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REPORT
OF
PUBLIC ACCOUNTS COMMITTEE
WITH REFERENCE TO THE
TOBIQUE VALLEY RAILWAY
TOGETHER WITH
EVIDENCE ADDUCED BEFORE SAID COMMITTEE AND EXHIBITS
IN CONNECTION THEREWITH

PRINTED BY ORDER OF PARLIAMENT



OTTAWA
PRINTED BY S. E. DAWSON, PRINTER TO THE QUEEN'S MOST
EXCELLENT MAJESTY.
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REPORT

COMMITTEE ROOM,

FRIDAY, 12th July, 1895.

The Select Standing Committee on Public Accounts beg leave to present the following as their Fifth Report:—

Your Committee have had under consideration the item "Tobique Valley Railway, \$19,341.54," as set out under the heading "Railway subsidies paid in 1893-94," on page Q—148 of the Auditor General's Report, on Appropriation Accounts for the fiscal year ended 30th June, 1894, and in connection therewith have heard a statement under oath by the Hon. the Minister of Marine and Fisheries, and for the information of the House report herewith the said statement and the evidence given by the said Minister, and the exhibit filed in connection thereto; and the Committee recommend that the said statement, evidence and exhibit be printed.

All which is respectfully submitted.

GEO. B. BAKER,
Chairman.

MINUTES OF EVIDENCE.

COMMITTEE ROOM,
HOUSE OF COMMONS, 9th July, 1895.

The Committee met.

Hon. Mr. COSTIGAN appeared before the committee and said : Mr. Chairman, I wish an opportunity of making a statement—a short statement—in connection with the construction of the Tobique Valley Railway, the subsidies voted for it, and in connection with the interest that I have in properties along that line ; and in order to do so in a manner that will challenge, I think, the fair opinion and decision of the public, I ask to be sworn and to make that statement under oath, and I would further ask that my statement be taken down as I make it, by the shorthand writers.

The oath having been administered, Mr. Costigan said : As a representative of my constituency, Victoria, New Brunswick, I assume whatever responsibility may fairly be attached to me for getting the necessary aid, coupled with provincial aid, to complete the construction of a portion of a projected line of railway, called the Tobique Valley Railway. That constituency more than any other constituency, in our province at least, felt the necessity of railway construction, it being an interior county, the furthest removed from navigation with the St. Lawrence or the Bay of Fundy. A Mr. Stewart, of Andover, was an enthusiast on the subject of railway communication on the Tobique River. After the policy of the Government was adopted of affording aid to provincial railways, I felt a strong hope that something might be done for my constituency in that line. At that time a charter was obtained through the Provincial Legislature of New Brunswick for the construction of this line—not merely this line of 28 miles, but a line projected from Perth to connect with a road, a proposed road, from Campbellton. A subsidy was promised by the Blair Government, but not voted. My first application—I do not mean by that such an application as would come from a company or promoters, but I am speaking of the effort I made in this connection—was when the question of subsidies in the different provinces was considered, to lend my legitimate influence, as I considered it, to secure a subsidy for a portion of this work. While it was the policy of the Government to encourage the construction of roads deemed to be of importance, especially by the Provincial Legislature, it will be easily understood that the subsidy for the construction of the whole line in all cases could not well be granted. A subsidy of \$3,200 a mile was granted for 28 miles of this railway. I can give the date of that, I think, in June, 1886. I want to state that up to that time in 1886, when that subsidy was granted, I did not own one foot of land in that section of the country at all. I held no mining leases covering any property there or near it, or anywhere else. When that first subsidy was voted the only interest I had—and I state it positively—was the interest that I believe I felt in my constituents and the development of this section of the country. The first 14 miles of this road will be admitted by all engineers to be of such a character as to be impossible of construction for the usual estimate made for railways. The Blair Government found itself in a position then, that it could not carry out what I have stated I believed to have been the promise of a subsidy to be made in conjunction with the Dominion subsidy, on account of the fact that there were so many other claims for railways, and the finances would not admit of opening the door. That is the statement made to me. The subsidy as voted was, therefore, perfectly useless. It would not secure the construction of the

road. At the next session—the session, at any rate, of 1887—the subsidy applied to the 28 miles was made applicable to the first 14 miles that were considered doubly expensive at least.

By Mr. Lister :

Q. That would be \$6,400 a mile, would it?—A. Yes, it was just doubled up. Yes, that is, in effect, the same thing. That was voted under chapter 50, 51 Victoria, and it was on the 23rd June, 1887, when that was done. I want to state when that took place, and when that money was voted I owned no land, controlled no leases, had no interest to the extent of one dollar along that line, nor had I up to that time, nor since that time, one cent's worth of interest directly or indirectly in any stock or other way that a man could be interested financially or personally in an enterprise of that kind. The subsidy was voted in this way for the first 14 miles. Bear in mind I have told you this charter was granted by the Legislature of New Brunswick under a Liberal Administration.

Q. Coalition, Mr. Costigan?—A. Yes. Well, coalition with a strongly Liberal leader.

Q. Well, not strongly?—A. I am not going to diverge, but intend to confine myself to a statement of the bare facts without discussing anything outside of that. Our people were anxious for the construction of that road. The men who held the charter I concluded, rightly or wrongly, were delaying pushing on the work in face of the exceptional circumstances of the subsidy given to promote this work. It came to my knowledge that several meetings had taken place between these charter members—the men holding the charter—and railway constructors, but with no evidence that they would agree. The impression left upon my mind, to put it mildly, was that they were trying to see what bargain they could make; to sell out their charter to some one who would undertake to construct the work. To my knowledge several responsible parties had offered to take the road over, pay the expenses incurred and proceed immediately with the work. This resulted in nothing. When in New Brunswick I called upon these gentlemen to meet me at the Barker House Hotel, Fredericton, to discuss this subject. I met them frankly and fairly. I said: "Gentlemen, you are very slow about getting to work to construct that work. You must understand my interest is to see the work constructed. The money has been voted to start that road the first 14 miles which are the most difficult. We want that constructed. That will overcome the most difficult part of the navigation of the river and will be of great benefit though not of the benefit we expect the road to be when it is extended." They took the ground that they had the charter and that they were the best judges as to when they would proceed with the construction of the road. I then made this statement to them: "Gentlemen, I don't want to do anything that is unfair. This is a business transaction so far as you are concerned. I don't care if you make millions out of it. It is none of my business. But my county wants the road and wants it constructed without delay, and unless you go to work under your charter and take advantage of that subsidy and prosecute your work, some one will introduce a bill, very likely in Parliament, asking for a new charter to construct the work." They said: "You would not surely entertain the proposition that the Dominion Parliament would agree to grant a charter to another company which would be virtually covering the same ground?" I said: "I think Parliament would under certain circumstances. I think if the case were put before Parliament in this way, that they had voted a liberal subsidy for the construction of this work and that you held the charter, and gave no evidence of proceeding in good faith, I think that Parliament under those conditions, unless you could show cause why they should not do it, would grant a charter, but they would only be asked to grant it, I tell you this, with the condition that it should not interfere, even after its passage, with your chartered rights. If you even then went to work and prosecuted the construction you would be all right, because a clause could be put in as is often done in a bill, that this bill should only take effect at some day. I forget the date now, say, six or eight months, so as to give an opportunity to the chartered company to go on and carry the work out under their charter."

The Committee adjourned.

HOUSE OF COMMONS, 10th July, 1895.

The Committee met.

Hon. JOHN COSTIGAN continued his statement under oath as follows:—I think I was referring yesterday when the Committee rose, to legislation of the Dominion Parliament. A charter was asked for from this Parliament. The men holding the charter from the New Brunswick Legislature made their objections as I expected and I was called upon to give reasons why this Parliament should grant that charter. I gave the reasons and they were acceptable to the House. There was no division, no objections were taken, and the Bill passed, but it contained a clause as I stated, that the measure should not go into operation until a certain date—it is now on the statute-book—that it should not go into operation until a certain date, so as to allow that time to the original charter holders to enter upon the work under their charter, and that if they did commence the work in good faith that that bill was to have no effect. It had the result that I expected. The men made arrangements with some other parties, some St. John men—and it is not necessary to go into the details of what I remember about it—and the contract was entered into and construction was commenced. What is known as the Tobique Valley Railway Company pushed on their work, large advances having been made by Simeon R. Jones, of St. John. Before they completed their contract for that 14 miles they got into difficulties and suspended work. Debts remained unpaid and matters were in a very unsatisfactory condition. The New Brunswick Government had—I forget whether it was just at that time—renewed their promise of assistance to this road, and the reasons given to their Legislature for subsidizing this road were that these 28 miles would lead to the immense deposits of gypsum which the Provincial Government owned, being Crown lands principally. A few grants had been made, but the bulk of the lands were held by the Crown, and the Provincial Government gave as a reason to justify them for granting a subsidy to this road, that it would bring them a revenue by obtaining a royalty on every ton that was to be taken out of the mines. Now, this property that was owned by the Provincial Government was that which would be expected to be the terminus of these 28 miles which it was important should be constructed first. A man by the name of Arbuckle owned a hundred acre lot about three miles below that.

By Mr. Mulock :

Q. Do you mean beyond the 28 mile point?—A. No.

Q. Within 28 miles from Perth Centre?—A. About 25 miles from Perth Centre. He owned and had been developing that property, I suppose, for the last thirty years, speaking from memory; that is developing it by taking out the raw article and selling it principally to the people in the United States, where it is handy, and who came across to draw it from his mine. Arbuckle never would sell or dispose of his property before that, because he considered it a valuable property—that the construction of a railway would develop it—and he thought, of course, he had a very valuable property. After the financial difficulties with this company had gone on for some months evidently he became discouraged, because he offered his property for sale, and this Mr. Stewart whose name I have mentioned, wired me that I could have the property for \$2,500. I wired him back, to buy the property immediately for me, and that if he could a deed of the property given him delivered to the Bank in Woodstock that the money would be there to pay Mr. Arbuckle on executing the deed. Mr. Arbuckle went with Mr. Stewart to Woodstock, I believe. They prepared a deed, they placed it—carrying out these conditions—in the hands of the bank, and the bank on my authority, paid over to him \$2,500. This is the deed, dated, I think, 1890 :

“This indenture made this 12th day of May, in the year of our Lord one thousand eight hundred and ninety, between John W. Arbuckle, of the Parish of Gordon, in the County of Victoria and Province of New Brunswick, farmer, and Catherine, his wife, of the first part; and John Costigan, of the City of Ottawa, Minister of Inland Revenue, of the other part.

“Witnesseth, that the said John W. Arbuckle and Catharine, his wife, for and in consideration of the sum of two thousand five hundred dollars of lawful money of Canada to the said John W. Arbuckle and Catherine, his wife, in hand well and truly paid, at or before the ensembling and delivery of these presents, by the said John Costigan, the receipt whereof is hereby acknowledged, have granted, bargained, sold, aliened, released, conveyed, and confirmed; and by these presents doth grant, bargain, sell, alien, release, convey and confirm unto the said John Costigan, his heirs and assigns, all that certain lot, piece or parcel of land and premises situate, lying and being in the Parish of Perth, County of Carleton, now in the Parish of Gordon, in the County of Victoria, and Province of New Brunswick, and bounded as follows, namely: Commencing at a stake placed on the east bank or shore of the Tobique River, east from the head of Island No. 6, being the first island above the mouth of the River Wapskahegan, thence south 67 degrees east 82 chains, thence south 23 degrees west 18 chains to the north bank or shore of the Wapskahegan stream, thence down said stream and up the Tobique to the place of beginning, known as lot “G,” containing 140 acres more or less, being the same property deeded by one Georgiana Wilson to the said John W. Arbuckle by deed dated May 29th, A.D. 1870, and recorded in Book “F” on pages 700 and 701 on the 5th August, 1871.

