, in 1861?

Some time in October or November, 1861, a messenger in the department, named John Johnston, who had been directed to check the receipt of stationery then being supplied by Mr. Foote, applied to Mr. McNider, chief clerk of the Census, for my assistance. I made out a list of all the articles of stationery then being delivered under an order, and when completed, I gave the list to Johnston, to be handed to Mr. Campbell. I examined and checked only one lot of stationery. I cannot say whether it was the whole order or not, as I never saw Mr. Foote's invoice. The goods had been delivered probably a day before I made out the list. I had nothing to do with the receipt of them, in the first instance.

1313. Have you any recollection of the quantities of the chief articles supplied on the occasion to which you refer?

I have no distinct recollection of quantities. I know only that it was a large order. I preserved no memorandum of the list I made out.

ANDREW RUSSELL, Assistant Commissioner of Crown Lands, sworn.

1314. What check exists in your department upon the expenditure for services other than those which are rendered by the ordinary staff?

When in any particular branch it is found that the business is falling into arrear, the head of that branch reports the fact to the Commissioner, through me, requesting assistance to bring up the work. Extra clerks are appointed only on the application of the head of the branch requiring them. This has been the rule of the department since I became Assistant Commissioner, in 1857, and previously it was the rule of the branch of which I was the head. The services of several extra clerks have been from time to time dispensed with, when the work they were engaged to do was completed. The rapid growth in the

business of the department has necessitated the continuance of many who were originally employed as extra clerks.

1315. What course is pursued with regard to the ordering and checking of, and the payment for printing and stationery required for, the department?

I beg to refer the Commission to my evidence before the Committee on Public Accounts, in 1862, as published in Appendix No. 7 to the Journals of the Legislative Assembly for that year. I have nothing to add to that evidence with regard to our system. I may say, however, that since Mr. MacDougall became Commissioner, the department has had the benefit of his practical knowledge with regard to the examination and certifying of these accounts, more particularly those for printing.

1316. The expenditure for contingencies in your department exhibits a large increase in the outlay for printing and stationery in the years 1860 and 1861: can you state the causes of the increase?

The increase is in part explainable by the fact that, owing to a change in the system of disposing of timber licenses, a large addition to our number of printed forms was required in the years named. Another and the principal cause was an unusually large supply furnished by Mr. Foote, in conjunction with the exorbitant prices which he charged. Upon this latter point I would refer the Commission to my evidence before the Public Accounts Committee, as published in the Appendix No. 7 to the Journals of the Legislative Assembly, and also in the report of the Committee for the Session of 1863. I will furnish the Commission with a copy of a comparative statement of prices of articles furnished to the department by Mr. Foote, as made by Mr. Hartney, clerk in the Stationery department of the Legislative Assembly, and by Mr. Sinclair, bookseller, of this city, at the instance of Mr. Commissioner McDougall.*

1317. The expenditure of your department shows a large outlay for newspapers and advertising: by whom is the advertising ordered?

In all instances by the Commissioner. The accounts, when rendered, are examined in the accountant's branch, reference being made to the order. I re-examine the accounts to

* MEMORANDUM furnished by Mr. Russell in reply to Question No. 1316.

LIST OF ARTICLES.	Legislative Assembly Prices.		Mr. Sinclair's Prices.		Mr. Foote's Prices.	
	\$	cts.	\$	cts.	\$	cts.
Red Sealing Wax, per lb.	0	80	1	50	4	00
Cards, per dozen packs	0	80	1	20	(a)...	...
Envelopes (No. 4), per 1000.....	3	00	3	50	8	00
Note Paper (small), including heading, per ream	2	69	4	50	(b) 9	00
Buff Envelopes (printed), per M	3	88	5	00	12	00
do do large, per M.....	6	38	7	00	(c) 28	00
Blue Laid Foolscap (Canadian make)	2	50	4	00	(e) 12	00
Cream Laid Letter	3	75	5	00	8	00
do and Printed Headings	4	33	5	00	(d) 12	00
Small Note.....	2	11	2	50	5	00
Large do	2	46	3	00	5	00
Blue Laid Letter	3	00	3	50	8	00
Saunders' Foolscap (hand made).....	...	...	6	50	(e) 12	00
T. Edmonds' do do .....	...	...	7	00	(e) 12	00
Pink Blotting.....	4	00	5	00	12	00
White do	4	00	6	00	12	00

(a) Fifty dollars for five thousand cards.

(b) Five dollars per ream for the paper, and four dollars per ream for printing headings.

(c) Twenty dollars per thousand for the envelopes, and eight dollars per thousand for printing headings.

(d) Eight dollars per ream for paper, and four dollars per ream for printing headings.

(e) Twelve dollars per ream for all kinds of foolscap.

DEPARTMENT OF CROWN LANDS,
Quebec, 4th September, 1863.

(Signed),

ANDREW RUSSELL.

see that every insertion has been authorised, invariably deducting those which have been inserted without proper authority. With regard to the large comparative expenditure under this head in 1859, I may explain that it arose from the very extensive advertising of the new land regulations adopted in January, in that year. In 1861, again, the increase arose from the advertising of long lists of refuse and forfeited lands which were sold by auction. To a certain extent, the increase in both years resulted from the payment, by order of the Commissioner of accounts for advertisements which had been inserted without the usual order. In these cases an appeal was made from me to the Commissioner, by whom settlement was ordered.

ROBERT BERRY, SWORN.

1318. What position do you occupy in the Militia department?

I am Chief Clerk and Accountant of the department.

1319. Do you exercise any control over its contingent expenses?

All the contingencies are ordered, in the first place, by the Deputy Adjutant General for the section to which the expenditure relates, acting of course under general instruction from the Minister of Militia. Each of the Deputy Adjutants General orders the contingencies required for his particular section of the Province. My control begins with the examination of the accounts.

1320. What check exists in the department upon its expenditure for contingencies?

In reference to the expenditure for the care of arms, generally the officer in command of the outpost makes a representation to the department of what is necessary. This is considered by the deputy, under the minister, who sanctions the proposed expenditure or objects to it, as the case may be. If expenditure of this nature is thus authorized, payment follows as a matter of course when the account is transmitted. Looking at the account of the contingencies of the department as prepared by the Auditor and shown me by the Commission, I should say that the items of expenditure of which I have spoken are classified under the head, "Maintenance of Office" or "Sundries," I cannot say which. In my own book I keep a distinct account, under the heading "Care of Arms." Other outside payments are managed in the same manner. As to what may be called the contingencies proper of the department, such as printing and stationery, telegraphs, &c. I exercise a general supervision over the accounts for the whole. Requisitions for printing and stationery are usually signed by myself, after consultation with the deputy; the delivery of the articles is checked by Mr. Wright, a clerk in the department, who certifies the account, when presented, as to receipt. I examine the accounts as to prices, and payment is finally authorized by the deputy or the minister upon my certificate that the account is correct. With regard to the expenditure for telegraphing, as the deputies are authorized by Order in Council to transmit messages by telegraph, the only check I exercise relates to the arithmetic of the account, the deputies themselves being consulted as to its general accuracy. We keep no distinct record of our payments for telegrams, which are charged generally to contingencies.

Thursday, August 27.

WILLIAM HENRY GRIFFIN, Deputy Postmaster General, sworn.

1321. What system of checks exists in your department upon its expenditure for contingencies?

All articles obtained for the use of the department are had upon what is tantamount to an approved requisition. For all ordinary articles, such as are necessarily of daily consumption, an ordinary requisition suffices; by which I mean an order from the

head of the particular branch requiring the article, entered in the order book. Anything beyond the ordinary articles of necessity is obtained only after special approval by myself or the Postmaster General. All accounts for articles supplied are, in the first instance, checked by the Accountant, and if they contain anything requiring authority or approval, they are brought to me before payment; all payments being made by me. The Accountant requires the production of the order upon which the articles charged for were obtained, and satisfies himself that the quantities charged were received, and that the prices charged are equitable. The acknowledgment of the contingency clerk in the branch where the articles are received, is taken as evidence that they were duly supplied. With regard to the printing required for all branches of the department, with the exception of the Money Order branch, a schedule of prices—fixed under tenders invited by public advertisement in 1851—has been adhered to, with not more than one or two exceptions. The printing of the Money Order branch has been charged at rates which have been understood to be ordinary trade prices, which are considerably higher than those fixed by the schedule for the department generally. The printing of the Money Order branch was excepted from the schedule by authority of the Postmaster General when the money order system was established, and the distinction has continued in force. As to the prices of other articles obtained, the Accountant receives the report of the examining clerk, who has been charged with the duty during the last eight or ten years, and who directs the attention of the Accountant to any deviation from ordinary rates. The account passes from the Accountant's branch to me for payment. I accept the certificate of the Accountant as satisfactory, he being bound to submit to me all departures from routine as to the order or fairness as to price; and when such are submitted, I exercise my judgment with reference to them. With the exception of extreme cases, in which I seek the judgment of the Postmaster General, all payments are made by cheque signed by me, and for these I am responsible. In the rare instances to which I have referred—numbering altogether, perhaps, four or five in the last ten years—the accounts have been passed and certified by the Postmaster General himself, and payment by me has followed as a matter of course. Our accounts are not subjected to any examination outside of the department before payment. They are not sent to Mr. Ross, the Accountant of Contingencies, but are forwarded after payment direct to the Auditor, and are returned by him to the department after examination. The accounts are filed by the Accountant, by whom reference is made before payment, to the account last paid to the same party. This constitutes the check against the double payment of the same account. It has frequently happened that the same account has been presented twice, but I have never known a double payment to occur.

1322. Do orders for printing and stationery come within the category of ordinary requisitions of which you have spoken?

The bulk of our printing is obtained semi-annually, consisting of blank forms supplied to postmasters. We obtain it at these periods to obviate waste from change of forms. The order for this class of printing is given by the head of the particular branch requiring it, with my authority, acting for the Postmaster General. All printing orders are given to parties indicated by the Postmaster General. The bulk of our stationery we get by an annual order to a wholesale stationer in England, the order being made up by the secretary upon an estimate of the various branches of the quantities needed for the coming year. This has been the practice during the last three years; payment being made by the department on receipt of the articles from England. The stationery is in charge of a particular clerk, who keeps the key of the press in which it is placed, and distributes it as required. In like manner, the blank forms are kept in a room appropriated for the purpose, in charge of a clerk appointed to the duty.

1323. Can you explain the discrepancies that have existed in the expenditure of the department for printing and stationery in certain years?

The expenditure under these heads in 1859 appears to have been above the average, but my belief is, that the charge of the previous year having been below the average, accounts properly belonging to 1858 were paid in 1859, and included in the charge of

that year. The years 1861 and 1862 also exceeded the average. In 1861, two printing accounts were paid to Mr. Foote upon the special order of the Postmaster General, at rates exceeding the schedule established for the work of the department. The charge for the year ending 30th September, 1862, includes a very heavy account for stationery supplied by Mr. Foote in October, 1861, in quantities and at prices specially approved by the signature of the then Postmaster General.

1324. Do these three accounts constitute the extreme and exceptional cases to which you alluded in a previous answer?

Yes.

1325. Did the orders for printing emanate from the department in the usual manner, and were the accounts subjected to the usual examination?

Yes. When Mr. Foote's accounts for printing were rendered, the examining clerk directed the attention of the Accountant to the fact that the charges were in excess of the schedule rates. The Accountant brought the accounts to me, and upon satisfying myself that such was the fact, I declined payment. The accounts were then referred by Mr. Foote to Mr. Postmaster General Smith, and by him were specially authorized at the rates charged. The Postmaster General accompanied his order for payment with a general direction that unless Mr. Foote bound himself to adhere strictly to the schedule rates, no more printing work should be sent to him. This was communicated to Mr. Foote, in writing, by the Accountant.

1326. Was the stationery supplied by Mr. Foote in 1861 ordered in conformity with the estimated wants of the department, and was the account subjected to the usual revision before payment?

The usual departmental order was not given, nor was any estimate made with regard to it. We had already ordered our usual annual supply from England. I was not aware of the order given to Mr. Foote until he told me verbally that he was about to deliver a large quantity of stationery under instructions from the Postmaster General. I discredited his statement at the time, treating it as a joke, until the articles were delivered, with a written order from the Postmaster General to receive and pay for them. The account was checked only as to quantities, which were all right; the Postmaster General's certificate superseding the ordinary routine of check as to prices. Practically, the stationery supplied by Mr. Foote was in excess of our wants; many of the articles not being of a serviceable character. We endeavored to utilize them as far as possible, by distributing them through the outlying services of the department, such as the inspectors' offices, the city offices, and the railway service. Taking the supply as a whole, it was not of a character adapted to the wants of the department. The account was presented with the signature of the Postmaster General attached, which for the purpose was equivalent to a draft, and was promptly honored accordingly. I hesitated to make the payment, and only paid the account after enquiries at some of the other departments, which satisfied me that there was no legitimate ground on which I could refuse payment. Mr. Foote told me that he was supplying large orders to the departments, ours amongst the number, and I found that this was the case.

1327. Is the expenditure for newspapers and advertising regulated by the checks which you say are applied to the payment of other accounts?

Yes. The expenditure for these items is exclusively regulated by the head of the department. The rate for advertising the dead-letter list is fixed by law, and the rates for ordinary advertising are checked by the Accountant in the ordinary way. We require the order to be produced with the account, in all instances.

Friday, August 28.

HORATIO A. WICKSTEED, Accountant, Post Office Department, sworn.

1328. Do you examine and certify accounts for printing supplied to the department, comparing them with an established schedule of prices?

I examine the accounts, comparing them as stated. I certify them by countersigning the cheque.

1329. Do you remember examining two accounts rendered in 1861 by Mr. S. B. Foote for printing; if so, when and with what result?

I remember two accounts of Mr. Foote coming in—one running between the 28th February and the 20th June, 1861, and other between the 30th June and 6th September, in the same year. I handed them to the examining clerk, who reported them overcharged. I satisfied myself that they were overcharged considerably.

1330. What were the amounts charged by Mr. Foote, and what were the amounts which he should have charged according to the departmental schedule of prices?

The account from February to June was charged \$5590.01. The value of the work according to my calculation, based upon our usual rates, was \$2203.99. The other account, from June to September, was charged \$4270.62. According to my calculation, based on our usual rates, it should have been \$1464.39. In the former account the comparison extended to every item. In the latter, there were two items, amounting together to \$991.20, which I did not subject to any comparison; no contract rate existed for a charge of \$781.20, and another item of \$210 being for work which I could not compare with anything I had in stock.

1331. Did you report the result of your examination of these accounts?

I refused to pay them, without reference to the Postmaster General, who, I believe, was in Upper Canada at the time. On Mr. Foote pressing for payment, I suggested to the Deputy Postmaster General a payment on account of the \$5590.01, and on the 3rd July, \$1000 were so paid.

1332. Were the accounts finally paid in full, as charged by Mr. Foote?

They were. On the 9th July 1861, Mr. Foote was paid \$4590.01, being the balance on the larger account; my authority for the payment being the initials of the Postmaster General on the face of the account. The account was brought to me, with the initials, by Mr. Foote, who had taken it away when the \$1000 were paid on account. I had no other authority than the initials, which I believed to be sufficient. On the 2nd August, 1861, I paid Mr. Foote \$2000 on account of work then in hand and delivered, and which entered into the account charged \$4270.62. The balance—\$2270.62—was paid to him on the 15th September, on the authority of the initials of the Postmaster General, which were attached opposite the amount, as in the previous instance.

1333. Can you state whether the fact of an overcharge in each account was made known to the Postmaster General before he attached his initials, or before the final payments were made?

I think not. To the best of my knowledge, I had not an opportunity of reporting to the Postmaster General the result of my examination of the accounts previous to final payment. When the accounts were presented with his initials, I did not consider that I could delay payment longer, or until I had an opportunity of making representations to him on the subject. My opinion in the matter coincided with that of the Deputy Post-

master General, and my action in regard to payment was concurrent with his. Subsequently, I believe in December, another account for printing was rendered by Mr. Foote, amounting as charged to \$2182.93. When the Postmaster General returned to Quebec, I reported to him that the prices charged were higher than those ordinarily paid by the department. At the same time I showed him a letter from Mr. Foote, which accompanied the account, and of which I hand to the Commission a copy.

MORNING CHRONICLE,
Quebec, Dec. 13, 1861.

SIR,—I beg to enclose you the account so long promised in reference to the contract prices. On looking over some of our old accounts, I find that we actually lost money on many of the articles supplied, and on many others made nothing; such a state of things can hardly be required by the Postmaster General or the country. With regard to the enclosed, I have charged the *exact prices* paid by the 'Customs' and *every other department* except the Post Office, and which was allowed and established by Order in Council some years ago. By this order our accounts are checked at the Customs, and *paid*.

You have generally given us credit for the manner our work has been performed. I shall be glad if you will do so when laying this matter before the Postmaster General.

I am, sir, your obedient servant,
(Signed) SAM. B. FOOTE.

H. A. Wicksteed, Esquire.

Some weeks afterwards, by direction of the Postmaster General, I addressed a letter to Mr Foote, in reply, a copy of which I read:

POST OFFICE DEPARTMENT,
Quebec, 12th Feb., 1862.

SIR,—In answer to your communication of 17th December last, I am directed by the Postmaster General to state that when the printing charged for in the account herein enclosed was ordered of you, it was with the understanding, on his part, that it should be executed at the price paid to others for similar work. The Postmaster General notices that you are now unwilling to accept such prices, and have charged at higher rates; he has, therefore, directed the printing of the department to be given to those who are willing to execute it at the regularly established rates.

As there was no express agreement as to the price to be charged for the work for which the account is rendered, he has directed me to close it at the prices charged.

I am, &c.,
(Signed) H. A. WICKSTEED.

S. B. Foote, Esquire,
Quebec.

1334. The account amounting to \$2182.93 was then paid in full?

It was, less some items that had been twice charged; I paid \$1803.03.

1335. Can you state how much the amount you paid was in excess of the amount that should have been paid according to your schedule of rates?

I cannot, not having instituted a comparison at the time. I will endeavor to supply an approximate statement on the subject.*

* POST OFFICE DEPARTMENT,
ACCOUNTANT'S OFFICE,
Quebec, 29th August, 1863.

MEMO.
The amount of the account rendered by the proprietor of "The Quebec Morning Chronicle" to the Post Office department for printing work, &c., performed between the 16th September and 30th December, 1861, was \$2182.93; that it was subsequently corrected by Mr. Foote to \$1803.03, which amount would have been reduced to \$601.67, if the prices usually paid by the department had been charged.

For the Finance Commissioners.

(Signed) H. A. WICKSTEED,
Accountant.

1336. Was an account for stationery also rendered by Mr. Foote?

There was. It amounted to \$9358, and was rendered, I think, in September, 1861.

1337. Was this account accompanied by an order in the usual form?

It was not accompanied by any order from the department; but a memorandum of the Postmaster General was attached, in these words:—"Mr. Foote will deliver this stationery, &c., after the 1st of October next." This was signed, "Sidney Smith, Postmaster General, 12th September, 1861."

1338. Can you produce a copy of the account, with the memorandum attached?

I produce it now, with a copy of Mr. Foote's receipt attached.

GENERAL POST OFFICE DEPARTMENT TO SAMUEL B. FOOTE.
FOR STATIONERY.

	\$	cts.
200 Rms. F. Cap, S. Fine	2400	00
Heading, 50 reams	200	00
Trimming, 200 reams	200	00
200 reams Note Paper	1000	00
Printed Headings, 100 reams.....	400	00
100 reams Letter Paper, Superfine.....	800	00
Printed Headings, 50 reams	200	00
60,000 large Envelopes.....	1200	00
Printing General Post Office.....	480	00
60,000 Letter Envelopes	720	00
60,000 Note do	480	00
60 reams Packing Paper	480	00
20 do Blotting do	240	00
5,000 Cards.....	50	00
4 doz. Ink.....	48	00
12 gross Pens.....	60	00
50 lbs. Sealing Wax	200	00
12 Inkstands	60	00
12 doz. Red Tape	40	00
2 doz. Knives	100	00
S. S.	9358	00

Mr. Foote will deliver this stationery, &c, after 1st October next.

(Signed) SIDNEY SMITH,
P. M. G.

12th September, 1861.

FOR QUARTER ENDING DEC., 1861.—No. 4.

\$9,358.

Cheque No. 4495. *

7th November, 1861.

Received from the Postmaster General of Canada, nine thousand three hundred and fifty-eight dollars, being for stationery, as per account, certified by the Postmaster General.

(Signed) SAMUEL B. FOOTE.

Witness,
(Signed), HENRY BOSTWICK.

1339. Was an examination instituted as to the prices charged in this account before payment was made?

Not to my knowledge. The delivery was checked, but our only other examination of the account related to its arithmetic.

1340. Did you consider the order for the delivery of the articles, as endorsed on the account, evidence that the Postmaster General approved of the prices therein charged?

In addition to the order for the delivery of the articles, the Postmaster General had placed his initials opposite the amount on the face of the account, and I took this as evidence that he approved of the prices charged.

HENRY HARTNEY, Assistant Chief Office Clerk, Legislative Assembly, sworn.

1341. Are you clerk of the Joint Committee of both Houses, on Printing?

I am.

1342. Were you called upon to examine a list of prices for stationery supplied by Mr. S. B. Foote to the Post Office department; judging of the prices according to the quality of the articles, and the rates which Parliament would pay for the same?

In April or May last, a Committee of the Legislative Council submitted to me for examination, an account of Mr. Foote, together with samples of the stationery which he had supplied to the Post Office department, with a request that I should put in the margin the prices which the Legislative Assembly is accustomed to pay for similar articles.

1343. Did you make the examination, and with what result?

I did, I examined the account, and after referring to our various invoices attached the rates which the Legislative Assembly pays for similar articles. There were some articles in the account which did not admit of comparison with our invoices, and to these I did not put any price. The items I did not value are charged by Mr. Foote, \$420. The total of his charges which I did value is \$8938, and I found that the prices which the Legislative Assembly would have paid would amount to \$2796.90. I state this after carrying out the account at the request of the Commission.

Wednesday, September 9.

WILLIAM DICKINSON, Deputy Inspector General, sworn.

1344. Will you enumerate the several advances made by the Government to the Grand Trunk Railway Company, their dates and amounts, and the authority upon which made; together with the dates and form of repayment, where repayment has taken place?

The information which I can afford in answer to the question is derived from the books of our department, and various Orders in Council, of which I have obtained copies. Some of these Orders in Council were not furnished to the department until a few days ago, when I made application for copies of them. The first advances of which I have acquired any knowledge were those which occurred under an Order in Council of the 7th July, 1856, at the instance of the Receiver General, by the Bank of Upper Canada, which were subsequently accounted for through the Receiver General's department by Exchange on England, but of which there is no entry in the books of our department. These advances related to the Prescott and Ottawa Railway, but I cannot of my own knowledge

state the amount. The Order in Council directed that the money should be appropriated out of the Marriage License Fund of Upper Canada, under the control of the Receiver General. Under the same Order in Council a temporary advance to the Grand Trunk Company was authorised to the amount of £20,000 or £25,000 sterling, to be secured on the balance of the unreleased debentures in the hands of the Government agents in London. This transaction did not come into the books of our department, and I must refer the Commission to the Receiver General's department for particulars. Another Order in Council dated 4th November, 1856, authorizes an advance of £10,000 out of the Marriage License Fund of Upper Canada, to the Cobourg and Peterborough Railroad, upon certain conditions, but I am not aware whether any action was subsequently taken upon this Order. I find, however, by an Order in Council, dated 13th March, 1857, that the sum of £10,000 currency was advanced to the road in question, under an arrangement approved and confirmed by the Grand Trunk Company. The next advance direct to the Grand Trunk Company, of which I find any particulars, was under an Order in Council of 21st July, 1857, and amounted to £100,000 currency, being secured by £200,000 preferential bonds deposited by the company with the Receiver General. The money was to be repaid on or before the 1st October following. We have no entry of this advance in our books. The arrangement was carried out through the Receiver General's department. We have an entry of certain bills of exchange amounting to £100,000 sterling charged to the Bank of Upper Canada, and repaid by an amount charged to the Government as for advances to the Grand Trunk Company and subsidiary lines, of £42,187 10s. sterling, the balance, £57,812 10s. sterling, being paid in cash. The items of the advances which make up this entry range in date from 22nd June, 1857, to 19th June, 1858. I must refer to the Receiver General's department for information as to the authority upon which these advances were made. I know, however, that they had no connection with the loan of £100,000 under the Order in Council of 21st July, 1857. The time for the repayment of this loan was extended from 1st October to 31st December, by an Order in Council of 28th September, 1857, which also authorized a further advance of £60,000 currency, to the Grand Trunk Company, to be secured by a deposit of preferential bonds to the like amount. These advances, £100,000 and £60,000, were repaid on 17th April, 1858, by proceeds of a bill of exchange. There were further loans to the Grand Trunk Company in 1857, of which £20,000 currency were under an Order in Council of the 31st October in that year. £7,000 were advanced to the Company by the Bank of Upper Canada, but I am not aware on what authority. The amount was repaid to the bank, however, by a warrant issued on the application of the Receiver General's department, dated 27th January, 1858. An Order in Council of 21st July, 1858, refers to arrangements entered into with the Inspector General by the Grand Trunk Company for the repayment of the Government advance; it being stated that the company had placed in the hands of the Receiver General a draft at 60 days on Messrs. Glyn, Mills & Co., London, for £100,000 sterling, of which £75,000 were to be applied in liquidation of indebtedness to the Government, and had undertaken to place a second draft for the like amount, at four months, 75 per cent of which was to be applied as in the other case. A third draft for £100,000 sterling was promised, if the two others were honored. We have no entry of any such drafts in our books, and I do not know of my own knowledge whether the arrangement was carried out or not. Another advance to the company was sanctioned by Order in Council, dated 3rd August, 1860. Under this order £50,513 3s. sterling were advanced by the London agents of the Province on the security of moneys due and to become due by the Post Office department for postal service; certain bonds of the Company being deposited as collateral security. Up to 31st December last, £46,122 7s. 8d. sterling, had been credited to the company out of postal payments on account of this advance. I might also state that the government were repaid the £27,000, of which I have already spoken as advanced in 1857; £22,500 having been paid on 17th April, 1858, and the balance, £4,500 having been credited on account of the transport of mails. The only other advance to the company of which I am at present aware amounted to the sum of \$120,000. This sum was advanced on the 23rd February, 1861, on the application of the Receiver General's department by authority of the Minister of Finance, whose letter I produce. I am not aware of any other authority for the advance.

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 15th February, 1861.

E. T. Taylor, Esq.,
Cashier Bank of Upper Canada, Montreal.

SIR,—On behalf of the Government, I request that you will place at the credit of the Grand Trunk Company, in special account for wages, the sum of one hundred and twenty thousand dollars, charging the same to the Receiver General, and sending this letter to him as authority for the issue of the warrant.

Your obedient servant,
(Signed) A. T. GALT,
M. of F.

Of this \$120,000 the company repaid \$1,000 on 5th April, 1861.

1345. Have the Grand Trunk Railway Company been charged interest on the various advances of which you have spoken?

With reference to the \$400,000 advanced September 30th, 1857, the \$240,000 advanced November 30th, 1857, and the \$108,000 advanced February 25th, 1858, all of which have been repaid, as before stated, no interest was charged. These are the only advances the account of which is closed in our books. On the open accounts no entry for interest has yet been made.

Thursday, September 10.

GEORGE C. REIFFENSTEIN, Chief Clerk, Receiver-General's Department, sworn.

1346. Have you any knowledge of advances made from time to time by the Government to the Grand Trunk Railway Company? If so, be pleased to state particulars relating to them—their amounts, dates, and the authority upon which they were severally made.

The first advance of which I find any mention in the books of the department appears to have been made under an Order in Council, passed in July, 1856. A letter of the 14th of that month, from the Receiver General to the London agents, advised them of the sum of £25,000 sterling having been advanced to the Grand Trunk Railway Company, to enable them to meet their engagements on this side of the Atlantic; to be repaid by the company out of subsequent releases on the works of the road. I find no entry of this advance in the books of our department. In September, 1856, a further advance was made to the Grand Trunk by authority of an Order in Council. The amount was £12,500 currency, and the object set forth in the Order was to enable the company to meet the then approaching payment of interest on the St. Lawrence and Atlantic Railroad bonds, due in New York and Boston. This advance, again, does not appear in our books. My impression is, that both of these advances were paid by the Bank of Upper Canada, and that the bank was refunded by the company. The next advance of which I have any knowledge was made under an Order in Council, bearing date 21st July, 1857, by which a loan of £100,000 was authorized, with the understanding that preferential bonds to the amount of £200,000 should be deposited as security; the money to be repaid by the 1st October following. The time for repayment was extended to 31st December, 1857, by an Order in Council passed on the 28th September; a further advance of £60,000 currency, also repayable in December, being at the same time authorized. Preferential bonds to the further amount of £60,000 were to be deposited as security for the latter advance. Both advances were made as authorized, exchange having been drawn on the 26th October by the Receiver General on the London agents in favor of the Bank of Upper Canada, to the amount of £131,506 17s. sterling. The bills of exchange in question were duly accepted by Messrs

Glyn & Co., and Messrs. Baring & Co., as bankers of the Grand Trunk Company. The amount—\$640,000—did not pass to the credit of the Grand Trunk Company in our books until the month of April, 1858, when it was included in a credit of \$750,000, of which we received advice from the Bank of Upper Canada. On the 6th February, 1858, \$108,000 were paid to the Bank of Upper Canada, in settlement of advances made by that institution to the Grand Trunk Company. Of this amount, \$80,000 had been advanced by the bank under authority of an Order in Council, dated 26th October, 1857. I know of no authority for the advance of the remaining \$28,000. I find, however, an application of the Receiver General, dated 27th January, for a warrant for the full amount—\$108,000; and I will endeavour to obtain the voucher presented by the bank as for the advance of \$28,000.

Friday, September 11.

GEORGE C. REIFFENSTEIN.—Examination continued.

1347. Are you now prepared to proceed with your statement with regard to advances made by the Government to the Grand Trunk Railway Company?

I now produce receipts to the amount of \$108,000, being the vouchers to which I referred yesterday, as for advances made by the Bank of Upper Canada to the Grand Trunk Railway Company. The receipt for \$28,000, not covered by the Order in Council of the 26th October, 1857, purports to have been given by Mr. Grant, assistant secretary of the company, and bears date 15th December, 1857. I do not know of any authority for this advance of \$28,000: I find none in any Order in Council filed in our department. The whole of the \$108,000 was repaid by the company—\$90,000 in April, 1858, and the balance (\$18,000) being credited to the company in the ensuing December for postal services. Another Order in Council, of 3rd August, 1860, sanctioned an advance to the Grand Trunk Company, by the financial agents in London, of £50,500 sterling, from unemployed balances in their hands, to be secured out of moneys due and to become due to the company by the Post Office department for postal services, with the collateral security of certain bonds of the company; the Postmaster-General being instructed to retain all moneys accruing to the company for postal services until the loan be reimbursed. I do not know anything further about the transaction, which never came into our books in any shape. The next advance with which I am acquainted was made, as per our books, on the 28th February, 1861, to the amount of \$120,000, by order of the Minister of Finance. The particulars of this advance are recited in an Order in Council confirming it, and bearing date 19th March, 1861. I hand in a copy of the Order in Council to which I refer.

COPY of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council, on the 19th March, 1861.

The Committee have had under consideration a memorandum of the Honorable the Minister of Finance, dated 5th instant, stating that during the presence in Montreal, on the 15th February, of the Honorable Attorney General for Lower Canada and himself, the accompanying application by resolution of the directors of the Grand Trunk Railroad Company was placed in his hands, with the additional verbal information that the workmen were in hourly expectation of going on strike, and that the immediate closing of the line was to be expected.

That the facts set forth in the resolution were indisputable, and it became the anxious duty of the individual members of your Excellency's Council to consider the steps to be taken in this emergency. That the trade of the country and the ordinary mail service had already for several weeks suffered most serious inconvenience, owing to the partial interruption of the railway by snow, and it was much to be feared that the suspension even of a day of the ordinary exertions of the company to keep the line open, would result in such

a serious addition to the drift and ordinary interruption, that, apart from any evil resulting from a strike on the part of the men, it was quite uncertain when the line could be re-opened on pecuniary aid being obtained.

That it was, however, further to be feared that in the embarrassed state of the company the closing of the line from this cause would be instantly followed by such universal discredit, that it would be wholly out of the power of the company by any moderate assistance to re-open it for traffic; and that the greatest danger existed that the line would remain permanently closed until re-opened through legislative action—a course attended with such delay that the most serious consequences must arise to the trade of the country, and a fatal interruption to our arrangements for the foreign mail service, which had only just been replaced on a satisfactory footing by the Postmaster General.

That in view of all these circumstances, and especially the impossibility of obtaining aid in any other way, he, the Minister of Finance, requested the Bank of Upper Canada to advance the amount for the Government, on the understanding with the company that the surplus receipts of the road should be exclusively appropriated to the re-payment of this advance of one hundred and twenty thousand dollars—week by week—to which the directors at once assented.

The Minister of Finance, therefore, recommends that the arrangement so made be confirmed, and the directors of the Grand Trunk informed thereof, and directed to pay the surplus receipts to the credit of the Receiver General, from week to week, as earned, and that a warrant do issue to the Bank of Upper Canada to the amount of their advance of \$120,000.

The Committee advise that the recommendation of the Minister of Finance be approved.

Certified.

(Signed)

W. H. LEE,
C. E. C

To the Honorable
The Receiver General,
&c., &c., &c.

GRAND TRUNK RAILWAY COMPANY OF CANADA.

Extract from Minutes of Board Meeting on 15th February, 1861.

RESOLVED,—That in consequence of the stoppage of the line from snow storms, the receipts during the last few weeks have been insufficient to meet the working expenses, and that the company is now in arrear for wages to the extent of one hundred and twenty thousand dollars and upwards, which, unless paid without delay, will involve the immediate closing of the road, and that to avoid such a calamity the Government be applied to for an advance of one hundred and twenty thousand dollars to aid in payment of said wages, the same to be repaid out of the receipts of the line.

By order.

(Signed)

JOSEPH ELLIOTT,
Secretary and Treasurer.

All that has been received in re-payment of this advance, to the present time, is \$1000. There has been no subsequent advance by the Government to the company that I know of.

1348. Have there been advances to the company by other parties, with the concurrence of the Government, and directly or indirectly entailing responsibility on the Province?

The only knowledge I have of other advances is derived from the letter books of our department, which do not form a matter of account with us. By a letter of 18th January, 1858, from the Receiver General to the London agents, and also one to Sir C. Roney, secretary of the Grand Trunk Company, I find that sanction was given to the disposal of certain preferential bonds held by the London agents as collateral security for previous loans. Upon this point, however, I desire an opportunity of examining our books before giving further evidence.

1349. Were certain bills of exchange, amounting to £100,000 sterling, charged to the Bank of Upper Canada, and repaid in part by an amount charged to the Government as for advances to the Grand Trunk Company and subsidiary lines—the items of advance ranging from June, 1857, to June, 1858?

My impression is that four bills of exchange, drawn at two different periods—namely, £42,187 10s. in June, 1857, and £57,812 10s. in April, 1858, forming £100,000 sterling, comprise the bills referred to in the question. The advances charged as made by the Bank for “the Grand Trunk and subsidiary lines,” were made on account of the subsidiary lines only, the words “Grand Trunk” being simply incidentally introduced. There are, however, as I find on reference to the bill book, several transactions of bills of exchange for £100,000.

1350. The Order in Council, of 21st July, 1857, authorizing a loan of £100,000 to the Grand Trunk Company, further authorized the Receiver General to issue debentures to meet such advance. You have said that the loan was duly made and repaid by exchange drawn by the Receiver General and accepted by the London agents: were the debentures nevertheless issued?

They were. I presume that they were sold and placed to the general account of the province. But before giving further particulars, I desire to refer to the books of our department.

Saturday, September 12.

GEORGE C. REIFFINSTEIN.—Examination continued.

1351. Can you now give the further particulars relating to advances to the Grand Trunk Railway Company, promised in answers to former questions?

With regard to the debentures issued under the authority of the Order in Council, of the 21st July, 1857, it appears that debentures to the amount of £100,000 were despatched on the 27th of that month; having been issued under the authority of the Public Works Act, 18th Vic., cap. 4. There were also issued at subsequent dates, up to the 10th November, 1857, a further amount of debentures of £400,000, under the same Act. The whole £500,000 issued to meet the general engagements of the province; the £100,000 issued under the Order of the 21st July, merging into the general account. Before giving other particulars promised in answers to other questions, I desire further time to examine the books and records of the department.

Monday, September 14.

WILLIAM HENRY GRIFFIN, Deputy Postmaster General, sworn.

1352. How are payments made to the Grand Trunk Railway Company on account of postal services?

Up to December, 1860, amounts were paid from time to time by the Post Office department directly to the railway company on account. In January, 1861, a balance was struck of amount taken to be due to the railway company up to 31st December, 1860, and that balance was paid to the Receiver General, to be placed to the credit of the Government account with the railway company. Since that time, an annual sum has been paid to the Receiver General for the same purpose. We now make all payments on the Grand Trunk account to the Receiver General.

1353. By whom and by what rule have the payments to the Grand Trunk Railway Company for postal services been determined?

Up to September, 1858, the amounts paid were regulated by an estimate of presumed indebtedness, at the rate of about \$70 per mile of railway per annum. In September, 1858, an Order in Council was passed, as authorized by statute, allowing to all railways for the conveyance of mails a rate of \$30 per mile of railway per annum, for day service, and \$40 per mile of railway per annum for night service; constituting, where a double mail service was performed, as by the Grand Trunk at the time, \$70 per mile. The Grand Trunk had always claimed and made out its accounts at the rate of \$110 per mile, on the strength of a minute passed by the Grand Trunk directors in August, 1853, and it was maintained, that the fact of the Postmaster General of the time being present as a director at the board, must be held to imply his official sanction, as a minister, to the rate demanded. In January, 1861, I was instructed—I think by the Finance Minister—that the Government, having taken into consideration the question in dispute with the company as to the rate of payment, had, under all the circumstances, decided to waive any right to object to the rate claimed; whilst the provisions of the statute devolving upon the Executive Council the power to fix the rate of charge had remained in abeyance. I was further instructed to ascertain what balance would be due to the Grand Trunk up to October, 1858, upon this principle—that is to say, admitting the \$110 per mile rate up to that date, September, 1858—and to pay that amount, with \$20,000 as an estimate of amount due under the Order in Council rate for the December quarter, 1860, over to the Receiver General on Grand Trunk account, in final settlement of that account up to the end of the year 1860. Since that time, an amount of \$60,000, estimated as the amount due under the Order in Council rate, in the absence of regular accounts from the company, has been annually paid by the Post Office department to the Receiver General. Prior to September, 1858, all sums paid on account were paid by the direct order of the Postmaster General. The settlement up to December, 1860, was made on the basis of the mileage claimed by the company; the Post Office department being instructed by the Finance Minister not to dispute as to details, but to proceed on the estimate that two mail services per day had been rendered; and I concurred in the fairness of the settlement. The \$60,000, paid under the Order in Council, is the rate fixed according to an estimate of the department, including a margin for special service, which, in the absence of accounts from the Grand Trunk, the department could not determine with precision. The department assumed in its calculation that about \$51,000 would be annually due for ordinary services and \$9,000 for special services.

1354. What mileage and what amount of service were taken by the Post Office department as the basis of its calculation of \$60,000 per annum?

The mileage under performance during the year 1861 was taken as the basis of the estimate, which was made in January, 1862. The double service extended over 678 miles, at \$70 per mile, and 126 miles of single service at \$30. The single service is over the line from Quebec to Riviere du Loup; assuming it to be a daily service.

1355. Did the Grand Trunk Company acquiesce in the payment made up to 31st December, 1860, as in final settlement of its accounts to that date?

On the 18th February, 1861, the company applied for a detailed statement of the balance paid by the Post Office department to the Receiver General, in settlement to December, 1860, and a statement was furnished accordingly. I do not think the company objected to the amount, which was in fact in accordance with their own accounts to October, 1858; but I understood that the company did object to the payment having been made to the Receiver General, on their account with the Province, instead of in cash direct to themselves.

1356. Can you state in detail the sums which have been paid to the company, or on the company's account, from time to time, by the Post Office department?

I produce a statement showing all payments made by the department on account of Grand Trunk postal service.

MEMORANDUM of Payments made to the Grand Trunk Railway Company by the Post Office department.

Date.	In Postmaster General's Report.	Amount.		\$	cts.
		£	s. d.		
June 15th, 1855.....	March, 1855.....	4,000	0 0		
May 7th, 1856.....	March, 1856.....	2,500	0 0		
Dec. 12th, 1856.....	September, 1857.....	5,000	0 0		
Jan. 24th, 1857.....	September, 1857.....	3,000	0 0		
Sept. 28th, 1857.....	September, 1857.....	4,000	0 0		
Oct. 26th, 1857.....	September, 1858.....	8,000	0 0		
Nov. 13th, 1858.....	September, 1858.....	12,500	0 0		
		39,000	0 0	156,000	00
Feb. 21st, 1860.....	September, 1860.....			18,000	00
March 5th, 1860.....	September, 1860.....			60,000	00
Jan. 25th, 1861.....	In cash account, December, 1861.....			113,144	89
Jan. 30th, 1862.....	September, 1861.....	15,133	33		
Jan. 30th, 1862.....	September, 1861.....	44,866	67	60,000	00
Dec. 30th, 1862.....	September, 1862.....			60,000	00
				\$467,144	89

POST OFFICE DEPARTMENT,
14th September, 1863.

(Signed)

H. A. WICKSTEED,
Accountant.

Tuesday, September 22.

GEORGE C. REIFFENSTEIN.—Examination continued.

1357. You state that you have some addition to make to your answer to a former question?

I have. In order to correct any erroneous impression which might obtain, I would wish to give some further details relative to that portion of my previous evidence referring to the loan and repayment of £160,000 currency. Upon a more minute investigation of this transaction, the exchange for £65,753 8s. 6d. sterling, which I stated was drawn on each firm in repayment of the loan, and which appears by our letter book, 7th December, 1857, to have been accepted by Messrs. Glyn and Barings, as "Bankers of the Grand Trunk Railway Company," I find that these drafts were not accepted by them in that capacity, but that they protected the drafts for the honor of the Province, and charged the same in account of the Province on accepting. The company in London did not pay them at maturity (January, 1858), but paid the £160,000 currency to the Province, through the Bank of Upper Canada, early in April following. The money for the exchange was paid to Government by the Upper Canada Bank on its being handed to them, in October or November, 1857, and eventually the exchange was treated as a transaction between the agents of the Province and the Government itself—instead of as a Grand Trunk Company matter. I was perfectly correct in stating that the drafts were drawn in order to reimburse the Government the loan to the Grand Trunk Railway Company for £160,000 currency; but the complexion of the affair changed when the bills matured and the company did not pay them. The money, as before stated, was paid by themselves about three months after, through the Bank of Upper Canada.

1358. Are you now prepared to give to the Commission particulars concerning advances made to the Grand Trunk Company by the London agents of the Province on the Bank of Upper Canada, with the sanction of the Government?

The first loan made to the company by the London agents of the Province, with the concurrence of the Government, is referred to in Mr. Receiver General Morrison's letter of the 18th January, 1858, addressed to Sir C. P. Roney, secretary of the Grand Trunk, and also to Messrs. Glyn and Barings, a copy of one of which I produce :—

18th JANUARY, 1858.

GENTLEMEN,—The Deputy Receiver General had this pleasure last under date 11th instant, as per duplicate herewith, since when I have the honor to acknowledge the receipt of your favor of 24th ultimo, and duly note contents.

With reference to the Municipal Loan Fund debentures of the Province in your hands and in Messrs. Barings, of which no sales appear to have been made for some time, I would beg to inform you that the Government are, at present, unwilling that any amount thereof be disposed of under par.

As regards Grand Trunk Railway matters, I beg to state that on the 16th instant an interview took place between certain members of the Government and the president and vice-president of the company, who placed in their hands an extract from a letter from Mr. Baring, on the affairs of the company, when it was arranged by the president and vice-president that the bills of the company should be drawn on their bankers in London, as follows :

Now, at sixty days' sight for.....	£100,000 Sterling.
In a fortnight hence, at four months' sight.....	100,000 “

This arrangement has been agreed to upon the understanding that the agents of the Province in London shall have liberty to appropriate, sell or pledge such amount of the preferential bonds, authorized by the Relief Acts of 1856 and 1857, as may be necessary to realize the two sums above stated, say £200,000 sterling; (and also another sum of £100,000, which I shall hereafter refer to) : it being also understood that the preferential bonds shall be protected, and, if sold, the proceeds replaced by sales of the seven per cent. bonds or other moneys, by the 1st September next. As to the proceeds of the bills for £200,000, it is further understood that £75,000 sterling of the first bill is to go to the credit of the company with the Government, in part liquidation of the indebtedness of the company, incurred during the past year. £75,000 of the second bill to be applied in like manner. It is further agreed, on receipt of advices from you, approving of this arrangement, that a third bill shall be drawn for the company's uses, for £100,000 sterling, charged only with the balance, if any, which may then be due the Government. At present we make the whole amount to be £187,000 currency.

I have the honor to be, gentlemen,

Your obedient servant,

(Signed)

JOS. C. MORRISON,

Messrs. Glyn, Mills & Co., Bankers, London.

R. G.

Although the agreement, as thus recited by Mr. Morrison, stated that exchange should be given at 60 days, and four months, for £100,000 sterling each, I am not aware that any exchange was received. There is no record of anything of the kind in our books, nor is there any note of the loan itself. I believe, however, that the advances made by the agents, under the authority of the letter I have produced, amounted to £300,000 sterling. I find a letter from Mr. Receiver General Sherwood to the London agents, dated 31st January, 1859, from which I learn that the company did not repay the loans, as had been agreed, on the 1st September, 1858. I produce an extract from Mr. Sherwood's letter.

RECEIVER GENERAL'S OFFICE,

Toronto, 31st January, 1859.

GENTLEMEN,—With regard to the advance of £300,000 to the Grand Trunk Railway Company of Canada, referred to in my letter of the 24th instant, and in several of yours, I beg to say that Mr. Receiver General Morrison in a letter to you, dated 18th January, 1858, authorized the advance of £300,000 sterling, upon the understanding that the agents of the Province in London should have liberty to appropriate, sell, or pledge such amount of the preferential bonds, authorized by the Relief Acts of 1856 and 1857, as might be

necessary to realize the amount of £300,000 sterling, and upon the further understanding that the preferential bonds should be protected, and if sold should be replaced by sales of the seven per cent bonds or moneys by the first of September last.

On the 3rd September last (after the time for the repayment had passed), your note referring to the several loans, "in all amounting to £300,000, made to the Grand Trunk Railway Company of Canada by the Government, through the Provincial agents, from the proceeds of preference capital, we take this opportunity of stating that we are informed by the Grand Trunk Company that they have received information from Canada, that these loans, which matured on the 1st September, will be renewed. We, therefore, wait your instructions as to the course to be pursued in the matter."

Mr. Deputy Receiver General Harington, in my absence, in reply wrote you that Messrs. Galt and Ross would be able to give you the instructions you asked in reference to the renewal of the loans referred to.

Mr. Galt informs me that he gave no instructions on the subject. I have, therefore, no doubt that you have acted upon the original letter from Mr. Morrison, and if you have not realized out of the securities retained for the purpose, that you can at any time do so.

I write for the purpose of placing the matter beyond any misunderstanding, and in order that you may take the necessary steps to repay yourselves the amounts advanced under the arrangement.

Messrs. Glyn, Mills & Co., London. (Signed) GEORGE SHERWOOD,
Receiver General.

Subsequently, I believe that the loan was satisfied by the company; I am not prepared, however, to say in what way or what time. The transaction does not appear in our books of account in any shape. The only account we have, of what I call concurrent loans—that is, loans made by the London agents with the concurrence of the Government—appears in our books under the head, "Investments ex Consolidated Canadian Loan." Although thus headed, I should say, from the general tenor of the credit, that the loans were made to the Grand Trunk Company. I produce a copy of this account, extracted from our books.

DR.

INVESTMENTS EX CONSOLIDATED CANADIAN LOAN.

CR.

1860.	To the following advances made by English Financial Agents, by way of loan, viz:—				1860.			
Jan. 16.....	On security of Provincial Bonds.....	£50,000			July 4.....	By Cash repaid Agents on account of the £65,000 advanced 2nd February, 1860, on the security of Toronto City Bonds, leaving balance of £37,760, continued at 5 per cent. on such Bonds bearing the value of £17,200, but so taken at £80 per cent.....	£27,240	\$132,568 00
Feb. 1.....	On account of loan for £55,000.....	10,000			Nov. 17.....	By Cash received per Haring Bros. & Co., moiety of the £50,000 advanced to Grand Trunk Railway Company.....	25,000	121,666 67
" 2.....	On security of Toronto City Bonds, at £5 per cent. 6 months.....	65,000				By Cash, per Glyn, Mills & Co., the other moiety.....	25,000	121,666 67
" 6.....	Further account £55,000 loan.....	20,000	£151,000	\$734,866 67	1861.			
Mar. 3.....	To Cash advanced at £5 per cent. for two months, on account £75,000.....	£20,000			Jan. 26.....	By Cash per Post Office Department.....		113,144 89
Feb. 14 & 24	To Cash, being balance of a loan of £55,000 for two months, on approved security.....	19,000	39,000	189,800 00	Feb.....	By Cash per Public Works Office, Prince of Wales' visit.....		6,450 71
Mar. 21.....	To Cash, £14,000				April 15.....	By Cash as advanced to Grand Trunk Railway Company by Agents and advised by them, as placed to credit of Government.....	130,000	632,666 67
" 27.....	" " 18,000		55,000	267,666 67	Oct. 1.....	By Cash per Agents in final settlement of Loan to Grand Trunk Railway Co. on Toronto City Bonds.....	37,760	188,765 33
" 30.....	" " 23,000				Dec.....	By Cash per Post Office Department.....		41,866 67
July 16.....	To Cash advanced to Grand Trunk Railway Company upon security of £42,500 of their Second Preferential Bonds, as per authority of Minister of Finance.....		35,513 3s.	172,830 6s	1862.			
" 26.....	Do to same Company, part of £15,000, as authorized by Minister of Finance.....		10,000	48,666 67	Dec.....	Do do do.....		60,000 00
Aug. 29.....	Do being balance of the £15,000.....		5,000	24,333 3s		By Balance.....		21,368 38
				\$1,438,163 99				\$1,438,163 99
1863.								
Jan. 1.....	To Balance brought down.....			\$21,368 38				

The authority under which the London agents made the various advances included in this account, appears to have been a letter of Mr. Galt, written during his stay in London, January, 1860. Of this letter I produce a copy.

LONDON, 23rd January, 1860.

GENTLEMEN.—I am duly favored with your letter of the 20th instant, on the subject of temporary employment of the balance of the Consolidated Loan. I am glad to learn that you have effected the transaction for £50,000 Province bonds, and I authorize the loan of £60,000 to £65,000 on the deposit of the city of Toronto bonds for a period of six months at 80 per cent of their nominal amount.

Agreeing with you that it is advisable you should be provided with general authority as to the class of securities on which you may make advances for account of the Province, I authorize such advances for periods not exceeding six months, and at such rate of interest as you may consider proper in excess of the current bank rate, upon the Government securities of Canada, whether sterling or currency, upon the Consolidated Municipal Loan Fund bonds, and upon such other stocks as you are prepared to guarantee to the Government.

In all these transactions I have every confidence that you will act in the best interest of the Province.

I remain, &c,
(Signed)

A. T. GALT,
Fin. Min., Canada.

Messrs. Baring Brothers & Co.,
Messrs. Glyn, Mills & Co.,
London.

1359. The account you have produced exhibits amongst its credits sums received from the Post Office department as for postal service: does not this circumstance show actual responsibility on the part of the Government for some if not all of these advances?

The last three items on the debit side of the account, amounting to £50,513 3s. sterling, were loaned by the Government on the security of the postal revenue, certain bonds being deposited as collateral security. Of this amount, £45,513 3s. sterling were loaned on the authority of the Minister of Finance. An Order in Council, dated 3rd August, 1860, sanctioned the loan to the full amount named—£50,513 3s.

1360. Did the agents at any time allege responsibility on the part of the Government, in respect of other advances included in the account?

I am not aware that any such responsibility was alleged. I know that in 1861 the agents, writing to the Finance minister, communicated the fact that loans amounting to £130,000 sterling had not been repaid by the Grand Trunk Company; whereupon Mr. Galt wrote to the agents explicitly disclaiming responsibility on the part of the Government for the loans in question, and reminding the agents that they had made them at their own risk. The correctness of this statement was admitted by the agents, as is shewn by an extract from their reply to the Finance minister, under date 6th June, 1861. I produce the extract to which I allude.

Extract from letter of Messrs. Glyn, Mills & Co., and Messrs. Baring, Brothers & Co., dated London, 6th June, 1861.

We have now the honor to acknowledge receipt of your letter of 17th May, in reference to the loans of £150,000 to the Grand Trunk Company, and to add in reply, that in communicating to you the fact that the company was unable to repay these loans, we did not for a moment lose sight of our responsibility towards the Government, or intend to convey any doubt as to our engagement to see these advances repaid; but as the loans in

question were made with your cognizance, we considered that it was right that you should be informed of the inability of the company to repay them, and that you would naturally be interested in being made acquainted with a circumstance which tends to show the intimate connection of the affairs of the Grand Trunk Company with the financial arrangements of your Government. We have credited the account of the Province in equal proportions in our respective books with the amounts of the loans in question, under date 15th April, viz:—

£130,000,.....amount of loans.
1,869 17 2—105 days, @ 5 $\frac{1}{2}$ cent.

£131,869 17 2, together, £ 15th April,

of which pray make note in conformity.

We have the honor to be, sir,

Your obedient servants,

(Signed)

BARING, BROS. & Co.,
GLYN, MILLS & Co.

The Hon. A. T. Galt,
Minister of Finance of Canada, &c., &c.

1361. Have you any knowledge of certain bills of exchange for £100,000 sterling each, referred to by an Order in Council, dated 21st January, 1858, the proceeds of which were to be in part applied in liquidation of debts due by the company to the Government, and one of which bills was represented as then in the hands of the Receiver General?

I presume that the bills of exchange referred to are those mentioned in the Receiver General's letter, dated 18th January, 1858, a copy of which I have already handed in. If so, I have no knowledge of any such bills having been received.

