

Mr. Joly,
Mr. Jones (Leeds and Grenville),
Mr. Macdonald (Glengarry),
Mr. Mackenzie,
Mr. Masson (Soulanges),
Mr. Robitaille,
Mr. Ryan,

Mr. Shanly,
Mr. Street,
Mr. Sylvain,
Mr. Walsh,
Mr. White,
Mr. Whitehead.—83.

A Quorum being present, the Committee proceeded to the consideration of Bill No. 10, to amend "The Grand Trunk Arrangements Act (1862)," and for other purposes. The Preamble being read,

C. J. BRYDGES, Esquire, Managing Director of the Grand Trunk Railway, appeared and made the following Statement in support of the Preamble:—

With reference to the Bill now before the Committee, it may perhaps be convenient, as all the gentlemen present are not fully acquainted with the matter, that I should state the history of the Grand Trunk Railway Arrangements Act of 1862, and the proceedings which have since, from time to time, taken place, in order that the present Bill, which is in the main a supplement to the Act of 1862, may be fully understood.

I suppose it is very well known to all the gentlemen here that the Grand Trunk Railway Company was, in the beginning of the year 1860, opened throughout. Parts of it had been previously running—some for a good many years—and upon those parts considerable wear and tear had taken place, rendering large outlays immediately necessary. The traffic anticipated, when the line was undertaken, did not come up to the expectations, the trade of Canada not being sufficient to support the line, and it was not possible to secure sufficient through traffic to supply the deficiency which existed in the local trade of Canada. The result of those combined causes was, that in the year 1860, and the early part of 1861, the Company became entirely unable to meet its obligations. The interest upon its securities could not be paid, and the debts of the Company became most pressing and embarrassing. The Company, in the middle of 1861, owed upwards of £2,500,000 sterling. Judgments were obtained against the Company to very large amounts; the wages of the staff were frequently in arrear; accounts for supplies could not be promptly paid; the Company's credit in consequence was gone,—and at that time the closing of the line was imminent. In this state of affairs the bond and shareholders of the Company fully and completely examined into the position of their affairs, and after very lengthy discussions amongst themselves, agreed to certain arrangements which they asked the Parliament of Canada to enact, and which formed the Arrangements Act of 1862, the preamble of which was as follows:—

"Whereas the interest on all the Bonds of the Grand Trunk Railway Company of Canada is in arrear, as well as the rent of the Railways leased to it, and the Company has also become deeply indebted, both in Canada and in England, on simple contract, to various persons and corporations, and several of the creditors have obtained judgments against it and much litigation is now pending; and whereas the keeping open of the Railway traffic, which is of the utmost importance to the interests of the Province, is thereby imperilled, and terms of a compromise have been provisionally settled between the different classes of creditors and the Company, but in order to facilitate and give effect to such compromise, the intervention of the Legislature of the Province is necessary; Therefore, &c."

The clauses of that Act arranged an Agreement between the holders of the different securities, that the interest which was not earned in cash should, during a period of ten years, be paid in certain securities defined in the Act itself. It was supposed by all parties who agreed to the compromise that it would take ten years for the gradual improvement of the property, so that it would, at the end of that time, earn enough profit to meet its interest obligations.

The mode of settling with the then creditors was all provided for in the Act.

After the Act was passed, the creditors were settled with. All the judgments obtained were released, and ever since, the interest not earned in each year has been paid