

BILL TO PROVIDE POWER DEVELOPMENT CONSIDERED

(Continued from Page Two.)

ion Government was considering a proposition to build a railway bridge from Meductic to the International boundary, there to connect with the Maine Central. If that were done the Canadian National Railways would route all the traffic originating in the Maritime Provinces over the Valley road instead of over the Canadian Pacific from St. John or Fredericton to Vancoboro. If such a link were built by the Dominion the Provincial Government would no doubt extend the Valley Railway to Andover and ultimately to Grand Falls, so that freight originating on the C. N. R. in Northern New Brunswick and Quebec for New England points might find its way down from Grand Falls to Meductic by the Valley Railway. He had no doubt that if the connecting line was built by the Dominion Government the receipts from the Valley Railway by reason of the enormous traffic that would develop would soon be sufficient to pay the Bond interest.

There was a wrong impression in some sections as to the amount of money available to extend the road north of Centreville. It had been represented that there was sufficient for the purpose in the hands of the Prudential Trust Company. Such was not the fact. There was in the hands of that company, after providing for its compensation and expenses an amount approximating \$246,000, which would be available at the rate of \$20,000 per mile for twelve miles north of Centreville. Some investments made by the Trust Company had not proved of the best and in negotiating with it for a settlement the suggestion had been made that the Province extend the time on a loan of \$180,000 for five years. The Dominion Subsidy for the 24 miles between Centreville and Andover could be obtained. The estimate of the engineers as to the cost of construction was \$50,000 per mile over and above the Federal Subsidy, so that to build to Andover would mean an expenditure of \$1,000,000 apart from the subsidy and the monies with the Prudential Trust Company. If the road was extended to Andover running rights could be obtained from the Canadian Pacific Railway pending the completion of the line to Grand Falls. He thought that the efforts of those who were anxious to have the Valley Railway connected with the Transcontinental at Grand Falls should be directed towards Ottawa. The Dominion should be urged to build the connecting line from Meductic to the Maine boundary. He considered that one of the most important matters which the C. N. R. management could possibly consider. At present the C.P.R. was an intermediate road between the Canadian National Railways and the Maine Central as also was the Bangor and Aroostook in the North. Those intermediate roads took the cream of the profit and the Dominion Government could not afford to be without an outlet of its own across the International boundary.

He would submit figures showing the amount of funded debt against the Valley Railway and also the outstanding unfunded debt. The funded debt on October 31st, 1919, was \$6,400,000, which amount had been reduced by refunding to the extent of \$445,000, leaving the funded debt at \$5,955,000. The Floating Debt on October 31st, 1919, was \$966,473.81 from which deducting the amount of \$419,055.15 receivable from the Prudential Trust Company, left \$547,418.66. That added to the other amount would make the total debt \$6,497,576.34.

HON. MR. FOSTER, continuing said that the bill in further aid of the St. John & Quebec Railway was to provide for expenditure not yet funded. It was in lieu of the provisions of

the Act of 1917, which authorized a bond issue not exceeding one million dollars. No bonds had been issued under that Act and they were repealing the section relating to such issue and was substituting another for it. The bill respecting the St. John & Quebec Railway provided for the extension of time for the building of the road between Centreville and Andover both with respect to the subsidy agreement and the agreement to lease on behalf of the Federal Government. It also provided for certain matters respecting right of way at Public Landing where the Company had to take land held by St. Peter's church in trust for school purposes. An additional lot on the opposite side of the track had been deeded to the school district, the buildings removed there to and the arrangement having been satisfactory the bill authorized and church corporation to convey the railway and discharge the trust.

