

PLANT AND EQUIPMENT

The capital expenditures on plant and equipment, etc., are the subject of a special report by the auditors, which report is found as Appendix "G" hereto.

The expenditure on plant of movable equipment amounted to \$1,114,213.93, made up largely of the cost of the dredge Cyclone, two smaller dredges, five tugs, four derricks, locomotive cranes and engines, etc; also motor cars and motor boats. The particulars of what was paid for each will be found in Exhibit A to the Appendix "G". The immovable equipment consisted of the Administration Building, on which there has been expended \$277,384.16; the Cherry Street buildings on which has been spent \$39,925.42; the farm at Pickering, \$10,882.32, and idle expenses of the dredge Cyclone for the three years, 1923 to 1925, \$124,647.92.

With reference to the Administration Building the criticism offered is that it is too expensive a building, having regard to the volume of shipping and to the requirements of the harbour. There is no doubt that the building is larger and more expensive than is required at the present time. But it is not out of keeping with the magnitude of the whole undertaking, and perhaps in the course of time the expenditure will be found to have been justified. The auditors have examined all the contracts for this building

and report approved progress certificates in support of all the payments. In each case the contract was awarded to the lowest tenderer.

The rentals coming from this building were for a time satisfactory enough, but in recent years the rentals have been going down. The offices at present rented bring in a gross rental of \$4,812.56; and of the total space available for rental to-day, only about 40% is under lease.

The buildings at Cherry Street consist of an office and store house, machine shop and blacksmith shop, erected in 1916.

The farm at Pickering was bought for the purpose of providing a supply of loam for surfacing the Sunnyside and park lands before sodding. The farm itself cost \$10,000 and a further \$10,000 was spent in making roads, etc., putting in narrow tracks on the property. 40,000 cubic yards of loam have already been taken off, at a cost of 90 cents per cubic yard, f.o.b. cars at Pickering, including all labor charges and including also an amount equal to one half the total expenditure of \$20,000 on the purchase of the farm and providing special facilities. It is estimated by the Commissioners that 40,000 cubic yards of loam remain on the farm. The engineers of the Commissioners estimate that only half the loam has been removed. In the meantime

the farm is leased for grazing purposes at \$100 per annum. Attached to Appendix "G" are two Exhibits, one is Exhibit A, showing the summary of plant and movable equipment as of December 31st, 1925, and Exhibit B, which is a statement of the amounts paid under contract for the Administration Building.

SUNNYSIDE AREA

This area, for the purpose of this report, is considered as extending from the Humber River eastward to the Toronto Canoe Club premises. This area was transferred from the City of Toronto to the Harbour Commissioners as water lots by conveyance dated December 26th, 1911, with the exception of a strip of land representing the continuation of Keele Street and a strip representing the continuation of Ellis Avenue. The former is retained by the City and a patent for the latter was received by the Harbour Commissioners from the Ontario Government in 1921. The reclamation of the land at Sunnyside was commenced in 1915 under a contract with the Canadian Stewart Company at 19-3/4 cents per cubic yard and the work was continued through 1916 and 1917. From the early months of 1917 until May, 1921, no further work was carried on in the completion of the

reclamation, and the investment of over \$400,000 in contract dredging remained dormant for a period of four years. This dredging was postponed until the protection of the reclaimed land was assured by the completion of the construction of the breakwater by the Dominion Government, which work had been delayed. The dredging contract, together with the proportion of the overhead charges, amounts to \$846,009.76. Of this sum, \$426,216.38 was transferred to the City Reclamation Account, hereinafter referred to.

Mention is made earlier in this report to the agreement between the City and the Harbour Commissioners, dated November 26th, 1914, under which the City undertook to pay to the Harbour Commissioners in respect of the reclamation work done for the City, interest at the rate of 6 percent per annum on the amount expended, plus 10 percent to cover overhead expenses. This agreement also provides that after the payment of interest for forty years the City is to be entitled to the lands and improvements on the payment of one dollar per annum. Although no agreement has been executed between the City and the Harbour Board with regard to a division of lands at Sunnyside, there has been an understanding in existence for some time, whereby these lands are to be distributed one half to the City and

one half to the Harbour Commissioners. A plan was produced showing the various areas of the City and the Harbour Commission lands, prepared under this understanding. This plan shows the City's portion of the Sunnyside area as being composed of park lands and beaches 18.149 acres, traffic highway and boulevard drive, with land between, and board walk, 41.429 acres; total 59.578 acres. The question whether the proper amount has been transferred to the City Reclamation Account need not here be considered. It is something that may require further adjustment between the City and the Harbour Board.

The acreage reclaimed by the Harbour Board as its own property is 59.578 acres. This is still owned by the Harbour Commissioners, with the exception of 9.94 acres which were conveyed to the Hydro Electric Power Commission of Ontario as a right-of-way for their transmission lines and towers. This is covered by an agreement of November 19th, 1924, under which the amount payable by the Hydro Commission is \$100,000, less \$50,000, in full settlement of the cost of removing the transmission lines and towers from their old location and reconstruction along the new right-of-way. Mr. Poucher valued these lands at \$253,700 on an acreage basis, whereas it is an irregular triangular strip, part of which is of little value. However, it is evident that other public considerations must have been in the minds of the Commissioners when they accepted this amount. Mr. Mackendrick supported this sale. Fourteen concrete bases and one tower from

the old right-of-way are still standing on the lands of the Harbour Commission, and under the agreement these concrete bases are to be removed at the expense of the Harbour Commissioners. It is estimated by the Chief Engineer that this work will require the expenditure of from \$3,000 to \$4,000.

Messrs Price, Waterhouse and Company have made an exhaustive examination and survey of the accounts in connection with the Sunnyside area, and have made a very carefully prepared and full report upon these matters. This report is Appendix "A" hereto. From this it appears that the capital expenditures in the Sunnyside area may be summarized as follows:

Land Reclaimed, with improvements thereon,	\$1,018,926.26
Buildings	1,018,069.17
Equipment	108,674.61
Docks	74,349.34
making a total of	<u>\$2,220,019.38</u>

During the years 1916, 1917 and 1918 the Harbour Commissioners gave consideration to the question of developing of the Sunnyside area with a view to producing a revenue and adding to the attractiveness of the district. We have been told by Mr. Cousins that there was about this time, a belief that some New York people were trying to acquire other property in the vicinity, with a view to developing an amusement centre. The Board finally

decided to erect the buildings. As a revenue producing proposition it has proved a failure, as will appear from the following figures. The cost per acre of reclaiming the 59.578 acres, including therein some improvements such as sewers, drains, grading, surfacing, etc., was \$17,102.39. The Pavilion Restaurant cost \$329,291.02; the Bathing Pavilion and Swimming Tank together, \$548,348.31; the band stand, lavatories and kiosk situate on the concession north of the Boulevard Drive cost \$12,002.51; Parkdale Canoe Club cribs, \$24,709.88; Grand Stand, ladies' soft ball, \$3,981.63; the two concession buildings and the Band Stand on the south of Boulevard Drive cost \$95,833.09; and the Humber Life Saving Station, \$3,902.73, making a total of \$1,018,069.17. The construction of the original Pavilion Restaurant was begun in 1916 and the additions were added in 1920 and 1921. The construction of the Bathing Pavilion was commenced in 1920 and the building was opened in July, 1922. Construction of the Swimming Tank was commenced and completed in 1925, and was opened on the 29th of July of that year.

The results of the operation of these undertakings for the period from the commencement in 1917 down to December 31st, 1925, are as follows: On the Pavilion Restaurant there was a loss of \$87,467.29; on the Bathing Pavilion there was a loss of \$42,084.44. As against this

there was a profit on the concession area of \$128,282.86, leaving a slight deficit of \$1,268.87. These are the operating results only, and do not take into consideration interest on the capital expenditure.

The Pavilion Restaurant was operated by the Commissioners from the period from its opening to date, with the exception of the years 1922 and 1923, when it was leased to and operated by a company known as the Sunnyside Pavilion Limited, the highest bidder after advertisements for tenders. The Company allowed the Commissioners for the stores, fixtures, equipment, etc. the sum of \$41,000, which was accepted in full settlement. The Board gave a lease to the Company for a period of twenty-one years at a nominal rental of one dollar per annum, plus 10 percent of the gross receipts and plus 20 percent of the net profit of the Company. The percentage of gross receipts was duly received in the years 1922 and 1923, but the Company got into financial difficulties, having operated at a loss. Negotiations were then carried on, and as a result the lease was surrendered to the Board, which took over the Company's fixtures and equipment.

The Concession Buildings 1 and 2, owned by the Commissioners, are situated on the board walk, with verandahs overlooking the lake, and each of these buildings is under lease. All the buildings in the concession area proper are owned by the concessionaires, with the exception



of the band stand, public lavatories, offices and kiosk.

In July, 1921, advertisements were inserted in six Toronto papers, one Montreal paper and two United States magazines, for proposals from concessionaires for amusement park devices, refreshment booths, etc. In October, 1921, a lease was granted to Lawrence Solman as lessee ( afterwards assigned to the Sunnyside Amusement Company) giving him exclusive rights for merry-go-round sites for a period of twenty-one years, renewable. The lease was at a nominal rental of one dollar per annum, but called for payment to the Commissioners of 25 percent of the gross receipts of the company. Each concession granted was made the subject of a separate lease. All the leases to the Sunnyside Amusement Company and most of the other leases are for a period of twenty-one years, renewable, at one dollar per annum, the lessee to pay all taxes, license fees, etc. and to pay a percentage of the gross receipts varying according to circumstances. The concessionaires have their own cashiers, and the Harbour Commissioners maintain a staff in charge of a supervisor, whose duty it is to collect all cash from the cashiers of the various amusement booths. A daily cash report is prepared for each amusement, showing the gross collections, the percentage accruing to the Commissioners and the amount accruing to the concessionaires,

these reports being signed by the checker and by the supervisor of concessions. The amounts shown on these individual cash reports are transcribed to a daily summary, which includes the Pavilion Restaurant and the Bathing Pavilion, and the total of this summary represents the daily cash receipts in the Sunnyside Amusement Area. All this cash is deposited, the amount dues to the concessionaires being deposited in a trust bank account, and the amount accruing to the Commissioners being deposited to the credit of their ordinary banking account. Once a week cheques are drawn on the trust account in favour of the respective concessionaires. This information is extracted, to a large extent, from the Auditors' Report, which can be commended to anyone who wishes further information.

This report contains: -

- (1) Summary of Capital Expenditure, Exhibit A;
- (2) Statement of cost of lands reclaimed, and improvements thereon, Exhibit B;
- (3) Statement of Capital Expenditure by years, Exhibit C;
- (4) Statement showing distribution of Capital Expenditure as between wages, material, etc., Exhibit D;
- (5) Statement of tenders accepted and amounts paid in respect thereof, Exhibit E;
- (6) Statement of Engineering, Administrative and General Overhead, a portion of which is distributed on the books to Sunnyside Capital Expenditure Accounts, Exhibit F;

- (7) Statement of the Engineering, Administrative and General Overhead carried in open balances on the books but which has been pro-rated in the figures appearing in the statement, Exhibit G;
- (8) Condensed summary of Revenue and Expenses, Exhibit H;
- (9) Pavilion Restaurant, statement of revenue and expenses from its opening in March, 1917, to December 31st, 1925, Exhibit I;
- (10) Bathing Pavilion, statement of revenue and expenses for the four years from its commencement in 1922 to December 31st, 1925, Exhibit J;
- (11) Concession Area, statement of revenue and expenses for the four years from the commencement in 1922 to December 31st, 1925, with supplementary statement of revenue in detail, Exhibits K and K-1.

The figures contained in the report referred to deal only with the work done and the expenditure made by the Toronto Harbour Commissioners. The City of Toronto has spent in addition \$839,600.06, of which the following are the particulars:

<u>Particulars</u>	<u>AMOUNT</u>
Boulevard Drive - Humber to Dowling Avenue	\$363,724.77
Boardwalk - Jane Street to Dowling Avenue	111,383.80
Grading and surfacing grass slope south of Boardwalk	49,678.22
Sewer - Keele Street to Parkdale Canoe Club	48,312.20
Grading and surfacing - 50 feet Parkway	46,508.19
Sewer - Humber to Ellis Avenue,	32,357.97
Sewer - Ellis Avenue to Keele Street,	31,874.11
Grading and surfacing - 18 foot Parkway	26,339.50
Grading and surfacing - Parkdale Canoe Club to Dowling Avenue,	23,559.42
Curbs, Boulevard Drive - Humber to Dowling Ave.	19,767.96
Temporary Track	14,059.01
Overhead power lines	12,713.25
Intersection - Keele Street	11,072.36
Traffic roadway	10,567.96
Intersection - Jane Street	9,554.66
Equipment - Small tools	7,986.97
Sewer - Parkdale Canoe Club to Dowling Avenue	5,956.17
Watching	5,566.03
Other expenditures	8,617.51
Total	\$839,600.06

These sums were paid in the first instance by the Harbour Commissioners who were reimbursed afterwards by the City. The basis on which re-imbusement was made by the City was actual cost of wages and materials plus ten percent and plus a further ten percent to cover engineering, administrative and general overhead. These charges for overhead are included in the amounts shown on the attached statement, as are also the rentals charged by the Harbour Commissioners for their plant used on this work; no overhead is, however, added to the plant rentals, or to the amounts paid to contractors.

