

---



---

## RETURN

To an Address presented to His Honour the Lieutenant-Governor, praying him to cause to be laid before the House copies of all correspondence between his Government, or any member thereof, and any person or persons, company or companies, in relation to the proposed construction of the British Pacific Railway; also, any papers relating thereto.

By Command.

JAMES BAKER,  
*Provincial Secretary.*

*Provincial Secretary's Office,  
March 6th, 1896.*

---



---

*Mr. E. V. Bodwell to Hon. J. H. Turner.*

VICTORIA, February 10th, 1896.

SIR,—By instructions of Mr. Rithet I enclose you, for your perusal, a draft of an agreement suggested between the Government and the persons promoting the Canada Western scheme, as the basis for opening up negotiations with the Government on this question. I am also instructed to ask at what time you can make an appointment to have a consultation with Mr. Rithet, Mr. Armstrong and myself.

*To the Hon. the Premier,  
Victoria, B. C.*

I have, etc.,  
(Signed) E. V. BODWELL.

[ENCLOSURE.]

THIS CONTRACT AND AGREEMENT, made between Her Majesty the Queen, acting in respect of the Province of British Columbia, and herein represented and acting by and Sir Thomas Selby Tancred, Baronet, of London, England; Charles Newhouse Armstrong and the Honourable Joseph Rosaire Thibaudeau, both of the City of Montreal, Province of Quebec; Lafayette Hayt de Friese and Baynes Wright Smurthwaite, both of London, England, witnesseth:

1. That the parties hereto mutually agree with each other as follows:—

2. For the better interpretation of the contract it is hereby declared that the railway hereinafter referred to as the British Pacific Railway, is the railway described in the Act of the Legislative Assembly of the Province of British Columbia, passed in the year 1889, and intituled "An Act to incorporate the Canadian Western Central Railway Company," and all other Acts of the said Legislative Assembly amending or relating to said first mentioned Act.

The individual parties hereto are herein described as the "Company," which herein shall also include the Company to be incorporated as hereinafter provided, and the Government of the Province of British Columbia as the "Government." The word "charter" shall mean the Act of Incorporation to be passed by the Legislative Assembly of the Province of British Columbia as hereinafter provided.

3. Within sixty days after the charter shall have received the assent of the Lieutenant-Governor, the Company shall deposit with the Government security, to be approved of by them, in the sum of one hundred thousand dollars, as a guarantee on the part of the Company for the due performance of the covenants and conditions in this agreement set out to be observed and performed by the Company.

4. The Company shall lay out, construct and equip the said railway of a uniform gauge of four feet and eight and one-half inches, and in order to establish an approximate standard whereby the quality and character of the railway, and of the material used in the construction thereof, and of the equipment thereof, may be regulated, the Canadian Pacific Railway, as the same was when first constructed, is hereby selected and fixed as such standard. And if the Government and the Company should be unable to agree as to whether or not any work done or materials furnished under the contract are in fair conformity with such standard, or as to any other question of fact, excluding questions of law, the subject of this agreement shall, from time to time, be referred to the determination of three referees, one of whom shall be chosen by the Government, one by the Company, and one by the two referees so chosen; and such referees shall decide as to the party by whom the expense of such reference shall be defrayed; and if such two referees should be unable to agree upon a third referee, he shall be appointed at the instance of either party hereto by the Chief Justice of the Supreme Court of British Columbia; and the decision of such referees, or the majority of them, shall be final.

5. The work of construction shall be commenced not later than the first day of September next, and shall be vigorously and continuously carried on at such rate of annual progress as shall enable the Company to complete and equip the line to or near Barkerville, in the District of Cariboo, on or before the first day of September, 1899, and to the Province line on or before the first day of September, 1902, by which last-mentioned date the Company agrees to complete and equip the said line in conformity with the contract, unless prevented by the act of God, the Queen's enemies, intestine disturbances, strikes, epidemics, floods, or other causes beyond the control of the Company; and in case of interruption or obstruction of the work of construction from any of the said causes, the time fixed for the completion of the said railway shall be extended for a corresponding period.

6. The railway constructed under the terms thereof shall be the property of the Company, and the Company shall thereafter and forever efficiently maintain and operate the British Pacific Railway.

7. In consideration of the premises the Government agree to grant to the Company a subsidy in money of two hundred and forty thousand dollars per annum for twenty-five years, and a land subsidy of twenty thousand acres of land per mile for each line of railway constructed, for which subsidies the construction of the British Pacific Railway shall be completed, and the same shall be equipped, maintained and operated; the said subsidies to be paid and granted as the work of construction shall proceed, in manner and upon the conditions following, that is to say:—

A. (1.) The Government shall issue bonds or stock for the sum of six million dollars, payable in \_\_\_\_\_ years, and bearing interest at the rate of three per cent. per annum, and the Government shall establish a sinking fund at the rate of \_\_\_\_\_ per cent. per annum, which shall be sufficient to pay off the bonds at maturity. The annual subsidy of two hundred and forty thousand dollars, to be paid by the Government to the Company, shall be retained by the Government for the purpose of paying the interest and sinking fund on the said issue of bonds or stock, and should this amount be insufficient to wholly pay such interest and sinking fund the Company shall provide the additional amount required, or the Government may retain the amount from the payments to be made to the Company.

(2.) The Engineer of the Government shall, before the commencement of construction, make an estimate of the cost of construction of the different sections of the line, and this estimate shall be taken as the basis for the payment of the subsidies to the Company.

(3.) At the end of each month after construction has been commenced, the Company's Engineer shall prepare estimates of the work done during the month, and upon verification of such estimates by the Government Engineer the Government shall pay to the Company \_\_\_\_\_ per cent. of the amount which the work done during the month was estimated to cost by the original estimates of the Government Engineer.