Wednesday, September 23.

GEORGE C. REIFFENSTEIN.—Examination continued.

1362. Are you acquainted with the account of the Receiver General's department, connected with the aid rendered to the Subsidiary Lines, East and West, under the Grand Trunk Relief Acts of 1856 and 1857?

Pretty generally, I am.

1363. Will you state the position of the account, speaking generally, and with relation to the conditions imposed by the Legislature?

The Act 19 and 20 Vic., chap. 111, assigns £225,000 sterling out of the £2,000,000 preferential bonds, to subsidiary lines, comprising the Port Hope, Cobourg, and Prescott Railways, C.W., and the Three Rivers and Arthabaska, C.E. The releases, under authority of the Act, from the proceeds of the preferential bonds in the hands of Messrs. Baring and Messrs. Glyn, took place from time to time under the authority of Orders in Council, which were communicated to them; and such moneys, released for this special account, were to be held by them for the province, subject to the orders of the Receiver General. The three lines of road in Canada West, being in a state of progress, and requiring their moneys, authority was given by the Receiver General, in several instances, to the Bank of Upper Canada, to advance certain moneys to these roads respectively. The Three Rivers and Arthabaska road was not in course of construction at the time of the passing of the Act, or for some time afterwards. Moneys were released for this road from time to time, in conjunction with moneys for sections of the Grand Trunk Railway, under Orders in Council communicated to the London agents.

1364. Under the act to which you refer, what sums have been paid, respectively, to the lines in Canada West? And at what dates and under what authority were the several payments made.

The subsidiary lines, C. W., which I have already mentioned, had £100,000 sterling divided amongst them. The Prescott and Ottawa had £45,000; the Port Hope and Lindsay, £30,000; and the Cobourg and Peterborough, £25,000. The whole of these moneys have been paid out of the preferential moneys to the roads in question, by proceeds of exchange, drawn to the amount, £100,000. In August, 1856, the Bank of Upper Canada advanced to the Ottawa and Prescott road \$52,000; in 1857, various sums amounting to \$27,800; and subsequently \$27,478.45. There were also \$111,721.55 paid by order of the Government to the Commercial Bank for the same road, making a total of £45,000 sterling. In 1857, the Bank of Upper Canada advanced to the Port Hope and Lindsay road \$61,330; and in December, 1858, the balance due the road, \$84,670, was released. In 1857, the Bank of Upper Canada advanced to the Cobourg and Peterborough road, \$64,333.34; in 1858 \$39,557.79; subsequently the balance of \$17,755.53 was released, making the amount £25,000 sterling. The several advances by the Bank of Upper Canada were made generally upon requisition from the Receiver General's department. Of these requisitions we have no record. All these advances of the bank were repaid by the Government out of the proceeds of the exchange of £100,000 sterling, £42,187 10s of which did not form a matter of account in our books, having been handed to the bank in liquidation of certain portions of these advances; the same having been merely journalized from our Exchange Book.

1365. So far as the western lines are concerned then, the terms of the Act have been complied with, and the accounts as between the Government and the three railways named are closed?

Yes.

1366. What sums have been released on account of the Three Rivers and Arthabaska road, and under what authority?

The first release was for £9,375, under an Order in Council, passed 8th June, 1857. On the 13th June, £14,062 10s. was released by an Order in Council. On the 12th October, 1857, another Order released to the subsidiary lines generally £53,000, of which £29 444 8s. 11d. was placed to the credit of the Three Rivers road. On the 12th April, 1858, another Order released £31,250. These are all the distinct releases in favor of the Three Rivers road of which we have record, and they amount, altogether, to £84,131 18s. 11d., leaving the balance of £40,868 1s. 1d. to be credited out of the final release.

1367. Were the several releases in favor of the Three Rivers road made by these Orders in Council unqualifiedly to the Grand Trunk Company, or were they subject to conditions connected with the construction of the road?

The Act throws upon the Government the responsibility of regulating the releases according to the progress of the work, and the releases under the various Orders in Council to which I have referred were made upon the report of the Inspector General, and subject to the conditions required by the Act. The Order in Council of 8th June, 1857, sets forth that the amount then released—of which a rateable proportion belonged to the Three Rivers road—should be applied “strictly in conformity with, and on the works and railroads specified in the Relief Bill.” The Order of the 13th June, 1857, states “that the apportionment due to the Arthabaska road and subsidiary lines be deposited with the fiscal agents of the Province here, and the proper authorities connected with the proposed line between the St. Lawrence and Arthabaska be informed to that effect.” The Order of the 15th October, 1857, provided that the rateable proportion accruing to the subsidiary lines, the Three Rivers road included, be drawn by the Receiver General. The whole tenor of the Order shows that the requirements of the Relief Bill were to be complied with. The Order of the 12th April, 1858, authorizes a release amounting to

£500,000, of which £31,250 is assigned to the Three Rivers road, and £25,000 to the subsidiary lines west. It sets forth as follows: "that from this sum"—namely, the £500,000—"should be deducted the amounts applicable to the Three Rivers and Arthabaska and the subsidiary lines, viz: £56,250, the amount for the former work not being at the present required, and the amount for the latter he suggests should be drawn by the Receiver General as part of the £100,000." The Order concludes: "The Committee concur in the view above expressed by the Hon. Inspector General, and recommend that his suggestions be approved and acted on, and that the £500,000 (less the sum of £56,250 above mentioned) be released accordingly." The Order in Council of the 22nd January, 1859, I produce entire.

Order in Council, dated 22nd January, 1859.

On the application of the Grand Trunk of Canada, dated Toronto, January 13th, 1859, for a release of the residue of the moneys raised under the Relief Act, 1856, 19 and 20 Vic., chap. 3, and now remaining in the hands of Messrs. Glyn, Mills and Barings, as the London agents of the Province.

The Honorable the Inspector General reports that the following amounts have been up to this time released by Order in Council:

1857, June, 8.....	£150,000 0
" " 13.....	225,000 0
" Sept. 4.....	8,250 0
" Oct. 12.....	402,462 8
1858, April 12.....	500,000 0
" June 15.....	500,000 0
	<u>£1,785,712 8</u>

That the balance remaining unreleased of the £2,000,000 is therefore £214,287 12s. sterling.

That it appears by statements furnished by Mr. Blackwell, the vice-president, that the position of the several works under the Relief Act is as follows:

WESTERN WORKS.	RELIEF ACT.	EXPENDED.
London and St. Mary's, open for traffic.....	£450,000	£183,612
Stratford and Sarnia.....		329,727
EASTERN WORKS.		
From St. Thomas to River du Loup.....	525,000	495,928
Victoria Bridge	800,000	744,212
Subsidiary Lines.....	100,000	100,000
Arthabaska Line.....	125,000	.....
	<u>£2,000,000</u>	<u>£1,853,479</u>

That it thus appears the company have made an expenditure of all funds raised by preferential stock, except the £146,523, whilst the balance of unreleased capital is £214,287 12s.

That by the statements furnished by Mr. Blackwell, it appears that the sum of £61,251 will suffice to complete the western works, and £164,000 for the eastern works, and that arrangements have been made for the completion of the Victoria Bridge within the present year, whilst the location of the Arthabaska line is in progress.

That by the Act 20 Vic., chap. XI, the period for completing the several works was fixed as follows, viz:

St. Mary's and London.....	1st September, 1858.
Stratford and Sarnia.....	Do 1859.
Victoria Bridge.....	1st January, 1861.
Arthabaska	1st September, 1860.
St. Thomas and Rivière du Loup.....	1st January, 1861.

That the St. Mary's and London line has been finished at the time stated.

That the Stratford and Sarnia line will certainly be in advance of the period.

That the Victoria Bridge (the most important work) will be finished more than twelve months before the date fixed in the Act, as will also be the case with the line to Rivière du Loup; and that the Arthabaska line can easily be completed by first January, 1860.

That he is therefore of opinion that the progress made in the several works by the Grand Trunk Railway Company is such as to ensure the fulfilment of the requirements of the Act in respect to the works named, and therefore recommends that the Receiver General be authorized to grant the release of the balance of the preferential capital, £214,287 12s, subject to the condition that the company shall give satisfactory security to the Government, that the Arthabaska appropriation shall be duly applied toward the construction of that branch line.

The Committee recommend that the release above suggested be authorized on the condition mentioned by the Honorable the Inspector General.

Certified.

(Signed) W. H. LEE,
C. E. C.

Thursday September 24.

GEORGE C. REIFFENSTEIN.—Examination continued.

1368. In what manner, and to what amount have moneys been paid by the Government on account of the Three Rivers and Arthabaska Railroad?

The moneys have been paid on account of the Arthabaska road in some instances to the Bank of Upper Canada, to reimburse that institution for advances made to the Grand Trunk Company, and also to Mr. Turcotte, the contractor for the construction of the Arthabaska road. In other instances moneys were paid by the Government direct to Mr. Turcotte. The payments may be divided into three classes, which I will speak of separately. Only one payment was made to the bank on account of advances to the Grand Trunk Company, namely, on the 8th January, 1861, when \$195,000 were so paid under authority of an Order in Council, passed on the 4th of the same month. The payments to the bank on account of its advances to Mr. Turcotte were as follow: February 28, 1861, \$30,000; July 19, \$20,000; September 25, \$7,825; October 15, \$5,000; November 21, \$32,175; February 14, 1862, \$20,000; altogether \$115,000. The payments made direct by the Government to Mr. Turcotte were as follow: May 17, 1861, \$10,000; April 26, \$20,000; June 15, \$20,000; January 22, 1862, \$40,000; March 27, \$20,000; December 15, \$590; total, \$110,590. The three classes of payments make a general total of \$420,590.

1369. You have cited an Order in Council as authority for the payment of \$195,000 to the Bank of Upper Canada for advances to the Grand Trunk Company: on what authority were the advances which enter into this sum originally made by the bank?

I produce the application of Mr. Cassels to the Receiver General's department for payment of the sum named, together with the correspondence and vouchers which he furnished therewith.

BANK OF UPPER CANADA,
Quebec, 1st December, 1860.

The Hon. the Receiver General, Quebec.

SIR,—I have to request you to cause a warrant to be issued in my favor, for the sum of one hundred and ninety-five thousand dollars, to reimburse the bank, this amount advanced to the Grand Trunk Railroad, for account of the Drummond and Arthabaska extension line, by order of the Government.

\$ 10,000	Note discounted 14th July, 1860, by order of the Receiver General.	
10,000	Amount advanced 3rd August,	Finance Minister.
15,000	" " 8th "	" "
15,000	" " 21st November,	" "
15,000	" " 24th "	" "
10,000	" " 1st December,	" "
120,000	" " 31st October,	" "
<hr/>		
\$195,000		

I am, sir,
Your obedient servant,
(Signed) R. S. CASSELS,
Manager.

RECEIVER GENERAL'S OFFICE,
Quebec, 1st December, 1860.

SIR,—Before I can apply for a warrant in your favor, as requested in your letter of this day for \$195,000 to reimburse the Bank of Upper Canada that amount advanced to the Grand Trunk Railway Company, for account of Drummond and Arthabaska extension line, the authority of the Finance Minister for such advances must be furnished, as there is nothing in this office to warrant the Receiver General acting as requested by you.

I am, sir,
Your obedient servant,
(Signed) T. D. HARRINGTON, D.R.G.

R. S. Cassels, Esq., Manager,
Bank Upper Canada, Quebec.

BANK OF UPPER CANADA,
Quebec, 5th December, 1860.

The Honourable the Receiver General, Quebec.

SIR,—I beg to enclose the letter of the Receiver General, bearing date the 14th July last, authorizing the bank to advance \$10,000, on account of the Drummond and Arthabaska extension line, to the Grand Trunk Railroad. Also, Mr. Galt's letters of the 3rd August, 8th August, 16th November, 12th October and 13th October, requiring advances of \$10,000, \$15,000, \$40,000, \$10,000 and \$120,000, respectively, for the same account, amounting in all to the sum of \$195,000.

I am, sir,
Your obedient servant,
R. S. CASSELS, Manager.

QUEBEC, 14th July, 1860.

MY DEAR CAYLEY,—The Government will insist upon the conditions of the Grand Trunk Relief Act being carried out, by which £125,000 are applicable to the construction of the Three Rivers and Arthabaska line. Turcotte is making that line, and Mr. Blackwell is not here to give him his usual exchange for work done. This exchange is to be drawn especially on account of the £125,000, for which the financial agents are responsible. Turcotte requires a temporary advance of ten thousand dollars to be paid out of the proceeds of the next draft he receives from Blackwell, and which we would be glad that he should get, so as to enable the works to proceed, and thus comply with the terms of the Relief Act.

Yours truly,
(Signed) GEO. SHERWOOD,
Receiver General.

Honorable Wm. Cayley.

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 3rd August, 1860.

Honorable W. Cayley,
Manager, Bank of Upper Canada.

SIR,—I request you will direct the bank to place at the credit of the Honorable John Ross, president of the Grand Trunk Company, the sum of ten thousand dollars, on the special account of the Arthabaska subsidiary line. The Government undertaking that this sum shall be reimbursed to the bank from the proceeds of the preferential capital raised under the Relief Act.

I have the honor to be, sir,
Your obedient humble servant,
(Signed) A. T. GALT,
M. of F.

QUEBEC, 8th August, 1860.

Honorable W. Cayley,
Manager, Bank of Upper Canada.

SIR,—I request you will place at the credit of the Hon. John Ross, president Grand Trunk Railway, on the special account of the Arthabaska subsidiary line, the sum of fifteen thousand dollars, for which the Government undertake to indemnify the bank from the preference capital authorized to be raised by the Grand Trunk Railway.

I remain, sir,
Your faithful servant,
(Signed) A. T. GALT,
M. of F.

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 12th October, 1860.

To the Cashier of the Bank of Upper Canada, Montreal.

SIR,—I request you will place at the credit of the Grand Trunk Company, in special account for the Arthabaska subsidiary line, the sum of one hundred thousand dollars, charging the same to the account of the Receiver General.

Your obedient servant,
(Signed) A. T. GALT,
M. of F.

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 13th October, 1860.

The Cashier of the Bank of Upper Canada, Montreal.

SIR,—On behalf of the Government, I request that you will place at the credit of the Grand Trunk Railway Company, in special account for the Arthabaska subsidiary line, the sum of twenty thousand dollars (\$20,000), charging the same to the account of the Receiver General.

Your obedient servant,
(Signed) A. T. GALT,
M. of F.

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 16th November, 1860.

The Cashier of the Bank of Upper Canada.

SIR,—On behalf of the Government, I request that you will place at the credit of the Grand Trunk Company, in special account, for the Arthabaska subsidiary line, the sum

of forty thousand dollars, in the following sums and respective dates: \$15,000 on the 17th instant, \$15,000 on the 24th instant, and \$10,000 on 1st December; in all, \$40,000. The sums as credited to the Grand Trunk Railway Company, to be charged to account of the Receiver General, advising him thereof.

I am, sir,

Your obedient servant,
(Signed) A. T. GALT,
M. of F.

1370. Under what authority did the bank originally pay to Mr. Turcotte the various sums enumerated, making a total of \$115,000?

I cannot state on what authority the advances were originally made by the bank to Mr. Turcotte, if all the amounts named were so advanced. With regard to the payments by the Government to the bank on account of these sums, I find that \$5,000 were paid under an Order in Council of the 17th September, 1861, and \$20,000 were paid under authority of an Order of the 28th September, 1861. The remaining sums, making \$85,000, were severally paid by warrant, regularly issued from the Receiver General's department, but of the authority beyond the warrants I have no knowledge.

1371. On what authority were the payments amounting to \$110,590 made direct by the Government to Mr. Turcotte?

On 22nd January, 1862, \$40,000 were paid to Mr. Turcotte by warrant issued under authority of Order in Council of 20th September, 1861. As to the remaining \$60,590, I know of no other authority than the warrants themselves.

1372. The letter of Mr. Receiver General Sherwood, dated 14th July, 1860, affirms the responsibility of the London agents of the Province on account of the £125,000, assigned by the relief Act, to the Arthabaska road: what was the nature of the responsibility referred to, and to what extent have its obligations been fulfilled?

All the knowledge I have upon this point is derived from the letter-books of our department. Turning to these, I find a letter dated 8th June, 1857, which was sent to the London agents from the department, advising them of the release of £150,000 sterling, under the Relief Act, a copy of which accompanied the letter. Of this letter I produce a copy.

RECEIVER GENERAL'S DEPARTMENT,
Toronto, 8th June, 1857.

Messrs. Glyn, Mills & Co.

GENTLEMEN,—I wrote you this morning. I have now to advise you that since then I have been instructed by the Government to authorize you to place to the credit of the various works and companies mentioned in the Relief Bill of last session, an amount not exceeding £150,000 sterling, out of the proceeds of the preferential bonds in the rateable proportion mentioned in that act, and in accordance with the fifth clause of the act of this session, a copy of which I enclose herewith, so as to enable the Grand Trunk Company to aid those various works as contemplated by both acts. You will be good enough to advise me of the amounts assigned to each work as soon as convenient.

Mr. Inspector General Cayley desires me to say that he will telegraph the vice-president of the company and Mr. Rose, at Montreal, that I advised you as above, and that the company may probably draw upon you in pursuance with my instruction.

I have the honor to be, gentlemen,
Your most obedient servant.

To this letter no signature is attached in the letter book, but that it was signed by Mr. Receiver General Morrison I infer from an allusion made in another letter, dated 22nd June, 1857, which I also produce.

RECEIVER GENERAL'S OFFICE,
Toronto, 22nd June, 1857.

Messrs. Glyn, Mills & Co., Bankers, London.

GENTLEMEN,—I had this pleasure last under date 15th instant, as per duplicate herewith, and I have now the honor to acknowledge your esteemed favor of 5th instant, and duly note contents.

Under date 8th instant, when instructing the release of £150,000 sterling to the Grand Trunk Railway Company, I omitted to transmit the extract from the report of Council authorizing same, and I also omitted to advise Messrs. Baring of same, which I do by this mail.

I, therefore, herewith enclose copy of the report referred to, of date 8th instant, and also copy of a subsequent report, of date 13th instant, releasing to said company a further sum of £225,000 sterling, and which latter report I shall also feel obliged by you and Messrs. Barings carrying into effect.

You will be pleased to observe that the report of 13th instant gives the apportionment among the works of the £150,000, as well as of the £225,000; and you will further perceive that the same report directs that "the apportionments due to the Arthabaska road and the subsidiary lines be deposited with the fiscal agents of the Province here." These amounts are as follow:

Arthabaska road	£14,062	10
Do. do.	9,375	0
Subsidiary lines	11,250	0
Do. do.	7,500	0
	<hr/>	
Sterling.....	£42,187	10

And in order to comply with the report of Council above quoted, I beg to inform you I have valued on your house at thirty days, bill No. 626, in favor of T. G. Ridout, Esq. cashier, Bank of Upper Canada, for £21,093 15s. sterling, being one half of the above amount, and I have also drawn on Messrs. Barings at the same period for a similar amount. This arrangement will, I trust, be satisfactory.

I may add that the claim of Mr. Rodgers for the debentures lost by him is under consideration, and I will at an early day inform you of the decision of the Government.

I have, &c., &c.,
(Signed) JOSEPH C. MORRISON, R. G.

Before proceeding further with my answer to the question, I desire an opportunity of more carefully examining the correspondence of the agents and of the department with them.

Friday, September 25.

GEORGE C. REIFFENSTEIN.—Examination continued.

1373. Are you prepared to proceed with your answer to the question, What was the nature of the responsibility attaching to the London agents of the Province on account of the £125,000 assigned by the Grand Trunk Relief Act to the Arthabaska road; and how have the obligations of the agents been fulfilled?

I now produce extracts from letters received from the London agents of the Province in relation to the letters of the Receiver General's Department produced yesterday, dated, respectively, 8th and 22nd June, 1857. One of the letters now handed in is dated 16th October, 1857; the other 27th November, 1857.

Extract of Letters from Glyn, Mills & Co., dated as viz. :—

LONDON, 16th October, 1857.

Referring to our letters of the 11th September and 2nd instant, and of the 10th July, on the subject of the release of the six per cent preference bonds of the Grand Trunk Railway Company, we now beg to inform you with respect to the sums of £9,375 and £7,500, placed to the credit of the account of the Province of Canada with ourselves on the 10th July, being the sums appropriated under the first release for the Three Rivers and subsidiary lines alluded to in the letters above referred to, we have debited the account of the Province in our books with the sum of £8,437.10s., being the moiety of the said sums of £9,375 and £7,500, and have paid the said amount to the credit of the Province with Messrs. Baring, Brothers & Co. So soon as the proceeds of the preference bonds will allow the payment of the outstanding balance of the bills drawn, viz:—£14,062.10s. and £11,250 for the Three Rivers and subsidiary lines, the amount as received will be placed in equal proportions, and under the same dates, to the credit of the Province with Messrs Baring & Co. and ourselves.

This will secure the necessary uniformity in the respective books of the agents of the Province.

(Signed) GLYN, MILLS & Co

To Honorable J. C. Morrison,
Receiver General.

LONDON, 27th November, 1857.

Referring to our letter of the 16th ult., on the subject of the releases to the Grand Trunk Railway Company of Canada, from the amounts received by the agents of the Province on account of the preferential bonds, we now beg to inform you that the further amount of £94,937.10s. has been released in the following manner, viz:

To the Grand Trunk Railway Company on account of lines west of St. Mary, under Order in Council, 12th June, 1857.....	£40,625	0
To Messrs. Baring, Bros. & Co., on account of the Province Account, Three Rivers and Arthabaska Railway—Order in Council, 12th June, 1857	7,031	5
The account of the Province with ourselves, credited with do.....	7,031	5
To Messrs. Baring, Bros. & Co., on account of subsidiary lines, under Order in Council, 12th June, 1857	5,625	0
The Account of the Province with ourselves do do account.	5,625	0
To the Grand Trunk Railway Company, on account of releases to the Victoria Bridge, under Order in Council of 12th October, 1857	24,000	0
To do do do	5,000	0
	<u>£94,937</u>	<u>10</u>

The above advices, you will observe, completes the second release of £225,000, as per Order in Council, 12th June, 1857, with a release of £29,000 against the Order in Council of 12th October, 1857.

(Signed) GLYN, MILLS & Co.

To the Honorable J. C. Morrison, R. G.

The letters of the department, in answer to the two produced, simply acknowledge receipt and note contents. The next release, being that authorized by Order in Council of the 12th October, 1857, was communicated to the London agents by Mr. Receiver General Morrison, in a letter dated October 19th, a copy of which I hand in.

RECEIVER GENERAL'S DEPARTMENT,
Toronto, 19th October, 1857.

GENTLEMEN,—I have this pleasure, since last under date 12th instant, as per duplicate herewith, and I have this morning to acknowledge your esteemed favour of 2nd instant, and duly note contents.

I have now the honor to enclose herewith two extracts from Orders in Council of 12th instant, by which you will perceive that the following further releases are sanctioned *ex* the proceeds of the two million preferential bonds to the Grand Trunk Railway Company :

Victoria Bridge	£97,825 0
Do	28,887 8
Eastern section	124,000 0
Western section	98,750 0
Three Rivers and subsidiary lines.....	53,000 0
	£402,462 8
Sterling.....	£402,462 8

¶ And while I have the honor to request that you and Messrs. Barings will carry out on the basis pointed out in the extract from Order in Council above referred to.

I have the honor to be, gentlemen,
Your most obedient servant,
(Signed) JOS. C. MORRISON, R. G.

P. S.—A further amount, say £50,000 of debentures, payable at your house, will go home by next steamer.

Messrs. Glyn, Mills & Co., Bankers, London.

In their letter of the 19th February, 1858, the London agents advised the Receiver General of the foregoing sum of £53,000 having been placed to the credit of the Province on account of the Three Rivers road and the subsidiary lines. "This," they remark, "will complete the releases under the Order in Council already received." I do not find the letter of the department conveying to the agents the release of £31,250 for the Three Rivers road, under the Order in Council of 12th April, 1858; but that it was duly communicated I have no doubt, as I find an acknowledgment of its receipt in a letter of the agents, dated 11th June, 1858, wherein they advise that the sum had been placed to the credit of the Province. On the 16th June, 1858, Mr. Receiver General Ross advised the agents of the release of £500,000 under the Order in Council of the previous day. This Order made no provision for the Three Rivers road. I produce the letter of Mr. Ross:—

RECEIVER GENERAL'S OFFICE,
Toronto, 16th June, 1858.

GENTLEMEN,—I beg to advise you of authority for a further release to the Grand Trunk Railway Company to the extent of £500,000 sterling, in conjunction with Messrs. Baring, Brothers & Co., say £250,000 sterling, each house.

Enclosed you have a copy of the Order in Council under which the releases were made, under date 15th June instant.

You would oblige by forwarding to this department a statement of the amount paid into the hands of the trustees on account of the sales of preferential bonds, as well as the distribution of the amount released, including the amount at present authorised.

I have the honor to be, gentlemen,
Your obedient servant,
(Signed) JNO. ROSS, R. G.

Messrs. Glyn, Mills & Co, Bankers,
London.

The application of the Receiver General to the agents, for a statement of the account, was rendered necessary by the unsatisfactory manner in which the account appeared in our books up to the date of the letter. The various releases authorized by successive Orders in Council had not been properly entered in our books under the head of the respective works, and hence there was confusion as to the position in which the account of any particular work stood. On the 28th June, 1858, Mr. Receiver General Ross again addressed the agents, requesting them to credit the Province with six per cent interest on the sum appropriated to the Three Rivers road, as fast as the various releases entering into it were available. Of this letter I produce a copy :

RECEIVER GENERAL'S OFFICE,
Toronto, 28th June, 1858.

GENTLEMEN,—I had this pleasure last under date 21st instant, since which I am in receipt of your favor of 11th instant, and have noted contents.

It is desirable that the sum of £125,000, applicable to the Three Rivers line, under the Grand Trunk Relief Acts of 1856 and 1857, be placed to our credit as fast as the same is available, for which interest will be allowed to the Grand Trunk Company at the rate of 6 per cent per annum until the work is undertaken.

This transfer will complete the total sum of two hundred and twenty-five thousand pounds, applicable to the subsidiary and Three Rivers lines. One half of this amount will go to our credit with your house, and the other half with Messrs. Glyn, Mills & Co., and the interest which we allow to the company will cover that which they have to pay until the amount is required for expenditure on the line in question.

I have the honor to be, gentlemen,

Your obedient servant,

(Signed) Jno. Ross, R. G.

Messrs. Baring, Bros., & Co.,
London.

I also produce an extract from the reply of the agents, dated 16th July, 1858 :

Extract from Messrs. Glyn, Mills & Co's. Letter, of 16th July, 1858.

We apprehend that your further remarks have been written under misapprehension. We refer to the £125,000, which you mention is applicable to the Three Rivers line, under the Grand Trunk Railway Relief Acts of 1856 and 1857 ; and which you are desirous may be credited to the accounts of the Province, with ourselves and Messrs. Baring, Bros. & Co., as fast as the preferential capital will admit. You will find, we believe, on reference to the several releases authorised by the Orders in Council received from you, from time to time, that the sums already appropriated to the Three Rivers and Arthabaska and the subsidiary lines, amount to £151,437 10s., which have been duly credited and advised to the Province by Messrs. Baring, Bros., and ourselves.

The balance, say £73,562 10s., we presume will have to be dealt with under future releases, in accordance with our previous practice.

The release of £500,000, authorised by the Order in Council, 15th June last, we may add, makes no mention of any amount to be reserved for the Three Rivers or the subsidiary lines.

The amount is specified as payment for work done and to be done on the Victoria Bridge, and the Eastern and Western sections only.

We mention this in the event of any clerical error having been committed.

(Signed) GLYN, MILLS & Co.

On the 2nd August, the receipt of this letter was acknowledged by Mr. Ross, stating that the contents would be duly noted. With regard to the misapprehension alleged by the agents, I presume that the letter of Mr. Ross, to which they allude, referred to future releases as well as those already placed to the credit of the Province. In fact, I have no doubt that it did so, as by the agents' own showing, the £151,437 10s. which had been

released, and the £73,562 10s. still to be released, make up the £225,000 assigned by the Act to the Three Rivers and subsidiary lines. Taking into account the £100,000 which had already been drawn for by the Receiver General, and which has already been adverted to in my evidence, the amount left to the credit of the Province under these heads at the date of the agents' letter was £51,473 10s. ; that is, dealing with these appropriations as a whole. A few days subsequent to the date of his last letter, Mr. Receiver General Ross retired from the department, and I am not aware that any further notice was taken of the agents' letter of the 16th July. The final release, under Order in Council of the 22nd January, 1859, was communicated to the agents by Mr. Receiver General Sherwood in the letter I produce, dated 24th January :

RECEIVER GENERAL'S OFFICE,
Toronto, 24th January, 1859.

GENTLEMEN,—I beg to advise you of authority for a further release to the Grand Trunk Railway Company, in conjunction with Messrs. Glyn, Mills & Co., say, an equal proportion of the balance of the preferential stock, under the Relief Acts, for £2,000,000 sterling in the hands of the fiscal agents of the Province as the intervening parties.

The balance still to be released by Order in Council, is £214,287 12s. sterling, thus completing the amount to be authorized for release by order from the Government, although the company, according to your advices of sums released from time to time, has still to receive from former releases £74,000 sterling.

I send you a copy of the order authorizing the sum herewith. The amount loaned to the company (£300,000 sterling) of which you have occasionally made note in your letters to this department, not forming a matter of account over which we have any control, must be looked to by yourselves and Messrs. Glyn & Co.

I am, &c.,
(Signed) GEORGE SHERWOOD.

Messrs. Baring, Bros. & Co., London.

I hand in an extract from the reply of the agents, dated 11th February, 1859. The copy of the letter from the Grand Trunk Company, referred to by the agents, makes no mention of the Three Rivers road or of the subsidiary lines.

Extract from the Messrs. Baring Bros. & Co.'s letter, dated London, 11th February, 1859.

We beg to acknowledge receipt of your letter of the 24th January, handing us copy of an Order in Council, by which the further sum of £214,287 12s out of the preferential capital is released to the Grand Trunk Railway Company of Canada. Thus, the whole £2,000,000 authorized to be issued under the Relief Act has now been put at the disposal of the company.

We enclose copy of a letter from the Grand Trunk Railway Company, dated 10th February, giving a statement of the capital appropriated by the acts of the Legislature of 1856 and 1857 to the Victoria Bridge and extension of the lines mentioned, and you will observe that reference is made to the loan of £300,000 to which you allude in your letter now under reply, from which the agents of the Province are now released.

(Signed) BARING, BROS. & CO.

The Hon. George Sherwood, H. M. R. General, Toronto.

I do not find anything more than a simple acknowledgement of this letter in the books of our department. The acknowledgment was sent on the 7th March, 1859. From about this date, all correspondence of a financial character, between the Province and the agents, was chiefly conducted by the department of the Minister of Finance. I cannot at present find any further correspondence between our department and the London agents in respect of the moneys assigned to the Three Rivers road.

Monday, September 28.

WILLIAM DICKINSON, Deputy Inspector General, recalled.

1374. Is your department in possession of correspondence between the Government and the London agents of the Province, respecting the release of £214,287 12s. stg., the balance of the Grand Trunk preferential capital, as authorized by Order in Council of 22nd January, 1859?

I am not aware that any correspondence took place between the Finance department and the London agents respecting the release of the £214,287 12s. stg., spoken of as having been ordered by Council on 22nd January, 1859. The earliest letter I find subsequent to that date, in reference to releases under the Grand Trunk Relief Act, is one from Mr. Galt to the London agents, dated 4th December, 1860, a copy of which I produce :

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 4th December, 1860.

Messrs. Baring, Bros. & Co.,
Messrs. Glyn, Mills & Co., London.

GENTLEMEN,—The Grand Trunk Railway Company have informed the Government that, owing to their discredit, they are unable to negotiate their bills upon London, and consequently prevented making the payments due on the Arthabaska subsidiary line, the moneys for which under the Relief Act are presumed to be available for this purpose in England.

The company has therefore applied for certain advances here on account of moneys supposed to be in your hands under the instructions of the Receiver General.

Advances to the amount of about forty thousand pounds sterling, have thus from time to time been made to the company here, to be covered from the funds and securities held by the financial agents under the Relief Act.

I shall be glad to be informed at your convenience of the position of this fund and of the amount remaining in your hands; meantime the Receiver General will charge our advances, one half to each of your firms.

You will of course not make any payment or transfer to the Grand Trunk Company in England from this fund until you have ascertained that all advances made here are covered.

I have the honor to be, gentlemen,
Your faithful servant,
(Signed) A. T. GALT,
M. of F.

To this letter of Mr. Galt the London agents replied under date 27th December, 1860. I hand in a copy of their reply :

LONDON, December 27th, 1860.

DEAR SIR,—We have the honor to acknowledge the receipt of your letter of the 4th December, on the subject of certain arrangements made by the Government of Canada with the Grand Trunk Railway Company, to enable the latter company to make payments due upon the Arthabaska subsidiary line, stating that application has been made by the company for advances on account of money supposed to be in our hands under the instructions of the "Receiver General," and also informing us that advances have been made by the Government to the company to the extent of £40,000, and requesting that entries may be made to correspond with the entries made by the Receiver General, charging our firms respectively with the moiety of the said amount of £40,000. We regret that we are unable to confirm these entries, which must have arisen, if made, from some misapprehension on the part of the Receiver General. We have no funds, assets, or securities in our hand applicable to this line, the balance of the preference capital having been

On the 26th January, 1861, the London agents replied, furnishing particulars of the application of the £84,087 10s. sterling, specifically referred to by Mr. Galt. I produce a copy :

Sir,—We have the honor to acknowledge receipt of your letter of 11th inst., by which we observe that your communication of 4th December last, had reference to the sum of £84,087 10s., mentioned in the Report of the Grand Trunk Railway Company as having been paid to us for account of the Government of Canada, for the Three Rivers and Arthabaska line.

With this explanation, we are enabled at once to inform you that the funds in question were placed to the credit of the Government of Canada as follows :

£ 9,375	0s. 0d.	on 10th July, 1857.
14,062	10 0	on 23rd November, 1857.
29,400	0 0	on 22nd February, 1858.
31,250	0 0	on 10th June, 1858.

£84,087 10 0

The £29,400 credited 22nd February, 1858, was part of a loan of £53,000 of which £29,400 was for account of the Arthabaska line, and £23,600, for subsidiary lines.

Your letter of 11th inst., respecting Consolidated Municipal Loan Fund bonds is at hand, and will have attention.

We have the honor to be, sir,

Your most obedient servants,

(Signed) BARING, BROS. & Co.
“ GLYN, MILLS & Co.

London, 26th January, 1861.

The Honorable A. T. Galt,

Minister of Finance of Canada, Quebec.

The receipt of this was acknowledged by Mr. Galt on the 20th March, 1861, in a letter, a copy of which I produce :

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 20th March, 1861.

Messrs. Baring, Bros. & Co.,
Messrs. Glyn, Mills & Co., London.

GENTLEMEN,—Your letter of 26th January has already been acknowledged. The entries referred to by you in reference to the Arthabaska line have been ascertained to correspond with those in the books of the Receiver General, and to the extent to which the sums named belonged to the Arthabaska subsidiary line, it is satisfactory for me to observe that the difficulty in regard to these funds is removed. With reference to the balance, the reasons alleged in your former letter on this subject, to the effect that you disclaimed all responsibility for the release of the money to the Grand Trunk Company, are still under the consideration of the Government, and I regret my inability on this occasion to advise you of the views they entertain. I hope to do so at an early day.

I remain, gentlemen,

Your faithful obedient servant,

• (Signed) A. T. GALT,
M. of F.

In this letter Mr. Galt states that the question of the responsibility of the agents for the release of the money to the Grand Trunk Company was under the consideration of the Government, whose views he hoped to communicate at an early day. I do not find, however, in the records of the department, any further letter upon the subject. I have examined the general Letter Book of the department, and also the private Letter Book in use in the department, but in neither do I find any such letter recorded.

1375. Was any action subsequently taken by the Finance department with regard to the Three Rivers and Arthabaska Railway?

I find that on the 28th September, 1861, an Order in Council was passed, based upon a memorandum of the Minister of Finance in relation to the state of the accounts as between the Government, the Grand Trunk Company and the Arthabaska road. I produce a copy of this Order in Council :

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council, on the 28th September, 1861.

The Committee have had before them a memorandum from the Honorable the Minister of Finance on a report, dated 25th September, 1861, from the Auditor of Public Accounts, on the state of the accounts as between the Government, the Grand Trunk Company, and the Arthabaska subsidiary line of railway. The Minister of Finance reports that he considers the Government are bound by the Order in Council of 3rd June, 1859, to secure the payment of the entire sum of £125,000 sterling, for this work. That the interest is only a matter of account with the Grand Trunk Company, and is not to be regarded as belonging to this fund.

That in this view he agrees with the auditor, that the balance available for the Arthabaska line on the 30th September is \$112,760.84, which he submits may be paid by the Receiver General on evidence of performance of work, and should be charged to a suspense account for this line, pending the settlement of the question of the liability of the financial agents. Before any further payment is made, he suggests that the Grand Trunk Company be called upon, as recommended by the Auditor, to furnish evidence of the work done on which previous payments have been made, and that an account be furnished to the company by the Auditor, of the expenditure by the Government upon the whole of the subsidiary lines.

The Committee concur in the report of the Minister of Finance, and submit the same for your Excellency's approval.

Certified.

(Signed)

W. H. LEE.

C.E.C.

1376. The Order in Council you have now produced requires that, before any further payments be made on account of the Arthabaska road, the Grand Trunk Company be called upon to furnish evidence of the work done on which previous payments had been made. Was the evidence furnished as required ?

I am not aware whether the company was called upon for the information suggested by the Order in Council, or whether any such information was furnished.

1377. What payments appear in your books as having been made on account of the Arthabaska road, and on what authority were they severally made ?

The first payment I have yet found was of \$30,000 paid to the Bank of Upper Canada, February, 1861, on account of advance to J. E. Turcotte, contractor for the construction of the Arthabaska road. The payment was made on the authority of the Minister of Finance, out of the moneys appropriated under the Relief Act to the said work. A certificate of A. L. Trembicki, assistant engineer, Grand Trunk Railway, is attached to the order for the warrant, setting forth that Mr. Turcotte was entitled to the sum named. On 26th April, 1861, \$20,000 were paid to Mr. Turcotte, on the joint authority of the Minister of Finance and the Receiver General, with Mr. Trembicki's certificate that Mr. Turcotte was entitled to the amount. In May, 1861, \$10,000 were paid to Mr. Turcotte, on the authority of the Minister of Finance, subject to the signature of Mr. Ferrier, as agent for Grand Trunk Company. There is, also, the same general certificate of Mr. Trembicki. In June, 1861, \$20,000 were paid to Mr. Turcotte, on the authority of the Minister of Finance, with an accompanying memorandum of the Deputy Receiver General to the effect that an engineer's certificate was held covering the amount. In July, 1861, \$20,000 were paid to the Bank of Upper Canada on account of advances to Mr. Turcotte; the Minister of Finance, in a communication to the Attorney General East, dated 15th July, 1861, stating that the Receiver General's department held an engineer's certificate covering the amount. The Attorney General East, in the absence of Mr. Galt, authorized

the issue of the warrant. In September, 1861, \$7825 were paid to the bank on account of an advance to Mr. Turcotte; being the balance of the money at the credit of the Arthabaska road, as established by a report of the auditor, and approved of by the Minister of Finance. The next payment was one of \$5000 to the bank, on account of Mr. Turcotte, the authority being an Order in Council dated 21st September, 1861. In November, 1861, \$32,175 were paid to the bank for Mr. Turcotte, on the authority of the Minister of Finance, and the certificate of Mr. Trembicki, engineer, in accordance with the Order in Council of the 27th of the previous September. In January, 1862, \$40,000 were paid to Mr. Turcotte, under the authority of the same Order in Council; the engineer's certificate being deposited in the office of the Receiver General. In February, 1862, \$20,000 were paid to the bank for Mr. Turcotte, under the same Order in Council; Mr. Harington certifying that \$40,000 were due on Grand Trunk certificate. The certificate itself is attached to the papers authorizing a payment of \$20,000 to Mr. Turcotte in March, 1862; the authority for the payment being the Order in Council last referred to. The Grand Trunk certificate is signed by Mr. Trembicki as engineer, and by Mr. Ferrier as director, and is a general statement that Mr. Turcotte was entitled to payment for construction, without entering into particulars as to work performed under the contract. In December, 1862, \$590 were paid to Mr. Turcotte, on his application as contractor; the payment being sanctioned by the same Order in Council. The payments I have enumerated amount to \$225,590. There were other payments, amounting to \$195,000, made by the bank to the Grand Trunk Company, on account of the Arthabaska road, at the instance of the Finance Minister. I will refer to our books for particulars, which I will give to the Commission to-morrow.

Tuesday, September 29.

WILLIAM DICKINSON.—Examination continued.

1378. Are you now able to furnish particulars respecting the grounds upon which the Bank of Upper Canada was directed to make advances to the Grand Trunk Company on account of the Arthabaska road, amounting altogether to \$195,000?

I am not. There are no such particulars on record in our department. The warrant for \$195,000 was applied for by the Receiver General, and I find on reference to the Executive Council office, that an Order in Council which issued on 4th January, 1861, authorized the payment, and the issue of the warrant was recommended by the Minister of Finance.

1379. Are you aware that the several advances, making up the \$195,000, extended from July to December, 1860?

I am not aware of it. There is no record in our department of any such advances, and I know nothing of the authority on which the bank acted in making them. I find in the letter books of the department no correspondence from the Finance Minister to the bank in reference to the advances, and I have never seen any letters from the bank upon the subject. Nor have I any knowledge of any letters from the Grand Trunk Company with regard to these advances. Such letters might, however, have been received by the department without my knowledge.

Wednesday, September 30.

DUNCAN MACPIERSON, Private Secretary, Department of Finance, sworn.

1380. Can you state whether any, and, if any, what letters or papers were received by the Finance department from the Grand Trunk Railway Company, in relation to advances made to the company, on account of the Arthabaska road during the period extending from July to December, 1860?

I have examined the record of all letters received by the Minister of Finance during the period spoken of, and also the private letter book of the Minister of Finance, and the only letter or paper I have found is one which I now produce, written by Mr. Blackwell, in behalf of the Grand Trunk Company, dated 10th October, 1860 :

GRAND TRUNK RAILWAY OF CANADA,
October 10, 1860.

To the Hon. A. T. Galt,
Minister of Finance, Quebec.

SIR,—Owing to the discredit in which this company is now placed, I am unable to negotiate the bills for payment of the money appropriated under the Relief Act to the Arthabaska line.

The payment for the iron rails and bridges is very pressing, and I venture to hope that under the circumstances the Government will make this fund available to me, as they have the means of obtaining them on this account from England.

I have the honor to be, sir,

Your very obedient humble servant,
(Signed) THOS. E. BLACKWELL.

I find in a letter book, copies of letters written by Mr. Galt to the Bank of Upper Canada, authorizing advances to the Grand Trunk Company, during the six months to which the question applies; the dates of the letters being, respectively, the 3rd and 8th August, 12th October, 13th October, 16th November, 1860, the total amount of the advances authorized by these letters being \$185,000. I produce copies of letters from Mr. Galt to Mr. Blackwell, dated respectively, 12th October, and 16th November, 1860 :

OFFICE OF THE MINISTER OF FINANCE,
October 12th, 1860.

T. E. Blackwell, Esq.,

SIR,—The Government have under consideration your letter of yesterday's date, on the subject of the Arthabaska line, and relying on the funds set apart for that work under the Relief Act being available in England, has directed the Bank of Upper Canada to place at your credit for the special account of this line the sum of one hundred thousand dollars, in addition to seventy-five thousand already advanced from this sum. I request you will pay for the iron rails now ready for delivery, and that you will direct the same, 2,700 tons, to be held on account of the Government until the advance now made is paid. I understand that rails will require \$94,000, and the remaining \$6,000 I wish to be applied towards payment of the iron bridges.

Yours, &c.,
(Signed) A. T. GALT.

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 16th November, 1860.

Thomas E. Blackwell, Esq.,
V. P. Grand Trunk Railroad Company.

SIR,—I beg to enclose letters to the agent of the Bank of Upper Canada, directing him to place at your credit, in special account for the Arthabaska subsidiary line, the sum of forty thousand dollars, viz., \$15,000 on 17th; \$15,000 on 24th; and \$10,000 on 1st December.

The Government have not as yet received advice that the funds for the Arthabaska line are in the hands of the London agents, and I would therefore be glad to learn whether you have been so advised. We feel considerable hesitation in authorizing the

advances that have been made to the company in Canada on this account, but looking at the terms of the Relief Act, we depend on the funds bring available in England, and are therefore reluctant to add to the embarrassments of the company by a stoppage of the Arthabaska works.

I remain, sir,
Your obedient humble servant,
(Signed) A. T. GALT,
Minister of Finance.

Thursday, October 1.

JOHN LANGTON, Auditor, sworn.

1381. As Auditor, have you had occasion to make yourself acquainted with the details of advances and payments made by the government on account of the Three Rivers and Arthabaska Railway?

Yes; I have gone thoroughly into the whole account.

1382. According to the records of your office, what sums have been paid by the government on this account?

The amount that has been paid is \$420,590.

1383. Did the Relief Act devolve upon the government the duty of releasing to the Grand Trunk Company the sum assigned to the Arthabaska road, in proportion, as the work upon the road progressed?

It did.

1384. Were the several payments which you have stated to have been made on account of this road, amounting to \$420,590, based upon evidence that work corresponding to the respective amounts had been completed?

Some of the payments were made in advance of proper certificates, but we have since received a progress estimate, dated November 11th, 1861, embracing the whole of the work, which more than covers the amounts of the advances made by the Government.

1385. What amount was paid in advance of certificates as to the performance of work?

The first payment that was made was a warrant of \$195,000 to the Bank of Upper Canada, to refund to that institution various advances made to the Grand Trunk under the authority of Government. At the time that warrant was paid, I had no record of the certificates which authorized some of the several payments, and I do not know the evidence upon which the Government authorized the bank to make the advances. But the whole of that amount has since been covered by the proper estimate already referred to. All the remaining payments made directly by government, amounting to \$225,590, were made upon proper certificates by the engineer of the Grand Trunk Company.

1386. Have you the details of the payments making up the sum of \$195,000, to which you have referred as having been paid by warrant to the Bank of Upper Canada?

They consisted of a note of Mr. Turcotte, released in June, 1860, for \$10,000; an advance to Mr. Turcotte, in October, 1860, of \$20,000; and a further advance to Mr. Turcotte in November, 1860, of \$40,000. There appear to have been certificates of work which covered the last two of these three items. In November, 1860, \$100,000 were paid on account of iron and charges; no certificate accompanied the documents on which this sum was paid. In January, 1861, the Bank of Upper Canada was authorized to place to the credit of the President of the Grand Trunk Railway Company, for the Arthabaska

line, \$25,000, for which no certificate accompanied the documents. I am informed by the bank that this \$25,000 was paid to Mr. Turcotte.

1387. As the whole sum assigned by the Relief Act to the Arthabaska road, namely, £125,000 sterling, has been released by the Government, in what manner has the balance, amounting to \$187,743.33, been disposed of?

From the accounts furnished to the Government by the Grand Trunk Railway Company, they appear to have paid, up to September, 1861, when I reported upon the subject, \$187,738.49, leaving a small balance of about \$5, which is still payable. By the accounts of the Grand Trunk Company, subsequently furnished, they appear to have made some payments beyond this, but as an Order in Council was passed upon my report of September, 1861, defining the amount for which the Province was liable, I have taken no further account of the subsequent payments by the Grand Trunk Company.

1388. Was the \$187,738.49 expended by the Grand Trunk Company, before or after the final release of the preference capital in January, 1859?

I think that the whole, or almost the whole, was expended after the final release.

1389. Did the Grand Trunk Company furnish to the Government a statement of the payments composing the alleged expenditure of \$187,738.49?

Yes. I read the statement in question, as embodied in my report of September 28, 1861.

October, 1859.—Paid J. E. Turcotte	\$24,333.33.	No certificate.
March, 1860.— “ “ “	10,500.00.	No certificate.
April, “ — “ “	10,000.00.	Certificate for \$10,000.
May, “ — “ “	29,000.00.	Certificate for 10,000.
June, “ — “ “	62,000.00.	No certificate.
July, “ — “ “	30,000.00.	No certificate.
July, 1861.—Engineering to date,	21,905.16.	{ Engineers' and paymas- ters' certificates.

\$187,738.49.

1390. By whom and in what form was the progress estimate made which the Grand Trunk rendered under date November 11th, 1861?

It was signed by Mr. Trembicki, engineer of the Grand Trunk Railway Company, and showed the whole amount of work done up to that date. It entered into some detail respecting the work done and the drawbacks withheld from the contractors, and other such subjects as usually enter into a progress estimate. The original received by me was enclosed with my report to the Attorney General West in July, 1862, and I have not retained a copy.

1391. Has any engineer's estimate, or inspection of the work, been made for the information of the Government other than that furnished by the Grand Trunk Company?

I am not aware of any.

1392. Have you, as Auditor, accepted the \$187,738.49 alleged to have been expended by the Grand Trunk Company upon the road, as a satisfactory winding-up of the Arthabaska account, looking at it according to the terms of the Relief Act?

As Auditor, I have nothing to do with deciding whether this expenditure is a sufficient satisfaction of our guarantee for the Arthabaska road. I mean the guarantee for the expenditure upon that road of £125,000 sterling. I have reported the facts from time to time as called upon, to the Government, who alone can decide the question.

1393. In the books of your office, do you treat the account as closed?

Yes; under the terms of the Order in Council of 28th September, 1861, with the exception of a balance still due of about \$5.

1394. The sums specifically released, from time to time, by the Government on account of the Arthabaska road amounted to £84,131 18s. 11d. sterling, leaving a balance due the road, under the final release, in excess of the \$187,738.49 alleged to have been expended by the Grand Trunk Company. How is the apparent discrepancy explainable?

The final release, which was paid by the London agents to the Grand Trunk Railway Company, and not to the Receiver General, was \$198,891.20. The amount expended by the Grand Trunk Company was \$187,738.49, leaving a balance of \$11,152.71, which the Grand Trunk Company had failed to expend out of the money finally released to them. For this amount the Province considered itself to be primarily liable, over and above the money which had actually been paid in to the Receiver General on account of the Arthabaska line. In this way the Province assumed as its entire liability \$420,594.84, of which it has paid \$420,590. The \$11,152.71 is included in the general account of the Grand Trunk Company's indebtedness to the Province.

Monday, October 5.

JOHN LANGTON, Auditor, recalled.

1395. You have representend as closed the account of the Government in connection with the Arthabaska line: what meaning, then, is to be understood as attaching to the item "Arthabaska road account, \$123,511.57," which appears in the memorandum furnished to the Grand Trunk Company, by Mr. Howland, in December last?

That is merely the indebtedness to us of the Grand Trunk Company in connection with that road, but the account as between the Province and the road is closed. It would, perhaps, have been better if the item referred to had been called subsidiary lines account, as it arose out of transactions connected with both sections; but the payments in consequence of which this account appeared in our books were on account of the Arthabaska road. Up to 1861, the account of the Arthabaska road and the subsidiary lines west had been kept in our books as one account; and the whole of the money to the subsidiary lines west had been paid and charged against that account. When therefore the final release was made, the balance of the £100,000 sterling for subsidiary lines west ought to have been paid to the Receiver General and not to the Grand Trunk, and when we came to expend money on the Arthabaska road, after we had exhausted the old balance at the credit of the general subsidiary lines account, we charged the Grand Trunk for the remainder of the Arthabaska line appropriation, which had been placed in the Receiver General's hands, as we paid it out. The account as it stands in the Provincial Ledger may be said to be composed of two items: the first, \$159,112.96, being the amount of the balance of the subsidiary lines west, released to the Grand Trunk, but which should have been paid to the Receiver General to refund the money which we had advanced to those roads from the General Subsidiary Lines account; the second is a sum of \$11,147.88, paid out on account of the sum of \$11,152.71, which, as I before explained, the Province held itself primarily responsible for in consequence of the Grand Trunk Company having failed to expend the whole of the last release for the Arthabaska line. Besides these items, which together form the sum of \$170,260.83, which appears at the debit of the Grand Trunk in the statement of affairs, December, 1862, there is to be an interest account, which has not yet been brought into the books. The Grand Trunk Company is by agreement to be allowed interest upon the several releases for the Arthabaska line, as they were paid in to the Receiver General, and it is to be charged interest, first, on the \$159,112.96, released in error on account of the subsidiary lines west, and secondly, on all our payments for the Arthabaska line. The balance of interest will be in favor of the Grand Trunk, and at the date of the statement referred to in the question, would have reduced the total debt of the Grand Trunk on this account to \$123,511.57.

Tuesday, October 6.

THOMAS D. HARINGTON, Deputy Receiver General, sworn.

1396. Did the city of Three Rivers raise a loan of £40,000 on the credit of the Lower Canada Municipal Loan Fund, for the purpose of assisting the construction of the Arthabaska Railway? If yes, be good enough to state the circumstances under which the loan was sanctioned by the Government, and the money paid?

Such a loan was raised by the city of Three Rivers; a by-law having been passed by the Council of that city on the 13th June, 1858, applying to the Government for the loan. The application was forwarded in due course to the Executive; it was reported on favorably by Mr. Cartier, then Attorney-General East; and on the 10th July, 1858, an Order in Council was passed sanctioning the loan. Of this Order in Council, I produce a copy:

COPY OF A REPORT of a Committee of the Honorable the Executive Council, dated 8th July, 1858, approved by His Excellency the Governor General in Council, on the 10th of same month. ●

The Committee have had before them a by-law of the Council of the city of Three Rivers, for raising a loan of £40,000 on the credit of the Lower Canada Municipal Loan Fund, for the purpose of taking stock in the Grand Trunk Railway Company, towards assisting in the construction of a branch railroad from a point on the Quebec and Richmond Railroad to the River St. Lawrence, opposite Three Rivers. The Honorable the Attorney-General (Lower Canada) reports that the formalities prescribed by the Municipal Loan Fund Acts appear to have been observed in the passing of this by-law, and that he sees no legal objection to its being sanctioned by your Excellency in Council, in which event he recommends that the debentures to be issued under it be delivered by the Receiver General only when actually required by the City Council of Three Rivers for taking stock in the above company.