Before parting with the Sunnyside area it is necessary to refer to a matter into which some citizens have requested that an inquiry should be made. I refer to what is called the Beauty Contest that was put on at Sunnyside in August of 1926. Early in the summer of 1926 Samuel T. Wright became one of the Harbour Commissioners. He was not long on the Board until he was appointed as supervisor to take under his care the Sunnyside area and concessions. I mean by this that he was the member of the Board who was expected to pay special attention to that part. In July, 1926, he called a meeting of the concessionaires who decided to put on some special attractions for the summer, and Mr. Wright on behalf of the Board, agreed to pay half of the expenses of these

special attractions. One of the expenses incurred was the appointment of Mr. Goudy, who was a reporter on the Evening Telegram, as the publicity agent at a salary of \$50.00 a week. One of the attractions put on was this Beauty Contest, the features of which are well known to Toronto people. The total cost of putting on this contest was \$3,543.64. It went on from August 9th to August 15th. The Harbour Commissioners' percentage for 1926 for this week was \$12,012.25, and for the corresponding week in 1925, \$9,953.05, showing a balance in favour of 1926 of \$2,059.20. From this must be taken the half of the expenses paid by the Commission for the Beauty Contest, which leaves a balance of about \$300 to the good. It came out in the evidence that while Mr. Wright was supervising this area he was selling goods (potatoes) to the concessionaires. He had done business with them in other years. The point sought to be made against Mr. Wright is that any increase in the number of people who were attracted to Sunnyside meant more people to enter restaurants and the more to consume the potatoes he had to sell. He sold potatoes to the concessionaires at times in considerable quantities. There was no legal objection to his doing this, but whether he should have had any dealings with them at this time is another matter. Some people placed in Wright's position

would look upon such a transaction with disdain.

Whatever doubts were or could have been entertained as to the legal authority of the Commissioners under the Act of 1911 to do what has been at Sunnyside is probably set at rest by the Dominion Statute passed in 1925, 15-16 George V, Chapter 79. This Act expressly authorizes the undertaking and ratifies and confirms all that has been done. The question has been raised whether provincial legislation is not also required on the ground that the subject matter is one that is within or partly within the jurisdiction of the province. If there is any doubt about this there should be no difficulty in obtaining the necessary legislation.

The serious item on the debit side of the Sunnyside account is that when the operating deficit is added to interest on the cost of the buildings, there is an annual loss of about \$60,000. If the interest on the cost of reclamation is added, the loss is about \$100,000 a year. On the credit side one cannot overlook the fact that these improvements have made a very attractive entrance to the City. Tourists and others in large numbers enter the City by way of Sunnyside and must form favorable first impressions. The Commissioners have been criticized for erecting such expensive buildings and it is not unlikely that if, in 1916, they had had the knowledge and experience since acquired,

They would not have launched such an expensive venture. The buildings are attractive, substantial and durable. Part of the land is held for sale as apartment house property. The proximity of the railway in the rear is, however, a serious drawback. The Sunnyside enterprise was an experiment entered upon in good faith and the Commission look forward to the day when their net revenue will have so increased as to justify this faith. Meantime hope instead of faith is the only grace that abounds.

#### THE WESTERN SECTION

The area covered by this section is considered as extending from the easterly limit of the Sunnyside area to Bathurst Street. The evidence given by the auditors shows that the total area of land and water lots acquired by the Harbour Commissioners in this section consisted of 193.21 acres, of which 36.79 acres was land and 156.42 acres was land under water. Of the water lots 89.51 acres were reclaimed and of this area 9.92 acres were reclaimed beyond the limit of the water lots acquired. With respect to this 9.92 acres, application will have to be made to the Dominion Government for a patent. The 36.79 acres of land acquired, added to the 89.51 acres of land reclaimed, makes

a total land acreage of 126.30. From this must be deducted 11.15 acres transferred to the Canadian Pacific Railway in exchange for other water lots and for some land immediately east of Bathurst Street. This is covered by an agreement dated November, 1913. The reclamation of lands in the western section commenced in 1916 and continued in 1917, by which time one half of the total reclamation had been made. The work was then stopped, owing to the delay in the completion of the construction of the breakwater by the Dominion Government, but was resumed later. As a matter of fact, a part of the reclamation made in the western section in 1916 and 1917 was lost through erosion owing to the absence of the protection which would have been afforded by the breakwater. Following the provisions of the agreement between the Harbour Commissioners and the City, dated November 26, 1914, though no part of the agreement itself, an arrangement was come to with the City under which  $\frac{2}{3}$  of the total cost of reclaiming the land in the western section should be borne by the City and  $\frac{1}{3}$  by the Harbour Commissioners. In accordance with this arrangement  $\frac{2}{3}$  of the cost of the dredging, plus 10% in each case to cover overhead, has been transferred to the City reclamation account. This account has been agreed to and the City is paying interest thereon at 6%. The acreage on which the total



reclamation cost is spread is made up as follows:

Acreage of reclaimed land as shown 89.51 acres

Acreage immediately north of the western channel which is shown as having been acquired as land but which required filling to the extent of several feet in order to bring it up to grade

15.30 "  
104.81 acres

Deducting the acreage of water lots reclaimed and transferred to the C.P.R., 5.20 acres, leaves a total acreage of 99.61. Of this acreage, 1/3 or 33.2 acres is the acreage over which the cost is spread. On this basis the cost per acre of reclaimed land in the western section is \$10,682.36.

The total capital expenditure by the Harbour Commissioners in the western section to December 31, 1925, is \$438,132.75.

If we add to this what was spent by the City on contract dredging and other reclamation work, Garrison Creek, Strachan Avenue storm overflow, South Parkdale properties and Boulevard Drive and sea wall, amounting in all to \$1,024,721.98, it makes a grand total expenditure of \$1,878,682.01.

It will be remembered that under the agreement with the City of November 26, 1914, the City undertook to provide a strip of land, of a minimum width of 200 feet for the purpose of providing a location for the Boulevard Drive

through South Parkdale. In June of 1921 the City authorized the Board and Chief Engineer to arrange for the purchase of the necessary properties privately. These properties were all acquired by private negotiations with one exception, that of Mr. Vickers, in whose case there was an expensive arbitration. It is in this locality that Mr. E. L. Cousins' house was purchased, and reference is made elsewhere to this purchase. One of these properties, 7 Laburnum Avenue was purchased in the first instance by Mr. Cousins in his own name for the purpose of establishing values in the vicinity, and it was taken over from Mr. Cousins by the Harbour Commissioners at the same price. The total amount paid by the Harbour Board for these properties in South Parkdale, including overhead expenses, commissions, etc. was \$282,605.67, of which \$247,389.15 has been reimbursed by the City.

It is in this section that most of the aquatic clubs are located as to which more particular reference is made elsewhere in this report. The auditors, Messrs Price, Waterhouse and Company have made a separate report on this western section. This is found in Appendix (B) to my report.

Attached to the auditors' report are:

- Exhibit A, Setting forth summary of capital expenditure.
- Exhibit B, Statement of capital expenditure, by years.

Exhibit C, Statement of properties purchased in South Parkdale in connection with the Boulevard Drive.

Exhibit D, Statement of property leased in the Western section.

Exhibit E, Statement of work done for the City by the Harbour Commissioners in the western section, reimbursed by the City.

The report and schedules contain much detailed information which it is not necessary to repeat here.

#### CENTRAL HARBOUR TERMINALS SECTION

This is the section that extends from Bathurst Street to Parliament Street and is known as the inner or central harbour. The area of land and water lots acquired by the Harbour Commissioners in this section up to December 31, 1925, was 345.08 acres. This was received from various sources, but chiefly from the Dominion Government and the City. Of this acreage 72.13 acres was land and 272.95 land under water. Up to the date mentioned 120.19 acres of these water lots had been reclaimed. Adding this to the 72.13 acres makes a total land acreage of 192.32 in this section. From this 192.32 acres there must be deducted 14.57 acres sold to the Canadian Rail and Harbour Terminals Company Limited, so that on the 31st December, 1925, we have in this section owned by the Harbour Commissioners 177.75 acres of land and 152.76 acres of land under water. During the year 1926 reclamation proceeded in the area in front of and to the east of the Harbour

Commissioners' building, to the extent of 11.7 acres. This is practically completed and some filling was also done east of Yonge Street.

As stated earlier in this report it was necessary, to carry out the contemplated Harbour improvements, to acquire the riparian rights covering certain water lots owned by the old Grand Trunk Railway, between Bathurst and York Streets. This was done under an agreement dated March 10, 1915. The agreement provides that the water lots in question shall be reclaimed by the Harbour Commissioners at their own expense, and that the lands when reclaimed, are to remain the property of the Grand Trunk Railway. Under this provision 26.11 acres were reclaimed and of this 26.11 acres the Harbour Commissioners in 1926 purchased 5.15 acres known as Block "A" at a price of \$30,000 per acre, under the option given in article 18 of the Viaduct Agreement dated November 7, 1924.

The auditors have spread the capital expenditure over an area of 159.10 acres made up as follows:

Area reclaimed on water lots which were the property of the Harbour Commissioners	120.19 acre
Area reclaimed for the Grand Trunk Railway	26.11 "
Area immediately north of the western channel which is shown as having been acquired as land, but which required filling to the extent of a few feet in order to bring it up to grade	6.59 "
Extensions of Bay, Harbour, York and John and Spadina Avenue to Fleet Street,	4.95 "
Old City Water Works slip	1.26 "
Total acreage reclaimed.	159.10 Acres

Of this acreage the Harbour Commissioners have only 82.47 acres of revenue producing land because from the 159.10 acres must be deducted the following:

For Grand Trunk Railway	26.11 acres
For the Canadian Pacific Railway, representing water lots included in the lease from the City, which lease and water lots were transferred by the City to the Harbour Commissioners in 1911	10.20 "
Dominion Government Marine Yard for which no rental is receivable	2.34 "
City of Toronto Marine Yard and slip	3.62 "
Fleet Street from Bathurst Street to the Harbour Commissioners' building	11.75 "
Street and track reservation south of Fleet Street	17.66 "
Extensions of Bay, Harbour, York and John Streets and Spadina Avenue to Fleet Street	<u>4.95</u> "
	76.63 acres

The auditors point out that if the cost of the Harbour Head Walls exclusive of section 7 is included in the expenditure spread over this 82.47 acres, it would be necessary to sell or lease on the basis of an average valuation of \$53,000 per acre to recoup the Harbour Commissioners. This however, may not be a fair view of the matter because the question might well be considered, whether that portion of the expenditures applicable to the City Marine Yard and the extensions of the streets ought not to be borne by the City. The cost of section 7 of the Harbour Head Walls is not included in the expenditure spread over the area of 159.10 acres

for the reason that on the 31st December, 1925, up to which date the audit was made, no land had been reclaimed behind section 7.

Of the 82.47 acres available to the Harbour Commissioners for sale or lease, 14.57 acres were sold in 1925 to the Canadian Rail and Harbour Terminals Company Limited at \$50,000 per acre. This Company has an investment in land, buildings and equipment of over \$4,000,000.00. This sale carried with it a lease covering 2270 feet of Harbour Head Walls at a nominal rental of one dollar per annum. Of 67.90 acres remaining, 19.04 acres are now under lease. The particulars of these leases are set forth in Exhibit G to Appendix "C" of this report.

The total number of lineal feet of Harbour Head Walls is 14,408.8 feet. To arrive at what is left of the Harbour Head Walls available for lease there must be deducted the following:

Bulk heads	1,526.5
Space under lease	6,760.3
Dominion Government	
dock	703.3
City dock	1,295.5
Section 7 laid out	
for Canada Steamship	
Lines Limited	2,715.2
	<u>13,000.8</u>

From this it appears that although the land sold or leased at the present date represents only about 41% of the total area available, the dockage space has been taken up to the extent of 89% of the total.

