

Mr. Monk moved in amendment, that the following Draft Report, marked 'B,' be adopted as the report of the Committee in lieu of the foregoing:—

'B'

V.—FINANCIAL RESPONSIBILITY OF THE QUEBEC BRIDGE COMPANY.

1. The Quebec Bridge Company was incorporated in 1887, and, having regard to its undertaking to construct a bridge across the St. Lawrence at or near the City of Quebec, the cost of which would be at least \$6,000,000 the Company was from its inception deplorably weak financially.

2. Of its modest nominal stock capital of \$1,000,000, never, until the arrangements of 1903 to be presently referred to, did the money paid in by its shareholders exceed \$65,000, and even of that amount, so petty for such a vast undertaking, some \$20,000 consisted, not of cash found by the promoters, but of the proceeds of fees voted by them to the directors and paid by the country itself for their services in that capacity.

3. In 1890, the Province of Quebec voted to the enterprise a subsidy or aid of \$250,000, and further aid of \$300,000, was granted in the following year by the City of Quebec.

4. The Parliament of Canada also voted \$1,000,000 in aid of the undertaking payable as construction progressed.

5. The site being chosen, the substructure of the bridge progressed; but, in 1903, the Company had more than exhausted all its resources, its subsidies as well as its small paid-up stock capital were expended, and it had a floating debt of \$779,550. It was then without money or means to further prosecute its enterprise.

6. At this time, the Dominion had undertaken the construction of the National Transcontinental Railway whereof the Quebec Bridge was recognized as an essential and most important portion. The early completion of the bridge therefore was not only of national concern as a matter of trade and commerce, but any delay or misadventure would be fraught with most serious responsibility to the lessees of the eastern section of the great railway of which that bridge must necessarily be a part.

7. In the condition of the Bridge Company, it was not possible to prosecute its undertaking without the aid of the Dominion, and refusal of such aid would have ensued a forfeiture and abandonment of the venture. The obvious duty of the Government therefore was to refuse aid, to deal liberally with the promoters, and to take over the property and hold the bridge as a public work.

8. The president and directors of the Bridge Company, hopeless though their case appeared to be, succeeded in inducing the Government to agree to guarantee the Company's bonds up to \$6,688,200, the amount required to meet its liabilities and finish the bridge.

9. An Order in Council was thereupon passed on the advice of Ministers setting forth the terms and conditions of the proposed guarantee and an Act of Parliament was passed to confirm the same. The Act referred to (3 Edward VII., Chapter 54) was passed in the last hours of a long session, and in the course of a few days was rushed through the Senate and House of Commons with undue haste and without opportunity for deliberation and proper consideration.

10. One of the conditions enacted was that before the guarantee should be given, the Company would procure the subscription and full payment in cash of \$200,000 of additional stock, and apply the said money to a specific object, the restoration of \$188,000 discount which had previously been allowed on an issue of the company's bonds.

11. That condition was only in part fulfilled, though the Government, having accepted the written certificate of the Company's officers that it had been fully carried out, guaranteed the new issue of bonds. Attention is called to the admission of the Honourable the Finance Minister in his evidence, that had this deception been known to him, he would not have authorized the execution of the guarantee.