With reference to litigation he would say that there was a suit pending by the Bank of British North America against the Railway to recover some \$30,000. His Hon Judge Chandler on trial decided that there was some liability on the part of the railway company and ordered a reference to be taken to determine the amount payable. The Railway Company appealed from his decision and the matter is now under consideration. He might say, however, that the Bank was the Assignee of the debt due from the Company to the Hibbard Company which was constructing the railway from between Woodstock and Fredericton, that it had given notice of the assignment to the Company in 1915 and 1916, but nevertheless the Company on January 28th, 1916, settled with an agent of the Hibbard Company and had paid the money which should have gone to the Bank to the agent of the Hibbard Company. Part of it on a claim of his own amounted to \$17,000, and which the Hibbard Company claims as bogue. It was alleged that there was fraud in the settlement and that as a result of the fraud Mr. Gall was able to get away with his \$17,000 and that the railway company was able to make a settlement on terms much more favorable than had been expected. It was fair to say that this trouble arose before the present Government came into power, and the province may yet have to pay the claim a second time.

Arthur R. Gould also had come forward, and said that in 1915 when the Legislature confiscated his share in the railway and appointed other directors it exceeded its power, and that he was still President of the St. John & Quebec Railway Company, still owned the stock and still controlled the corporation. Mr. Gould's solicitor had intimated that the St. John & Quebec Railway being a work for the general advantage of Canada was under the exclusive jurisdiction of the Dominion Parliament, and the New Brunswick Legislature had no power to pass legislation regarding it. Mr. Gould had caused his solicitor to issue a writ under which the solicitor purports to act for the St. John and Quebec Railway Company against the present directors of the Railway, in which he asked the court to restrain the present directors from exercising their office and for an accounting. The Government, of course, was obliged to fight the case, and if it was the last one which could be discovered the Government should be thankful.

The Prudential Trust Company of Montreal was not a well known institution and it seemed difficult to understand why the old Government sought the Company out. The old Government and the present Government had had a great deal of trouble with

the Prudential Trust Company from first to last. There still was in the hands of that Company something like \$240,000, and negotiations have been carried on with a view to having the Company resign form the Trust so that a trustee in this Province could be appointed. It had been thought that the Provincial Treasurer ex-officio might be appointed trustee. There was another matter besides the \$240,000. The trust mortgage provided that beginning with 1921 the Railway Company must pay in cash each year for the next forty years \$42,500 into the Prudential Trust Company as a sinking fund for the redemption of the debenture stock to its reference already had been made. The Government was determined that no money would be paid to this Trust Company and if its resignation could not be arranged application would be made to the courts at Montreal to have the Company dismissed on account of conduct in connection with investments under this trustee.

A certain amount of subsidy still was payable to the Railway Company in respect to the line between Gagetown and Westfield.

Mr. Gould filed a claim with the Department of Railways and Canals at Ottawa against this subsidy. He claimed some \$43,000 of which \$35,000 was what was alleged to have been put into the railway by himself and associates, and the balance for his salary and expenses. It was pointed out to the Minister of Railways that this claim had been adjudicated upon by Chief Justice McKeown of the King's Bench Division as an arbitrator under the Provisions of the Statutes of 1916. A certified copy of the findings of the Chief Justice was sent to the Minister. The object of Mr. Gould's action appeared to be to hold up the subsidy further in order to obtain more money from the Province.

A certain amount of money was due the Nova Scotia Construction Co. on its contract, for holdback, etc., but the directors did not wish to pay until the claims of all who had worked on the railway had been paid. The Government concurred in the position taken by the directors.

Until disputes between this Company and its sub-contractors were paid it would be impossible for the railway company to pay the sub-contractors in full. In the opinion of the directors the Nova Scotia Company is not anxious to expediate the matter. It was most desirable that this railway business be closed up, and the Government would ask the House to enact legislation by this bill to that end. Under Section 9 authority would be given the railway company to pay sub-contractors amounts admitted by the Nova Scotia Construction Company. Sub-contractors did the work and made no money out of it and it was most unfair that money due them should be withheld. Under Section 10 the railway company would be authorized to withhold from the Nova Scotia Construction Company such amounts as might be thought necessary to cover claims of sub-contractors. It was doubtful whether the railway company had such power under existing legislation. Under Section 11 the Lieutenant-Governor-in-Council would be given power to constitute a tribunal to hear and determine disputes between contractor and sub-contractor. Public interest demanded that these parties be compelled to adjudicate their difference. This section provided that the railway company must give them reasonable notice to meet and settle differences. If a settlement should not be reached the Lieutenant-Governor-in-Council would be authorized to appoint an arbitrator whose decision would be final.

