

"to the Stockholders, as would combine the principle of ultimate indemnification to them with a due regard to the interest and convenience of the public"—recommending, if the Stockholders would agree to transfer their Stock, that twenty years debentures should issue to them for the purchase thereof, bearing interest at the rates of three, four and five per cent for the first three years respectively, and six per cent afterwards until redeemed, and that so soon as the annual receipts of the Canal reached twenty-five thousand pounds, three per cent per annum upon the amount invested should be paid to the Shareholders, and when the annual revenues of the Canal reached £50,000, six per cent per annum upon their former stock should be paid until the legal rate of interest upon the Capital invested by them from the time it shall have been actually paid in, shall be fully paid.

Journals of U. C. 1838 &
1840, Vol. 1, pt. 2, pages
14 & 15.

See post Appendix C. post 17

The President (Mr. Merritt,) was examined by the Committee and in his evidence appended to the report, in reply to the question.—"In the event of the Stock being purchased, from what time would the interest commence." He answered, he computed the interest to the best of his recollection to that date at £55,008, setting out his *data*, and computing at the rate of six per cent simple interest. And in reply to the question: "Do you think the terms proposed by the Committee (viz "the proposition above,) equitable towards the Stockholders."—He answered,—he did not, and made a proposition in lieu thereof which he stated he should much prefer as being more advantageous to the Stockholders, viz. twenty year six per cent debentures to the amount of one half of the whole private Stock (£58,900) to be issued at once, to the Shareholders.—Three years after, like debentures to issue for one fourth (£29,450) and six years thereafter the remaining one fourth to issue, in all £117,800, total amount of principal. That after the annual revenue of the canal reached £25,000, like debentures to issue to the Shareholders to the amount of one half of the interest due on the Stock since it was paid in to the time of the issue of the first debentures on account of the principal, and computed by him as above at £27,501. And after the income amounted annually to £50,000, like debentures to issue for the remaining half due on the then "*back interest*" £27,504.—So that the Stockholders would ultimately be paid the principal and interest of their investments without burdening the revenue of the Province.—And in order to convince the Committee of the equity of the proposition, and that no loss would fall on the province, and to avoid any doubt or ambiguity, Mr. Merritt set out elaborately, his then supposed prospective financial position of the Canal for a period of thirteen years, shewing the working of his proposition, and that the first instalment of back interest would become payable in 1845, the last in 1849.