When the Viaduct is completed the situation in regard

to lands and water lots owned by the Harbour Commissioners between Yonge and Parliament Streets will be changed. The Viaduct agreement of November 7, 1924, provides by article three that the railway companies will acquire all land and land covered by water south of the right-of-way of the Viaduct between Yonge and Parliament Streets and north of the new windmill line except the lands now owned by the Harbour Commissioners and lands forming parts of streets. It also provides that the Harbour Commissioners will purchase from the railways companies the lands so acquired and the lands within the said area now owned by the railway companies at the fair market value thereof, to be settled by arbitration in the case of disagreement.

On completion of the Viaduct the area which will be owned by the Harbour Commissioners in this section between the Viaduct and the new Windmill Line will be as follows: Land now owned by the Commissioners, 9.39 acres; land owned by the railway companies and private owners which the Commissioners are obligated to purchase, 19.78 acres, making a total of 29.17 acres.

The reclamation of the lands in this section was begun in 1917 following the beginning of the construction of the Harbour Head Walls. The contracts for the Harbour Head Walls are dealt with elsewhere in this report. The total cost of acquiring and reclaiming the lands in this section, including the cost of sewers, high pressure mains, roadways, sidewalks, rearranging tracks, etc. was \$1,767,081.55. The Harbour Head Walls,

sections one to seven, including therein the proper proportion of undistributed overhead, was \$3,403,125.86, making a total capital expenditure in this section of \$5,170,107.41 which is over \$30,000 per acre for 159.10 acres. To this capital expenditure must be added the cost of buildings, consisting chiefly of the cost of the sheds on piers seven and six and the boat houses at the mooring basin. The cost of these buildings together with the proportion of the undistributed overhead was \$371,093.08. Further detailed information with regard to this section is contained in the report of Messrs Price, Waterhouse and Company, which is made to the Appendix "C" to this report.

In it the auditors have set out:

1. Summary of capital expenditures, Exhibit A.
2. Statement of capital expenditure by years, Exhibit B.
3. Statement of expenditures in connection with the expropriation of lease of the Toronto Canoe Club and Ontario Dock Company, Exhibit C.
4. Statement of tenders received for construction of Harbour head walls, sections one and two, Exhibit D.
5. Statement of tenders received for construction of harbour head walls, sections 3, 4, 5, 6, and 7, Exhibit E.
6. Statement of cost of harbour head walls, Exhibit F.
7. Statement of property leased as of November 30, 1926, Exhibit G.



EASTERN HARBOUR TERMINALS SECTIONS

This section is considered as extending from Parliament Street to Woodbine Avenue and includes the Ashbridge's Bay district and is considered under three headings, (1) Park Lands, (2) Woodbine Beach, (3) Industrial Area. The acreage shown as Park Lands consists of the area south of the contemplated new street known as "Unwin Avenue", and extends from the Eastern Channel to the line of the continuation of Leslie Street. The Woodbine Beach area comprises the Harbour Commissioners' properties east of Coatsworth Cut; the remainder of the area in this section is known as the Industrial Area.

The whole of the lands and water lots and partially reclaimed land which the Harbour Commissioners now own in this area were acquired from the City of Toronto, with the exception of a few very small parcels acquired from the Dominion Government, the predecessors of the Harbour Board, The Canadian Pacific Railway and from private owners. In working out the reclamation cost per acre in this section the auditors were confronted with the difficulty not met with in the other sections. This is owing to the fact that Ashbridge's Bay consisted mainly of marsh lands with a water

depth in parts up to ten feet. In other parts of the area, although not actually covered by water, the land was below the grade set for the whole area and it was necessary to fill in this under grade land to the extent of from four to five feet. In arriving at the acreage over which the reclamation cost should be spread the Auditors have dealt with it on an estimated average condition as at the time the properties were transferred to the Harbour Commissioners, and as at the present time. It is on this basis they have arrived at the conclusion that 618.70 acres is the area over which the reclamation cost should be spread. The method by which this acreage is arrived at is set out in Exhibit B to Appendix "D" of this report.

The total expenditure in the Eastern Harbour Terminals up to December 31st, 1925, was as follows:

Land and land reclamation	\$2,220,357.54
Improvements	981,179.87
Total expenditure	<u>\$3,209,537.41</u>
From this should be deducted the price realized for 3.96 acres sold to Imperial Oil Limited at \$15,000 per acre	<u>59,400.00</u>
Balance, December 31, 1925	\$3,150,137.41

These expenditures are classified under the two headings because of the necessity of spreading the two classes of expenditure over different acreages. The cost of the land

and land reclamation is spread over an area of 618.7 acres, which means that the cost per acre was \$3,888.59. The acreage over which the cost of the improvements, \$981,179.87 is spread is placed at 267.58 acres arrived at as follows:

Acreage of fully reclaimed land in the industrial area		363.97 acres
<u>Deduct:</u> - Areas in respect of which no expenditure has been made on improvements as follows:		
North of Keating Street and West of Leslie Street	4.88	
East of land leased to Baldwin Company and South of Commissioners Street	64.00	
North of Turning Basin	<u>27.51</u>	<u>96.39</u>
Acreage on which improvements are spread		267.58 acres

Taking 267.5 acres as the area over which the cost of the improvements should be spread the cost per acre of these improvements is \$3,666.85. Of the 363.97 acres of fully reclaimed land in the industrial area, 35.05 acres have been dedicated as City Streets and are not, therefore, available for producing revenue. Of the 328.92 acres left, 110.67 acres is under lease and produces an annual revenue of \$75,527.44. This is at an annual rate of about 9% per annum on the cost of reclamation, plus improvements as compared with the effective rate of interest paid on the harbour bonds. This shows that the land leased to date in this section provides revenue considerably in excess of

its carrying charge, but in connection with this the fact must not be overlooked that a considerable portion of this industrial area yet to be leased lies south of the Ship Channel and is not so accessible from the City, so that lower rentals may have to be taken for these. The Commissioners made a profit of over \$11,000 per acre on the 3.96 acres sold to the Imperial Oil Limited, and an additional parcel of 3.526 acres was sold to this company at the same price in 1926.

In stating that the rentals are equivalent to 9% on the cost and in stating also the profits on the land sold to the Imperial Oil, the fact must not be overlooked that the value of this area in the hands of the City and before any improvements were made has not been taken into consideration.

Of the capital expenditure of \$2,228,357.54, the largest items, of course, are for contract dredging, which amounted to \$1,521,546.26 and for other reclamation work which cost \$547,986.29. The latter work was done chiefly by the Commissioners' dredge, the Cyclone. The balance is made up of the sums paid for the purchase of two leaseholds and the freeholds of some properties that had to be purchased. The details of this capital expenditure are set out in Exhibit C to Appendix "J". The expenditure on improvements amounting to \$981,179.87 is made up of the cost of underground and

overhead services, roadways, sidewalks, street railway trestles, sidings, track reconstruction, marginal way walls, docks and bridges, etc. The details are all set out in Exhibit D of the same Appendix.

In the report of Price, Waterhouse and Company, Appendix "D" will be found:

1. Statement of acreage showing reclamation to December 31st, 1925, Exhibit A.
2. Statement showing calculation of acreage on which total reclamation cost should be spread, Exhibit B.
3. Summary of Expenditures on Land and Land Reclamation, Exhibit C.
4. Statement of expenditures on improvements, Exhibit D.
5. Statement of expenditures by years, Exhibit E.
6. Statement of property leased, giving the names of all the lessees and rental being paid by each, at December 31, 1926, Exhibit F.

#### ISLAND SECTION

From the evidence given, which consisted chiefly, though not entirely, of the auditors' examination of the books and transactions, it appears that the Harbour Commissioners acquired originally from the City 87 acres of land and 258 acres of land under water. They acquired from the Dominion Government 29.9 acres of land and 23.03 acres of land under water. Of the water lots acquired from the

City, 57 acres had been reclaimed up to December 31, 1925, so that at the present time there are 173.9 acres of land and 224.03 of water lots.

Under an agreement between the City and the Harbour Commissioners dated January 25, 1915, the City took back under its jurisdiction all the land which it had conveyed to the Harbour Commissioners in 1911, together with all the land reclaimed since that date, and the agreement provides that all the land reclaimed thereafter is to be considered as automatically transferred to the jurisdiction of the City as reclaimed. The agreement also provides that all docks, wharves and buildings in connection therewith are to remain under the control of the Harbour Commissioners. The acreage acquired from the Dominion Government is the property known as waterlot "A" and there is an understanding between the City and the Harbour Commissioners that the jurisdiction over this area is distributed so that the Harbour Commissioners have 3.4 acres of land and 16.89 water lots, or a total of 19.93 acres, while the City has 26.86 of land and 6.14 of water lot or a total of 33 acres.

The expenditures by the Harbour Commissioners on the Island Section was for dredging and reclamation work and the procedure was to charge the entire cost of this work,

plus 10% to cover overhead, to the City reclamation account. It appears, however, from the books that the City reclamation account was not charged with the following expenditures:

Dredging regatta course	\$7,127.96
Dredging at the Royal Canadian Yacht Club	20,881.90
Dredging at Centre Island Lagoon	20,216.27
Dredging filtration plant channel	<u>20,910.52</u>

All these add up to  
\$69,136.65

It is recommended that these accounts be inquired into further by the staff with a view to ascertaining whether a portion, if not all the above expenditures, should be transferred to the City Account.

The only leases of property owned by the Harbour Commissioners on the Island from which they receive any revenue are as follows:

(1) Royal Canadian Yacht Club, water lot consisting of 26.9 acres for mooring purposes, lease for 21 years, expiring in 1943, at a rental of five dollars per annum. If the dredging at this club or any part of it was for the benefit of the club it would appear that they have obtained a very advantageous lease.

(2) City of Toronto wharves at Ward's Island, Centre Island, Lakeside Home and Manitou. The lease is for ten years expiring in 1936, at a rental of \$3,532.50 per annum.

About a half of the reclamation work done on the Island was carried out in 1915 and thereafter a small amount done each year until 1922. The total amount paid for contract dredging and other dredging and reclamation work on the Island was \$391,647.35. Of this sum \$323,338.85 has been charged to the City reclamation account.

#### OVERHEAD EXPENSES

On Exhibit F attached to the Sunnyside report which is Appendix "A" hereto, will be found a general statement of the engineering, administrative and general overhead expenses for the eight years ending December 31, 1925. The auditors were asked to furnish an analysis of the more important amounts appearing on this statement. This they have done, and this analysis is made Appendix "H" hereto. Schedules are attached thereto showing legal fees, Exhibit B; Management and Departmental Salaries, Exhibit C; Salaries and expenses of Cherry Street office, Exhibit D; and motor service, Exhibit E. There is also attached Exhibit A showing the gross revenue accruing to the concessionaires at Sunnyside, calculated from the percentage retained by the Harbour Commissioners. The latter figures are given for each of the years 1922, 1923, 1924 and 1925, under the head of each concession. The following are the figures in 1925:



Sunnyside Amusement Company	\$145,000.51
Honey Dew - F. and D. Ryan	38,578.72
Burbow Refreshment Booths, A.B.C.D. and E.	54,449.07
The Whip - J.J.B. Atkinson	6,632.16
M. McIntyre	19,479.10
Palais Royale	48,612.51
Other Concessionaires	<u>32,951.64</u>
	\$345,703.71

By reference to Exhibit B, it will be seen that the total law costs paid from 1913 to the end of 1925 amounted to \$47,722.09, which is an average of less than \$4,000 per year. Most of this was paid to the general solicitors, Messrs McMaster, Montgomery, Fleury and Company. This, of course, does not include the fees that were paid in respect of special matters such as arbitrations, litigation, etc. The sums paid in respect of these other matters amounts to \$43,885.55. It should be said that Mr. A.O. McMaster, K.C. has been the solicitor and counsel for the Board ever since the Harbour improvements were first undertaken, and the correspondence that has been produced in this inquiry and the other evidence given leads to the conclusion that he has been of great service to the Board. The Board has leaned upon him in all legal matters through all the years. It is to be regretted that owing to temporary indisposition Mr. McMaster was not able to be present at our hearings. His junior partner, however, Mr. Bullen, proved a good substitute.

The management and departmental salaries are shown in Exhibit C. This schedule does not call for any special mention. Anyone who is concerned with this can look at the schedule for himself; and the same can be said of Schedule D, referring to the salaries and expenses of the Cherry Street office.

Exhibit E gives the total cost of the motor cars and motor boats. The total running expenses including gas, oil, repairs, tires, insurance and depreciation of motor cars and motor boats from 1919 down to the end of 1925, including garage maintenance and chauffeurs' wages, etc. was \$137,424.29. The most expensive years were 1920, 1921, 1922 and 1923. After that the cost began to come down.

#### GENERAL REPORT AND BALANCE SHEET

Gathering together the information given in the reports upon each of the sections already referred to, Messrs Price, Waterhouse and Company have prepared a general report and balance sheet as of December 31, 1925. It was found that this was the latest date with regard to which the balance sheet could be prepared without prolonging the inquiry and adding considerably to the expense. The Commissioners' books for 1926 had not been made up when the auditors did their work. This general report balance sheet is Appendix "I" to my report.