(4.) Should the Company elect to transfer to the Government any subsidies or grants which may be made to the Company by the Government of Canada, or the City of Victoria, or any additional sum or sums of money which the Company may have in hand by way of bonus or otherwise, the Government will accept such transfers or deposits and issue similar bonds or stock as those to be issued in connection with its own subsidy for such an amount as the transfers or deposits so made would cover in interest and sinking fund: Provided that the additional amount of bonds or stock to be so issued shall not exceed six million dollars.

(5.) All of the bonds or stock to be issued by the Government shall be issued from time to time as the money shall be required, and the proceeds thereof shall be held by the Government to be paid out by it to the Company in the manner above provided.

(6.) The Government will allow the Company interest at the rate of  $3\frac{1}{2}$  per cent. per annum on all moneys retained by it as a sinking fund for the redemption of the bonds or stock issued by the Government, and upon all moneys deposited with the Government for the purpose of paying the interest or sinking fund on the said issues.

(7.) The Company shall provide all sums of money which shall become payable in respect of interest and sinking fund on the bonds or stock so to be issued up to and including the first day of July, 1898, and the Government shall not be bound to incur any debt in respect of any such payment prior to said date.

B. And the said land subsidy shall be transferred to the Company in the manner set forth in the charter, it being understood and agreed that all the rights, powers, and privileges, and all grants of land accorded to the Canadian Western Central Railway Company by any and all of the Acts relating thereto, shall be vested in the British Pacific Railway Company.

8. In further consideration of the premises, the Government shall also grant to the Company the lands required for the road-bed of the railway, and for its station, grounds, workshops, dock ground, and water frontage at the termini and elsewhere on navigable waters, buildings, yards, and other appurtenances required for the convenient and effectual construction and working of the railway in so far as such land shall be vested in the Government.

9. Should any of the sections of land set aside for the Company consist in a material degree of land not fairly fit for settlement, the Company shall not be obliged to receive them as part of such grant, and the deficiency thereby caused, and any further deficiency which may arise from the insufficient quantity of land along the said railway or from the prevalence of lake or water stretches in the sections granted (which lake and water stretches shall not be comprised in the acreage of such sections), shall be made up by the grant of similar alternate sections to be selected by the Company, extending back twenty-four miles deep on each side of any branch line or lines to be located by the Company, and to be shown on a map or plan thereof deposited with the Government, or of any common front line or lines to be agreed upon between the Government and the Company, the conditions hereinbefore stated as to lands not fairly fit for settlement to be applicable to such alternative selection of lands, and the Company may, with the consent of the Government, select any tract or tracts of land not taken up as a means of supplying or partially supplying such deficiency; but such grants shall be made only from lands remaining vested in the Government.

10. The Company shall have the right, subject to the approval of the Government, to lay out and locate the line of the railway between the terminal points, provided the main line of the railway shall touch the town of Barkerville or the neighbourhood thereof, or, if it is found impracticable for the main line to reach the said town, a branch line shall be constructed to reach said town.

11. The Company shall have the right from time to time to lay out, construct, equip, maintain, and work branch lines of railway from any point or points along their main line of railway to any point or points within the territory of the Province, providing, always, that before commencing any branch they shall first deposit a map or plan of such branch with the Government, and the Government shall grant to the Company the lands required for the road-bed of such branches and for the stations, station grounds, buildings, work-shops, yards, and other appurtenances requisite for the efficient construction and working of such branches in so far as such lands are vested in the Government.

12. The British Pacific Railway and all stations, station grounds, work-shops, buildings, yards, and other property, rolling stock, and appurtenances required and used for the construction and working thereof, and the capital stock of the Company, shall be free from taxation by the Province, or by any Municipal Corporation therein, and the lands of the Company, until they are either sold or occupied, shall also be free from taxation for twenty-five years.

13. The Company shall be authorized by their Act of Incorporation to issue bonds secured upon the lands granted and to be granted to the Company, containing provisions in such bonds permitting the same to be used in the acquisition of lands of the Company, and such other conditions as the Company shall see fit, such issue not to exceed \$12,000,000, and should the Company make such issue of land grant bonds, then they shall deposit them in the hands of the Government, and the Government shall retain and hold one-fifth of the said

bonds as security for the performance of the covenants in this present contract relating to the construction of the railway by the Company, and the remaining four-fifths of such bonds shall be dealt with as hereinafter provided, and as to the one-fifth of the said land grant bonds, so long as no default shall occur in the construction of the said British Pacific Railway, the Government shall not present or demand payment of the coupons of such land grant bonds, nor require payment of any interest thereon, and if any such bonds so to be retained by the Government shall be paid off in the manner to be provided for the extinction of the whole issue thereof, the Government shall hold the amount received in payment thereof as security for the same purpose as the bonds so paid off, paying interest thereon at  $3\frac{1}{3}$  per cent. per annum. On the completion of the construction of the railway, the said bonds, or if any of them shall then have been paid off, the remainder of such bonds and the moneys received for those paid off with accrued interest, shall be delivered back by the Government to the Company with all coupons attached to said bonds; but, if such default should occur, the Government may thereafter require payment of interest on the bonds so held and shall not be obliged to continue to pay interest on the money representing the bonds paid off; and while the Government shall retain the right to hold the said portion of the land grant bonds, other securities satisfactory to the Government may be substituted for them by the Company by agreement with the Government.