The Committee recommend that the by-law submitted be sanctioned and that the suggestion of the Attorney General with respect to the delivery of the debentures be acted on.
Certified.

(Signed) W. H. LEE,
C. E. C.

The Honorable the Receiver General, &c., &c., &c.

Debentures to the amount of \$160,000 were prepared in due form in the Receiver General's department; and on the 15th September, 1858, \$12,000 in debentures were paid to Mr. J. E. Turcotte on a power of attorney, dated the 11th of the same month, given under the seal of the Municipality of Three Rivers, and signed by its Secretary-Treasurer. The power of attorney is in the usual form, without any special stipulations. Nothing more was paid until June, 1859, when Mr. Turcotte presented another power of attorney from the municipality, dated the 8th of that month, authorizing him to receive the balance of the loan, \$148,000. I produce a copy of this power of attorney, together with the resolution of the City Council on which it was founded:

EXTRACT from the Register of the proceedings and deliberations of the Municipal Council of the City of Three Rivers.

At a meeting of the Municipal Council of the city of Three Rivers, held on the eighth day of June, one thousand eight hundred and fifty-nine, at the Town Hall, in the Council room, in the ordinary place of sitting, at half-past seven o'clock in the evening,

Were present His Worship the Mayor and the following Councillors: W. McDougall, W. R. Adair, D. E. Frigon, L. E. Gervais, O. Chinevert, L. Clair, G. A. Gouin and H. G. Fearon.

Moved by Mr. McDougall, seconded by Mr. Gouin,
Resolved, That to obviate the inconveniences occasioned by the Grand Trunk Railway Company of Canada in delaying and neglecting, up to this time, to commence the construc-

tion of the following railway line, viz: The junction line starting from a certain point on the Quebec and Richmond Railway to some other point on the St. Lawrence opposite to the town now called the city of Three Rivers. And in order to render more effective the provisions of the By-law passed by this Council on the thirtieth of June, one thousand eight hundred and fifty-eight, intituled: "A By-law to authorize a loan of forty thousand pounds currency on the credit of the Consolidated Municipal Loan Fund for Lower Canada, to subscribe and take shares in the capital stock of the Grand Trunk Railway Company of Canada, to the amount aforesaid," and the resolutions relating thereto, passed on the same day. It is proposed to amend the said resolutions, and particularly the second and third, in such a way as to give this Council the means to act in accordance with the actual circumstances, without, however, destroying or prejudicing the acts and arrangements which have been made in virtue of those resolutions.

It is, therefore, resolved that to enable the same Grand Trunk Railway Company of Canada, or their contractor, for the said road, Joseph Edward Turcotte, Esquire, to commence without further delay the works of said road, this Council authorizes the said Joseph Edward Turcotte to draw and receive from the Government of this Province the sum of thirty-seven thousand pounds, currency, in money or debentures, being the balance due to this Council on the loan authorized by the aforesaid By-law, to be paid as follows: five thousand pounds immediately, and the balance of thirty-two thousand pounds when required to continue the said works; but on condition that he will not draw any money until it shall have been established by the report of an engineer appointed by Government that the last sum advanced and paid, has been usefully employed in the working of the said road, or in something relating thereto; and the Secretary-Treasurer of this Council is by these presents authorized and requested to give at once his power of attorney to the said Joseph Edward Turcotte, to draw from the Government the said sum of thirty-seven thousand pounds currency, which sum, however, the said Joseph Edward Turcotte shall not draw except under the above conditions.

Carried on division of five against three.

For—Gouin,
Gervais,
McDougall,
Frigon,
Chinevert.

(Signed)

"

Against—Clair,
Fearon,
Adair.

J. E. TURCOTTE,
Mayor.
ARTHUR DESFOSSÉS,
Secretary-Treasurer.

Town Hall, this 9th June, 1859.

TOWN HALL,
THREE RIVERS, 9th June, 1859.

I, the undersigned, Secretary-Treasurer of the Municipal Council of the city of Three Rivers, hereby appoint Joseph Edward Turcotte, Esq., mayor of the said city, my special attorney, to receive from the Receiver General, in virtue of the resolutions, passed by the Municipal Council of the city of Three Rivers, on the eighth day of the month of June, one thousand eight hundred and fifty-nine, the sum of thirty-seven thousand pounds currency, in money or debentures, remaining due to the said Council, from the Consolidated Municipal Loan Fund for Lower Canada, under a By-law passed on the thirteenth day of June, one thousand eight hundred and fifty-eight.

[Made in duplicate,]

(Signed)

ARTHUR DESFOSSÉS,
Secretary-Treasurer.

Being doubtful as to whether I should issue to Mr. Turcotte the balance of debentures under this power of attorney, I handed it to Mr. Receiver General Sherwood, for the Crown Officer's opinion; and amongst our documents I find Mr. Cartier's opinion as Attorney General East, of which I furnish a copy:

On letter of the Honorable the Receiver General, respecting power of attorney of J. E. Turcotte, Esq., to receive for the city of Three Rivers, balance of loan on the credit of the Lower Canada Municipal Loan Fund.

CROWN LAW DEPARTMENT,
Toronto, 13th June, 1859.

Under the power of attorney given to Mr. Turcotte, and under the resolutions of the City Council of Three Rivers therein referred to, Mr. Turcotte has authority to claim to have issued, and to receive the balance of the debentures which have yet to be issued, to the amount of £37,000, in favor of the said city, on the credit of the Lower Canada Municipal Loan Fund. In order, however, to comply with the requirements of the above mentioned resolutions, £5,000 only of the said debentures ought to be delivered at present to Mr. Turcotte. The balance of the same ought to remain in the custody or in the power of the Receiver General, to be hereafter delivered to Mr. Turcotte, in such amounts and proportions as Mr. Turcotte will require it, to continue and to keep in a state of progress the works of the branch railway undertaken to be built by him; but any such further amounts and proportions must be delivered or paid to Mr. Turcotte only upon the report of an engineer to be appointed by the Government, establishing that any amount previously delivered or paid to Mr. Turcotte has been expended in the making of the railway, or in works connected with its making and completing.

Mr. Turcotte, by his power of attorney, is also authorized to receive money instead of debentures.

(Signed)

GEO. ET. CARTIER,
Attorney General, Lower Canada.

I cannot find any copy of the letter from the Receiver General referred to by the Attorney General as accompanying the power of attorney. According to our books, it appears that on the 14th June, 1859, Mr. Turcotte gave a receipt for the \$148,000 debentures. I am sure, however, that they were not delivered to him then. They were prepared, and I deposited them in the chest of the department, where they must have remained until the following October. To the best of my belief, they were delivered to Mr. Turcotte in October, on a verbal order given to me either by Mr. Galt, the Finance Minister, or Mr. Receiver General Sherwood, or conveyed to me verbally as from one or the other.

1397. The opinion of Mr. Attorney General Cartier, which you have produced, states that the then remaining balance of debentures, amounting, as you have said, to \$148,000, "ought to remain in the custody or in the power of the Receiver General," to be delivered to Mr. Turcotte in amounts and proportions corresponding to the progress of the works on the railway, and then "only upon the report of an engineer to be appointed by the Government," establishing the proper expenditure of amounts previously paid. Was this course adhered to by the Receiver General in the delivery of the balance in October, 1859?

It was not. In the first place, no engineer was ever appointed by the Government, of whom the Receiver General's department had any knowledge. The appointment and report of an engineer were made by the municipality of Three Rivers, conditions-*precedent* to the payment by the government to Mr. Turcotte of the balance of \$148,000. I learn this from the resolution already handed in. By a subsequent resolution of the municipality of Three Rivers, dated the 9th September, 1859, a copy of which I also furnish, the condition relating to the appointment of an engineer is virtually set aside:

EXTRACT from the Register of proceedings of the Municipal Council of Three Rivers, 9th September, 1859.

At a meeting of the Municipal Council of the city of Three Rivers, held on the ninth day of September, one thousand eight hundred and fifty-nine, at the Town Hall, in the Council Room, in the ordinary place of sitting, at half-past seven in the evening,

Were present His Worship the Mayor, and Councillors E. L. Pacaud, D. E. Frigon, S. Dumoulin and E. L. Gervais.

Proposed by Mr. E. L. Pacaud, seconded by Mr. E. L. Gervais,

That this Council has had proof that Joseph Edward Turcotte, Esquire, contractor of the Grand Trunk Railway Company of Canada, for the construction of the Arthabaska junction line, has expended for the said junction line a sum exceeding seventeen thousand pounds currency. It is resolved that the said Joseph Edward Turcotte do receive the balance of the moneys voted by this city for the construction of the said junction line, notwithstanding the conditions mentioned in the resolutions of this Council of date eighth June last, inasmuch as the engineer, who was to have been appointed as desired by said resolutions, has not been appointed in consequence of the removal of the seat of government from Toronto to Quebec, and that the works which have to be done in the proper time of the season are not to be delayed nor stopped, because an engineer has not been appointed; this Council being satisfied with the active and economical way with which Joseph Edward Turcotte has constructed this road.

(Signed)

J. E. TURCOTTE,

Mayor.

"

ARTHUR DESFOSSÉS,

Secretary-Treasurer.

Although this resolution authorized the delivery of the whole to Mr. Turcotte, I afterwards learned that the delivery of the whole which did take place in October, 1859, was the result of a misunderstanding on my part. I am sure that I was verbally directed to give the whole to Mr. Turcotte. Mr. Galt, if I remember aright, was at the time out of town, and on his return he said to me that he did not intend Mr. Turcotte to have the whole amount delivered at once, as had been done. I then declared that I would never again pay money or deliver debentures on verbal orders, which admit of such ready contradiction; and I have acted on this rule since.

1398. Did any correspondence take place between your department and the Bank of Upper Canada in reference to the redemption of the £40,000 debentures which you have spoken of as having been delivered to Mr. Turcotte?

On the 28th October, 1859, I received a note from Mr. Galt, directing me to telegraph Mr. Taylor, of the Bank of Upper Canada, Montreal, for the price of Lower Canada Municipal Loan Fund bonds, with or without current interest. I telegraphed accordingly, and received from Mr. Taylor, on the same day, a reply stating the price to be 93½, perhaps 94, sellers receiving accrued interest. I made this known to Mr. Galt, and on the next day, the 29th, he wrote me stating that he had purchased, for account current of the Government, under authority of an Order in Council, £45,000 Municipal Loan Fund bonds, Lower Canada, to be delivered by the Bank of Upper Canada at 94, with accrued interest to date. I was directed to carry out the transaction, and I applied for a warrant in favor of the bank for \$142,525.93, which was issued in due course. The statement furnished by the bank was this:

Nos. 1,930 to 2,003, of \$2,000 each.....	\$148,000.00
6 per cent. interest due on 31st October, 1859.....	3,405.93
	<hr/>
	\$151,405.93
Less 6 per cent. discount on amount of debentures.....	8,880.00
	<hr/>
	\$142,525.93

The debentures thus purchased from the bank were the debentures which the Receiver General's department had paid to Mr. Turcotte on account of the Three Rivers loan.

1399. What were the terms of the Order in Council to which you have referred?

I produce a copy dated 22nd October, 1859 :

COPY OF A REPORT of a Committee of the Honorable the Executive Council, dated 22nd October, 1859, approved by His Excellency the Governor General in Council on the same day.

On a memorandum dated 11th June last, from the Honorable the Minister of Finance, submitting that on the application of the municipality of the city of Three Rivers, the Receiver General be required to issue Consolidated Municipal Loan Fund Debentures to the amount of £37,000 currency; and recommending that, under the authority of the Act for the consolidation of the public debt, the Receiver General be authorized to purchase the same at the market rate of the day, and that a warrant do issue accordingly.

The Committee submit the above recommendations for your Excellency's approval.

Certified.

(Signed) W. H. LEE,
C. E. C.

To the Honorable the Receiver General.

The Order in Council authorized the purchase of £37,000 debentures, whereas the amount actually purchased was £45,000. I called the attention of Mr. Receiver General Sherwood to the discrepancy, and the consequent necessity for a supplementay Order in Council sanctioning the payment of the £8000. I am not aware that such an Order was passed. On the application of the Bank of Upper Canada, however, a second warrant was issued, covering the difference. The memorandum furnished by the bank was this:

Nos. 1914 to 29, \$2000 each, 16 Vic., cap. 22, 18 Vic., cap. 13—	\$32,000 00
6 per cent interest from 30th June, to 8th November, 1859 -	689 06

\$32,689 06

Less discount on amount of debentures - - -	1,920 00
---	----------

\$30,769 06

The £8,000 covered by this memorandum were the proceeds of a loan by the Government to the village of Fermont, paid to Mr. Turcotte, under power of attorney from the municipality, but in no way connected with the Arthabaska road.

Monday, October 12.

WILLIAM DICKINSON, Deputy Inspector General, recalled.

1400. Can you produce copies of any letters addressed by Mr. J. E. Turcotte to the Finance department, in reference to a claim for further payments on account of the construction of the Three Rivers and Arthabaska Railroad?

I produce a copy of a letter addressed by Mr. Turcotte to Mr. Howland, dated 10th July, 1862. It is the only letter I find addressed to the Minister of Finance:—

QUEBEC, 10th July, 1862.

To the Hon. W. P. Howland,
Minister of Finance,
Province of Canada.

DEAR SIR,—I have the honor to submit for your consideration the following facts, and to request that you will oblige me by submitting them, with your own opinions, to the Honorable the Executive Council.

By 19 and 20 Vic., Cap. 111, it was provided that the Grand Trunk Railway Company should be authorized to issue preferential bonds to the extent of two millions of pounds sterling; the holders of said bonds to have priority of claim therefor over the present first lien of the Province, on the following conditions:

The proceeds of these bonds shall be deposited with the Provincial agents in London,

and released on the certificate of the Receiver General of the Province of Canada, upon proof, to the satisfaction of the Governor in Council, of the progress of the works hereinafter mentioned. The proceeds shall be appropriated to these works, and released to the company as these works proceed. Among these works will be found the Three Rivers and Arthabaska branch, for the construction of which the sum of £125,000 sterling was specially set apart in the said Act.

The works were commenced on the 19th July, 1859; but on the 2nd June of the same year, I as mayor of the city of Three Rivers, addressed a letter to the Government, the tenor of which will be found in a report of a committee of the Executive Council hereunto annexed; containing also the decision of the Council by Order in Council, based upon the said report.

Since that date, I, as contractor with the Grand Trunk Company for the construction of the said branch railway, have received from the Provincial Government, in virtue of Grand Trunk certificates establishing the performance of work upon the road, the sum of \$420,000 (say four hundred and twenty thousand dollars), as detailed in annexed account, signed by J. Langton, Esq., Auditor, leaving a balance of \$188,333.33 still remaining, which I am entitled to receive from the Government, to complete the £125,000 sterling specially set apart to be paid on the sanction of the Governor General in Council. I have now in my possession a certificate for the sum of \$30,000, dated 24th April, 1862, requesting the Receiver General to pay me that amount out of the special fund set apart for that road. I have therefore respectfully to request that you will lay this matter before the Executive, and inform me when and in which manner I shall receive the amounts still due me as above stated.

I have become heavily indebted for work on this road, trusting implicitly to the unmistakable tenor of the Order in Council referred to, and I lay the matter thus early before the new Government, in order that I may make my business arrangements with greater precision. If I were placed in possession of the requisite funds, the road could be completed within a few months.

I have the honor to be, sir,

Your most obedient servant,

(Signed) J. E. TURCOTTE,
Contractor T. R. & A. B., G. T. R.

1401. Have you the certificate for \$30,000, alluded to by Mr. Turcotte in this letter as having been given by the Grand Trunk Company?

I produce a copy of it, bearing date 24th April, 1862.

GRAND TRUNK RAILWAY OF CANADA,
Montreal, 24th April, 1862.

No. 15. Contract for construction of Three Rivers and Arthabaska Railway.

Date of contract, 20th August, 1858.

I certify that J. E. Turcotte, Esq., is entitled to the sum of thirty thousand dollars on account of the above contract, and the Receiver General of the Province is requested to pay the said amount out of the special funds appropriated under the Relief Act to the said work.

(Signed) J. FERRIER, A. L. TREMBICKI,
Chairman, Finance Committee. Chief Engineer.

By present Certificate.....\$30,000.

1402. This certificate is signed by A. L. Trembicki as chief engineer, and is countersigned by J. Ferrier as chairman of the Finance Committee. Is this the usual form in which the Grand Trunk Company conveyed its authority for the recognition by the Government of Mr. Turcotte, the company's contractor?

It is the usual form. In some cases, however, the certificates are signed only by Mr. Trembicki, the company's engineer.

1403. Is your department in possession of the progress estimate furnished by the Grand Trunk engineer, setting forth the expenditure upon the Three Rivers and Arthabaska road?

It has been returned to the department within the last few days, having been in the hands of the Attorney General East. It is dated 11th November, 1861, and is signed by Mr. Trembicki, engineer. I produce a copy:—

GRAND TRUNK RAILWAY.

(THREE RIVERS AND ARTHABASKA BRANCH.)

Statement of Works executed by Contractor to 1st of November, 1861.

Right of way not to be allowed until deeds are placed in company's hands.

Grubbing and cleaning (say on account—all done but slashing)	\$ 30,000 00
Excavation, on account—417,453 cubic yards.....	200,000 00
Board fence, 327 rods @ \$2.98.....	974 46
Rail fence, 2,688 rods @ \$1.98½.....	5,335 68
Bridge masonry, 1,792 cubic yards @ \$23.82½.....	42,694 40
Culvert masonry, 1,849 do 9.93.....	18,360 57
Stone delivered, 360 do 5.00.....	1,800 00
Cross ties, all delivered.....	41,950 55
Rails, do.....	305,816 65
Chairs and spikes—say 26 miles @ \$843.95.....	21,942 70
Iron girders, 132 tons @ say \$200.....	26,400 00
Track laying, 31½ miles @ \$496.44.....	15,637 86
Cattle guards, 9 pairs @ \$79.43.....	714 87
Farm crossings, 50 pairs @ \$19.86.....	993 00
Ballast, 67,532 cubic yds. @ \$0.59½.....	40,193 44
Station buildings, ⅓ complete.....	24,326 35
Tanks and woodsheds do.....	8,688 00
Engine house and turntable, ⅓ complete.....	12,163 16
Dock opposite Three Rivers, do.....	27,801 52
Do at do complete.....	11,914 95
	<u>\$837,708 16</u>
Deduct 10 per cent. as per contract.....	83,770 81
	<u>\$753,937 35</u>
Deduct Three Rivers debentures, say 15 per cent.....	125,656 22
	<u>\$628,281 13</u>
Advances and certificates to date.....	\$585,833.33
Engineering expenses paid by G. T. R. Co.....	21,905.16
	<u>607,738 49</u>
Balance.....	<u>\$20,542 64</u>

Duplicate. (Signed) A. L. TREMBICKI.
11th November, 1861.

Tuesday, October 13.

Honorable JOSEPH E. TURCOTTE, M. P. P., sworn.

1404. You are the contractor for the construction of the Three Rivers and Arthabaska Railroad, towards which £125,000 sterling were appropriated under the Grand Trunk Relief Act of 1856?

Yes.

1405. Will you epitomise the leading points of the contract?

The contract, which is dated 20th August, 1858, is between myself and the Grand Trunk Company, and provides that the road, stations and everything belonging to it shall be made in the same style as the Quebec and Richmond road, at the rate of £6,000 sterling per mile. The Grand Trunk Company were to be at liberty to adopt this price of £6,000 sterling per mile, or to pay me at the same rate as the expenditure upon the Quebec and Richmond road, deducting from the outlay upon the latter the price of the rolling stock, which I was not required to furnish. The company adopted the fixed rate of £6,000 sterling per mile, on which rate all the schedules were based and all payments made. Included in this rate was the outlay required for building two wharves, one on each side of the St. Lawrence at Three Rivers, and also the construction of a steam ferry boat. According to the terms of the contract the road and works were to be finished in September, 1860—the period fixed by the Grand Trunk Act of 1857.

1406. When were the works upon the road commenced?

The survey for the road should have been made by the Grand Trunk Company in the spring of 1858, but it was not made until the fall of that year. My work as contractor commenced in July, 1859, and continued up to November, 1861. There has been no work upon the road since that date.

1407. What progress has been made towards the completion of the several works covered by your contract?

The road is made according to the contract, and as sanctioned by Mr. Napier, the Grand Trunk Company's engineer. The stations and wood-sheds are all built; so are the tanks, with one or two exceptions. The wharves are built; in fact, the road and works are so near completion, that I have Mr. Napier's estimate setting forth that a further expenditure of \$25,000 would complete them. I would undertake to finish them in three weeks, if the money were forthcoming. The steamboat has not been built; a verbal understanding having been entered into between the Grand Trunk Company and myself, that the company should furnish a good boat, deducting on account of it \$14,000 out of my contract.

1408. What amount of money has been expended under the contract?

The exact amount I cannot state without referring to my books. I will furnish a detailed statement on my return to Three Rivers. Speaking roundly, about \$650,000 have been expended. In this amount I do not include the cost of the survey, which, under the terms of the contract, the Grand Trunk Company were bound to make.

1409. Your contract being with the Grand Trunk Company, under what circumstances and from what cause were moneys paid to you direct by the Government on account of work performed under the contract?

The first payment made by the Government was \$10,000, which sum was paid to the Bank of Upper Canada in payment of a note of the same amount given to me by the Grand Trunk Company, and discounted by the bank. The first expenditure on the road was made out of the proceeds of the \$160,000 debentures loaned to Three Rivers. The Grand

Trunk Company then paid me notes amounting to \$24,000, and they afterwards gave me notes amounting to \$101,000, of which I discounted \$61,000 in the Bank of Upper Canada. The balance, \$40,000, I have still in hand, protested. The \$61,000 having not been paid by the company when they became due, I then had recourse to the Government, asking payment out of the £125,000 sterling, on divers estimates and orders on the Government from the Grand Trunk Company. In this way I came directly in contact with the Government, from which I received subsequently various sums, always on similar estimates and orders. The sums which I received, directly or indirectly, from the Government, under the Relief Act, amounted to \$420,590. I received \$30,000 in England out of the proceeds of a draft of the Grand Trunk Company, on Glyn, Mills & Co., which I understand was paid on the order of Mr. Galt, then in England. I do not know whether this \$30,000 is included in the \$420,590 which appears in the Government account as having been paid under the Act, or whether it is included in the Grand Trunk account as against me. I would readily acknowledge it as having been paid by the Government out of the £125,000 sterling.

1410. Has there been any engineering inspection of the road and works, other than that made from time to time by engineers of the Grand Trunk Company?

• The Grand Trunk Company had an engineer resident there—Mr. Napier—who was always on the road. I had my own engineer, Mr. Wright. But there has been no inspection by any engineer on the part of the Government.

Thursday, October 15.

T. D. HARRINGTON, Deputy Receiver General, recalled.

1411. Does the account of \$420,590, which appears in the books of the Receiver General's department, as having been paid by the Government on account of the Three Rivers and Arthabaska Railroad, include a payment of \$30,000 to Mr. Turcotte, which was made in England, out of the proceeds of a draft of the Grand Trunk Company on Glyn, Mills & Co.?

I think that it does not. I have searched the records of the office, and find no trace of any such payment as having been made by Glyn, Mills & Co., and charged to the Government.

Wednesday, October 21.

GEORGE C. REIFFENSTEIN, Receiver General's Department, recalled.

1412. Can you furnish a statement of the sums received from the Post Office department on account of postal payments due to the Grand Trunk Railway Company, in the years 1861, 1862; showing also the various entries made in your books in connection with the same?

The total sum received from the Post Office department on account of Grand Trunk postal service, for the year 1861, was \$60,000, and in the year 1862 a further sum of \$60,000 was received for postal service. The first \$60,000 deposited in January, 1862, was placed to the credit of two accounts—namely, \$15,133.33 to the credit of Grand Trunk account, Railway Inspection Fund; and \$44,866.67 to the credit of the Grand Trunk Company, in the account of "Investments, ex-Consolidated Canadian Loan," towards the reimbursement of advances on that account. The second \$60,000 referred to were placed to the credit of the Grand Trunk account "Investment ex-Consolidated Canadian Loan." The first \$60,000 appears in the Public Accounts as for 1861; the second in the Public Accounts of the year 1862.

1413. The Order in Council of 3rd August, 1860, sanctioning certain advances to the Grand Trunk Company, provided for their repayment of moneys due, and to become due, to the company by the Post Office department for postal services. Had the advances thus secured been repaid when the \$15,133.33 of which you have spoken, were placed to the credit of the Railway Inspection Fund? If not, on what authority was that entry made?

The advances sanctioned by the Order in Council of 3rd August, 1860, had not been repaid when the \$15,133.33 were credited to the Railway Inspection Fund. Upon the representations of the Receiver General's department, that certain amounts were due to the Railway Inspection Fund by the railways of the Province, the Grand Trunk Company included, an Order in Council was passed on the 8th January, 1862, authorizing the Postmaster General to pay out of the moneys due for the carriage of mails, the sums in which the various railways were indebted to the Inspection Fund. I produce a copy of this Order in Council.

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council, on the 8th January, 1862.

On a report from the Honorable the Minister of Finance, dated 8th instant, stating that, under the Railway Inspection Act, certain sums are payable to the Government.

That the Post Office department is indebted to the several railway companies for carriage of mails, and he recommends that the said department be directed to pay to the Receiver General the amount due to that officer under the terms of the Railway Inspection Act.

The Committee submit the above recommendation for Your Excellency's approval.

Certified. (Signed) W. H. LEE, C.E.C.

To the Honorable
The Receiver General,
&c., &c., &c.,

WILLIAM DICKINSON, Deputy Inspector General, recalled.

1414. According to the books of the Finance department, what sums were received from the Post Office department on account of Grand Trunk postal services for the years 1861 and 1862, and to what accounts were the sums received respectively credited?

On account of postal services for 1861, the sum of \$60,000 was received from the Post Office department, for the Grand Trunk Company, of which \$15,133.33 were credited to that company on account of Railway Inspection Fund, being the balance due to that fund up to 1st July, 1861. The balance, \$44,866.67, was credited to the company, on account of an advance made by the Government, under the Order in Council of 3rd August, 1860. The \$15,133.33 were taken out of the \$60,000 on account of Railway Inspection, under directions from the head of the Finance department; and an account of the same was rendered to the Grand Trunk Company without being objected to by them. For postal services in 1862, \$60,000 were again received from the Post Office department, the whole of which was credited to the advance account. *

* INSPECTOR GENERAL'S OFFICE,
Quebec, 22nd October, 1863.

Sir,—I find, on referring to the books of the department, that in giving my evidence yesterday, I omitted the sum of \$6,450.71 received from the Public Works department, making the total receipts on account of the Grand Trunk Company to be \$66,450.71, of which \$15,133.33 was placed to the credit of Railway Inspection, and the balance, \$51,317.38 to the credit of Advance Account.

I have the honor to be, sir,

Your obedient servant,

(Signed)

WM. DICKINSON, D.I.G.

Geo. Sheppard, Esq.,
Commissioner and Secretary,
Financial and Departmental Commission,
Quebec.

NORRIS GODARD, Chief Clerk, Finance Department, sworn.

1415. The Commission have learned by evidence from your department that the sum of \$44,866.67 was credited to the Grand Trunk Company, on account of advances out of the sum paid for the postal services of 1861. The account rendered to the Commission in June last fixes the sum thus credited at £10,544 13s. 4d. sterling, or \$51,317.38. What explanation have you to offer with regard to the discrepancy?

The account rendered to the Commission in June last, represents the account as it stands in the books of the Inspector General's department. The sum credited to the Grand Trunk Company, for postal service in 1861, is £10,544 13s. 4d. sterling, or \$51,317.38. The difference between this sum, and the \$60,000 paid by the Post Office department, namely, \$8,682.62, was credited to the Railway Inspection Fund, as received on account of the Grand Trunk Company. With regard to the discrepancy to which the question alludes, amounting to \$6,450.71, I may explain that when that sum was received, it was credited to the Grand Trunk Advance Account, but finding, on reference to the Receiver General's department, that they had carried this amount to the Railway Inspection Fund, we made an entry to correspond with their books, by charging the Grand Trunk Advance Account to the Railway Inspection Fund. When the \$60,000 were paid by the Post Office department, this item of \$6,450.71 was then again credited out of that sum to the advance account. The \$6,450.71 was cash received from the Public Works department on account of Grand Trunk service, in connection with the Prince of Wales' visit. The sum actually credited by the Inspector General's department, to the Grand Trunk, for the two services, 1861, was \$66,450.71.

Thursday, October 22.

JOHN LANGTON, Auditor, recalled.

1416. The Legislature, in dealing with the Grand Trunk Railway Company, has at different times affirmed the power of the Board of Audit to call for and inspect the books, accounts, and vouchers of the company; the Act of 1857 [20 Vic., chap. 11], declaring that the said Board of Audit shall have the same powers in relation to the said company, and their accounts as are vested in them with respect to institutions supported by public funds, under and by virtue of the Act passed to secure the more perfect auditing of public accounts. Have these powers been exercised by the Board of Audit in relation to the company?

Not in detail. As long as there was an officer of the Grand Trunk Company, who was called the Government Auditor, he used to send to me copies of the half-yearly statements of the company. I used to have some correspondence with the company, with respect to the various accounts which they had with the Government. Since that office has been abolished, I have not even had the half yearly statements of account, and do not know how their books correspond with ours. The government auditor, of whom I speak, was Mr. Stewart, who was appointed, I think, in 1860, and ceased to be an officer of the Grand Trunk in 1862. Previous to his appointment, Mr. Elliott had held the office of government auditor before being appointed Secretary-Treasurer of the company. I had very little correspondence with Mr. Elliott, who did not appear to be aware of what his duties in connection with the government were. But I looked into the whole of the accounts of the Grand Trunk, in 1860, under a Commission from the Government, and made a report upon the subject in conjunction with Mr. Lewis Grant, the other Commissioner. Both Mr. Elliott and Mr. Stewart, although nominated by the Government, were paid by the company, and almost all their duties were as servants of the company. I think I should explain that the Act of 1857, referred to in the question, does not make it the duty of the Board of Audit to investigate the accounts of the company, but make it lawful for the Governor General, from time to time, to empower the Board to inspect the

books and report to him. I never received any such instructions except when I was acting as Commissioner.

Monday, October 26.

T. D. HARRINGTON, Deputy Receiver General, recalled.

1417. Are you able to state from whom, and at what dates, the Receiver General's department received the \$100,000 City of Montreal debentures, which are alleged to have been redeemed on the 1st June, 1859, by the Government on behalf of the Grand Trunk Company?

We have a certificate of the late Thomas G. Ridout, cashier of the Bank of Upper Canada, dated 18th June, 1859, certifying "that the Bank of Upper Canada holds one hundred thousand dollars in the city of Montreal debentures, subject to the order of the Honorable the Receiver General." The Government was in Toronto at the date of this certificate, and I cannot find any letter from the bank in relation to it. Whatever was done, was done *vis à voce*. I think my letter of the 4th June, 1859—already handed to the Commission—stating that the Government held the amount of debentures in question, was written in conformity with the Order in Council of the 1st June, 1859, authorizing the redemption of the bonds. I am certain that in writing the letter, I acted under instructions from Mr. Receiver General Sherwood. Although we have no letters from the bank on the subject, I have no doubt that they had then redeemed the bonds. I am under the impression that they had been redeemed by the Bank under verbal orders from Mr. Galt, the Finance Minister. The application by me for the warrant, dated 14th June, 1859, set forth that the \$100,000 were "to reimburse the bank" in that amount paid for the "redemption of Montreal City Bonds." The cheque for the \$100,000 was drawn on the 17th June, in my favour, and I endorsed it to Mr. Ridout; and on the following day I received his certificate, to which I have already referred. None of the bonds were actually delivered to the Government until the 28th July, 1859, when \$97,000 appear to have been handed over by the bank. I find a memorandum in the Register of Debentures deposited with the Receiver General, without date, that \$3,000 had yet to be received to make up the \$100,000. On the 29th August, 1859, Mr. Demers, city treasurer of Montreal, wrote to Mr. Galt, that he was about to come to Quebec to receive back the \$100,000 bonds. The fact having been communicated to me, I telegraphed from Quebec to Mr. Reiffenstein, the Debenture Clerk of the department, then at Toronto, as follows—the date of the telegram being August 31: "City Treasurer, Montreal, comes Friday to pay arrears and interest, and wants to receive back corporation bonds lodged for security and redeemed by us. Grand Trunk you remember. Find parcel in safe only ninety-seven thousand (97,000) dollars, received from Bank U. C., Toronto. Memorandum of yours, three thousand (3,000) still to surrender. Is all right for handing back on payment made? Where is balance of bonds?" Mr. Reiffenstein's reply cannot now be found. I recollect, however, that his answer was, that the bank had \$3,000 still to send to the Receiver General. He added that he knew nothing of any connection between the payment of its municipal debt by Montreal and the return of the \$100,000 securities; or something to this effect. Being still in doubt about the transaction, on the 1st September, 1859, I wrote to Mr. Reiffenstein, who was still in Toronto, saying:—"I received your telegrams. Galt is here, and I am trying to get hold of him, but he is such a bird of passage that it is difficult. Demers is to be down to-day or to-morrow, he says, to pay the Montreal debt (M. L. F.), as I understand him, but these \$100,000 (or \$97,000) bonds, redeemed by us, is quite another affair, and I certainly must object to part with the securities unless so instructed by Galt." Mr. Receiver General Sherwood was at the time absent from Quebec, and I had to act entirely upon my own discretion. After writing this letter, I must have seen Mr. Galt, who instructed me to deliver the bonds, at the same time handing me Mr. Demers' letter of the 29th August, to himself. The letter of Mr.

Demers, of which I speak, has already been produced in evidence. On the 2nd of September, Mr. Demers came to the Receiver General's Office, and paid the \$100,000 due by the City of Montreal to the Municipal Loan Fund, and the \$97,000 debentures were thereupon delivered to him, with a certificate that he was entitled to \$3,000 more. Between the 2nd and the 12th September, the \$3,000 bonds were received by the department from the Bank of Upper Canada; and on the 12th I forwarded them to Mr. Demers, stating that they were the balance of the \$100,000 redeemed by the Government, and asking him to send me a receipt for the whole, which he did on the following day. I have not the slightest knowledge from whom the Bank of Upper Canada received these bonds. That is a point upon which we should not trouble ourselves, and it is one on which the bank never gave any information to the department.

1418. Have you any record of the sums loaned to several counties of Lower Canada, for the purchase of seed grain, in 1855, together with the authority under which such loans were made, and the amounts that have been repaid on account of the same?

The loans referred to were made under the authority of an Order in Council, dated 21st May, 1855, a copy of which I produce.

Order in Council, 21st May, 1855.

On the Petitions of inhabitants of several counties of Lower Canada, representing their distressed state from want of seed grain, and on the appropriation to be made for their relief.

The Committee of Council respectfully recommend that out of the sum of £5000 currency, to be appropriated for the purpose of affording the means of purchasing seed, to those persons in several parts of the Province who have suffered from a total failure of their crops during the past season, accountable warrants be issued in favour of the Hon. the Provincial Secretary for the following sums, to be distributed in the counties hereinafter named, viz :—

For the counties of

Gaspé.....	£100
Bonaventure.....	500
Chicoutimi and Saguenay.....	600
Charlevoix.....	250
Rimouski.....	150
Kamouraska.....	50
Drummond and Arthabaska.....	300
Wolfe and Sherbrooke.....	400
Compton.....	350
Stanstead.....	200
Mississquoi.....	150
Shefford.....	200
Chateauguay.....	350
Huntingdon.....	200
For all.....	<u>£4,100</u>

And the Committee further recommend that the persons or agricultural societies entrusted with the distribution of the said moneys, shall be instructed by the Provincial Secretary to require from each person receiving any portion of the loans, either in money or seed, an acknowledgment in writing of the amount so received, with a promise to repay the same within one year, to keep a correct statement and account of the names and places of residence of all such persons and of the amount of money or seed borrowed by each, and to transmit the same to the Provincial Secretary on or before the first day of August next.

And as additional security for the re-imbusement of the sums so loaned, the Committee are of opinion that the portion of the annual grant made by the Legislature for the

benefit of agricultural societies, accruing thereafter to any agricultural society or societies in any county the inhabitants whereof shall have received relief, shall be withheld until the moneys advanced be repaid, and that in the counties where there are no agricultural societies, the share of moneys appropriated for making roads and accruing to such counties, shall be in like manner withheld to the concurrence of the sums so advanced to such counties and not repaid.

(Certified.) W. H. LEE, C.E.C.

To the Honorable
The Provincial Secretary,
&c., &c., &c.

The Order in Council recites loans amounting to £4,100, for which a warrant was issued on the 22nd May, 1855, in favor of the Honorable Mr. Cartier, then Provincial Secretary. On the 23rd May, a second warrant was issued, and on the 26th May, a third, both in favor of Mr. Cartier, the amount of the former being £350, and of the latter £550. The appropriation of the second and third warrants was as follows: Kamouraska, additional, £100; Beauharnois, £150; Maskinongé, £50; Pontiac, £50; Laprairie, £90; Témiscouata, £50; St. Maurice, £30; Yamaska, £70; Joliette and Berthier, £50; De Rouville, £50; Bellechasse, £70; Montcalm, £60; Bagot, £40; Soulanges, £40; Total, £900. The payments were made in separate cheques, drawn in Mr. Cartier's favor, and by him endorsed to certain parties, who received the money. The only knowledge we have as to the parties to whom the moneys were paid is derived from these endorsements. I have made out a list, showing the amounts paid and to whom, and also the sums repaid. This list I produce.

RETURN shewing to what Counties money was advanced, under the Act 18 Vic., c. 75, and Order in Council 21st May, 1855, for the purchase of Seed, and to whom the respective sums were paid, and how much has been refunded, &c.

County.	Date.	Amount.	To whom paid.	By whom Cheques Endorsed.	Refunded.	Date of refund.
Gaspé	May 22, 1855	\$1600 00	{ \$200, Cheque 22nd May } { \$400 do do } Honorable G. E. Cartier Provincial Secretary.	J. LeBoutillier and T. Fraser		
Bonaventure	do	2000 00		John Meagher		
Chicoutimi and Saguenay	do	2400 00		David E. Price		
Charlevoix	do	1000 00		do		
Rimouski	do	600 00		G. E. Cartier		
Kamouraska	do	600 00		do		
Drummond and Arthabaska	do	1200 00		Rev. P. H. Suzor		
Wolfe and Sherbrooke	do	1600 00		J. T. Lebel		
Compton	do	1400 00		J. S. Sanborn, O. Brooks & A. T. Galt		
Stanstead	do	800 00		T. Lee Terrill		
Miseisquoi	do	600 00		G. E. Cartier		
Shefford	do	800 00		Capt. Cumming and L. W. Decker		
Chateauguay	do	1400 00		M. A. Primeau		
Huntingdon	do	800 00		John Morrison		
Beauharnois	May 23, 1855	600 00		Louis Hainault		
Maskinongé	do	200 00		G. E. Cartier		
Pontiac	do	200 00		Rev. J. C. Lynch		
Laprairie	May 26, 1855	360 00		T. J. J. Loranger		
Temiscouata	do	200 00		Benjamin Dionne		
St. Maurice	do	120 00		Rev. P. S. Bédard		
Yamaska	do	280 00	G. E. Cartier			
Joliette and Berthier	do	200 00	G. De Lanaudière			
DeRouville	do	200 00	Major T. E. Campbell			
Bellechasse	do	280 00	Dr. O. Fortier			
Montcalm	do	240 00	G. E. Cartier			
Bagot	do	160 00	T. Brodeur			
Soulanges	do	160 00	L. H. Masson and G. Beaudet			
LESS—Parish of St. Gabriel de Brandon	\$35 00	20000 00	Being too small—received from	Mr. Cartier	\$35 00	3rd July, 1855.
Balance of amount for distribution	0 77		Paid to Mr. Price		0 77	20th Sept., 1855.
REFUNDED—Honorable Mr. Cartier	10 00		Refunded ex sum advanced		10 00	8th April, 1856.
T. E. Campbell	200 00		Parish of St. Hilaire		200 00	21st June, 1856.
		245 77				
Total		\$19764 23			\$245 77	

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RECEIVER GENERAL'S OFFICE,
Quebec, 24th Oct., 1863. }

(Signed) T. D. HARRINGTON,
D. R. G.

I have no knowledge of any repayments other than those set forth in this table.

1419. The Order in Council which you have produced recites a certain manner of securing the repayment of the sums loaned under its authority. Are you aware whether any attempt has been made to collect the loans in the manner indicated?

I am not aware whether any such attempt has been made. I should say that the responsibility of collecting the moneys loaned devolves upon the Provincial Secretary and the Bureau of Agriculture—principally on the latter.

Tuesday, October 27.

EVELYN CAMPBELL, Acting Secretary, Bureau of Agriculture, sworn.

1420. Is the Bureau of Agriculture entrusted with the disbursement of the annual grant made by the Legislature for the benefit of Agricultural Societies in Lower Canada, and also with the management of the appropriations made by Parliament for the construction of roads in Lower Canada?

With regard to Agricultural Societies, the Board of Agriculture, in Upper and Lower Canada respectively, forward to the Bureau lists of the various local societies, certified by the president of the board. These lists show the number of subscribers to each local society, and the aggregate amount of their subscriptions. These local societies are entitled to three times the amount of their subscriptions, less ten per cent. given by the Act to the boards to cover their expenses, and less also two and a half per cent. given by the Act for the promotion of agricultural instruction. The aggregate of the sums to which the societies in Lower Canada are entitled is paid by the Bureau, by warrant, to the treasurer of the Lower Canada Board of Agriculture, who distributes it amongst the societies, subject to the deductions I have named. The Bureau has been entrusted with this duty since its organization in 1852. The disbursement of the parliamentary appropriation for roads in Lower Canada was only transferred to the Bureau in 1862. Up to that time it had been in the hands of the Crown Lands department.

1421. Are you aware that an Order in Council, passed on the 21st May, 1855, authorizing loans to counties in Lower Canada for the purchase of seed grain, directs that to secure the repayment of the sums thus loaned, they should be deducted from the annual grant to agricultural societies, or in counties where agricultural societies do not exist, from the appropriation for the construction of roads?

The Bureau has had no official information on the subject. At least I find none amongst its records. I never had any knowledge of the Order in Council referred to until yesterday, when my attention was called to it by the Commission.

1422. Have steps been taken by the Bureau of Agriculture to retain from one or the other of the sources named, the sums due by several counties in Lower Canada on account of moneys loaned for the purchase of seed grain in 1855?

To the best of my knowledge, none. After careful examination of the documents and records of the Bureau, I do not find any correspondence or memorandum on the subject.

Wednesday, October 28.

RICHARD S. CASSELS, Manager, Bank of Upper Canada, Quebec, sworn.

1423. On the 18th June, 1859, Mr. Ridout, then cashier of the Bank of Upper Canada, Toronto, certified that the Bank held \$100,000 of the City of Montreal debentures,

subject to the Order of the Receiver General. Are you able to state from whom and on what dates, the bank received the debentures in question?

I have applied to the manager of the Bank at Montreal, and have received from him a reply, a copy of which I produce :

BANK OF UPPER CANADA,
Montreal, 26th October, 1863.

To the Manager,
Bank of Upper Canada,
Quebec.

SIR,—I beg to advise you that on the 2nd, 3rd, and 4th days of June, 1859, the Bank of Montreal presented for payment at this branch, bonds issued by the corporation of the City of Montreal, to the amount of ninety-seven thousand dollars (\$97,000), and on the 23rd August, the Quebec Branch, B. U. C., sent the further sum of three thousand dollars, together making the \$100,000, respecting which you enquired a few days ago.

I am, sir,
Your obedient servant,
(Signed) E. T. TAYLOR,
Manager.

June 4th.....	\$15,000
“ 3rd.....	10,000
“ 2nd.....	72,000
	<hr/>
	\$97,000 B. of M.
Aug. 23rd.....	3,000 Quebec Branch, B. U. C.
	<hr/>

With regard to the \$3,000 alleged by Mr. Taylor to have been received from the Quebec branch, I find in my letter to Mr. Taylor, under date 20th August, 1859, the following advice: “I return debentures, \$3,240, being payable at Montreal.” They had been forwarded to Quebec from Montreal, and were returned as payable there.

BOUCHER DE LA BRUÈRE, Clerk, Bureau of Agriculture, sworn.

1424. Were you formerly clerk to the government agent for colonization roads in Lower Canada?

I was assistant inspector of colonization roads in Lower Canada, from 1854 to 1862. In that capacity I kept a record of the sums appropriated for the several roads, as we were informed of them by the department of Crown Lands.

1425. Between 1855 and 1862, were the moneys accruing to counties in Lower Canada, for the construction of roads, subject to any deduction on account of loans made by the government for the purchase of seed grain in 1855?

I have no knowledge of any such deduction, and I am sure that the inspector of colonization roads was never informed that such deduction should be made.

SABIN TETU, Clerk, Provincial Secretary's Department, sworn.

1426. Can you state, from accounts and correspondence in the possession of the Provincial Secretary's office, the details of the expenditure under loans authorized by the government for the purchase of seed grain in 1855?

I have before me all correspondence and papers in the possession of the office, relating to the loans referred to, as made by the government in 1855.

1427. Will you proceed to state particulars?

Turning to the papers connected with the expenditure under the loan to the county of *Gaspé*, I find that \$1600 were loaned to that county, having been paid by the Provincial Secretary to Mr. J. LeBoutillier. We have bills of parcels of grain and potatoes purchased by Mr. LeBoutillier, in Quebec, amounting, with freight and charges, to \$1600; also accounts showing in detail the distribution of the same, with the exception of a small quantity alleged to have been sent to Fox River. The accounts of distribution are in the form of a certified copy of the list of receipts: the parties receiving aid and binding themselves respectively to repay the cost. The county of *Bonaventure* received \$2000, through Mr. Meagher, at the time M.P.P. There is a regular account current rendered by Mr. Meagher, exhibiting the expenditure of \$1600 in the purchase of grain; the remaining \$400 being distributed in cash to purchase potatoes for seed. Copies of detailed statements of the distribution of the whole \$2000 are furnished, and these form the vouchers. The counties of *Chicoutimi* and *Saguenay* received \$2400 through Mr. Price, M.P.P. We have accounts of the whole expenditure for grain and charges, a small balance of 77 cents having been returned to the office, and there is a copy of a detailed statement of the distribution, certified by Mr. Price. We have no document by which the recipients of the loan bound themselves to repay. The county of *Charlevoix* received \$1000, also through Mr. Price, M.P.P. Of this sum \$616.66 were expended in the purchase of seed grain, of which we have accounts. \$238 were sent in cash to the Rev. Mr. Tremblay, curé of Ste. Agnès, and \$145.34 in cash to the Rev. Mr. Gagnon, of Eboulements, to be by them expended. We have a detailed statement of distribution for Ste. Agnès, from the Rev. Mr. Tremblay, of 300 bushels of barley and \$238 in cash. From the Rev. Mr. Gagnon, of Eboulements, we have only a letter acknowledging the receipt of 100 bushels of barley and \$145.34 in money, without any statement of the distribution of either. In the case of Ste. Agnès, there is a copy of an engagement to repay, in one year, by the persons who received aid.

Thursday, October 29.

SABIN TETU.—Examination continued.

1428. Will you proceed with a statement of the particulars of the expenditure and distribution of the moneys under the seed grain loan made by the Government in 1855?

I resume with the county of *Rimouski*, to which \$600 were loaned. This amount was paid in bulk to Mr. A. El. Gauvreau, Ste. Luce, who apportioned the amount, in cash, as follows:—Ste. Luce, \$100; Ste. Flavie, \$100; St. Simon, \$80; Ste. Cécile, \$80; Matane, \$80; Townships McNider and Matane, \$80. The correspondence shows that the distribution was entrusted to the clergy of the respective parishes, who furnished receipts and promissory notes signed by the various recipients. The Rev. Mr. Marcoux, of St. Simon, writing with regard to the distribution in his parish, remarks upon the great difficulty that will be experienced in making repayment of the small sums loaned, out of the trifling produce of their lands. "The poor inhabitants," he says, "have not seen bread for a long time, and at present the greatest number live on the stalks of raspberry bushes." The county of *Kamouraska* received \$600, through Mr. Chapais, M.P.P., but we have not any papers throwing light upon either its expenditure or distribution. To the counties of *Drummond* and *Arthabaska*, \$1200 were paid through the Rev. P. H. Suzor, curate, St. Christophe, who sends statements, accounting for the distribution of the whole, in grain. No papers connected with the purchase of grain have been furnished. The county of *Wolfe* received \$1200, through Mr. S. LeBel, of Lake Aylmer. Mr. LeBel has furnished an account current shewing the expenditure for grain of \$875.13, without, however, giving any bills of parcels; the balance—\$324.87—having been charged for expenses. The details of the expenses are as follows:—

Expense of a journey from Lake Aylmer to Quebec, Wotton, Montreal, St. Hyacinthe, &c.....	\$ 82 00
Carriage of grain by the cars.....	36 50
Carriage of grain, 42 loads, 10 miles, from Danville to Wotton.....	87 50
Carriage of grain from Wotton to Lake Aylmer, 17 loads, 31 miles.	73 20
Petty disbursements.....	45 67
	\$324 87

In a letter to the Provincial Secretary, dated 1st August, 1855, Mr. LeBel states that he had taken notes from the parties receiving the grain, and held them subject to the order of the Government. The county of *Compton* received the sum of \$1400, which was paid to Mr. Sanborn, then M.P.P., who reports that he distributed the proceeds in seed-grain, through the county agricultural society. Details are furnished of the distribution by the society of seed to the amount of \$1522.64, in which the loan of \$1400 was included.

Saturday, October 31.

SABIN TETU.—Examination continued.

1429. Question repeated.—Will you proceed with a statement of the particulars of the expenditure and distribution of moneys under the seed grain loan made by the Government in 1855?

The next county in the list is *Stanstead*, to which a sum of \$800 was loaned through Mr. Terrill, then M.P.P., of the distribution of which we have no account whatever. The county of *Missisquoi* received \$600, of which \$300 were paid by the Government to Benjamin Seaton, of Sutton, and \$300 to Rev. Mr. Monette. Mr. Seaton distributed \$277 in money, taking from the parties receipts for the amounts respectively paid to them, with a promise to return the same within twelve months. His expenses were \$8, and a balance of \$15 remains in his hands. From the Rev. Mr. Monette there are no returns. The county of *Shefford* received \$800, which were paid to Captain Cummings, who, with Mr. Savage, assisted by other parties, distributed \$250; handing for distribution \$200 to Rev. Mr. Tremblay; \$140 to Rev. Messrs. Refoin and Slack, aided by others; \$60 to Rev. Mr. Le Blanc; \$60 to L. Robinson and Mr. Poien; \$90 to Messrs. Lyman and P. Hackett. We have details of distribution amounting only to \$460; some of which was paid in money, some in grain, and for \$260 of which promissory notes were taken payable within the year. The counties of *Chateauguay* and *Huntingdon* received respectively \$1400 and \$800. The papers connected with these counties are in the hands of Mr. Somerville, M.P.P., having been sent by our office to the House committee, of which he was chairman. The county of *Pontiac* received \$200, but we have no returns connected with its receipt or distribution. The county of *Beauharnois* received \$600, which were paid to Louis Hainault, who furnishes accounts of the distribution of the whole in money, but with notes for the repayment only of \$160. To the county of *Maskinongé* \$200 were paid through the Rev. Mr. Turgeon, who distributed the amount in money, taking receipts therefor payable on demand, and sending copies to the Government. The county of *Laprairie* received \$360, through the Honorable Mr. Loranger, from whom we hold a memorandum, without date, stating that he delivered the amount to Magloire Lanctot, Esq., who, again, divided it amongst the parishes of St. Philippe, St. Jacques le Mineur, and St. Isidore. Our office has no other papers relating to the expenditure. The county of *Témiscouata* received \$200. Mr. B. Dionne, at the time M.P.P., received the money, and transmitted details of the distribution, which was made in cash, with a promise to repay. To the county of *St. Maurice* \$120 were granted, but the amount was returned by Mr. Desaulniers, then M.P.P., and by an Order in Council was allotted to the parish of St. Raymond, in the county of *Portneuf*. The money was paid to the Rev. Mr.

Bédard, who furnished a detailed statement of its distribution. The county of *Yamaska* received \$280, through Mr. Gill, then its representative. We have a detailed statement of its expenditure, signed by Mr. Gill, but without vouchers or any promise of repayment. The counties of *Joliette* and *Berthier* received \$200, which were paid to Gaspard de Lanaudière. We have no papers relating to the expenditure of the money. The county of *Rouville* received \$200. Major Campbell was entrusted with the distribution, and the whole sum has since been repaid to the Government. The county of *Bellechasse* received \$280, through Dr. O. Fortier, and statements of the distribution of the money have been furnished in detail, a balance of \$10 having been repaid. There are notes for the repayment of one half of the sum distributed. The county of *Montcalm* received \$240, of which \$120 were distributed by Rev. Mr. Martel: in money, \$40; in grain, \$60; in expenses of transport, \$20. The obligations from the parties he has been instructed to hold. Of the other \$120, Mr. J. B. Leblanc, to whom it was paid, has given no account. For the county of *Bagot* \$160 were paid to Mr. Brodeur, then M.P.P. We have no account of the distribution of the money. The county of *Soulanges* received \$160, through Mr. Masson, its then member. We have a detailed statement of the distribution in cash, but nothing is said about repayment.

1430. An official schedule of payments assigns \$1600 to the counties of *Wolfe* and *Sherbrooke*. Your statement of expenditure for these counties covers only \$1200. How were the remaining \$400 disposed of?

By a reference to papers in our office, I find that an Order in Council was passed on the 31st May, 1855, setting forth that \$400, originally granted to *Wolfe* and *Sherbrooke*, had been returned by Mr. E. B. Cleveland, to whom the amount had been paid by Mr. LeBel; and assigning the amount as additional aid to the counties of *Laprairie* and *Maskinongé*. To the former \$160; to the latter \$240. To whom these sums were paid, or how they were disposed of, I am unable to state. Our books give no information upon the subject.

Monday, November 9.

WILLIAM DICKINSON, Deputy Inspector General, recalled.