When the real estate was conveyed and other personal property handed over by the City to the Harbour Commissioners in 1911, a valuation was made by the Commissioners of all their assets. This valuation which was approved by the Board placed these assets at \$8,690,474.00. The Auditors' balance sheet is as follows:

THE TORONTO HARBOUR COMMISSIONERS

BALANCE SHEET DECEMBER 31st, 1925.

A S S E T S

PROPERTY ACCOUNT:

Properties acquired from the City of Toronto, at values placed thereon in 1912 by the Secretary, per contra			\$8,890,474.00
Capital Expenditures by The Toronto Harbour Commissioners to December 31st 1925, less proceeds from sale of lands, as per Exhibit "B" attached	\$12,335,288.94		
Transferred from Deficit account as representing interest applicable to an estimated construction period	1,258,083.35		
	\$ 13,593,372.29		
Deduct -Reserve for Depreciation	924,648.60	\$12,668,723.69	
Reclamation Expenditures recoverable from the City of Toronto over a period of forty years	\$ 1,347,101.06		
Less - Recovered to December 31st, 1925	300,882.99	1,046,218.07	13,714,941.76
			\$22,605,415.76

FUNDS HELD BY TRUSTEES FOR BONDHOLDERS:

Proceeds from sale of mortgaged lands 60,000.00

MORTGAGE RECEIVABLE:

Dean's Sunnyside Pleasure Boats, Limited 30,000.00

CURRENT ASSETS:

Inventories of materials and stores on hand, as certified to by the Officials	58,739.41	
Accounts Receivable	315,770.22	
Land under option - option exercised, and purchase price collected in 1926	718,500.00	
Cash on hand and in bank	3,142.95	1,096,152.58

DISCOUNT ON BONDS:

Less amount written off to date 3,183,985.05  
598,291.57 2,585,693.48

SUSPENSE ITEMS:

94,138.28  
SINKING FUND (per contra) 1,352,430.05

DEFICIT ACCOUNT (per ~~xxx~~ Exhibit "F" attached) 4,683,739.40

\$ 32,507,569.55

BALANCE SHEET DECEMBER 31st, 1925  
(Continued)

LIABILITIES

CAPITAL ACCOUNT:

Properties acquired from the City of Toronto, at values placed thereon in 1912 by the Secretary, per contra	\$ 8,890,474.00
Bonds and bank balances acquired from predecessor Harbour Board	<u>33,220.55</u>
	\$ 8,923,694.55

FOUR AND ONE-HALF PER CENT. GOLD BONDS,

DUE SEPTEMBER 1ST, 1953: Issued \$23,000,000.00

Less - Redeemed through Sinking Fund 1,507,000.00

21,493,000.00

CURRENT LIABILITIES:

Bank overdraft	363,444.41	
Accounts payable	47,430.54	
Bond interest coupons outstanding	5,175.00	
Bond interest accrued	<u>322,395.00</u>	
		738,444.95

SINKING FUND (per contra)

1,352,430.05

\$ 32,507,569.55

It will be observed in this balance sheet that while the assets include the valuation placed upon the lands in the first instance of \$8,890,474, the same item is also placed among the liabilities. In other words, this large item is treated as something for which the Harbour Board is liable. If this last item is struck from the liabilities there is a surplus shown on the books of something over \$4,000,000. The only other feature of this report that need be referred to here is that relating to income and expenses. These are found in Schedules E and F of the same Appendix "I". The sources of income come under three heads, property rental, harbour income and miscellaneous income, and the expenses payable thereout are the expenses applicable to property and equipment, navigation and shipping and miscellaneous. The statement shows that the total net revenue for all the years from 1912 to the end of 1925 before charging interest and bond discount is \$372,126.77. The interest and bond discount during the same period amounted to \$6,313,949.52, leaving a net deficit of \$5,941,822.75. To simplify the matter, it may be stated that the interest on the bonds and bond discount each year has all or nearly all been paid out of capital, the revenue being quite inadequate to bear this charge. In other words when the interest and bond discount are charged and the net revenue credited there is this large deficit. The deficit in 1925 reached the sum of \$1,015,132.56, and for the past three years has been over \$1,000,000 a year.

But this balance sheet is taken from the books only and does not afford an adequate view of the Harbour financial situation. In order to arrive at the true situation, it was necessary that all the land should be valued. This has been done by Mr. Frank B. Poucher and Mr. W. H. Bosley, both men of experience in valuing real estate in Toronto. Mr. Poucher is Manager of the real estate department of the National Trust Company Limited and has been acting as valuator for the Harbour Commissioners for several years. Mr. W.H. Bosley is manager of the real estate department of the Union Trust Company, and last year was the President of the Toronto Real Estate Board. Their values are of the present time but based on the assumption that the harbour will be completed according to plans. That is to say their values assume that the Viaduct will be completed and Fleet Street continued easterly of the water front property, the filling made to the south limit of Queens Quay, a bridge over the ship channel and making the lands available for industrial development. On this basis their valuation is \$24,008,791. of which \$10,497,350 is subject to the bond mortgage and \$13,511,441 free from the mortgage. The Valuations of Poucher & Bosley are found in Appendix J. to this report. The mortgage referred to is the fixed and specific mortgage or charge created by Section 15 of the trust deed and does not include the floating charge created by Section 16. In the cross-examination of Mr. Poucher, his attention was drawn to the fact that some of the aquatic clubs had leases at nominal rentals, and that these formed an encumbrance upon the

properties. He realised at once that this was the case, and later on computed the amount of these encumbrances as follows:

Lease to the Parkdale Canoe Club constitutes an encumbrance to the extent of	\$66,070
Lease to the Alexandra Yacht Club constitutes an encumbrance to the extent of	3,275
Lease to the National Yacht and Skiff Club constitutes an encumbrance of	<u>9,635</u>
Making a total of	<u>\$78,980</u>

This sum he thinks, should be deducted from the \$24,008,791, leaving a net valuation of \$23,929,811. It must be noted also that included in this valuation are the lands at Sunnyside which have tentatively been agreed upon as the City's share for park purposes to the use of which the City becomes entitled at the expiration of 40 years as provided in the agreement of November 26, 1914. Mr. Poucher is very optimistic about the future of the harbour properties and has a vision of manufacturing plants and warehouses in plenty strung along the harbour front. The valuers realized that it will be some years before the conditions to which they look forward will be brought about but have made due allowance for this in their valuations. Having these figures before us, Messrs Price, Waterhouse and Company were asked to prepare a new balance sheet as of December 31, 1925, giving effect to these valuations. Before these valuations apply, of course, the harbour must be completed. Mr. E. L. Cousins, the Consulting Engineer, with his staff has been working on estimates of the cost to complete. His estimate is as follows:

EASTERN SECTION:

Reclamation Industrial -		
Eastern Harbour Terminals.....	\$831,000.00	
Storm Overflow Sewer Extensions.....	203,000.00	
Railway Trackage.....	126,000.00	
Acquisition of Property.....	125,000.00	
Ship Channel Bridge.....	375,000.00	\$1,690,000.00

CENTRAL SECTION:

Bulkhead Wall - between Yonge and Parliament Sts.	\$250,000.00	
Expenditure 1926...	<u>157,000.00</u>	<u>407,000.00</u>

Reclamation Industrial to complete	625,000.00	625,000.00
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1926 Expenditure -		
Reclamation - \$99,600.00		
Crib Closures & Concrete Super- Structure bet'n Bay & Yonge Sts.	<u>75,000.00</u>	<u>174,600.00</u>
		174,600.00

Reclamation expenditure Parliament westerly to Church St., 1926		47,895.91
Storm Sewer Extensions		165,000.00

Railway Trackage		120,000.00
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Acquisition of Property		<u>250,000.00</u>	<u>\$1,789,495.91</u>
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Less Expenditures 1926 in this Section:

Bulkhead Wall	\$157,000.00
Reclamation, (Bay & Yonge) Walls Re- clamation	74,600.00

Parliament to Church St.	<u>47,895.91</u>	379,495.91	<u>379,495.91</u>	<u>\$1,410,000.00</u>
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Western Section

Humber Wall Completion .....	\$20,000.00	
Storm Overflow Sewers.....	140,000.00	
Reclamation.....	<u>30,000.00</u>	<u>\$190,000.00</u>

RECAPITULATION :

Eastern Section.....	\$1,690,000.00
Central Section.....	1,410,000.00
Western Section.....	<u>190,000.00</u>

Estimated cost to complete work between 1927 - 1929.....	3,290,000.00
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Expenditures - 1926	<u>379,495.91</u>
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\$3,669,495.91

Applying the appraisal figures of Poucher and Bosley and the estimated cost to complete given by Mr. Cousins, and the further sum of \$367,000 to cover the interest during a period over four years, the time allowed for completing and bearing in mind that an additional \$2,000,000 of bonds were issued in 1926, a surplus of \$6,058,798.52 is shown as follows:

THE TORONTO HARBOUR COMMISSIONERS

BALANCE SHEET DECEMBER 31st, 1925.  
(Giving effect as at that date to appraisal of lands  
dated January 25th, 1927)

A S S E T S

PROPERTY ACCOUNT:

Lands, at values placed thereon in the appraisal  
of Messrs F. B. Poucher and W. H. Bosley dated  
January 25th, 1925:

23,929,811.00

Other Properties, at cost plus proportion of  
interest during construction:

	<u>Gross Value</u>	<u>Reserve for Depreciation</u>	<u>Net Value</u>
Buildings	\$1,829,406.16	186,693.80	1,642,712.36
Plant and Equipment	1,233,770.86	737,954.80	495,816.06
	<u>\$3,063,177.02</u>	<u>924,648.60</u>	<u>2,138,528.42</u>

Proportion of cost of Harbour Head Walls  
representing the remaining balance of  
the total cost, after deducting an  
estimated proportion as applicable  
to land reclamation

2,220,797.66

Cost of land reclamation on the  
Island, which properties are not  
included in the appraisal

326,622.05

4,685,948.13

FUNDS HELD BY TRUSTEES FOR BONDHOLDERS:  
Proceeds from sale of mortgaged lands

28,615,759.13

60,000.00

MORTGAGE RECEIVABLE:

Dean's Sunnyside Pleasure Boats, Limited

30,000.00

CURRENT ASSETS:

Inventories of materials and stores on  
hand as certified to by the Officials

58,739.41

Accounts Receivable

315,770.22

Land under option - option exercised,  
and purchase price collected in 1926

718,500.00

Cash on hand and in bank

3,142.75

1,096,152.58

DISCOUNT ON BONDS:

3,183,985.05

Less - Amount written off to date

598,291.57

2,585,693.48

SUSPENSE ITEMS:

94,138.28

SINKING FUND (per contra)

1,352,430.05

\$33,834,173.52

BALANCE SHEET      DECEMBER 31st, 1925.  
(Continued)

LIABILITIES

FOUR AND ONE-HALF PER CENT. GOLD BONDS  
DUE SEPTEMBER 1ST, 1953:

Issued to December 31st 1925	\$23,000,000.00	
Issued in 1926 to meet part of the estimated cost of reclaiming lands included in the appraisal	<u>2,000,000.00</u>	
	\$25,000,000.00	
Less - Redeemed	<u>1,507,000.00</u>	\$23,493,000.00

OTHER FINANCING TO BE PROVIDED:

To meet cost, as estimated by Mr. E.L. Cousins of reclaiming certain lands and placing them in the position assumed in the appraisal valuation	3,670,000.00	
<u>Add - Interest during an estimated construction period of four years</u>	<u>367,000.00</u>	
	\$4,037,000.00	
Less - Provided through issue of bonds as above	<u>2,000,000.00</u>	2,037,000.00

CURRENT LIABILITIES:

Bank overdraft	363,444.41	
Accounts payable	47,430.54	
Bond interest coupons outstanding	5,175.00	
Bond interest accrued	<u>322,395.00</u>	
	738,444.95	
Purchase price of land included in the appraisal, but not taken up on the books	<u>154,500.00</u>	892,944.95

SINKING FUND (per contra) 1,352,430.05

CAPITAL SURPLUS:  
As per Exhibit "B" attached hereto 6,058,798.52

33,834,173.52

This however, must be borne in mind, that it is the balance as of December 31, 1925, that is applied to the appraisal and estimated cost of completion. From this it follows that there must be deducted from this \$6,058,793.52 the deficit for 1926, which will probably amount to another \$1,000,000, so that approximately there is a surplus of \$5,000,000, assuming that the valuations are approximately correct, and that Mr. Cousins' estimates are not too low.