14. If the Company shall find it necessary or expedient to sell the remaining four-fifths of the land grant bonds, or a larger portion thereof than in the proportion of one dollar for each acre of land then earned by the Company, they shall be at liberty to do so, but the proceeds thereof over and above the amount to which the Company shall be entitled as herein provided shall be deposited with the Government, and the Government shall pay interest upon such deposit half-yearly at the rate of  $3\frac{1}{2}$  per cent. per annum, and shall pay over the amount of such deposit to the Company from time to time as the work proceeds, in the same proportions, and at the same time, and upon the same conditions as the land grant, that is to say, the Company shall be entitled to receive from the Government out of the proceeds of the said land grant bonds the same number of dollars as the number of acres of the land subsidy which shall have then been earned by them less one-fifth thereof, that is to say, if the said bonds are sold at par; but if they are sold at less than par then a deduction shall be made therefrom, corresponding to the discount at which such bonds are sold, and such land grant shall be conveyed to the Company by the Government subject to the charge created as security for the said land grant bonds and shall remain subject to such charge till relieved thereof in such manner as shall be provided for at the time of the issue of such bonds.

15. The Company shall pay any expense which shall be incurred by the Government in carrying out the provisions of the last two preceding clauses of this contract.

16. If the Company shall not issue such land grant bonds then the Government shall retain from out of each conveyance to be made from time to time, every fifth section of the land hereby agreed to be granted, such lands to be retained as security for the purposes and for the length of time mentioned in section 13 hereof, and such lands may be sold in such manner and at such prices as shall be agreed upon between the Government and the Company, and in that case the price thereof shall be paid to and held by the Government for the same period and for the same purpose as the land itself, the Government paying  $3\frac{1}{3}$  per cent. interest thereon, and other securities satisfactory to the Government may be substituted for such lands or money by agreement with the Government.

17. The Company shall be incorporated with sufficient powers to enable them to carry out the foregoing contract, and this contract shall only be binding in the event of an Act of Incorporation being granted to the Company substantially in the form hereby appended as Schedule "A."

*The Hon. J. H. Turner to Mr. E. V. Bodwell.*

VICTORIA, Feb. 11th, 1896.

*E. V. Bodwell, Esq.,  
Barrister, etc., Victoria.*

DEAR SIR,—I am in receipt of your favour of the 10th instant, in which you enclose a draft of an agreement suggested between the Government and the persons promoting the Canada Western scheme, as a basis for opening up negotiations with the Government on this question, and asking for an appointment for the purpose of a consultation with Messrs. Rithet, Armstrong and yourself.

I beg to state in reply that the enclosed document being one of very great importance and requiring the most careful consideration on the part of each member of the Government, I cannot now, more especially with the many duties of the session upon our hands, give you a definite reply as to the time of an appointment. However, I am having typewritten copies made for the individual members of the Government, and when the matter has been more carefully considered in all its bearings, I shall be pleased to arrange an interview as suggested, and to notify you as to the time most convenient.

I am, etc.,  
(Signed) J. H. TURNER.

P. S.—Further letter of 17th made an appointment at 2:30 Tuesday afternoon, 18th inst.

*The Hon. J. H. Turner to Mr. E. V. Bodwell.*

VICTORIA, B. C., 26th February, 1896.

*E. V. Bodwell, Esq., Victoria.*

SIR,—In reference to your letter of the 10th instant, enclosing a proposal for an agreement between Her Majesty the Queen, acting in respect of the Province of British Columbia, and Sir Thomas Selby Tancred, Baronet, of London, England, Charles Newhouse Armstrong, and the Honourable Joseph Rosaire Thibaudeau, both of the City of Montreal, Province of Quebec, Lafayette Hayt de Friese and Baynes Wright Smurthwaite, both of London, England, all of whom are collectively designated as the "Company" in the proposed agreement, which, together with certain amendments thereto submitted by Mr. Armstrong to the Government subsequent to the date of your letters, the last of which was received this morning, sets forth that the Company will be prepared to take over the rights, privileges and obligations comprised in an Act of the Legislative Assembly of the Province of British Columbia passed in the year 1889, and intituled "An Act to Incorporate the Canadian Western Central Railway Company," and all other Acts of the said Legislative Assembly amending or relating to the said first mentioned Act, and that the railway to be so constructed shall be known hereafter as the British Pacific Railway. I have the honour to inform you that the Government regrets any delay which may have occurred in reply to your communication, but it being the middle of the session, the time of the Government has been so fully occupied with matters of Provincial policy and administration that we have had some difficulty in finding the time necessary for the discussion of a proposal involving matters of such importance to the Province, and to which such grave liabilities and responsibilities are attached.

I may state, however, that the proposed agreement and the amendments thereto have received close and careful study by every member of the Government, and the unanimous opinion at which we have arrived may briefly be described as follows:—

That the objective contained in the Act of 1889 and amending Acts, and the privileges, rights and grants thereby conferred, was the great benefit which would accrue to the Province by the completion of a trunk line of railway connecting with the Eastern Provinces of Canada and the Atlantic, and which in its course would open up for trade, commerce and settlement the natural resources of the northern portion of the Mainland of British Columbia, and also of Vancouver Island.

If this objective were reached and the terms of the Act of 1889 and amending Acts were effectually carried out to completion, it would necessarily confer a great benefit upon the Dominion of Canada by reason of the considerable increase of customs it would create, and it would prove most advantageous to the Province at large.

It was therefore reasonably inferred that both the Dominion Government and the City of Victoria would become parties to subsidies to be contributed by them towards assisting in the building of the railway.

It was also contemplated that in addition to the subsidies to be granted by the Governments of the Dominion, of the Province, and of the City of Victoria, outside capital would be subscribed in sufficient amount to secure the effective completion and operation of the railway and to establish it as a proper business undertaking.

With these objects kept prominently in view, I now, without entering into details, turn to the consideration of the broad abstract terms of the proposed agreement, with the amendments thereto, which have been submitted.

It does not appear by the proposed agreement that any arrangements have yet been made for connection with any lines beyond the eastern boundary of the Province, so as to give a through transcontinental service.

