

Fifty-one per cent. of the capital to be subscribed and paid for and to be held by the Dominion, and the balance—forty-nine per cent.—to be subscribed and paid for and to be held exclusively by citizens of Canada.

The Dominion to guarantee five per cent. per annum dividend on the stock of the said company.

Four of the nine directors to be appointed by the Governor-General-in-Council, four by the citizen shareholders of the company, representing forty-nine per cent. of the stock, and the ninth director to be appointed by the Supreme Court of Canada. The directors appointed by the Governor-General-in-Council and by the Supreme Court not to be interested directly or indirectly in the stock of the company.

No corporation, firm or individual to be interested directly or indirectly in more than one hundred shares of the citizens' stock. No stock to be transferred without the consent of the board.

The directors appointed by the Governor-General-in-Council to hold office, one for five years, one for six years, one for seven years and the fourth for eight years, and to be eligible for re-election—subject, however, to dismissal by the Governor-General-in-Council in the event of misconduct or incapacity, with right to appeal in such case to the Supreme Court of Canada. These four directors to be the most capable railway administrators obtainable—one of them with experience in operating, one of them in traffic, one of them in finance and accounting and the fourth in legal work.

The directors appointed by the citizen shareholders to be elected annually.

The director appointed by the Supreme Council to hold office for ten years and to be eligible for reappointment, subject, however, to dismissal by the Governor-General-in-Council in the event of misconduct or incapacity with right of appeal in such case to the Supreme Court.

Vacancies due to death or resignation to be filled by the Governor-General-in-Council in the case of a director originally appointed by him, in the case of a director appointed by the citizen shareholders by the other three similarly appointed directors until the next annual meeting of the company and by the Supreme Court in the case of the director appointed by it.

The chairman and vice-chairman of the company to be appointed by the Governor-General-in-Council from among the four directors similarly appointed and to hold office for eight and seven years, respectively. The chairman to be the chief executive officer of the company. The vice-chairman to assist the president and to represent him in his absence.

The salaries of the members of the board of directors appointed by the Governor-General-in-Council to be sufficient to secure the best men for the positions and the salaries of the other directors to be such as to make it worth the while of able and reliable men to become members of the board.

The board to control and direct the policy of the company and to have complete control of the appointment and work of the officers and employees of the company.

In any year in which the net revenue of the whole system is sufficient to pay all the rentals and other charges payable by the Dominion in respect of the whole system, including interest at an agreed rate on the amount invested in the existing government system and the interest payable on additional capital expenditure (see Clause "f"), all hereinafter called "fixed charges," the chairman and vice-chairman and other members of the board shall receive a bonus equivalent to an agreed percentage of their respective annual salaries and the citizen shareholders an

agreed increase in their dividend, and in the event of the net revenue exceeding the said fixed charges in any year by a percentage to be fixed, the said members of the board shall receive an additional bonus equivalent to an agreed percentage of their respective salaries, and the citizen shareholders shall receive an agreed additional increase in their dividend for that year. Maximum salaries for the respective directors and a maximum dividend for the shareholders to be fixed.

(f) The Dominion to finance the whole system including the provision of the funds for new railways, for all additions and improvements to existing lines and for rolling stock and other equipment chargeable to capital account, as may be stated to be required by the board. In the event of a difference of opinion between the board and the Minister of Railways (representing the Dominion) in respect of any of such capital account requirement, the question to be submitted to the authority referred to in Clause "g" for investigation and report—the decision of such authority to be final.

(g) The construction of a new railway not to be undertaken nor any commitment to it given until an investigation and report in regard to it have been made and the report laid on the table of the House by a competent authority—independent of politics—say, a board of three members thoroughly well qualified for the purpose.

(It might be interjected here that a similar procedure should be followed in all cases involving large expenditures or disbursements of public money on or in connection with works, such as new railways, canals, docks and harbors, dredging, important buildings, etc., and the authority above mentioned might also be utilized to investigate and report in regard to such projects. Every member of Parliament would thus have knowledge based on independent and competent authority as to what he was voting on and the public would know what their representatives in Parliament had voted for.)

(h) Rates and fares and other charges for transportation and other services not to be increased without the approval of the Dominion Board of Railway Commissioners.

Except as hereinafter specified in Clause (i) rates and fares and other charges are not to be reduced without the consent of the board until a substantial reserve guarantee fund has been provided out of net revenue (in excess of the fixed charges, bonuses to directors and extra dividends to shareholders) and the net revenue has been sufficient in three successive years to pay all such fixed charges, bonuses to directors and extra dividends to shareholders, and then only to the extent which, based on the average traffic of the said three years, shall represent a reduction in the net revenue equal to the net revenue in excess of the said fixed charges, bonuses and extra dividends.

(i) The Dominion may by Order-in-Council declare a matter (such as a reduction in transportation or other charges for services rendered or the construction of a new railway) to be one of general policy and direct the board to give effect to such policy, but in the event of the board not concurring in whole or in part in such direction, the Dominion shall reimburse annually to the whole system seventy-five per cent. of the yearly increase in expenditure or of the decrease in revenue of the whole system occasioned by the carrying out of such direction in excess of such increase or decrease as would have been occasioned by the carrying out of such direction to the extent only to which the board concurred in it.

(j) The accounts and books of the company to be continuously audited by an auditor to be appointed by the Governor-General-in-Council, who shall certify to the