From these figures this striking conclusion is drawn that whereas the Harbour Board started out with assets which they valued in their own books at \$8,890,474.00 the Board after 13 years of labour find themselves with a surplus of \$5,000,000. This of course is not the whole story. We have, or shall have when the harbour is completed, a modern, up-to-date harbour, ready for the much greater volume of anticipated business. We have also an improved and beautified waterfront and all the other advantages that follow therefrom. It may serve a useful purpose if a summary is here given of the acreage reclaimed to date and the purpose for which it is used or is intended to be used. This summary is prepared from the information furnished collectively by the auditors and the Harbour officials and is approximately correct though there is a slight discrepancy between the figures of the auditors and those furnished by the officials. The fractions of acres are omitted.

<u>Section</u>	<u>Acreage</u>	<u>Purpose</u>
Sunnyside area	119	Park & recreation purposes and industrial sites.
Western Section	89	Park purposes and aquatic sites.
Central or inner Harbour Section	132	For industrial and Dock purposes.
Eastern Section		
(a) Parliament St. to Turning Basin north of Ship Channel	330	For industrial sites.
(b) East of Eastern channel,	21	Park lands,
(c) Woodbine Beach,	13	Summer Cottage sites.
(d) South of ship channel and west of turning basin	254	Partially reclaimed for industrial sites.
Island	57	Park purposes.
Total -	1015	

THE PERFORMANCE OF THEIR DUTIES BY  
THE HARBOUR COMMISSIONERS.

The Commission under the authority of which this inquiry has been conducted requests an inquiry to be made into the performance of their duties by the members, officials, servants and agents from time to time of the Harbour Board. I do not take this to mean that all the Commissioners from 1911 down to date must be taken seriatim and referred to, but I do take

it to mean that those Commissioners and officials whose conduct has been called in question, or against whom some evidence has been given, which if unanswered calls for adverse criticism, must be dealt with. There have been many Commissioners and many more officials and employees of the Board since 1911 against whom not a word of criticism has been offered in evidence. It is surely unnecessary to mention these names.

The Commissioners whose names have been prominent in the inquiry and who must be mentioned are R. Home Smith, W.G. Mackendrick, A.O. Hogg, A.A. Mulholland, John O'Connor, T.L. Church and R.S. Gourlay.

R. Home Smith was one of the first members of the Board appointed by the City Council after the Act of 1911 was passed. He was acting Chairman for about two years before the lamented death of L. H. Clarke, and upon Mr. Clarke's death was the Chairman until his retirement early in 1924. It has been suggested, perhaps hinted would be a better word, that Mr. Smith used his position on the Board to further his own interests inasmuch as he or a land company in which he was interested was benefited by the harbour improvements in the Sunnyside section, and by the construction of the Boulevard Drive. Before the harbour scheme was thought of, or at all events, before it took any definite shape, Mr. Smith had bought a large tract of land on the banks and in the region of the Humber River, running north from the old Lakeshore Road, and in or about the year 1910 he incorporated a company

known as the Toronto Land Corporation Limited. It is true that in 1912, about the time the City was committing itself definitely to these harbour improvements Mr. Home Smith entered into an agreement with the City whereby the City contracted to build a road through his property in consideration of a grant of part of the property for park purposes. Mr. Smith quite frankly admits that he recognized the prospective advantage to his Humber property of the proposed improvements in the west end. In other words he saw the harbour improvements coming, and took occasion by the hand. Then it is hinted that he arranged to have the work or part of it begin at the Humber opposite his property. It is true that the Dominion Government did begin the construction of the break-water at the Humber, but it has not been shown that it was begun there because of any benefit that might accrue to Mr. Smith therefrom. I do not think it would be fair upon the evidence to say that Mr. Smith promoted or in any way diverted the plan or policy of the harbour improvements to enhance the value of his property.

Another piece of evidence that must be mentioned, partly because Mr. Smith himself desired to have the matter fully inquired into, and partly because the facts are such as to call for a report upon them. It will be remembered that the contract between the Harbour Commissioners and the Canadian Stewart Company Limited was entered into in the Fall of 1913.

On the 3rd June, 1914, a contract was entered into between Mr. R. Home Smith and J.C. Stewart of the Canadian Stewart Company, whereby Mr. Smith sold to Stewart four lots on the west side of Garboyd Avenue and south side of Riverside Drive, being part of his Humber sub-division for the sum of \$20,000, payable \$500 as a deposit and \$2,000 with acceptance of title and closing of sale on June 20th. The balance was to be paid \$2,000 each six months and when the purchase money was reduced to \$10,000 the vendor was to give a deed and take back a mortgage. The \$2,500 was paid. The \$2,000 payments were regularly made, and when the purchase money was reduced to \$7,500 a mortgage was taken back and the balance paid off by December, 1918. It so happens that just about the time that this mortgage for \$7,500 was given, the Canadian Stewart Company asked the Harbour Commissioners for some assistance which would enable them to do some financing, and an arrangement was come to, the details of which it is unnecessary to state, whereby certain concessions were granted, which permitted the financing they desired. Mr. Smith has sworn that this sale was not brought about by any pressure on his part, that Stewart came to him, giving as his reason for wishing to buy this land that they expected to do large contract work in Canada, and wanted a home in Canada in which they might live at least part of the time, and in which they might do some entertaining. As a matter of fact, the Stewarts live in New York City, have never lived permanently in Canada, and did not build any



house on these lots. Mr. Smith's statement that they intended to build when they bought the lots is corroborated by some correspondence that passed between them at the time. The circumstance that the \$7,500 mortgage was given contemporaneously with the concessions granted by the Board to the Canadian Stewart Company proves nothing. By that time they had reduced the purchase money from \$20,000 down to \$7,500 so that one would think that Smith had ample security without the mortgage. In commenting upon this sale and upon the relationship of Smith's Humber property to the harbour improvements, all that can be said is that it is common knowledge that men who are placed in responsible positions of power and authority may, not improperly and certainly not corruptly, reap advantages that would not otherwise accrue to them. It may be said that the Stewarts might not have bought the lots in question if Mr. Smith had not been a member of the Harbour Board, but if they were willing to pay the same price as was being paid by others for similar lots, which is the case here, does it follow necessarily that Mr. Smith's duty was to have nothing to do with them? I conclude my reference to this transaction by saying that there is no evidence that by word or conduct Mr. Smith brought any pressure to bear to bring about the sale. Mr. Smith has been an able and influential member of the Harbour Board for many years and given much of his time and labour to its affairs.

W. G. Mackendrick became a member of the Board early in 1924, his appointment having been made by the City Council. He has had a long experience in business first as manager and later on as president of a large and successful contracting company. It cannot be denied that he joined the Board with the determination to see that its affairs were conducted upon strictly business lines. The Board was having a yearly deficit of about \$1,000,000, and he thought that by the application of sound business principles this could be improved upon. Except for a few months when he was abroad, he was faithful in attendance at the meetings, and was always a diligent and aggressive member. It was he, I think, who even more than his colleagues Mulholland and Hogg, became gradually and increasingly dissatisfied, if not disgusted, with the manner in which the affairs were being dealt with and the meetings conducted under the Chairmanship of Mr. Church. Beginning in 1924, the composition of the Board was as follows: Mr. Church, Mr. O'Connor and Mr. Mackendrick, appointed by the City Council; Mr. Mulholland by the Dominion Government, and Mr. Hogg by the Dominion Government, but upon the nomination of the Toronto Board of Trade. As time went on, Mackendrick found himself more in accord with the views of Mulholland and Hogg than with the views of his colleagues Church and O'Connor. With the exception of the transaction of the sale and lease to his company to which reference is made elsewhere in this report, and which I think was

unfortunate for him, there is nothing in his conduct that calls for any criticism, or even comment, unless it be that he was too outspoken and that this tended to raise opposition.

Mr. A. A. Mulholland was appointed a Commissioner by the Dominion Government in 1924. He has had a long business experience. He was a paper manufacturer at Campbellford before coming to live near Toronto. He is a ratepayer of the City. Like his colleague Mr. Hogg, he has a milder and less aggressive disposition than that of Mr. Mackendrick. He, as time went on, became, with Mackendrick and Hogg dissatisfied with the conduct of Mr. Church and eventually joined his two colleagues in their efforts to displace him as Chairman. There is no suggestion, much less proof, that Mr. Mulholland did anything that was discreditable. He attended the meetings regularly and brought to bear upon the transactions that came before the Board his best business judgment.

And the same can be said of Mr. A. O. Hogg, who joined the Board in March, 1924. He was nominated by the Toronto Board of Trade and appointed by the Dominion Government. Mr. Hogg has had a long experience in the grain and seed business in Toronto, and has always taken a deep interest in harbour matters. He has been faithful in his attendance of the meetings of the Board, and no evidence has been given that in the slightest degree reflects adversely upon his honour or reputation as a business man. As time went on and trouble about the Chairmanship increased, he joined his colleagues

Mackendrick and Mulholland in their opposition to Mr. Church.

Mr. John O'Connor became a member of the Board early in 1924, having been appointed to the position by the Toronto City Council. Mr. O'Connor too, has had a long business experience; was for a number of years general manager of the Murray-Kay Company Limited, and later on was managing director of the Toronto Publicity Bureau from which he has recently resigned. In the course of time when differences developed between Commissioners Mackendrick, Hogg and Mulholland on the one hand, and Mr. Church on the other, Mr. O'Connor was usually found on the side of Mr. Church. This of course, was his right. Mr. O'Connor is one of those agreeable, obliging men who likes harmony at the meetings, and more than once he has tried to pour oil on the troubled waters, when noisy and angry meetings were being held. What has been said of Mr. Mulholland and Mr. Hogg can also be said of Mr. O'Connor, that no evidence has been given that reflects adversely upon his honour or reputation as a business man.

Mr. Church has been a member of the Harbour Board ever since the passing of the Act of 1911, and even before that he was a member for a few years of what was then called the Harbour Trust. It follows that he has an intimate acquaintance with harbour matters. From 1911 to the end of 1921 he was also a member of the City Council, either as Mayor or Controller. Since December, 1921, he has been a member of the House of Commons for one of the Toronto divisions. His last appointment to the Harbour Board by the City Council was in

December, 1923, and in February of 1924 he became Chairman of the Board. As three of the Commissioners, namely Mackendrick, Hogg and Mulholland, blame him for all the dissensions in the Board which led up to the attempt to remove him as Chairman in the Spring of 1926, it is necessary to state somewhat in detail their grievances, and to what extent, if at all, they are well founded.

Soon after Mr. Church became Chairman the transaction with the Dufferin Construction Company was considered by the Board. From the manner in which the Chairman acted at that time Mr. Mackendrick became, if not suspicious as to his good faith, certainly doubtful of his business capacity. He formed the opinion (whether the opinion was justified or not is another matter) that the Chairman was acting more in the interests of the Company and of his own political friends than in the interests of the Harbour Board. This transaction is dealt with more at length elsewhere in this report. A few months later the question of disposing of the cars and closing the garage reserving leasing space came up, and there were heated discussion on this subject, Mr. Mackendrick being determined to get rid of most of the cars and particularly the cars that were held for the use of the Commissioners. It was in connection with this matter that the alteration was made by Mr. Church in the draft Minutes. This is also referred to and more at length elsewhere. When he found later that the cars had not been disposed

of in accordance with what he mistakenly thought was the order of the Board his dissatisfaction with the Chairman's actions was openly expressed and angry discussion took place. Then in the Fall of 1924, the transaction with the Argonaut Club came up. Mr. Mackendrick says that he was talked into supporting these aquatic leases by the Chairman. This Argonaut Club transaction is also referred to more in detail elsewhere in this report under the head of Aquatic Leases. Then in the summer of 1925 the Stadium transaction came up and was dealt with. This transaction is also referred to more at length elsewhere in this report. Mr. Mackendrick, in the Stadium matter, did not like the attitude taken by Mr. Church and in this both Hogg and Mulholland to some extent shared his views. These matters helped to arouse in the three Commissioners Mackendrick, Hogg and Mulholland, but especially in Mackendrick, the opposition that, coupled with other matters shortly to be mentioned, eventually led, I think, to the noisy, angry meetings. The complaint is also made that when deputations came before the Board the Chairman would appear to be willing to consider their demands without that conference and deliberation which the subject in hand demanded. I use the words "appeared to be willing" because it did not always follow that he was willing. Everyone concedes that Mr. Church is anxious to please, and his kindness of heart and desire to help his friends may lead people to misconstrue his actions. But it must be admitted at once that this method of handling deputations does not make the task of business administrators

any lighter. On the contrary, it must have a tendency to embarrass them. Mr. Mackendrick contends that one of the troubles, if not the chief trouble with Mr. Church is that he has what he calls a 'political mind'. The term 'political mind' has not been clearly defined. If it means a mind that is given to the study of public questions it is hoped that all men have a political mind; but that is not what Mr. Mackendrick meant. He meant that what impressed Mr. Church was the popular view or the view that pleased his friends rather than the business-like view of a business transaction, and I am bound to say from the evidence that has been given, that there is some truth in this statement. The qualities of heart that have endeared Mr. Church to so many people are unfortunately not the qualities that contribute to make a successful business administrator.