1431. In the report of the Commission appointed to enquire into the affairs of the Grand Trunk Railway, we find a copy of the minute of the London board, dated November 15, 1860, in the following terms:—"Resolved, That the financial agents of the Province of Canada having advanced already the larger amount, and agreed to advance the remainder, of money required for the withdrawal of the £500,000 six per cent. provincial bonds on the demand of the Minister of Finance; and as these bonds were loaned to the company under the instructions of the Honorable John Ross, the financial agents be desired to open a separate account for these payments, intitled—*Loan by the Financial Agents of the Province of Canada to the Grand Trunk Railway Company, by the Order of the Honorable John Ross, acting on behalf of the Finance Minister of Canada*,—but to debit the ordinary loan account of the company with the interest due and paid on loans made on the security of the above-mentioned bonds." Was the advance herein referred to made at the instance of the Government, or by the London agents of the Province with the concurrence of the Government? If so, be good enough to state the particulars.

There is no record in the Finance department having any reference to the transaction referred to in the minute which is embodied in the question, further than a letter from

Mr. Langton, dated 18th April, 1861, and the correspondence consequent thereupon. The last of these letters is from the Minister of Finance to the London agents, dated the 6th June, 1861. The only answer to this letter which I can find is dated the 27th June, 1861, in which the London agents acknowledge its receipt, with other letters, stating that their various contents had their careful attention. Beyond this correspondence, I have no knowledge whatever of the transaction. I am not aware of any claim having been urged by the London agents in relation to it. I have looked through subsequent correspondence between the department and the London agents, but find no further reference to the matter.

1432. In what shape does the loan for £5,000, which was made by the Government to various counties in Lower Canada for the purchase of seed grain, in 1855, appear in the books of the Finance department?

The amount of £5,000 currency, advanced for the purchase of seed grain, in 1855, was paid by the issue of accountable warrants in favor of the Provincial Secretary. One warrant, authorized by Order in Council dated 21st May, 1855, was for £4,100; another, dated 22nd May, for £350; a third, dated 26th May, for £550. In the general books of our department the sum of £5000 is charged to the Consolidated Fund, under the estimate of 1855. The three warrants are charged in an auxiliary ledger against the Honorable G. E. Cartier, who was the Provincial Secretary at the time; the only credits of which we have record amounting to \$245.77. These credits are thus made up:—A receipt from Mr. Cartier, on account of the parish of St. Gabriel de Brandon, \$35; from Mr. Price, 77 cents; from Mr. Cartier, \$10; from Major Campbell, \$200, refund of amount advanced to St. Hilaire, in the county of Rouville. There is a balance unaccounted for to our department of \$19,754.23. When a sum is charged to the Consolidated Fund, and authorized by the legislature, it has the character of a grant for the purpose to which it has been applied. The actual balance at the debit of the Consolidated Fund is \$19,754.23; the precise sum which is charged to Mr. Cartier, in the auxiliary ledger, to be accounted for. Of the actual distribution of the money by the Provincial Secretary, we have no record.

Thursday, November 12.

GEORGE C. REIFFENSTEIN, Receiver General's Department, re-sworn.

1433. Has the department of the Receiver General been called upon to make advances to counties in Upper Canada, or in any way to render aid under the operation of the Act 22 Vic., Cap. 7, intituled, "An Act to enable County Councils to raise money for assisting persons in certain cases to sow their land, and for other purposes"?

Under the operation of the Act cited, certain counties in Upper Canada issued their debentures for the purpose of raising money for the purchase of seed grain. These debentures were purchased at par by the Receiver General, under authority of an Order in Council, with moneys belonging to the Superior Education Fund, in 1859. The amount of debentures thus purchased was \$28,750 currency; and I produce a detailed statement, shewing the amounts purchased from the different counties, the dates of their maturity, and the amounts redeemed and outstanding up to the present date. This statement shows that all of these debentures due up to the present time have been redeemed.

SEED GRAIN DEBENTURES issued under 22 Victoria, Cap. 7, by various County Municipalities in Upper Canada, and taken by the Government as investments.—1859.

Counties.	Debentures Issued.	Remarks.
Waterloo	£1000.....No. 1 due 31st December, 1859.....£200	} All redeemed.
	" 2 do do 1860.....£200	
	" 3 do do 1861.....£200	
	" 4 do do 1862.....£200	
	" 5 do do 1863.....£200	
Elgin.....	£500.....No. 1 due 31st December, 1860.....£100	} Redeemed at maturity.
	" 2 do do 1861.....£100	
	" 3 do do 1862.....£100	
	" 4 do do 1863.....£100	
	" 5 do do 1864.....£100	
Middlesex.....	£2500.....No. 1 due 8th December, 1865.....£500	
	" 2 do do 1865.....£500	
	" 3 do do 1865.....£500	
	" 4 do do 1865.....£500	
	" 5 do do 1865.....£500	
Kent	£1250.....Nos. 1 to 12... due 31st December, 1861.....£1200	} All redeemed.
	" 13 do do 1861.....£50	
Bruce (Provisional).....	£8500.....Nos. 1 to 16... due 25th February, 1869.....£1600	} Redeemed June, 1862.
	" 17 to 19... do do 1869.....£300	
	" 20 to 48... do do 1869.....£2900	
	" 49 to 85... due 28th March, 1869.....£3700	
Huron & Bruce (United)	£2500.....Nos. 1 to 10... due 31st December, 1868.....£2500	1 to 7, £1750, are redeemed.
Wellington.....	£2500.....Nos. 1 to 10... due 31st December, 1862.....£2500	Redeemed at maturity.
Lambton.....	£2500.....No. 1 due 31st March, 1869.....£2500	One half redeemed 23rd March, 1863.
Grey	£2500.....Nos. 29 & 32... due 20th April, 1862.....£2500	Redeemed 1861-2.
Perth.....	£5000.....No. 47 due December, 1860.....£1000	} Redeemed at maturity.
	" 48 do do 1861.....£1000	
	" 49 do do 1862.....£1000	
	" 50 do do 1863.....£1000	
	" 51 do do 1864.....£1000	
£28750. Quebec, 12th November, 1863.		

1434. Are any arrears of interest due to the Government on account of the debentures comprised in this statement?

No; the interest has always been punctually paid.

Monday, November 16.

THOMAS ROSS, Accountant of Contingencies, recalled.

1435. Can you now enumerate the advances made by you, and which have been returned to the Auditor as unsettled?

There are three : William Gillespy, \$400 ; Labelle, Chapleau & Co., \$200 ; D. Carey & Co., \$200.

1436. On what authority were these advances severally made ?

The advance to Mr. Gillespy was made on the order of Honorable John Ross, as Minister of Agriculture ; the order, which is dated April 2nd, 1861, setting forth that the advance was on account of work for the Bureau of Agriculture. With regard to the advance to Labelle, Chapleau & Co., I find an application which I translate. It is dated Montreal, 3rd January, 1862, and is addressed to the Provincial Secretary in the following terms :—“ We have the honor to send herewith the first number of the *Colonisateur*. We shall be infinitely obliged to you if you will send us, between this and Tuesday, the advertisements and the advance which you and the Honorable Mr. Cartier had the kindness to promise us.” On this note is endorsed :—“ Mr. Ross will please advance Labelle, Chapleau & Co. the sum of two hundred dollars. (Signed,) C. Alleya, Secretary.” The order for the advance to D. Carey & Co. was by the Provincial Secretary, Mr. Alleya.

1437. Subsequent to these advances, and while they were unsettled, have accounts been paid to any of the parties you have named ?

Yes, in two cases. To Labelle, Chapleau & Co., \$353.15 cts. were paid on the 2nd April, 1862, for advertisements inserted in the *Colonisateur* from the 7th January to the 24th March, 1862 ; no deduction being made on account of the advance. I was absent from the office at the time, ill. The account for \$353.15 cts. was certified for payment by Mr. Alleya. On the 3rd November, 1862, D. Carey & Co. presented an account for printing, amounting to \$218, and it was paid on the certificate of Mr. Parent, assistant secretary, without any deduction on account of the advance. I was in England at the time, and on my return reported the facts to Mr. Howland, the then Minister of Finance, on transmitting my accounts.

1438. In your former evidence before this commission, you stated that under the system which prevails in relation to contingencies, an account might be paid more than once, but you added that you had no knowledge of such things having occurred. We now show you two accounts which appear to have been paid to Mr. Foote as proprietor of the London *Prototype* : one dated June, 1861, amounting to \$295.82 ; the other, 16th October, 1861, and amounting to \$310.22. In these accounts has not the sum of \$295.82 been paid twice ?

To the extent of \$295.82, the accounts are the same, being for advertisements ranging from February, 1860, to February, 1861. The accounts, in fact, are identical, with the exception of one item for \$14.40, which is added to the account rendered in October. The first account was paid in August, 1861 ; the second was paid on 19th May, 1862—in both instances on the certificate of Mr. Alleya, as Provincial Secretary.

1439. We show you two other accounts which appear to have been paid to Mr. G. T. Cary, for advertising in January, 1861, and amounting respectively to \$22.80. Are these accounts also identical ?

They are. One was paid in June, 1861, on the certificate of Mr. Campbell, acting secretary, Bureau of Agriculture ; the other was paid in August, 1862, on the certificate of the Census Commissioners for the city of Quebec.

1440. We show you an account rendered by the publishers of *La Minerve* for two advertisements inserted apparently in 1856, and for which £90 are charged : £10 are stated to have been paid on account, but without date ; and on the 14th January, 1860, £80 were paid, closing the account. Have you any certificate authorizing the payment from the department or departments from which the advertisements in question emanated ?

The £10 alleged to have been received on account were not paid by me. The £80 I paid on the authority of the Honorable Mr. Morin, then Solicitor General for Lower

Canada, whose certificate reads—" I certify that the advertisements above mentioned were published in *La Minerve*.—Quebec, 14th January, 1860." I charged the £80 to the contingencies of the Bureau of Agriculture, the account having been made out in the name of that department; but there is no certificate or authority from the Bureau.

1441. Referring to the Order in Council of the 4th June, 1858, by which you were appointed Accountant of Contingencies, we find the following in relation to the instructions under which you were to act: "That as regards the payment of the contingencies of the departments hitherto under the charge of Mr. Harington, the Secretary is of opinion that the same should be entrusted to Mr. Ross, under the following instructions, viz: That from and after the 1st proximo, all requisitions duly signed by the head or deputy-head of any public department, or officer acting by authority in their behalf, should be directed to the officer in charge of the contingencies, who shall substitute therefor his own requisition, addressed to the establishment from whence such head or deputy-head of department may consider the said articles may be obtained of the most suitable description, and on the most favorable terms, and that no account shall hereafter be paid from the contingent fund, the items of which shall not correspond with and be covered by the requisitions alluded to, which requisitions shall in all cases accompany the accounts when transmitted to the Inspector General's department for audit." Have you acted upon these instructions?

They were acted upon by me for a few months. I carried out in its entirety the system as expressed by the words cited in the question. Gradually, however, the practice as to requisitions fell into disuse. Heads of departments sent orders to parties irrespective of the rule laid down, and without any reference to me; and I paid the accounts on the certificates of the heads or deputy-heads of departments, subject to the check of the auditor, who passed the accounts without any remonstrance. The system laid down by the Order in Council was completely set aside when ministers began to authorize advances on account of printing and stationery, in the autumn of 1858.

Tuesday, November 17.

EVELYN CAMPBELL, Acting Secretary, Bureau of Agriculture, recalled.

1442. An account is shown to you of the publishers of *La Minerve*, amounting to £90, for advertisements relating to the Opeongo Road, and the Upper Canada Improvement Fund. This account is charged to the Bureau of Agriculture: have you any knowledge of the authority for the publication of the advertisements, or the payment of the account?

I have none. I have looked through the books of the department, from 1855 to the end of the year 1858, to which date the Bureau of Agriculture had the payment of its own contingencies; and I find only one entry of payment to Duvernay, Frères, namely, in February, 1858, the sum of \$59.35. On the face of the account, £10 appear to have been paid on account, without date. Of this payment I have no knowledge. The rule of the department was, not to authorize the publication in Lower Canada papers of strictly Upper Canada advertisements, such as that of the Upper Canada Improvement Fund; but this rule was, in a few cases of leading papers, departed from.

Thursday, November 19.

ANDREW RUSSELL, Assistant Commissioner of Crown Lands, recalled.

1443. Two accounts of Mr. G. T. Cary with the Crown Lands department are shewn to you—one for \$332.50, having been paid on the 10th May, 1862; the other, for \$110.75, having been paid on the 2nd August, 1862. Does not the second account include ten items, amounting to \$102.50, which were included in the former account, both apparently having been paid on your certificate as assistant commissioner?

It does. I certified the second account on the report of the examining clerk that all was correct. I understood from him that on the urgent application of Mr. Cary, he was hurried in his examination of the first account, and forgot to write off the items on the margin of the requisition book, as required by the rules of the department. Consequently, when the second account was presented, he had not the means of checking the account as usual. Both accounts were paid to Mr. Cary himself. The accounts for contingencies do not enter into our books at all, as matters of account. We have therefore no check against over or double payment beyond that which the requisition book supplies. I consider the system unsatisfactory, more especially because Mr. Ross, the accountant of contingencies, holds that he is merely paymaster, and in no manner invested with the functions of auditor. I believe that the Order in Council appointing Mr. Ross instructed him to keep a requisition book, and to substitute his requisitions for those of the departments. Had this rule been adhered to, and he had written off the requisitions in the margin of his book when the accounts were sent to him, double payments would have been effectually prevented.

1444. We show you also an account of Richard White, charging the Crown Lands department \$110.10 for advertisements inserted in the Peterborough *Review*. Memoranda on the face of the account indicate that of this sum the examining clerk disallowed \$44.88, as for advertisements which had not been authorized. Was the whole sum, \$110.10, nevertheless paid?

The whole sum appears to have been paid, the date of Mr. White's receipt being 16th April, 1862. My rule is absolute, to strike out all charges for advertisements not duly authorized. In these cases the publishers often complain, and appeal to the commissioner, by whom the charges I have rejected are sometimes allowed. In some cases, the commissioners have given general authority to the publishers of certain newspapers to insert all notices having reference to the section of the province in which they are published, without informing me that such authority had been given. In these cases, when the general order is produced, of course I allow the charges. In Mr. White's case the full amount was paid on the verbal order of the commissioner, Mr. Sherwood, on the ground that the unauthorized advertisements related to lands in the vicinity where the paper is published. The amount was paid by a cheque of the department, which pays its own contingencies in the matter of advertising.

1445. Here is an account of Labelle, Chapleau & Co., for advertisements of the Crown Lands department, published in *Le Colonisateur* from the 4th April to 3rd June, 1862, amounting to \$115.50. The memoranda of the examining clerk shows that of this amount only \$15.81 was authorized. Was the whole sum, \$115.50, paid?

The whole sum was paid on the 1st August, 1862. Attached to the account I find a copy of the following memorandum from the Hon. C. Alleyn, dated Rivière du Loup, 17th July, 1862: "Messrs. Labelle, Chapleau & Co. were authorized by the late Government to publish the government advertisements in *Le Colonisateur*." On this memorandum being received, Mr. McDougall, the commissioner, authorized the payment of the account in full. It is the practice of the department, in the absence of the commissioner, to take the authorization of any other member of the cabinet. Mr. Alleyn's certificate would have been accepted as sufficient authority for payment, had the Government of which he was a

member continued in power; and it was on this ground that Mr. McDougall sanctioned the payment. Our department had no knowledge of any advance having been made to Labelle, Chapleau & Co.

1446. An account of the publishers of the *Hamilton Spectator* was paid on the 20th March, 1862, amounting to \$680.40, the receipt thereto attached, saying—"This amount placed to credit of Gillespy & Co., on account of \$800 advanced them on account of printing, 23rd September, '61." Did a balance of indebtedness remain?

Yes; a balance remained due to the department of \$119.60.

1447. With this balance remaining due by the publishers of the *Spectator*, was another account afterwards paid to them?

Yes; on the 12th June, 1862, Mr. Gillespy received \$19.40, on an account amounting to \$165.20. The only advertisements properly authorized amounted to \$19.40, being the sum paid. Mr. Ford, the accountant, passed the account for payment, considering that the advance was for printing to be done. When the \$680.40 were credited, instead of being paid, Mr. Gillespy objected, insisting that the advance should be applied to printing only. His view on that occasion was not acceded to by Mr. Vankoughnet.

1448. In making the advance of \$800, or in calculating the balance due by the publishers of the *Spectator* to the Government, did you take cognizance of another advance of \$400 made to the same parties by the accountant of contingencies at the instance of the Honorable John Ross?

No. I was not aware of any other advance than the \$800, which were in the first instance paid by the accountant of contingencies, and were refunded to him by the Crown Lands department on the order of the commissioner, Mr. Vankoughnet.

1449. In an account rendered in 1861 by the proprietor of the *Quebec Morning Chronicle* to the Crown Lands department, \$250 are charged for "250 copies of Mr. Quinn's report in pamphlet form." Another account rendered in the same year, from the *Morning Chronicle* office, charges \$1000 for "1000 copies of Mr. Quinn's report, "pamphlet form." Can you produce a copy of the pamphlet in question?

I produce a copy now. It is entitled "Report of the Supervisor of Cullers on the "Lumber Trade," p.p. 46, 1861.

1450. Was this pamphlet also printed in French? If so, by whom, and at what cost?

It was printed in French by Mr. A. Coté, Quebec, who charged \$250 for 500 copies. This does not include any charge for translation. It is a complete translation of the English copy.

Friday, November 20.

GEORGE MACLEAN ROSE, of the firm of Hunter, Rose & Lemieux, Quebec, printers, sworn.

1451. You are conversant with the cost of printing in Quebec, and have experience as to the charges made for departmental and other work?

The firm of which I am a member have the contract for the printing of the legislature, and I am besides conversant with the printing done for the departments generally, and the prices that prevail in regard to it.

1452. What would be the cost of printing a pamphlet entitled, "Report of the Supervisor of Cutlers on the Lumber Trade," 46 p.p., with paper cover, printed at the office of the *Morning Chronicle*, 1861, a copy of which is now shown to you; estimating the work and material at what may be considered fair trade prices?

I have made an estimate and state the result, taking as the basis of my calculation the printing of 1000 copies:

Composition, at 40 cents per 1000 ems.....	\$ 72 00
Press work, at 40 cents per token.....	14 40
Paper.....	37 20
Folding and stitching, including insertion of tables and covering...	48 34
	\$171 94

I consider this a fair business estimate of the cost of the pamphlet produced. I have made no allowance for author's corrections, for which we rarely charge, and which could hardly exceed \$5.

1453. We show you the same pamphlet in French, printed by A. Coté, Quebec, in 1861, p.p. 67. What would be the cost of 500 copies?

The work, I observe, is better executed than in the English edition, and the paper is better in quality. My estimate would be:

Composition.....	\$71 20
Presswork.....	10 40
Paper.....	28 40
Folding and stitching, including insertion of tables and covering....	26 67
	\$136 67

The difference in the cost of composition in the two cases arises from the difference in the style in which the tables are set up.

Monday, November 23.

ANDREW RUSSELL, Assistant Commissioner, Crown Lands Department, recalled.

1454. You have some addition to make to your evidence touching the advance made by the Crown Lands department to the publishers of the *Hamilton Spectator*?

I have. Since I last appeared before the commission, the accountant of our department has handed to me an account of the publisher of the *Hamilton Spectator* for \$250, being the charge for printing 1,000 copies of the report of the chief emigration agent.—The date of the account is 4th April, 1862. The account is made out as against the department of Crown Lands; the order for the printing having been given by Mr. Van-koughnet, at the time Crown Lands commissioner. The accountant, looking at the unsettled balance of the advance, made up the following memorandum:

GILLESPIE and ROBERTSON.

1861. September 23.—Amount advanced by T. Ross, on account printing, and refunded to him by department..... \$800 00

Cr.

1862. March.—Account for advertising amount allowed and placed to Gillespy's credit.....	\$680.40
“ June 10.—Amount of account for printing, if correct.	250.00
	<u>930 40</u>
Due Gillespy.....	<u>\$130 40</u>

The account, with this memorandum attached, was transferred to Mr. Ross, clerk of contingencies, who did not pay Gillespy the balance shown, on the ground, that another advance had been paid to the publisher of the *Spectator* on account of the Bureau of Agriculture, and against this advance he said he would credit the \$250 charged for printing the emigration report, adding, that the Crown Lands department must look to Gillespy for the payment of the balance due on the advance of \$800. The balance due our department at that time was \$119.60. Since then, an account of \$10.98, for advertising in the *Spectator*, has been credited, reducing the balance due us to \$108.62, at which it now stands. I may say, further, that when the account of \$19.40, previously alluded to, was paid to Mr. Gillespy, we were under the impression that the advance had been disposed of by the account for printing, rendered on the same day.

THOMAS ROSS, Accountant of Contingencies, recalled.

1455. You have stated that an advance of \$400 made to Mr. Gillespy, publisher of the *Hamilton Spectator*, on account of the Bureau of Agriculture, remained unsettled. Was not an account of \$250 rendered by Mr. Gillespy, for printing a report of the emigration agent, carried to his credit in 1862 on account of this advance?

No; it was not. The account of \$250 for printing the emigration report came to me from the Crown Lands department, dated 12th June, 1862, and it is still in my possession, but nothing has been done with it. The voucher for the \$400 advance had been returned by me to the auditor in the previous month of May. So far as my office is concerned, no credit has been given to Mr. Gillespy on account of the \$250 now referred to. The \$400 advance of which I have spoken was one of three advances made simultaneously to Mr. Gillespy, amounting altogether to \$2000. Of this sum, \$800 were refunded to me by the Crown Lands department, which assumed that advance; other \$800 were refunded by the Board of Railway Commissioners, for whom the advance was made on the authority of Mr. Galt; the remaining \$400 being treated as an advance on account of the Bureau of Agriculture.

Tuesday, November 24.

EVELYN CAMPBELL, Acting Secretary, Bureau of Agriculture, recalled.

1456. Have you any record of an advance of \$400 to Mr. Gillespy, publisher of the *Hamilton Spectator*, made in April, 1861, by the accountant of contingencies, on the authority of the then minister of agriculture, and professedly on account of his department?

None.

1457. Do your books contain any entry giving credit to Mr. Gillespy for work done, as set-off to the advance referred to?

None. I find that in March, 1861, \$412.50 were paid to Mr. Gillespy, for printing Census sheets; but we have no entry giving credit for work done subsequent to the advance.

JOHN G. VANSITTART, Secretary, Board of Railway Commissioners, sworn.

1458. In April, 1861, \$800 were advanced to Mr. Gillespy, publisher of the *Hamilton Spectator*, by the Accountant of Contingencies, as for work done, or to be done, for the Board of Railway Commissioners, and this sum was repaid to Mr. Ross by the Board. Does this advance appear in your books as a charge against Mr. Gillespy, and have you any entry giving him credit for work done on account of the advance?

The advance does not appear in the books of the Board of Railway Commissioners, in my possession. The only knowledge I have of it is derived from the Public Accounts for the year 1861, in which \$800 appear as charged to T. Ross, for printing done under the head of Railway and Steamboat Inspection. With the view of preparing a return called for by Parliament, my attention was attracted to this item, and I made such enquiries at the time as satisfied me that it was a distinct advance authorized to be made by Mr. Ross, and for which I was not chargeable. I have no accounts or vouchers in my office corresponding with this item. The only work done for the Board, of which I have any record, by Gillespy and Robertson, was the printing of the report in 1859, for which \$800 were advanced on the 10th June, 1859. This payment appears in the Public Accounts for that year. There has been no printing done for the Board—so far as my knowledge extends—by Mr. Gillespy, since the advance which appears to have been made in 1861.

THOMAS ROSS, Accountant of Contingencies, recalled.

1459. You said yesterday that the advance of \$800 paid by you to Mr. Gillespy in April, 1861, on account of the Board of Railway Commissioners, had been refunded, When was it refunded, and by whom?

It was refunded to me in September, 1861, by a warrant which set forth that the advance of \$800 was to cover printing returns, &c., for the Board of Railway Commissioners.

Thursday, November 26.

JOHN LANGTON, Auditor, recalled.

1460. On the 10th June, 1859, \$800 were advanced by the Board of Railway Commissioners to Messrs. Gillespy & Robertson, of Hamilton, on account of printing the report of the Commissioners. Have you any voucher for this advance, and any account rendered for the printing by the parties to whom the advance was made?

In 1859, the Railway Board did not render accounts to me. In July, 1860, I received a letter from Mr. Vansittart, secretary of the Board, asking how the accounts were to be rendered to me, for the future, for audit. I believe that the Board did not meet again till the beginning of 1861, when my letter was submitted, and orders were given to the secretary in accordance with it, since which time the accounts have been regularly submitted to me for audit. Of the advance referred to in the question, or any account rendered in connection with it, I know nothing. Such an account could not have appeared amongst the papers rendered to me.

1461. In April, 1861, another sum of \$800 was advanced to the publisher of the *Hamilton Spectator* by the Accountant of Contingencies, on the order of Mr. Galt, as chairman of the Railway Board. In the following September, the amount was refunded to Mr. Ross by warrant. In this case, what voucher have you for the advance, and have you any account for work done in connection with it?

There ought to be in the Finance department the application of Mr. Ross for the warrant to refund to him the amount advanced on account of the Railway Board. I have not been able to find the application, but I am informed by Mr. Ross that his letter applying for the warrant enclosed the original order of Mr. Galt for the payment. I do not find that the application was ever referred to me for a report. The warrant appears to have been issued on the certificate of the Deputy Inspector General's branch. It would have been more correct to have issued the warrant to Mr. Vansittart, to enable him to repay Mr. Ross, by which means the payment would have come into the books of the Railway Board. As it is, it does not appear in the accounts rendered to me by the Board, and there is no printing account connected with it amongst the vouchers which I have received.

ARTHUR HARVEY, Clerk, Finance Department, sworn.

1462. Can you state the manner in which the contingencies of the Finance department are now ordered and checked, and the rule which obtains in reference to their payment?

In October, 1862, Mr. Howland, then Finance Minister, asked me to report a plan of checking the supplies of stationery and printing for the Government. I reported one which in my judgment could be applied to the departments, either separately or as a whole. On the first of the following month (November), I was placed in charge of the stationery and printing of the three branches of the Finance department—the Auditor's, the Customs, and the Inspector General's. The plan then adopted, and which has since been followed in the department, is as follows: In the first place, the heads of the three branches are directed by a departmental order to send all their requisitions to me. These I file. I forward requisitions of my own, corresponding with these to the printers and stationers indicated by the head of the department. The clerk who makes out the requisitions for the heads of the several branches is responsible for the receipt of the articles ordered, checking them with the requisition. The bill, with the certificate of the branch which has received the articles, is brought to me for certificate as to the correctness of the price charged. I compare in detail the account rendered with the counterfoil of my requisition; checking its arithmetic as well as examining its prices. The accounts pass before the Finance Minister, for authorization of payment, he accepting my certificate as conclusive, so far as the correctness of the account is concerned. All stationery and printing required by the various Custom houses and other collectors of revenue throughout the province, is now supplied here, being delivered to the Customs branch of the department and distributed hence.

1463. Does the experience of the department, since the adoption of the system you have described, enable you to indicate its comparative economy?

It does. The department now allows 40 cents per thousand ems for composition, and the same per token for press work. Previously, the charges for both ranged from 50 cents to a dollar, and in some cases charges were made in bulk, not in detail. With regard to paper, I obtained manufacturers' samples and price-lists, and allow an average of about 33 per cent. profit to the parties who supply the department. For the smaller articles of stationery, and for book-binding, we pay only fair trade prices. Coming to particular cases by way of illustration, I find that in 1861, \$21.39 per 1,000 were paid for ship's reports; the price we now pay per 1,000 is about \$13. In 1861, reciprocity entries cost \$12.62 per 1,000; we now pay \$7. Entries for duty, in 1861, cost \$12.59 per 1,000; we now pay \$8.75. Let-pass books, in 1861, cost \$7.12 per 100 let-passes; we now pay \$3.76. Circulars which in 1861 were paid for at the rate of \$5.30 per 100, now cost \$3.12. These are fair examples of the rates formerly paid, and the rates paid now. Taking printing and stationery generally into account, I estimate that a saving of at least 40 per cent.

has been effected in prices. The expenditure of the year, from November 1st, 1862, to November 1st, 1863, for printing and stationery, was just \$10,000. The average expenditure of five previous years was about \$18,000. As the consumption of certain printed forms has, during the last year, been greater than ever before, as paper has advanced in price, and as the system of supplying the Customs and canal offices has been more perfect than formerly, I estimate that the year's saving in our department, caused by the change introduced by Mr. Howland, is more than \$10,000.

Friday, November 27.

JOHN LANGTON, Auditor, again appeared.

1464. You have some further evidence to give respecting the advance of \$800 to Mr. Gillespy, made in the name of the Board of Railway Commissioners in April, 1861?

Since I gave evidence yesterday, I have found the application of Mr. Ross for the warrant in September, 1861. It encloses the original order by Mr. Galt, which was drawn out for the payment of two hundred pounds "on account of my department." But there is added, in Mr. Galt's own handwriting, "for printing for Railway Commissioners and returns." The last word would appear to imply that it was to cover other printing besides that of the Railway Commissioners, but I cannot find that any printing order, on account of the Finance department, was given to Mr. Gillespy until March, 1862, when a further advance of \$600 was made to him, and an order given for blank Custom house forms to about that value. No account has yet been received from Mr. Gillespy for this printing, but I understand that the returns of the Custom house officers whom he was to supply show that the greater portion of the forms has been supplied, and probably the whole may have been supplied. In relation to the advance of \$800, I know of no work done or ordered by the Finance department, and no account in connection with it has come into my hands from any source.

Monday, December 7.

TOUSSAINT TRUDEAU, Secretary, Department of Public Works, sworn.

1465. When and under what circumstances did the government enter into any arrangement for the performance of a tug service on the St. Lawrence?

On the 23rd December, 1853, four tenders were received for the performance of tug service on the Lower St. Lawrence. These tenders were received in answer to an advertisement issued by the government, under date 23rd November, 1853; the advertisement calling for steamers of not less than 250 horse-power each, to be used solely for the purpose of towing vessels between Quebec and Bic. One tender was from Hugh McLennan, of Montreal, offering one steamer, the "Princess Royal," 46-inch cylinder, and ten feet stroke, for three years, at £1500 a year, as bonus to be paid by government in addition to a proposed tariff to be paid by the shipping towed. Another tender was from Messrs. Edmonstone, Allan & Co., Montreal, stating, as the result of long experience, that wooden vessels with side wheels would not do for the service below Quebec, and proposing to build two iron sea-going steamers, to be ready on the 10th April, 1855, or sooner if possible; each steamer to have two engines 66 inches in diameter, with 4 to 5 feet stroke, and driving a screw 10 to 10½ feet in diameter. The tender put down the cost of each steamer at nearly £25,000, and the annual expense of each—not including tear and wear, or interest on capital—at £6000. The earnings, it was estimated, would not be sufficient to meet interest. Messrs. Edmonstone, Allan & Co.,

therefore, asked a bonus from government of £6,000 a year for each vessel, on a contract for three years; £5,500 each on a contract for five years; £5,000 on a contract for seven years; with a scale of towage to be paid by vessels towed. The third tender was from William Quinn, Quebec, who proposed, by the 1st August, 1854, or sooner if possible, to build two steamers, capacity not described; or to procure such steamers elsewhere; or to build two steamers according to the requirements of the government, to be ready for the season of 1855, using for 1854 such vessels as might be available. He asked an advance from government of nine-tenths of the sum required to purchase or build the steamers. The other terms of the tender were a bonus of £7,500 per annum for each vessel, under a contract for three years, with a proposed tariff for towage; a deduction of six per cent. to be made on the bonus if the contract were extended to five years, or of 12½ per cent. if for seven years. The fourth tender was from François Baby, Quebec, offering to build, under the direction and specifications of the Public Works department, two steamers, of 250 horse-power each. The rates of towage to be charged to shipping Mr. Baby left government to fix. For the two steamers, he asked an annual bonus of £7,965; advances to be made by government to cover the cost of building the steamers, to be secured by mortgage upon them, with collateral security of mortgage upon two other steamers which Mr. Baby proposed also to employ in other services, or as occasional substitutes for the two regular tug steamers. Should the government agree to receive the sums paid by ships for towage or salvage, Mr. Baby asked a bonus of £24,960 per year for the two steamers. The rates named to apply whether the contract were for three, five, or seven years, though the last would be preferred. If other steamers were required, Mr. Baby proposed to build and furnish them at the same rate. In a letter to the Commissioner of Public Works, accompanying the tender, Mr. Baby said that if allowed to use second-hand steamers, the service might be performed at half the rate named in the tender; though he expressed the opinion that the only way by which the requirements of the government could be satisfactorily met, would be by building as proposed. The next document I find is a letter from Mr. Baby, dated 17th January, 1854, addressed to the Commissioner of Public Works, stating that he was ready to enter into an agreement with the government for the construction of the tug steamers, according to his tender of December, 1853, without any promise of an advance by the government; and also submitting a scale of charges to be paid by shipping for towage. On the 27th February, 1854, an Order in Council was passed, accepting Mr. Baby's tender, but excluding from it that portion which related to an advance by government to aid in the building of steamers. The contract with Mr. Baby was signed on the 4th September, 1854; its terms giving it a retroactive effect from the date of the Order in Council.

1466. What were the terms of the contract as thus entered into by the government with Mr. Baby?

The contract was for a term of seven years, from the 27th February, 1854; Mr. Baby engaging to maintain a line of steam tug-boats to run between Quebec and Bic, and below Bic when required, for the purpose of towing and aiding vessels coming up or going down the River St. Lawrence, and for the purpose of relieving wrecks when directed so to do by the Department of Public Works. He bound himself to build at Quebec two steam tugs, of not less than 250 horse-power, each to be completed to the satisfaction of the Public Works Department, on or before the 1st August, 1855. Pending the construction of these tugs, the contractor to be at liberty to use the steamers "Admiral," "Advance," and "Doris," for the purposes set forth in the contract. A bonus of £7,965 currency, to be paid annually by government for the two steamers. The contract also embodied a scale of charges to be paid by ships for towage; the relief of wrecks being made subject to special charges.

1467. What sums were paid under this contract to Mr. Baby for tug service?

On the 26th August, 1854, £5,000 were paid to Mr. Baby; on the 16th November, in the same year, £1,680 were paid; on the 10th January, 1855, £1,285 were paid; making the bonus of £7,965 for the service of the year 1854.

1468. Was this contract soon afterwards cancelled, and a new contract entered into with Mr. Baby?

It appears that during the season of 1854, representations were made to the government by the Quebec Board of Trade, and by other parties interested in the shipping of the river, setting forth the insufficiency of wooden paddle-wheel steamers for the purposes aimed at by the contract. On the 26th February, 1855, an Order in Council was passed, cancelling the contract, and directing that a new one be entered into with Mr. Baby.

1469. What were, in brief, the terms of this second contract?

It was for the term of ten years, from the 26th February, 1855. Mr. Baby bound himself to place and maintain a line of steam tug-boats, to run between Quebec and Anticosti, for the purpose of towing and aiding vessels coming up and going down the river. He engaged to construct two first class iron screw steamers, of not less than 300 horse-power each, to be ready for use on or before the 1st September, 1856. Pending the construction of these vessels, the "Admiral" and the "Advance" were to be employed on the line. A bonus of £11,300 per annum was to be paid by the government for the two boats, with a right to call for the use of one or more additional boats, to be paid for proportionately, at the same rate. To aid in the building of the steamers, an advance of £19,000 currency to the contractor was authorized to be paid on the certificates of Lloyd's surveyor, and to be secured by mortgage on the vessels building, and the vessels employed. This advance was to be repaid by four annual instalments of £4,750 each, out of the subsidy for the second, third, fourth and fifth year's service, with interest at six per cent. A further advance, amounting to the bonus of the first year, was authorized, to aid the contractor in procuring the iron vessels from the builder, so soon as they were ready to enter upon the service.

Wednesday, December 9.

T. TRUDEAU.—Examination resumed.

1470. On the occasion of the second contract, to which you have referred as having been entered into with Mr. Baby for ten years from the 26th February, 1855, were tenders invited or received from other parties?

I do not find any evidence in the department, that tenders were invited or received in connection with the contract. I was not in the department at the time, and speak only from a reference to its records.

1471. What sums were paid to Mr. Baby under this contract?

On the 31st August, 1855, £5650 were paid to Mr. Baby; on the 30th November, 1855, £5650: making £11,300 for bonus of that year. On the 10th September in the same year, an advance of £6000 was made, on account of construction of steamers. In 1856, on 22nd September, the year's bonus of £11,300 was paid. In the same year, three other payments were made—namely, £6000 on 12th February, £12,000 on 26th March, and £6000 on 26th May. These three sums were advances made under the terms of the contract. In 1857, £300 were paid on the 9th January, being the balance of the advances authorized by the contract, as reported upon and recommended by Mr. Lemieux, the then commissioner. On the 18th November, £11,300 were paid, being the bonus for the year. On the same day, another sum of £2096 2s. 7d. was paid, being an amount due to the contractor under an arrangement entered into with him by the government, by authority of an Order in Council dated 16th June, 1857, in consideration of a reduction of the contractor's tariff of charges paid by ships for towage. By reference to the reports of our department, I find that the contractor made a reduction of fifty per cent. on the original

scale of charges for towage; and in consideration of this, the government paid him three-fifths of the reduced charge. In 1858, £5000 were paid on the 21st August. Before I can continue this evidence, however, I find it necessary to make further reference to the books of the department.

Thursday, December 10.

T. TRUDEAU.—Examination resumed.

1472. Can you proceed with your statement of the sums paid to Mr. Baby under his second contract?

Speaking with regard to the year 1858, I stated yesterday that on the 21st August, £5000 were paid to Mr. Baby. The balance of the bonus—£6300—was credited to Mr. Baby on his advance account. In 1859, £762 17s. 6d. were paid on the 4th January. This was the per centage allowed by government on the earnings for towage for 1858, under the arrangement to which I referred yesterday. On the same day, the sum of £108 1s. 6d. was paid; being the balance of the per centage due for 1857. On the 6th May, £2650 were paid on account of the bonus for 1859; £3000—the balance of the half year's subsidy—being carried to Mr. Baby's credit. Of the other half year's subsidy, £2650 were paid on the 3rd January, 1860,—£3000 being again carried to the credit of the advance account. On the same day—January 3rd, 1860—the sum of £2189 8s. 5d. was paid, being the per centage allowed by government on the earnings of 1859. This closes the account of payments made for tug service under the second contract. I ought to explain that the dates which I have given, as the dates of payment to Mr. Baby, are the dates of the certificates issued by the Public Works department.

1473. What was the state of the account at the period to which you refer as the close of the payments under the contract?

Mr. Baby received £79,656 10s., of which the sum of £61,656 10s. was for tug service rendered under the contract, including the per centage allowed on earnings. The balance due by Mr. Baby to the government, on account of advances under the contract, was £18,000.

1474. During the continuance of this contract, were negotiations entered into for its cancelment and the purchase of the steamers by the government?

Yes. Amongst the papers which I have with me, I find a note from M. W. Baby, son of the contractor, dated 16th August, 1858, addressed to Mr. Sicotte, then Commissioner of Public Works, in which he says: "During the course of our conversation, some days ago, relative to the purchase of the provincial tug steamers, you mentioned that even though the government might be willing to make the purchase, still this would not extend to the small boats, the 'Admiral' and 'Advance.' I therefore beg to enclose a statement, in which these boats do not appear." The accompanying statement, herein referred to, shows the annual disbursements of the contractor on account of the "Napoleon III." and the "Queen Victoria," the two tug-boats, and also the "Lady Head," which was employed in carrying the mail between Quebec and Pictou. On the 12th August, 1859, the contractor wrote to the Provincial Secretary, formally offering to surrender his contracts with the government for the tug, Trinity light-houses, and mail service, and to sell to the government his steamers—the "Queen Victoria," "Napoleon III.," "Lady Head," "Advance," and "Admiral;" the government to release him from his debt to the province, as it might be on the 1st December following, liquidating his debt to the Bank of Upper Canada, amounting to £23,386, and paying him £15,000. On the 23rd August, 1859, Mr. Galt, Minister of Finance, reported to the Executive Council in favor of the acceptance Mr.

Baby's proposition, subject to the sanction of Parliament; an advance of £15,000 being meanwhile authorized to enable Mr. Baby to wind up his accounts, to be secured by lien upon the steamers, and to be deducted from payments to be due under the contract, if Parliament refused to ratify the proposal. On the same day an Order in Council was passed, accepting Mr. Baby's proposal, subject to the conditions recommended by the Minister of Finance.

1475. Have you any statement shewing the original cost of the steamers, and their value at the time of the agreement to purchase by the government?

Referring to the statement furnished on the 16th August, 1858, by Mr. Baby, I do not find that it contains positive information as to the value of the steamers. I see, however, a memorandum headed "Capital invested," and which is as follows:—

Napoleon III.....	£30,000
Queen Victoria.....	30,000
Lady Head.....	15,000
Advance.....	7,000
Admiral.....	5,000
Total capital.....	£87,000

The only further information I have upon the cost or value of the steamers, at the time of the agreement to purchase, is derived from a memorandum attached to Mr. Baby's letter of the 20th August, 1859, in which the cost of the steamers is stated at £96,000. I was not in the Public Works department at the time, and I find no record of any independent valuation, made at the instance of the government, prior to the date of the Order in Council.

Friday, December 11.

T. TRUDEAU.—Examination continued.

1476. Did Mr. Baby, in his statements furnished to the government, give specific information as to the receipts which he annually derived from the five steamers under the contracts which he surrendered?

In the statement furnished by Mr. Baby, under date the 16th August, 1858, I find the following, under the head "Annual receipts:—"

Tug service.....	£11,300
Towages, &c.....	10,000
Trinity House.....	6,000
Grosse Isle.....	1,500
Mail bonus.....	2,500
Captain Fortin.....	2,200
Total receipts.....	£33,500
Total disbursements.....	25,000
Net profit.....	£ 8,500
Sinking fund.....	5,000
Total profit per annum (contract seven years).....	£13,500
Grand total profit.....	£94,500

1477. Was any inspection of the steamers made, in behalf of the government, subsequent to the date of the Order in Council under which they were conditionally purchased?

On the 27th March, 1860, Mr. George E. Willoughby made a report to Mr. Rose, then Commissioner of Public Works, setting forth the result of his inspection of the five steamers, made according to the wish of Mr. Rose. I produce a copy of this report. Again, on the 20th August, Mr. D. Vaughan prepared a statement for the information of Mr. Rose, as to the respective value of three of the steamers, the "Victoria," "Napoleon," and "Lady Head," a copy of which I produce.

1478. Was any report made to the government, with regard to the steamers, by the Commissioner of Public Works?

On the 4th April, 1860, Mr. Commissioner Rose reported to Council certain recommendations with regard to the employment of the five steamers, pending their sale; and on the following day an Order in Council was passed, approving of his recommendations. I produce a copy of each of these documents.

1479. When was the purchase of the steamers, by government, consummated?

On the 8th August, 1860, the agreement between the government and Mr. Baby, for the cancellation of his contracts, was executed, and on the same day the sale of the steamers was effected by transfer from Mr. Baby to the government.

1480. Mr. Commissioner Rose having recommended the sale of the steamers, and an Order in Council having been passed adopting the recommendation, were steps taken to give it effect?

On the 9th June, 1860, an advertisement was issued by the Public Works department offering the five steamers for sale, and inviting tenders. An advertised condition was, that one or other of the three iron vessels should remain in Canadian waters for one year. No tenders were received in answer to this advertisement.

1481. Were any of the steamers subsequently sold?

On the 16th February, 1861, the steamer "Admiral" was sold to Messrs. S. & C Peters, Quebec, for the sum of £350. The sale was made by Mr. Commissioner Rose, and was sanctioned by an Order in Council dated 13th February, 1861. No tenders had been invited; offers to purchase had, however, been made by other parties, but for various reasons were declined.

Saturday, December 12.

T. TRUDEAU.—Examination continued.

1482. By whom were the other offers to purchase the "Admiral" made, and what terms were offered?

Mr. J. S. McCuaig, under date Montreal, May 22, 1860, addressed the department of Public Works, proposing to become the endorser of notes to be given by Jean Lacombe for the purchase of the "Admiral;" the price offered being £1050, and the notes to be payable in one, two, and three years; a mortgage to be also given on the steamer as further security for payment. I do not find any offer direct from Lacombe to the department. He had, however, made another offer direct to Mr. Baby. On the 30th May, 1860, G. E. Humphrey, Quebec, renewed an offer to purchase the steamer for \$3,000: \$1,000 payable in cash, the remaining \$2,000 on the 1st December, 1861,

with interest; and Jean Lacombe offered to guarantee payment by Humphrey. In reference to McCuaig's offer, I find the following note by Mr. Commissioner Rose:—"If terms as to payment and security for price satisfactory, accept offer." Negotiations were carried on for some time by Mr. McCuaig with the Commissioner, but the result was no sale to him. With regard to Humphrey's offer, on the 7th May, 1860, I wrote to him, stating that if he would advance his offer to \$4,000, the Commissioner would be disposed to recommend its acceptance. On the 9th of the same month, a reply was received from Mr. Humphrey, to the effect that he could not increase his offer.

1483. Did the Department of Public Works obtain any estimate of the value of the "Admiral"?

Yes. On the 4th May, 1860, Mr. J. D. Armstrong, harbor master, Quebec, and Mr. Wm. Smith, a practical engineer, reported as to the value of the steamer, under instructions from the department. They said: "In the absence of all modern improvements in the engine, as well as in the model of the vessel, we find it difficult to set a value on her, more particularly as we do not consider her suitable in her present condition for any business that we know of. We are therefore of opinion that she is not worth more than from seven hundred and fifty pounds to one thousand pounds."

1484. On what terms was the "Admiral" sold to the Messrs. Peters?

The price was \$1,400; one third cash, the balance to be paid within one year from the date of sale, with interest at six per cent. A mortgage on real estate was given in security. The balance has not been paid yet.

1485. Have tenders been more recently received for the purchase of the "Queen Victoria" and "Napoleon"?

Yes, tenders were advertised for on the 2nd November last, receivable up to the 23rd of that month. Eighteen tenders were received, the highest being \$160,000 for the two steamers, the lowest \$40,000. There was also a proposition from the directors of the St. Lawrence Tow-Boat Company, that the steamers be transferred to them on the condition that they should expend \$10,000 in putting them in thorough repair, and do all the work that might be necessary to be done, either for the government or private parties, at prices to be agreed upon. I hand in a schedule of the tenders and a copy of the proposition.

1486. Can you furnish a statement of the earnings and expenses of the steamers from the date of their acquisition by the government to the present time?

I will prepare such a statement, and furnish it to the Commission.

A P P E N D I X .

I.—COST OF TAKING THE CENSUS.—LOWER CANADA.

COUNTY OR CITY.	COMMISSIONERS.			POPULATION BY RETURNS.			ENUMERATORS.					Hand Bills, Printing, &c.	Extra Allowances.	Total Amount paid Commissioners.	
	Names.	No. Days' Service.	Salary at \$2.50 per diem.	Nominal.	Agricultural.	Total.	Names Taken.								Amount paid Commissioners for them.
							At 2 cts.	At 2½ cts.	At 3 cts.	Over 3 cts.	Total.				
L'Assomption	D. Lamarche	121	\$ 302 50	17355	1110	18465	1463	14508	2949		18920	480 95	\$ 40 00	\$	823 45
Argenteuil	N. McLeod	100	250 00	12897	1455	14352				14418	14418	788 11	3 24		1041 35
Arthabaska	James Sordhuc, Jr.	44	110 00	13473	1874	15347	13648		1691		15339	327 69	7 50		445 19
Bagot	J. C. Barchaud	84	210 00	18841	2037	20878	16519			5983	22502	528 36	12 93		751 29
Beauce	J. B. Bonneville	125	312 50	20416	2593	23009		8305	14650	14650	37605	684 39			996 89
Beauharnois	A. S. Therault	160	400 00	15742	1789	17531	1806			16055	17861	517 77	45 00		962 77
Bellechasse	Joseph Jolivet	94	235 00	16062	1907	17969	4533	11690	1868		18091	438 95	30 00		703 95
Berthier	J. O. Chalut	90	225 00	19608	2778	22386	8064	9145	5180		22389	545 32	30 00		800 32
Bonaventure	E. Martel	134	335 00	13092	1835	14927				14927	14927	447 81	30 00		812 81
Brome	M. Sweet	80	200 00	12732	1909	14641				14599	14599	438 07	10 00		648 07
Chambly	J. Hurteau	120	300 00	13132	951	14083	5237			9058	14295	357 34	30 00	34 04	721 38
Champlain	L. Guillet, Jr.	112	280 00	20008	2068	22076			20521	1655	22176	716 54			996 54
Charlevoix	H. Hudon	160	400 00	15223	2036	17259			14857	2363	17220	573 08	60 00		1033 08
Chateauguay	C. M. Lebrun	92	230 00	17837	2135	19972	8033			11930	19963	518 56	30 00		778 56
Chicoutimi	S. Z. Rousseau	90	225 00	10478	68	10546			8215	4640	12855	662 31		142 00	1029 31
Compton	James Ross	75	187 50	10210	1405	11615	10017		1071	529	11617	274 89	8 50		470 89
Dorchester	D. Thracy	77	192 50	16195	2386	18581		14299	2783	1503	18585	516 89	4 00		713 39
Drummond	E. Cox	51	127 50	12356	394	12750	1547	3987	7841	711	14086	422 71	8 00		558 21
Gaspé	P. Vibert	153	382 50	14077	1619	15696			13498	579	14077	422 10	30 00		834 60
Hochelaga	C. E. Bell	77½	193 75	16474	828	17302	17292				17292	345 84			539 59
Huntingdon	John Morrison	64	160 00	17491	2157	19648	721	16661	2334		19716	500 94	5 00	16 00	681 94
Iberville	D. Tassé	105	262 50	16891	1925	18816	1590			17226	18816	549 58	27 30		839 38
L'Islet	D. S. Ballantyne	126	315 00	12300	1309	13609	10076		2145	1390	13611	367 37	5 00		687 37
Jacques Cartier	F. H. Brunet	96	240 00	11218	751	11969		11986			11986	333 04	12 00		585 04
Joliette	N. Crapeau	100	250 00	21198	2358	23556	4358	17661	2233	333	24585	613 74	30 00		893 74
Kamouraska	H. Garon	140	350 00	21058	1854	22912	1718	10245	11756		23719	643 18	37 25		1030 43
Laprarie	F. X. Bonneau	86	215 00	14475	1362	15837	1503		14322		15825	458 85	25 00		698 85
Laval	P. Labelle	107	267 50	10507	958	11465	2251	1177	8042		11470	315 08	30 00		612 58
Levis	E. Simard	136	340 00	22091	1431	23522	6874	13901	1887	862	23524	587 69	30 00		957 69
Lotbinière	S. W. Greniere	101	252 50	20018	2622	22640		4538	18263		22801	661 34	3 22		917 06
Maskinonge	C. E. Gagnon	120	300 00	14790	1603	16393			15557	217	15774	507 41	30 00		837 41
Megantic	Mr. Hume	74	185 00	17889	2391	20280			19947	332	20279	638 73			823 73
Missisquoi	James Lee	88	220 00	18608	1897	20505			20503		20503	598 83	5 00		823 83
Montcalm	J. E. Beupre	88	220 00	14724	1780	16504	7202		9236		16438	417 29	10 76	157 32	805 37
Montmorency	G. Dick	147	367 50	13386	1159	14545			12184		12184	355 52	35 00	35 00	793 02
Montmagny	J. Oliva	161	402 50	11136	1237	12373	1659		12045	920	14624	480 63	20 00		903 13
Napierville	J. G. Laviolette	92	230 00	14513	1743	16256	4334		12303		16637	455 77	13 00		698 77
Nicolet	J. J. R. Lacompt	100	250 00	21563	2439	24002	306		23755		24061	505 60	30 00		785 60
Ottawa	A. Larue	130	325 00	27757	3295	31052	2999		24284	3740	31023	1102 96	100 00	122 28	1650 24
Pontiac	H. J. Heath	113	282 50	13257	1623	14880	518		13920	470	14908	505 30	99 50	139 82	1027 12
Portneuf	H. Faucher	142	355 00	21291	2668	23959		9763	14125		23888	678 85	30 00		1063 85
Quebec	Joseph Laurin	163	407 50	27893	2057	29950	11097	15433	3325		29855	707 53	6 50		1121 53
Richelieu	P. Gelinas	82	205 00	19070	1603	20673		20615			20615	515 38	30 00		750 38
Richmond	S. E. Smith	88	220 00	8884	1126	10010	9911			113	10024	208 36	30 00		458 36
Rimouski	S. F. Chalifeur	110	275 00	20854	2724	23578			21139	2450	23589	787 66	50 00		1112 66
Rouville	S. Bertrand	100	250 00	18227	2045	20272	20331				20331	406 62	30 00		686 62
Saguenay	R. Boulliane	73	182 50	6101	130	6231				6101	6101	210 68	30 00	26 00	449 18
Shefford	C. Tetu	66	165 00	17779	2298	20077	12563		7523		20086	476 95	30 00		671 95
Soulanges	O'F. Prieur	126	315 00	12221	1214	13435			13461		13461	403 83	50 00		768 83
St. Hyacinthe	R. Raymond	72	180 00	18877	2082	20959	3387		17331		20718	587 67	4 00		771 67
St. Johns	H. Larocque	110	275 00	14853	1271	16124	3318		12806		16124	450 54	26 75		752 29
St. Maurice	H. Beauchmien	98	245 00	11100	1676	12776	300		12337		12637	376 01	20 00		641 01
Stanstead	J. Bullock	134	335 00	12258	1477	13735	929	1204	10821	789	13743	400 93	31 41		767 34
Témiscouta	Mr. Heath	140	350 00	18561	2110	20671	3156	1870	12766	5059	22851	709 27	30 00		1089 27
Terrebonne	Joseph C. Auger	144	360 00	19460	2158	21618	3239		17125	1620	21984	672 81	100 00		1132 81
Two Mountains	C. S. De Martigny	164	410 00	18408	2399	20807	1964		17568	1303	20835	633 20	60 00		1103 20
Vaudreuil	Joseph O. Bastien	91	227 50	12282	1154	13433	545	11854	1152		13551	341 81			569 31
Verchères	N. A. Archambault	77	192 50	15485	1645	17130	4902		12233		17135	465 03			657 53
Wolfe	B. Bishop	75	187 50	6548	1121	7669	617		6729	321	7667	239 89	10 00		437 89
Yamaska	T. E. Gill	90	225 00	16045	2008	18053	16743				16743	380 26	20 00		625 26
Magdalen Islands, Anticosti	Capt. Fortin	62	155 00	7435	370	7805				7445	7445	595 60		71 60	822 20
CITIES.															
Montreal	John Leeming	381	952 50	90323		90323	86909		4097		91006	1690 14	203 12	603 12	3448 88
	J. Marchand														
	E. Murphy														
Quebec	D. McPherson & others	140	1050 00	51109		51109	51117				51117	1022 34	137 59		2209 93
Three Rivers	E. Barnard	72	180 00	6058		6058	6264				6264	125 29	2 50		307 79
Sherbrooke	G. Lanigan	50	125 00	5523	376	5899	2994		3282		6276	159 96	22 91	42 10	349 97
Totals		7063½	18358 75	1117723	104783	1222506	374554	198842	591455	80596	1245447	33863 14	1881 98	1389 28	65493 15

(Signed)

E. CAMPBELL,

Act. Secy.