The last section was intended to provide for the necessary expenses of the continuation of the Board of Directors and the management of the St. John & Quebec Railway Company. Actual work of construction was completed, but many things remained properly chargeable to construction. The question of settlement with contractors, the dispute with Gould, the Prudential Trust Company difficulty, the Bank of British North America litigation, arbitrations to come and settlement of right of way, subsidy payment, and various other matters arose necessarily in the construction of the road, and it was felt that whatever was necessary in connection with these matters should be properly charged to the construction of the road. That principle was recognized in construction of all roads. It was hoped that these matters might be adjusted at an early date, and when they should be adjusted it was necessary to provide for the payment of the salaries and expenses of a Board of Directors until such time as further construction of the railway between Centreville and Andover would be proceeded with. It was hoped that financial and other conditions would be such that the Government either by itself or through Dominion assistance might bring about the consummation of the original idea of a railway all the way from Grand Falls to St. John.

Until such work was commenced the directors would be called upon to look after matters which would be continually arising between them and the Canadian National Railways which are operating the road. Questions of what expenditure should be chargeable to capital account and therefore to the St. John & Quebec Railway and what should be chargeable to maintenance would arise constantly. The continuation of the board in some form was necessary, and the last section of the Act simply provided that the necessary expenses be deducted from the receipts, that was the 40 per cent to be received from the operation of the road.

The Bill respecting St. John & Quebec Railway Company was agreed to and the Committee proceeded to the consideration of the Bill to grant further aid to the St. John & Quebec Railway Company.

MR. BAXTER said he noticed by the Comptroller-General's report that the Prudential Trust Company had made to the province an assignment of mortgage on bonds totalling the sum of \$123,000. He did not know whether the Company held property in the Province or not but he would say that they had been exceedingly

careless in making investments. While attorney-general he had after a desperate effort succeeded in salvaging for them \$300,000 of funds belonging to the province. He would suggest that the Hon. Premier take steps to confiscate the securities which the Government now held. It had always been a fight to get back from that Company the moneys of the Province and quibbles and technicalities. He would suggest that an amendment be added to the bill empowering the Government to go after the assets of the Company.

HON. MR. FOSTER said that he would consider the suggestion and if it was decided to act along the lines suggested an amendment would be introduced.

MR. SMITH (Carleton) said that he was opposed to the section of the bill which provided for the continuance of the Board of Directors for an indefinite period. They might have to wait a long time for the completion of the road from Centreville to Andover and he thought care should be exercised. The public accounts showed that for the years 1918-1919 Mr. W. P. Jones had drawn in salary and expenses the sum of \$3,224. Mr. E. S. Carter's salary and expenses for the two years amounted to \$7,835 while Mr. Foss, the chairman of the Board, had drawn \$10,350. That made the total for the three directors \$26,469. He believed that the amount was greater by \$12,000 than had been paid the six former directors for a like period. He would move that the section be struck from the Bill.

HON. MR. FOSTER said his hon. friend (Smith) had quoted figures with regard to the salaries paid the members of the present Board of Directors of the St. John & Quebec Railway Company. He did not have at hand the figures relating to the amounts paid the six directors who had proceeded them, but he felt sure that he could show the committee that the amounts paid the present directors had not been excessive in comparison with what had been paid the other six. However he was not prepared to enter into a controversy with his hon. friend. The latter would see that the Government was anxious to get the matter of the St. John & Quebec Railway closed and the expense stopped. However he must know that a business of this magnitude had many of its details still hanging. There were contractors, sub-contractors and sub-contractors to sub-contractors who must be dealt with. It was not the intention of the Government to have the Board of Directors continue as at present. There would be considerable work to do as accounts must be continued and reports prepared. The work however would not be so great as it had been and expenses would be reduced. There would be a new arrangement with directors under nominal fees or something like that. The directors of this railway had performed very much work. The building of this railway had been the cause of much trouble to many people. The St. John & Quebec Railway had driven one man to his political grave and he believed another to his actual grave. He felt the deepest sympathy for the late Premier Clarke. He would ask the House to pass this item and hoped to close the business up as soon as possible.