Another matter complained of is that Mr. Church took upon himself as Chairman, more authority than he really had. An instance of this occurred in December when the Board laid off several employees. The Chairman, without consulting the Board, gave directions that the men should remain on the pay roll to a date subsequent to the date of their lay-off. This of course, was contrary to the Board's order. Mr. Church explains this by saying that the men laid off were in need and that all he did was to give instructions that they should be paid until after the Christmas and New Years holidays. This is a further evidence of the kindness of his

heart, but the action was very provoking to his colleagues, who might, at least, have been consulted. Messrs Mulholland and Hogg also complain that the Chairman has insulted them more than once by telling them that they had no right to vote on the questions then before the Board for the reason that they were appointed by the Dominion Government and not by the City Council. No one knows better, of course, than Mr. Church, that all members of the Board have equal voting powers. The provision found in the Act of 1911 for representation on the Board is a very reasonable, if not an ideal one. The Dominion Government has only one representative on the Commission, as to whose appointment they alone have the say. There are three appointed by the City Council and the fourth must be nominated by the Toronto Board of Trade before he is appointed by the Government. To say that the Dominion Government's appointee or (if the nominee of the Board of Trade is to be called an appointee) appointees should have no say in the management of a harbour in which the Government has spent millions of money, is absurd. Then again Messrs. Hogg and Mulholland complain that he charged them with being members of the political party opposed to his own, implying thereby that they were sitting on the Board as politicians. Mr. Church claims that this was only said in a jocular way. But that is not the case. It was said in a contemptuous and offensive manner. Another complaint is that his absence discharging his Parliamentary duties at Ottawa interfered with his duties. The evidence on this does not satisfy me



that he on that account alone neglected the work of the Board, although it sometimes resulted in sudden changes being made in dates of the meetings, to the inconvenience of the other members.

The matters to which reference has been made led, as one might expect they would lead, to very noisy meetings, and to increased dislike of the Chairman's methods. Men with proper self respect could not be expected to refrain from showing their resentment. Mr. O'Connor must be given credit for trying to smooth matters out, but was not always successful. Mr. O'Connor says that much of the noise of the meetings can, he thinks, be attributed to the fact that Mr. Church is hard of hearing, which necessitated loud speaking. But I am convinced that the cause went much deeper than that. In addition to what has already been stated, the fact must also be set forth that Mr. Church has an unfortunate habit of making statements on the impulse of the moment in reckless disregard of their accuracy and consequences. An illustration of this is found in his reference to Mr. Gourlay. On November 18th, Mr. R. S. Gourlay gave some evidence, in which he pointed out differences between the character of the meetings held under Chairmen like Mr. L. H. Clarke, and R. Home Smith and the meetings held under Mr. Church. He at the same time gave some evidence concerning the Dufferin Construction Company transaction, which Mr. Church thought reflected upon him. On a later day Mr. Church brought this matter up, and a record

of what took place appears at page 1322 of the evidence:

"MR. CHURCH: A witness called Gourlay -- most unfair.

"He is a pensioner of this Board, getting \$2,000

"at the present time.

" COMMISSIONER HOGG: May I say, as a member of the  
"Harbour Commission, that that statement is not correct.

"MR. CHURCH: You mind your own business.

" COMMISSIONER HOGG: I am minding it. This is a sample  
"of what we had for two years."

In the absence of explanation the impression that would be left upon anyone's mind by Mr. Church's statement, was that Mr. Gourlay was in receipt of a pension of \$2,000 a year from the Board, but the facts are as follows: Mr. Gourlay was for many years a leading manufacturer and merchant of Toronto, and in his day has been President of the Canadian Manufacturers' Association. From 1911 down to the early part of 1924 he was a member of the Harbour Board, as the nominee of the Toronto Board of Trade. He for years held a good position in the Toronto Business world and is a much respected citizen. When he retired from the Board in 1924 he was not in good health, and having given up other business, sought to increase his income by soliciting insurance. The Harbour Board and the officials, knowing the long service that he had rendered and knowing that insurance rates are practically uniform were desirous of throwing business his way. No money was ever paid to Mr. Gourlay by the Harbour Board. The money was

paid to the general insurance agents for whom he acts as sub-agent, and the evidence is that premiums were paid in one year amounted to as much as \$1800. Of this sum Mr. Gourlay would get the usual percentage paid to insurance agents. This is the so-called pension that Mr. Church made reference to. I give this illustration for the double purpose of showing Mr. Church's method, and at the same time exonerating Mr. Gourlay from this very unjust charge.

From the manner in which Mr. Church gave his evidence in this inquiry, it is clear that he suffers from another handicap. While he must have an intimate knowledge of harbour matters he is unfortunate in his method of presenting his facts and in the speed with which he states them. This results in a failure to make full use of this knowledge to the advantage of the Board. Furthermore it is common knowledge that patience and the willingness to deliberate and consult with colleagues are important qualifications in a Chairman and it is simple truth to state that Mr. Church does not possess these qualifications in a satisfactory degree.

I should fail in my duty to the rate payers of Toronto, whose representatives in the City Council asked for this inquiry, if I omitted to frankly state that the evidence shows without reasonable doubt that Mr. Church was chiefly, if not wholly, to blame for the dissensions that took place under his Chairmanship, that by reason of his associations and disposition and

the matters already referred to he is unsuited for the work of presiding at the meetings and that it is not in the public interest that he should again occupy the position

of Chairman of the Board.

This statement should be accompanied by another, which is a great pleasure to me to be able to make, viz., that there is no evidence to prove, nor any reason to believe, that during all the years that Mr. Church has served on this Board, he derived any direct pecuniary advantage from the position he held.

EFFORTS TO REMOVE THE CHAIRMAN

On the 12th of April, 1926, matters had reached such a stage and the feeling against Mr. Church held by the three Commissioners in question had become so strong that at the close of the meeting on that day, Mr. Mackendrick announced that there was another matter that he wished to bring up. This was that he intended to move that there should be a change in the Chairmanship. The reason given to Mr. Church was that he was away so much in Ottawa and that the honour should go round. Needless to say, the reasons given to Mr. Church for wishing to remove him were not the real reasons. Mr. Church contends that Mackendrick's action was prompted by a sharp difference he had with him at this meeting over a question of insurance on the leasehold premises which the Warren Bituminous Company held. But Mr. Church is mistaken in this. While the insurance matter was discussed, Mackendrick, when the policy of the Board was explained and he found that the remaining four Commissioners were against him, conceded the point and that was the end of it. Mr. Church also contends that Mackendrick's opposition was also provoked by the fact that about ten years before this he was stopped from taking sand from the Bay. But if Mackendrick had any grievance at that time it was against Cousins more than Mr. Church. I am convinced that

the steps taken to remove Mr. Church from the Chairmanship were taken because they thought it was in the public interest.

I do not think that it can be said that there was any definite notice, verbal or written, that a motion would be made at the next meeting of the Board to remove Mr. Church, but it is perfectly clear that Mr. Church knew, or expected that such a motion would be made. The evidence that clinches this is that at the next meeting held on the 26th April, Mr. Church came prepared with a written statement or argument showing why, in his opinion, he could not legally be deposed. The next meeting held on the 26th April was one the Minutes of which it was not easy for the Secretary to record. Much of what was said and done at this meeting need not be referred to. It is sufficient to state that the evidence shows that there was a motion to rescind the Minute which appointed Mr. Church Chairman in February, of 1924. This Mr. Church ruled out of order. There was an appeal taken from the Chair. Then Mr. Church refused to put the motion to rescind, declared the meeting adjourned, and he and Mr. O'Connor left the meeting. The other three Commissioners objected to this course, took the position that the business of the meeting was not over; and after the other two Commissioners left, passed the motion and elected another Chairman. The motive these Commissioners had in view is

important. On the one side the three Commissioners are represented as a cabal or clique formed for selfish purposes and founded upon personal dislike. I am satisfied that they had no such motives in view. None of these Commissioners was anxious to be Chairman, and I am certain that in taking this action they thought they were acting in the public interest. The legality of the action of these three Commissioners was the subject of two legal opinions obtained, one from the City Solicitor and the other by Mr. Church from the Harbour Commissioners' counsel, Mr. McMaster. They both gave their opinion that the action taken was illegal and the attempt to remove Mr. Church and appoint another Chairman had not in consequence been legally accomplished. It is well known that counsel, in giving an opinion, base it upon the instructions or information placed before them. The City Solicitor based his opinion upon the instructions that he had, that no motion to rescind the appointment of Mr. Church had been passed. If in fact, such a motion was passed, though passed after the Chairman and Mr. O'Connor had left the meeting, the solicitor's opinion might have been different. Mr. McMaster's opinion was based more upon the ground that Mr. Church could not be removed from the Chairmanship under the then existing circumstances except for just cause, as for instance misconduct in office, incapacity

or like causes, and that the removal in question not being for such causes, was invalid. If as a matter of fact, there was a just cause or just cause assigned Mr. McMaster's opinion might have been different. These two opinions became known to the three Commissioners in question, and at the next meeting held on May 5th, Mr. McMaster's junior partner was called in and with his aid and under the instructions of the three Commissioners the Minutes of the previous meeting were so written up that it appeared that the motion to rescind the appointment of Mr. Church had been passed at the previous meeting. The Secretary had omitted this motion probably because he had doubts as to whether it should be recorded as it was passed after the meeting was adjourned. Minutes prepared with such an object in view must be looked at with care. They were evidently framed for the purpose of making it clear that the instructions and information supplied to counsel on which they based their opinion, was incorrect. This much, however, I think, can be definitely stated, that at the meeting on April 26th the motion to rescind the appointment of Mr. Church was passed by the remaining Commissioners after Mr. Church had refused to put the motion, after he had declared the meeting adjourned, and after he and Mr. O'Connor



had left. The Minutes therefore prepared and confirmed at the meeting on the 5th May were in substance correct. It is needless to dwell further upon what happened at these two meetings for the very good reason that the question has since become merely an academic one. Mr. Church and Mr. O'Connor afterwards resigned from the Board; Mr. Mackendrick was removed by the action of the City Council and His Worship, Mayor Foster, Alderman Robert Luxton and Alderman Samuel T. Wright were appointed Commissioners in their places.

When the new Board was organized His Worship, Mayor Foster was appointed Chairman. It was not long after this that the purchase of what is known as

BLOCK "A"

came up for consideration. To properly understand this transaction it is necessary to go back to the Viaduct Agreement. In the negotiations which resulted in the last Viaduct Agreement dated 7th November, 1924, Mr. E. L. Cousins represented the Harbour Board. He had provisions inserted in this agreement, (section 18) whereby the Harbour Commissioners might acquire Block "A" should they elect to do so not later than 18 months after receiving from the Canadian National notification of the price required for it; and might acquire Block "B" should they so elect within

four months after receiving similar notification. The Harbour Commissioners, if they so elected to acquire "B" might also acquire Block "C" within four months after receiving similar notification. Block "A" is on the north side of Fleet Street running from Bathurst to Spadina; Blocks "B" and "C" are east of Spadina. The object that Mr. Cousins had in view in obtaining the option to purchase this land was to preserve the character of Fleet Street. These Blocks "A", "B" and "C" are narrow strips between the railway tracks and Fleet Street, and he was afraid that unless the right to purchase them was obtained that the railways would lease or sell these strips, and that ultimately they would be used for coal yards, or scrap iron yards, or for some such purpose. Mr. Cousins is full of optimism and believes that Fleet Street from Bathurst Street easterly will ultimately to a large extent be built up with factories and warehouses. He, therefore, thought that if these three narrow strips were allowed to be used for the purposes mentioned that it would seriously detract from the value of Fleet Street property in that neighbourhood. The Harbour Commissioners did not exercise the option with regard to Blocks "B" and "C" because the blocks were much narrower, not exceeding 75 feet, and there was not the same danger of

the railway companies being able to use them for such purposes. After some negotiations with the Canadian National the Harbour Board relinquished its right to buy Blocks "B" and "C" and the railway agreed to erect on their property on the north side of Fleet Street a concrete retaining wall approximately 4 feet in height above ground level between the west side of John Street and the east side of Spadina Avenue, and to plant and maintain with suitable shrubs the slope of the bank between the said streets from the top of the said wall to the adjacent track, and would also erect a plain and neat iron fence on the top of the wall between the above-mentioned limits. This agreement it was thought would sufficiently protect Fleet Street at this point without having to purchase these Blocks "B" and "C". Block "A" between Bathurst Street on the west and Spadina on the east is a deeper lot and within the 18 months mentioned in the Viaduct agreement the Board exercised its option to purchase, agreeing to pay \$30,000 an acre. What was bought was approximately 1500 feet on the north side of Fleet Street between Bathurst and Spadina, by a depth of 150 feet, except for a gore near Spadina. When the matter came up before the Board on July 20, 1926, His Worship, Mayor Foster, the Chairman, vigorously opposed the purchase giving as his main reasons the fact that the Board had already on its hands

