

sition than in the case suggested. As to whether the change was made advisedly or not in 1903, I have consulted the 'Hansard,' and by following the discussion which took place in the House of Commons and in this House—and hon. gentlemen will remember that the Bill was dealt with for a considerable time in both Houses. There was a great deal of attention given to the Bill; and when changes were made, as a rule, they were discussed, or attention was drawn to the fact that the changes had been made for such and such reasons; but if the hon. gentleman will look at 'Hansard' he will find that this clause was not referred to in the House in any shape or form. Therefore, we may infer that it was overlooked; that it was in the drafting that the insertion of these words was actually made. The hon. gentleman asked, if it would be fair to prevent the farmer or contractor selling ties to a railway company taking rank before the mortgagee. Well I say yes, he should not take rank before the mortgagee, otherwise the railway company may purchase fifty thousand dollars or a hundred thousand dollars' worth of ties, and what knowledge will the mortgagee have that liabilities are being accumulated which will take rank before his claim? He is supposed to have the first charge upon the property when he advances his money. He was given the first mortgage, and in the course of five or ten years it would be in the power of the company to build up claims by purchasing all kinds of supplies and obtaining large credit. Supposing the ties are purchased for fifty thousand dollars. A judgment is taken. The judgment will be good for thirty years, and at the expiration of say twenty years, he will be entitled to come and take rank before the mortgagee. Is that fair? Would anybody purchase bonds with a law of that kind? I suppose nobody would do it knowingly. If the company is not able to purchase ties, there is the other recourse. The Exchequer Court Act was amended in 1901 for the purpose of providing that if a railway company is unable to maintain its railway in operation, then at the suit of the mortgagee, or at the suit of any of the creditors, with permission of the minister, a receiver may be appointed, and that re-

ceiver has the power of purchasing ties or improving the property, and any certificate issued by the receiver will take rank before the bonds; so that the public is amply protected, it seems to me, and if we provide for the salaries and wages, as I have suggested, we would be going far enough.

Hon. Mr. ROSS (Middlesex)—This Bill is rather puzzling. It deals with two classes of property, and it deals also with two classes of creditors. One class of property with which it deals is what is called the railway. That means the road bed, the rolling stock and the whole equipment of the railway, as we find in the interpretation clause, which reads as follows:

A railway means any railway which the company has authority to construct or operate, and includes all branches, sidings, stations, depots wharfs, rolling-stock, equipment, stores, property, real or personal, and works connected therewith and also any railway bridge, tunnel or other structure which the company is authorised to construct.

That is what we understand by the railway. Then there is another, which is not property in that sense, consisting of the revenue of the railway. As I understand it, the bondholders have a lien, not only upon the railway under section 138, on the railway proper, but also upon the revenues and income of the railway. That is their security. That is simply security so far as the bondholders are concerned. Now, in the Bill as it stands, the creditors are to have a similar security, but the hon. gentleman who proposes an amendment wants to withdraw from the security which the creditors of the railways have under the Act as it now stands, what is defined as property and assets, placing the creditors of the railway over any ordinary liability as to wages, or it may be supplies of any kind, in a different position to the bondholders. The question which has perplexed me a good deal is whether these two classes of creditors—the bondholder is a creditor in posse, the conditions of his mortgage are not active until the railway becomes insolvent—what puzzles me is whether the bondholder, as creditor in posse of the road should be placed in a different position to the other creditors? I have only two answers to that condition of