MR. SMITH said there was one salary he had omitted and that was half of the salary of B. M. Hill, engineer, \$1500.

HON. MR. FOSTER said that had been cut out.

MR. SMITH said an effort should be made to cut down directors' expenses. Unless some provision was made the directors would be entitled to even if they did not receive full salaries during the interim. However, on the assurance that had been given he would be willing to withdraw his objection.

HON. MR. FOSTER said that the deposit in the hands of the Prudential Trust Company might be in use in some other business and he would have to look into that. In the meantime the committee should report the bill.

The Bill was agreed to. Consideration was given a bill to amend the Soldiers Settlement Act.

MR. SMITH (Carleton) asked how many returned soldiers had settled on Crown Lands since the last Act was passed.

HON. MR. SMITH said he could not answer the question on the spur of the moment.

MR. SMITH said he thought perhaps there had been practically none and that this bill was introduced to settle some grievance which the returned soldiers had.

HON. MR. FOSTER said that his hon. friend must have been out when the bill was introduced. Returned soldiers had been given the right to settle on the Blue Bell tract without paying \$100 as was required of the ordinary civilian applicant. The purpose of this bill was to enable the returned soldier who had made application for land prior to going overseas, to get the land without making payments.

The bill was reported.

The House went into committee with Mr. Dysart in the chair and agreed to bills to empower the Town of Woodstock to issue debentures with the proceeds of which to retire certain standpipe debentures accruing, to authorize Agriculture Society, No. 41 to issue debentures and the Town of Woodstock to guarantee the same, to authorize the Board of School Trustees in the City of Moncton to issue debentures, to amend the Act relating to assessment in the Town of Woodstock, to provide police protection to the County of St. John, to enable the Town of Bathurst to issue debentures, to enable the Board of School Trustees of the Town of Newcastle to issue debentures, to enable the Town of Devon to provide public water supply, to authorize the City of Moncton to issue debentures, relating to sidewalks in the Town of Woodstock, relating to the Town of Shediac to incorporate the Grand Manan Light and Power Company, relating to the Town of Newcastle.

The bills were reported. The House went into Committee with Mr. Messereau in the chair and agreed to bills to permit the City Council of St. John to continue ex-

emption of assessment to the Portland Rolling Mill, to amend the City of Fredericton Assessment Act, to authorize the City of Moncton to purchase and take over the Electric Lighting Plant and Electric Tramways, to enable the County of Carleton including the towns of Hartland and Woodstock to establish a municipal home, to amend the Act relating to the St. John County Hospital, to amend the Act respecting the levying and assessment of rates and taxes in the City of St. John, relating to rates and taxes in the Parish of Lancaster, to enable the municipality of the City and County of St. John to secure sites for industrial purposes.

The Bills were reported.

HON. MR. ROBINSON moved that fees for two bills of the City of Moncton which had been withdrawn, be refunded which was done.

It being six o'clock Hon. Mr. Speaker left the chair to resume at eight.

NOTICE

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NOTICE OF SHAREHOLDERS' MEETING.

TAKE NOTICE, that the first general meeting of the shareholders of Fredericton Co-operative, Limited, will be held in Union Hall, Regent street, in the City of Fredericton, on THURSDAY, the 29th day of April instant, at eight o'clock p.m., for the purpose of electing a Board of Directors, passing by-laws and transacting all such other business of a special or general nature as may be brought before the meeting and which the shareholders

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Printed notices containing further information as to conditions of proposed contract may be seen and blank forms of Tender may be obtained at the Post Offices of Fredericton and North Devon, and at the Office of the Post Office Inspector:

St. John, N. B., April 7th, 1920.

Post Office Inspector's Office,
H. W. WOODS,
Post Office Inspector.

may be empowered by law to deal with. Dated at the City of Fredericton, this 15th day of April, A. D. 1920.

E. C. BARRY,

Provisional President.

G. C. CRAWFORD,

Provisional Secretary-Treasurer.

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