No definite agreement appears to have been arrived at with either the Dominion Government or the City of Victoria as to any subsidies towards the building of the line.

No adequate capital has been subscribed or assured for the construction of the line or to supplement any subsidies which may be granted.

Upon these insufficient data the Province of British Columbia is asked to incur the onerous liability of issuing bonds to the extent of six millions of dollars at 3 per cent. interest per annum, with a sinking fund added so that they may be redeemed in a number of years to be determined upon, and the only security offered by the Company for safeguarding the Province for this grave responsibility and for the due completion and operation of, approximately, 600 miles of railway, is a bond from the Company for \$200,000, with the additional supposititious security of the lands which are comprised in the land grant attached to the aforementioned Act of the Legislature, the said lands being already a part of the reality of the Province.

The Government fully realizes the great advantages which might accrue to the Province through the building of the British Pacific Railway as part of a transcontinental system, especially if the route of the line took the direction of the Pine and Peace Rivers, where it is reported there are immense tracts of rich agricultural lands fit for settlement. The Government also recognizes the advantage of railway communication to the Cariboo District, so as to open up the rich mineral resources of that country, and it is sincerely desirous of furthering railway construction throughout the Province in any legitimate manner which can be designated, but it would not be justified in incurring a heavy liability of what practically amounts to a gift of six millions of dollars to be applied to the building of only a moiety of the British Pacific Railway, under the insufficient guarantees and indefinite securities for its completion and operation which are set forth in the proposed agreement submitted.

Should a proposal be made to the Government showing that an adequate amount of capital would be subscribed and satisfactory guarantees provided for the completion of the whole line, as set forth in the Act of 1889 and amending Acts, and its connection on the eastern boundary with a railway system which would give the Province through communication with the Atlantic Ocean, and also, if sufficient guarantees were forthcoming for operating the line when completed, this Government will be prepared to give favourable consideration towards equitable assistance on the part of the Province.

I have, &c.,  
(Signed) J. H. TURNER.

*Mr. E. V. Bodwell to Hon. J. H. Turner.*

VICTORIA, February 28th, 1896.

SIR,—I have the honour to acknowledge the receipt of your letter of 26th February, 1896, relating to the proposed agreement between the Government and the syndicate who are to compose the British Pacific Railway Company.

It occurs to me, in reading the letter, that the Government has been under a slight misapprehension in this matter. We thought it best to put forward our proposition in the form of a draft agreement for the consideration of the Government, and while this agreement was intended by us to contain the substance of the agreement, it was expected that amendments and alterations would have to be made in order to meet the views of the Government. We are and always have been ready to receive any suggestions which the Government might see fit to offer.

Having carefully read your letter, I think that, with one or two exceptions, which I venture to suggest are misapprehensions of the real state of the case, there is no substantial difference of opinion between the Government and ourselves.

To deal with your letter in order: You first state that the objective contained in the Canadian Western Railway Acts was the completion of a line of railway connecting with the eastern Provinces of Canada, and that if this objective were reached, certain advantages would accrue to the Dominion, which it was expected would induce them to give a subsidy.

I have to call your attention to the fact that, so far as the language of the Acts is concerned, no such objective is either mentioned or referred to incidentally in the said Acts. In fact, the Legislature of the Province would have no authority to grant a charter to a company, the avowed purpose of which was to build a transcontinental railway. While it is true, as a fact, that several roads are being projected and are under construction across the North-West Territories of Canada, which it is hoped will in time reach the boundary of British Columbia, there are several reasons why a binding agreement ought not to be made with any of the companies at this moment.

In the first place, without Dominion legislation, we have no power to make any such agreement, and even if we could, as you point out in your letter, it may, upon further exploration, be found advisable to construct the line through the Pine River Pass instead of through the Yellow Head Pass. This uncertainty of our eastern terminus in British Columbia would in itself effectually prevent a conclusive arrangement being entered into before that point was settled.

Again, as you can readily understand, we will be in a far better position to make terms with the other railways when we ourselves have a road actually under construction throughout the territory over which the Legislature of this Province has control.

Another reason is, that the road to the east of the Rockies will be built over a prairie country and can be constructed with great rapidity and comparative cheapness; whereas the road in British Columbia is a work which will necessarily occupy much longer time and the expenditure of a much larger amount of money. We think, therefore, that as a matter of business prudence, we ought to arrange definitely for the building of the road in British Columbia in the first instance, and then provide for an eastern connection.

It is a fact that several roads will, in the course of the next few years, be pushed westward through the North-West Territories of Canada, and any one of these roads will be only too anxious to make a connection with British Columbia. The Government may therefore rest assured that an eastern connection may be easily and certainly obtained as soon as we are properly authorized by Dominion legislation to arrange for it.

With reference to the subsidy from the City of Victoria, we are willing that the obtaining of such subsidy should be made a condition precedent to payment of any portion of the grant from the Government.

We have no doubt whatever that we shall obtain the subsidy from the Dominion, but we do not think that the Government should insist upon that subsidy being granted as a condition to the aid to be granted by them. In our view, the construction of this road is one of so much importance to the Province that it should be undertaken whether the Dominion Government will assist us or not, and we have further to inform you, that the capitalists with whom we are dealing are willing to take the risk of the Dominion Government subsidy, provided that the Provincial Government and the City of Victoria will grant the aid we ask them. We thought it only right that the Government, having the chief interest, should be the first to move in this

direction. If we had applied to the City first, we think they might have objected, with much reason, to the expense and trouble which would be caused to them in arranging for a subsidy on their part, unless the aid to be granted by the Government were first assured to the Company.