a large quantity of real estate which it had not been able to dispose of, that so far as concerned the preservation of Fleet Street from unsightly yards or buildings on the north side that might be erected by the railways or lessees or purchasers, the Dominion Shipbuilding Company buildings on the south side and not very far away were, he thought, about as unsightly as anything that might be built on Block "A" by the railway company; and that even if it were advisable to buy the Block, the price was too high as compared with the price, \$15,000 per acre, at which Solman obtained his lease for the Stadium across the way. All the other Commissioners, namely Luxton, Wright, Mulholland and Hogg thought it was a good purchase and opposed the Chairman, and the motion to buy was carried. The transaction was given a good deal of attention by the Press of Toronto and considerable public criticism was offered. At the next meeting held on August 6, 1926, His Worship, the Mayor brought the matter up again, when it was moved by Commissioner Wright that the matter of the purchase of Block "A" be reopened. This motion was carried. The Mayor then moved that no further action be taken with regard to the purchase; this motion was not put to the meeting. Apparently no one supported it, but it was moved by Commissioner Wright, seconded by the Chairman that further

action in the matter be held in abeyance until the next meeting. This was carried and at the next meeting held on August 27th, 1926, the decision to purchase was reaffirmed on the motion of Commissioner Luxton, seconded by Commissioner Hogg, and supported by Commissioner Mulholland. By this time Commissioner Wright had joined the Mayor and voted with him in opposing this motion. It will be noticed that Mr. Wright first voted for the purchase, and after the transaction was ventilated in the newspapers and criticism offered, he changed his vote. He explains this by stating that when he voted first, he did so under a misapprehension. He says that he thought the track allowance went with the property, and that when he found out that the trackage allowance had to come out of the property purchased, he changed his mind. This explanation is not very convincing. Mr. Wright admits that some time before this he announced his intention to run for the Board of Control in the following municipal elections. As the Press, or a certain section of it had aroused considerable opposition to this purchase, one could safely draw the inference, in the absence of a denial from Mr. Wright, that he announced his change of opinion, not because of any misapprehension about the deal but because he found that he was on the unpopular side of the

controversy. However, Mr. Wright has sworn that the question of whether it was a popular or unpopular move had nothing to do with the change. His evidence, of course, must be accepted, for it is impossible to read what was in his mind at the time. As the Mayor's objections to the purchase have been given it is only fair that the other side should also be presented. They thought that it was necessary to buy it for the preservation of the character of Fleet Street, and as a prevention against depreciation of their lands because of unsightly structures, or coal yards or scrap iron yards being located on the north side. As to the Dominion Shipbuilding Company buildings, their answer is that there is room enough between Fleet Street and these buildings to permit of the erection of other buildings in front, and they also say that the Stadium property which was leased on the basis of \$15,000 an acre is not comparable with Block "A" for the reason that it has a very small frontage on Fleet Street, compared with the whole area leased, and that the property on which the Stadium is built is restricted for park purposes and before it could be leased for a Stadium the permission of the Dominion Government had to be obtained. The Dominion Shipbuilding property, or a good deal of it, which is not very far away

has been leased to the Dufferin Construction Company and the Warren Bituminous Company on the basis of \$35,000 an acre, with dockage facilities. I am not called upon to determine, even if I were capable of doing so, whether this Block "A" should or should not have been bought. It was a question of policy for the Board. His Worship, Mayor Foster from the beginning took a firm stand in opposition to it and has consistently adhered to the same view throughout. He had a right to hold this view, and has given some strong reasons for so holding. Alderman Luxton, who was another appointee of the City Council, from the beginning took the view opposite to that of the Mayor and to his credit has consistently ever since maintained that view in the face of much public criticism as have also Messrs Hogg and Mulholland. These three commissioners did not allow themselves to be driven about by the winds of popular opinion but treated the transaction as good business and in the public interest. There is no suggestion of any bad faith on the part of any Commissioner.

If the transactions already entered into or in process between the Board and other companies for the disposal of parts of the block are any guide, it does not seem likely that the Board will suffer much (if any) loss by purchasing the block at \$30,000 an acre. In connection with this purchase the insinuation was made that E.L. Cousins' father-in-law, Mr. Farrell, who was connected with the Grand Trunk Railway, had something to do with bringing it about. There is not a word of truth in this. Mr. Farrell had nothing to do with the transaction

directly or indirectly.

THE PERFORMANCE OF THEIR DUTIES BY  
OFFICIALS AND EMPLOYEES

What has been said about the scope of the Commission with regard to the Commissioners and the manner in which they performed their duties applies also to the officials and employees. In other words, only those officials and employees whose conduct has been criticized or against whom some evidence has been given which if unanswered, would call for comment, need be referred to. Mr. Nicoll, the inspector who received money from Mr. Russell, the contractor, stands in a class by himself. There is no evidence that any payment of a similar nature has been made to any other official or employee.

In a different class stands the criticism with regard to Mr. E. L. Cousins. As Mr. Cousins has been connected with the Harbour Board ever since the improvements began and has had more to do with the planning and execution of the work than any other official, it is not a matter of surprise that he has, during the period, raised up enemies, or caused some people to be dissatisfied or disgruntled. And so it is that not a small portion of our time was taken up in dealing with matters in which Mr. Cousins was the centre of attraction.

Mr. Cousins was appointed Chief Engineer of the Board on



the 1st February, 1912. He graduated from Toronto University in Applied Science in 1906; from 1907 to 1910 he was engineer in charge of the Middle and Southern Division of the Grand Trunk Railway; from 1911 to 1912 he was assistant engineer of the City of Toronto; from 1912 to 1916, Chief Engineer of the Harbour Commissioners; from 1916 to 1923 both engineer and manager of the Harbour Commission, and since 1923 consulting engineer only. During the progress of the work in the Toronto Harbour, he was for a time also consulting engineer for the Federal Plan Commission of Ottawa and Hull, and for the Hamilton Harbour Commission in 1918 and 1919. He was also for a few years on the Board of Consulting Engineers of the Toronto Transportation Commission. From this it would appear that he is a man whose training and experience fitted him for the work that he undertook. It was he who in consultation with others, designed and planned the harbour improvements. He has always been and is now a full-fledged optimist and his enthusiasm in harbour matters is almost unlimited.

One of the complaints is that he has dominated the Board and dictated their policy. If by dominating the Board and dictating their policy is meant that in matters which did not require any engineering or professional advice, and as to which the Commissioners were able to form their own opinions he was a dictator, the charge or complaint is

quite unfounded. There is no evidence to show and it is impossible to believe, looking over the list of Commissioners since 1912, that he would attempt, much less succeed, in influencing the Harbour Commissioners to adopt any policy that did not carry their own judgment; but if by dominating the Board and dictating their policy is meant that the Board readily accepted his advice in all matters relating to engineering and other matters requiring his assistance and advice, the complaint is well founded. Mr. Cousins is unquestionably an able man, whose judgment on matters upon which he is thoroughly qualified to speak would, in the main, be accepted. It is difficult to understand how the Commissioners could act otherwise. Looking at the character of the work carried on since 1913 from Sunnyside to Ashbridge's Bay, the conclusion must be reached that a large part of the business that came before the Board for consideration were matters in respect of which it was necessary to obtain the advice of the engineering staff, of which Mr. Cousins was the head. That he has always been an influential adviser of the Board cannot be doubted, but this, far from being discreditable to him, is much to his credit.

The second complaint is that he allowed his relatives to have contracts with, sell goods to or make a profit from the work that was being carried on in the harbour. A witness named Buckles introduced the subject of the sale of sand by a

company called the Maple Sand and Gravel Company Limited. The facts with regard to this matter are as follows: In 1913 a company was incorporated and organized called The Maple Sand and Gravel Company Limited; three-quarters of the stock in this Company has from the beginning been owned by relatives of Mr. E. L. Cousins. His father, father-in-law and cousin each own one fourth or \$16,000 worth of the stock of the Company. The other fourth is owned by Mr. Loveys. The Company acquired a sand pit near Maple Station on the Canadian National line, about 18 miles from Toronto. Mr. E. L. Cousins has never had any interest whatever in the Company. It was proved that this company did supply sand to harbour contractors and to the Commission. The auditors were asked to examine not only the books of the Harbour Commissioners, but also the books of the Maple Sand and Gravel Company, with a view to ascertaining the quantity of sand purchased in the 13 years from 1914 to 1926, and what proportion of it was supplied by the Maple Sand and Gravel Company. The auditors report that from the books of the Harbour Commissioners it appears that the four principal suppliers of sand accounting for 72% of the total purchases is as follows:

	<u>Tons</u>	<u>Percentage of total purchases</u>
York Sand and Gravel Company	11,888	24%
Maple Sand Gravel "	10,487	22
Harbour Brick Company	6,560	13
Rogers Supply Company	6,497	13
	<u>35,432</u>	<u>72%</u>

The aggregate amount which went into the treasury of the Maple Company from the Harbour Commissioners' orders in the ten years 1917 (when the sales to the Commissioners began) to 1926, was about \$6,400. It will also be noticed that in the ten years 1917 to 1926 the Maple Company supplied about 22% of the total sand purchased by the Commissioners. The prices paid to the Maple Company each year were checked with the prices paid to other suppliers, and were found to be exactly the same.

Before 1917 the Company did supply sand to the contractors but it appears that the amount of business done by the Maple Sand and Gravel Company with the Harbour Commissioners and the contractors, only amounted to 8% of their total business. The Company's cash book and ledgers were scrutinized by the auditors for the entire period from May, 1913, to December 31st, 1926. There is no account in the Company's books in the name of Mr. E. L. Cousins in that period, nor are there any receipts or disbursements recorded in the cash book in his name. Mr. E. L. Cousins has sworn, and I accept his statement unreservedly, that he had no interest, directly or indirectly, in the Maple Sand and Gravel Company Limited. The business done by this Company with the contractors and the Harbour Commission was, as we have seen, a small fraction of their total business. The prices paid for sand were the same as were paid to all other suppliers. It is clear from the evidence that Mr. E.L. Cousins

profited nothing by this Company's transactions. While Mr. E. L. Cousins did bring to the attention of the Harbour Board the fact that his relatives were interested in this Company, he might for the purpose of avoiding criticism and safeguarding his own reputation, have used his influence to prevent this Company from having anything to do with supplying sand to the harbour works.

The third matter that has given rise to very considerable criticism of Mr. E. L. Cousins was the purchase of his house in South Parkdale for the purpose of the Boulevard Drive. Mr. Cousins' house was situated on the north side of what is now the Boulevard Drive and the northerly boundary of the right-of-way on the plan selected as the location for the Boulevard Drive took a very small part, a few feet, off one of the front corners of his house. It will be remembered that the City, and not the Harbour Commissioners, paid for the cost of this Boulevard Drive, and it was the City and not the Harbour Board that had to decide upon the location. Different plans were prepared of proposed locations which were laid before the City authorities who asked Mr. Chambers, the Parks Commissioner and Mr. Cousins for a report. Mr. Chambers selected the plan which involved the taking of part of Mr. Cousins' house and assumes full responsibility for the selection and absolves Mr. Cousins from any blame in connection

with the matter. The plan was accepted by the City. But that is not all. Compensation had to be paid to Mr. Cousins. While the City had to pay for the cost of acquiring these properties, it had entrusted the Harbour Board with the duty of acquiring them in this particular part of the South Parkdale section, the reason being that it was thought that the Board was in a better position to purchase by quiet negotiation. Instead of paying for the small parcel of land taken and for the damage to his house, the Board decided to buy the whole property. A valuation of the land was made by Mr. Frank Poucher, the Board's valuator, and of the building by Messrs Wickson and Gregg, the architects. Mr. Poucher valued the land at \$4,500 and Messrs Wickson and Gregg the house at \$17,800. The shrubs were valued at \$200, making a total valuation of \$22,500. It would appear that the architects formed their valuation on the basis of the replacement cost, less depreciation. While the total valuation was \$22,500, Mr. Cousins was paid \$25,000, or approximately 11% above the valuation. It is said that this was done because of a practice, very frequently adopted by arbitrators, of adding to the actual value of the property, a percentage for what is called the compulsory taking or dispossession. While it is true that a percentage is sometimes added by arbitrators, there is no law that 11% or any other percentage must be allowed. It must be regretted that a valuator other than or in addition to Mr. Poucher was

was not called in, for the evidence shows that Mr. Poucher and Mr. Cousins are intimate friends. Mr. Cousins knew that he was dealing with his own Board, and must have known that this transaction would bring showers of criticism upon his head.