II.—COST OF TAKING THE CENSUS.—UPPER CANADA.

COUNTY.	COMMISSIONERS.			POPULATION BY RETURNS.			ENUMERATORS.					Hand-bills, Printing, &c.	Extra Allowances.	Total Amount paid Commissioners.	
	Names.	No. Days' Service.	Salary at \$2.50 per diem.	Nominal.	Agricultural.	Total.	Names Taken				Amount paid Comm'rs for them.				
							At 2 cts.	At 2½ cts.	At 3 cts.	Over 3 cts.					Total.
Brant	Wm. Matthews	111	\$ c.	30338	2314	32652	30250	2530			32780	\$ c.	\$ c.	\$ c.	\$ c.
Bruce	W. Gunn	76	277 50	190 00	27499	4171	31670	26186	5209	279	31674	655 50	30 00	25 47	988 47
Carleton	F. Clemow	130	190 00	29620	3794	33414	286	31436	1512		33234	655 21	131 32		976 53
Dundas	S. Johnson	120	325 00	18777	2210	20987	1483	19561			21044	998 82	100 00		1423 82
Durham	Jos. Staples	101	300 00	39115	3491	42606	41526	1350			42876	616 49	50 00		966 49
Elgin	Geo. Munro	122	252 50	32050	3280	35330	2539	5985			35622	868 54	25 00		1146 04
Essex	T. H. Wright	143	305 00	25211	2702	27913	5918	22009			27927	907 78	100 00		1312 78
Frontenac	G. J. Barker	83	357 50	27347	2994	30341	20251	5967	1794		30422	778 73	100 00		1236 22
Glengarry	P. Stuart	68	207 50	21187	2524	23711	23700				23700	769 48	19 00	102 84	1098 82
Grenville	Wm. Dickenson	126	170 00	24191	2518	26709	4592	22260			26852	474 02			644 02
Grey	Thos. Gordon	159	315 00	37750	5728	43478	37988	4890	700		43578	759 65	40 00		1114 65
Haldimand	A. M. Lockhart	121	397 50	23708	2678	26386	26363				26363	963 46	63 00		1423 96
Halton	R. Palmer	70	302 50	22794	1887	24681	34666				34666	537 26	30 00		869 76
Hastings	N. S. Appleby	96	175 00	44970	4077	49047	40055	5541	3371		48967	493 32	9 00		677 32
Huron	Jno. Seary	102	240 00	51954	6830	58784	4227	45256	9302		58785	1054 20	30 00		1324 20
Kent	W. W. Holmes	152	255 00	31183	3489	34672	6807	18647	9352		34806	1612 72	9 52	110 00	1987 24
Lambton	Alex. Vidal	65	380 00	24916	3099	28015	17295	6697	4151		28143	873 77	86 00		1339 77
Lanark	D. Kerr	73	162 50	31639	3505	35144	29346		5512	305	35163	637 81	75 00		875 31
Leeds	Jas. Kerker	103	182 50	35750	3925	39685	10928		28834		39762	776 68	19 50		978 68
Lennox & Addington	E. Mallony	89	257 50	28002	2876	30878	28271		2192	441	30904	1083 58	20 00	8 00	1369 08
Lincoln	Jno. Barker	102	222 50	27625	1992	29617	8350	6420	14882		29652	673 46	24 50	7 00	927 46
Middlesex	W. McDougall	80	255 00	48736	5955	54691	54808				54808	772 56	48 00		1075 56
Norfolk	T. W. Walsh	80	200 00	28590	2840	31430	31691				31691	1096 16	52 00		1348 16
Northumberland	Jno. Beaty, Jr.	112	200 00	40592	3501	44093	41307	2813			44120	633 82	32 00		865 82
Ontario	S. B. Fairbanks	102	280 00	41604	3783	45387	30610		14869		45479	894 46	25 00		1199 46
Oxford	Jas. Kintreau	80	255 00	46226	4399	50625	50646				50646	1066 05	69 16		1390 21
Peel	R. C. McCallum	49	200 00	27240	2501	29741	29744				29744	50646	45 00	223 54	1481 46
Perth	P. R. Jarvis	135	122 50	38083	4600	42683	5984	13258	23151	342	42735	594 88	11 25		728 63
Peterborough	T. White, Jr.	108	337 50	24651	2210	26861	26984				26984	1164 13	136 28		1637 91
Prescott	C. Watters	100	270 00	15499	1421	16920	1289	13121	2575		16985	701 49	28 00		999 49
Prince Edward	Wm. Young	86	250 00	20869	2085	22954	22896				22896	434 62	25 00		709 62
Renfrew	Jno. Judge	120	215 00	20325	2659	22984	7207	14587		1214	23008	459 92	5 00		679 92
Russell	H. McDougall	48	300 00	6824	704	7528	6795	727			7522	671 52	25 00		996 52
Simcoe	D. Moreau	169	120 00	44720	4590	49310	32263	16691	374		49328	191 73	20 00		331 73
Stornton	G. Sherar	120	422 50	18129	1823	19952	13223	6170	705		20098	594 88	11 25		728 63
Victoria	W. McDonnell	120	300 00	23039	2612	25651	18003	3308	3736	603	25650	1164 13	136 28		1637 91
Waterloo	J. Hespeler	124	300 00	38750	2932	41682	41707				41767	604 74	38 00		942 74
Welland	W. A. Rooth	130	310 00	24988	2153	27141	27191				27191	835 28	66 61		1211 89
Wellington	W. S. Knowles	112	325 00	49200	5284	54484	54617				54617	566 90	45 00		936 90
Wentworth	W. Gillespy	78	280 00	31832	2394	34226	34025				34025	1107 72	40 30		1428 02
York	W. Gamble	157	195 00	59674	4699	64373	64536				64536	680 50	412 50		1288 00
Algoma District	R. Carney	50	392 50	4916		4916					4916	34025	680 50	412 50	1288 00
Nipissing	T. H. Johnston	90	125 00	2094		2094					2094	1322 62	90 78	12 00	1817 90
			225 00									387 72		140 88	653 60
												163 52	65 30		453 82
CITIES.															
Hamilton	Geo. Ryall	93	232 50	19096		19096	18785				18785	375 70			608 20
Kingston	A. Cameron	40	100 00	13743		13743	13873				13873	277 46	37 60		415 06
London	B. Nash	86	215 00	11555		11555	11550				11550	231 00			446 00
Ottawa	H. J. Friel	64	160 00	14669		14669	14542				14542	290 84	41 40		492 24
Toronto	G. A. Barber	117	292 50	44821		44821	45391				45391	907 82	48 75		1249 07
Totals		4862	12155 00	1396091	133239	1529330	1034366	240420	252481	14574	1541841	35417 50	2399 77	629 73	50602 00

(Signed)

E. CAMPBELL,

Act. Secy.

III.

STATEMENT of the Cost of the Census Commission, from 5th November, 1860, to
1st August, 1863.

	\$	c.	\$	c.
Salaries of Departmental Staff, inclusive of Gratuities on completion of the work			36742	70
Paid to Commissioners and their Enumerators, with disbursements, for taking the Census.....			105623	91
<i>Printing, Stationery, Advertising and Bookbinding.</i>				
S. B. Foote.....	\$354	48		
A. Côté.....	800	00		
G. T. Cary.....	376	38		
Desbarats & Derbishire.....	188	48		
F. C. Dredge.....	204	55		
Gillespy & Co.....	412	50		
Mercury Office.....	22	80		
E. N. Fréchette.....	13	20		
Hunter, Rose & Co.....	69	84		
Thompson & Co.....	30	00		
Middleton & Dawson.....	32	80		
J. J. Rolston.....	104	25		
J. N. Duquet.....	65	20		
Duvernay Frères.....	34	84		
L. Brusseau.....	22	56		
			10731	88
Paid Extra Clerks' services extracting information for Minister of Finance			459	23
Paid J. Dufort, Translator.....			400	00
Paid J. L. Roy, M. D., classifying deaths.....			450	00
Paid J. O. Valliere, for office furniture			364	25
Contingencies of the Department.....			414	25
Total cost of Census, to 1st August, 1863.....	\$		155186	22

(Signed,) JOHN LANGTON,
Auditor.

8th August, 1863.

IV.

BUREAU OF AGRICULTURE,

To SAM. B. FOOTE, DR.

For Stationery.

	\$	c.
1 doz. Pocket Knives.....	50	00
100 reams Superfine Foolscap.....	1200	00
Ruling 50 reams do	100	00
Trimming and Faintlining 100 reams.....	100	00
Printed Headings, 50 reams	200	00
150 reams Note Paper	750	00
Printed Headings, 100 reams	400	00
100 reams Letter Paper	800	00
Printed Headings, 80 reams	320	00
20 reams Packing Paper.....	400	00
12 do Blotting do	144	00
0 gross Red Tape.....	200	00
do Lead Pencils.....	60	00
0 balls String Twine.....	75	00
reams Cartridge Paper	80	00

IV.—(Continued.)

	\$ c.
20000 large White Envelopes	500 00
Printing "Bureau of Agriculture" on them	160 00
20000 Letter Envelopes, \$240; with Headings, \$160	400 00
10000 Note do	30 00
1000 Cards.....	12 00
6 doz. India Rubbers.....	24 00
50 bottles Mucilage.....	75 00
24 pairs strong Scissors	60 00
12 boxes India Rubber Bands.....	60 00
4 doz. Black Ink, assorted	48 00
1 do Red do	15 00
	\$6813 00

To be taken by the Bureau and paid for.

30th October, 1861.

(Signed)

P. M. VANKOUGHNET.

BUREAU OF AGRICULTURE AND STATISTICS,
29th October, 1861.

I think that the three branches under the superintendence of this department will require this amount of stationery for the two years ensuing.

(Signed)

E. CAMPBELL,
Actg. Secty.

Received—Four thousand dollars on account. \$4,000.

10th Jany., 1862.

(Signed)

S. B. FOOTE.

\$2313.00.

Received—Quebec, 5th Feby., 1862—from Thos. Ross, Esq., Twenty-three hundred and thirteen dollars, being balance of account for stationery furnished the office of the Bureau of Agriculture and Statistics.

(Signed)

SAM. B. FOOTE,
Per HENRY B. BOSTWICK.

CENSUS COMMISSION,

V.

To SAM. B. FOOTE, DR.

For Stationery.

	S c.
50 reams Superfine Foolscap	600 00
Ruling 20 reams	40 00
Trimming and Faintlining 50 reams	50 00
Printed Headings, 20 reams	80 00
50 reams Note Paper	250 00
Printed Headings, 25 reams	100 00
20 reams Letter Paper	160 00
Printed Headings, 20 reams	80 00
20000 Large Envelopes	500 00
20000 Letter do	240 00
20000 Note do	160 00
10 reams Packing Paper	200 00
12 do Blotting do	144 00
2 gross Lead Pencils	30 00
1 do Pen holders	60 00
12 doz. Blue and Red Pencils (4 dozen)	12 00
4 do Steel Pens (12 doz. Boxes)	36 00
4 do Black Ink	48 00
1 do Red Ink	15 00
1 M. Quills	10 00
1 doz. Pen-knives	50 00
6 do Red Tape	20 00
6 Large Rulers	15 00
6 Small do	10 00
6 Inkstands	30 00
12 Erasing Knives	12 00
6 Chamois Skins	12 00
6 Paper Knives	12 00
6 pairs Scissors	15 00
	\$2981 00

To be taken as certified for.

30th October, 1861.

(Signed) P. M. VANKOUGHNET.

I think this amount, with that of the Bureau of Agriculture and Statistics, is required.

(Signed) E. CAMPBELL,
Actg. Secty.

Received Payment.—10th Jan., 1862.

(Signed) S. B. FOOTE,
Proprietor.

VI.—DEPARTMENTAL EXPENDITURE.—Classified according to Departments.

CROWN LANDS DEPARTMENT.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff	19682 03	27421 26	30350 66	46364 58	42968 47	49706 69	56276 41	58541 02	58010 63	58126 60	72816 71
Extra Clerks and Services	4816 00	1930 75	4365 09	3312 85	3247 55	618 67	4415 52	10678 09	16455 16	16582 40	14188 33
Printing and Stationery	4595 67	3462 73	4097 63	5759 02	12850 95		11724 32	16670 24	24700 44	23243 49	19514 61
Newspapers and Advertising	2012 87			687 90	6079 55	6696 14	3372 20	9069 09	6398 73	11188 55	5970 90
Postages	1593 39	1974 12	2488 40	1786 09	377 32	884 25	675 79		1231 05	1122 40	1623 53
Telegraphs	97 58	559 58	260 20	181 98	500 20	378 22	265 62	491 74	1116 20	1285 37	715 62
Maintenance of Office	1305 78	1010 80	1038 00	1613 35	1627 95	1268 78	3416 87	3470 49	4792 58	5741 61	5451 47
Sundries	1274 65	615 18	363 02	747 63	1337 10	1477 37	1970 27	3324 25	2167 85	3189 86	1512 52
	35377 97	36974 42	42063 00	60453 40	68989 09	61030 22	82147 00	102245 52	115072 64	120480 28	121793 69

PUBLIC WORKS DEPARTMENT.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	\$ cts.
Permanent Staff	8129 90	8266 76	17779 33	16970 36	23791 33	24643 53	24755 83	27240 84	28882 01	30581 14	38176 16
Extra Clerks and Services		262 08	197 15	1214 87	3027 10	3799 75	4100 43	514 35	4437 70	2828 75	1277 60
Printing and Stationery	1413 73	632 18	1052 89	1465 87	977 52	2561 05	2121 42	1727 52	4014 72	3555 52	900 30
Newspapers and Advertising	800 00	107 24	99 25	133 90	153 25	169 42	202 75	224 70	280 49	229 17	339 80
Postages					133 35	362 17	849 15	938 60	601 70	468 49	545 14
Telegraphs					89 53				1218 11	1342 64	573 21
Maintenance of Office	416 31	1231 70	1456 03	1167 23	1630 20	1576 80	963 18	908 72	2071 99	1516 01	902 98
Sundries		175 82	328 49	165 25	556 45	71 15					643 96
	10759 94	10675 78	20913 14	21117 48	30358 73	33183 87	32992 76	31554 91	41536 72	40521 72	43359 05

Departmental Expenditure.—Continued.

POST OFFICE DEPARTMENT.							
	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	20876 02	24479 18	36893 17	37590 16	38155 00	36315 57	41761 17
Extra Clerks and Services.....	360 00	403 00	628 00	177 35	605 28	1313 16	.....
Printing and Stationery.....	11141 80	10837 31	9229 86	13245 18	10506 51	12455 46	16678 34
Newspapers and Advertising.....	1140 59	2412 15	1684 88	891 06	929 04	1158 16	1524 51
Telegraphs.....	663 11	952 72	164 95	198 23	438 97	718 61	683 05
Maintenance of Office.....	3553 82	2553 22	1894 42	2067 64	1594 75	1121 84	2154 77
Sundries.....	3116 89	3480 57	2573 85	2070 16	2108 67	711 98	1113 66
Travelling.....	1986 57	817 75	.....	.....	.....	.....	1390 03
	42838 80	45935 90	53069 13	66245 78	54338 22	53794 78	65305 53

FINANCE DEPARTMENT.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	12566 12	13738 66	18106 14	17859 35	18555 70	22106 51	24542 25	24824 24	25201 72	24951 55	26618 50
Extra Clerks and Services.....	300 00	300 00	800 00	3272 00	568 50	845 00	2282 41	1277 15	278 00	202 00	.....
Printing and Stationery.....	710 87	767 65	578 20	680 93	1110 56	1203 72	2958 45	2870 54	3196 71	4006 02	5153 56
Newspapers and Advertising.....	.....	.....	.....	89 88	18 19	.....	224 80	161 57	275 30	188 00	296 46
Postages.....	1049 22	1068 20	1107 86	950 27	381 64	496 34	192 24	591 12	607 52	471 67	793 27
Telegraphs.....	.....	.....	.....	.....	.....	.....	418 98	.....	731 33	818 42	755 57
Maintenance of Office.....	.....	296 90	300 00	636 40	934 64	1640 12	2443 70	2834 31	3460 72	2382 97	1418 87
Sundries.....	.....	1676 49	34 93	18 32	644 24	193 85	.....	23 00	41 60	224 50	1017 28
	14626 21	17847 90	20927 13	23507 15	22213 45	26575 57	33062 83	32581 93	33382 90	33246 43	36053 51

Departmental Expenditure.—Continued.

FINANCE DEPARTMENT.—CUSTOMS BRANCH.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	3300 00	3300 00	6800 00	7910 00	9017 58	15236 89	14887 50	17105 66	14576 00	14710 00	17000 00
Extra Clerks and Services.....	2089 23	2800 00	38 00	3311 50	732 00	1450 00	1755 34	338 00	100 00	1751 09	1845 59
Printing and Stationery.....	4951 51	4949 32	11559 12	14061 58	10977 40	11883 59	14904 68	17246 83	12999 45	17487 17	13184 69
Newspapers and Advertising.....	.....	.....	475 58	181 33	190 36	318 90	194 52	170 76	244 67	938 68	581 85
Postages.....	2826 90	2324 05	3194 53	5241 10	300 10	295 09	71 65	.....	315 37	196 28	235 24
Telegraphs.....	.....	.....	.....	80 00	4511 72	1447 10	1448 96	1220 99	1038 59	1243 79	761 99
Maintenance of Office.....	333 33	.....	400 00	.....	.....	3580 00	1148 51	1712 66	1562 16	2656 53	2524 14
Sundries.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
	13500 97	14023 37	22429 23	30785 51	25729 16	34211 57	34411 16	37694 90	30536 24	38993 54	35933 50

FINANCE DEPARTMENT.—AUDIT BRANCH.									
	1855	1856	1857	1858	1859	1860	1861	1862	
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Permanent Clerks.....	456 51	7876 80	9358 66	9150 02	9522 50	9680 00	9793 33	10902 13	
Extra Clerks and Services.....	.....	.....	.....	287 50	77 50	.....	.....	94 00	
Printing and Stationery.....	207 53	653 50	231 30	385 19	279 62	339 29	480 64	427 19	
Newspapers and Advertising.....	.....	.....	.....	30 50	17 60	.....	12 75	49 00	
Postages.....	.....	72 65	240 10	123 27	.....	206 14	180 04	229 27	
Telegraphs.....	.....	.....	.....	10 98	25 43	74 86	49 54	43 34	
Maintenance of Office.....	.....	65 50	115 56	61 50	10 50	179 55	88 75	.....
Sundries.....	.....	.....	.....	.....	43 25	60 00	100 00	59 99	
	664 04	8668 45	9945 62	10048 96	9576 40	10552 59	10694 30	11804 92	

Departmental Expenditure.—Continued.

RECEIVER GENERAL'S DEPARTMENT.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	7686 20	8100 00	10429 30	11182 00	16229 19	16801 03	20095 26	21883 34	18860 00	20335 00	21342 00
Extra Clerks and Services.....	2109 00	2117 50	2985 33	4701 72	795 53	762 56	3631 10	2037 00	2012 50	722 00	1062 00
Printing and Stationery.....	1039 65	1196 10	366 51	2148 82	2163 32	2435 60	4762 21	2147 18	2914 88	4263 56	2545 43
Newspapers and Advertising.....		8 95	116 93	421 52	574 41	711 32	366 01	841 22	353 49	211 65	1359 29
Postages.....	1575 14	1040 36	1618 01	952 90	468 05	558 70	253 75	456 56	1928 82	534 97	777 23
Telegraphs.....							302 93		712 80	617 94	485 60
Maintenance of Office.....	264 00	264 00	663 35	886 05	617 66	1459 02	1625 01	1345 77	2095 99	1975 52	1502 61
Sundries.....	1030 17	604 65	297 59	335 97	639 00	200 00	415 00	134 48	457 00	138 50	323 00
	13684 26	13351 56	16477 55	29928 98	21487 16	23031 23	31431 30	28845 53	29395 48	28829 14	29397 16

MILITIA DEPARTMENT.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Permanent Staff.....	6019 96	6040 00	7875 00	8495 00	12333 01	16040 00	18032 50	16509 77	16940 00	17323 33	22517 23
Extra Clerks and Services.....		50 00		145 37				181 80	1500 00	1423 68	3497 00
Printing and Stationery.....							1383 05	1470 27	1845 04	2448 02	4334 42
Newspapers and Advertising.....					5709 27	15681 74	120 50	127 57	89 65	157 30	157 30
Postages.....	51 63						156 88	38 43	61 08	139 04	493 67
Telegraphs.....					375 00	375 00	849 59	1085 63	1214 10	1260 78	1403 66
Maintenance of Office.....	1254 75	1408 87	1176 12	3026 35			815 53	232 00	560 10	617 13	
Sundries.....											
	7329 34	7498 87	7416 12	11666 72	18417 28	32006 74	21357 05	19611 87	22609 97	23369 28	32445 38

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Departmental Expenditure.—Continued.

BUREAU OF AGRICULTURE.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Permanent Staff	1193 49	2325 00	4191 00	6700 00	6560 00	7481 53	10320 04	9899 98	8339 99	8091 24	13379 50
Extra Clerks and Services			103 50		650 00	210 00	88 50	600 00	785 00	120 00	434 33
Printing and Stationery	49 09						1198 44	1462 45	2152 08	2440 75	15361 74
Newspapers and Advertising							1097 50	258 62	376 94	1927 07	525 15
Postages				90 26			261 13	2 66	554 06	492 28	630 14
Telegraphs							430 79	162 89	122 10	333 23	217 19
Maintenance of Office	1107 00	5100 00	2586 70	3859 73	750 00	919 45	678 11	476 39	994 09	1281 38	1042 49
Sundries	22 12	326 93	228 50		422 45	369 00	52 00			210 50	2095 61
	2371 70	7876 93	5818 70	10649 99	8382 45	8979 98	14126 51	12862 99	13524 26	14896 45	33666 15

EXECUTIVE COUNCIL.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff	7962 49	8563 56	11418 25	13640 87	12680 00	15577 40	17831 01	18811 50	18684 00	19084 00	18456 51
Extra Clerks and Services	1098 00	1460 00	1460 00	2664 10	2476 00	259 00			154 22	23 00	138 50
Printing and Stationery	575 33	629 14	516 76	1036 28	1672 87	2531 42	2176 55	1883 98	1479 64	1832 83	2148 08
Newspapers and Advertising		364 25	328 99	401 65	481 42	441 52	450 92	394 87	578 11	1721 51	1835 68
Postages		556 33	265 73	165 65	115 86	171 26	45 76	226 17	254 85	221 74	415 18
Telegraphs							82 04		258 80	820 92	888 91
Maintenance of Office	600 00	857 85	1001 20	924 60	1681 80	2296 33	1776 58	1961 43	2766 18	1647 35	1670 95
Sundries			18 80	3933 34	159 25		99 00	187 50	120 00	165 00	530 00
	11444 20	12431 13	12918 73	22766 49	19267 20	21277 43	22461 86	23465 45	24295 80	25516 35	26083 81

Departmental Expenditure.—Continued.

CROWN LAW—EAST AND WEST.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	13170 00	14280 00	15309 51	17840 00	19000 00	19750 00	21061 57	16724 64	22523 04	23649 98	23416 62
Extra Clerks and Services.....	510 00	680 00	680 00	1795 00	1335 50	1508 00	76 10	126 70	35 00	585 50	207 00
Printing and Stationery.....	117 20	523 58	327 70	2363 78	2340 00	3831 82	4926 18	3327 06	2965 92	2527 46	3367 46
Newspapers and Advertising.....			94 58	208 78	227 65	368 39	507 62	452 62	502 90	732 61	601 61
Postages.....	99 13	295 05	413 31	248 16	173 53	278 92	140 99	37 13	385 14	354 01	503 66
Telegraphs.....							1398 06	1056 66	1485 40	2774 54	2105 42
Maintenance of Office.....	1560 00	583 55	611 25	1352 26	1446 40	406 05	736 82	537 12	1385 25	1219 46	659 03
Sundries.....						107 82	58 40	18 75	93 15	139 57	394 13
	15756 33	16362 18	17436 35	23807 98	24523 08	26251 00	28905 74	22280 68	29375 80	31983 13	31254 92

PROVINCIAL SECRETARY'S OFFICE.

	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	15666 60	16212 79	20675 73	26589 71	21070 00	23501 08	25712 96	24186 76	23688 74	24386 76	23920 14
Extra Clerks and Services.....	396 50	394 00	1605 00	2514 26	2811 55	1116 65	1507 30	924 50	915 40	1422 40	2258 64
Printing and Stationery.....	1185 67	1829 63	1951 70	2401 20	3841 89	3370 01	4290 32	3511 65	5026 01	2700 10	5342 14
Newspapers and Advertising.....		191 65	190 33	345 75	775 33	428 22	442 49	614 46	1245 09	3479 65	6497 87
Postages.....	1523 10	1384 37	950 30	1768 76	289 15	369 65	193 94	291 41	361 99	713 51	391 03
Telegraphs.....							632 03		819 48	1221 78	475 78
Maintenance of Office.....	897 33	1037 33	1680 38	1508 37	1651 63	2423 19	1312 97	1582 49	1648 42	1289 09	878 16
Sundries.....	509 02	426 00	129 23	434 27	361 25	122 75	528 90	288 58	120 00	310 00	365 00
	20568 22	21475 77	26592 67	29562 32	30801 10	31271 55	31650 91	31399 88	33825 13	35523 29	40138 76

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Departmental Expenditure.—Continued.

GOVERNOR'S SECRETARY.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	3499 93	3199 93	4882 82	5954 00	5835 76	5954 00	7038 18	6954 00	6954 00	7120 66	7404 00
Extra Clerks and Services				38 80			160 00			30 00	
Printing and Stationery	208 59	275 24	521 18	655 38	489 58	1513 23	1098 73	752 70	1390 63	1765 96	1058 06
Newspapers and Advertising		154 85	176 27	259 15	458 46	411 55	461 01	521 44	279 24	328 27	1145 09
Postages.....	1708 39	1611 28	692 26	962 47	1389 28	2475 78	793 46		708 69	510 88	1735 52
Telegraphs.....				14 42			320 16	880 22	447 45	531 73	1362 88
Maintenance of Office	1334 01	815 83	815 83	1378 43	1234 84	1550 21	676 30	1439 55	1973 23	2182 12	4561 33
Sundries.....		138 65	288 03	583 12	156 49	175 09	151 70	823 50	266 50	377 85	111 95
	6750 92	6495 78	7376 40	9831 26	9578 82	12109 97	10719 54	10871 41	12019 74	12847 47	17379 73

PROVINCIAL REGISTRAR.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	3066 61	3199 93	3955 65	4010 60	4560 00	6214 87	7951 01	6804 16	6630 00	6627 50	7337 50
Extra Clerks and Services	187 43	847 00	973 90	1013 50	2385 50	1582 50	1214 70	761 02	1693 81	2600 53	2182 36
Printing and Stationery	491 96	677 50	585 33	886 80	1022 26	1491 33	691 31	740 51	2013 02	865 35	1412 19
Newspapers and Advertising.....								6 00	4 00		28 50
Postages.....	49 89	62 25	37 50	28 74	49 31	70 76	19 91		52 62	82 18	234 00
Telegraphs.....											
Maintenance of Office	300 00	300 00	445 03	433 00	628 50	342 74	315 85	197 61	407 88	654 57	188 18
Sundries.....	271 19	131 16	127 16	126 56	6 00	120 60	30 00				190 00
	4567 08	5217 86	6121 59	6540 60	8651 57	9822 20	10132 81	8509 33	10801 33	10830 13	11572 73

Departmental Expenditure.—Continued.

THE DEPARTMENTS GENERALLY.					
	1853	1854	1855	1856	1857
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Telegraphs.....	1630 85	2133 43	2950 79	4083 18	4719 23
Maintenance.....	3369 58	4786 25	9803 40	2124 00	9372 50
Sundries.....	5006 43	9176 89	14514 02	6569 77	14091 73

TOTAL SALARIES AND CONTINGENCIES OF THE DEPARTMENTS.

	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Permanent Staff.....	102223 43	115647 91	151172 99	178002 38	221253 86	256954 40	294567 74	296604 57	297115 13	301036 96	345258 17
Extra Clerks and Services.....	11506 16	10791 33	13207 97	23983 97	18339 33	12555 13	20206 90	17694 06	20002 07	29804 51	26985 25
Printing and Stationery.....	15639 27	14993 07	21557 62	34667 19	49241 65	42010 48	61750 71	62335 83	85601 41	89872 33	91428 20
Newspapers and Advertising.....	2812 87	826 94	1981 93	2729 86	15808 48	27639 35	9155 73	13751 73	11770 19	22262 62	20756 61
Postages.....	10480 79	10267 01	10767 93	12164 40	3750 24	6142 02	3757 92	2582 20	7269 03	5187 49	8606 88
Telegraphs.....	97 58	2196 43	2393 63	3132 77	5350 44	6051 27	4026 51	2315 17	5425 59	10514 72	9068 56
Maintenance of Offices.....	9372 51	12906 83	14031 12	18628 70	20772 16	18394 17	18222 86	19138 97	25623 82	23605 24	20430 84
Sundries.....	3107 15	7464 46	7012 00	16147 87	11809 78	20087 76	7843 16	8858 13	7957 03	8841 42	13674 33
	155329 76	175093 98	221625 50	289477 14	346476 14	389833 58	419533 56	423279 76	472066 92	491315 29	536208 84

VII.—DEPARTMENTAL EXPENDITURE.—Classified under the heads of the several expenditures.

PERMANENT STAFF.

	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Governor's Secretary.....	3490 32	3490 93	4882 83	5954 00	5835 76	5954 00	7058 18	6954 00	6954 00	7120 66	7404 00
Provincial Secretary.....	15666 60	16212 79	20075 73	20559 71	21070 00	23501 08	23712 06	24186 76	23683 74	24386 76	23930 14
Provincial Registrar.....	3066 61	3199 95	3955 65	4040 00	4560 00	6214 87	7951 04	6804 16	6630 00	6627 50	7337 50
Receiver-General.....	7666 30	8100 00	10429 80	11182 00	16220 19	16904 03	20095 26	21863 34	18560 00	20335 00	21342 00
Finance Minister.....	12566 12	13738 66	18106 14	17859 35	18555 70	22106 51	24512 25	24824 24	25291 72	24951 85	26618 50
Customs Branch.....	3300 00	3800 00	6500 00	7910 00	9017 58	13256 89	11887 50	17105 66	14576 00	14710 00	17000 00
Audit Branch.....			456 51	7876 80	9558 66	9150 02	9522 50	9680 00	9793 33	16902 13	
Executive Council.....	7962 49	8563 56	11418 25	13640 87	12680 00	15577 40	17831 01	18811 50	18684 00	19084 00	18456 51
Public Works.....	8129 90	8266 76	17779 32	16970 36	23791 33	24643 53	24755 83	27240 84	28882 01	30581 14	38176 16
Bureau of Agriculture.....	1193 49	2525 00	4191 00	6700 00	6560 00	7481 53	10320 04	9899 98	8539 99	8091 24	13379 50
Post Office.....					20876 02	24479 18	36893 17	37596 16	38155 00	36315 57	41701 17
Crown Law, East and West.....	13470 00	14280 00	15309 51	17840 00	19000 00	19750 00	21061 57	16724 64	22523 04	28649 98	23416 62
Crown Lands.....	19682 03	27421 26	30350 66	46364 58	42968 47	49706 69	56276 41	58541 02	58010 63	58126 60	72816 71
Militia.....	6019 96	6040 00	7875 00	8495 00	12333 01	16040 00	18032 50	16509 77	16940 00	17323 33	22717 23
	102223 42	115647 91	151173 90	178002 38	221333 86	256954 40	294567 74	296604 57	297415 13	301096 96	345238 17

EXTRA CLERKS AND SERVICES.

	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Governor's Secretary.....				38 80					160 00		30 00
Provincial Secretary.....	396 50	394 00	1605 00	2514 26	2811 85	1116 65	1507 30	924 50	915 40	1422 40	2258 64
Provincial Registrar.....	187 43	847 00	973 00	1013 50	2385 50	1582 50	1244 70	761 02	1693 81	2600 53	2182 36
Receiver-General.....	2109 00	2117 50	2985 33	4701 72	795 53	762 56	3631 10	2037 00	2042 50	722 00	1062 00
Finance Minister.....	300 00	300 00	800 00	3272 00	568 50	845 00	2282 41	1277 15	278 00	202 00	
Customs Branch.....	2089 23	2800 00	38 00	3311 56	732 00	1450 00	1755 34	338 00	100 00	1751 09	1645 59
Audit Branch.....								287 50	77 50		94 00
Executive Council.....	1098 00	1460 00	1460 00	2664 10	2176 06	259 00			154 22	23 00	138 50
Public Works.....		262 08	197 15	1214 57	3027 10	3799 75	4100 43	514 35	4437 70	2828 75	1277 50
Bureau of Agriculture.....			103 50		650 00	210 00	88 50	600 00	785 00	120 00	434 33
Post Office.....					360 00	403 00	628 00	177 35	605 28	1313 16	
Crown Law, East and West.....	510 00	680 00	680 00	1795 00	1335 50	1508 00	76 10	126 70	35 00	585 50	207 00
Crown Lands.....	4816 00	1930 75	4365 09	3312 85	3247 55	618 67	4415 52	10678 69	16455 16	16582 40	14188 33
Militia.....				145 37					181 80	1500 00	1423 68
	11506 16	10791 32	13207 97	23983 97	18389 53	12555 13	20206 90	17694 06	29002 07	29604 51	26985 25

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Departmental Expenditure.—Continued.

PRINTING AND STATIONERY.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Governor's Secretary.....	208 59	275 24	521 18	655 38	489 58	1543 33	1098 73	752 70	1390 63	1765 96	1058 06
Provincial Secretary.....	1485 67	1829 63	1951 70	2401 20	3541 89	3370 01	4290 32	3511 65	5026 01	2700 10	5342 14
Provincial Registrar.....	491 96	677 50	385 33	886 80	1022 26	1491 33	591 31	740 51	2013 02	865 35	1412 19
Receiver-General.....	1039 63	1196 10	366 51	2148 82	2163 32	2435 60	4762 21	2147 18	2944 83	4263 56	2545 43
Finance Minister.....	710 87	767 65	578 20	630 93	1110 56	1233 72	2958 45	2870 54	3196 71	4006 02	5153 56
Customs Branch.....	4951 51	4949 32	11559 12	14061 53	10977 40	11883 59	14904 68	17246 83	12999 45	17487 17	13184 69
Audit Branch.....				207 53	653 50	231 30	385 19	279 62	339 29	480 64	427 19
Executive Council.....	575 33	629 14	516 76	1036 28	1672 87	2531 42	2176 55	1883 98	1479 64	1832 83	2148 08
Public Works.....	1413 73	632 18	1052 89	1465 87	977 52	2561 05	2121 42	1727 52	4044 72	3555 52	900 30
Bureau of Agriculture.....	49 09						1198 44	1462 45	2152 08	2440 75	15361 74
Post Office.....					11141 80	10837 31	9229 86	13245 18	10500 51	12455 46	16078 34
Crown Law, East and West.....	117 20	525 58	327 70	2363 78	2340 00	3831 82	4926 18	3327 00	2965 92	2527 46	3367 45
Crown Lands.....	4595 67	3462 73	4097 63	5739 02	12850 95		11724 32	16670 24	24700 44	33245 49	19514 61
Militia.....		50 00					1383 65	1470 27	1845 04	2448 02	4334 42
	15639 27	14993 07	21557 02	34667 19	49241 65	42010 48	61750 71	62335 83	85604 44	89872 33	91428 20

NEWSPAPERS AND ADVERTISING.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Governor's Secretary.....		154 85	176 27	259 15	458 46	411 55	461 01	521 44	279 24	328 27	1145 99
Provincial Secretary.....		191 65	190 33	345 75	775 33	428 22	442 49	614 46	1245 09	3470 65	6497 87
Provincial Registrar.....								6 06	4 00		28 50
Receiver-General.....		8 95	116 93	421 52	574 41	711 32	366 04	841 22	553 49	211 65	1359 29
Finance Minister.....				89 88	18 19		224 80	161 57	275 30	188 00	236 46
Customs Branch.....			475 58	181 33	190 36	318 90	194 52	170 76	214 67	938 68	581 85
Audit Branch.....							30 50	17 60	12 75	2 00	49 09
Executive Council.....		364 25	328 99	401 65	481 42	441 52	450 92	394 87	579 11	1721 51	1835 68
Public Works.....	800 00	107 24	99 25	133 90	153 25	169 42	202 75	224 79	280 49	229 17	339 80
Bureau of Agriculture.....							1097 50	258 62	376 94	1927 07	525 15
Post Office.....					1140 50	2412 15	1684 88	891 06	929 04	1158 16	1524 51
Crown Law, East and West.....			91 58	205 78	227 65	368 39	507 62	452 62	502 90	732 61	601 61
Crown Lands.....	2012 87			687 90	6070 55	6696 14	3372 20	9069 09	6598 73	11188 55	5970 90
Militia.....					5709 27	15681 74	120 50	127 57	89 65	187 30	
	2812 87	826 94	1481 93	2729 86	15809 48	27439 35	9155 73	13751 73	11770 40	22262 62	20756 61

Departmental Expenditure.—Continued.

POSTAGES.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Governor's Secretary.....	1708 39	1611 28	692 26	962 47	1389 28	2475 78	793 46	708 69	510 88	1735 52	
Provincial Secretary.....	1523 10	1384 37	950 30	1768 76	289 15	309 65	193 94	291 44	361 99	713 51	391 03
Provincial Registrar.....	49 89	62 25	37 50	38 74	49 31	70 76	19 91	52 62	82 18	234 00	
Receiver-General.....	1575 14	1040 36	1618 04	952 90	468 05	558 70	233 75	456 56	1928 82	534 97	777 23
Finance Minister.....	1049 22	1068 20	1107 86	950 27	381 64	496 34	192 24	591 12	607 52	471 67	793 27
Customs Branch.....	2826 90	2324 05	3194 53	5241 10	300 10	295 09	71 65		315 37	196 28	235 24
Audit Branch.....					72 65	240 10	123 27		206 14	180 04	229 27
Executive Council.....		556 33	265 73	165 65	115 86	171 26	45 76	226 17	254 85	221 74	415 18
Public Works.....					133 35	362 17		938 69	691 70	468 46	545 14
Bureau of Agriculture.....				90 26			261 13	2 66	554 06	492 28	630 14
Post Office.....											
Crown Law, East and West.....	99 13	295 05	413 31	218 16	173 53	278 92	140 99	37 13		354 01	503 66
Crown Lands.....	1593 39	1974 12	2488 40	1788 09	377 32	884 25	675 79		1231 05	1122 40	1623 53
Militia.....	54 63						156 88	38 43	61 08	139 04	493 67
	10480 79	10267 01	10767 93	12184 40	3750 24	6142 02	3757 92	2582 20	7269 03	5487 49	8646 83

TELEGRAPHS.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Governor's Secretary.....					11 42		320 16	380 22	447 45	531 73	1362 88
Provincial Secretary.....							632 03		819 48	1221 78	475 78
Provincial Registrar.....											
Receiver-General.....							302 93		712 80	647 94	485 60
Finance Minister.....							418 98		731 33	818 42	755 57
Customs Branch.....											761 99
Audit Branch.....							10 98	25 43	74 86	49 54	43 34
Executive Council.....							82 04		258 80	820 92	888 91
Public Works.....					89 53				1218 11	1342 64	573 21
Bureau of Agriculture.....							430 79	162 89	122 10	353 23	217 19
Post Office.....					663 11	932 72	164 95	198 23	438 97	718 61	683 05
Crown Law, East and West.....							1398 06	1056 66	1485 40	2774 54	2105 42
Crown Lands.....	97 58	559 58	260 20	181 98	500 20	378 32	265 62	491 74	1116 20	1285 37	715 62
Militia.....											
Departments Generally.....		1636 85	2133 43	2950 79	4083 18	4719 23					
	97 58	2196 43	2393 63	3132 77	5350 44	6050 27	4026 54	2315 17	7425 50	10544 72	9068 56

Departmental Expenditure.—Continued.

MAINTENANCE OF OFFICE.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Governor's Secretary.....	1331 01	815 83	815 83	1378 43	1234 84	1550 31	676 39	1439 55	1973 23	2182 12	4561 33
Provincial Secretary.....	897 33	1037 33	1680 38	1508 57	1651 63	2423 19	1342 97	1582 49	1648 42	1289 09	873 16
Provincial Registrar.....	300 00	300 00	445 05	455 00	628 50	342 71	315 85	197 61	407 88	654 57	188 18
Receiver General.....	264 00	264 00	663 35	886 05	617 66	1459 02	1625 01	1345 77	2095 99	1975 52	1502 61
Finance Minister.....		296 90	300 00	636 40	934 64	1640 12	2443 70	2831 31	3460 72	2382 97	1918 87
Customs Branch.....	333 33			80 00	4511 72	1147 19	1418 96	1220 99	1038 59	1243 79	
Audit Branch.....					65 50	115 56	61 50	10 50	179 55	88 75	
Executive Council.....	600 00	857 85	1001 20	924 60	1681 80	2296 82	1776 48	1561 43	2706 18	1647 35	1670 95
Public Works.....	416 31	1231 70	1156 03	1167 23	1630 20	1576 80	963 18	908 72	2071 99	1516 01	902 98
Bureau of Agriculture.....	1107 00	5100 00	2586 70	3859 72	750 00	919 45	678 11	476 39	994 69	1281 38	1042 49
Post Office.....					2553 82	2553 22	1894 42	2067 64	1594 75	1121 84	2154 77
Crown Law, East and West.....	1569 00	583 55	611 25	1352 26	1416 10	406 05	736 82	537 12	1285 25	1219 46	659 03
Crown Lands.....	1305 78	1010 89	1038 00	1613 35	1627 95	1268 78	3416 87	3470 49	4732 58	5741 61	5451 47
Militia.....	1254 75	1408 87	1176 12	3026 35	375 00	375 00	849 59	1085 03	1214 10	1260 78	
Departments Generally.....			2257 21	1760 73	62 50						
	9372 51	12906 83	14031 12	18628 70	20772 16	18394 17	18229 86	19138 07	25623 32	23605 24	20430 84

SUNDRIES.											
	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Governor's Secretary.....		138 65	288 03	583 13	156 49	175 00	151 70	823 50	266 50	377 85	111 95
Provincial Secretary.....	599 02	426 00	139 23	434 27	561 25	122 75	328 90	288 58	120 00	310 00	365 00
Provincial Registrar.....	271 19	131 16	127 16	126 56	6 00	120 00	30 00				150 00
Receiver General.....	1030 17	604 65	297 59	335 97	659 00	200 09	415 00	134 48	457 00	138 50	323 00
Finance Minister.....		1676 49	34 93	18 32	644 24	185 85		23 00	31 60	224 50	1017 23
Customs Branch.....			400 00			3580 00	1148 51	1712 66	1562 16	2656 53	2324 14
Audit Branch.....								43 25	60 00	100 00	59 99
Executive Council.....			18 80	3933 34	139 25		99 00	187 50	120 00	165 00	530 00
Public Works.....		175 82	328 49	165 25	556 45	71 15					643 96
Bureau of Agriculture.....	22 12	326 93	228 50		422 45	369 00				210 50	2095 1
Post Office.....					*5103 49	4298 32	52 00	2070 16	2163 07	711 95	2503 69
Crown Law, East and West.....						167 82	38 50	13 75	93 15	159 57	331 13
Crown Lands.....	1274 65	615 18	303 02	747 63	1337 10	1477 37	1970 27	3324 25	2167 85	3180 86	1512 52
Militia.....		3269 53	4786 23	9803 40	2424 09	9372 50	845 55	232 09	960 10	617 13	1403 06
Departments Generally.....			7012 00	16147 87	11809 78	20087 75	7843 16	8558 17	7957 03	8814 42	14674 33
	3197 17	7461 46									

* Including travelling expenses for the year, amounting to..... \$1,926 57
do do do do 817 75
do do do do 1,390 03
\$4,194 35

VIII.—THE GRAND TRUNK RAILWAY COMPANY. *Dr.* to the Provincial Government of Canada, for the following Sterling Debentures, (*a*) 25 years from 1st January, 1854, (*b*) 6 per cent., viz:—

		No. of Debentures.	Amount of Debentures	Payable at Baring, Bros., & Co.	Payable at Glyn, Mills, & Co.
			£	£ s. d.	£ s. d.
October, 1853	Grand Trunk Railway, 14th and 15th Vic., Cap. 73.				
	No. 5421 to 5470	50	500	25000 0 0	
	" 5471 " 5495	25	1000	25000 0 0	
	" 5496 " 5545	50	500		25000 0 0
	" 5546 " 5570	25	1000		25000 0 0
	" 5571 " 5820	250	100		25000 0 0
	" 5821 " 6320	500	100	50000 0 0	
	" 6321 " 6637	317	100		31700 0 0
	" 6638 " 6692	55	500		27500 0 0
	" 6693 " 6724	32	1000		32000 0 0
	" 6725 " 6792	68	100	6800 0 0	
	" 6793 " 6847	55	500	27500 0 0	
	" 6848 " 6879	32	1000	32000 0 0	
November, 1853	For the following Debentures issued on account of the St. Lawrence and Atlantic Railway Company, under Act 14th and 15th Vic., Cap. 73, transferred to this account, viz:—				
	No. 5034 to 5200	167	100		16700 0 0
	" 5201 " 5218	18	500		9000 0 0
	" 5219 " 5226	8	1000		8000 0 0
	" 5227 " 5394	168	100	16800 0 0	
	" 5395 " 5412	18	500	9000 0 0	
	" 5413 " 5420	8	1000	8000 0 0	
	Grand Trunk Railway, 14th & 15th Vic., Cap. 73.				
	No. 6880 to 7129	250	100	25000 0 0	
	" 7130 " 7629	500	100		50000 0 0
	" 7630 " 7879	250	100	25000 0 0	
	" 7880 " 9139	1260	100		126000 0 0
	" 9140 " 9293	154	500		77000 0 0
" 9294 " 9543	250	100	25000 0 0		
" 9544 " 10451	908	100		90800 0 0	
" 10452 " 10605	154	500		77000 0 0	
" 10606 " 10705	100	100		10000 0 0	
August, 1854	" 15694 " 15893	200	500		100000 0 0
	" 15971 " 16170	200	500	100000 0 0	
	" 10706 " 11205	500	100	50000 0 0	
	" 12206 " 12705	500	100		50000 0 0
September, 1854	" 11206 " 12205	1000	100		100000 0 0
	" 15156 " 15199	44	100	4400 0 0	
	" 17678 " 17727	50	100	5000 0 0	
	" 15650 " 15602	43	100		4300 0 0
	" 17828 " 17877	50	100		5000 0 0
	" 16248 " 16276	29	1000	29000 0 0	
	" 18032 " 18068	37	1000	37000 0 0	
	" 16350 " 16377	28	1000		28000 0 0
	" 18069 " 18104	36	1000		36000 0 0
	" 17878 " 17955	78	500		39000 0 0
	" 17956 " 18031	76	500	38000 0 0	
	" 18678 " 18977	300	100		30000 0 0
	" 16478 " 16677	200	100		20000 0 0
	" 16978 " 17277	300	100		30000 0 0
	" 12706 " 13205	500	100	50000 0 0	
	" 14206 " 14405	200	100	20000 0 0	
	" 13206 " 13905	700	100		70000 0 0
	" 16378 " 16477	100	100		10000 0 0
	" 17278 " 17677	400	100	40000 0 0	
	" 17228 " 17827	100	100		10000 0 0
Debentures issued and handed to Grand Trunk Railway Company, per authority of Orders in Council, viz:—					
5th Oct., 1853	On account Quebec and Richmond Section				50000 0 0
2nd Mar., 1854	do Work and Materials				50000 0 0
22nd May, 1854	do Montreal & Toronto and Trois Pistoles				50000 0 0
18th Aug., 1854	do Quebec and Richmond				75000 0 0
31st July, 1854	do Montreal & Toronto				40000 0 0
8th Nov., 1854	do and Trois Pistoles				15000 0 0
	do Montreal and Toronto				87000 0 0

Grand Trunk Railway Company, *Dr.*, &c.—*Continued.*

		Payable at Baring, Bros., & Co.	Payable at Glyn, Mills & Co.
		£ s. d.	£ s. d.
8th Nov., 1854	On account Quebec and Trois Pistoles		25000 0 0
17th Nov., 1854	do Montreal and Toronto		13000 0 0
26th Jan., 1855	do Work and Materials		249384 8 0
2nd Nov., 1855	do St. Lawrence and Atlantic Railway Co.		33700 0 0
5th Oct., 1853	do Quebec and Richmond Section	50000 0 0	
2nd Mar., 1853	do Work and Materials	50000 0 0	
22nd May, 1853	do Montreal & Toronto and Trois Pistoles	50000 0 0	
18th Aug., 1853	do Quebec and Richmond	75000 0 0	
30th July, 1853	do Montreal & Toronto and Trois Pistoles	55000 0 0	
8th Nov., 1853	do do do	112000 0 0	
17th Dec., 1853	do Montreal and Toronto	13000 0 0	
26th Jan., 1855	do Work and Materials	249384 8 10	
2nd Nov., 1853	do St. Lawrence & Atlantic Railway Co.	33800 0 0	
Debentures authorised to be issued and handed over to the Grand Trunk Railway Company, per Orders in Council, as follows:—			
	Order in Council, 3rd July, 1855		61255 10 0
	Do 17th Sept., 1855		100000 0 0
	Do 3rd July, 1855	61255 10 0	
	Do 17th Sept., 1855	100000 0 0	
	Do 21st Dec., 1855 (portion of £300,000 stg.)		55860 2 0
	Do do (portion of £900,000 stg.)		93639 18 0
	Do do (portion of £300,000 stg.)	55860 2 0	
	Do do (portion of £900,000 stg.)	93639 18 0	
	Do 4th Feb., 1856		82500 0 0
	Do 4th Feb., 1856	82500 0 0	
	Do 12th April, 1856		55000 0 0
	Do 16th April, 1856		60000 0 0
	Do 12th April, 1856	55000 0 0	
	Do 16th April, 1856	60000 0 0	
	Do 21st June, 1856		42500 0 0
	Do 21st June, 1856	42500 0 0	
	Do 4th Nov., 1856		50000 0 0
	Do 4th Nov., 1856	50000 0 0	
	Do 29th Jan., 1857		33000 0 0
	Do 29th Jan., 1857	33000 0 0	
	Balance of the £900,000 sterling Loan Provincial Debentures authorised to be realized per Order in Council, 1st Aug. 1857		33360 2 3
	Do do do	33360 2 0	
December, 1858	Amount of Debentures issued on account of the St. Lawrence and Atlantic Railway Co., transferred to this account... Issued under Act 14th and 15th Vic. Cap. 73, at twenty-five years from 1st September, 1851	200000 0 0	200000 0 0
		2231800 0 10	2668200 0 0
<i>Gr.</i>			
	By this amount of Debentures transmitted to Baring, Bros. & Co., and Glyn, Mills & Co., in trust, to be handed over to the Grand Trunk Railway Company, subject to the Order of the Provincial Government.....	906300 0 0	905200 0 0
	Sterling..... £	1328500 0 10	1782600 0 0
	Currency..... £	1616341 14 4	2169616 13 4
	\$	6465366 87	8677266 67
	Baring, Brothers, & Co..... \$6465366 87		
	Glyn, Mills & Co..... 8677266 67		
	\$15142633 54		
	Less difference in Commission..... 20		
	\$15142633 34		

Inspector General's Office,
Quebec, 18th June, 1863.

(Signed)

Wm. DICKINSON,
Acting D. I. G.

IX.—GRAND TRUNK RAILWAY COMPANY Interest Account, in account with the Provincial Government.