“Together with all houses, outhouses, barns, buildings, edifices, fences, improvements, profits, privileges, and appurtenances to the same belonging, or in any manner appertaining; and the reversion and reversions remainder, and remainders, rents, issues, and profits thereof. And also all the estate, right, title, dower and title to dower, interest, use, possession, property, claim, and demand, either at law or in equity of the said John W. Arbuckle and Catherine his wife, of, in, to or out of the same and every part and parcel thereof with the appurtenances to have and to hold the said described lot, piece or parcel of land and premises hereby granted; bargained, and sold or meant, mentioned or intended so to be, and every part and parcel thereof, with the appurtenances unto the said John Costigan, his heirs and assigns to the only proper use, benefit and behoof of the said John Costigan, his heirs and assigns, for ever.

“In witness whereof the said John W. Arbuckle and Catherine, his wife, have hereunto set their hands and seals the day and year first herein written.

“JOHN W. ARBUCKLE.

“CATHERINE ARBUCKLE.

“Signed, Sealed and

“Delivered in the presence of

“J. C. McClusky.”

By Mr. Mulock :

Q. What was the date and the year?

The CHAIRMAN—12th May, 1890.

Mr. COSTIGAN—Now, I stated before, following up the history of this transaction, that when the first subsidy was granted, when the subsidy was re-arranged, and in fact up to that date—up to the date of the purchase of the property under that deed—I stated, and I repeat, that I had no interest in one foot of land either as a freehold or leasehold, as a mining privilege, or in any other way in that section of the country. I bought that property, I am sorry to say, not with my own money. I discounted a note, raised the money on it, sent it down and bought the property in that way; private property that passed out of the Crown in 1837 by grant to one Eccles. Yes, July, 1837. That was the first time I became interested in any property in that section of the country. That I state as an explanation. I have no excuse to offer for buying a piece of private property along that line of railway or in any other part of the country. The Government lands still remained where they were, with this exception, that the Government of New Brunswick had given a lease of all their gypsum lands to another company. I forget the names, but there were some of them that were friends of the Government; some of them members of the Local Legislature. They gave a lease of their lands to a company, in which I had no interest, of course consistent with the policy laid down by

that Government that they would still in handing over the lease, get their royalty and revenue that would justify the payment of the subsidy. Negotiations took place then after I became the purchaser of this property between the holders of the lease of the Government property and myself, and the Tobique Valley Railway Company, who were interested in this company that held the lease.

The offer was made and I was asked to put in my property, this Arbuckle property, with the property that they had. 100 acres was freehold, they having bought out the property of Mr. Edgar, and the balance of their property was on a lease from the Provincial Government for a long term of years to mine and work all the Government property. That was theirs. I had simply this 100 acres one mile below. I considered my property more valuable in proportion, first because it was three miles shorter haul, second because it was represented as being the best mine, and thirdly because there was a sufficient supply there to meet the demand for years without going a mile above it. I was disposed to make any arrangement that could be made to put my property into a company to work it out. I did not know much about forming companies myself, and I did not want to have anything to do with it. The proposition was made that the company holding the lease from the Government and the large property above, and the Tobique Valley Railway Company being interested in the lands at the terminus of the road, that these two interests and my property should be amalgamated, and that we should not only put my property and the upper leased grounds into one property, but that the Tobique Valley Railway Company should become part of the one company. To make myself plain, I mean that the road itself, with all the mining property, the gypsum properties there, should become one property, in order to work the mines successfully, and run the road in connection with the working of these mines. I said, "I am quite willing to put in my property at whatever may be considered a fair valuation, and make one gypsum company of it, and I can understand that it should be of great advantage that you should make one company including the railway too, but the moment you consider that, I must drop out, because while I have a perfect right to own 100 acres of land, and do as I please with it, and I would be perfectly justified in putting that into your company to work out the mineral lands, I could not for a moment entertain the proposition of putting it into a company where a railway subsidized by the Government would be a portion of the assets, I suppose you call them." They saw the objection at once. It was reasonable, because I would be placed in a false position if I became a member of a company which had my property and a piece of railway subsidized by the government, and while I intended to remain the member for my county and as the member to advocate further subsidies. That negotiation ended. The owners of the mine asked me not to put my property in the market because they were in negotiation with some capitalists in New York. I thought it was rather like asking me to make a sacrifice in their interests, especially as they gave the answer frankly and fairly that if I put this property on the market it would interfere with the negotiations pending. I thought it was worth its value, so I agreed to their request and I never tried to sell or dispose of it for over 12 months. Other changes were made. Mr. Kitchen undertook the contract to build that 14 miles of railway and he carried out his contract. In 1890 I will show you that I got this property. I told you that I discounted a note to purchase this property. When the note became due, I had not sufficient means to meet it. I could have had it renewed, I presume, or had a friend to endorse it for me, or managed the way men often manage when they have not all the money they want, and their good faith is not doubted. Instead of that I got Mr. Connor, Mr. John Connor of St. John, to advance the money to pay the purchase money and interest. He advanced the money and as security took this mortgage:—

"This Indenture made this Thirteenth day of September in the year of Our Lord one thousand eight hundred and ninety, between the Honourable John Costigan of the City of Ottawa, in the Province of Ontario, Minister of Inland Revenue, of the first part, and John Connor of the City of Saint John, rope manufacturer, of the second part, witnesseth that the said John Costigan, for and in consideration of the sum of three thousand dollars of lawful money of Canada to him in hand well and truly paid at or before the ensembling and delivery of these presents by the said John Connor, the receipt whereof is hereby acknowledged, hath granted, bargained, sold, aliened,

released, conveyed and confirmed and by these presents doth grant, bargain, sell, alien, release, convey and confirm unto the said John Connor, his heirs and assigns, all that certain lot, piece or parcel of land and premises situate, lying and being in the Parish of Gordon, in the County of Victoria, and Province of New Brunswick, and bounded as follows: Commencing at a stake placed on the east bank or shore of the Tobique River east from the head of Island number six, being the first Island above the mouth of the River Wapskehegan, thence south sixty-seven degrees east eighty-two chains, thence south twenty-three degrees west eighteen chains to the north bank or shore of the Wapskehegan stream, thence down said stream and up the Tobique to the place of beginning, known as Lot G containing one hundred and forty acres more or less, being the property deeded by John W. Arbuckle and wife to the said John Costigan by deed dated the twelfth day of May, one thousand eight hundred and ninety, and recorded in Book N of Records in the County of Victoria, pages 751 and 752, together with all houses, out-houses, barns, buildings, edifices, fences, improvements, profits, privileges and appurtenances to the same belonging or in any manner appertaining and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and also all the estate, right, title, interest, use, possession, claim and demand at law or in equity of the said John Costigan of, in, to or out of the same and every part and parcel thereof with the appurtenances to have and to hold the said lot of land and premises hereby granted, bargained, and sold or intended so to be and every part and parcel thereof with the appurtenances unto the said John Connor, his heirs and assigns, to the only proper use, benefit and behoof of the said John Connor, his heirs and assigns, for ever—Provide d always that if the said John Costigan, his heirs, executors, administrators and assigns, shall well and truly pay or cause to be paid to the said John Connor, his executors, administrators or assigns, on the thirteenth day of September which will be in the year of Our Lord one thousand eight hundred and ninety-one, the said principal sum of three thousand dollars with interest thereon and shall also pay all rates, taxes or other charges which may be imposed on the said John Connor by reason hereof, then this Indenture shall be void; otherwise the same shall remain in full force, virtue and effect.

“In witness whereof the said the Honourable John Costigan hath hereunto set his hand and seal the day and year first above written.

“Signed, sealed and delivered }
 “in presence of }
 “(Sgd.) JAMES STRATON.

JOHN COSTIGAN.

“The amount secured by the above document has been fully paid, liquidated and satisfied and the same is hereby cancelled and made void and delivered up to the above named Hon. John Costigan.

“Dated this 2nd September, 1892.

“Witness,

“JOHN C. ARBUCKLE.”

JOHN CONNOR.

That is one part of the transaction. The Committee will please remember that I am speaking just from memory and not from any written statement. I am not at all doubtful as to the facts, but I may not be consecutive, still I want all the facts to appear. Perhaps one may be stated before the other and they may not appear in their proper order, but I want them all to be given.

By Mr. Coatsworth :

Q. You mean you may not give them in chronological order?—A. Yes.

Then I was advised—and when I say I was advised, I was seeking and inquiring what was best to be done with this property. A young man of the name of Lynch, well known here, who was considered a very reliable man, and had some experience, inter-

viewed several parties to know whether they would be willing to take stock and form a company to work this property. Mr. Brophy, of this city, went down and visited the property, and on the representation he made, it resulted, to cut it short, in a company being formed to work that property. Though the property was mine, I did not do much canvassing to get stock. I believed the property was a thoroughly valuable property, and that the investment was a safe one, but I felt a delicacy in asking anybody to take stock less they should think I was doing it more for my own sake and asking them to risk their money in my interest. The gentlemen who took stock either took it from their own personal knowledge, or took it from information derived from statements by the Hon. H. A. Connell, of Woodstock, Mr. George P. Brophy, of Ottawa, who had visited the property and examined it, and Mr. E. R. Burpee, of St. John. The company was formed. I put the property in at a valuation of \$20,000, on condition that I was to hold my stock as paid-up stock. If it turned out a success, my profits would come out of that paid-up stock. If it was a failure, I would get nothing, but the condition was that the \$3,000, the amount of this mortgage, was to be paid out of the funds of the company, and I was to transfer the property over to the company.

By Mr. Mulock :

Q. What was the name of that company?—A. The company was formed under the name of the Tobique Valley Gypsum Mining and Manufacturing Company. They were incorporated under letters patent.

On the 20th of September, 1893, I handed over this property on that agreement to the company by this conveyance:—

“This indenture made in duplicate this 20th day of September, in the year of our Lord, one thousand eight hundred and ninety-three, between the Honourable John Costigan, of the City of Ottawa, in the Province of Ontario, Secretary of State of Canada, and Harriet Costigan, his wife, of the same place, of the first part; and ‘The Tobique Valley Gypsum Mining and Manufacturing Company (Limited),’ and herein-after called ‘The Company,’ of the second part.

“Witnesseth that the said John Costigan and Harriet Costigan, his wife, for and in consideration of the sum of \$20,000 of lawful money of Canada to the said John Costigan and Harriet Costigan, his wife, well and truly paid, the receipt whereof is hereby acknowledged, have granted, bargained, sold, aliened, released, conveyed and confirmed, and by these presents do grant, bargain, sell, alien, release, convey and confirm unto the said ‘the Company,’ their successors and assigns, all that certain lot, piece or parcel of land and premises situate, lying and being in the Parish of Perth, County of Carleton, now in the Parish of Gordon, in the County of Victoria, in the Province of New Brunswick, and bounded as follows, viz: Commencing at a stake placed on the east bank or shore of the Tobique River east from the head of Island Number Six, being the first island above the mouth of the River Wapskahegan, thence south sixty-seven degrees east eighty-two chains, thence south twenty-three degrees west eighteen chains to the north bank or shore of the Wapskahegan stream, thence down said stream and up the Tobique to the place of beginning, known as Lot G, containing one hundred and forty acres, more or less, being the same property deeded by one Georgiana Wilson to one John W. Arbuckle by deed bearing date the 29th day of May, A.D. 1870.

“Together with all houses, outhouses, barns, buildings, edifices, fences, improvements, profits, privileges and appurtenances to the same belonging or in any manner appertaining and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and also all the estate, right, title, dower and title to dower, interest, use, possession, property, claim and demand, either at law or in equity, of the said John Costigan and Harriet Costigan, his wife, of, in, to or out of the same and every part and parcel thereof with the appurtenances; to have and to hold the said described lot, piece or parcel of land and premises hereby granted, bargained and sold, or intended so to be, and every part and parcel thereof with the appurtenances unto the said ‘the Company,’ their successors and assigns, to the only, proper use, benefit and behoof of the said ‘the Company,’ their successors and assigns for ever.

