

At the date of the MacFarlane contract, namely the eighth of June 1888, the appropriation of the subsidy coming to the Gaspé section had not been carried into effect. This additional subsidy was only granted on the 12th of July, 1888, by the Act 51-52 Victoria, Chapter 92. Consequently this subsidy could not have been transferred to Mr. MacFarlane, and he had not the right to touch it.

I will cite a few extracts from the sworn declaration of the contractor, Mr C. N. Armstrong, before Mr Charles Langelier, the special commissioner, of the 6th of Feb. 1890.

"Neither the company nor myself have in any manner touched the subsidies which were transferred to Mr MacFarlane, after the signing of his contract. The Quebec Legislature passed an act authorizing the payment to the company of a certain amount in subsidies, payable in particular in connection with the section included between the 20th and 60th mile of the road. These subsidies were not transferred to M. MacFarlane, and he had no right to them. At the date of the signing of the contract with Mr. MacFarlane, to wit: the eighth June. 1888, no arrangement had as yet been made with the Government of Quebec, providing for an additional payment in connection with the grant of land to the Gaspé section converted into money.

"I declare positively that no promise was made to Mr. MacFarlane that any subsidies would be transferred to him other than those mentioned in the contract.

"By my contract with the company I have the right to \$20,000 per mile, payable with the federal and local government subsidies, and the balance by the company's debentures.

"These subsidies have been paid to me, in accordance with the terms and on account of the price of my contract. Considerable sums had been expended on the first 40 miles of road, and a heavy balance was due to me by the company. I had been obliged to obtain from parties, to whom certain sums had been transferred to cover advances made on the first 40 miles, a surrender of their transfers, in order to transfer to MacFarlane the amount of subsidies necessary to cover his contract; and those persons were obliged to wait until other payments on account of the subsidies were made, in order to draw what was owing to them.

These parties were paid out of the additional sums so collected from the Quebec Government so far as the amount received from the government procured the means of doing so.

"If MacFarlane had touched other subsidies than those that had been transferred to him under his contract, he would have received much more than he was entitled to."