		Sterling. £ s. d.	Or \$ cts.
October 31, 1856	To amount paid by the Bank of Upper Canada for half year's Interest due 1st July, 1856, in London, on the following amount of 6 per cent. Debentures, viz:— Payable at Glyn, Mills & Co., on £1,355,200..... do Baring, Bros. & Co., on 1,356,300..... 1 per cent. Agency on 81,345..... At 11 per cent. premium of Exchange.....	40656 0 0 40689 0 0 813 9 0 82158 9 0	406315 00
	To amount paid by the Bank of Upper Canada for half year's Interest due 1st September, 1856, in London, on the following amount of 6 per cent. Debentures issued on account of St. Lawrence and Atlantic Railroad Co., viz:— Payable at Glyn, Mills & Co., on £200,000..... do Baring, Bros. & Co., on 200,000..... 1 per cent. Agency on 12,000..... At 10½ per cent. premium of Exchange.....	6000 0 0 6000 0 0 120 0 0 12120 0 0	59522 67
March 31, 1857	To Warrant No. 58, £598 Os. 10d. currency.....		2392 17
May 31, "	To amount paid Bank of Upper Canada for half year's Interest due 1st January, 1856, in London, on the following amount of 6 per cent. Debentures, viz:— Payable at Glyn, Mills & Co., £1,355,200..... do Baring, Bros. & Co., 1,356,300..... 1 per cent. Agency on £81,345 sterling..... At 10 per cent. premium of Exchange.....	40656 0 0 40689 0 0 813 9 0 82158 9 0	401663 50
	To amount paid the Bank of Upper Canada for half year's Interest due 1st March, 1857, in London, on the following amount of 6 per cent. Debentures issued on account of St. Lawrence and Atlantic Railway Company:— Payable at Glyn, Mills & Co., £200,000..... do Baring, Bros. & Co., 200,000..... 1 per cent. Agency..... At 10 per cent. premium of Exchange.....	6000 0 0 6000 0 0 120 0 0 12120 0 0	59253 23
August 31, "	To amount paid the Bank of Upper Canada for half year's Interest due 1st July, 1857, in London, on the following amount of 6 per cent. Debentures, viz:— Payable at Glyn, Mills & Co., on £1,355,200..... do Baring, Bros. & Co., on 1,356,300..... 1 per cent. Agency on £81,345 sterling..... At 10 per cent. premium of Exchange.....	40656 0 0 40689 0 0 813 8 11 82158 8 11	401663 52
	To amount paid the Bank of Upper Canada for half year's Interest due 1st September, 1857, in London, on the following 6 per cent. Debentures, issued on account of the St. Lawrence and Atlantic Railroad Company, viz:— Payable at Glyn, Mills & Co., on £200,000..... do Baring, Bros. & Co., on 200,000..... 1 per cent. Agency on 12,000..... At 10 per cent. premium of Exchange.....	6000 0 0 6000 0 0 120 0 0 12120 0 0	59253 33
Dec. 31, "	To amount paid the Bank of Upper Canada for Interest due 1st January, 1858, viz:— Payable at Glyn, Mills & Co., on £1,355,200..... do Baring, Bros. & Co., on 1,356,300..... 1 per cent. Agency on £81,345 sterling..... At 11 per cent. premium of Exchange.....	40656 0 0 40689 0 0 813 8 11 82158 8 11	405315 00
July 28, 1858	To amount paid the Bank of Upper Canada for Interest due 1st July, 1858, viz:— Payable at Glyn, Mills & Co., on £1,355,200..... do Baring, Bros. & Co., on 1,356,300.....	40656 0 0 40689 0 0	

Grand Trunk Railway Interest Account.—Continued.

		Sterling		Or
		£	s. d.	\$ cts.
		913	8 11	
	1 per cent. Agency on £81,345			
	At 10½ per cent. premium of Exchange	82158	8 11	402576 38
July 31, 1858	To amount paid the Bank of Upper Canada for Interest due 1st March, 1858, on 6 per cent. Debentures, issued on account of St. Lawrence and Atlantic Railroad Company, viz:—			
	Payable at Glyn, Mills & Co., £200,000.....	6000	0 0	
	do Baring, Bros. & Co., 200,000.....	6000	0 0	
	1 per cent. Agency.....	120	0 0	
	At 10 per cent. premium of Exchange	12120	0 0	59253 33
Sept. 31, "	To amount paid the Bank of Upper Canada for Interest due 1st September, 1858, on 6 per cent. Debentures, issued on account of St. Lawrence and Atlantic Railroad Company:—			
	Payable at Glyn, Mills & Co., £200,000.....	6000	0 0	
	do Baring, Bros. & Co., 200,000.....	6000	0 0	
	1 per cent. Agency.....	120	0 0	
	At 10½ per cent. premium of Exchange.....	12120	0 0	59252 65
Dec. 31, "	To amount of half year's Interest due 1st January, 1859, charged in Messrs. Glyn, Mills & Co.'s account on £1,355,200.....	40656	0 0	
	1 per cent. Agency on do	406	11 2	
	Baring, Bros. & Co. on £1,356,200.....	40689	0 0	
	1 per cent. Agency on do	406	17 10	
	At 9½ per cent. premium of Exchange.....	82158	9 0	399837 78
Sept. 30, 1859	To amount of half year's Interest due 1st July, 1859, charged in Messrs. Glyn, Mills & Co.'s account on £1,355,200.....	40656	0 0	
	1 per cent. Agency on do	406	11 2	
	Baring, Bros. & Co. on \$1,356,200.....	40689	0 0	
	1 per cent. Agency on do	406	17 9	
	At 9½ per cent. premium of Exchange.....	82158	9 0	399837 78
" "	To amount of half year's Interest due 1st March, 1859, charged in Messrs. Glyn, Mills & Co.'s account on £200,000.....	6000	0 0	
	1 per cent. Agency.....	60	0 0	
	Baring, Bros. & Co. on £200,000.....	6000	0 0	
	1 per cent. Agency.....	60	0 0	
	At 9½ per cent. premium of Exchange.....	12120	0 0	38984 00
Oct. 31, 1859	To amount of half year's Interest due 1st September, 1858, charged as above	12120	0 0	38984 00
Dec. 31, 1859	To amount paid Bank of Upper Canada for half year's Interest due 1st January, 1860, viz:—			
	Payable at Glyn, Mills & Co., £1,355,200.....	40656	0 0	
	do Baring, Bros. & Co., 1,356,200.....	40689	0 0	
	1 per cent. Agency	813	9 0	
	At 10 per cent. premium of Exchange.....	82158	9 0	401663 52
March 31, 1860	To amount paid Bank of Upper Canada for half year's Interest due 1st March, 1860, viz:—			
	Payable at Glyn, Mills & Co., £200,000.....	6000	0 0	
	do Baring, Bros. & Co., 200,000.....	6000	0 0	
	1 per cent. Agency on do	120	0 0	
	At 10 per cent. premium of Exchange.....	12120	0 0	59253 32
August 31, "	To amount of half year's Interest due 1st July, charged in Messrs. Glyn, Mills & Co.'s accounts, on £1,355,200	40656	0 0	
	1 per cent. Agency.....	406	11 2	
	To amount of half year's Interest due 1st July charged in Messrs. Baring, Bros. & Co.'s accounts, on £1,356,200.....	40689	0 0	

Grand Trunk Railway Interest Account.—Continued.

		Sterling.		Or
		£	s. d.	\$ cts.
	1 per cent. Agency.....	406	17 9	
	At 9½ per cent. premium of Exchange	82158	3 11	399837 76
Dec. 31, 1860	To amount of half year's Interest due 1st September, 1860, charged in Messrs. Glyn, Mills & Co.'s accounts, on £139,200	4176	0 0	
	Baring, Bros. & Co.'s, £146,300	4389	0 0	
	Consolidated Fund, statement No. 2, £114,500.....	3435	0 0	
	1 per cent. Agency on £3565.....	85	13 0	
	At 9½ per cent. premium of Exchange.....	12085	13 0	58816 82
" "	To amount of half year's Interest due 1st January, 1861, charged in Messrs. Glyn, Mills & Co.'s accounts, on £789,000 sterling	23670	0 0	
	do Baring, Bros. & Co. on £27,000	24810	0 0	
	Consolidated Fund, Statement No. 2, 1,095,500	32865	0 0	
	1 per cent. Agency on 48,480	484	16 0	
	At 9½ per cent. premium of Exchange.....	81829	16 0	398238 34
July 31, 1861	To amount of half year's Interest due 1st March, 1861, charged in Glyn, Mills & Co.'s accounts, on £137,300	4119	0 0	
	Baring, Bros. & Co., 139,700.....	4191	0 0	
	1 per cent. Agency on 8,310.....	83	1 11	
	At 9½ per cent. premium of Exchange.....	8393	1 11	40846 40
" "	To amount of half year's Interest due 1st July, 1861, charged in Baring, Bros. & Co.'s accounts, £827,000.....	24810	0 0	
	Glyn, Mills & Co., 789,000.....	23670	0 0	
	1 per cent. Agency.....	484	16 0	
	At 9½ per cent. premium of Exchange	48964	16 0	258295 35
Sept. 30, 1861	To amount of half year's Interest due 1st September, 1861, charged in Messrs. Glyn, Mills & Co.'s accounts, on £137,300	4119	0 0	
	Baring, Bros. & Co.'s, on 139,700.....	4191	0 0	
	1 per cent. Agency.....	83	1 11	
	At 9½ per cent. premium of Exchange	8393	1 11	40846 40
Dec. 31, 1861	To amount of half year's Interest due 1st January, 1862, charged by Glyn, Mills & Co., on £788,500.....	23655	0 0	
	Baring, Bros. & Co., on £23,000.....	24690	0 0	
	1 per cent. Agency.....	483	9 0	
	At 9½ per cent. premium of Exchange.....	48823	9 0	237631 78
	To one year's Interest to 31st December, 1861, charged in Consolidated Fund, Statement No. 2, on £1,210,000 sterling, amount of Debentures redeemed in 1860	72600	0 0	353320 00
	To half year's do do on £4,500 sterling do redeemed in 1861	135	0 0	657 00
Dec. 31, 1862	To one year's Interest to 31st December, 1862, charged in Consolidated Fund, Statement No. 2, on \$15,142,633 34c., amount of Debentures issued on account of Grand Trunk Railway Company			908558 00
	To Difference on Conversions			04
	<i>CR.</i>			\$6371329 18
	By amount of Warrant charged 31st March, 1857, the same being transferred to Special Account.....			2392 17
				\$6368947 01

Inspector General's Office,
Quebec, 18th June, 1863.

(Signed)

WM. DICKINSON,
Act'g. D. I. G.

Dr. X.—GRAND TRUNK RAILWAY COMPANY—Special Account—In account with the Government of Canada. *Cr.*

		\$	cts.			\$	cts.
1857.....	To certain payments made on account of Montreal and Kingston Railway Company, and assumed by Grand Trunk Railway Company, the particulars thereof rendered by letter of 12th August, 1859, No. 699.....	27	626 58	Jan'y. 31, 1851	By balance at credit of the St. Lawrence and Atlantic Railway Company, transferred.....	10	694 95
	To do do account Quebec and Richmond Railway Company, particulars in same letter.....	2	671 88	April 15, 1862	By amount of Account for freight of books for Legislative Council.....		315 00
	To cash paid for preparing, &c., Debentures.....	2	392 17	July 25, "	By do do for the carriage of Pauper Emigrants.....		2252 62
				Sept. 30, "	By balance due Government.....		19428 06
			\$32690 63				\$32690 63

Sept. 30, 1862 | To balance brought down..... | \$19428 06 ||

INSPECTOR GENERAL'S OFFICE,
Quebec, 17th June, 1863.

(Signed)

WM. DICKINSON,
Act'g. D. I. G.

Dr. XI.—GRAND TRUNK RAILWAY COMPANY.—Advance Account—In account with the Provincial Government. *Cr.*

		\$	cts.			\$	cts.
Sept. 30, 1857	To Warrant No. 2594, issued in favor of Benj. Holmes, Vice-President of the Grand Trunk Railway Co., to meet the requirements of the said Co., per O. C. 21st July, 1857.....	4	00000 00	April 17, 1858	By Cash received from Bank of Upper Canada, proceeds of £150,000 sterling at 9½ per cent.....	7	30000 00
Nov. 30, "	To Warrant No. 3372, issued in favor of John Ross, President, being a further Loan, to be repaid by 31st Dec., 1857, per O. C. 28th Sept., 1857.....	2	40000 00	Dec. 31, 1859	By amount credited by Post Office Department on account of transport of mails.....		18000 00
Febr. 25, 1858	To Warrant No. 378, in favor of T. G. Ridout, Cashier, Bank of Upper Canada, to repay this amount advanced by that institution to Grand Trunk Railway Co., per Deputy Receiver General's letter of 27th Jan'y., 1858.....	1	08000 00				
			\$748000 00				\$748000 00

INSPECTOR GENERAL'S OFFICE,
Quebec, 19th June, 1863.

(Signed)

WM. DICKINSON,
Act'g. D. I. G.

11111

XII.—GRAND TRUNK RAILWAY COMPANY, in account with the Provincial Government.

		£	s.	d.	£	s.	d.
July 25, 1860	To amount of Loan through Financial Agents	45513	3	0			
Aug. 30, "	To do do	5000	0	0	50513	3	0
<i>Cr.</i>							
Jan'y. 26, 1861	By amount received from Hon. S. Smith, P. M. Genl., being amount due Grand Trunk Railroad Co., for mail service, to 31st December, 1860	23248	19	0			
Jan'y. 30, 1862	By do do do for mail service, to 31st December, 1861	10544	13	4			
Dec. 31, "	By amount received from Hon. M. H. Foley, Postmaster General, being amount due Grand Trunk Railroad Co., for mail service, to 31st December, 1862	12328	15	4	46122	7	8
	To balance due this date				£	4390	15 4
					Or	\$21368	41

(Signed) WM. DICKINSON,
Inspector General's Office, Act'g. D. I. G.
Quebec, 18th June, 1863.

XIII.—GRAND TRUNK RAILWAY COMPANY—Interest on Loans—In account with the Provincial Government.

		Sterling.		\$	cts.
		£	s.		
Novemb'r, 1861	To Interest on the following amount loaned to the Company as per letter of Glyn, Mills & Co., and Baring, Bros. & Co., dated 17th January, 1861, viz. :—				
	168 days on £33,513 3s. 0d. sterling, at 5 per cent.....	817	6	0	
	158 do 10,000 0s. 0d. do do	216	8	8	
	124 do 5,000 0s. 0d. do do	84	18	6	
		1118	13	2	
	Less—Half year's interest to 1st October, 1861, on £37,760 sterling, loan to Grand Trunk Railway Company on security of City of Toronto Bonds (£42,500 sterling).....	944	0	0	
		£174	13	2	850 00

(Signed) WM. DICKINSON,
Inspector General's Office, Act'g. D. I. G.
Quebec, 20th June, 1863.

XIV.—GRAND TRUNK RAILWAY COMPANY—Special Advance Account—In account with the Government of Canada.

		\$	cts.
Feb'y. 28, 1861	To amount advanced to pay wages to servants, &c	120000	00
<i>Cr.</i>			
April 5, 1861	By cash on account	1000	00
June 30, 1862	To balance due this date	\$119000	00

(Signed) WM. DICKINSON,
Inspector General's Office, Act'g. D. I. G.
Quebec, 17th June, 1863.

Dr. XV.—GRAND TRUNK RAILWAY COMPANY—Preferential Bond Account, 19 & 20 Vic., chap. 111. Cr.

		Sterling.		\$ cts.				Sterling.		\$ cts.	
		£	s. d.	\$	cts.			£	s. d.	\$	cts.
June, 1857...	To the following amounts released on account of the two millions Preferential Bonds to be applied to the purposes named in the relief Acts of the two last sessions, as per Orders in Council of the 8th and 13th June, 1857, 19 & 20 V. c. 111 and 20 V. c. 11 :— The apportionment of the hundred and fifty thousand pounds sterling, released by O. C. of 8th June, is as follows :— Victoria Bridge..... East of St. Thomas..... West of St. Mary's..... Arthabaska..... Subsidiary Lines.....	60000	0 0			May, 1857...	By the following amounts received by Glyn, Mills & Co., from the subscription to the 6 per cent. Preference Grand Trunk Bonds issued under the power and provisions of the Act 19 & 20 V., c. 111, as per their letters, viz :— 26th December, 1856..... 16th January, 1857..... 23rd do do..... 27th February, do..... 6th March, do..... 27th do do.....	78500	0 0		
		39375	0 0					30000	0 0		
		33750	0 0					15000	0 0		
		9375	0 0					10000	0 0		
		7500	0 0					10000	0 0		
		£ 150000	0 0	730000	00			£ 153500	0 0	747033	34
	The apportionment of the two hundred and twenty-five thousand pounds stg. released per O. C. of 13th June, is as follows :— Victoria Bridge..... East of St. Thomas..... West of St. Mary's..... Arthabaska Road..... Subsidiary Lines.....	90000	0 0			June, 1857...	By do do 29th May, 1857.....	5000	0 0	24333	33
		59062	10 0								
		50625	0 0								
		14062	10 0			Aug., 1857...	By do do 24th July, 1857.....	20000	0 0	97333	33
		11250	0 0			Sept., 1857...	do do 11th September, 1857.....	115230	0 0	560786	00
		£ 225000	0 0	1095000	00	July, 1858...	do do 2nd July, 1858.....	1093724	0 0	5322790	13
	(It is also submitted that the apportionment due to the Arthabaska Road and the Subsidiary Lines, be deposited with the Fiscal Agents of the Province here, and the proper authorities connected with the proposed line between the St. Lawrence and Arthabaska be informed to that effect.)										
June, 1858...	To do do per Orders in Council 14th September and 15th October, 1857, viz :— This amount per O. C. 14th Sept., 1857, for progress-making the St. Thomas and Rivière du Loup section..... This amount per O. C. 15th Oct., 1857, apportioned as under :— Victoria Bridge..... Eastern Section..... Western do..... Three Rivers and Subsidiary Lines.....	8250	0 0								
		126712	8 0								
		124000	0 0								
		98750	0 0								
		53000	0 0								
		£ 410712	8 0	1998800	33						
June, 1858...	To the following amounts ordered to be released per O. C. 12th April, 1858, on account of the two millions Preferential Bonds per Acts 19 & 20 V. c. 111 and 20 V. c. 11, viz :— London and Sarnia Road..... Rivière du Loup..... Victoria Bridge..... Three Rivers and Arthabaska..... Subsidiary Lines.....	112500	0 0								
		131250	0 0								
		200000	0 0								
		31250	0 0								
		25000	0 0								
		£ 500000	0 0	2433333	33						
	(That from this sum should be deducted the amounts applicable to the Three Rivers and Arthabaska and Subsidiary Lines, viz : £56,250 stg., the amount for the former work not being at present required, and the amount for the latter should be drawn for by the Receiver-General as part of the £100,000.)										
	To this amount ordered to be released per Order in Council of 15th June, 1858, on account of work done and to be done on the Victoria Bridge and the Eastern and Western sections.....	500000	0 0	2433333	33						
May, 1859...	To balance of amount released on account of the two millions Preferential Bonds, as per Order in Council 22nd January, 1859.....	214287	12 0	1042866	30	Dec. 31, 1862	By Balance carried down.....			2956723	83
				\$ 9733333	29					\$ 9733333	29
Dec. 31, 1862	To Balance brought down			\$ 2956723	83						

(Signed)

WM. DICKINSON,
Acting D. I. G.

INSPECTOR GENERAL'S OFFICE,
Quebec, 18th June, 1863.

XVI.—SUBSIDIARY LINES EAST AND WEST, Grand Trunk Railway Company, in account with the Provincial Government.

Dr.

Cr.

		\$	cts.			Sterling.		\$	cts.
						£	s. d.		
Jan. 8, 1859...	To Warrant in favor of George Sherwood, Receiver General, to reimburse the Bank of Upper Canada the releases made to the Subsidiary Lines	263578	63	July, 1858...	By this amount credited by Glyn, Mills & Co., per their letter of 26th Feby., 1858, on account of release to Three Rivers and Subsidiary Lines.....	26500	0 0		
Dec. 28, " ...	To Warrant No. 3387 in favor of do to pay do a balance still in hands of Receiver General, applicable to the Subsidiary Lines connected with the Grand Trunk Railway, in accordance with the Receiver General's letter, No. 252, of the 23rd Dec. inst., and addressed to the Hon. Provincial Secretary.....	17775	53		By do per letter 11th June, 1858, on account of Subsidiary Lines	12500	0 0		
Jan. 7, 1861...	To Warrant No. 37 in favor of R. S. Cassels, Manager Bank of U. C., Quebec, to pay the Grand Trunk Railway for works performed upon the Three Rivers and Arthabaska Section, per O. C. 4th January, 1861	195000	00		By do per do on account of Three Rivers Line.....	15625	0 0		
Feby. 23, " ...	To Warrant No. 464 do in repayment of a like sum made to J. E. Turcotte, the contractor on the Arthabaska and Subsidiary Lines, by authority of the Minister of Finance, as per his letter, and certificate of the Engineer of the Grand Trunk Railway, accompanying the Receiver General's letters Nos. 728 and 729, of 21st Feby., 1861, to Hon. Provincial Secretary	30000	00		By do by Baring, Bros. & Co., per their letter 26th Feby., 1858, on account of release to Three Rivers and Subsidiary Lines	26500	0 0		
April 25, " ...	To Warrant No. 1143 in favor of J. E. Turcotte, being on account of his contract for constructing the Three Rivers and Arthabaska Railway	20000	00		By do per letter 11th June, 1858, on account of Subsidiary Lines	12500	0 0		
May 17, " ...	To Warrant No. 1308 do on account of works of construction on Three Rivers and Arthabaska Railway under Relief Act to said Company.....	10000	00		By do per do on account of Three Rivers Line.....	15625	0 0		
June 15, " ...	To Warrant No. 1579 do on account do as per Receiver General's letter of 15th June inst., No. 82, to Hon. Provincial Secretary	20000	00						
July 18, " ...	To Warrant No. 2120, in favor of R. S. Cassels, Manager Bank of Upper Canada, Quebec, per J. E. Turcotte, on account do (Subsidiary Lines) in accordance with Receiver General's letter, No. 127, of 27th July inst., to Hon. Provincial Secretary	20000	00						
Sept. 6, " ...	To Warrant No. 2628 in favor of R. S. Cassels for J. E. Turcotte, as balance of the money at his credit on account of the construction of the Three Rivers and Arthabaska Railway (Subsidiary Lines) as recommended by the Auditor and approved by the Minister of Finance.....	7825	00						
" 21, " ...	To Warrant No. 2758 do for do on account of the construction of the Three Rivers and Arthabaska Subsidiary Line of Railway, the same to be charged to the Three Rivers and Arthabaska Railway suspense account, as authorised by report of a Committee of Hon. Executive Council, of 17th Sept., 1861	5000	00						
Nov. 15, " ...	To Warrant No. 3505 do for do being the balance of Grand Trunk Railway Company's Certificate, No. 13, for \$85,000 on account of the construction of the Three Rivers and Arthabaska Railway.....	32175	00						
Jan. 22, 1862...	To Warrant No. 27 in favor of J. E. Turcotte, on account of the construction of do per O. C., 28th Sept., 1861.....	40000	00						
Mar. 24, "	To Warrant No. 726 do on account of balance due to him on Grand Trunk Railway Company's Certificate No. 14, for account of the construction of do on account of \$20,000 applied for by Receiver General's letter, No. 430, of 22nd instant, to Hon. Provincial Secretary	20000	00						
Dec. 9, " ...	To Warrant No. 3857 do being on account of work done on the Three Rivers and Arthabaska Railway..	590	00						
Feby. 7, " ...	To Warrant No. 425 in favor of R. S. Cassels, Manager Bank of Upper Canada, to pay J. E. Turcotte this amount on account of construction of Three Rivers and Arthabaska Railway, per O. C. 28th Sept., 1861, the necessary certificate having been lodged with Receiver General.....	20000	00	Dec. 31, 1862	By Balance carried down	170260	83		
		\$	701944	16		109250	0 0	\$	701944
Dec. 31, 1862...	To Balance brought down	170260	83						

INSPECTOR GENERAL'S OFFICE,
Quebec, 19th June, 1863.

(Signed) WM. DICKINSON,
Acting D. I. G.

XVIII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 7th July, 1856.

On the application of the Grand Trunk Railway Company, through the vice-president, Mr. Holmes, for aid to assist them in meeting their interest, on the 1st July, on the Atlantic and St. Lawrence lease ; also, from Mr. Bell, president of the Prescott and Ottawa road ; and from Mr. Ruttan, on behalf of the Cobourg and Peterborough road. With reference to the first, the Inspector General submits that the discredit which would attach to the company, on any failure of their monetary engagements with the lessors of the road, would operate most prejudicially against them in their future arrangements, and recommends that a temporary advance be made to the company, to the extent of from £20,000 to £25,000 sterling, secured on the balance of the unreleased Provincial debentures in the hands of the Government agents in London, and that Messrs. Glyn & Baring be advised thereof.

That the application from the president of the Prescott and Ottawa road is for an immediate advance of £20,000, to save a portion of their rolling stock from sale. That this application is founded on the presumption that the permissive power given to the Grand Trunk Company, by the Act which has been recently passed to assist certain tributary lines, will be acted upon ; and it is urged upon the ground that a very large portion of the profitable traffic carried on between Prescott and Montreal, is to be attributed to the Ottawa road. That he, the Inspector General, has communicated with the Grand Trunk Company, through their president, in reference to this subject. The views of the board will be seen in the paper subjoined. That there appears to be little reason to doubt that the Grand Trunk Company will avail themselves of the provisions of the Act ; but as the case of the Prescott and Ottawa road is one of urgency, and delay must inevitably be productive of serious loss, the Inspector General submits that temporary aid may be afforded, and the property now under seizure released by appropriating for that purpose a sum not exceeding £20,000 out of the Marriage License Fund of Upper Canada. That this fund now exceeds £26,000, and lies uninvested in the hands of the Receiver General ; the security in the first place being taken in the name of the Government, with the view to its being transferred to the Grand Trunk Company, so soon as that company shall be in a position to repay the advance. This proposition is based upon the presumption that the Prescott Company is in a position to give ample security for the loan ; on this presumption the Inspector General respectfully recommends that Mr. Solicitor General Smith, on behalf of the Government, and Mr. John Bell, on behalf of the Grand Trunk Company, be directed to place themselves in communication with the president of the Prescott Company, to inspect the securities, calling in the aid of Mr. Bidder, traffic manager of the Grand Trunk Company, or Mr. S. Keefer, engineer, resident at Brockville, to value the rolling stock ; and upon the report of these gentlemen of the amount for which the property offered shall be held to be a sufficient and ample security, and that a good and valid title thereto can be given, that the Receiver General be authorized to advance the amount within the limits of £20,000, on the execution of the necessary papers.

With reference to the application made on behalf of the Cobourg and Peterboro' road, the Inspector General suggests that assistance to the extent of the balance of the Marriage License Fund, when the amount to be absorbed by the Prescott road shall be ascertained, may be afforded them on like terms of ample security being furnished, and that Mr. Ruttan be written to to that effect.

The Committee submit the above recommendations for Your Excellency's approval.

Certified,

(Signed) WM. H. LEE,
C. E. C.

XIX.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 21st July, 1856.

The Committee of Council have had under consideration the communication of the Honorable Wm. Napier, on the subject of the construction and character of the Canadian Board of the Grand Trunk Railroad.

The Committee are strongly impressed with the conviction (and this feeling is not one of very recent growth) that the connection between the Grand Trunk Company and the Government, through the presence of four Government directors at the board, has been productive of much misconstruction, both in England and in the Province, as to the object for which they were placed there, and the duties they had to perform.

There can be no doubt that the large amount of Provincial aid, in the shape of a mileage guarantee, and the possible extension of the road, as a great arterial channel, through the sister provinces, suggested the arrangement that a certain proportion of the Board of Direction should be members of the Government, and in this light the Government directors have themselves regarded their position, and have chiefly confined their attention to those points which immediately affected Canadian interests, in a financial point of view, and the application of the guarantee as the works progressed.

It appears, however, that the appointment of these Government directors has been regarded in a different light by the English proprietary, and that it has been taken as indicative of a kind of co-partnership relation between the Province and the stockholders, in an enterprise of a commercial character, in which both had equally to encounter the chances of success or failure. Here, on the other hand, the interference of the Government has invested the undertaking with a political cast, and has thus unfortunately exposed it to those trials and struggles incident to all matters which partake of a party character in the Province.

The recent proceedings of the Canadian Board, with reference to the modification of Messrs. Brasseys & Co.'s contracts, in which the Government is made to appear a prominent party to the complete subversion of the arrangement entered into in England with those gentlemen in July last year, furnish a striking proof of the inconvenience of the present system.

At the meeting when this matter was discussed and disposed of, the single Government director present was not authorized to give any pledge on behalf of the Government, although his mere presence has been assumed as a proof of an implied assent on their part to the proposed arrangement. The accompanying memorandum by the Attorney General West, contains some very valuable suggestions on this head, and it is respectfully submitted, should Your Excellency approve, that they be forwarded to Messrs. Glyn and Baring, the Government directors in London.

Certified.

(Signed)

WM. H. LEB,
C. E. C.

ATTORNEY GENERAL'S OFFICE,
21st July, 1856.

The undersigned having attentively perused the letter of the Honorable Mr. Napier, to His Excellency the Governor General, on the subject of the management of the Grand Trunk Railway Company of Canada, bearing date the 12th ult., and the letter of Messrs. Glyn & Baring, of the 27th ult., has the honor to report.

First, That he entirely concurs with Mr. Napier as to the expediency of an immediate change in the constitution of the Board of Direction, by doing away with all political connection between the Government and the company, for the reasons given by Mr. Napier.

Second, That he is of opinion that the Board in Canada should consist of eight directors, seven to be elected by the shareholders, and one to be appointed by the Governor General in Council, five to be a quorum. The Government director always to be one of the five.

Third, That the Government director in Canada should be a non-political officer, not holding any government appointment, and not having a seat in either branch of the legislature. That he should have a sufficient salary, and that such salary should form portion of the expenses of management of the company.

Fourth, That the London Board, if continued, should consist of four directors, three to be elected by the shareholders, and one to be appointed by the government; two elected directors and the Government director to form a quorum; but the undersigned sees no objection to the suggestion of Messrs. Glyn & Baring, that the London Board should be done away with, and an agent substituted, if the change be agreeable to the shareholders.

Fifth, That no person holding any office in the Provincial Government should be eligible for election as a director, and that only two of such directors should be members of the legislature.

Sixth, That the Government director at the Canadian Board should have the power on an emergency, upon his responsibility, of suspending the action of the board in respect of any matter before it until the question under consideration should be submitted to the Governor General in Council, (and if the director of the Government should think proper,) until such question was submitted to the shareholders.

Seventh, That the Government director should have full and unrestricted access to the books, papers and correspondence of the company, and should have power to report from time to time to the Governor General, on all subjects which in his opinion it was important to Provincial interest should be submitted for consideration by His Excellency in Council.

(Signed)

JOHN A. MACDONALD.

XX.

COPY OF "A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 18th September, 1856.

On an application, dated 8th instant, from the Grand Trunk Railway Company, for aid to the extent of £12,500, to enable them to meet the approaching payment of interest due in the cities of New York and Boston, on a portion of the bonds of the Atlantic and St. Lawrence Railway Company,—such advance to be on the same conditions as that made in July last, viz: to be charged against the securities lying in the hands of the Provincial Agents in London.

The Honorable the Inspector General states that as the decision of the English shareholders has not yet been made, and the acceptance of the "Relief Bill" may enable the company to tide over their difficulties, and before another dividend day can arrive the course of the company will be determined, he recommends that the aid be granted and charged, as in the former instance, against the deposited securities, and that the Provincial agents be advised to that effect.

The Committee recommend that the advance on the terms proposed be made to the company, in accordance with the suggestion of the Inspector General.

Certified.

(Signed)

W. H. LEE,
C. E. C.

XXI.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 4th November, 1856.

On a communication, dated 16th October, ultimo, from H. Covert, Esquire, president of the Cobourg and Peterboro' Railway Company, praying that assistance may be granted to that company, in the shape of a loan to that company to the extent of £10,000 on ample security being given therefor, as was done in the case of the Ottawa and Prescott Railway Company.

The Acting Deputy Inspector General recommends that the application be complied with on the approval of the Crown officer—authority having been granted by Order in Council, of the 7th July, 1856, and there being sufficient to cover the amount asked for at the credit of the Marriage License Fund Upper Canada.

The Honorable the Inspector General reports that Mr. Dickinson has correctly stated that this application has already received the sanction of the Council, on the condition that ample security can be given for the loan, which is in every respect to be governed by the restrictions imposed upon the Ottawa and Prescott Railroad. He therefore recommends that Mr. Samuel Keefer, engineer on the Grand Trunk Railroad, and Mr. Solicitor General Smith, be directed to proceed as in the former instance, subject to the amount, within the limit of ten thousand pounds, which the parties referred to shall recommend to be loaned on the securities tendered. The Inspector General submits that no further advances be made from the Marriage License Fund, but that the Receiver General be authorized to invest the balance and such further sums accruing to the fund, as may hereafter be paid in, in Provincial and Municipal Bonds.

The Committee submit the above recommendations for Your Excellency's approval.

Certified.

(Signed) W. H. LEE,
C.E.C.

XXII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 8th November, 1856.

The Committee of Council have the honor to represent to Your Excellency that the time is at hand for the annual election of directors in the Grand Trunk Railway of Canada by the shareholders.

The Committee consider the present a convenient time for the consideration of the state of the Government direction, and they think it desirable that the directors appointed under the present state of the law to guard the Provincial interests at the board, should be members of the administration, and not persons beyond the control of the Government, and who may from political or other considerations be disinclined to carry out or support at the board any line of policy or course of action which Your Excellency in Council may consider necessary or expedient for the advantage of the Province.

The Committee do therefore respectfully recommend to Your Excellency, that from and after this day the Government directors in Canada shall be, during Your Excellency's pleasure, the Honorable Messrs. Taché, Cayley, Spence and Lemieux, members of the Executive Council.

The Committee would desire to instruct the Government directors that their action at the board on all questions should be guided not by political considerations, but by the interests of the Grand Trunk Railway and the interests of the Province, as involved in those of the company.

Certified.

(Signed) W. H. LEE,
C.E.C.

XXIII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on 29th January, 1857.

The Committee have had under consideration a communication, dated 24th January, 1857, from John M. Grant, Esquire, Assistant Secretary to the Grand Trunk Railway Company, enclosing copy of a resolution passed at a recent meeting of the directors of that company, urging the necessity of the immediate appointment of an engineer to inspect the said road and the rolling stock thereon, and intimating that the finance committee of the company are authorized to concur in the nomination of any competent engineer whom the government may select.

The Committee quite agree that a competent engineer should be appointed for the above purpose, and that as speedily as possible, but they do not conceive it to be the part of the Government to recommend any one for the duty, the selection should be made by the company. The Committee, however, recommend that the Government, as far as they properly can, assist the company in procuring the services of any officer they may select.

Certified.

(Signed)

W. H. LEE,
C.E.C.

XXIV.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 29th January, 1857.

The Committee have had before them the following minute of a meeting of the Board of Railway Commissioners, held on 28th instant, and submitted for Your Excellency's sanction:—

“The letter from J. M. Grant, Esq., secretary to the Grand Trunk Railway Company, containing an application for the release as soon as possible, of the whole of the balance of the Provincial guarantee, amounting to £132,720, accompanied by a certificate of A. M. Ross, Esq., chief engineer to the company, to the effect that the entire works and equipment are completed and provided, so as to justify his recommending the company to take the line off the hands of the contractors, was laid before the board.

“This certificate of the engineer does not appear to the Commissioners to be sufficiently definite and clear, inasmuch as his certificate goes the entire length of recommending the company to *take the line off the hands of the Contractors, the entire works and equipment being completed and provided.* Whereas by his financial statement of the same date as the certificate and alluded to and accompanying it, contains a reservation of £8,000 towards a portion of top ballasting, and the passenger station in Toronto not yet done; and this certificate further purports to be a final one for the Montreal and Toronto section of the road, and there having been no such certificate as yet received in relation to the section from Toronto to Stratford.

“The Commissioners are of opinion that before they can recommend a final release of the entire balance of the guarantee, that a statement should be furnished to the company of unsettled balances between the company and the Province, arising out of the cost of surveys, purchase of public lands and other property for the uses of the road, temporary advances by way of loan, &c., with a view to an adjustment of the same.

“Under these circumstances, the Commissioners recommend that a release, to the extent of one half of the balance, be now made, say of sixty-six thousand pounds, and direct that a report, embodying this minute, be made to His Excellency in Council, suggesting that the Honorable the Receiver General be authorized to release in the usual manner debentures to the amount of £66,000 sterling.”

The Committee recommend that the minute above submitted be approved, and that the Receiver General be authorized to release to the company debentures to the extent of £66,000 sterling.

Certified.

(Signed)

WM. H. LEE,
C.E.C.

XXV.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council, on the 5th June, 1857.

The Committee having had under consideration a correspondence between Honorable John Ross, president of the Grand Trunk Railway Company, and Robert Bell, Esquire, president of the Ottawa and Prescott Railway Company, copies of which are herewith annexed, by which it appears that the Grand Trunk Railway Company are prepared to advance to the Ottawa and Prescott Railway Company the sum of £50,000 on the terms stated in such correspondence, and provided the Provincial Government should recommend the advance under the circumstances therein mentioned.

As it appears to the Committee that it would be of great advantage to the Grand Trunk Railway to secure the completion of so important a feeder as the Ottawa Railway, and that the latter railway offer, under all the circumstances, a reasonable security, they advise that the Grand Trunk Company be recommended to make the said advance in the manner agreed upon between Messrs. Ross and Bell.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

TORONTO, 7th May, 1857.

MY DEAR SIR,—Referring to the conversation which took place this day between you and the Ottawa deputation, and members of Parliament who waited upon you respecting the aid to the Ottawa and Prescott Railway, through the Grand Trunk Aid Bills of this and last sessions of Parliament, I now write as then arranged. The Ottawa and Prescott Railway is 54 miles long, and has cost about £6,000 H. cy. per mile. The mortgages upon it are two—the first for £100,000 sterling, the other for £75,000 H. currency. The security now proposed for the £50,000 sterling which is agreed upon, and coming to it through the Grand Trunk Aid Bills, is a mortgage next after these upon the Railway for the amount. In view of the fact that this railway is a very important feeder of the Grand Trunk line, and gives it a profitable traffic which could not be had otherwise, and that in aiding this railway, the Grand Trunk derives a direct and commensurate benefit, and in view of all the circumstances of the case within your own knowledge, I feel satisfied you will consider this proposition not only fair and reasonable, but advantageous to the Grand Trunk, as well as to the Ottawa and Prescott Railway. May I ask you to favor me with reply, whether the Grand Trunk Railway Company will advance the £50,000 sterling referred to, on the proposed mortgage?

Very truly yours,
(Signed) ROBERT BELL,
Pres. O. & P. R. Co.

Honorable JOHN ROSS,
President Grand Trunk Ry. Co.,
&c., &c., &c.,
Toronto.

TORONTO, 8th May, 1857.

MY DEAR SIR,—In reply to your letter of yesterday's date, I beg leave to say that the Grand Trunk Railway Company have every desire to aid your railway to the extent you mention, and will be prepared to do so as soon as they can raise the means under the Relief Act of the past and present years.

We have already assumed the sum of £13,000 of the amount which the Government advanced to you, and have accepted the security which you gave for that advance. The further advance will be made on the terms stated in the presence of Mr. Attorney General Macdonald and Mr. Vankoughnet, to yourself and the other gentlemen of the deputation whom I had the pleasure of meeting yesterday, and which I am glad you consider satisfactory.

Believe me, my dear sir, yours very truly,
(Signed) JNO. ROSS.

Robert Bell, Esq.,
President of the Ottawa and Prescott Railway.

TORONTO, 8th May, 1857.

DEAR SIR,—I beg respectfully to refer to the conversation which took place yesterday between the Hon. John Ross, President, Grand Trunk Railway Company, &c., &c., and the Ottawa deputation and members of Parliament in presence of yourself and the Hon. Mr. Vankoughnet, when it was agreed by Mr. Ross on the part of the Grand Trunk Railway Co., that the advance by the Grand Trunk Company through the Aid Bills of this and last sessions of Parliament, of the £50,000 sterling to the Ottawa and Prescott Railway Company, on a mortgage upon that railway which would be next after the two existing mortgages would be carried out by the Grand Trunk Company if the Government would recommend it. The friends of the Ottawa and Prescott Railway feel that they have every reason to believe that the Government, feeling the great importance and necessity of this road, both to the Grand Trunk and the public, will willingly do so, and according to arrangement, I beg to enclose herewith a copy of my note to Mr. Ross on the subject, and also a copy of his note in reply, and request on the part of the Ottawa and Prescott Railway Company, that the Government will be pleased to recommend the proposed transaction. This being a public matter wherein I am acting officially, may I ask you for a reply in writing when the action of the Government can be known.

I am, dear sir, respectfully yours,
(Signed)

ROBERT BELL,
Pres. O. & P. R. Co.

The Hon. J. A. Macdonald,
Attorney General, &c., &c., &c., Toronto.

TORONTO, 13th May, 1857.

MY DEAR SIR,—In answer to your letter of the 8th instant, I beg to state that according to my recollection the agreement between you, on behalf of the Ottawa and Prescott Railway, and the Honorable John Ross, as president of the Grand Trunk Railway, was as follows: The Grand Trunk Railway Company agreed to advance the sum of £50,000 sterling to your railway on a third mortgage thereon, it being stated by you that the only encumbrances now existing on it consist of two mortgages, one for £100,000 sterling, the other for £75,000 currency. The sum of £13,000 already advanced by the Government to your railway, to form a portion of the £50,000, and the security given for such advance to the Government to stand as security for the whole £50,000. The Grand Trunk to advance the balance so soon as the securities are completed, and the means raised under the Relief Bills of the last and the present sessions, and on the Provincial Government recommending the Grand Trunk Railway company to make such advance under the circumstances above stated. I have now to state to you that the Government are prepared to recommend the company to do so, and have instructed the President of the Council to prepare a formal minute to that effect, which will in due course be communicated to Mr. Ross and yourself.

Yours, very truly,
(Signed)

J. A. MACDONALD.

Robert Bell, Esq.,
President Ottawa and Prescott Railway Company.

TORONTO, 13th May, 1857.

MY DEAR SIR,—I beg leave to acknowledge the receipt of your letter of this date, enclosing one from the Honorable Mr. Attorney General Macdonald, stating the terms of the arrangement under which assistance is to be extended to your railway from Prescott to Ottawa City by the Grand Trunk Railway Company.

In reply I have to state that the Grand Trunk Railway Company subscribe to those terms and will advance the balance of the £50,000 sterling on the security specified in the Attorney General's letter so soon as it can be raised under the Relief Bills of the past and present year.

I remain, my dear sir,
Yours very truly,
(Signed)

JNO. ROSS.

Robert Bell, Esq.,
President Ottawa and Prescott Railway Company.

XXVI.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 8th June, 1857.

On a report, dated 8th instant, from the Honorable the Inspector General, upon the application of the Grand Trunk Railway Company for a release of a part of the moneys paid into the hands of the London agents on account of the issue of the two million preferential bonds.

The Inspector General states that this application is made to reimburse the company for outlay on the Victoria Bridge, the Sarnia line and other works embraced in the Relief Bill of 1856, and recommends that the Receiver General be authorized to release an amount not exceeding £150,000 sterling, and to be applied strictly in conformity with, and on the works and railroads specified in the Relief Bill, the amount released being rateably apportioned and credited to each work.

The Committee advise that the recommendation of the Inspector General be acted on.

Certified.

(Signed) WM. H. LEE,
C.E.O.

XXVII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 13th June, 1857.

On a Report from the Honorable the Inspector General, submitting the application of the Grand Trunk Railroad Company for a further release of money on account of the two millions preferential bonds, to be applied to the purposes named in the Relief Acts of the last two sessions.

The amount shown to be expended, exclusive of the allotment to the subsidiary lines, and the projected road between the St. Lawrence and Arthabaska, is £375,927, on the following works :—

Victoria Bridge.....	£200,367
East of St. Thomas.....	90,890
West of St. Mary's.....	84,670
	<hr/>
	£375,927

The Inspector General, upon this statement, submits that in conformity with the two Acts, the sum of two hundred and twenty-five thousand pounds may be released, to be apportioned among the works in the following amounts :—

Victoria Bridge.....	£90,000	0	0
East of St. Thomas.....	59,062	10	0
West of St. Mary's.....	50,625	0	0
Arthabaska Road.....	14,062	10	0
Subsidiary Lines.....	11,250	0	0
	£225,000	0	0

being the proportions to which each are respectively entitled under the Act of 1856.

The Inspector General also submits that the apportionment due to the Arthabaska road and the subsidiary lines be deposited with the fiscal agents of the Province here, and the proper authorities connected with the proposed line between the St. Lawrence and Arthabaska be informed to that effect.

The apportionment of the hundred and fifty thousand pounds released by a recent Order of Council, is as follows:—

Victoria Bridge.....	£60,000
East of St. Thomas.....	39,375
West of St. Mary's.....	33,750
Arthabaska.....	9,375
Subsidiary Lines.....	7,500
	£150,000

The Committee recommend that the amounts above mentioned be released, as suggested by the Inspector General.

Certified.

(Signed) W. H. LEE,
C.E.C.

XXVIII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 21st July, 1857.

The Committee of Council having had under consideration the present condition of the Grand Trunk Railway of Canada, and communicated to the Secretary of the Province in two extracts from the minutes of a board meeting of the company held on the 6th July inst., by which doubts are expressed as to the ability of the company to proceed with the works contemplated by the Relief Act of 1856, have come to the conclusion that the interests of the province require the immediate prosecution and construction of the several works specified in the Act of 1856, and they respectfully recommend that a letter be addressed to the company, enquiring as to the prospect of the money required being raised, and the works proceeded with. Should it unfortunately happen that the company will be unable to procure the necessary funds before the next meeting of the Legislature, the Committee are of opinion that the Government will be compelled, by the voice of the country and the action of the legislature, to undertake the completion of the works, which will involve the enforcing of the rights and privileges secured to the Province on the road, in consideration of the provincial guarantee afforded at divers times to the company in virtue of different Acts of the legislature.

Certified.

(Signed) Wm. H. LEE,
C. E. C.

XXIX.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 21st July, 1857.

The Committee have had under consideration the following extract from the minutes of a board meeting of the directors of the Grand Trunk Railway Company, held in Toronto on the 6th of July, 1857.

"Resolved, That in view of the pressing engagements of the company, application be made to the Government for a temporary advance of £100,000 on the deposit of the bonds of this company, to be issued as soon as a general meeting of the shareholders can be held, to the extent of £200,000 currency, which the Government may sell, or such part thereof as may be necessary, within such time as may be agreed on, unless the money be repaid."

The Committee recommend that the loan of £100,000 be made to the company, on their pledging themselves to deposit with the Receiver General £200,000 of preferential bonds, so soon as the necessary vote is passed by the shareholders.

The money to be advanced in sums to be agreed upon between the Receiver General and the company, and to be repaid by the 1st October next. In case of default, the Receiver General to have the power to sell the bonds for what they will bring, or, at his option, to retain the amount from any moneys of the company in his hands, however raised or obtained, or to retain thereout any balance which may remain unpaid after sale of such bonds, and that the Receiver General be authorized to issue debentures for the sum of £100,000 currency, to meet such advance.

Certified.

(Signed) WM. H. LEE,
C.E.C.

XXX.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council, on the 23rd July, 1857.

On the application of the Grand Trunk Railroad Company to be authorized to assure the contractors engaged on the Victoria Bridge, that out of the moneys raised or to be raised by the Company under the Act of 1856, the Government will order releases for such amounts as shall from time to time be expended during the present year on the works of the bridge.

The Committee recommend that the Grand Trunk Railroad Company be informed that the Government will be prepared to release for the Victoria Bridge, according to the expenditure thereon, this year, to the extent of two-fifths of the amount which may be subscribed for and paid in, such amount exclusive of releases already made to the bridge not to exceed £190,000, the remaining three-fifths of the total amount subscribed being strictly set apart and reserved for the remaining works and purposes specified in the Act of 1856.

Certified.

(Signed) WM. H. LEE,
C.E.C.

XXXI.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Administrator of the Government in Council on the 1st of August, 1857.

On a memorandum, dated 31st July ult., from the Honorable the Inspector General on an application of the Grand Trunk Railway Company, and Messrs. Baring and Glyn, for the release of £66,000 Provincial debentures, balance of the £900,000 loan.

The Inspector General reports that considerable sums have been advanced by the Government to the company, on the security of these debentures, to enable them to meet their interest on the Portland lease, and that he is therefore unable to advise the release asked for, until provision is made for those advances.

As, however, the Government have recently undertaken to assist the company with a temporary loan of £100,000 on the deposit of £200,000 preferential bonds, he, the Inspector General, suggests that the company and Messrs. Baring and Glyn be informed, that so soon as those bonds are deposited with the London bankers of the Province, for the protection of loans made and to be made to the amount stated, the £66,000 will be released, and the advances for which they are now held, charged to the account of the new loan of £100,000.

The Committee concur in the suggestions of the Inspector General, and recommend that they be approved and acted on.

Certified.

(Signed) WM. H. LEE,
C. E. C.

On the application of the Grand Trunk Company and Messrs. Baring and Glyn for the release of £66,000 Provincial debentures, balance of the nine hundred thousand pound loan.

The Inspector General has to report, that considerable sums have been advanced by the Government to the company on the security of these debentures, to enable them to meet the interest on the Portland lease, and that he is therefore unable to advise the release asked for until provision is made for these advances.

As, however, the Government have recently undertaken to assist the company with a temporary loan of £100,000 on the deposit of £200,000 preferential bonds, the undersigned, suggests that the company and Messrs. Baring and Glyn be informed, that so soon as these bonds are deposited with the London bankers of the province for the protection of loans made and to be made to the amount stated, the £66,000 will be released and the advances for which they are now held changed to the account of the new loan of £100,000.

Respectfully submitted.

(Signed) WM. CAYLEY,
Inspector General.

31st July, 1857.

LONDON, 7th July, 1857.

MY DEAR SIR,—Although my letter will be a hurried one, as I leave London to-morrow morning for a short time, I cannot start without letting you know that the advice has reached us this morning of the release of £375,000 of the preferential money in due form, both to Messrs. Glyn and our firm, and thanking you on the part of the Grand Trunk Company for the promptness with which you have met the application.

It has been a matter of life or death to the company, and although these releases do not relieve it from great financial difficulties ahead, they enable it to live a little longer and look about it for the future ways and means.

I do not doubt but that, as Mr. Gregory's examination of the works has terminated and the report will be made, Messrs. Glyn and Co. shall receive immediately the release, as financial agents, of the £66,000 remaining of the £900,000, and which we had loaned in anticipation to the company.

Believe me, my dear sir,

Very faithfully yours,

(Signed) THOMAS BARING.

The Honorable W. Cayley,
Inspector General, &c., &c., Toronto.

XXXII.

COPY OF A REPORT of a *Committee of the Honorable the Executive Council, approved by His Excellency the Administrator of the Government in Council on the 14th September, 1857.*

In a memorandum dated 11th September, 1857, from the Honorable the Inspector General, submitting the letter of Messrs. Gzowski & Co., for a partial release of preferential capital to the extent of £8,250, sterling, on account of the certificates which they produce, shewing that they have executed work and supplied materials to the extent of £47,850 sterling. The Inspector General called at the Grand Trunk Railroad office at Montreal, on Wednesday last, 9th instant, to ascertain the progress making on the St. Thomas and Rivière du Loup, and was informed that certificates would be forwarded in the course of a few days, giving particulars; in the meantime he was shewn a letter from Mr. Hodges, stating that a thousand tons of iron was on the way for that section.

He therefore submits the present application to the favorable consideration of the Council.

The Committee recommend a release of funds to the extent applied for, viz: £8250 sterling, and that the Receiver General be authorized to take the necessary steps to effect the same. The Committee further recommend that the G. T. Railway Company be informed that the special circumstances under which this release is made, are not to be received as any evidence of the intention of the Government to permit a deviation from the strict terms of the Relief Acts, a compliance with which, in all particulars, the Government must exact.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

XXXIII.

COPY OF A REPORT of a *Committee of the Honorable the Executive Council, approved by His Excellency the Administrator of the Government in Council on the 28th September, 1857.*

The Committee have had under consideration a letter dated 28th instant, from the Hon. John Ross, president of the Grand Trunk Railway Company, stating that, owing to the failure of the company to get the balance of the preferential bonds authorized by the Relief Act of 1856, subscribed for, they are compelled once more to request a loan from the Government to the extent of £60,000, towards meeting the engagements of the company up to the 31st October proximo; pledging as security for the repayment thereof, the amount of the Post Office department account with the company accruing from quarter to quarter, and such further amount of the six per cent. preferential bonds as the Government may require.

The Committee recommend that the further advance of £60,000 be made to the company, as asked for in the president's letter, on the conditions and understanding that in addition to the £200,000 preferential bonds agreed to be deposited as security for the loan of £100,000 authorized by the Order in Council of 21st July last, preferential bonds to the further amount of £60,000 be also deposited with the Receiver General, making in all debentures to the amount of £260,000 as security for the two advances of £100,000 and £60,000, and that both these sums be repaid by the 31st December next,—such repayment to be made by draft of the Receiver General on the company's bankers in London, with whom the company are to make arrangements for the due payment of the drafts.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

XXXIV.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Administrator of the Government in Council on the 15th October, 1857.

On a letter, dated 12th October, 1857, from the Honorable John Ross, president of the Grand Trunk Railway Company, having reference to an application on behalf of the company, for a release under the 5th Section of the Relief Act of last session, to the extent of £28,887 sterling, for work done during this season upon the Victoria Bridge, since the date of the last certificate, and also to the extent of £158,360 sterling, for work done and money required to be expended during this present year, on the eastern section of the Grand Trunk Railway, extending from St. Thomas to Rivière du Loup.

The president of the company encloses certificates for work performed and material delivered on the western sections, amounting in the whole to £75,015 sterling, and requests that the whole may be laid before Your Excellency in Council, at the earliest convenience, as a release for the whole of the several sums mentioned is absolutely necessary to enable the company to proceed with their several works, and complete them within the period required by the Relief Acts. The sum of £28,887 sterling, for work on the Victoria Bridge, is included in the sum recommended to be released by minute of this date. The release of the sum of £158,360 sterling is applied for on account of the extension east of St. Thomas, I.C., under the fifth section of the Relief Act of last session. The 5th section runs thus: "The said company are hereby authorized to receive from the Receiver General of the Province, and expend upon and for the several works and purposes mentioned in the Act last cited, the proceeds of the preferential bonds therein mentioned, as such proceeds are paid in, provided the sum so expended upon each work bears the same proportion to the total sum allotted to it, as the sums paid in bear to the whole amount authorized to be raised by the said Act, and that each of the several works mentioned in the last cited Act shall be proceeded with simultaneously, and in the same proportion."

Under this section it appears to be clear that the Council are authorized to sanction the release of moneys to enable the company to proceed with the section of works named, such release, however, not to exceed the proportion to which the work is entitled rateably under the Act. Taking the amount, £190,000, authorized to be released to Victoria Bridge as the gauge, the proportion to which the eastern section would be entitled would be £124,000 in round figures. The same computation gives a margin of £107,000 to the section west of Stratford, less the sum of £8,250 sterling directed to be released by Order of Council on the 14th September ult., and the sum of £53,000 in round figures for the Three Rivers and Arthabaska road and the subsidiary lines. The amount for which a release is applied on behalf of the western section is £75,000; all these releases, however, must be limited by the amounts paid in on the issue of the two millions preferential bonds.