"In witness whereof the said John Costigan and Harriet Costigan, his wife, have hereunto set their hands and seals the day and year first herein written.

"Signed, sealed and delivered }
 "in the presence of } (Signed) JOHN COSTIGAN,
 "(Sgd.) MATTHEW F. WALSH. do HARRIET COSTIGAN."

"Canada, Province of Ontario, }
 "County of Carleton. } I, Matthew F. Walsh, of the City of Ottawa, in the
 "To Wit: } Province of Ontario, Esquire, make oath and say:

"1. That I was personally present and did see John Costigan and Harriet Costigan, two of the parties hereto duly sign, seal and execute the within instrument and duplicate.

"2. That the said instrument and duplicate were executed at the City of Ottawa, aforesaid.

"3. That I know the said John Costigan and Harriet Costigan.

"4. That I am a subscribing witness to the said instrument and duplicate.

"Sworn before me at the City of Ottawa, }
 "County of Carleton, this Fifth day } (Sgd) MATTHEW F. WALSH."
 "of December, A.D., 1893. }

"(Sgd.) W. E. HODGINS,

"A Commissioner, &c., and a Notary Public, &c."

"New Brunswick, County of Victoria, S.S. No. 7544, recorded in Book "Q" of Records, on pages 285 and 286 on the 9th day of December, A.D. 1893.

"(Signed) HARRY H. TIBBITS,
 "Registrar."

There we arrive at the stage where the company has been formed to develop this property, and the property passed out of my hands, the mortgage being discharged, and it becomes the property of the company on the conditions I have stated. There has been some talk about transferring a lease. I would like you to listen to this point. Reference is made in the newspapers, not only in one article but in several, of my transferring a lease at some time to this company or to a company.

It appeared to me the most serious part of the accusations against me although not openly stated was that although I had no lands at the time this road was started, I was shrewd and was looking forward to all these minerals being there, and that was the principal reason for pressing and getting a subsidy so as to develop the property I intended to get hold of. And to any one not knowing the geography of the country, a conclusion might reasonably be arrived at that I had secured in some way these valuable properties after the road had been started and the money voted. It is true that when I assigned a property that I bought and paid for to this company I had to assign a mining lease. Now, I want the committee just to understand why that had to be done. I bought my property—private property that had passed out of the possession of the Crown in 1837—and I paid for it, got the deed from Mr. Arbuckle, registered in the Registry Office, and the property was mine to all intents and purposes. Shortly afterwards I was notified that another party, one of the men interested in the other mineral lands—in fact one of the Tobique Valley Railway Company—had actually been to the Crown Lands Office in Fredericton and filed an application, which they contend under the law he had a right to do, for a right to mine over a little larger section, but taking in the hundred acres I had bought and paid for, principally for the value of this deposit. No one would imagine that in that country where land is cheap, I would pay \$2,500 for 100 acres of land unless for this gypsum deposit that it contained. I protested at once to the Local Government that surely they could not intend to grant a license to mine upon my private property. I was informed then that their law gave them power to grant a license to mine on private property, but that the pre-

ference was always given to the owner, and that it had been represented to them that this application had been made on my behalf. I told them at once that I had never given such authority; I might be very good natured, but I would not after I bought a property allow a person to take a license to work the whole thing. The government of New Brunswick stopped it at once seeing it was a very unfair thing to do and wrote me the form I should make, and I complied under protest under the interpretation of their Act. Sound lawyers will say they had no right to exercise any control over gypsum, although they had over certain minerals named under their Act. However I had to pay \$50 to mine over my own land that I bought and paid for. I paid that under protest. Rather than raise any conflict I paid \$50 and took out this right. It is a permit to mine; therefore, when I sold my property to this company I transferred that lease and they will have to renew it unless they test the law or the law is changed. But let me tell the committee this, that that is only an incident and does not affect the question at all. It would be more difficult for me to explain if that lease covered the Crown lands containing this valuable deposit that the province looked to for obtaining a revenue to indemnify itself for voting a subsidy. The lease in question was only a lease to mine upon my own lands and it was taken out for a certain area at a cost of \$50. The application that was put in by Mr. Stratton, I think, and for which I got a lease—covered more than my own land, but it was still more than two miles away from the Government lands above. The mining lease gives the right to mine on this land that I paid for and perhaps a few acres outside—a little square block—and does not constitute my property and never did. My property has a clear title and is a piece of real estate that I bought and paid for. That was handed over, and in giving this explanation I do not think it is very important except in so far as to prevent the conclusion that might be drawn, that I had actually leased the Government lands too, and acquired the right to mine them. The local Government did give a subsidy to that road. It carried out its promise afterwards and as I said when it voted that subsidy, it gave as a justification that it was one of the most reasonable subsidies to give, because while the province could expect no direct return except through the development of the country, and the Dominion Government generally got most of the benefit through the development—out of this road they would receive a direct return in the shape of the royalty for every ton of gypsum that was mined. A further subsidy was then granted. The subsidies that I explained before, secured the construction of the first 14 miles. Then of course, it was necessary to build another 14 miles to reach the mine. The subsidy for 11 miles further was granted. I may explain that, because the time it was granted the government of New Brunswick—or rather Mr. Blair himself—called attention to the fact, and the leaseholders of the other mine called my attention to the fact, that an 11 mile subsidy would only take the road to this property that I had acquired and if it did not go beyond that why of course, it would be giving my mine all the advantage. I saw that at once. If I had been doing it as a sharp piece of business, it would have been a very nice thing to do. If I could manage it, to get the road just to come to the property I had recently bought and go no further, it is very plain the advantage would lie with me or the owners of that property. But at the same time Mr. Blair pointed out that if that were the intention it would take away from him any justification for granting the subsidy because he might naturally say, "The subsidy from this province is not to develop a mine for you. It is to develop provincial mines." Some of the friends here in connection with the Tobique Valley Railway called my attention to the fact. Well, I said: "I will explain that to you in five minutes. We have a certain amount. We can give a certain amount of aid to railways in New Brunswick. We have a certain number of roads that deserve encouragement and we have to give a portion this year, and a portion next year, just according to the resources at our disposal." To make up a fair proportion in that district we could not get more than eight or ten miles, or twelve miles perhaps at the very outside. To get the whole fourteen miles would have been more than the proportion, and some other road would have to go a few miles short. As they were still under contract for the first fourteen miles, and that would take a year to complete, they could not require either the subsidy for eleven miles or fourteen miles, nor the subsidy they were getting from the Local Government for another year, and I stated to Mr. Blair and

to the other friends that I hoped they would not think there was any intention on my part to do what I would call such a dishonourable thing as to use my position to get a subsidy just for my own advantage and block out the others. That would place me in a very awkward position. They accepted that in very good faith. Immediately afterwards at the next session out of the other subsidy that was voted, we got a subsidy for the other three miles. It was in plenty of time, because the original fourteen miles could not be completed, nor the last fourteen miles could not be commenced that year. So that the additional remaining three miles was voted quite early enough not to interfere with or delay the construction of that road, and it did not. The fourteen-mile road was completed.

I do not know from memory that I need state anything more. These are the facts. The company was formed to work out this mine. I hold still some \$14,000 of that stock. I received no money out of the company except the money to pay off the liability on the property when I handed it over. I thought the stock was very valuable. I think it is good stock yet. A mill has been built, a very fine mill. It is not running just now—the market is limited—but there is a fair prospect of doing a paying business on a reasonable scale. It may develop in years.

To resume, the subsidies granted to the Tobique Valley Railway were granted for the construction of a public work. As a representative of my county, I say on my oath I had no other object in pressing for the granting of that subsidy and the construction of that road than the discharge of a duty that I believed I owed to my constituents honestly and fairly. The subsidy was granted in the same way as to other roads. The road is an important road.

Now, I may mention one more point, because that question has been raised, and I will be done. Attention has been called to the fact that the road is not operated, and it has been argued that if it was a sufficiently important section of country to put a road through, there is therefore the more reason why it should be operated. I will give you a few facts with regard to that. I want to place the committee in possession of all the facts that I know, though it will perhaps be more convenient for members to ask further questions in order to get any information they require. The reason the road has not been operated begins in this way. I told you of the financial difficulties of the company. They made a contract with Mr. Kitchen to complete the last fourteen miles of the twenty-eight. He executed his contract. They were embarrassed, they could not operate the road, and they delayed. My constituents complained. In the fall of the year the lumber interest had arranged to carry their supplies by contract with men with teams over the 28 miles, but they were expecting to get their supplies round by the Canadian Pacific Railway and then by this branch, which would be a great advantage to them. This stoppage of the road was a great inconvenience to these lumbermen generally and to the settlers on both sides of the river. In the meantime an arrangement had been made for the leasing of this road to the Canadian Pacific Railway Company, and it was confirmed, as I stated, by an Act of Parliament. The lease provided that the Canadian Pacific Railway should take that road over and run and operate it, and on their part they were to deliver the road in good running order. The terms will appear in the Act. The first fourteen miles that was constructed they used during the construction of the last fourteen miles, and some years had elapsed. Naturally the first fourteen miles, which, as I stated before, was very expensive to construct, and more expensive to keep up than the other, has got out of repair and out of order considerably. The Canadian Pacific Railway sent their engineer over the road before they would consent to take it over. He reported that it would take about \$7,000 to put it in order. I think \$7,000 was what the Canadian Pacific Railway offered to take in cash instead of obliging the Tobique Valley Railway Company to put it in repair. They said: "It is not in a condition to be taken over, and we are under no obligation to put it in repair. Either put it in repair and hand it over to us, or if you cannot, we will do the necessary work, and you shall give us \$7,000." The Tobique Valley Railway Company did not raise the \$7,000. The delay went on and I felt it was a very awkward position for my constituents and myself that this road should not be operated after it had been constructed. I applied for information to the Railway Department, and got the information necessary to know what steps should be taken. I put the machinery of the law into operation,

and the Tobique Valley Railway Company were summoned before the Exchequer Court to give reasons why they were not operating the road. They came here, and they then got a delay of a certain time to complete their arrangements under that lease with the Canadian Pacific Railway.

The Canadian Pacific Railway modified its demand to a payment of \$2,000, or \$3,000 cash and a pledge from the Tobique Valley Railway Company that they should be allowed to recoup themselves for the balance of the \$7,000 out of the percentage of the earnings that under the lease they were to give to the Tobique Valley Railway Company. That arrangement was agreed to, and everything was satisfactory as I thought. They had to get the authority of the company to hold that payment. The Canadian Pacific Railway then reported that all the titles for right of way were not placed in their hands, that the Tobique Valley Railway Company had not secured titles though they might have satisfied the claim. They were then asked to secure titles for the right of way. The last was from the Indian Department, the line crosses a piece of their reserve. That was about a month ago, and I was informed that everything had been complied with, the lease would be executed, and the Canadian Pacific Railway would engage to run the road. I have no doubt at all that when the lease is completed—and it ought to be ready for completion now—that the Canadian Pacific Railway will do as it does with its branches generally, operate that road, because it is in such an important section of the country. That is the reason of the delay, a delay as unpleasant to me as to any person in the country, a delay most unsatisfactory to me and to my constituents, for we are most interested in the road. I give you that explanation of the delay.

I do not think it necessary to make any statement now other than that I have made. I have made that statement frankly and honestly, believing it to be true in every respect, and if the committee or any member of the committee wish to ask any question on any point as to which he is in doubt, or for any other reason, I will be most happy to give him any further information that I can on the subject.

By Mr. Lister :

Q. There are one or two questions as to which I should like to have a little further information. Perhaps I did not understand them thoroughly in the course of your narrative. What is the total length of this Tobique Valley Railway?—A. Do you mean already constructed?

