
REPORT OF SELECT COMMITTEE

DEVELOPMENT OF QUARTZ MINES.

MR. SPEAKER,—

The Select Committee appointed to inquire into the manner in which the authority granted to the Executive Council to aid in the development of quartz mines has been exercised, beg leave to report,—

That having heard all the evidence available, and examined the documents connected with the matter, they are of opinion that the Government acted wisely, and in accordance with the expressed wishes of a majority of the people of Cariboo, in declining to entertain a proposal of the Island Mountain Company to establish the test works in connection with the works of that Company.

That great care was taken in the purchase and erection of the said test works, and that the same would appear to be intelligently and economically managed.

That with respect to the guarantee of the sum of \$20,000 to the Island Mountain Company your Committee have the honour to report that the only irregularity in connection therewith was the failure of the Government to require the Government Mining Engineer to examine and report as to the financial condition of the company. This requirement, however, was impracticable, owing to the absence, from the field of mining operations, of the books and accounts of the company, and the Government acted in good faith and with a laudable desire to further the development of the quartz interests of the country in accepting the affidavit of Mr. Dunlevy, the President, as conclusive evidence of the solvency of the company.

Your Committee are of opinion, and hereby recommend, that in the future, where a guarantee or grant of moneys is to be made, the Government should ask authority to adopt the precaution of placing a representative on the board of directors, and to provide for an official audit of the accounts of the company periodically.

Your Committee report herewith the evidence taken by them, and ask the earnest and early attention of the House thereto.

D. W. HIGGINS,
JOSEPH MASON,
JAMES BAKER.

Victoria, 12th March, 1889.

MINORITY REPORT.

MR. SPEAKER,—

The undersigned members of your Committee appointed to enquire into the manner in which the authority granted to the Executive Council to aid in the development of quartz mines has been exercised, beg leave to submit the following :—

The Statute of 1887, Chapter 24, empowered the Executive Council, amongst other things, to guarantee the repayment, with interest, of advances of money to quartz mining companies, under and subject to certain limitations, conditions, and provisions therein set forth.

Under this authority an Order in Council was approved by His Honour the Lieutenant-Governor, on 23rd May, 1887, guaranteeing the repayment within five years of advances of money to the Island Mountain Quartz Mining Co., not to exceed \$20,000, and interest not to exceed 6 % per annum.

On the 25th May, 1887, the Hon. John Robson, Provincial Secretary, wrote to the Manager of the Bank of British Columbia informing him that the Government have formally guaranteed the repayment within 5 years of an advance by the bank to the Island Mountain Quartz Mining Co. of the sum of \$20,000, together with interest thereon at 6 % per annum.

We remark that the Statute sets forth that any company applying for a guarantee should furnish the Minister of Mines with a statement, in writing, setting forth, *inter alia*, the following information :—

“The liabilities of the company, and all incumbrances on the property of the company.” Such statement to be verified by a declaration made, under the “Oaths Ordinance, 1869,” by some officer or member of the company. We find that a declaration stating in effect that there were no incumbrances upon the property of the Island Mountain Quartz Mining and Milling Co. was signed by the President of the Company (Mr. P. C. Dunlevy) on the 19th May, 1887.

We desire to point out that, in addition to this safeguard, the Statute provided that no guarantee should be given to a company unless a competent mining engineer appointed by the Government had reported to the Government, amongst other things, “The amount of the liabilities of the company and incumbrances upon the property.”

On the 11th May, 1887, Mr. James Champion, M. E., reported from Barkerville to the Minister of Mines upon the Island Mountain mine property, but did not report or examine into the question of the amount of the liabilities of the company and incumbrances upon the property, stating as his reason for the omission that Mr. Dunlevy was not there, and that he had not had access to the books, and had no means of ascertaining.

The undersigned members of your Committee find that this guarantee to the Bank of British Columbia of an advance of money and interest to the Island Mountain Quartz Milling and Mining Company is the only one given by the Executive Council under the Act of 1887, and that with the exception of the omission before mentioned, of an imperative condition in the Statute, the Executive have, so far as has come under our observation, taken care that the other conditions of the Statute with reference to a guarantee were complied with by the applicant.

We have also considered the manner in which the authority granted by the Statute of 1888, Chapter 22, has been exercised.

This Statute authorized the Lieutenant-Governor in Council to expend a sum not exceeding \$64,000 in the erection of crushing, chlorinating and smelting works, and maintaining the same.