The Committee, in view of the above, recommend that releases of the proceeds of the debentures as paid in be authorized to the extent above named, viz:—for the Eastern Section, £124,000; the Western Section, £98,750, as the works are proceeded with; and on account of the Three Rivers and subsidiary lines, £53,000; or should the amount paid in fall short, then a rateable proportion be released for each work, including Victoria Bridge, according to the sums appropriated respectively by the Relief Act of 1856, the amount coming to the Three Rivers and subsidiary lines to be drawn by the Receiver General.

Certified.

(Signed) WM. H. LEE,
C.E.C.

XXXV.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Administrator of the Government in Council on the 15th October, 1857.

On a communication, dated 28th September, 1857, from J. M. Grant, Esq., assistant secretary of the Grand Trunk Railway Company, enclosing two certificates by the com-

pany's engineer, amounting together to £97,825, of work done and materials delivered on and at the Victoria Bridge, during the months of August and September last, and requesting thereon a release of capital to the company, in conformity with the Order in Council of 23rd July last; and in a subsequent letter from Mr. Grant, (dated 9th October, 1857), submitting a further certificate on account of the works at the Victoria Bridge, amounting to £28,887 8s. upon which he desires that a release may in like manner be made, with the least possible delay.

The Minute in Council of 23rd July, referred to, authorizes releases for the Victoria Bridge, according to the expenditure thereon, this year to the extent of two-fifths of the amount which may be subscribed for and paid in, (on sales of preferential bonds), such amount, exclusive of releases already made to the bridge, not to exceed £190,000, the remaining three-fifths of the total amount subscribed being strictly set apart and reserved for the remaining works and purposes specified in the Act of 1856.

Assuming that the release now asked for is on account and part of the above, the Committee recommend that the application be approved, and the Receiver General authorized to communicate with Messrs. Glyn and Baring to that effect, and enclose an extract of the present minute.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

XXXVI.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Administrator of the Government in Council on the 31st October, 1857.

On the application of the Grand Trunk Railway Company, for immediate and temporary aid to enable them to meet engagements which they are unable to carry out, in consequence of the Bank of Upper Canada having charged against the sum recently advanced by the Government to the company, a bill of exchange of the company for twenty-five thousand pounds, returned under protest.

The Postmaster General reports that he is prepared to recommend an advance by way of aid to the company of eight thousand pounds on account of postal service.

The Committee recommend that the last named sum be paid to the company, and that the Bank of Upper Canada be authorized to advance them a sum not exceeding four thousand pounds per week for three weeks to come, or until advice be received from England (in case it may come within that period) of the course the company or its agents there intend to pursue in reference to the bills of the company on London, now running.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

XXXVII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 21st January, 1858.

The Committee have had under consideration an extract from a letter addressed to Your Excellency by Mr. Thomas Baring, on the subject of the liabilities of the Grand Trunk Railway Company, and suggesting that the provincial agents be authorized to loan for a time to the company for general purposes, the proceeds of the preferential bonds.

The Honorable the Inspector General reports that the company have placed in the hands of the Receiver General, a draft on Messrs. Glyn, Mills & Co., at sixty days, for the sum of one hundred thousand pounds sterling, seventy-five thousand of which is to be applied to the liquidation of the company's liabilities to the Government. That the com-

pany have also undertaken to place on the 29th inst., with the Receiver General, a second draft, at four months, for a like sum, seventy-five per cent. of which is to be applied, as in the case of the first, to the liquidation of the Government advance. That the company also undertake, on receipt of advices from London, that these two drafts will be duly honored at maturity, to hand to the Receiver General a third bill, at four months, for one hundred thousand pounds sterling, to cover the balance of the Government advances, the balance of the bills to be handed to the company.

The Inspector General states that the understanding upon which this negotiation has been effected, with the cognizance and approval of the Receiver General, and which he, the Inspector General, trusts will be found satisfactory, is, that these bills shall be drawn against the securities placed in the hands of the fiscal agents of the Government by the company, in conformity with the Orders in Council authorizing advances to the company; the value of such securities, however, if so applied, to be replaced, and to be made good by the company by the sale of their seven per cent. bonds on or before the first of September next.

The Committee approve of the arrangements made by the Inspector General to secure the repayment of the Government advance.

Certified.

(Signed)

WM. H. LEE,
C.E.C.

XXXVIII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 3rd April, 1858.

The Committee have under consideration a memorandum by T. E. Blackwell, Esq., one of the directors of the Grand Trunk Railway Company, addressed to the Honorable the Inspector General, together with a copy of a letter dated London, 5th March, 1858, from Thomas Baring, Esquire, on the subject of permitting that company to apply a sum of £500,000 out of the unemployed balance of subscription raised on the preferential stock under the Relief Act of 1856, towards the general purposes of the company, including the extinguishing of debts to the banks in Canada, and to the financial agents in London, such amount to be replaced by the 31st March, 1859, or at such later periods in that year as may be specified by the Government.

The Committee respectfully recommend that Mr. Blackwell be advised that the Executive Government have no power to dispense with or modify the terms of the Relief Acts; but inasmuch as the amount paid in from time to time on the preferential bonds is, by the terms of those Acts, to be deposited with the provincial agents in London, to be withdrawn from them as required for expenditure on the works, and as such expenditure may not in the year to come absorb the £2,000,000, the Executive Government do not object to the provincial agents allowing to the company upon such securities, as may satisfy them, the temporary use of any portion of the moneys which may come into their hands; they, the agents, remaining responsible that the same shall be forthcoming and applicable as required for the due prosecution of the works, in accordance with the provision and spirit of the Relief Acts.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

XXXIX.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 12th April, 1858.

The Committee of Council have had under consideration a letter from the secretary of the Grand Trunk Railway Company, asking for the release of £500,000 sterling pre-

ferential bonds, to be expended during the present season upon and for the several works and purposes mentioned in the Relief Act of 1856.

The Hon. the Inspector General reports that, by the 5th section of the Act 20 Vic. cap. 11, the company are authorized to receive from the Receiver General of the Province, and to expend upon and for the several works and purposes mentioned in the Act of 1856, the proceeds of the preferential bonds as they are paid in, provided that the expenditure on each work is in the proportion to which it is entitled under the Act, and that the several works are proceeded with simultaneously.

That by this clause it appears that the company are entitled to draw the proceeds of the bonds as they are realized, to enable them to proceed with the works, in conformity with the Relief Act, and that, as the benefits of that Act and the Act above cited can be secured to the company only by a strict conformity with those terms, he, the Inspector General sees no objection to a compliance with the request of the company. That in the minute in Council of the 15th October, the views of the Executive were explicitly declared on this head, and the proportions specified to which each work was entitled of the whole sum to be released. That on that occasion, although the Council sanctioned the release of the whole sum asked for, the sanction was qualified by the reservation that it should not be construed to cover any larger amount than the undrawn balance of the instalments at the time paid in. That this qualification may be considered unnecessary now, as the whole preferential stock is reported to be taken up. That, on the other hand, as the release now contemplated, and the amount which, under certain restrictions, the financial agents were authorized to advance to the company, by the minute in Council of the 3rd April, will absorb much of the balance of the proceeds of the two million preferential bonds, it may be desirable that the amount released and paid over to the Receiver General on account of the subsidiary lines, should now be made up to the full sum of £100,000 sterling, being the aggregate of the portions allotted to the Prescott and Ottawa, the Port Hope and Lindsay, and Cobourg and Peterborough Railroads, and that the Receiver General be advised to that effect.

The Inspector General submits that the following are the proportions to which each work will be entitled, viz :—

London and Sarnia	£112,500
Rivière du Loup	131,250
Victoria Bridge.....	200,000
Three Rivers and Arthabaska	31,250
Subsidiary Lines.....	25,000
	£500,000

That from this sum should be deducted the amounts applicable to the Three Rivers and Arthabaska, and the subsidiary lines, viz: £56,250, the amount for the former work not being at the present required, and the amount for the latter, he suggests, should be drawn by the Receiver General as part of the £100,000.

The Committee concur in the view above expressed by the Hon. Inspector General, and recommend that his suggestions be approved and acted on, and that the £500,000 (less the sum of £56,250 above mentioned) be released accordingly.

Certified.

(Signed)

W. H. LEE,
C. E. C.

XL.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 15th June, 1858.

On the application of Thomas E. Blackwell, Esq., vice-president, Grand Trunk Railway Company, dated 15th inst., for a further release of the preferential capital raised

under the Grand Trunk Relief Acts of 1856-7, to the extent of £500,000 sterling, and authorized to be released by the 5th section of the Act of 1857, 20th Vic., cap. 11, and stating the previous release has been nearly exhausted, and inasmuch as the company have just concluded an arrangement with the English contractors for the completion of the Victoria Bridge within the next year (1859, two years earlier than contemplated), they require the present release to enable them to meet their payments for works done, and to be done on the Victoria Bridge, and the eastern and western extensions, all of which are being pressed forward with great vigor.

The Committee recommend that a release of preferential stock to the extent of £500,000 be authorized for the purpose mentioned.

Certified.

(Signed) W. H. LEE,
C. E. C.

XLI.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 3rd June, 1859.

The Committee have had under consideration a letter, dated 2nd inst., from J. E. Turcotte, Esq., mayor of the city of Three Rivers, representing that that city has, under certain conditions, bound itself to contribute a sum of £40,000 towards the construction of the Three Rivers and Arthabaska branch of the Grand Trunk Railway.

That, notwithstanding the aid granted to that company under the 19 and 20 Vic., cap. 3, and 20 Vic., cap. 8, was on the condition of the construction of the said branch, no portion of the latter has been commenced. That he desires to know whether the £125,000 sterling, which the company should, under those Acts, have placed in the hands of the Provincial agents in London, have been so disposed of, and if so, what has become of the proceeds thereof, no portion of which could be withdrawn but with the sanction of Your Excellency in Council. That it is said the company have been, from various reasons, unable to dispose of their preferential bonds to the above amount, and should that be the case, but a very trifling amount beyond the £40,000 referred to would be applicable to the building of the branch. That the conditions on which the said sum was subscribed might be modified if the Executive would, as far as it felt itself competent to do so, undertake that the said branch should be built, if not within the delay mentioned by the Acts, at as early a date as possible.

The Committee advise that the municipality of Three Rivers be informed, that under the terms of the Grand Trunk Relief Act, that company is required to expend £125,000 sterling on the construction of the Arthabaska line. That the government have adopted the necessary measures to ensure the application of this money for the purpose out of the preferential capital, and that the terms of the Act itself furnish the strongest guarantee for the construction of the line. That no application has been made by the Grand Trunk Company to the Government indicating any wish to evade the conditions of the Act, and that, under any circumstances, the government felt it their duty to exact the complete performance of the conditions under which the provincial lien on the Grand Trunk Railway was postponed.

Certified.

(Signed) W. H. LEE,
C. E. C.

XLII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 26th August, 1859.

On the report of the Hon. the Minister of Finance. On the reference of the letter from the Superintendent General of Indian Affairs, dated 26th August instant, and copy of a letter from Thomas E. Blackwell, Esquire.

The Committee respectfully advise that they see no objection to the arrangement as stated in Mr. Blackwell's letter, as communicated by the Superintendent General of Indian Affairs.

That the mail money be paid by the Receiver General to the Indian Fund, so long as the Grand Trunk Company are indebted to the trust. And that the Provincial and Consolidated Municipal Loan Fund debentures, now held by that fund, be purchased on account of the Province, at the price at which they have been acquired by the trust, whenever they are surrendered to the Government, and the Receiver General is hereby ordered by His Excellency to transmit to the financial agents in London such of the securities belonging to the Indian Fund as the Superintendent General of Indian Affairs may from time to time specify.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

On the reference of the letter from the Superintendent General of Indian Affairs, dated 26th August, and copy of letter from Thos. E. Blackwell. The Minister of Finance respectfully reports, that the arrangement proposed would appear to meet the views expressed in the Minute of Council of 25th instant, so far as ensuring the realization of the securities held by the Indian Fund, or the resumption of them by the trust, if Parliament decide to continue the present mode of investment. It is suggested that the financial agents should be the medium through which the proposed arrangement be effected, as they can best judge of the value of the securities proposed by Mr. Blackwell.

No objection exists to the undertaking on the part of the Government to pay the mail money to become due to the Grand Trunk Company to the Indian Fund, during the period of the loan, the proper authority for the payment being granted by the company.

The Government may also undertake to assume the Provincial and Consolidated Municipal Loan Fund bonds now held by the Indian Fund, at their cost to that fund, whenever they are prepared to surrender the same to the Government, as it would not appear desirable to treat the securities held by the Indians in the same mode as those in the hands of the public.

(Signed)

A. T. GALT.

26th August, 1859.

TORONTO, C.W., Aug. 26, 1859.

SIR,—I am directed by His Excellency the Governor General to transmit to you the enclosed letter, addressed to me as Superintendent General of Indian Affairs, by Mr. Blackwell, vice-president of the Grand Trunk Railway Company.

His Excellency desires that Mr. Blackwell's communication may be laid before the Executive Council, in order that he may receive the advice of that body on the proposition therein contained.

I have the honor to be, sir,

Your obedient servant,

(Signed) R. J. PENNEFATHER

The Hon. the Provincial Secretary,
&c., &c., &c.

GRAND TRUNK RAILWAY OF CANADA,

Toronto, 25th August, 1859.

SIR,—Having understood that it is in the contemplation of the government to recommend to parliament a different disposition of the funds held on account of the Indian tribes, and that in this view it may be the wish of His Excellency the Governor General to make arrangements in regard to their investments, which would ensure the realization of the whole fund at such time as parliament might desire to deal with it, I would propose, on behalf of the Grand Trunk Company, an arrangement which would have the effect, while it would also promote those financial arrangements which the railway company are making for providing the means of completing the Victoria Bridge and other works now rapidly approaching completion.

The company have in their possession the bonds of the city of Toronto for £100,000, as well as a large amount of second preference bonds and other securities of undoubted character, which they are desirous to delay placing in the London market until the completion of the undertaking shall have given the company the benefit of the increased traffic which will undoubtedly immediately arise. Under these circumstances, it would be a desirable arrangement for the company if they could assume the securities now held by the Indian Fund, undertaking the payment for the same at such time, say 18 months, as may be judged proper by His Excellency, if it should be the desire of parliament to dispose of these securities, or to restore to the Indian Fund either the whole or such part of the securities as might be desired by His Excellency, if no ultimate assumption of the fund be authorized by parliament.

Although I have no doubt of the ability of the company to fulfil any engagement of this nature which might be entered into, still it might be more satisfactory to His Excellency, as acting for the Indian tribes, to remove all possible apprehension of delay or difficulty in the punctual and constant payment of the interest. I am therefore prepared to offer, in addition to such securities as might be deemed sufficient, to execute to the Indian department a transfer of the engagement of the provincial government for the payment of the mail service, amounting to about £15,000 sterling per annum, as security for the payment of the interest, to be held until the final and satisfactory completion of the transaction. To this transfer I apprehend no objection would exist on the part of the provincial government, who are amply secured in the performance of the service under the Grand Trunk Relief Acts.

The effect of the proposed arrangement to the Indian Fund would be an absolute guarantee that the present nominal amount of the fund would be available on its transfer to the province, while, meantime, the undoubted guarantee of the province, under its engagements to this company for the mail service, would be substituted for the interest on the securities now held by you, and which you have not the same assurance of being punctually met.

I understand the securities now held to comprehend the following amounts :

Provincial debentures, 5 per cent.....	£18,937	7	11,	cy.
do do 6 per cent.....	68,766	13	4	
Consolidated Municipal Loan Fund, 6 per cent.....	132,095	16	4	
Montreal Turnpike Trust and other securities.....	63,690	14	3	
Total.....	£283,490	11	10	

I would propose, as the mode most satisfactory to His Excellency, that the company should assume these securities at their present cost, and should engage, at the option of the government, either to pay the amount in 18 months, or to restore the whole or any part of the securities at their present price. That the securities should be transmitted to the financial agents of the province in London, with instructions to transfer them to the custody of the Grand Trunk London Board, on receiving satisfactory securities from the company for the fulfilment of any present undertaking; such securities to comprehend the city of Toronto bonds for £100,000, and other valuable assets of the Grand Trunk

Company, as well as any other engagements which they may consider necessary amply to secure the Indian Fund from all possible risk of loss or disappointment.

I have the honor to be, sir,
 Your most obedient servant,
 (Signed) THOMAS E. BLACKWELL,
 Vice Pres. G. T. R. Co.

To R. J. Pennefather, Esq.,
 Indian Department, &c., &c., &c.,
 Toronto.

XLIII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 24th November, 1859.

On a memorandum, dated 23rd November, 1859, from the Honorable the Minister of Finance, submitting that it does not appear that the arrangement proposed by Mr. Blackwell, with reference to the Indian Fund securities, and embodied in the Order in Council of 26th August last, has been carried out by the Grand Trunk Railway Company, and recommending therefore that the said Order be cancelled, and that the Receiver General inform Mr. Blackwell thereof, as well as the Superintendent General of Indian Affairs. And also, that he do instruct the financial agents to return the securities to the custody of the Receiver General's department.

The Committee advise that the Order in Council of 26th August last be rescinded, and the suggestions of the Minister of Finance approved and acted on.

Certified. (Signed) WM. H. LEE,
 C. E. C.

XLIV.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 3rd August, 1860.

The Committee have had under consideration a memorandum dated 2nd instant, from the Honorable the Minister of Finance, submitting certain correspondence between the Grand Trunk Railway Company and himself while in England, whereby sanction has been given to the advance by the financial agents, from unemployed balances in their hands, of the sum of fifty thousand five hundred pounds sterling, upon the security of moneys due and to become due by the Post Office department to the Grand Trunk Railway for postal service, with the collateral security of certain bonds of the company, and recommending that the approval of Your Excellency in Council be given to the arrangement thus made; and that the Postmaster General be directed to hold for account of the Receiver General, all moneys accruing to the company for past and future postal service, until he be advised that the loan has been reimbursed.

The Committee advise that the proceedings of the Minister of Finance be approved, and that instructions issue to the Honorable the Postmaster General accordingly.

Certified. (Signed) WM. H. LEE,
 C. E. C.

The Minister of Finance respectfully submits certain correspondence between the Grand Trunk Railway Company and himself while in England, whereby sanction has been

given to the advance by the financial agents, from unemployed balances in their hands, of the sum of fifty thousand five hundred pounds sterling, upon the security of moneys due and to become due by the Post Office department to the Grand Trunk Railway for postal service, with the collateral security of certain bonds of the company, and he respectfully recommends that the approval of His Excellency in Council be given to the arrangement thus made; and that the Postmaster General be directed to hold for account of the Receiver General, all moneys accruing to the company for past and future postal service, until he be advised that the loan has been reimbursed.

(Signed) A. T. GALT,
M. of F.

2nd August, 1860.

OFFICES OF THE GRAND TRUNK RAILWAY CO. OF CANADA,
21, Old Broad Street, London, July 10, 1860.
E. C.

SIR,—I am instructed by the directors of this company to request that you will authorize the financial agents of the province to advance a sum of about £35,500, to meet an urgent liability of this company, and which this company engages to repay out of the sums due and to become due by the government to the company, for postal services, unless this loan is previously reimbursed to the provincial agents out of other resources.

I have the honor to be, sir,
Your obedient servant,

(Signed) JOHN M. GRANT,
Secretary.

Hon. A. T. Galt, Minister of Finance, &c.
London.

WATERLOO HOTEL, LONDON, 12th July, 1860.

Messrs. Baring, Brothers & Co.;
Glyn, Mills & Co., London.

GENTLEMEN,—I enclose an application received from the secretary of the Grand Trunk Company. Under the circumstances, I am prepared to authorize you to advance to the company, from unemployed balances of the province in your hands requiring investment, the sum of £35,500 sterling, on your receiving from the company satisfactory assurances that the mail money shall be retained by the government, and on deposit with you, for gradual sale in liquidation of the advance, of second preference bonds of the company to an amount satisfactory to you.

I remain, gentlemen,
Your obedient servant,
(Signed) A. T. GALT,
Minister of Finance of Canada.

SIR,—We have to acknowledge receipt of your letter of 12th instant, authorizing us to advance to the Grand Trunk Railway Company of Canada, from unemployed balances in our hands on account of the province, a sum of about £35,500, the conditions of the advance being stated in the application of the secretary of the company to which you refer, but do not enclose copy.

We have accordingly made arrangements to advance the above amount on the terms approved by you in our verbal communications on the subject, namely, that the company will lodge with us, as security, a sum of £42,500 of its second preference 6 per cent. bonds for gradual sale, in liquidation of the advance.

We have the honor to be, sir,
Your most obedient servants,
(Signed) BARING, BROTHERS & CO.,
GLYN, MILLS & CO.

London, 14th July, 1860.
The Honorable A. T. Galt,
Minister of Finance of Canada,
&c., &c., &c.

Messrs. Baring, Brothers & Co.;
 " Glyn, Mills & Co.

LONDON, 16th July, 1860.

GENTLEMEN,—I have received the enclosed letter from the Grand Trunk Railway Company, requesting me to authorise a further advance of fifteen thousand pounds on the security of the postal service in Canada, and representing the importance of this small loan, pending other arrangements by the company.

Under the circumstances, I am prepared to authorise you to make the advance on the security named, and on the proper instructions being sent to Canada to give effect thereto. I must, however, attach as a condition that the Toronto City Bonds, now held by you as security at 80 per cent., be sold as speedily as possible, to cover the loan for which they are pledged; the balance over 80 per cent. to apply on the present advance, and the remainder to be paid on the company receiving ten days' notice.

I am, &c.,

(Signed) A. T. G.

OFFICES OF THE GRAND TRUNK RAILWAY CO. OF CANADA,
 21, Old Broad Street, London, 16th July, 1860.
 E. C.

SIR,—On the part of the directors of this company, I am desired to represent to you the very great importance of a further small loan, say of £15,000, for a short time, pending other arrangements, with which the company may be enabled to meet several trifling but pressing payments; and I am therefore desired by the London Board to ask if, under these circumstances, you would authorise the agents of the province to make this further advance on the security of the moneys due or coming due to this company for postal services?

I have also to add that the directors will lose no opportunity of realizing the Toronto City debentures to cover the loan, for which they are now pledged at 80 per cent., and of applying the balance in part payment of the present advance, the remainder to be paid on the company receiving ten days' notice.

I have the honor to be, sir,

Yours, &c.,
 (Signed) JOHN M. GRANT.

Hon. A. T. Galt, M.P.P., &c., &c.,
 London.

OFFICES OF THE GRAND TRUNK RAILWAY CO. OF CANADA,
 21, Old Broad Street, London, July 16, 1860.
 E. C.

SIR,—I am authorized by my colleagues in the direction of the Grand Trunk Railway Company of Canada, who are in London, to express to you their united thanks for the uniform courtesy and attention with which you have received their representations upon the subject of the existing difficulties of the company. In the repeated interviews with which you have honored us, we have had abundant opportunities of explaining the present position of the company, and of receiving assurances from you of the sympathy with which its difficulties inspired you, although you were unable to pledge either yourself or the ministry, of which you are so distinguished a member, with regard to any positive measure of relief. It is unnecessary for me to detail in this letter the various subjects of our conversation, or to enter into the particulars of the existing embarrassments of the company; but I am desired to state that it would be a great satisfaction to the directors in London, if they could be authorized by you, before your departure, to state to the bondholders and shareholders of the company, not only that the position in which it finds itself engages your anxious attention, but that you feel empowered to offer some advice or plan for the consideration and adoption of those who are so deeply interested in the revival of confidence

in the Grand Trunk Railway Company, and in the future well-being of that great undertaking.

I have the honor to be, sir,
 Your very obedient servant,
 (Signed) THOMAS BARING,
 Chairman of the London Directors.

Hon. A. T. Galt, M.P.P.,
 Minister of Finance of Canada,
 Liverpool.

LONDON, 17th July, 1860.

THOMAS BARING, Esq., M.P.,
 Chairman, London Directors, G. T. R.

SIR,—I have the honor to acknowledge your letter of the 16th inst. The embarrassments of the G. T. Co. are a source of deep anxiety to me; but, having left Canada before I was informed of their inconveniences, it is not, as I have already explained, in my power to act, or even to offer an official opinion upon the circumstances in which the company is placed. Individually, no one can feel more sympathy with the painful position of the company than myself; but, without the sanction of the government, I am not empowered to offer either advice or suggestion.

Any communication on the subject of the affairs of the company should be addressed to the government in Canada, and I feel assured it will receive the earliest and the best consideration of my colleagues and myself. I trust, however, that the difficulties you now experience will prove but temporary, and that reviving confidence may enable the funds to be provided to cover the floating debt of the company, which appears, from its magnitude and pressure, to prevent any improvement in the financial position of the company.

I have, &c.,
 (Signed) A. T. GALT.

XLV.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 21st September, 1861.

The Committee have had under consideration the application of the contractors for the Arthabaska and Three Rivers subsidiary line of railway, praying that the sum of five thousand dollars may be paid them from the funds set apart under the Grand Trunk Relief Act, and certified as due for the works.

On this application, the Honorable the Minister of Finance reports, that by the Auditor's report of 15th August last, it appears that the sum of £32,694 8s. 11d. sterling is still due from the said funds; but a question has arisen, and correspondence is now pending with the financial agents as to whether the said sum has been, under the instructions of the Receiver General, properly paid to the Grand Trunk Company. By the Order in Council of 3rd June, 1859, the government undertook towards the town of Three Rivers, that the funds should be forthcoming, and it appears to him, the Minister of Finance, that under this engagement the government cannot use the dispute with their own agents as a ground for refusing compliance with their own engagements to the town of Three Rivers in regard to this railway. He therefore recommends, that pending the settlement of the point in dispute, a warrant do issue for \$5,000, and that the same be charged to the "Arthabaska and Three Rivers Line Suspense Account."

The Committee concur in the above recommendation, and submit the same for Your Excellency's approval.

Certified. (Signed) WM. H. LEE,
 C. E. C.

XLVI.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 2nd October, 1861.

The Committee have had under consideration the memorial of the directors in London of the Grand Trunk Railway of Canada, praying that parliament may be assembled to consider a measure of relief for that company; and a letter from Edward Watkin, Esquire, superintending commissioner, together with the report of the Honorable the Minister of Finance, hereto annexed.

The Committee concur in the report of the Honorable the Minister of Finance, and recommend the same for Your Excellency's approval.

Certified.

(Signed)

WM. H. LEE,
C. E. C.

Upon the reference of the memorial of the London Board of Directors of the Grand Trunk Railway Company, received 20th August, and of the letter of the superintending Commissioner, Mr. Watkin, received 12th instant, the undersigned has the honor respectfully to report for the consideration of His Excellency the Governor General in Council.

The position of the Grand Trunk Railway, as stated in the documents referred, and also in the report of the commissioners appointed by His Excellency to investigate its affairs, is manifestly one of very great difficulty, involving not only most serious pecuniary loss and embarrassment to individuals, but also grave dangers to the commerce of the province, to the maintenance of its postal service, especially that connected with the steamship line, and to the ordinary traffic which is now so largely dependent upon railway facilities.

The Grand Trunk Railway Company represent that the amount now paid by the province for postal service is wholly inadequate. It is claimed that the sum should be equal to its capitalization at 1½ million sterling for the service of the ensuing 25 or 30 years.

This capitalization is sought for to enable the company to effect a settlement of their pecuniary difficulties, and in connection therewith, legislative authority is prayed to enable the further sum of £500,000 sterling to be raised by the company, for completing, repairing and equipping the line, and to give effect to the details of a plan submitted with the memorial for the reorganization of the undertaking.

The memorial further prays that the case may be laid before parliament at an early session, on the grounds that accumulating embarrassments and harassing litigation threaten to render the daily working of the line impossible; and Mr. Watkin, the superintending commissioner, expresses his apprehensions that the line cannot be maintained open during the ensuing winter, without action on the part of the government and legislature of Canada.

The undersigned does not consider it necessary to do more than advert to the disastrous consequences which in his opinion would flow from a stoppage of the line, so far as it may be possible to avert such a calamity without imperilling other and some more important interests; he believes it to be the duty of the government to recommend the legislature to act, and in this view, he respectfully submits the following observations on the foregoing recital of the Grand Trunk case.

As regards the claim for an increased postal subsidy, His Excellency in Council has, by law, the power of determining the rate of remuneration for all railways in Canada, and the present rate of payment has been thus settled, at a considerable reduction upon the rate first agreed upon by the government, and subject to the protest of all the railways in the province.

The reservation of this power to the government could only have been in the belief by parliament, that it would be exercised fairly, as the intention of the Legislature never could have been to compel service for the public without adequate remuneration.

The government have, no doubt, acted in the belief that the sum allowed was sufficient, and the undersigned is of opinion that for the accommodation given to the public, no such claim as that advanced could be sustained. But taking into consideration the importance of fully maintaining the reputation of the province for fair dealing, and of re-

moving all possible ground for just complaint, the opinion of the undersigned is that the Governor in Council should reconsider the question of postal allowance to the Grand Trunk Railway, making provision at the same time for such additional facilities and control of mail trains to the Post Office department, as may render the service more efficient and satisfactory to the public.

The views of the government and of the company, as regards the scale of remuneration, are so widely apart, that there would not seem any likelihood of a satisfactory settlement of the question, by the action of the Governor in Council alone, and the undersigned would therefore recommend that the company be informed that the government are prepared to submit the question of the rate of postal payment to the arbitration of three disinterested parties.

The arbitrators to be empowered to determine the amount to be paid annually for a period of five years, and also to furnish for the information of His Excellency, their views as to the future annual rate for periods of five years thereafter, till 1890.

The capitalization of the annual postal payments rests wholly with parliament, and the government have only to consider whether the nature of the case is such as to warrant them in recommending such a departure from the usual practice. Assuming that the service would be regularly and satisfactorily enforced, it would be plainly a matter of no moment to the province, whether the sums were paid direct to the company, or to the holders of the obligations that may be issued to represent these sums. But in assenting to such a capitalization, the province would forego the ordinary means of enforcing the service stipulated, and would necessarily require other and satisfactory guarantees. Evidently the first step to be taken would be the perfect restoration of the credit of the company and the prevention of a recurrence of such embarrassments as are now overwhelming it. It would be therefore impossible, in the first place, to consider the application to capitalize the postal subsidy, without also adverting to the proposed plan of reorganizing the company. Under ordinary circumstances it would only be necessary for the government to guard, in the proposed legislation, against improper interference with private rights; but in the present case it would become further necessary to be assured that the plan proposed would place the Grand Trunk Company in such a position as to warrant parliament in making such a contract with it as is desired.

The undersigned has carefully considered the documents submitted with the memorial, and he respectfully reports that in his opinion the proposed plan would not permanently remove the pecuniary difficulties, nor would it effectually re-establish its credit.

The most serious and it seems fatal objection, in connection especially with the proposed capitalization of 25 or 30 years service, would be that it would only provide for a postponement of certain claims which revive in five years.

It appears to the undersigned that parliament never should consent to a serious interference with existing interests, with the certainty that a similar crisis must arise after a short lapse of time.

The only justification for legislation is to be found in the admitted bankruptcy of the company, and their total inability of dealing with the varied interests by ordinary legal proceedings.

The great public interest involved, and the rights reserved to the province must probably compel some legal remedy for the present state of affairs; but such a remedy ought to be permanent, and not, as proposed, temporary.

Another and very doubtful proposal is that of engaging to make certain payments on bonds, &c. without any reference to the net receipts from traffic. A very brief review of the financial state of the company will satisfy every one that its capital has been absorbed and its credit ruined, mainly through the enormous sums paid or due on its various classes of capital, leases, bonds and shares.

The railway being now virtually completed, and no other means of paying such annual sums than the net receipts, it appears most unwise to adopt as a prominent feature of the new plan an absolute engagement to pay certain sums, whether earned or not. Future difficulty would seem to be assured by this provision.

The classifications of the various interests involved would be a point to be left to the parties themselves, did it not appear that the expectation of the London directors was that such settlement should be made compulsory.

The undersigned cannot believe that parliament would legislate upon such vast individual rights without very great care and provision for their protection. It is no doubt hopeless to expect unanimity among such and so conflicting interests, but the absolute acquiescence of a large proportion of every class of those interested would seem essential.

Without entering further into the detail of the scheme, the undersigned believes that the objections already stated, render it impossible for the government to entertain the application to capitalize the postal subsidy in favor of the company, as thus proposed to be reorganized.

He fears that no adequate security for the performance of the service could be proposed.

Having stated the objections which appear to exist in meeting the application for certain proposed legislation, the undersigned has only to add his recommendation to His Excellency in Council, that the London directors of the Grand Trunk Company be informed that His Excellency does not at present consider that a special session of parliament should be convened, but hopes that in the meantime, the best mode of arranging the difficulties of the company will be determined upon, and that the working of the line may not be interrupted.

(Signed) A. T. GALT,
Minister of Finance.

1st October, 1861.

XLVII.

SIR,—We have the honor to acknowledge the receipt of your letter of 19th instant, in which you favor us with the details of your calculation that a considerable amount of the proceeds of the late Canadian loan will remain, for some months to come, in London, and with your views as to the employment of the money.

We take due note that we are authorized to purchase for account of the government of Canada at par, with accrued interest added, any Canadian currency or Municipal Loan Fund bonds which may be offered at that price, and to pay, when necessary, a brokerage of $\frac{1}{4}$ per cent. for such purchases; we observe that this limit will exist in force till 30th June next, when you will consider, or whether different orders should then be given to us.

You further state that it is your wish, when opportunities occur, to employ any moneys which may be disposable on the Consolidated Loan account—if this can be done with security—at a better rate of interest than the *minimum* rate of discount of the Bank of England, which the account bears; and you ask our opinion as to the mode to be adopted for that purpose. You will readily understand that it is not possible, beforehand, to ascertain what loans of money can be made, or what rate can be obtained, during the next twelve months, and all that we can say or promise is, that we shall bear in mind your wishes, as expressed in your letter, and do our best to meet them.

We have already, with your verbal sanction, concluded a loan of £50,000 for account of the government, for six months from 7th instant, at the rate of 5 per cent. per annum, on £50,000, 6 per cent. provincial bonds of Canada, and we recommend to your favorable consideration one, at similar terms and for a like period, of from £50,000 to £65,000, which is offered in 6 per cent. bonds of the corporation of Toronto, valuing these bonds at 80 per cent. of their nominal amount. If, as we think it ought, this transaction meets your approbation, we will give you the details, and these two transactions will fully absorb the sum of money at your disposal subsequent to the other arrangements made by you on account of the Consolidated Loan, without any loss to the government in the rate of interest.

For the employment of further sums which we may receive in payment of this loan, after reckoning on what may be drawn on us from Canada at sixty days, we presume that we have your authority to make loan on the government securities of Canada, whether of the sterling or currency denominations, and on the Municipal Loan Fund bonds, and also on any such stocks as we may, as financial agents, be ready to guarantee to the government, as it is impossible to furnish you, in anticipation, with a list of those securities which may be hereafter offered to obtain loans; nor can we now fix the rate of interest

which we may be able to obtain. We can only repeat that our best endeavors will be employed to conform with the instructions with which you have honored us.

We have the honor to be, sir,

Your most obedient servants,

London, 20th January, 1860.

(Signed)

BARING BROTHERS & Co.
GLYN, MILLS & Co.

Honorable A. T. Galt,
Minister of Finance of Canada.

A true copy.

(Signed)

WILLIAM DICKINSON,
Act'g. Dep. Ins. Gen.

Messrs. Baring Brothers & Co.,
Glyn, Mills & Co.,
London.

LONDON, 23rd January, 1860.

GENTLEMEN,—I am duly favored with your letter of 20th instant, on the subject of temporary employment of the balance of the Consolidated Loan. I am glad to learn that you have effected the transaction for £50,000, on Province bonds, and I authorize the loan of £60,000 to £65,000 on the deposit of the city of Toronto bonds for a period of six months at 80 per cent. of their nominal amount.

Agreeing with you that it is advisable you should be provided with general authority, as to the class of securities in which you may make advances for account of the province, I authorize such advances for periods not exceeding six months, and at such rate of interest as you may consider proper, in excess of the current bank rate, upon the government securities of Canada, whether sterling or currency, upon the Consolidated Municipal Loan Fund bonds, and upon such other stocks as you are prepared to guarantee to the government.

In all these transactions I have every confidence that you will act in the best interests of the province.

I remain, gentlemen,

Your faithful servant,

(Signed)

A. T. GALT,
Minister of Finance of Canada.

A true copy.
(Signed) Wm. DICKINSON.
13th March, 1863.

XLVIII.

SIR,—We have the honor to enclose duplicate of our letter of 3rd instant, and have now to acknowledge receipt of your communication of 25th September, by which you authorize us to deliver Canadian Consolidated 5 per cent. bonds, in exchange for £20,800 old Canadian 5 per cents bonds held by Messrs. F. Huth & Co., which we shall accordingly do.

We have placed to the credit of the government of Canada £798
pr. 4th October.—Net proceeds of £800 Canadian 5 per
cent bonds at 101 £808 0 0
Commission, 1 per cent..... £8 0 0
Brokerage, ¼ per cent..... 2 0 0
————— 10 0 0
Pr. October..... £798 0 0

of which, pray, make corresponding note.

In pursuance of the advice contained in our letter of the 3rd instant, we have settled the loan to the Grand Trunk Railway Company on Toronto city bonds, in the following manner :—

The amount of the loan is.....	£37,760 0 0
Add interest from 1st July to 1st October, at 5 per cent. ; three months.....	472 0 0
Together.....	<u>£38,232 0 0</u>

which we carry to the credit of the government of Canada ; and on the other hand, we place to the debit of the government the cost of £42,500 Toronto city six per cent. bonds, at 90 per cent., £38,250, forwarding the bonds to the Receiver General, in conformity with your instructions.

The dividend due 1st October on these bonds having been collected here, we send them ex-October coupons and credit the government for the amount :

Say.....	£1275 0 0	} Vide P.S.
From which we deduct for the difference between the amount of the loan and the value of the bonds at 90 per cent.....	18 0 0	
	<u>£ 1257 0 0</u>	
The bonds at 87 per cent. ex-dividend.....	36975 0 0	
Together.....	<u>£38232 0 0</u>	

thus closing the transaction to a point.

We are instructed by the Receiver General to deliver £10,000 consolidated 5 per cent. bonds to Messrs. McDougall and Davidson ; but we can only deliver bonds of £1000 and £100 each, and not some of all denominations as requested, having no bonds of £500 in our possession. The bonds lodged as security for the loan of £200,000 are chiefly of £1000 each, and it will therefore be desirable, whenever further issues may be made, that they should be in bonds of £500 and £100 each.

We have the honor to be, sir,
Your most obedient servants,
(Signed) BARING BROS. & Co.,
" GLYN, MILLS & Co.

London, 10th October, 1861.

P. S.—We credit the government for the full dividend on the

£42,500 Toronto city bonds, say	£ 1,275 0 0
The value of the bonds ex-dividend @ 87 per cent.....	36,975 0 0
	<u>£38,250 0 0</u>

The deduction of £18 advised above was made in error.
The Hon. A. T. Galt,
Minister of Finance of Canada, &c., &c.,
Quebec.

A true copy. (Signed) WM. DICKINSON.
18th March, 1863.

XLIX.

AUDITOR'S OFFICE,
Quebec, 18th April, 1861.

MY DEAR SIR,—In my examination into the books of the Grand Trunk in fulfillment of my duties as commissioner, I found an entry headed "Financial Agents of Canada Loan Account," which I brought under your notice and made the subject of a question to you from the commission. I have since obtained a copy of the minute of the London

Board upon which the entry was founded, which I now enclose. Independent altogether of its bearing upon the affairs of the company, this minute is so important, with reference to the finances of the province, that I think it my duty immediately to make you acquainted with it, in order that you may take such steps as you may think necessary, to set at rest any doubt which may exist as to the responsibility of the province, which is apparently inferred by the minute in question.

I remain,
(Signed) JOHN LANGTON.

The Honorable A. T. Galt,
Minister of Finance.

OFFICE OF THE MINISTER OF FINANCE,
Quebec, 25th April, 1861.

Messrs Baring Brothers & Co.,
" Glyn, Mills & Co.,
London.

GENTLEMEN,—I have the honor to enclose a communication received from the auditor of the province relative to the terms of an entry in the books of the Grand Trunk Company, and request that you will be good enough to cause the same to be corrected. As the government has never sanctioned any such transaction as that set forth in the entry, we presume the mistake has arisen in the Grand Trunk Company's office.

I have the honor to be, gentlemen,
Your obedient, humble servant,
(Signed) A. T. GALT,
Minister of Finance.

LONDON, 16th May, 1861.

SIR,—We have the honor to enclose duplicate of our letter of 9th inst, and to acknowledge receipt of a letter from your department, dated 26th April, which does not call for special reply.

We have also to acknowledge receipt of your letter of 25th April, with an enclosure from the auditor of the province respecting the terms of an entry in the books of the Grand Trunk Railway Company. We have accordingly addressed ourselves to the Grand Trunk Company on the subject, and enclose for your information copies of the correspondence, which we trust will be satisfactory to you.

We have the honor to be, sir,
Your most obedient servants,
(Signed) GLYN, MILLS & Co.,
" BARING, BROTHERS & Co.

The Hon. A. T. Galt,
Minister of Finance of Canada, &c., &c., &c., Quebec.

LONDON, 14th May, 1861.

SIR,—We enclose copies of a letter and enclosure received from the Minister of Finance of Canada, and although we are ourselves aware that the account to which allusion is made does not represent any claim of the Grand Trunk Company on the provincial government of Canada, we shall be glad to receive a letter from the London Board explanatory of the reasons for opening the account under the title annexed to it.

We remain, sir,
Your most obedient servants,
(Signed) BARING, BROTHERS & Co.,
" GLYN, MILLS & Co.

J. M. Grant, Esquire, Secretary of the
Grand Trunk Railway Company of Canada,
Old Broad Street.

OFFICES OF THE GRAND TRUNK RAILWAY COMPANY OF CANADA,
21, Old Broad Street, London, May 14th, 1861. E. C.
E. C.

GENTLEMEN,—I am desired by the London directors of the Grand Trunk Railway Company of Canada to acquaint you, that the entry in our books, to which you allude, was made for the purpose of distinguishing the various accounts between the company and Messrs. Baring, Brothers & Co., and Messrs Glyn, Mills & Co., but it was not intended to imply any claim of the company against the provincial government, which, I am authorized to state, does not exist in regard to this account on the part of the company against the provincial government of Canada.

I have the honor to be, gentlemen,
Your most obedient servant,
(Signed) J. M. GRANT,
Secretary.

Messrs. Baring, Brothers & Co.,
“ Glyn, Mills & Co.,
Financial Agents of the Province of Canada, London.

FINANCE DEPARTMENT,
Quebec, 6th June, 1861.

Messrs. Baring, Brothers & Co.,
“ Glyn, Mills & Co., London.

GENTLEMEN,—I have the honor to acknowledge due receipt of your favor of 16th May, with enclosures, and it is satisfactory to receive your confirmation that the entry referred to in the Grand Trunk books was not intended to imply any engagement on the part of the province. The government are, however, of opinion that the Grand Trunk Company should not have made use of the name of the financial agents when no transaction whatever took place with your respective firms in that capacity.

I remain, gentlemen,
Your obedient, humble servant,
(Signed) A. T. GALT,
Minister of Finance.

L.

RETURN of the Amounts accruing from Railway Companies to the "Railway Inspection Fund," under Order in Council of 10th September, 1858, for the following years :—

COMPANIES.	July, 1857, to July, 1858.	July, 1858, to July, 1859.	July, 1859, to July, 1860.	July, 1860, to July, 1861.	July, 1861, to July, 1862.	July, 1862, to July, 1863.	Total.
	\$ cts.	\$ cts.	£ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Great Western.....	1,455 00	1,602 50	1,730 00	1,730 00	1,730 00	1,730 00	9,977 50
Grand Trunk.....	3,425 00	3,541 25	3,942 08	4,225 00	4,360 00	4,360 00	23,853 33
Northern.....	475 00	475 00	475 00	475 00	475 00	475 00	2,850 00
Buffalo and Lake Huron.....	570 00	795 00	796 07	805 00	805 00	805 00	4,576 07
London and Port Stanley.....	120 00	120 00	120 00	120 00	120 00	120 00	720 00
Eric and Ontario.....	85 00	85 00	85 00	85 00	42 50		382 50
Prescott and Ottawa.....	270 00	270 00	270 00	270 00	270 00	270 00	1,620 00
Montreal and Champlain.....	405 00	405 00	405 00	405 00	405 00	405 00	2,430 00
Grenville and Carillon.....	65 00	65 00	65 00	65 00	65 00	65 00	390 00
St. Lawrence and Industry.....	60 00	60 00	60 00	60 00	60 00	60 00	360 00
Port Hope, Lindsay and Beaverton.....	107 50	215 00	215 00	215 00	215 00	215 00	1,182 50
Peterboro' and Millbrook Branch.....		56 87	65 00	65 00	65 00	65 00	316 87
Cobourg and Peterboro'.....	70 00	70 00	140 00	140 00	50 00		470 00
Welland.....			125 00	125 00	125 00	125 00	500 00
Brookville and Ottawa.....			287 61	326 87	317 50	317 50	1,249 48
Stanstead and Chambly.....			102 50	140 00	180 00	220 00	642 50
Peterboro' and Chenning.....			19 75	20 00	20 00	20 00	79 75
Grand Total.....							\$51,600 50

NOTE.—In making the above Return, for the information of the Financial and Departmental Commissioners, the undersigned begs to note that the Erie and Ontario Company are bankrupt; their Rolling Stock, &c., passed into the hands of Assignees, and the iron removed from their Road. Also, that the Cobourg and Peterboro' Railway was leased, and worked for some time, by Mr. Covert, of Cobourg; but has since been closed, in consequence of its dangerous state.

RAILWAY COMMISSIONERS' OFFICE,
Quebec, 21st Sept., 1863.

(Signed) J. G. VANSITTART,
Secretary, Ry. Bd.

LI.

STATEMENT of Amounts paid to the Government, at various dates, by the several Railway Companies of the Province, on account of the sums due by them, respectively, to the "Railway Inspection Fund."

Date.	Name of Railway.	Amount.	Total Amount.
1859.—28th November..	Prescott and Ottawa.....	\$ cts. 540 00	\$ cts.
1862.— 3rd May	do	515 16	
			1,055 16
1859.—16th December...	Great Western.....	3,057 50	
1860.—22nd "	do	1,730 00	
1862.— 1st February ...	do	1,730 00	
			6,517 50
1859.—19th December...	Buffalo and Lake Huron.....	1,365 00	
1861.— 7th January....	do	796 07	
1862.—30th "	do	895 00	
			2,966 07
1860.—16th March	Northern.....	1,187 50	
" —10th December...	do	237 50	
1862.— 8th January....	do	475 00	
1863.—21st September..	do	475 00	
" — 2nd October.....	do	475 00	
			2,850 00
1860.—19th March	Cobourg and Peterborough.....	210 00	
			210 00
1862.—30th January....	Grand Trunk.....	15,133 33	
			15,133 33
1862.—13th February...	Stanstead and Shefford.....	242 50	
			242 50
1862.—17th June	Port Hope and Beaverton.....	645 00	
" —21st July.....	do	215 00	
			860 00
1862.—17th June	Millbrook and Peterborough.....	219 00	
" —21st July	do	00 37	
			219 37
1862.— 3rd May.....	Champlain and St. Lawrence.....	1,620 00	
			1,620 00
1862.— 3rd May	Brockville and Ottawa.....	614 49	
			614 49
1862.— 3rd May.....	London and Port Stanley.....	480 00	
			480 00
	Total		\$32,768 42

(Signed) WM. DICKINSON,
Dep. Insp. Gen.

INSPECTOR GENERAL'S OFFICE,
Quebec, 23rd October, 1863.

LII.

FINANCIAL AND DEPARTMENTAL COMMISSION,
Quebec, October 29th, 1863.

SIR,—It has been brought in evidence before the commission, in connection with its enquiry into certain transactions connected with the redemption of debentures, that on the 2nd, 3rd and 4th days of June, 1859, the Bank of Montreal presented for payment at the Montreal branch of the Bank of Upper Canada, bonds issued by the Corporation of Mon-

tre to the amount of \$97,000. Of this amount, \$72,000 were presented on the 2nd June, \$10,000 on the 3rd, and \$15,000 on the 4th.

The commission desire, for the purpose of their enquiry, to ascertain from whom the Bank of Montreal received the bonds in question; and they will be obliged by your communicating the information to them at your earliest convenience, if, by a reference to the books of the bank, you may be enabled to furnish it.

I am, sir,
Your obedient servant,
(Signed) GEO. SHEPPARD,
Commissioner and Secretary.

E. H. King, Esq.,
Cashier, Bank of Montreal,
Montreal.

BANK OF MONTREAL,
Montreal, 31st October, 1863.

George Sheppard, Esq.,
Secretary, Financial and Departmental Commission, Quebec.

SIR,—I am in receipt of your letter of 29th inst., and in reply have to state that on the 1st and 3rd June, 1859, we appear to have received from the Bank of British North America, Montreal corporation bonds amounting to \$72,000 and \$10,000 respectively, and on the same days they were deposited by us in the Bank of Upper Canada. I can find no trace of the \$15,000 to which you refer as having been deposited by us on the 4th June. The whole amount of our deposit in the Bank of Upper Canada on that day was under \$15,000.

I am, sir,
Your obedient servant,
(Signed) E. H. KING,
General Manager.

FINANCIAL AND DEPARTMENTAL COMMISSION,
Quebec, 2nd November, 1863.

SIR,—It has been brought in evidence before the commission, in connection with its enquiry into certain transactions connected with the redemption of debentures, that on the 1st and 3rd of June, 1859, the Bank of British North America, at Montreal, delivered to the Bank of Montreal bonds issued by the corporation of that city to the amount of \$82,000; \$72,000 having been delivered on the 1st, and \$10,000 on the 3rd.

The commission desire, for the purpose of their enquiry, to ascertain from whom the Bank of British North America received the bonds in question; and they will be obliged by your communicating the information to them at your earliest convenience, if, by a reference to the books of the bank, you may be enabled to furnish it.

I am, sir,
Your obedient servant,
(Signed) GEO. SHEPPARD,
Commissioner and Secretary.

Thos. Paton, Esq.,
Gen. Manager, Bank of British North America,
Montreal.

BANK OF BRITISH NORTH AMERICA,
Montreal, 4th November, 1863.

George Sheppard, Esq.,
Com. and Secretary, Financial and Departmental Commission.

SIR,—I beg to acknowledge receipt of your letter, dated 2nd inst., and in reply have to state, that bonds of the City of Montreal, to the amount of \$82,000, were delivered to the Bank of Montreal in June, 1859: \$55,000 of these bonds were received from the agents of

this bank in New York, and \$17,000 from the office of the bank in London, England.

I am, sir,
Your obedient servant,
(Signed) THOS. PATON,
General Manager.

FINANCIAL AND DEPARTMENTAL COMMISSION,
Quebec, 12th November, 1863.

GENTLEMEN,—The Financial and Departmental Commission appointed by the government of the Province of Canada, in pursuance of an enquiry into certain financial transactions, is desirous of ascertaining from whom certain bonds issued by the corporation of the city of Montreal were redeemed in 1859. The manager of the Bank of British North America, at Montreal, has informed the commission that of these bonds \$55,000 were received from the agency of the bank in New York, and paid to the Bank of Montreal in June, 1859.

The commission will be glad to be informed from whom you received the bonds in question, supposing that your books enable you to give the information desired.

I have the honor to be, gentlemen,
Your obedient servant,
(Signed) GEO. SHEPPARD,
Commissioner and Secretary.

Messrs. Fergusson, Grain, & Smith,
Agents, Bank of British North America,
New York.

R. C. FERGUSSON, } Agents for the Bank of British North America,
F. H. GRAIN, } New York.
J. SMITH, }

NEW YORK, 27th November, 1863.
24, Pine Street.

SIR,—Referring to your letter of the 12th inst., I have to state that the bonds referred to by you were handed to us by parties residing in New York, for collection, and that, in the regular course of our business, we forwarded them to the Bank of British North America at Montreal. The parties from whom we received these bonds for collection decline to have their names mentioned to you in the matter; and I am therefore unable to give you the information you desire.

I am, sir,
Your obedient servant,
(Signed) R. C. FERGUSSON.

To George Sheppard, Esq.,
Com. and Secretary, Financial and Departmental Commission,
Quebec, Canada.

LIII.

FINANCIAL AND DEPARTMENTAL COMMISSION,
Quebec, 4th November, 1863.

SIR,—Under the terms of the order in council, passed on the 21st May, 1855, authorizing loans to certain counties in Lower Canada for the purchase of seed, the sum of £400 was assigned to the counties of Wolfe and Sherbrooke. The cheque for that sum, drawn in your favor by the Receiver General's department, was by you endorsed to Mr. Le Bel, of Lake Aylmer. Mr. LeBel expended and distributed £300; and he appears to have remitted the remaining £100 to Mr. Cleveland, of Richmond, for distribution in his locality. These circumstances have been stated in evidence before the commission. It

has also been given in evidence that on the 31st May, 1855, an order in council was passed, which sets forth that Mr. Cleveland had returned the £100 in question, and assigns that sum as additional aid to the counties of Laprairie and Maskinongé : to the former, £40, to the latter, £60. The records of the Provincial Secretary's office and of other departments do not afford the means of ascertaining to whom these amounts were paid ; nor are there any papers from Laprairie or Maskinongé with regard to the expenditure of these additions to the loans they originally received.

As at the time you held the office of Provincial Secretary, the commission doubt not that your recollection, or memoranda in your possession, will enable you to state to whom the sums of £40 and £60 were paid, as directed by the order in council of the 31st May.

The commission would not trouble you in the matter, were they able to obtain from other sources the information sought.

I have the honor to be, sir,
Your obedient servant,
(Signed) GEO. SHEPPARD,
Commissioner and Secretary.

The Hon. G. E. Cartier, M.P.P.,
&c., &c., Montreal.

MONTREAL, 9th November, 1863.