We also note your remarks with reference to the capital of the Company and guarantee for operation of the road. You will, of course, observe that the agreement provides for the incorporation of the Company by a charter. A draft of this charter has been prepared for some time and we were only waiting an appointment with the Government in order to submit and explain it. You do not say in your letter what the Government expect as to capital, but we may inform you that by the charter the capital of the Company is to be fixed at ten millions of dollars, two millions to be immediately subscribed and ten per cent. to be paid at once thereon. The remainder to be called up as required. An additional two millions is to be subscribed within one year, and the remaining six millions to be subscribed and called as the necessity of the undertaking may require.

Under these circumstances, and considering that at the only interview which the Government have accorded us it was stated in our behalf that the amount required for construction beyond the subsidies had been provided for through capital subscription and sale of bonds, we are at a loss to understand the expression in your letter "that no adequate capital has been subscribed or assured for the construction of the line or to supplement any subsidies which may be granted."

Further, under the agreement the Government will not be obliged to make any advances or assume any obligation until the Company has paid in the two hundred thousand dollars security, and has a subscribed capital of two millions of dollars, with ten per cent. called up and paid.

As to the question of operation, it occurs to us that the fact that so large an amount of capital will be provided by the shareholders of the Company for the purpose of construction, is in itself a satisfactory guarantee for the continuous operation of the road after it is built.

In order to further explain our views, I am instructed to request that you make an appointment with Mr. Rithet and Mr. Armstrong at 10:30 in the morning, for the purpose of further discussing this matter. I am satisfied that we can convince you that the objections stated in your letter are due to a misapprehension, either of the surrounding circumstances or of the real purport of our proposition.

To the Honourable the Premier,

Government Buildings, James Bay, Victoria, B. C.

I have, &c.,  
(Signed) E. V. BODWELL.

---

*The Hon. J. H. Turner to Mr. E. V. Bodwell.*

February 28th.—Note to Mr. Bodwell from Hon. Mr. Turner, arranging for an interview between the members of the Government and Messrs. Rithet, Armstrong, and Bodwell, at 10.30, February 29th, in the office of the Provincial Secretary.

---

*Hon. J. H. Turner to Mr. E. V. Bodwell.*

March 2nd.—Note to Bodwell from Hon. Mr. Turner, requesting copy of proposed agreement *re* British Pacific Railway, with amendments as suggested in conference.

---

*Mr. E. V. Bodwell to Hon. J. H. Turner.*

RE "BRITISH PACIFIC RAILWAY ACT."

VICTORIA, March 3rd, 1896.

SIR,—We have the honour to hand you herewith, as requested, another copy of the draft of the "British Pacific Railway Act" and agreement.

We have, etc.,  
(Signed) BODWELL & IRVING,

Solicitors for Canadian Western Central Railway Company.

To the Honourable J. H. Turner,

Victoria, B. C.

## [ENCLOSURE.]

## AN ACT RESPECTING THE BRITISH PACIFIC RAILWAY COMPANY.

Whereas under and by virtue of an Act of the Legislative Assembly of the Province of British Columbia, passed the sixth day of February, A.D. 1889, entitled "An Act to Incorporate the Canadian Western Central Railway Company," certain persons therein named were constituted a Corporation, under the name of the Canadian Western Central Railway Company, and were authorized to lay out and construct and operate a certain railway therein more particularly referred to ;

And whereas, by divers other Acts of the said Legislative Assembly, the said charter has been amended and changed from time to time, and provision has been made for the granting, by way of bonus, to the said Company certain portions of the public lands of the Province of British Columbia ;

And whereas it has been deemed advisable to make provision for the transfer of the charter granted to the said Canadian Western Central Railway Company to a Corporation to be formed under the name of the British Pacific Railway Company, as hereinafter referred to, and that the said grants of land and all other public aid provided for the construction of the said Canadian Western Central Railway should become the property of the British Pacific Railway Company ;

And whereas in order to carry out the said arrangement a contract has been entered into, which contract, with the schedule annexed, has been laid before the Legislative Assembly of this Province for its approval, and a copy thereof is appended hereto, and it is expedient to approve and ratify the said contract and to make provision for the carrying out of the same :

Therefore, Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows :—

(1.) This Act may be cited as the "British Pacific Railway Act."

(2.) The said contract, a copy of which with the schedule annexed is appended hereto, is hereby approved and ratified, and the Government is hereby authorized to perform and carry out the conditions thereof according to their purport.

(3.) For the purpose of incorporating the persons named in the said contract and those who shall be associated with them in the undertaking, and of granting to them the powers necessary to enable them to carry out the said contract according to the terms thereof, the Lieutenant-Governor in Council may grant to them, in conformity with the said contract, under the corporate name of the British Pacific Railway Company, a charter conferring upon them the franchises, privileges and powers embodied in the schedule to the said contract and to this Act appended, and such charter being published in the British Columbia Gazette, with any Order or Orders of Council relating thereto, shall have force and effect as if it were an Act of the Legislative Assembly of the Province of British Columbia, and shall be held to be an Act of incorporation within the meaning of the said contract.

(4.) Upon the organization of the said Company and the deposit by them with the Government of the securities referred to in the third paragraph of the said contract, and in consideration of the completion and perpetual and efficient operation of the said railway by the said Company as stipulated by the said contract, the Government of the Province of British Columbia may grant to the Company a subsidy in money which shall be equivalent to an annual payment of \$240,000 per annum for twenty-five years, and a land subsidy of 20,000 acres of land per mile for each mile of railway to be constructed, and to be paid and conveyed to the Company in the manner and proportions and upon the terms and conditions agreed upon in the said contract, and may also grant to the said Company the lands for right of way, stations, and other purposes, and such privileges as are provided for in the said contract.

(5.) The said charter shall be published in the British Columbia Gazette forthwith after the filing by the Canadian Western Central Railway Company with the Provincial Secretary of a declaration, under the seal of the said Company, that they have transferred to the persons named in the contract by this Act to be incorporated all their franchises, and all right, title, and interest thereto.