Q. Not the total length constructed, but the total length authorized to be constructed?—A. You are speaking now of the charter under which it was constructed.

Q. It was chartered by the Nova Scotia Parliament?—A. By the New Brunswick Parliament. It was chartered for the construction of a road from Tobique to connect with the proposed road—that was the intention, I do not know whether it is the exact wording or not—that would run from Campbelltown across to Grand Falls.

Q. What would be the length?—A. That would involve the construction in all as near as I can judge of about 90 or 100 miles or perhaps 80 to 100 miles.

Q. Then there was a subsidy granted, as I understand it, of \$3,200 a mile for 28 miles?—A. 28 miles, yes.

Q. It was found that owing to the difficulties of construction the amount of the Dominion subsidy was not sufficient?—A. Yes.

Q. The authority was then taken to apply the total subsidy of \$3,200 a mile to the construction of the first 14 miles?—A. What does the hon. gentleman mean by authority?

Q. Statute, I suppose?—A. Yes, parliamentary authority.

Q. Parliamentary authority?—A. The subsidy was voted by Parliament.

Q. Instead of for the whole 28 miles it was allowed to apply to the first 14 miles? That was the way it was done?—A. Yes.

Q. Then the 14 miles I suppose were constructed?—A. There were undertaken and construction was commenced, but as I have stated the company got into financial difficulties before they completed their contract.

Q. Before the first 14 miles?—A. Before the first 14 miles.

Q. Did the New Brunswick Government also grant a subsidy for those 14 miles?—
A. Afterwards.

Q. And before their completion?—A. I would not be sure whether it was before its completion. They entered into the obligation. I don't know when it was paid. I would not be certain about it.

Q. It is no consequence. Whatever the subsidy of the New Brunswick Government was it was to apply to the first 14 miles?—A. No, I think not, and that I do not care about discussing, because it is a question of policy of the New Brunswick Government. I tell the hon. gentleman this from memory that I think there was a block sum granted by the Provincial Government, and it was a question that I heard discussed by the company and some of the friends of the Government as to how that should be applied; whether it should be applied to the upper portion of the road that was not commenced or whether it should be divided in a certain proportion between the first 14 miles and the last 14 miles.

Q. How much was it?—A. I don't know that either, because we had no control over that. It was a local subsidy that was dealt with between the company and the local government.

Q. Now you found, or it was necessary as a matter of fact to come back to the Dominion Parliament and to ask for a further subsidy for the Tobique Valley Railway?—A. Yes.

Q. You remember when that was, Mr. Costigan?—A. It was at the next——

Q. I think it was in May, 1890?—A. For a further subsidy?

Q. A total subsidy of \$35,200?—A. A bulk sum.

Q. A bulk sum?—A. What would that cover?

Q. I do not know?—A. That would be about 11 miles, I suppose?

Q. About 11 miles?—A. Yes.

Q. When that subsidy was voted in May, 1890, had any portion of the Tobique Valley Railway been completed?—A. In 1890?

Q. In May, 1890?—A. I think it was about completed, I would not be sure.

Q. That would be the 11 miles?—A. No.

Q. Then you think that when the subsidy of May, 1890, was granted, the first 14 miles would be about completed?—A. No. They had had that financial break and I think about that time Kitchen took the contract to complete their contract and was going on with it.

Q. Their work would be about 14 miles?—A. Originally the contract was 14 miles and the first contractors failed to complete it, and Kitchen was the second contractor that undertook and did execute the work, but it was not executed at the time this subsidy for 11 miles was granted.

Q. No. Then did that \$35,200 apply to the first 11 miles or was it to be applied to the rest of the road?—A. That \$35,000? The Dominion had no further right nor could it be asked to grant any more to the first 14 miles.

By Mr. Davies:

Q. You got a double subsidy on the first portion?—A. Yes.

By Mr. Lister:

Q. A double subsidy on the first 14 miles and \$35,000 in addition?—A. No, not all on the first 14 miles. The first 28 miles had \$3,200 a mile. At the next session of Parliament that subsidy was changed so as to make the subsidy for the 28 miles applicable to the first 14 solely.

Q. Yes, exactly?—A. Or giving a double mileage rate. That left nothing for the other 14 miles. Then the \$35,000 bulk sum was to aid the construction of the upper 14 miles to the extent of 11 miles of the next 14.

Q. That is what I wanted to get at. Then the \$35,000 was for the next 14 miles?—A. For 11 miles of the next 14.

Q. And I suppose the grant of that \$35,000 it was understood would have the effect of securing the completion of the 28 miles?—A. No.

Q. Well what?—A. It would tend towards it. It was a recognition of the road. It was getting a portion of the subsidy, and as I stated before, if there was a contract entered into I do not know what position we would be in with regard to the other 14 miles or the balance remaining to be constructed under our first scheme as the principal portion of the undertaking originally.

Q. Well, as a matter of fact, the road was constructed for 28 miles?—A. Finally.

Q. Finally?—A. Yes.

Q. That would include the \$35,200, the subsidy of \$6,400 and whatever was received from the New Brunswick Government?—A. Yes, that is it.

Q. These and whatever private funds were put into the enterprise to construct it?—A. Yes.

By Mr. Davies :

Q. Were there any private funds that you know of?—A. Yes, I think I mentioned Mr. Simeon R. Jones. I think he advanced very largely on bonds or something.

Q. On bonds?—A. He holds bonds, I think.

By Mr. Lister :

Q. Now, that subsidy of \$35,200 was asked for in the House on the 12th May, 1890, Mr. Costigan?—A. Perhaps so.

Q. It appears by the records?—A. I do not dispute that.

Q. I suppose that is correct? Then on the 13th May, the Government asked Parliament to grant \$35,200 to this railway, one day after you had become the purchaser of the property, as I understand it. Will you look and see?—A. 12th May, 1890, that is the date of the deed.

Q. The conveyance to you of this particular property was made on the 12th May, 1890? You became the purchaser of it at the price of \$2,500?—A. Yes.

Q. Then on the 13th May, 1890, the Government asked Parliament to grant a further subsidy to the road of \$35,200. That is correct?—A. Yes.

Q. One day after your purchase?—A. You are reading from the records, I suppose, I have no reason to doubt that.

Q. Yes, I am taking the Parliamentary record. Of course you, as a member of the Government, knew at the time you made the purchase of the failure of the company to construct the road, on account, I suppose, of the inadequacy of the bonuses? You knew, I say, that the Government had decided to grant a further subsidy of \$35,200?—A. No. I would like to answer every question that my friend puts, but I would like him not to put the question in such a way that an affirmative answer would be misleading.

Q. Well, I would put it in this way, Mr. Costigan.—A. I will give my own answer.

Q. Give your own answer. I do not want to embarrass you. Did you know prior to the 13th May, the day when Parliament was asked for the grant of this bonus, that the bonus was to be granted?—A. I took it for granted, of course, like any other item in the estimates proposed to Parliament which would likely be voted. There is not much doubt about that.

Q. So that at that time, of course, you were aware that the road was to get a further bonus?—A. What I did not like, Mr. Lister, was this, that you coupled it with the inquiry: "Did not you know at this time just when you became purchaser of this property, that Parliament was to be asked for a subsidy, and you knew that the road could not be built on account of the inadequacy of the aid they were getting, and that this \$35,000 was to end it all." I did not know anything of the sort. I knew I had purchased the property. I knew that Parliament would be asked for, and would likely vote, that \$35,000 for 11 miles, at the upper end of the 28 miles. I knew also that Mr. Kitchen was completing his contract, and would complete it under the subsidies granted, as they were perfectly adequate, and that this \$35,000 was just exactly in line with the policy before adopted, that this Parliament had subsidized 28 miles out of the whole lot. That

subsidy was changed because it would not secure the construction of one mile, and they put the subsidy on the first 14 miles. That went on, and they went on and got the 11 miles constructed, because it could be constructed under the ordinary subsidy, being the ordinary class of work.

Q. The point is this, that the day before the Government asked Parliament to vote this \$35,200, you became the purchaser of the Arbuckle property?—A. I became the purchaser of the Arbuckle property on the 12th of May.

Q. And the Arbuckle property was a property that had been owned by Mr. Arbuckle for 30 years?—A. I do not know. He had worked it for 30 years, and I suppose he must have owned it.

Q. Which of the property had been leased by the Government to a company?—A. You mean the Crown lands?

Q. It was leased to a company?—A. Yes.

Q. Then do I understand from your statement that the only part of the gypsum property in that section not controlled by this company was the property purchased by you from Arbuckle?—A. You are speaking of the other gypsum company that had the lease.

Q. That had the lease?—A. Not the railway company.

Q. Not the railway company?—A. They controlled all the Crown lands. They controlled also what was known as the Edgar lot, that had been mined for gypsum too, which was private property, right at the terminus of the road, where the government property lay. I think there were four lots above that, gypsum lots held by private individuals above the terminus of the road.

Q. Above the terminus of the road?—A. Yes.

Q. But the question I am asking you is whether all the property in the vicinity of the road, with the exception of the Arbuckle lot had been leased by the Government to this company, that is the question, with the exception of the Arbuckle lot?—A. No, there were two or three lots they could not lease.

Q. Beyond the road?—A. Beyond the road.

Q. You said four miles beyond the terminus of the road, did you not?—A. No, I did not say four miles. All these lots lay close together near the government lots. They have sold one or two at the upper end, and they have leased the rest.

Q. Then with the exception of one or two which the government sold, the company held the bulk of the land?—A. Yes, that was my statement.

Q. Then how much did this Tobique Valley Railway Company receive altogether in bonuses from the Dominion Government?—A. Well, I have never figured it up. I have not disputed the figures there. \$130,000 may be correct or it may not. I did not look into it. That could easily be ascertained. They received \$3,200 a mile for the whole 28 miles, and they received \$3,200 additional for the first 14 miles. That would be 28 times \$3,200 and 14 times \$3,200 added together.

By Mr. Mulock:

Q. \$134,000?—A. I suppose that is correct.

Q. At the time you submitted the proposition to government, you represented, of course, that the construction of the road would develop the plaster deposits in that section of the country?—A. When the first application was made?

Q. Yes, when the first application was made?—A. Yes, when the first application was made that was stated in the petitions that came to parliament, and in the applications to the New Brunswick legislature.

Q. It was stated here by you?—A. Yes, and in the petitions. I referred to the petitions.

Q. The petitions were also submitted?—A. Yes.

Q. Were any statements made about it when the further subsidy was asked for?—A. I do not remember.

Q. You do not remember that?—A. If it was necessary to give any reasons, very likely that reason would be given, because that was one of the largest items of traffic.

Q. Well now, on the 25th September, 1891, you asked for the renewal of the original subsidy of \$89,600. That would be in 1891?—A. In 1891.

Q. Yes, the 25th September, 1891?—A. What do you mean by the renewal of the \$89,600.

Q. \$80,600. It had lapsed?—A. I suppose it had simply lapsed, and it was to keep it from expiring. The road was under construction.

Q. That was after you purchased the property?—A. Yes.

Q. The subsidy had lapsed, application was made to Parliament for a renewal of the subsidy, and you were asked by Mr. Mulock "Who are the owners of the plaster deposits." Do you remember that, Mr. Costigan?—A. I do not recollect.

Q. It will be found on page 6139 of Hansard of that year?—A. I have no doubt of it.

Q. And in answer to that question you say this: "The New Brunswick Government are the principal owners, and that is the reason the local subsidy was granted. I believe some private persons have one or two lots"?—A. That is strictly correct. I would consider that strictly correct from my memory.

Q. One of the one or two private persons that owned some of the lots was yourself?—A. Evidently, according to the dates given.

