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Col. V.I. Smart,

Montreal, March 28th, 1935.

Another matter for which I am being criticised is the re-appointment of a Policeman in the city of Halifax by the name of Michael O'Malley, an Irish Roman Catholic who was discharged for insobriety. Pressure was brought to bear by various interests in Halifax on the Minister of Railways and after an investigation which I held personally, I was satisfied the man had been harshly dealt with in view of his twelve years service, and therefore suspended him for two weeks and reinstated him as watchman without reduction in pay. It appears that I should have consulted the Trustees before making such reinstatement.

Again there is the question of not consulting the Trustees in regards to the drydocking of the "Canadian Highlander" and "Canadian Britisher" at the port of Saint John. It is perfectly true this matter was not taken up with the Board as I did not consider it essential so to do.

In ordinary steamship practice and as a matter of fact legally, the diversion of one of these steamers into the port of Saint John would have been entirely foreign to the proper procedure and would not have received consideration from any private line for one moment for the following reasons: (1) It is a diversion from the ship's advertised schedule, and such diversion would immediately abrogate all cargo insurance and throw the onus of responsibility for the value of the cargo on board the vessel on the Steamship owners not only until delivery in Canada by the steamer, but until delivery at whatever destination is shown on the Bills of Lading, and which in the instances of one or two commodities is the West Indies. It has been ruled in Court of Law such diversion absolutely abrogates cargo insurance policies, and that anything whatever which may transpire not only due to such diversion, but to any other cause whatever, the Steamship owners are responsible. (2) Both the "Canadian Highlander" and "Canadian Britisher" on their regular itinerary call at the port of New York. A drydock was available there and the work was completed at a cheaper cost than even would have been possible at their terminal port, Halifax. Diversion to Saint John would not only have put the onus of responsibility on the shoulders of the ships' owners insofar as cargo is concerned, but would have cost an additional sum of money for the diversion and transference of the ship to Halifax.

I have always presumed, and have endeavoured to operate the organization on a basis similar to a private line, and still do not feel, notwithstanding all that has transpired, that I had any justification for diverting these steamers into Saint John. Had I done so or had the Trustees acted on their own authority and agreed to such diversion, and anything happened to the steamer, I think the Government of Canada would have been justified in such instance, in dispensing with all of our services.

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