(6.) Upon and after the publication of the said charter the Canadian Western Central Railway Company shall cease to exist, and all its franchises and property, and all rights, powers and privileges granted to the said Company by the Act incorporating the Canadian Western Central Railway Company and amendments thereto, and any other Acts relating thereto, shall be vested in and appertain to and be exercised by the British Pacific Railway Company.

## SCHEDULE.

This Contract and Agreement made between Her Majesty the Queen, acting in respect to the Province of British Columbia, and herein represented and acting by and Sir Thomas Selby Tancred, Baronet, of London, England, Charles Newhouse Armstrong and the Honourable Joseph Rosaire Thibaudeau, both of the City of Montreal, Province of Quebec, Lafayette Hayt de Friese and Baynes Wright Smurthwaite, both of London, England, witnesseth :—

(1.) That the parties hereto mutually agree with each other as follows :—

(2.) For the better interpretation of the contract it is hereby declared that the railway hereinafter referred to as the British Pacific Railway is the railway described in the Act of the Legislative Assembly of the Province of British Columbia, passed in the year 1889, and intituled "An Act to incorporate the Canadian Western Central Railway Company," and all other Acts of the said Legislative Assembly amending or relating to the said first mentioned Act or to said last named railway.

The individual parties hereto are herein described as the "Company," which words shall also include the Company to be incorporated as hereinafter provided, and the Government of the Province of British Columbia as the "Government." The word "Charter" shall mean the Act of Incorporation to be passed by the Legislative Assembly of the Province of British Columbia, as hereinafter provided.

(3.) Within sixty days after the Act confirming this agreement shall have received the assent of the Lieutenant-Governor, the Company shall deposit with the Government security, to be approved of by them, in the sum of one hundred thousand dollars, as guarantee on the part of the Company for the due performance of the covenants and conditions in this agreement set out to be observed and performed by the Company.

(4.) The Company shall lay out, construct, and equip the said railway, of a uniform gauge of four feet and eight and one-half inches, and in order to establish an approximate standard whereby the quality and the character of the railway and of the material used in the construction thereof and of the equipment thereof may be regulated, the Canadian Pacific Railway, as the same was when first constructed, is hereby selected and fixed as such standard. And if the Government and the Company should be unable to agree as to whether or not any work done or materials furnished under the contract are in fair conformity with such standard, or as to any other question of fact—excluding questions of law—the subject of this agreement shall from time to time be referred to the determination of three referees, one of whom shall be chosen by the Government, one by the Company, and one by the two referees so chosen, and such referee shall decide as to the party by whom the expense of such reference shall be defrayed; and if such two referees shall be unable to agree upon a third referee, he shall be appointed at the instance of either party hereto by the Chief Justice of the Supreme Court of British Columbia, and the decision of such referees, or a majority of them, shall be final.

(5.) The work of construction shall be commenced not later than the first day of September next, and shall be vigorously and continuously carried on at such rate of annual progress as shall enable the Company to complete and equip the line to or near Barkerville, in the District of Cariboo, on or before the first day of September, 1899, and to the Province line on or before the first day of September, 1902, by which last-mentioned date the Company agrees to complete and equip the said line in conformity with the contract, unless prevented by the Act of God, the Queen's enemies, intestine disturbances, strikes, epidemics, floods, or other causes beyond the control of the Company; and in case of interruption or obstruction of the work of construction from any of the said causes, the time fixed for the completion of the said railway shall be extended for a corresponding period.

(6.) The railway constructed under the terms hereof shall be the property of the Company, and the Company shall thereafter and forever efficiently maintain and operate the British Pacific Railway.

(7.) In consideration of the premises, the Government agrees to grant to the Company a subsidy in money which shall be equivalent to an annual payment of two hundred and forty thousand dollars per annum for twenty-five years, and a land subsidy of twenty thousand acres of land per mile for each mile of railway constructed, for which subsidies the construction of the British Pacific Railway shall be completed and the same shall be equipped, maintained

and operated, the said subsidies to be paid and granted as the work of construction shall proceed, in manner and upon the conditions following, that is to say:—

A. (1.) The Government shall, on or after the 1st day of July, 1898, issue bonds or stock for the sum of six millions of dollars, payable in twenty-five years, and bearing interest at the rate of three per cent. per annum, and the Government shall establish a sinking fund at the rate of \_\_\_\_\_ per cent. per annum which shall be sufficient to pay off the bonds at maturity.

The Company shall provide a sinking fund of one and a half per cent. per annum upon six millions of dollars for a period of twenty five years, and at the expiration of the time herein limited for the completion of the railway the Government may retain out of any moneys then payable by them to the Company a sum sufficient to provide for the said sinking fund, or may accept satisfactory security from the Company for such payment.

(2.) The Engineer of the Government shall, before commencement of the construction, make an estimate of the cost of construction and equipment of the different sections of the line, and this estimate shall be taken as the basis for the payment of the subsidies to the Company.

(3.) At the end of each month, after construction has been commenced, the Company shall prepare estimates of the work done during the month, and upon verification of such estimates by the Government Engineer the Government shall pay to the Company \_\_\_\_\_ per cent. of the amount of the work done during the month, based upon the estimated cost by the original estimates of the Government Engineer.

(4.) Should the Company elect to transfer to the Government any subsidies or grants which may be made to the Company by the Government of Canada or the City of Victoria, or any additional sum or sums of money which the Company may have in hand by way of bonus or otherwise, the Government will accept such transfers or deposits, and on or after the 1st (first) day of July, 1898, issue similar bonds or stock as those to be issued in connection with its own subsidy, for such an amount as the transfers or deposits so made would cover in interest and sinking fund, provided that the additional amount of bonds or stock to be so issued shall not exceed six million dollars.