Q. Then the property was purchased by you, you say, for \$2,500. That was the original purchase price?—A. Yes.

Q. And afterwards a joint stock company was formed in which you were to receive \$20,000 worth of the stock?—A. \$20,000.

Q. You were to get \$20,000 worth of the stock?—A. For the property.

Q. And the company was to assume payment of the mortgage which you had given?—A. No.

Q. You were to pay the mortgage?—A. They gave me the money and paid the mortgage out of the \$20,000.

Q. So that that would leave you?—A. \$16,500.

Q. For which you hold stock?—A. Yes.

Q. Now can you tell me the total shares in that company? Are 250 shares subscribed?—A. They are \$100 shares. The authorized capital under the charter is \$50,000. There is \$31,900 paid-up stock.

Q. That would include your \$20,000?—A. Yes. There is \$18,100 undistributed stock held by the company.

Q. The total number of shares subscribed is 250?—A. They are \$100 shares.

Q. That would be 250, Mr. Costigan, would it not?—A. Perhaps so. No, 250 would be \$25,000 would it not?

Q. Yes. But in the original application—the original stock list—filed with the Department, the number of shares subscribed for is 250?—A. Oh, that may be, yes.

Q. Fifty per cent of the whole thing?—A. Yes.

Q. And you appear there to have been the holder of 225 of these shares?—A. That may be of course.

Q. This stock list still stands in the same position?—A. I asked the secretary to give me a statement and this is his statement: "Authorized capital \$50,000, paid-up stock, \$31,900; undisposed of stock still held by the company \$18,100; stock held by myself, \$14,500." I have disposed of \$2,000 of the stock. That is held by others, but the statement is correct. What I originally held was \$16,500.

Q. You told us already that Arbuckle became despondent about the road ever being completed?—A. I never saw him, but I suppose that is what I heard.

Q. That is what you heard?—A. That is what I heard.

Q. And when asked as to whether you would give \$2,500 for the land, you completed the purchase?—A. I said so at once.

Q. How long would that be before you got the conveyance?—A. Oh, it would not be many days, because I knew if I did not buy it some one else would.

Q. Well, I suppose the effect of the construction of the road was to enhance the value of these gypsum beds very materially?—A. Yes. I am quite willing to admit that the gypsum deposits there would not be of any very great value unless the road was constructed.

Q. Then, as matters stood at that time, would \$2,500 be a fair price for the property?—A. \$2,500?

Q. And not knowing, of course, that the road was to be finished?—A. \$2,500 would never have been a fair value for the property if you gave any consideration to the deposits of gypsum. Unless you calculated the extra value of this deposit it would not be worth a quarter of that money as farm land or for any other purpose.

Q. Calculating at that time and assuming no road was to be built, would \$2,500 be a fair consideration for the land? Including its value on account of farming as well as gypsum beds?—A. Well, the man might be satisfied to take it or he might ask more. I would not give any more for it.

Q. You considered it was worth that at all events?—A. I considered it was worth more because I had no money to purchase. I was not a speculator and I had no means to invest in that way.

Q. You considered it a bargain?—A. I considered it was a very advantageous offer, and I had just as good a right to take advantage of it as my friend here or any one else.

Q. Assuming the road would be completed?—A. I had no doubt about the road being completed.

Q. You had no doubt about the road being completed at all?—A. No.

Q. Well, then, the completion of the road, I understand you to say, would enhance the value of this property very materially?—A. I can have no doubt about that. No one could pretend that it did not.

Q. Would you consider it increased the value \$20,000?—A. I consider it would increase the value to more than that, but I might be mistaken.

Q. Then what I understand you to say is—A. The road is completed now and I cannot sell that stock for what I could first sell it.

Q. We are talking about things as they were then. The completion of the road meant that the property would at least be worth \$20,000?—A. The completion of the road made the property valuable. I know what the hon. gentleman's meaning is and I am glad to enlighten him. The property would not have had any extraordinary value beyond the minerals that would be perhaps difficult of access, and the completion of the road no matter who owns this land, made it most valuable. As far as the hon. gentleman can connect me with this matter, I tell him the road enhanced the value of the land.

Q. You have already told us you consider the lands after the completion of the road to be worth more than \$20,000?—A. I thought that the lands would be very valuable if properly worked, and I think so still.

Q. The answer you gave, and I only want to know whether you adhere to it or not, was as to how you understood the facts at that time?—A. Yes.

Q. Would the completion of the road make the lands that you purchased for \$2,500 worth more than \$20,000?—A. I could not place any exact value any more than you could, Mr. Lister, upon mining property, but I tell you this, frankly and honestly, if I did not think the road would have been completed, I would never have bought the land; and I tell you honestly I bought the land because I believed the road would have been completed, and I tell you honestly that the value of the land would be very greatly enhanced by the construction of the road. That is as much as I can tell you.

Q. You have told us you thought it was increased more than \$20,000?—A. It is in connection with the price given by the company for it. I thought \$20,000 was a fair value and I accepted it for that.

Q. You thought \$20,000 a fair value?—A. Yes.

Q. And in addition to that you had the large profits you would have as a stockholder in the company?—A. Those were prospective.

Q. If a money offer of \$20,000 had been made to you for the property would you have accepted it at the time?—A. Very likely.

Q. Before the formation of the company?—A. If you had offered me \$10,000 I would have taken it, and thought you were getting a bargain, but you would have had to form a company and to have developed the property.

The Committee adjourned.

COMMITTEE ROOM No. 49,

HOUSE OF COMMONS, 11th July, 1895.

The Committee met.

Hon. JOHN COSTIGAN re-called and further examined.

By Mr. Mulock :

Q. Mr. Costigan, the first Government bonus of \$89,600 lapsed, if I remember rightly, and was renewed in 1891?—A. I admit any statement the hon. gentleman makes, presuming he has taken it from the record. There is no point in it.

Q. Wait till I see if I am right on that. The first Government bonus was a bonus of \$89,600, \$6,400 a mile?—A. The first vote was a vote of that amount of \$3,200 a mile for 28 miles.

Q. And they doubled it up, giving the same amount for half the line?—A. On half the line, at the next session of Parliament.

Q. At the next session of Parliament?—A. Yes.

Q. Well, tracing it down historically, I find it does. The first bonus that was availed of was the result of the vote of \$33,200 in 1890, because you will find that in 1891, on the 25th of September, 1891, the House voted \$89,600, which was a revote?—A. Before I answer that I wish to say that I am sorry I cannot place myself in the position that my friend seems to think that he is justified in taking. I cannot plead or argue. I have come here to give my statement of facts.

THE CHAIRMAN.—You have a right to give your statement in the fullest way and with the fullest explanations.

MR. MULOCK.—You can frame your answer as you like.

MR. COSTIGAN.—Yes, but the question you put to me stated as a fact that the subsidy which was first voted for 28 miles was doubled up. Then you say the first subsidy that was availed of was that for the first 14 miles or for the 11.

MR. MULOCK.—Please do not wander away from the question.

MR. COSTIGAN.—I think you will admit that I have a right to make a statement in my own defence. If you judge from the heading in the newspapers, stating that certain things have been proved, it would lead to a very wrong impression. The argument, if there is anything in it is this, that all the other subsidies had expired and died, and the first subsidy availed of was this which was granted, as you say, one day after I purchased the Arbuckle property.

MR. MULOCK.—We shall not get on by argument. Please answer the question.

MR. COSTIGAN.—But you will admit that I have a right to make an explanation. My answer is that that was not the first subsidy availed of, that though the subsidy alluded to expired, as several other subsidies had expired, that they were renewed—I suppose that is the proper term.

MR. MULOCK.—Revoted.

MR. COSTIGAN.—That they were revoted by Parliament, and that long before this subsidy you allude to was granted this road was under contract.

MR. MULOCK.—These are all matters of explanation and argument. I am not wanting to misrepresent you. I am just wanting to take it historically, and you can add any explanation you like.

MR. COSTIGAN.—That is my answer.

By Mr. Mulock :

Q. The first question, I put to you, is this. What was the first money derived by this railway from a vote of Parliament? For your recollection I would say the original vote of \$89,600 lapsed. Admitting, of course, that the work was under contract at the time, and that Parliament was simply formally revoting the subsidy, it had lapsed?—A. Yes.

Q. And historically—I am just taking it chronologically now.—A. Well, now, I will answer your question.

Q. I find the first vote that went into the treasury of this company was this \$35,200 vote in 1890?—A. I think that must be wrong. I will tell you the reason. I have had nothing to do with the payments. I did not follow the payments. My impression is that must be wrong, because the road was under contract and the first few miles begun.

Q. Have you got “Hansard” for 1891?—A. If the hon. gentleman does not mind me depending on my memory, my impression is that it was not the first contract, that the road was under contract, partly constructed, and completed afterwards on the vote of that \$89,600, that that must have been the first money used to pay for the construction of the first 14 miles, and that the first 14 miles was constructed and completed before the second 14 miles was in a position to claim any portion of the second vote.

Q. On the 25th September, 1891, if the “Hansard” was here you would find it as I state, the House voted \$89,600, being in lieu of the previous subsidy of that amount?—A. Yes.

Q. Now, there was only one previous subsidy of that amount?—A. That is all—I beg your pardon.

Q. There had been one previous subsidy prior to September, 1891?—A. You have that in my statement and your own. As I said before, there was only one subsidy of \$3,200 per mile for 28 miles, but at the next session of Parliament that grant was made applicable to the first 14 miles.

Q. And that subsidy of \$6,400 per mile amounted to \$89,600?—A. Of course.

Q. And there was only one such vote? That one lapsed and the other took its place?—A. Yes.

Q. Then the vote of 1891 of \$89,600 was the only \$89,600 voted to the company?—A. There was no other money. It was confirming or extending or continuing the same amount of money, only it was to be paid on that shorter distance.

Q. We will admit that the enterprise was under way at the time?—A. Yes.

Q. Then I want to go back to it historically. The first vote that did not lapse, that went into the treasury of the company, was the vote of \$35,200 in May, 1890?—A. Yes.

Q. And the then current vote of \$89,600 having lapsed in 1891 was revoted in September, 1891. Is that what you understand?—A. I would not object to that statement as being contrary to the fact. It is very likely, because it means this: It means that the original vote was first changed to a vote of the same amount to be distributed on half the distance.

Q. I will let you have the “Hansard,” and then you will see whether I am in error. I only want to be just historically?—A. I think I understand the question that the hon. gentleman is asking.

Q. See here is the resolution on page 6139 of the “Hansard” of 1891:

“To the Tobique Valley Railway Company, for 14 miles of their railway, from Perth Centre Station towards Plaister Rock Island, in lieu of the subsidy for a like amount granted by the Act passed in the session held in the 50th and 51st years of Her Majesty’s reign. chapter 24, a subsidy not exceeding \$6,400 per mile, nor exceeding in the whole \$89,600.”

That was the resolution under which that \$89,600 was paid to the company?—A. Yes, I suppose it was paid under that resolution.

Q. And then what was the third grant or bonus?—A. The third grant—three miles further.

Q. \$3,200 a mile?—A. Yes.

Q. What year was that voted?—A. It must have been next year I suppose.

Q. It is immaterial?—A. It was the next year that any subsidies were voted, I know that.

Q. Well, Mr. Costigan, only one question more. I asked you here at the time this subsidy was voted, on the 25th day of September, 1891, when Parliament was being asked to make that revote—you spoke in support of the resolution as appears in “Hansard”, page 6140, and here are your remarks:

"I can, perhaps, give some information in regard to this railway. The subsidy was originally granted for the construction of 28 miles from Perth Centre Station to what was known as the Plaister Rock Island, where there is an inexhaustible deposit of gypsum. A memorial was sent in favour of it from people in the Province of Quebec as well as people in the Province of New Brunswick. So that the road is not a purely local road, and it was on this ground that the subsidy was granted. It runs through an excellent agricultural country, though the great object is, of course, to develop these immense deposits of gypsum. The Legislature of New Brunswick has granted \$70,000 to this railway. Fourteen miles have been put under contract, and the contract is about completed, so that nearly all the subsidy has been earned."