SIR,—The names of the persons to whom were paid or entrusted for distribution, in May, 1855, the divers sums of money advanced for the purchase of seed grain, have entirely passed out of my memory. I have no memorandum to which I could refer at this moment to refresh my remembrance. I do not recollect now to have ever looked or enquired into the mode and manner in which the payments of these sums or the reimbursement of any of them (if any such reimbursement was made) were recorded at the time in the books of the department. I took for granted that everything connected with that matter had been regularly recorded by the proper officers in the Provincial Secretary's office. Besides, since May, 1856, when I was appointed Attorney General for Lower Canada, no opportunity offered itself to me to refresh my memory respecting what took place with regard to the different loans made for the purchase of seed grain. Two days ago, I was conversing with a gentleman from the county of Laprairie, who informed me that the loans for that county were transmitted at two different times. Very likely Mr. Justice Loranger, who then represented the county of Laprairie, might have some cognizance of the parties entrusted with the distribution of the money in that county. If any information respecting the subject of your letter comes to my knowledge, I will be very happy to let you know of it.

I have the honor to be, sir,
Your obedient servant,
(Signed) GEO. E. CARTIER.

Geo. Sheppard, Esq.,
Com. and Secretary of Financial and Departmental Commission,
Quebec.

FINANCIAL AND DEPARTMENTAL COMMISSION,
Quebec, 12th November, 1863.

SIR,—On the 26th May, 1855, \$360 were granted to the county of Laprairie for the purchase of seed grain ; the Provincial Secretary endorsing the cheque for that amount to you, then being the representative of the county. The commission has ascertained that you handed the \$360 to M. Lanctot, Esquire, for distribution.

On the 31st May, 1855, the Executive Council granted a further sum of \$160 as additional aid to the county of Laprairie. Of the receipt and distribution of this sum, the commission has been unable to obtain any evidence. Does your memory enable you to

state whether it also was paid to you, and, if so, to whom you entrusted the task of distributing it in the county?

I have the honor to be, sir,

Your obedient servant,

(Signed)

GEO. SHEPPARD,
Commissioner and Secretary.

The Hon. Mr. Justice Loranger,
&c., &c., Montreal.

QUEBEC, 5th December, 1863.

SIR,—In answer to your note concerning a sum of one hundred and sixty dollars advanced by the government in 1855, for seed grain, to one of the parishes of the county of Laprairie, my recollection of it is, that a cheque for that sum was handed to me by the Honorable G. E. Cartier, then Provincial Secretary. I delivered the proceeds of the cheque or the cheque itself to a committee appointed by the parish of St. Constant. How this committee, composed of persons whose names I have forgotten, distributed that money, and on what conditions, I am totally ignorant.

I have the honor to be, sir,

Your obedient servant,

(Signed)

J. J. LORANGER.

Geo. Sheppard, Esq.,
Com. and Secretary, Financial and Departmental Commission,
Quebec.

LIV.

FINANCIAL AND DEPARTMENTAL COMMISSION,
Quebec, November 26th, 1863.

SIR,—Evidence given before the commission shows that on the 10th June, 1859, \$800 were paid to the firm of Gillespy and Robertson by the secretary of the Board of Railway Commissioners as an advance on account of printing then being done for the board. Application has been made to the office of the Railway Board, and to the auditor for any account that may have been rendered for the printing in connection with which the advance is alleged to have been made, but none is on record.

In April, 1861, another sum of \$800 was advanced to you on the order of Mr. Galt, as chairman of the Board of Railway Commissioners, but no account or voucher appears from you to show for what work the sum was advanced, or whether any work was ever performed in consideration of it.

The facts are brought under your notice with the view of enabling you to afford the commission any explanation which you may desire to offer respecting these payments, or the position of your account with the Board of Railway Commissioners, in whose name both sums are stated to have been advanced.

I remain, sir,

Your obedient servant,

(Signed)

GEO. SHEPPARD,
Commissioner and Secretary.

William Gillespy, Esq.,
&c., &c., Hamilton.

HAMILTON, Nov. 30th, 1863.

DEAR SIR,—Yours of the 26th is at hand, and in reply I desire to state that not only was the advance of \$800 to Gillespy and Robertson more than repaid, but that we have accounts which counterbalance the \$800 subsequently advanced, and two charges against the Provincial Secretary's office, and the office of the Attorney General West, which

have not been paid; they amount to about \$250. The accounts have been frequently rendered, but no satisfaction obtained.

As I have not time to-day to have the accounts made out, I must defer doing so for a few days, in order to see the books of the late firm, which are not in my possession. I will see them as soon as possible. The sums advanced were in the name of Mr. Galt, but I know not whether as Railway Commissioner, or Finance Minister. The first was probably in his capacity of Railway Commissioner, and the latter as Finance Minister. At any rate the accounts will be duly forwarded.

I am yours, &c.,
(Signed) W. GILLESPY.

Geo. Sheppard, Esq.,
Secretary, Financial Commission.

FINANCIAL AND DEPARTMENTAL COMMISSION,
Quebec, 16th December, 1863.

SIR,—I forward, for your examination, four accounts which were yesterday received from Mr. Gillespy, of Hamilton; having been furnished in reply to an application for information respecting advances made to him, and to the firm of Gillespy & Robertson.

You will oblige the commission by looking into the enclosed accounts, and communicating whatever you may have to say with regard to them.

I am, sir,
Your obedient servant,
(Signed) GEO. SHEPPARD,
Com. and Secretary.

JOHN LANGTON, Esq.,
Auditor.

MEMO. OF ACCOUNTS ENCLOSED.

1.—*Board of Railway Inspection :*

Printing of Report, 1859.....\$ 900.00

2.—*Attorney General's, (West,) Department :*

Oct. 5.—Adv. Dundas and Waterloo Road, 50 lines.....	\$ 4.00
21 repeated insertions.....	20.00
“ 29.—Postponement of do. 60 lines, 60 insertions.....	72.00
Dec. 30.—Do do 30 insertions, 60 lines.....	36.00
	<hr/>
Oct. 11.—Adv. Dundas and Waterloo Road, Minute of Council, &c., 325 lines, 20 ins.....	\$162.00 130.00
	<hr/>
	\$ 292.00

3.—*Customs Department :*

1859, June 13.—Adv. Foreign Drawbacks, 24 lines, 6 ins.....	\$ 4.32
Dec. 16.—“ Departmental notice, 60 lines, 6 ins.....	10.80
1860, April 10.—“ D. O. No. 1, 35 lines, 6 ins.....	6.30
“ 18.—“ Do., 40 lines, 6 ins.....	7.20
June 8.—“ To printers and publishers, 40 lines, 6 ins.....	7.20
July 25.—“ To distillers, &c., 40 lines, 6 ins.....	7.20
	<hr/>
	43.02

4.—*Customs Department :*

1861, April 30.—	Adv. Sail Cloth exempted, 30 lines, 6 ins.	\$ 5.40
May 7.—	“ Regulations, Port of Gaspé, 285 lines.	22.80
	156 repeated insertions.	889.20
“ 9.—	“ Regulations at Sault Ste. Marie, 140 lines.	11.20
	156 repeated insertions.	436.80
Sept. 4.—	“ Regulations at Gaspé, 80 lines, 6 ins.	14.40
	“ Regulations for Magdalen Islands, 50 l., 6 ins.	9.00
		1388.80
		\$2623.82

AUDITOR'S OFFICE,

Quebec, 17th December, 1863.

SIR,—I have to acknowledge receipt of four accounts from Mr. Gillespy, respecting which you ask information.

The one for printing the Railway Report I have sent to Mr. Vansittart, as this advance took place before his accounts were brought under my audit. The work was done, but I am not aware whether the price is correct.

The one for advertising the roads is a copy of one already sent in to this department, with an additional item. I have filed it with the previous account, which is held in reserve pending the closing of Mr. Gillespy's accounts on his advances.

The account against the Customs, for 1859, has already been paid, after being audited and reduced by that department.

No account similar to this second one against the Customs department has as yet been received. It appears that the work was authorized, but when the account comes in, it will be reduced, on audit, to about one-tenth of the amount claimed.

I return the two latter accounts.

I have the honor to be, sir,

Your obedient servant,

(Signed)

JOHN LANGTON,
Auditor.

GEO. SHEPPARD, Esq.,
Fin. & Dept. Commission.

LV.

MONTREAL, 19th December, 1853.

SIR,—With reference to the advertisement of the Board of Works, for tenders for the supply of steamers to tow ships below Quebec, we have the honor to remark that no steam vessels of the description or power asked for exist on the river at present, and none can be built to be ready next spring. “The Alliance,” built by us, and sold to Mr. John Wilson, is much less than 250 horse-power, and neither she nor any vessel of her build is fitted to go below Quebec at any time, much less during stormy weather, in fall or spring, or amidst ice.

We are of opinion, founded on long experience, that steamers intended for towing below Quebec, should be built of iron, and fitted with screw propellers. They should be regular seagoing vessels, with machinery, boilers and fuel below decks, and able to go down to the gulf, if necessary, in any weather. The object of having them built of iron and propelled by screws is, that while equally efficient in other respects, they are superior beyond all comparison in ice, which can neither cut them through nor break their wheel arms, as would inevitably be the case with wooden paddle-wheel steamers. Two iron

screw vessels, such as those we allude to, could have saved the greater number of the vessels disabled by the ice this fall, while wooden ones dared not have shewn themselves in it.

We therefore propose to build, for the service required, two iron seagoing screw steamers, to be ready by the 10th April, 1855, or sooner if possible; each vessel to be 160 to 170 feet long, 30 feet broad, and 16 to 17 feet deep, and each vessel to have two engines, with cylinder of 66 inches diameter and 4 to 5 feet stroke, driving a screw of 10 to 10½ feet diameter. This will give power enough for anything. Vessels of this description will cost nearly £25,000 each, and their annual expenses, not including tear and wear or interest on capital, will be about £6,000 each. We do not suppose they will be much employed except in the fall, and we doubt if their whole earnings in a year will amount to £2,500 each. This would be only 10 per cent. on the capital, and would not be sufficient to meet interest and tear and wear alone.

The following is the scale of towage we propose to charge, the upper terminus being Quebec :

Grosse Isle and above it, 1s 3d per foot per mile.
 Crane Island and below Grosse Isle, 1s 2d per foot per mile.
 Pillar Light and below Crane Island, 1s 2d per foot per mile.
 Point St. Roch and below Pillar, 1s per foot per mile.
 Kamouraska and below Point St. Roch, 11d per foot per mile.
 Brandy Pots and below Kamouraska, 10d per foot per mile.
 Below Brandy Pots, 9d per foot per mile.

Downward towage in the same proportion. All fractions of a foot to be charged as a foot, and deepest draught to be taken.

Wrecked, stranded, or waterlogged vessels to be according to agreement, and all instances in which detention is experienced to be paid extra, in proportion to the time lost.

In addition to the above charges for work performed, we would expect the government to allow us £6 000 (say six thousand pounds) a-year for each vessel, on a contract of three years.

£5,500 (say five thousand five hundred pounds) a-year for each vessel, if the contract is for five years, or £5,000 (say five thousand pounds) a-year for each vessel, if the contract is for seven years.

The first year's payment to be made in advance as soon as the vessels are afloat in the harbor of Quebec and ready for service, and the succeeding payments to be made, half on the first day of May, and the other half on the first day of November in each year.

We would suggest that one vessel should remain at or near Rivière du Loup (*en bas*) where there is a telegraph station, when not employed; the other to be at Quebec; vessels to be taken in tow in turn as applied for.

If two more steamers are wanted, we would require nine months' notice to get them ready.

Should this tender be accepted, the length of the duration of the contract to be stated in the acceptance.

We have the honor to be, Sir,
 Your obedient servants,
 (Signed) EDMONSTONE, ALLAN, & Co.

The Honorable JEAN CHABOT,
 Chief Commissioner, Board of Works.

QUEBEC, 22nd December, 1853.

To the Honble. Chief Commissioner of Public Works.

SIR,—Agreeable to the terms of the advertisement of your department, bearing date Quebec, 22nd November, 1853, and headed "St. Lawrence navigation below Quebec, tug boats;" as there is at present no steamer floating from the Gulf to Lake Huron, fit for such service, I offer to build at Quebec, without delay, under the directions and specifica-

tions of the officers of the department, two strong powerful tugs of no less than 250 horse power each.

The rates of towage by tonnage to be fixed by the department, and to conform to all regulations from time to time established by said department. This service for and in consideration of a bonus of £7,965 a year for those two tugs, and advances for the building of them to be secured, with the annual interest, by a mortgage on the tugs and insurances thereon; also a mortgage on the two other steamers I will keep for the double service of having a regular line of steamers to all the government piers below Quebec, on both sides the St. Lawrence, and for supplying the place of the tugs when required. Besides, these tugs and steamers will go further down to Bic, to aid vessels and relieve wrecks when ordered by the department, so that there may be an uninterrupted service for towage and for the relieving of wrecks as far as the gulf. I will also give other securities if required.

Should government prefer keeping for itself the profits accruing from the towage of vessels, and the salvage on wrecks, in a word reserve for itself the entire profits of the tugs, then I would ask a bonus of £24,960 per annum for the service of these two tugs.

No difference for 3, 5 or 7 years, but would prefer 7. 3rd and 4th tugs, same conditions as two first.

I have the honor to be, sir,
Your most obedient and humble servant,
(Signed) F. BABY.

QUEBEC, 22nd December, 1853.

To the Honble. JEAN CHABOT,
Chief Commissioner of Public Works

SIR,—I take the liberty of observing, that having this day tendered for the building of two tugs, that if allowed to use second-hand boats, this service might be performed for half the bonus asked in my tender; but I am convinced it would not attain the great object government has in view, to have an efficient line of strong powerful tugs, by means of which to secure a speedy and safe navigation of the St. Lawrence, thereby lowering the price of freight and insurances on vessels—the only way of preventing the trade from taking its course by the Atlantic cities of the States and railroads, to the great injury of the province and British bottoms.

I am in the hope that the price for which I offer to perform this service to the satisfaction of the Honble. Commissioners and commerce of the country, will be by them considered very moderate, taking into consideration the important advantages to be effected and the great risks and the heavy expenses to be encountered; also, this service being a new one, as other undertakings of the same description in a new country, some time will be required before vessels will take the regular habit of being towed, and meanwhile the expenses for the tugs, when idle, will be the same as if constantly employed, with the exception of coal.

I have the honor to be, sir,
Your most obedient and humble servant,
(Signed) F. BABY.

LVI.

EXTRACT from a Report of a Committee of the Honorable the Executive Council on matters of State, dated 27th February, 1854, approved by His Excellency the Administrator of the Government in Council on the same day.

On the communication from the Chief Commissioner of Public Works, dated 23th December, 1853, on the subject of tenders received for the establishment of a line of steam tug-boats to run between Quebec and Bic, called for under Order in Council of the 17th November last, and recommending for acceptance the tender of François Baby, Esquire, as being the lowest and most advantageous in many respects, which tender is as

follows, viz: "To build the two required vessels, provided that the government advance him the necessary funds; and he will establish and maintain the tug line in question for a bonus of £7,965 per annum for the two vessels. He further offers to place two other steamboats on the river between Quebec and the different landing places below, for which he demands neither advance nor bonus. Such vessels to be ready to tow in case of accident to those of the regular line and he will furnish securities, security upon the vessels, insurance, &c., leaving it to the government to fix the rates of towage and a salvage of vessels."

The committee advise that the above mentioned tender of Mr. Baby be accepted, except as to the advance of money stipulated for, and that the Commissioners of Public Works be authorized to enter into contract with him, without advance or promise of advance of money, and upon Mr. Baby furnishing good and sufficient security for the performance of his contract.

Certified.

(Signed) WM. H. LEE,
C. E. C.

LVII.

QUEBEC, 4th January, 1855.

SIR,—I have to beg you will be so good as to inform the Honorable the Commissioners that I am much at a loss in want of knowing their decision as to the class of tug vessels they would wish me to build. As the Honorable Commissioners are aware, a large majority are of opinion that they should be of iron and propelled by screws, as such would be much more suited to contend with the ice in the early and late part of the season. It is most important that this decision should be come to as soon as possible, as now is the time when they should be building, and if not immediately decided on, the whole of the season will be lost, and I am very anxious indeed that no blame should attach to me.

I am, sir,

Your obedient servant,

(Signed) F. BABY.

THOMAS A. BEGLY, Esq.,
Secretary, Public Works, Quebec.

LVIII.

COPY of a Report of a Committee of the Honorable the Executive Council, dated 26th February, 1855, approved by His Excellency the Governor General in Council on the following day.

On the annexed memorandum from the Honorable the Chief Commissioner of Public Works, dated 26th instant, submitting, with reference to the establishment of a tug line below Quebec, the basis of the arrangement which, under the circumstances mentioned in his said memorandum, he considers it expedient to make with the contractor, and which he submits for Your Excellency's approval.

The committee humbly advise that the various suggestions of the Chief Commissioner be approved and adopted, and that the amount recommended by him to be advanced on account of the construction of the necessary vessels, be placed in the estimates to be laid before Parliament during the present session.

Certified.

(Signed) WM. H. LEE,
C. E. C.

The Chief Commissioner of Public Works, referring to his Report of the 19th inst., upon the subject of the tug line below Quebec, has the honor to state for His Excellency's information, that after much communication with the Honorable the Inspector General, he finds it to be highly expedient, in the present state of financial matters in England, that the amount of the estimates to be laid before Parliament, upon which appropriations are to be asked for, should be restricted to the lowest possible sum consistent with the efficiency of the service for which they are respectively intended.

The undersigned is still of opinion that the establishment he suggested in his reports will, in a short time, be not more than the increase of trade on the river, that may be calculated on from the opening of it to the Americans and other causes will call for; but, in the meantime, under the circumstances above adverted to, he recommends the following as the basis of the arrangement with the contractor, viz:—

That the contractor shall, without loss of time, undertake to have two first-class iron screw steamers, of not less than 300 horse power each, constructed and placed on the line for the towage and relief of vessels.

That the line shall extend from Quebec to Anticosti.

That the contractor be paid for ten years the annual bonus of £11,300 in two equal instalments, one in the middle of the season of navigation, the second at the close of it.

That to aid the contractor in the procurement of these vessels, the government will advance the sum of £19,000, to be paid to the builders of the vessels in such proportion and in such manner as may be satisfactory to them and to the government; this advance to be secured by full mortgage upon these two new vessels, as well as upon his present vessels, the "Advance" and the "Admiral." Insurance on all of which to be at his cost, and the advance to be repaid with interest in four annual payments of £4,750 each, out of the 2nd, 3rd, 4th and 5th subsidies. The subsidy for the first year to be advanced to him also, to aid in the procuring of the vessels, so soon as they shall be ready to enter upon their service.

The rates of towage to be as follows. Quebec being the upper terminus:

One shilling and two pence per foot for each mile from Pillar light and above the same

One shilling currency per foot for each mile from Kamouraska and below Pillar light.

Eleven pence currency per foot for each mile from Brandy Pots, and below Kamouraska. For the remainder of the distance, namely, from the Brandy Pots to Anticosti, ten pence currency per foot per mile; the distance to be computed by the following divisions, namely, a vessel taken up between Brandy Pots and Bic, to pay from Bic; between Bic and Metis, to pay from Metis; between Metis and Cap Chat to pay from Cap Chat and between Cap Chat and Anticosti from Anticosti, and the same rate of towage, in the same proportion downwards from Quebec; all fractions of a foot to be charged as a foot, and the deepest draft to be taken.

For the aiding of vessels, relieving of wrecks, and detention for the same or salvage, the contractor to be paid according to special agreement between him and the proprietors or masters of the vessels, if such agreement is entered into between them; or it may be fixed by arbitration, should such mode be agreed on by them; but in the event of such arbitrators not agreeing as to the amount, or on their failing to render their award within the time previously fixed on by the parties, in either of such cases the just allowance is to be finally decided by the Commissioners of Public Works.

During the above-named term of ten years, the contractor to be bound to provide and put on the line one or more vessels, should the government call on him to do so, on being proportionately subsidized.

The undersigned has submitted the above to the contractor, to which he fully accedes.
Respectfully submitted.

(Signed) F. LEMIEUX.

Department of Public Works,
Quebec, 26th February, 1855.

LIX.

To the Honorable CHARLES ALLEYN,
Provincial Secretary.

SIR,—You will be good enough, at your earliest opportunity, to lay before His Excellency the Governor General the following proposition, viz : That I will consent to release and abandon all my contracts with the government for the tug, Trinity, light houses, and mail service, from Quebec to Gaspé, Bay of Chaleurs, and Pictou, and convey to the government my steamships, the “Queen Victoria,” “Napoleon,” “Lady Head,” “Advance,” and “Admiral.” The government releasing me from my debt due the Province on the 1st of December next, liquidating my debt due the Bank of Upper Canada, viz. : £23,386, for which there is a lien on the vessels, and paying me £15,000, to enable me to pay and arrange all my other liabilities.

The proposition, so far as to giving up the steamships, to take effect from the first day of December next, being the close of the present season, the £15,000 to be placed to my credit at the earliest day, so that I may close all my accounts to the best advantage.

I have the honor to be, sir,
Your obedient servant,

(Signed) F. BABY.

Toronto, August 20th, 1859.

STATEMENT relative to the Provincial Tug Steamers, 1859 :—

Arrangement to be made and concluded before 15th September next, between the Provincial Government of Canada and François Baby, Contractor.

Contractor to finish the service of the present season, and to deliver to the said government, on the 1st December next, the five provincial tug steamers, “Queen Victoria,” “Napoleon III.,” “Lady Head,” first class iron screw steamers, and “Advance” and “Admiral,” wooden paddle steamers, in consideration of the terms mentioned in the following statement :

Tug service bonus which expires end of navigation in 1864, £11,300 a-year for five years.....	£ 56,500 0 0	Amount to be paid by Government :	
Thirty per cent. on tariff rate which will expire end of navigation 1864, £2,450 a-year, as appears in estimate of 1859, five years.....	12,250 0 0	To Bank of U. C.....	£ 23,386 0 0
Total.....	£68,750 0 0	To Contractor.....	10,000 0 0
		To do for contingencies.....	5,000 0 0
			£ 38,386 0 0
Amount to be paid by government.....	£ 68,750 0 0		
Less—Balance of debt due to government.....	18,000 0 0		
			£ 50,750 0 0
Amount asked by contractor.....			38,386 0 0

Net profit to the government.....£ 12,264 0 0, with possession of the five provincial tug steamers, which cost £96,000.

On the proposal from F. Baby, of 20th August, to abandon his contracts for the tug and other services below Quebec, on certain conditions, the Minister of Finance has the honor respectfully to submit :

That the contract for the tug service exists for a period of five years from 1860, and involves an annual payment of £11,300, with an addition of thirty per cent. on the towage, amounting in all to about £13,500 per annum.

That the service has not produced those beneficial results to the trade of the province which were anticipated at the execution of the contract, and that it has, therefore, become desirable to relieve the Province from the heavy annual charge, if it can be effected by a fair compromise with the contractor.

That the services performed by Mr. Baby for the Trinity Board, in connection with the light-houses and buoys, are absolutely essential, and must, under any circumstances, be done—although the nature of the duty, and its increasing importance, might render it advisable to place a steam vessel at the disposal of the Trinity Board, available at all times, rather than to contract for a specific service, as is now the practice. That the parliamentary grant for the Bay of Chaleurs and Pictou line of £2,500, although voted annually, has yet been shown to be of such importance in connection with the communications with the Gulf settlements and the Lower Provinces, that it may now be considered, as for a certain time, to form a part of the settled policy of the province, and will have to be maintained.

It may, therefore, be considered that, as regards all the contracts held by Mr. Baby, except the principal one for the tug service, the public receive full value for the payments made, and the advantages which might flow from an improved steam service under the control of the Trinity Board would not, in themselves, warrant the acceptance of Mr. Baby's offer. It must, therefore, be regarded mainly with reference to the tug service.

Mr. Baby proposes to cancel his contract after the current year, and to transfer all his steam vessels to the province, in consideration of being relieved from his liability to the government on 1st December, stated by him to be £18,000, for the immediate payment of £15,000, and for the assumption by the government of his indebtedness to the Bank of Upper Canada, stated to be £23,386 currency,—in all for a sum of £53,386, of which £18,000 has already been advanced by the province.

The cancelment of the contract would relieve the province of the subsidy of £11,300 for five years, or £56,500, and also of the allowance for towage, amounting, on the past average, to £12,250—in all of a payment of £68,750, of which, however, £18,000 has already been advanced, leaving the future charge as £50,750, for which he proposes to accept £15,000 and £23,386, or in all £38,386, shewing an absolute saving in five years of £12,364. In addition to which, the province would become the proprietor of the five steamers named in his offer, costing it is said £90,000.

On the other hand, it must be considered that any present advantage to the trade arising from the tug service would be wholly lost, or if Parliament thought fit, supplied at a certain cost to the exchequer.

It must be evident that the employment of the steam vessels, if purchased for the province, forms an important element in the judgment upon Mr. Baby's offer; and in this view it must be remembered that the other service of the province below Quebec, now requiring the use of steam vessels, costs about £9,500 per annum, independent of the probable necessity which will arise for affording the fishing interests of the river and gulf adequate protection against foreign encroachment, a subject that will certainly require the early attention of Parliament.

The vessels consist of the "Victoria" and "Napoleon," first-class iron screw vessels of about 700 tons; one of which could be most usefully employed under the Trinity Board for the light-house and other services. The other might be required, with the sanction of Parliament, for the protection of the fisheries and in aid of vessels in distress. The "Lady Head" is also a valuable iron screw vessel, and might either be kept in ordinary as a reserve vessel at Quebec, or chartered in connection with the Bay of Chaleurs and Pictou line.

The two remaining vessels are of wood, and one of them, the Admiral, is of little value. It might be well to dispose of these ships as speedily as possible.

The Minister of Finance is therefore of opinion, that of the five vessels the three most valuable could be retained by the Province at a probable saving on the present outlay for their services apart from the tug contract, and with very great additional advantage; while the two inferior ships would produce probably from £8,000 to £10,000, which would apply in diminution of the sum to be paid to Mr. Baby.

The maintenance of the tug service below Quebec is not believed to be required by the trade, and would, probably, be adequately performed by private enterprise, requiring no aid from Parliament.

The Minister of Finance, therefore, respectfully recommends that the offer of Mr. Baby be accepted, subject to the sanction of Parliament. And that meantime, to enable him to wind up his accounts, an advance of £15,000 be made, for which security, to the satisfaction of the Board of Works, be given upon the steam vessels—to be considered as

an advance on his contract, and to be repayable from the first payments due to Mr. Baby in the event of Parliament not seeing fit to accept his proposal. And further, that it be recommended to Mr. Baby that with the sanction of the Board of Works, he proceed to the early sale of the "Admiral" and "Advance," placing the proceeds at the credit of his indebtedness to the Bank of Upper Canada. It being understood that the sanction of Parliament will be sought to give effect to the arrangement as at this date.

(Signed) A. T. GALT,
Minister of Finance.

23rd August, 1859.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, dated 23rd August, 1859, approved by His Excellency the Governor General in Council on the same day.

On the proposal from François Baby, Esquire, of the 20th instant, to abandon his contracts for the tug and other services below Quebec, on certain conditions, which proposal having been referred to the Honorable the Minister of Finance, that officer recommends that the offer of Mr. Baby be accepted, subject to the sanction of Parliament, and that, meantime, to enable him to wind up his accounts, an advance of £15,000 be made, for which security, to the satisfaction of the Board of Works, be given upon the steam vessels—to be considered as an advance on his contract, and to be repayable from the first payments due to Mr. Baby, in the event of Parliament not seeing fit to accept his proposal. And further, that it be recommended to Mr. Baby, that, with the sanction of the Board of Works, he proceed to the early sale of the "Admiral" and "Advance," placing the proceeds at the credit of his indebtedness to the Bank of Upper Canada. It being understood that the sanction of Parliament will be sought to give effect to this arrangement as at this date.

The Committee submit the recommendation of the Minister of Finance for approval.

Certified.

(Signed) WM. H. LEE,
C. E. C.

To the Honorable the Provincial Secretary.

LX.

DESCRIPTION OF FIVE TUG STEAMERS SOLD BY F. BABY TO GOVERNMENT.

Names.	Material.	Year when built.	Length.		Depth of Hold.	Gross Tonnage.	Allowance for propelling power.	Register Tonnage.	Engines.	Combined Power.
			FEET.	FEET.						
Queen Victoria.....	Iron	1856...	173	30	16 $\frac{5}{10}$	494 $\frac{65}{100}$	282 $\frac{67}{100}$	211 $\frac{95}{100}$	2	300
Napoleon III.....	do	1856...	173	30	16 $\frac{56}{100}$	494 $\frac{65}{100}$	282 $\frac{67}{100}$	211 $\frac{98}{100}$	2	300
Lady Head.....	do	1857...	15 $\frac{15}{100}$	24 $\frac{1}{100}$	13 $\frac{4}{100}$	299 $\frac{21}{100}$	131 $\frac{15}{100}$	168 $\frac{6}{100}$	2	150
Advance.....	Wood	1853...	164 $\frac{4}{100}$	26 $\frac{8}{100}$	11 $\frac{1}{100}$	392 $\frac{98}{100}$	157 $\frac{11}{100}$	235 $\frac{21}{100}$	1	150
Admiral.....	d	1842...	155 $\frac{5}{100}$	20 $\frac{7}{100}$	10 $\frac{1}{100}$	289 $\frac{710}{3500}$	179	119 $\frac{710}{3500}$	1	72

True copy of descriptions in bills of sale.

T. TRUDEAU,
Secretary,
Dept. of Public Works.

LXI.

ON ACCOUNT OF TUG SERVICE, LOWER ST. LAWRENCE.

Dr.

F. BABY, Esq., in account current with Department of Public Works,

Cr.

		£ s. d.		£ s. d.				£ s. d.		£ s. d.			
1855.	August 31...	To certificate on account of											
		Bonus for 1855.....	11512	5,650	0	0				11,300	0	0	
	Nov. 30...	" do do do	11956	5,650	0	0				11,300	0	0	
						11,300	0	0					
	Sept. 10...	" do Advance.....	11565	6,000	0	0							
1856.	Feb. 12...	" do do	13561	6,000	0	0							
	March 26...	" do do	13794	12,000	0	0							
	May 26...	" do do	14139	6,000	0	0							
						30,000	0	0					
	Sept. 22...	" do Bonus for 1856.	14727			11,300	0	0			11,300	0	0
1857.	Jan'y 9...	" do	55	11,300	0	0							
		Less £11,000 cancelled, leaving £300 to complete advance.....		11,000	0	0							
						300	0	0					
	Nov. 18...	To Certificate Bonus for											
		1857.....	1872			11,300	0	0					
	" "	" do percentage on tariff											
		for 1857.....	1867			2,096	2	7					
1858.	August 21...	" do on account of Bonus											
		for 1858.....	2637			5,000	0	0					
	Jan'y 4...	" do percentage on tariff											
		1858.....				762	17	6					
	" "	" do Bal. of do do 1857.				108	1	6					
	May 6...	" do on account of Bonus											
		for 1859.....				2,650	0	0					
1860.	Jan'y 3...	" do on account of Bonus											
		for 1859.....				2,650	0	0					
	" "	" do percentage for '59.				2,189	8	5					
						79,656	10	0					
1860.	Jan'y 3...	To Balance.....				18,000	0	0					

T. TRUDEAU,
Secretary, Department of Public Works.

XIXI

LXII.

QUEBEC, 27th March, 1860.

SIR,—I have the honor to report, that according to your wish I have carefully inspected the steamers "Queen Victoria," "Napoleon III.," "Lady Head," "Advance," "Admiral," and I beg to say that I found them all, except the "Admiral," in good order and condition. The two larger vessels simply require painting; the two smaller ones, the "Lady Head" and "Advance," having some necessary repairs nearly finished, will, when completed, be also in perfect order. I take the liberty of recommending the department to dispose of the "Admiral" as useless and unfit for any service.

In my opinion, the most advantageous and best use the vessels can be employed with economy is as follows:—First, The protection of the fisheries, in which one of the larger vessels can be employed, *but not constantly* as suggested by Mr. Baby, as I believe she can be used for other services.

2nd. *Our* large vessel to be used for the Trinity House, and such other service as may be demanded by the department.

3rd. The "Lady Head" to be employed, as before, in the passenger trade of the Lower St. Lawrence.

4th The "Advance" to be used as circumstances may require her, after laying down the buoys, &c., &c.

5th. The "Admiral" to be sold.

I also beg to state I consider the amount proposed in Mr. Baby's estimate to be fully equal to the disbursements necessary for the maintenance of such vessels, and that with a strict regard to economy in every branch of such service, it can be effectually performed at a saving of one or two thousand pounds per annum, by reducing certain charges made in Mr. Baby's estimate.

I have the honor to be,
Your obedient servant,
(Signed) GEO. E. WILLOUGHBY.

The Honble. JOHN ROSE,
&c., &c., &c.

LXIII.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 5th April, 1860.

The Committee have had before them the accompanying report, dated 4th April 1860, from the Honorable the Commissioner of Public Works, having reference to the sale of the steamers "Queen Victoria," "Napoleon III.," "Lady Head," "Advance," and "Admiral," and to the manner in which, in his opinion, they should respectively be employed until the sale of them shall have been effected, and they respectfully advise that the several recommendations of the Commissioner with reference thereto be approved and acted upon.

Certified.

(Signed) WM. H. LEE,
C. E. C.

DEPARTMENT OF PUBLIC WORKS,
Quebec, 4th April, 1860.

To His Excellency the Right Honorable Sir Edmund Walker Head, Bart., &c., &c., &c.

With reference to the steamers "Queen Victoria," "Napoleon III.," "Lady Head," "Advance," and "Admiral," assumed under Order in Council of the 23rd August last, the undersigned has the honor to report:

Firstly.—That tenders should be invited for the sale of all the vessels, to be received not later than the 1st day of September next; that they should then be disposed of, reserving, if need be, one of the vessels to complete the service of the present year.

Secondly.—In view of the necessity which exists of making immediate provision for the light-house and Trinity-house service, which cannot be delayed, the following arrange-

ments should be temporarily made until the vessels can be disposed of. That the "Queen Victoria" should be employed in carrying the supplies and provisions to the remote light houses, and the materials and workmen for the erection of the beacons now being constructed, and for any new light-houses which may be erected during the present season.

Thirdly,—That the Napoleon shall carry Capt. Fortin to the fishing grounds, and in connection with the protection of the fisheries, to and from such places as may be necessary, returning to Quebec when required by the department, and if the requirements of the service will admit.

Fourthly,—That the "Lady Head" shall carry on the postal service between Canada and the provinces of Nova Scotia and New Brunswick, delivering her mails at Father Point or Rivière du Loup, in connection with the Atlantic steamers, until arrangements can be made for the performance of the service by private enterprise.

Fifthly,—That the "Advance" shall be used for placing and taking up the buoys, and such other services in connection with the upper light-houses and the Trinity House, as may be indispensable.

Sixthly,—That should any reasonable offers to purchase or charter any of the vessels be made before the 1st September next, they be reported for Your Excellency's decision.

Seventhly,—That for the performance of all the foregoing services, a sum not exceeding forty thousand dollars be inserted in the estimates, such sum to include the monthly payments made since the 1st December last.

Eighthly,—That no expenditure be made without the authority of the department, and that the undersigned be authorized to adopt such rules, and take such measures for the efficient and economical performance of the service, as he may think necessary.

(Signed) JOHN ROSE,
Commissioner.

LXIV.

QUEBEC, 20th August, 1860.

SIR,—I send you a statement of the respective value of the three different steamboats belonging to government. Having consulted with Mr. Crocket, the engineer of the steamer "Napoleon," it is our opinion the "Napoleon's" and "Lady Head's" value, at present, would be one-third less than the first cost, although we do not think either of those vessels would realize that amount. The "Queen Victoria" would be less valuable, owing to her frame being broken in four different places, which would fully make a difference of £700 or £800 [less] than the "Napoleon." The "Lady Head" would be the most valuable, as she is in every way suitable for the trade she is at present employed in, and her expenses being one-half less than the "Napoleon" or "Queen Victoria." The "Lady Head" ought to realize from eight to nine thousand pounds, and, I am of the opinion that neither the "Napoleon" or "Queen Victoria" will realize the same amount, in proportion to their first cost. The "Napoleon" would be the most suitable boat for the Trinity Board, as the engineer tells me he can get eight knots an hour with only firing with one boiler, which would be a saving of half the fuel she generally consumes when fired by both boilers. I would also remark that the "Napoleon" would, in many instances, reduce her expenses by assisting ships when in distress, which the "Lady Head" has not sufficient power to do. Either of those three boats I consider too large for the protection of the fisheries, owing to their great draft of water would not admit of their going close into the mouths of the different rivers and bays where small schooners are generally anchored. A small steamer such as the one now employed by Captain Orlebar, is, in my opinion, fully large enough; she only draws from seven to eight feet water, and would not require more than half the quantity of fuel consumed by the "Lady Head."

I am, sir,

Yours respectfully,
(Signed)

D. VAUGHAN.

Honble. JOHN ROSE,
Quebec.

LXV.

SCHEDULE of Tenders received for the purchase of Steamers Victoria and Napoleon III.

Name of Tenderer.		Number of Tender.	Napoleon III	Victoria.	Total.
			\$	\$	\$
67,138	C. A. Cuthbert.....	1			160,000
67,139	M. W. Baby.....	2			150,000
67,140	F. Bolduc.....	3			120,000
67,141	Tetu & Garneau.....	4			100,500
67,142	G. C. Reiffenstein.....	5			100,000
67,143	Zephirin Lemieux.....	6			96,000
67,144	Clark, Starnes & Co.....	7			85,600
67,145	John Anderson & Co.....	8	42,000	41,000	83,000
67,146	Fr. r. Boyd & Co.....	9			75,000
67,147	E. J. Charlton.....	10	39,800	36,100	75,900
67,148	J. Giblin.....	11	43,400	39,600	83,000
67,149	R. Fuller & Co.....	12			72,000
66,150	Wm. & Henry Dinning & Geo. Douglas.....	13			70,150
67,151	H. Kavanagh.....	14			70,000
67,152	John Ilderton.....	15			64,000
67,153	J. Weatherly.....	16			60,000
67,154	Jos. Pilon.....	17			40,000
67,155	St. Lawrence Tow Boat Company.—	18			
67,156	A. Gaudry.....			30,000	

True copy-

Quebec, December 12, 1863.

T. TRUDEAU,
Secretary, Dept. Pub. Works.

LXVI.

STATEMENT of the Expenses and Earnings of the Provincial Steamers from the date of their acquisition by the Government to the present time.

		\$	cts.	\$	cts.		\$	cts.	\$	cts.				
1860.	To amount expended working Steamers including all ordinary repairs.....	60,150	80			1860.	By Revenue collected and applied to Expenditure....	21,995	40					
1861.	To do do	59,491	68			1861.	By do do paid to the Receiver General...	30,578	35					
1862.	To do do	69,618	76			1862.	By do do do do	37,756	98					
1863.	To do do	59,429	16	248,720	40	1863.	By do do do do	35,687	50	126,018	23			
1862.	To purchase of tools (Stock Account)...	2,274	00			1863.	By earning not yet collected.....				955	00		
1863.	To amount rebuilding "Advance".....	12,132	93	14,406	93		By stock of coals, tools, oil, &c., on hand.....					6,867	80	
							By Balance carried down.....						129,286	30
				263,127	33								263,127	33
1863.	To Balance brought down			129,286	30		<i>Government services performed estimated at the rates paid previous to purchase Steamers.</i>							
1863.	To Balance to the Credit of the Steamers.....			6,413	70	1860.	By Mail Service to the Lower Provinces.....	10,000	00					
							By protection of Fisheries Service.....	4,500	00					
							By conveying supplies to Light Houses in the Gulf....	12,000	00					
							By Trip of Steamer to Gaspé, opening free port.....	1,200	00					
							By Trinity House Service.....	8,000	00	35,700	00			
						1861.	By Mail Service to the Lower Provinces.....	10,000	00					
							By conveying supplies to Light Houses in the Gulf....	12,000	00					
							By Trinity House Service.....	8,000	00	30,000	00			
						1862.	By Mail Service to the Lower Provinces.....	10,000	00					
							By protection of Fisheries Service	10,000	00					
							By conveying supplies to Light Houses in the Gulf....	12,000	00					
							By Trinity House Service	8,000	00	40,000	00			
						1863.	By Mail Service to the Lower Provinces.....	10,000	00					
							By conveying supplies to Light Houses in the Gulf....	12,000	00					
							By Trinity House Service.....	8,000	00	30,000	00			
				135,700	00					135,700	00			
						1863.	By Balance to the credit of the Steamers					6,413	70	

111111

Quebec, 23rd December, 1863.

T. TRUDEAU,
Secretary, Department of Public Works.

LXVII.

STATEMENT of all sums which have been paid on account of Printing and Stationery, from 1st January, 1858, to 31st December, 1863, when the same have been paid in advance for work or goods ordered, or to be ordered, or for work in progress, or have been paid otherwise than in settlement of an Account rendered.

	1858.	1859.	1860.	1861.	1862.	1863.
	\$ cts.	$ cts.	$ cts.	$ cts.	$ cts.	$ cts.
Blackburn, J.....						5300 00
Campbell, Rollo.....	1800 00		1000 00	4900 00		
Cary, G. T.					400 00	
Cary, D.						190 00
Coté & Co.....			1600 00	2000 00	1300 00	
Duquet, J. N.						1900 00
Foote, S. B.			1900 00	13600 00	11200 00	
Fréchet, E. R.				1000 00	500 00	
Gillespy, W.		2000 00		12000 00	1400 00	
Hayes, M.	700 00					
Hope, Henry.....		100 00	100 00	120 00		
Lanigan, George.....					100 00	
Lovell & Gibson.....		1000 00	600 00			
Moylan, J. G.					400 00	
Thompson, S.....	8650 00	12100 00	4175 00	250 00		
Queen's Printer.....	24000 00	22200 00	64600 00	37000 00	6900 00	23000 00

The accounts for the following sums, included in the above statement, have not as yet come into this Department, viz:—

J. Blackburn (Printing for Commission)	\$600 00
J. N. Duquet (Printing for Ottawa Commission).....	1900 00
R. Campbell (Printing for Customs).....	747 57
G. T. Cary (Printing for Provincial Secretary).....	200 00
Queen's Printer (Printing Statutes Second Session, 1863).....	4000 00
Ditto (Printing for Codification Commission).....	2000 00
Ditto (Printing for Seigniorial Commission).....	7000 00

S. Thompson has not furnished an account for \$1,275, advance on account of printing a map for the Crown Land Department; but I am informed by the Department that work to a larger amount has been done.

S. B. Foote's final accounts have not been sent to this Department, but they were submitted to a sub-committee of the Committee on Public Accounts, who reported that a balance was due to Mr. Foote on the whole of the transactions with Government. The account for the Census, on which \$4,000 was advanced, was not, I believe, included in this report of the sub-committee, but work to a much larger amount has been done and is still in progress.

The advances to Mr. Foote by the Post Office Department—in all \$3,900—were not included in this settlement by the Committee, having been settled by the Department.

No accounts of Mr. Gillespy for work done on account of the advances made to him, have been submitted to me, excepting an account of \$1,200 advanced by the Post Office Department, which is now settled, and of \$800 advanced by the Crown Lands Department, on which \$119.60 remains unaccounted for; but he has performed much of the work ordered by the Customs Department, and we hold other accounts from him for advertising pending the settlement of the general account.

(Signed)
Jan. 8th, 1864.

JOHN LANGTON,
Auditor.

LXVIII.

DEPARTMENT OF CROWN LANDS,
Quebec, 14th January, 1864.

SIR,—With reference to that part of my evidence before the Commission, and also before the Committee of the Legislative Assembly on the Public Accounts in 1862, which relates to the large supply of stationery furnished the Department by Mr. Foote, in March, 1862, I beg to transmit herewith an account for that supply. This account was applied for in May, 1862, but was not received by the department until the 23rd of April, 1863. It is similar to the account Mr. Foote produced to me in March, 1862, when I refused to receive the stationery; except that the Hon. P. M. Vankoughnet's order of October, 1862, which was on the original, is omitted.

Having ascertained that the articles mentioned in the account furnished by Mr. Foote in March, 1862, had been received, I certified it accordingly, and returned it to him.

Mr. Ross, the accountant of contingencies, informed me in May, 1862, that he had not paid it. I am not aware of its having been paid since. The department did not make any advance to Mr. Foote on account of this supply of stationery.

I have the honor to be, sir,

Your most obedient servant,

ANDREW RUSSELL,
Assistant Commissioner.

George Sheppard, Esqr.,
Commissioner and Secretary,
Financial and Departmental Commission.

QUEBEC :

CROWN LANDS DEPARTMENT,
To the Proprietor of the "MORNING CHRONICLE."

1862.		\$	cts.
March 1.	200 Reams Foolscap	2,400	00
	Ruling, &c., 50 Reams	100	00
	Trimming 200 do	200	00
	200 Reams Note Paper	1,000	00
	Heading 100 Reams	400	00
	100 Reams Letter Paper	800	00
	Heading 50 Reams	200	00
	40,000 Large Buff Envelopes	800	00
	Printing Address on 40,000	320	00
	40,000 Letter Envelopes	480	00
	40,000 Note do	320	00
	40 Reams Packing Paper	320	00
	20 do Blotting do	240	00
	5,000 Carls	50	00
	4 Doz. Ink (large bottles)	48	00
	12 Gross Assorted Pens	60	00
	50 Boxes Sealing Wax	200	00
	12 Inkstands	60	00
	12 Dozen Packages Red Tape	40	00
	2 do Knives	100	00
		\$8,138	00

DEPARTMENT OF CROWN LANDS,
26th March, 1862.

Certified that the above articles have been received.

(Signed)

ANDREW RUSSELL,
Asst. Com.

[MEM.—The original account had the Hon. P. M. Vankoughnet's order of October, 1861, on it.—A. R.]

LXIX.

STATEMENT OF EXPENDITURES ON PUBLIC WORKS, undertaken by the Public Works Department, from January 1st, 1852, to December 31st, 1862; with Balances of Appropriations remaining unexpended.

EXPENDITURES.

ROADS.

Metapedia Roads	\$ 76,343 74
Témiscouata Road	4,000 00
Canada and New Brunswick	186,573 36
Keeping open for Troops	6,321 00
Gaspé	16,039 18
Matane and Cap Chats	23,204 38
Grand Bale and Malbaie	12,060 18
Escoumains	4,548 50
Coteau and Cornwall Road	18,296 91

CANALS.

Welland Canal	757,841 87
Burlington Bay Canal	97,271 64
St. Lawrence Canals	941,011 04
Junction Canal	198,633 93
Chats Canal	345,694 72
Petewawa River Improvements	15,281 67
Ottawa River Navigation	3,642 54
Purchase of Land at the Gatineau	8,368 43
Ottawa Survey	90,718 84
Union Suspension Bridge	3,502 06
Petite Nation Bridge	3,600 60
Trent Works	2,185 34
Saguenay Works	40,999 08

SLIDES, DAMS, &c.

St. Maurice Works	256,959 59
Ottawa Works	345,747 33
Seugog Works	157,587 68

RIVER ST. LAWRENCE.

Landing Piers	775,410 86
Tug Service—Upper St. Lawrence	231,059 38
Do —Lower St. Lawrence	298,486 01

LIGHT HOUSES.

Lakes and Inland Waters	377,258 54
Light Houses below Quebec,—In the Gulf	440,828 01
Do. Do. —In the River	27,726 10
Point Pelée Reef Light House	17,481 21
Snake Island do do	10,412 87
Lake St. Louis Light Ships	25,703 57
Bay of Quinté Light Houses	108 16
Purchase of a House &c., at Presqu'Isle	849 60
Public Buildings—rents, repairs	484,644 35
Parliament Buildings, Quebec	84,894 92
Expenses in consequence of fire at Parliament, Quebec	4,772 27
Fitting up Nunnery for Legislature	27,501 58
Governor General's residence, St. Louis Street	49,195 24
Do. Do. Catarqui	9,991 67

PUBLIC BUILDINGS.

Quebec Custom House	267,626 30
Post Office and Parliament Buildings, Quebec	77,514 77
Quebec Marine Hospital	92,748 75
Quebec Court House	18,995 27
Do do do Repairs	11,526 75
Repairs, Old Custom House Wharf, Quebec	13 02
Repairs, Durham Terrace, Quebec	15,606 23
Hamilton Post Office	53,164 12

London Post Office	39,410 64
Kingston do	48,927 90
Toronto do	20,886 40
Ottawa Public Buildings.....	1,106,383 83
Bonner Property purchase, Quebec.....	22,225 83
Spencer Wood do do	42,330 92
Spencer Wood—alterations and repairs.....	80,024 79
Spencer Wood—reconstruction.....	14,263 76
Reformatory at St. Vincent de Paul.....	18,520 77
Custom House at St. Regis	1,200 00
Do do Toronto	5,998 60
Do do Kingston.....	41,288 70
Quebec New Gaol.....	77,381 37
Montreal Court House.....	333,292 67
Chicoutimi do	
Kamouraska Gaol.....	
Three Rivers Court House	19,372 25
Shelbrooke Gaol.....	
Algoma Gaol and Court House	769 79
Montreal Gaol	5,125 42
Do Custom House.....	1,837 75
Do Post Office.....	45,023 27
Do Geological Museum	2,523 47
Do Gun Sheds	856 68
Provincial do	8,645 29
Aylmer Court House.....	26,326 98
Gaols and Court Houses, C. E.....	443,820 7
Do Do	20,526 18
Surveys generally.....	70,559 68
Arbitrations.....	385,814 04
Arbitrations and repairs of existing works.....	
Governor General's residence, Toronto	37,495 42
Toronto Mechanics' Institute.....	16,000 00
Public Buildings, Toronto,—Furniture, &c.....	112,000 00
Hamilton Custom House.....	46,895 26
Advertising Works, Canada East.....	313 75
Removal to Toronto, in 1855	119,114 45
Conveying His Excellency	1,211 00
Provincial Steamer's purchase.....	225,544 00
Provincial Steamers.....	101,512 54
Trinity House Service, Quebec.....	8,000 00
Grosse Isle Repairs	1,200 00
Grosse Isle Quarantine.....	1,525 14
Gaspé Bay and Harbour Buoys.....	499 82
Improvement, River Thames.....	3,820 82
Dredging Vessel, Steam Pumps, &c.....	
Dredging operations.....	23,413 01
Dredging at Picton and Presqu'isle.....	7,200 00
Dredging St. Clair Flats.....	19,984 45
Dredging Narrows, Lake Simcoe, and repairing Bridge.....	9,200 00
Port Stanley Harbor	72,345 93
Pier and Harbour, Lake Erie.....	24,110 47
Protection Works, Port Stanley Harbour	7,956 79
Harbours, Lake Huron.....	96,852 99
Harbour of Refuge, Port Hope.....	4,000 00
St. Lawrence and Champlain Canal.....	22,111 55
Chambly Canal By-wash, at Wood's Creek	1,583 03
River Richelieu and Ste. Anne de la Pêrade.....	21,006 81
St. Ann's Lock and Dam	23,255 70
Survey St. Lawrence Rapids.....	26,751 25
Yamaska River Survey.....	
Boundary Line Survey.....	22,825 15
Rideau Canal Repairs, Long Island.....	20,667 41
Do do do Lower Brewers, and Bridge at Newboro'.....	11,090 04
Do do do Hogsback	29,482 48
Beauharnois Canal Claims.....	18,282 25
Chambly Canal Claims.....	1,030 14
St. Ours Lock and Dam.....	625 45
Dam at Buckhorn.....	36 00
Pier at St. Amicé.....	2,007 97

Provisions sent for Emigrant Ships.....	2,050 48
Depot at Anticosti.....	47 82
Aid towards expense of Georgian Bay Canal, Survey.....	2,000 00
Deepening Lake St. Peter.....	74,455 88
Total Expenditure..	\$11,349,572 90

BALANCES of Appropriations remaining unexpended, 1863 :—

Metapedia Roads.....	21,520 40
Various Roads.....	2,119 09
Coteau and Cornwall Road.....	11,934 63
Welland Canal.....	30,695 61
Burlington Bay Canal.....	2,000 00
St. Lawrence Canals.....	73,632 29
St. Maurice Works.....	43 91
Scuogog Works.....	9,257 17
Light Houses, Lakes and Inland Waters.....	10,693 14
Do do In the Gulf.....	50,201 83
Do do In the River.....	12,273 90
Light-house, Pointe-Pelée Reef.....	13,018 79
“ Bay of Quinté.....	2,891 84
Purchase of House at Presqn'isle, &c.....	300 00
Public Buildings, Rents, Repairs, &c.....	23,528 51
Fitting up Nunnery for Legislature.....	17 00
Governor General's Residence, Cataraqui.....	8 33
Quebec Marine Hospital.....	1,211 42
Quebec Court House.....	4 73
London Post Office.....	1,142 36
Ottawa Public Buildings.....	482,260 67
Spencer Wood, Reconstruction.....	5,736 24
Reformatory at St. Vincent de Paul.....	479 23
Algoma Gaol and Court House.....	3,230 21
Montreal Gaol.....	4,874 58
Geological Museum, Montreal.....	1,831 95
Surveys generally.....	1,523 31
Arbitrations.....	39,657 28
Governor General's Residence, Toronto.....	2,504 58
Provincial Steamers.....	18,427 46
Dredging operations.....	25,386 99
Harbours, Lake Huron.....	3,147 01
St. Lawrence and Champlain Canal.....	5,888 45
Chambly Canal, By Wash at Wood's Creek.....	2,416 97
St. Ann's Lock and Dam.....	1,513 25
Yamaska River, Survey.....	10 00
Rideau Canal, Repairs at Hogsback.....	517 52
Carillon and Grenville Canals.....	9,100 60
Beauharnois Canal Claims.....	1,717 75
Extending Pier at Rivière Ouelle.....	12,000 00
Depot at Anticosti.....	1,952 18
Buoys and Bells, Lake Erie.....	800 00
Repairs, Alterations, Long Point Light House, L. Erie.....	800 00
Deepening Lake St. Peter.....	60,000 00
\$953,260 98	

ERRATA.

Page 8, Ques. 1193.—for postage, read posting.

“ 37, “ 1344. 35th Line from top.—for July, read January.

“ 89, “ 1433.—for \$28,750, read £28,750.

“ iii Appendix. No. of Days' Service of D. Macpherson and others.—
for 140, read 420.

“ iii. “ No. of Days' Service, total.—for 7063½, read 7343½.

“ xvii. “ 1852 Sundries—for 3107 15, read \$3197 15.

“ “ “ 1856 Extra clerks and Services.—for \$18339 53, read \$18389 53.

“ “ “ 1860 Telegraphs.—for \$5425 50, read \$7425 50.

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