(5.) All of the bonds or stock to be issued by the Government shall be issued from time to time, but not before the said first day of July, 1898, as the money shall be required, and the proceeds thereof shall be held by the Government to be paid out by it to the Company in the manner above provided.

(6.) The Government will allow the Company interest at the rate of three and one-third per cent. per annum on all moneys retained by it as a sinking fund for the redemption of the bonds or stock issued by the Government, and upon all moneys deposited with the Government for the purpose of paying the interest or sinking fund on the said issue.

(7.) The Company shall provide all sums of money which shall become payable in respect of interest and sinking fund on the bonds or stock so to be issued, up to and including the first day of July, 1898, and the Government shall not be bound to incur any debt in respect of any such payment prior to said date.

(8.) For the purpose of raising the amount necessary to pay the Government a percentage on the work done up to July the first, 1898, the Government shall bind itself by such agreement or agreements as may be required to deliver its bonds or stocks on or after the said 1st day of July, 1898, and out of the proceeds of sale of said bonds or stock to repay any advance obtained previous to the sale thereof. The Company shall pay the interest and any charges incurred in connection with any advances or loans, and all such advances or loans shall be paid over to the Government and paid out by them to the Company as the work proceeds, in the manner above provided.

B. And the said land subsidy shall be transferred to the Company in the manner following, that is to say:—

(1.) Upon the Company filing with the Chief Commissioner of Lands and Works a map or plan to the satisfaction of the said Chief Commissioner, showing the course and direction of the proposed railway, or any section thereof, covering a distance of not less than \_\_\_\_\_ miles of the lands intended to be traversed by said railway or section thereof, there shall be reserved for pre-emption and sale, from time to time as such plan or plans are filed, a tract of land extending \_\_\_\_\_ miles on each side of the line of the proposed railway or section, as shewn upon such plan or plans so to be filed as aforesaid.

(2.) Within \_\_\_\_\_ after filing of said map or plan the Company shall define and project, in a manner satisfactory to the said Chief Commissioner of Lands and Works,

upon a plan of the located line of said railway or section, as the case may be, the boundary lines of alternate blocks of land fronting upon each side of the line of the said railway or section, as the case may be, and having a frontage of \_\_\_\_\_ miles on the railway by a depth of \_\_\_\_\_ miles, so that each block so selected and defined by the Company shall be opposite a similar block not selected by the Company on the other side of the railway or section. Such boundary lines shall be traced to the cardinal points.

(3.) As the work of construction proceeds it shall be lawful for the Lieutenant-Governor in Council to issue Crown grants in favour of the Company for such of the lands situated in the alternate block so selected as aforesaid by the Company, as the Company may from time to time request, not containing areas of less than \_\_\_\_\_ miles square, but in no case for a quantity of land exceeding the proportionate quantity to which the Company would be entitled at the rate of 20,000 acres per mile, according to the number of miles constructed.

(4.) All lands to be granted to the Company shall be designated and surveyed by them within \_\_\_\_\_ years from the date of selection as aforesaid, and such lands shall be surveyed according to the said laws of the Province, except that it shall not be necessary to run any but exterior township lines, and the surveys shall be at the expense of the Company.

(5.) The aforesaid grant shall not include any lands held by grant, lease, agreement for sale, or other alienation by the Crown, nor shall it include Indian reserves or settlements, nor military nor naval reserves. Provided that the quantity of land hereby excepted out of the grant to the Company shall be made good to the Company by a conveyance from the Government of British Columbia to the Company of a like quantity of land, to be selected and conveyed as hereinafter provided.

8. In further consideration of the premises, the Government shall also grant to the Company the lands required for the road-bed of the railway, and for its station-grounds, workshops, dock-ground and water frontage at the termini and elsewhere on navigable waters, buildings, yards and other appurtenances required for the convenient and effectual construction and working of the railway, in so far as such lands shall be vested in the Government.

9. Should any of the sections of land set aside for the Company consist in a material degree of land not fairly fit for settlement, the Company shall not be obliged to receive them as part of such grant, and the deficiency thereby caused, and any further deficiency which may arise from the insufficient quantity of land along the said railway, or from the prevalence of lake or water stretches in the sections granted (which lake and water stretches shall not be comprised in the acreage of such sections), shall be made up by the grant of similar alternate sections to be selected by the Company, extending back 24 miles deep on each side of any branch line or lines to be located by the Company, and to be shewn on a map or plan thereof deposited with the Government, or of any common front line or lines to be agreed upon between the Government and the Company, the conditions hereinbefore stated as to lands not fairly fit for settlement to be applicable to such alternative sections of lands, and the Company may, with the consent of the Government, select any tract or tracts of land not taken up as a means of supplying or partially supplying such deficiency; but such grants shall be made only from lands remaining vested in the Government.

10. The Company shall have the right, subject to the approval of the Government, to lay out and locate the line of the railway between the terminal points, provided the main line of the railway shall touch the Town of Barkerville, or the neighbourhood thereof, or, if it is found impracticable for the main line to reach the said town, a branch line shall be constructed to reach said town.

11. The Company shall have the right from time to time to lay out, construct, equip, maintain and work branch lines of railway from any point or points along their main line of railway to any point or points within the territory of the Province; provided always, that before commencing any branch they shall first deposit a map or plan of such branch with the Government, and the Government shall grant to the Company the lands required for the road-bed of such branches, and for the station, station-grounds, buildings, workshops, yards and other appurtenances requisite for the efficient construction and working of such branches, in so far as such lands are vested in the Government.

12. The British Pacific Railway and all stations, station-grounds, workshops, buildings, yards and other property, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the Company, shall be free from taxation by the Province or by any municipal corporation therein during the construction of the line

and thereafter the value of the railway for taxation purposes shall be held not to exceed \$3,000 per mile, and the lands of the Company, until they are either sold or occupied, shall also be free from taxation for 25 years.