That is the explanation you made to accompany this revote?—A. I am satisfied that statement was made in good faith.

Q. No doubt. Mr. Mills, of Bothwell, asked: "Is this called the McAllister subsidy?"

"Mr. Costigan—I never heard that name applied to it."

"Mr. Mulock—Who are the owners of this plaster deposit?"

"Mr. Costigan—The New Brunswick Government are the principal owners, and that is the reason the local subsidy was granted. I believe some private persons have one or two lots."

Now, were you not one of the private persons who had one or two lots?—A. By the statement made the other day, and the facts brought out, that on a certain date, the day before the discussion in the House, I was constituted the owner by deed and by telegraph, I must have been one of the owners. That statement was perfectly true.

Q. Then why did you not give your name to the House at that time?—A. If I was the owner, and I don't dispute it from what the honourable gentleman has said,—

Q. It is not from what I said, it is from what you know?—A. I would not have known it until you called my attention to it.

Q. But this is a year afterwards. Remember this is not May, 1890. This is in September, 1891, I asked you the question. You bought the property in May, 1890?—A. Yes.

Q. And in September, 1891, you advocated the granting of a bonus or the revote?—A. Yes.

Q. And in support of that application you told Parliament that the principal owners were the Province of New Brunswick and one or two private persons owned land?—A. And the answer was absolutely correct.

Q. Yes, but do you not think when you are advising Parliament and you being one of these two persons owning land, you should in candour have given that answer? A. I stated under my oath that I did not then, nor do I see any reason now why I should volunteer the statement that I was the owner by an honest purchase of a piece of private property that I had a right to buy independent of the existence of the hon. gentleman and Parliament itself.

Q. Nobody is questioning your right to buy the property?—A. If you had gone further, Mr. Mulock, when you made that statement and asked me "do you know who the owners are? Are you one of the owners? Can you tell who the owners are?" Then if I were an owner I would say, Mr. Mulock, I own one of those lots."

Q. When you were asked who the owners of the property are, you did not give your own name as one?—A. No, I did not volunteer that.

Q. No, you did not volunteer that, and yet you were, as a member of the government, advising Parliament to support that vote?—A. Does the hon. gentleman himself think I had any unworthy reasons for withholding it?

Q. It may have been an accident. I think you should have given the answer to Parliament?—A. I do not plead it was an accident at all.

Q. When you were asked who were the owners of that plaster deposit you did not say you owned part of that property and there is the responsibility I attach to you. You ought in candour to have stated it, and it is a matter of comment?—A. I am very sorry if I have been the means of leaving my hon. friend in a position to shake his confidence. I still adhere strictly speaking to the truth. I feel no conscientious scruples for having made that statement, as it appears there. I feel that I was not withholding any

truth, I was shirking no responsibility, and I still adhere to the statement that that statement was made in good faith.

Q. Of course, it might be an accident or an oversight?—A. I do not plead it was any accident. I want the facts to be brought out for whatever they are worth. I am responsible to the fullest extent for any fair interpretation that may be put upon my actions.

Q. There is nothing gained by our arguing?—A. There is nothing, and I do not want to argue. Let other people argue for me if they can.

Q. The facts are, that at that time you were the owner of one of the properties?—A. Evidently I was the owner of 100 acres of land not at the terminus of the road, not of the principal deposit at all, as has been indicated. I have explained that before that the Government deposits, with the exception of a couple of lots, were at this Plaster Island. The Government of New Brunswick controlled the whole of it, either themselves or had let it to New Brunswick gentlemen on lease.

Q. We have had that all before.—A. I hope the honourable gentleman will not complain I ask no favours from the honourable gentleman, but I ask the treatment of a gentleman.

Q. I am examining you as a witness. You can lecture me some other time.—A. No, I am trying to state this as a witness, and I will try and be careful not to state anything that would not be considered binding upon me as a sworn witness. I will call the attention of the honourable gentleman to the fact that I am sworn, and I hope he will not forget that. He is not sworn, and in putting his questions, or as to any inference he may draw in putting them, I hope he will treat me fairly.

Q. I am anxious to do this with absolute fairness and it is a very great disappointment and surprise with respect to a matter to which I attached a great deal of importance, to learn through these newspaper articles—that was my first intimation—that you had an interest in this property and had not given that answer to me when I asked you, because as a member of the Government, asking Parliament, in the public interest, to grant money, it seems to me Parliament should know the exact position that such a gentleman is in. He has a right to have a private interest, but in that case it would be better if Parliament knew it, so as to understand how far to be governed by the advice given. That is a matter of comment.—A. That is a matter of comment. Mr. Chairman, I am a voluntary witness, making a statement here. I told you I would not extend that statement further than was necessary. At this stage I must make a short statement. I am sorry my honourable friend was surprised I did not volunteer this information.

Q. No, you were asked it.—A. If you will excuse me, now I will make my statement very short. I am sorry my friend is surprised and disappointed I did not make that statement at the time. There might be an impression created outside that does not exist now, that I came to Parliament a member of the Government having recently purchased 100 acres of this mining land, the value of which would be increased by the construction of this road, and having so purchased that land I came before the House and pleaded for a subsidy for that road. The policy of the subsidy for that road, as I have shown you, was decided when the whole 28 miles were subsidized. The policy of the building of that road was fixed when that subsidy was changed so as to insure the construction of the first 14 miles. The policy was insured and justified by the province when they gave provincial aid, and in a further statement that I make under oath I say that that did not influence me one iota in my advocacy for a subsidy, and if I did not own one inch of land there I would have advocated that subsidy, as I felt bound to advocate as a private member or otherwise representing the county, the further subsidy, and my constituents know it. I wish to make the further statement in contradiction to an impression that has been created on account of the answer I gave the other day, that I got this property because there was no hope of any one knowing he could get it at a low price and the moment I got it, then I got a vote that would secure the construction of the road. I stated the owner of the property seemed to be discouraged at the delay, but there was not a man, even my opponents in the constituency, that had any doubt of the construction of the road. I think that is all I need to say on those few points.

Q. Can you say why the road is not in operation?—A. Did the hon. gentleman hear my explanation on that point, because I volunteered that too.

Q. You have covered that?—A. If you want any further information I will give it to you.

Q. I was not present?—A. I covered it just from memory. If the hon. gentleman wants any further information I will answer him on that point.

Q. One other question. What part did you take in getting the third subsidy?—A. Do you call the last three miles the third subsidy?

Q. Yes.—A. The subsidy for the last three miles was given as a matter of good faith. The Government was pledged to it, because the subsidy for the eleven miles was given by them, knowing that it would not complete the second fourteen miles. The amount was so small that year that all subsidies had to be given in proportion to the claims made, but the granting of that eleven miles implied, and assurances were given, that the other three miles would be given whenever subsidies were again voted by Parliament. That pledge was given, and the subsidy for the three miles was granted when the other subsidies were voted.

Q. I am asking you what part you took in promoting that grant of \$3,200 for the last three miles?—A. I cannot remember the last movement or the last argument, but I will admit that I took the fullest part that a representative of that constituency, interested in that part of the country, could take and from that motive, entirely independent of any money considerations or money interest.

By Mr. Sproule :

Q. That was your own constituency?—A. Yes.

By Mr. Mulock :

Q. When that vote was asked from Parliament, did you at that time inform Parliament that you were interested in the property?—A. Not unless I was asked.

Q. There is no record of it.—A. I do not pretend that I volunteered the information. I do not think it was the business of Parliament and I do not think it was yours.

Q. Did you inform your colleagues in Council?—A. I do not think I informed them, because it was none of their business any more than it was yours.

By Mr. Lister :

Q. You told us the other day that the New Brunswick Government had granted a lease to a company of all the plaster deposits that had not been sold or granted by the Government to private individuals?—A. That is my impression. That is my conviction.

Q. And you have also told us that the plaster deposits granted by the Government, or rather leased by the Government to a company—that the railway company was interested in these leases, the Tobique Valley Railway Company?—A. Will my friend Mr. Lister allow me to make one statement, and it will assist him in putting questions so as not to cause confusion. In the first place, there was the Tobique Valley Railway Company controlling and pushing on that work, and dealing with the Government for subsidies to aid them in the construction of the road. Then, besides that, there was a company—I suppose they were organized, I do not know—but there were several gentlemen banded together, either by charter or letters patent, I do not know which; at any rate, there were several individuals interested by a lease they had obtained from the Local Government for the privilege of working these gypsum lands. That covered the Government lands, I think all that they controlled. Now, that may be called another company.

Q. What was the name of that company?—A. I do not know, unless it would be a mining or gypsum company. I do not know. Then when you speak of the Tobique Valley Gypsum and Mining Company, that is the company, the last company formed, that purchased my private property. Now these three are distinct.

Q. I understand that, Mr. Costigan?—A. Now another point. I want to show you where the connection is, but I do not want any confusion. The Tobique Valley Rail-

way Company were the company constructing and owning and controlling that road. The second company that I alluded to were the holders of a lease from the local Government of the Crown lands.

By the Chairman :

Q. At the terminus?—A. At the terminus. Some members of the Tobique Valley Railway Company took shares or bought stock of this leased Government property. Therefore some of the members of the Tobique Valley Railway Company—there is no reason why I should not mention the names—Mr. John Connor, for instance, bought out somebody's share in this other company or organization. I had nothing to do with any of these movements at the time.

By Mr. Lister :

Q. I am not charging that you ever had?—A. But the honourable gentleman will see that it is important that the public should understand the position of these three different companies, because otherwise they might come to a wrong conclusion. He has hinted that the interests of the Tobique Valley Railway Company and the Tobique Valley Gypsum and Mining Company might have been connected. I say there was no connection at all. The Tobique Valley Gypsum and Mining Company was a company to develop the deposits on the Arbuckle property about three miles below the gypsum property leased from the Government by the gentlemen I have spoken of.

Q. Your statement is this, that there was a railway company, an incorporated company?—A. Yes.

Q. And there was a plaster company, whether incorporated or not you do not undertake to say, but some people who were interested in the railway company were interested in the plaster company?—A. One or two.

Q. Then there was the Tobique Valley Gypsum and Mining Company formed for the purpose of developing the Arbuckle property?—A. Yes, and the other company was interested in the Government property and the private land they bought above.

Q. I understand you. I understood you to say the other day that the company holding the land leased from the Government went to New York for the purpose of offering the stock of the company, as I understood, or selling the property, which?—A. If you change the words "went to New York" to "had negotiations."

Q. With people in New York?—A. Yes.

Q. Well, which was it, to sell the property, or to have it stocked?—A. My impression was that it was to get some one to form a strong company and take the railway and their lands over together. The reason I remember that is because I was willing to put my land in until I found I could not put it in, if they put the railway in, for the reasons I gave you the other day.

Q. You told us also that some arrangements were made between you and these parties who were desirous of having this company stocked, that you would not offer your property for sale until they had had an opportunity of carrying out their scheme?—A. If the question is important, I will answer the question very frankly. I did state the other day that a proposition was made for me to join the company, and I refused and said I could not join that company with my property, for the reasons that I gave, because a portion of the assets would be that railway that would be coming for subsidies here. Then negotiations had been going on, as I understood, between these gentlemen and the Tobique Valley Railway Company and other capitalists for the sale of the railway and the other deposits. You asked if I agreed not to offer my property for sale then. I did. I was asked to do so, and I said at the time they expected me to be very generous to refuse an opportunity of selling my property. Their argument was: "If you sell your property now, it is three miles shorter haul, it may jeopardize our chances of selling, and an arrangement might be made whereby we could put these two properties in with the railway and the gypsum company." I say on oath that I think in doing that I was acting very generously and that I was not looking very closely to my own interest or trying to take advantage of any profit I could make out of this land.