Instead of vacating the house at once, Mr. Cousins remained on as tenant of the Board at a monthly rental of \$135, which was later reduced. The house was assessed at about \$8,000. Mr. Cousins when he gave his evidence was under the impression that Mr. Simpson of the Assessment Department had also valued the property in conjunction with Mr. Poucher, but that is not the case. Mr. Simpson was called as a witness and said that he did not place any value upon it. To sum up the whole matter, it would appear from the evidence that the plan which involved the taking of part of his house was selected by the Parks Commissioner with the knowledge of the Board of Control. As to the amount paid, it may be said that while the sum paid was a generous one, it was not more in proportion than was being paid for other properties in the neighbourhood. It is greatly to be regretted that after the Drive was located and it became clear that he must receive compensation Mr. Cousins did not take other steps than he did to protect himself from the criticism that was bound to follow, and I think the Harbour Board should have taken other steps to make sure that the price paid was not too much.

Another matter introduced to our attention by the same Mr. Buckles was the question of taking stone from the Humber River for the house that Cousins was building on his King's Way lot in the Home Smith subdivision. The suggestion was that it was the harbour employees did the labour in taking the stones out. The facts are that Mr. Home Smith is in the habit of taking stone from the Humber River in the summer and conveying it to some of his lots. Stone was supplied by Home Smith to Cousins, which was paid for at the time. Two men were loaned from the Harbour Board to Smith's foreman or contractor and these wages were charged by and paid to the Commission. The charge, if such it can be called, that Mr. Cousins made use of the employees of the Harbour Board to haul this stone to his house without paying for it is unfounded. This labour and stone was all paid for.

Another matter that calls for comment, though not necessarily for adverse criticism is the fact that Mr. Cousins is now Consulting Engineer for the Board at a salary of \$10,000 a year and is at the same time allowed to practice his profession as an engineer. In October, 1922, the evidence shows that Mr. Cousins had attractive offers from elsewhere and an arrangement was arrived at on October 30th, 1922 whereby Mr. Cousins, who had been with the Harbour from the beginning and who had been since 1916 both Chief Engineer and Manager at a salary of \$15,000 a year, should



be retained in the capacity of consulting Engineer only at the lower salary of \$10,000 and allowed to take outside work. The motion confirming this arrangement was moved by the late R. J. Fleming, and seconded by Mr. Gourlay and carried unanimously. Since that date he has been retained by at least two companies one the Stadium Company and the other Grosse and Blackwell Limited, whose plant is in course of erection. Though only consulting engineer, Mr. Cousins is undoubtedly still the official who is the guiding spirit and upon whose advice the Board to a large extent, depends.

S U M M A R Y:

The harbor project has met with many set-backs. Scarcely had the scheme been launched and the work begun when the Great War broke out. As will be seen by reference to Schedule "D" of the Auditors' final report and Balance sheet Appendix "I" of the \$23,000,000 of bonds issued and sold up to the end of 1925, only \$19,661,445 was realized therefrom. These bonds were sold on an average yield basis of 5.418 per cent, and the discount was \$3,338,555. Most of this loss is attributable to the war. If the war had not come upon us, had the City continued to grow as it was growing in 1911 and 1912, had the construction of the Viaduct proceeded without delay under the agreement of 1913, had the Welland Canal been finished within the time predicted our harbour situation to-day would be very different.

If those who initiated and promoted this work had been able to read the future, these improvements would probably not have been undertaken on such a grandiose and expensive scale, but criticism along this line is futile. The work has been done, and we must look forward with hope and confidence to the day when our shipping will be such as to demand the full use of the completed harbour, and when the reclaimed lands will be sold or leased and occupied. One criticism offered is that we will not for generations be able to fully make use of such a harbour; in other words, that it is built ahead of time. This kind of criticism, so far as relates to the inner or central harbour is I think, founded on a misapprehension. As a matter of fact, instead of having too much dockage space to-day, there is scarcely enough to supply the demands. It is true that if all the work were completed from Yonge Street to the Eastern Terminals, including all the slips there would of course, be no present use for all the space. It is not intended, however, by the Harbour Board, to build all these slips at once. They will build as the requirements demand from time to time. Moreover the word "harbour" as applied to these improvements is in part a misnomer. It is a reclamation and park scheme on a huge scale, the inner harbour being only part of the enterprise. As manufacturing concerns found it difficult to finance on the security of leasehold title the Harbour Board made application to the Dominion Government

for permission to sell and by order in council dated 20th August 1925 such permission was granted subject to certain reservations and conditions which were considered necessary in the public interest to prevent the whole of the harbour front falling into private hands. These reservations and conditions briefly are as follows; 197.8 acres must not be sold but may only be leased, of which 24.4 acres is in the concession area at Sunnyside, 5.2 acres for aquatic sites in South Parkdale, 108.2 acres between Bathurst and Parliament Streets and 60 acres in the Eastern Harbour Terminals. The acreage authorized for sale or available for sale is 879.6 acres of which 56.8 acres is between the Humber and Bathurst Street, 166.1 acres between Bathurst and Parliament and the balance 656.7 acres in the eastern Harbour terminals. There is also 12.8 acres reserved for public dockage on the Eastern Harbour Terminals. Since this permission was obtained and the construction of the viaduct was begun there has been increased activity in the real estate movement on the harbour front.

What the future will bring forth must be left to those who are endowed with the gift of prophecy. Much depends, of course, upon the growth of the City, not only in population, but in the number of its industries.

Some witnesses, whose opinion is worth having have given evidence; among them Mr. Underby, the General Manager of the

Canada Steamship Lines; Mr. Fraser of the Century Coal Company; Mr. Crump, distribution engineer in consultation with the staff of the new Canadian Rail and Harbour Terminals Company; and Mr. Hugh Blain. The evidence of these witnesses would indicate that Toronto may reasonably expect that with the opening of the Welland Canal and the natural growth of the City, there will be a very considerable increase in lake traffic, especially in coal, grain and packet freight, and that an impetus will be given to American tourist traffic by steamer.

That the inner harbour must be completed with the slips constructed from time to time as the requirements demand would appear to be certain; and as Fleet Street is the main artery or back bone of the improvements, it would seem essential that it should be continued easterly from its present terminus. The advisability of constructing the Boulevard Drive over the Island causes a greater difference of opinion. This will involve not only the building of two bridges over the eastern and western channels and the sea wall by the Dominion Government in accordance with their undertaking in the Order-in-Council of 10th June, 1913, but will also involve a very heavy expenditure on the Harbour Board and the City. A new proposal is now being considered by the Harbour Board officials, which if carried out, will postpone if not supersede the original plan of building

the Drive on the Island. The scheme, shortly, is this: That the Dominion Government, instead of building the sea wall running easterly from the Eastern Channel, should build groins, that Fleet Street be continued to Cherry, a bridge built across the ship channel and use made of Unwin Street as far as Leslie Street. This scheme will if adopted provide a park for the east end and a driveway that will serve present needs. This scheme if carried out will mean a great saving in money. Another suggestion is that the original scheme be not interfered with but that the Island Boulevard Drive be deferred until the future of the harbour and its financial situation are more definitely known, after which it may be proceeded with in easy stages. These are questions of policy for the City and the Board to take up and consider. It is scarcely necessary to say that an important point that should not be overlooked, but on the contrary be kept constantly in mind in considering any alternative plan, is that at present the Dominion Government is definitely committed to and have undertaken to build the bridges and sea wall. They are not committed to anything else.

In referring to the future of the harbour the management of it is necessarily an important consideration. If we are to have the kind of management that has prevailed during the past few years of dissention, one may well be anxious about, if not in despair of, the future of this great undertaking.

If the members of the new Board as recently constituted should fortunately work together in peace and harmony, good can be accomplished. In that case perhaps the exposures made in this inquiry and the criticism contained in this report will not only have done no harm, but may possibly have contributed to bring about this happy result. If, unfortunately, the dissensions continue and the same methods of doing business are pursued, surely it is the clear and obvious duty of each and all of the Commissioners, in the public interest, to resign, in order that the authorities may appoint a new Board who will start with a clean sheet. It will not, I think, be out of place if I state what the evidence given and the known conditions indicate the personnel or composition of the Board that would best suit the requirements should vacancies be thus created.

Exporters and importers of waterborne goods are deeply interested in harbour matters and one or two representative men from this class should prove useful members. The shipping interests, that is to say, those who are concerned in navigation, are also interested and should have one representative. He need not necessarily be connected with the navigation companies, but should know their requirements and be able to represent them. As a knowledge of engineering and contracting will be useful, it seems to me that a

marine engineer or contractor would also make a useful member. The other member or members might be men of tried business capacity, and if one of them should also have legal training, so much the better.

This inquiry has clearly shown that no member of the House of Commons from Toronto or suburbs, or of the Provincial Legislature or of the City Council, or of the Board of Education should be a member of the Harbour Board. The reason for this is readily seen. He is an exceptionally strong man who, knowing that he is shortly to seek the votes of the people, and who as a Harbour Commissioner has the power within his grasp of bestowing favours, or patronage, will always have the interests of the harbour alone at heart to the exclusion of all other considerations. And super men are none too plentiful at any time. But another qualification more important still is that each member of the Harbour Board should be free and independent to exercise his own judgment uninfluenced by any outside power that may seek to direct or control him. There is no reason under the sun why political partisanship should be allowed to raise its head in harbour matters. This is a huge civic undertaking in which the City has risked many millions, and the management of which all its citizens, regardless of politics, race or creed, are interested, and any group

or association or party that seeks for its own ends to select the personnel of the Board or to direct, control or dominate the members after their appointment, is doing a public wrong that is certain to injure, if not imperil, the management of our harbour. Nothing is more likely to lead to an industrial or commercial tragedy than leaving the affairs of the Harbour in the hands of men who are appointed in a spirit of political, racial or religious partisanship, fanned, it may be, by a mischievous press or created by selfish desire for power or patronage. The interests of the harbour can best be served by men who are absolutely free from such influences and who are prepared to cooperate loyally for public service.

#### CONCLUSION.

All the matters which have been brought to my attention and which have been deemed worthy of investigation, have been the subject of enquiry. Sir Thomas White assures me that all matters that have been brought to his attention of the same kind, have also been dealt with. There have been some complaints of a trivial character, and others that were obviously prompted by spite that have not been deemed worthy of a place. Messrs. Price, Waterhouse & Company have, over a period of three months, been going through not only the books but also the tenders, contracts, and correspondence,



and every matter that seemed to them irregular, or that called for enquiry, has been investigated. Having heard all the evidence, it is a great satisfaction to be able to report that while there has been extravagance and favoritism shown, there is a remarkable absence of any corruption, or of what is commonly called graft on any appreciable scale. It was not to be expected that in an enquiry covering a period of thirteen years during which many millions of money has been spent, irregularities, favoritism and extravagance and even some dishonesty would not be discovered. That more has not been disclosed is very creditable to the Board and the officials.

Sir Thomas White, needless to say, presented the evidence with his well-known ability and with the commendable desire to give all concerned including the Commissioners and officials every opportunity to present their side of the case. Mr. Robertson, K.C., representing the Dominion Government was of great assistance in bringing to my attention matters that might not otherwise have been dealt with and in examining witnesses supplementary to Sir Thomas White's examination. Mr. Bullen, representing the Harbor Board, was in a difficult position. He realized that it was not his duty to act as a defence counsel for the Harbour Commission or officials but thought, and rightly thought, it was his duty to see

that any evidence in their favor that had not been brought out by the other counsel was brought to my attention. The course taken by him is not open to any objection. Mr. Ernest O. Bogart, who acted as Registrar in charge of the Exhibits, and as an assistant to Sir Thomas White, was a great aid in the inquiry.

This report should not be concluded without a special reference to the work of the auditors, Messrs. Price, Waterhouse & Company. Their work done by a staff presided over by Mr. J. W. Taylor has been excellently done and their reports many of which are appendices to the report, contain a vast amount of valuable information.

Messrs. A. G. Newall and Company, the stenographic reporters, have done their work faithfully and well.

I am forwarding herewith the evidence consisting of 4207 pages. The Exhibits, 114 in number, are not being sent at present for the reason that as they consist largely of Minute books, leases, contracts and correspondence, plans and etc., all records of the Harbour Board which are either in constant use or will probably have to be referred to from time to time, I respectfully request that permission be given to their being returned to the Harbour Board.

I have the honour to be,

Your Excellency's most obedient servant,

11th 14<sup>th</sup> 1927

*J. Denton*