Q. Was the arrangement with this company that you and your property should be taken in when this company was formed?—A. No.

Q. Then it was not contemplated that there should be a conveyance from you to the company under any circumstances?—No.

Q. There was no arrangement they would buy your property?—A. Only the arrangement I have already stated. I saw at once, and they admitted themselves when I raised that point, that it would be impossible for me honourably to put this property in, if the railway was put in as one of the assets.

Q. I thought you said there was some arrangement that they were to buy your property previously to this?—A. No, they were talking with me about putting in the gypsum property, my gypsum property. Not the Tobique Valley Railway Company, remember. I was quite ready to do that.

Q. What arrangement was there? Was your property put in, as proposed?—A. There was no proposition fixed, no arrangement made. There was only a discussion and when we met to take a practical step, I found they wanted to put the railway in, and I said, "No, we cannot do that," and there was no arrangement because they admitted it could not be done.

Q. There appears to have been a mortgage on this property when you appear to have sold it to the company, the Tobique Gypsum Company?—A. Yes.

Q. There was a mortgage on the property of \$3,000, I think?—A. The mortgage speaks for itself. I bought the property for \$2,500, and there was some interest. It would be under \$3,000.

Q. That mortgage was given to whom?—A. John Connor.

Q. Is John Connor a member of the Cordage Company of Halifax?—He is a member of a good many corporations. I don't know whether he is a member of the Cordage Company of Halifax. I know he is engaged in the cordage business and has been ever since he was 14 years old.

Q. There are one or two more questions. The \$86,500 lapsed and was revoked in September, 1891?—A. I daresay it is correct. It was revoked, yes.

Q. So that no part of the original vote of \$89,600, as a matter of fact, had been used in the construction of the road up to September, 1891?—A. That seems to be very evident. If it was only revoked it could not have been used.

Q. Then the portion that was used would be the \$35,200 voted on the 30th May, 1890?—A. No, I cannot say that. I am not speaking from memory or a knowledge of the facts, but I say this, that I cannot understand that that would hold. The hon. gentleman wants me to say—

Q. I don't want you to say anything, Mr. Costigan, that you do not want to say. I do not expect you to say anything that you are not perfectly willing to say. I am just getting at the facts. I see here by the records that on the 30th May, 1890, there were \$35,200 of a new vote?—A. Yes.

Q. A year and four months afterwards, namely, on the 25th September, 1891, there was a revote of the old subsidy of \$89,600; that is to say, the revote was a year and four months after the vote of \$35,200. The subsidy originally granted, \$89,600, that was revoked in September, 1891?—A. I do not recollect that it was revoked, because it had not expired.

Q. The \$35,200 voted in May, 1890, was not the first money actually used in the construction of the road?—A. I do not know how the payments were made. I do not doubt the dates or the figures of the hon. gentleman. I suppose he is speaking from the records and they can be easily traced. The first subsidy having expired was renewed, certainly.

Q. It was renewed after the second subsidy was voted?—A. Because it did not expire until the first subsidy was voted. They were all subsidies for the same road. Let us speak plain about this. The first subsidy, the hon. gentleman says, expired and was revoked.

Q. In September, 1891?—A. After another subsidy had been voted. Certainly, because it had not expired until a further subsidy given for the next 14 miles had been voted.

Q. That may be so, I am not disputing it?—A. But it is a fact, and that is what I want to state. It was voted after the second subsidy, because only after the second subsidy was voted did the original subsidy expire.

Q. Well, what I want to get at is, the subsidy of \$89,600 revoked in September, 1891, had never been earned or paid?—A. It had been partly earned, I don't know whether it was all paid. The question of payments need not be a question between us at all. The payments are very easily got at, and the dates I do not dispute. It is the conclusions.

Q. Well, the conclusions are matters of argument, Mr. Costigan?—A. They are matters of argument, but the conclusions drawn hastily from outside depend greatly upon the impression sought to be given by gentlemen who are not always fair.

Q. Well, that is a matter of argument too?—A. Oh, it is a matter of argument.

Q. Now, Mr. Costigan, do not let us discuss this matter?—A. We do not want to discuss it. Not at all. I will be as patient as I can.

Q. All I want to find out is the simple fact that the subsidy of \$89,600 was revoked in September, 1891. You say that is so?—A. I say, I admit that presumably you are quoting from the records.

Q. That being so, the railway company had no right whatever to any portion of that \$89,600?—A. If Parliament went back on its policy and took advantage of the expiration of the time for which it was voted they could not collect and could not demand it, I suppose.

Q. Without a further Act, and the Act was passed at that time. Then in May, 1890, a new subsidy of \$35,200 was granted. Now, you have told us that Mr. Arbuckle became discouraged about this road being ever constructed?—A. I never saw Mr. Arbuckle. I admitted what Mr. Stewart informed me was, that he was rather discouraged and wanted to leave and would sell the property.

Q. He was discouraged, and wanted to leave and wanted to sell the property, you were so informed?—A. Yes.

Q. Were you informed that by letter or by telegram?—A. I think by letter. It might be by telegram, but I think by letter. If the hon. gentleman thinks that is important I will tell him that I closed the transaction by telegram myself. I can have no doubt about that.

Q. At all events this information was conveyed to you by letter or telegram?—A. Yes.

Q. It may have been by letter, but it is certain the matter was closed by telegram?—A. Yes.

Q. And that, as before stated, was on the 12th day of May, 1890. You knew at that time, Mr. Costigan, that the government had determined to grant a subsidy—a further subsidy of \$35,200 to this road?—A. I knew all the facts about the subsidies having been voted and the dates they were voted.

Q. Well, the public knew nothing about it at that date?—A. The public must think I was very innocent if I did not know the amount voted by Parliament. The gentleman is quoting.

Q. No, the amount voted by Parliament, I am quoting, had not been voted on the 12th May, it was voted on the 13th May. It was submitted to Parliament on the 13th May. The question I ask you is, "Whether you did not know before Parliament and the country were informed of the fact that the government had determined to further subsidize this road to the extent of \$35,200?"—A. I had perfect knowledge as far as perfect confidence would give that knowledge, that that subsidy would be voted, and that the policy previously adopted would be carried out. As I told the hon. gentleman, not only my friends but my opponents in the constituency and the province had not the slightest doubt that that vote would be given to carry on the work.

Q. It is not a question of confidence, but of knowledge?—A. You will take my answer just as I give it to you and you will get no more—at least not to questions of that sort.

Q. I will just simply ask it. Did you know, Mr. Costigan, on the 12th of May that the Government had determined to give \$35,200 more to the Tobique Valley Railway Company?—A. I have already answered the hon. gentleman that I knew, and there

seemed to be no doubt anywhere in the minds of those who took any interest in the construction of the road, that that subsidy would be voted. Personally—as the hon. gentleman wants to be very particular—personally I had not the slightest doubt. You can drop out the word “confidence” that I used before, if you like. I had not the slightest reason to doubt that the subsidy would be paid and the promise of the Government fulfilled, and the policy already adopted carried out.

Q. Were you equally confident that the vote of \$89,600 would be revoted if it lapsed?—A. If possible more confident.

Q. You were more confident of that?—A. Yes.

Q. So that you had the greatest possible confidence that in case the \$89,600 subsidy lapsed it would be revoted?—A. I had not any doubt about that.

Q. And you had an absolute knowledge that the other subsidy of \$35,200 would be granted?—A. Certainly.

Q. Did Ar buckle know it?—A. I do not know that he did. He would have known if he had asked me. I would have given him my opinion.

Q. He was not in Ottawa, I suppose, where you were? He was living in New Brunswick?—A. That is so.

Q. You do not know, Mr. Costigan, whether your agent informed him or not?—A. Whom do you call my agent?

Q. The gentleman who telegraphed for you?—A. I suppose that so far as that goes he did act the part of a friend or agent.

Q. For that matter I do not suppose he knew either?—A. He had every reason to believe the vote would be given. He was the original promoter of the road, and devoted his time to it and got nothing for it.

Q. You do not know whether he told Ar buckle that the old subsidy was sure to be revoted and that there would be a further subsidy of \$35,200 voted?—A. My friend might be so conscientiously scrupulous as to mention that when he accepted. I could not say whether he did or not.

Q. You have already told us that if there was no railway constructed the price you were paying for it of \$2,500 was a fair price?—A. I did not quite say that, if I remember. I stated that outside of the value of the gypsum in the land, as a farming lot it would not be worth anything like that sum, that I myself would not buy it, and I had not money to spare, unless it is for the exceptional value given it by this deposit. But a man of means might consider it an opportunity for investment in a place most likely for a railway to be constructed in, and he might think it worth while to buy it for more than \$2,500.

Q. Did you tell me that in view of the plaster deposit and other circumstances, that you considered \$2,500 a fair price for the property if no railway would be constructed?—A. I would not have given that for it, if the hon. gentleman wants to establish that, unless I thought that a railway would be constructed there and there would be some means of getting it out. There is no doubt about that.

Q. You told me also on that examination that you considered that if the railway was constructed the property would be worth more than \$20,000 or \$25,000, I do not remember which was the answer, but it was more than \$20,000 at all events?—A. I cannot deny that. I want to be particular and state that I had no means of putting any exact value upon it. I am quite willing to tell the hon. gentleman that when I bought the property I thought I was getting it at a very low price, and that I could by a fair transaction get a fair profit out of it. I think that the property to-day, although the stock is not paying and is not worth par, I think it is well worth \$20,000.

Q. So that the construction of the road had the effect of bringing the property that was not worth more than \$2,500 up to \$20,000?—A. I dare say that is a fair conclusion to draw, but I want the hon. gentleman to go further and say that it had at least the same effect on the government lands out of which the local government is to be indemnified partially for the subsidy they gave. The increase would be proportionate.

Q. But while the hon. gentleman knew that the subsidy of \$89,600 would be revoted and he knew that a further subsidy of \$35,000 was to be voted, and he knew that the effect of that would be the securing of the construction of this road, he will

not undertake to say that Arbuckle knew that?—A. I do not pretend to undertake to say. If the hon. gentleman says he did not know, I am quite prepared to admit that he did not know it.

Q. And you, Mr. Costigan, say here that occupying the advantageous position you occupied, knowing all that you knew, having all the power that you had to forward a grant from the Government, you say that you and Arbuckle were dealing on terms of equality?—A. That is a singular question, Mr. Chairman.

Q. No, it is not a singular question?—A. Will you allow me to put it as you have put it?

Q. Yes, certainly?—A. You say here that I have all this knowledge and the other man having none of it—I never said any such thing.

Q. I did not say that you said so?—A. But that is the question you put to me.

Q. I will repeat the question, and you will see. You have already admitted you were satisfied the Government would revoke the old subsidy after it expired?—A. Yes.

Q. You have already admitted that you knew that the Government intended to vote \$35,200?—A. Yes.

Q. You have already stated that you were satisfied this would secure the construction of the road?—A. Yes.

Q. So that on these three points you were perfectly satisfied?—A. Perfectly.

Q. You have told us that Mr. Arbuckle was discouraged?—A. I told you that that was reported to me and I had no doubt of it.

Q. That he wanted to sell the property and leave?—A. Yes.

Q. And that you did not know that he had this information?—A. And that I might as well have bought it as anybody else.

Q. Well, the simple question I asked you was, in view of all these facts, do you pretend to say that Arbuckle and you were dealing on terms of equality?—A. I have stated the information I had, I have admitted the position you place him in, and I have no reason to state I had any undue advantage over the man. He had offered this property for \$2,500. If I had not bought it by telegram, there were twenty others who would have bought it. The man Stewart who telegraphed to me had an option on it before, but he had not the money, and that is the reason he telegraphed to me to buy it. I told him I would buy it, and I would give him an interest in it if he wanted. I think I promised to give him an interest because he had the option first. I bought it because he could not pay the money.

By Mr. Haggart :

Q. You say that the man Stewart had an option when you purchased?—A. He held the option for over a year.

By Mr. Lister :

Q. For how much, Mr. Costigan?—A. I cannot tell the price, but not any greater price. Mr. Stewart now claims—I make this statement voluntarily—that he has an interest in the property although it was bought by me. It was transferred to me, I paid the money, paid the interest, and he never paid a dollar on it; but in view of the fact that he had the option, that he went and paid over the money and got the deed I told him I would give him whatever he thought was a reasonable interest in that property, in consideration of the fact that he had the option, and that if he had the money he might have bought the property before me.

Mr. MULOCK—I have here a letter from Mr. Costigan addressed to the Hon. M. Bowell, acting Minister of Railways, which I wish to hand in as an exhibit.

By Mr. Lister :

Q. There were three miles necessary to get the road up to your deposits, were there?—A. No, sir.

Q. How many?—A. Not one mile of the three.

Q. Well, there were three miles additional at all events to get to some deposits?—
 A. Yes. I will put the honourable gentleman right. He is a little on the wrong track there. There were not three miles necessary to get the road up to my deposits as he calls it. There were three miles necessary to complete the road as originally subsidized and promised, and the three miles additional were to complete the last 14 miles and to bring the road up to the Government deposits, so that makes a little difference.

By Mr. Sproule :

Q. Would that be beyond yours?—A. Beyond mine, of course.

By Mr. Lister :

Q. So that the road would pass your land before commencing the three miles?—
 A. About the three miles, perhaps.

Q. It would go up to about your land?—A. It would hardly reach it, but would be very close to it though.

Q. And it was for that reason that the Government extended it or made a grant for the completion of the three miles?—A. Extended the three miles?

Q. Yes.—A. As I have already stated the grant for 11 miles was given the session before, and the only reason why it was not 14, instead of 11, was that the subsidies had to be proportionate and as the subsidies could not be used that year 11 miles were put in, on the ground as I stated here, that it did not matter much whether it was 11 or 8, but that would do for that year with the understanding that the balance, whatever it might be, would be forthcoming whenever the subsidies were voted at the next session or whenever they were voted again, and that was carried out. In the meantime the subsidy for that three miles was voted in sufficient time not to delay the construction of the work.

By Mr. Huggart :

Q. Was this road under contract when you purchased this lot?—A. The road was under contract long before I purchased the property.

Q. Was any portion of it completed?—A. I think the first 14 miles were completed as near as I can remember. I am speaking from memory. I did not look over the dates because my statement here in answer to questions put by my honourable friend here is subject to the records themselves. If he quotes the date of a subsidy I will not dispute the year. As to the question the Minister puts to me whether the contract was completed or not, I say I believe it was. It was under contract for several years.

Q. And part of it completed?—A. Well on to completion, if not completed.

Q. Can you tell me what portion of that \$89,000 that was revoted was earned before it was revoted?—A. Oh, yes, it was earned.

Q. What portion was earned before it was revoted?—A. It was earned, I suppose, by advances made to these men as in any other way, but they could not draw money, of course, until a certain portion of the work was done.

Q. Then the party living on the land there must have been as cognizant of the amount of the road that was under contract and completed as you were?—A. He lived right there the whole time, knew all the facts.

Q. This man had given an option to another person who had the right of purchasing his property for a year, and he was unable to sell it at that price?—A. I stated that is the information Mr. Stewart gave me. Of course I cannot on oath state this man had done so, but long before I telegraphed, before I got this communication, Mr. Stewart told me that he had an option and would buy this property. Then, when I got his letter or communication that this man was willing to take the \$2,500 if he could get it—that he wanted to move away—I immediately said: "Close with him."

Q. The last vote, that is for the three miles, was not for the purpose of taking the road up to this property but away past it?—A. Taking it past it to the Provincial Government property.

The CHAIRMAN—The letter put in shows that conclusively.

By Mr. Lister :

Q. The road was under construction, and it had been for some years, had it not?—
A. Under construction?

Q. Yes, in course of construction.—A. Excuse me, it had been for some years before what?

Q. Before the revote.—A. Yes.

Q. And before the subsidy of \$35,200 the contractors had failed?—A. No; the contractors got embarrassed.

Q. They got embarrassed?—A. The company, I suppose, usually gives the contract to the contractors.

Q. Yes?—A. The contractors failed.

Q. Yes?—A. Got embarrassed at any rate and could not pay their claims for a while. Then Mr. Kitchen & Bros., I think, or Son, contractors in Fredericton, came forward and made arrangements with the company and completed this work that other contractors had failed to carry out.

Q. How much have they failed to carry out?—A. Oh, I could not speak with regard to that at all. I did not follow the financial arrangement of their accounts. That would appear of course, it is a matter of record.

Q. How long after the contractors failed in their work before Kitchen took hold of it?—A. I have not the dates of that, but I would be quite sure they were in difficulties for several months before they could make their arrangements and go to work.

Q. Then can you give me any idea as to when this work commenced—when the contractors commenced the construction of the road?—A. I could not give you the dates, no.

Q. Nor the year?—A. Nor I could not give the year off hand.

Q. Would it be back as far as 1884?—A. I could not say when it was.

Q. At all events it was some years?—A. Some years from when?

Q. From the time of commencement to the time the contractors failed or suspended or did not pay up?—A. I think after the vote, after the subsidy was given, there was a delay for the reasons that I stated before. The charter was in the hands of men who did not seem inclined to go on. That caused the greatest portion of the delay. I am not going to repeat the steps I took to force them to come to terms or to secure the construction of the road.

Q. Well, the result of the whole thing as far as Arbuckle was concerned, was that he became discouraged and wanted to sell out and leave the place?—A. As I never saw the gentleman to get his opinions upon it, the prosecutor in the case must draw his own conclusions.

Q. Now tell me this question: Was the work in a state of suspension or in active progress at the time that you bought the Arbuckle property?—A. The road, I think, at that time was in hand, was under contract to Kitchen & Bros., reliable contractors, and there could be no doubt about their ability and intention to build that road.

Q. Was the work going on at the time you bought this property?—A. I cannot exactly tell you whether it was going on. I was not trotting up and down to see whether they put their men on. My own impression was that the road was under contract—under reliable and solvent contractors and that the completion of the road was thereby insured, and I only hesitated to give the answer because my impression is that they were at work on the road, but I did not want to say that without being positive. It is very easy to ask a question off-hand about something that occurred three or four years ago with which I had no connection whatever except in one capacity.

Q. All you need say is that you do not remember, you are not positive?—A. Well, I say my impression is they were at work.

Q. You will not undertake to say they were?—A. I will not undertake to say anything that I am not positive about.

Q. You are undertaking to say something?—A. I will undertake to say a great deal more than I am saying now under my oath.

Q. Then so far as the actual progress of the work was concerned, you do not undertake to say with positiveness that the work was in progress at the time you bought the Arbuckle property.

THE CHAIRMAN—Mr. Costigan has stated already to the best of his recollection.

By Mr. Haggart :

Q. This fact is clear, that for a year before you bought the property another man had the option?—A. I think it was a year before that Mr. Stewart told me he had the option from Arbuckle.

Q. And he had been trying to sell it?—A. He did not say he was trying to sell it.

Q. He had the option?—A. Yes, if Stewart had the money he would have bought it at once. If he had gone to Mr. Baird at Andover, a Senator here now, and offered it to him he would have bought it. That is my belief. He might say that he would not but my impression is that he would be willing to give him \$2,500 for it that day himself. It was a chance of buying a piece of private property that the Provincial Government had not any claim upon, that was granted by patent in 1867. You may talk about "squeeze."

By Mr. McMullen :

Q. Was Mr. Arbuckle one of your constituents?—A. He was one of my supporters.

Q. And whose interests you should defend?—A. Whose interests I would defend better than you.

Q. Do you think you treated him fairly in buying this property at the price you paid for it?—A. I cannot state that I treated him as fairly as you might have treated him, but I state that I treated him as fairly as I believe you would have treated him.

Q. Then your opinion of my treatment of him is of a very low order?—A. If you will look at my answers you will see that that does not necessarily follow. I stated that I treated him as fairly as I believe you would have treated him.

THE CHAIRMAN—Let us get at the facts.

By Mr. McMullen :

Q. It is evident your opinion of my treatment is of a very low order?—A. No, it may be that your intelligence does not grasp the meaning of my reply.

By Mr. Boyle :

Q. As far as I understand the increase in the value of the land does not depend on the voting of the subsidies but on the construction of the road?—A. It depended entirely on the construction of the railway, and the construction of the railway was ensured years before.

Q. So as soon as the construction of the railway was assured, it was not contingent or collateral but it had already occurred?—A. Yes.

Q. So it is a matter of fact that at the time you bought the land it was well understood that the railway was going through and would be finished?—A. Yes, it was generally understood.

By Mr. McMullen :

Q. Do you know of any of the members of the Local Government who took advantage of the circumstances and bought any of the property there?—A. Does the honourable gentleman wish to question me upon my knowledge of the actions of the Local Government, his Liberal friends? I am under oath. Go on. I have made no statement in connection with the Liberal Government of New Brunswick. Question me if you dare about the Liberal party.

Mr. McMULLEN—I don't want to get you mad.

Mr. COSTIGAN—You are getting me mad, and it would be quite a mistake for some of you to get me too mad. I trust I am not hasty or imprudent, but I have the feelings of a man. I like an enemy, but I despise a sneak, or a stabber-behind, a man that will insinuate what he knows is only an insinuation to injure a man when he can-

not charge him with anything wrong. I will continue under my oath and say this: I won't ask a vote of a committee to clear me of this charge. I won't ask a committee of the House to clear me before the public of the slightest suspicion of fraud or dishonest action in this matter. I will say that you cannot find ten gentlemen on the Liberal side who will stand up and say "John Costigan, you have acted dishonourably in the slightest degree from the beginning to the end of this matter." Is there anything further gentlemen?

THE CHAIRMAN—No, that is all, Mr. Costigan.

The Committee adjourned.

EXHIBIT REFERRED TO IN MINUTES OF EVIDENCE.

EXHIBIT.

OTTAWA, 4th August, 1891.

MY DEAR BOWELL,—The application of the Tobique Valley Railway Company for a subsidy of \$3,200 per mile for the three last miles of the twenty-eight originally subsidized is, I think, entitled to your most favourable consideration.

The original subsidy granted by the Dominion was for \$3,200 per mile for twenty-eight miles, the distance between Perth Station, on the New Brunswick Railway, and Plaster Rock, on the T. V. R., the principal object being to reach said Plaster Rock, where an inexhaustible supply of gypsum is to be found. The Local Government having failed to provide a provincial subsidy, the Dominion subsidy for the twenty-eight miles was made applicable to the first fourteen miles, and a contract was entered into covering that distance. Last session the ordinary subsidy of \$3,200 per mile was asked for the upper fourteen miles, and was granted to the extent of eleven miles, leaving the last three miles unprovided for. The first fourteen miles are now nearly completed. The New Brunswick Government, at last session, voted \$70,000 to secure the completion of the road to Plaster Rock, but of course will not give any portion of that subsidy unless the road be completed to the Rock, as originally intended.

You will, therefore, easily see how important it is that the Dominion should grant the subsidy for the last three miles, as without this the local subsidy of \$70,000 will not be available, and the fourteen miles, constructed at considerable cost, will be of little or no value, while the granting of the small subsidy will ensure the completion of the whole twenty-eight miles, and make that immense gypsum deposit accessible, which was the original object in subsidizing that railway.

Yours very truly,

JOHN COSTIGAN.

Hon. M. BOWELL,
Acting Minister of Railways,
Ottawa.