13. The Company shall be authorized by their Act of Incorporation to issue bonds secured upon the lands granted and to be granted to the Company, containing provisions in such permitting the same to be used in the acquisition of the lands of the Company, and such other conditions as the Company shall see fit, such issue not to exceed \$12,000,000, and should the Company make such issue of land grant bonds, then they shall deposit them in the hands of the Government, and the Government shall retain and hold one-fifth of the said bonds as security for the performance of the covenants in this present contract relating to the construction of the railway by the Company, and the remaining four-fifths of such bonds shall be dealt with as hereinafter provided, and as to the one-fifth of the said land grant bonds, so long as no default shall occur in the construction of the said British Pacific Railway, the Government shall not present or demand payment of the coupons of such land grant bonds, nor require payment of any interest thereon, and if any such bonds so to be obtained by the Government shall be paid off in the manner to be provided for the extinction of the whole issue thereof, the Government shall hold the amount received in payment thereof as security for the same purpose as the bonds so paid off, paying interest thereon at  $3\frac{1}{2}$  per cent. per annum. On the completion of the construction of the railway the said bonds, or if any of them shall then have been paid off, the remainder of such bonds and moneys received for those paid off with accrued interest, shall be delivered back by the Government to the Company, with all coupons attached to such bonds. But if such default should occur, the Government may thereafter require payment of interest on the bonds so held and shall not be obliged to continue to pay interest on the money representing the bonds paid off; and while the Government shall retain the right to hold the said portion of the land grant bonds, other securities satisfactory to the Government may be substituted for them by the Company by agreement with the Government.

14. If the Company shall find it necessary or expedient to sell the remaining four-fifths of the land grant bonds, or a larger portion thereof, for a sum greater than in the proportion of one dollar for each acre of land then earned by the Company, they shall be at liberty to do so, but the proceeds thereof, over and above the amount to which the Company shall be entitled as herein provided, shall be deposited with the Government, and the Government shall pay interest on such deposit, half-yearly, at the rate of three and a half per cent. per annum, and shall pay over the amount of such deposit to the Company from time to time as the work proceeds, in the same proportions and at the same time and upon the same conditions as the land grant, that is to say, the Company shall be entitled to receive from the Government out of the proceeds of the said land grant bonds the same number of dollars as the number of acres of the land subsidy which shall then have been earned by them less one-fifth thereof, that is to say, if the said bonds are sold at par, but if they are sold at less than par, then a deduction shall be made therefrom corresponding to the discount at which such bonds are sold; and such land grant shall be conveyed to the Company by the Government subject to the charge created as security for the said land grant bonds, and shall remain subject to such charge till relieved therefrom in such manner as shall be provided for at the time of the issue of such bonds.

15. The Company shall any expenses which shall be incurred by the Government in carrying out the provisions of the two last preceding clauses of this contract.

16. If the Company shall not issue such land grant bonds then the Government shall retain from out of each conveyance to be made from time to time, every fifth section of the land hereby agreed to be granted; such lands to be retained as security for the purposes and for the length of time mentioned in section 13 hereof, and such lands may be sold in such manner and at such prices as shall be agreed upon between the Government and the Company, and in that case the price thereof shall be paid to and held by the Government for the same period and for the same purpose as the land itself, the Government paying  $3\frac{1}{2}$  per cent. interest thereon; and other securities satisfactory to the Government may be substituted for such lands or money by agreement with the Government.

17. The Company undertakes to make every effort to promote the early settlement of the lands granted to it, and binds itself to place upon the said lands during each year that the construction of the line continues at least two hundred persons who shall be bonâ fide settlers. The Company shall in addition co-operate with the Government in carrying out any plan which may be agreed upon between the Company and the Government for the rapid

settlement of the district to be occupied by the railway, and shall in that event pay one-half of the expense of carrying out any such plan whether the settlers so brought in to the district take up lands belonging to the Government or to the Company.

18. The Company shall pay the salary and expenses of the Engineer to be employed by the Government in estimating the cost of the line, and in inspecting and verifying the work done by the Company, but the Engineer when so employed shall be under the sole control of the Government.

19. The Company shall, during the next session of the Parliament of Canada apply for an Act authorizing it to continue its line eastwardly from the Provincial boundary to a connection with a line or lines giving independent access to Atlantic Seaports and the Company shall upon such powers being granted, proceed with the construction of such line so as to have an independent through line to the East completed within the time specified in this agreement for the construction of the main line in British Columbia. The Government shall in so far as it may properly assist in procuring the passing of the said Act and shall use its good offices with the Government of Canada and of the Provinces to be traversed by the line to secure reasonable aid towards the construction of the line.

20. The Company shall be incorporated with sufficient powers to enable them to carry out the foregoing contract, and this contract shall only be binding in the event of an Act of Incorporation being granted to the Company substantially in the form hereby appended as Schedule "A."

#### SCHEDULE "A"

*Referred to in the foregoing Contract.*

1. Sir Thomas Selby Tancred, Baronet, of London, England; Charles Newhouse Armstrong and the Honourable Joseph Rosaire Thibaudeau, both of the City of Montreal, Province of Quebec; Lafayette Hayt de Friese and Baynes Wright Smurthwaite, both of London, England, together with such other persons and corporations as shall, in pursuance of this Act, become shareholders in the Company hereby incorporated, are hereby constituted a body corporate and politic by the name of the "British Pacific Railway Company," hereinafter called the "Company."

2. The Company may lay out, construct, acquire, equip, maintain and operate a line of railway of standard gauge from a point of junction with the Esquimalt and Nanaimo Railway on the Island of Vancouver, or from the harbour of Victoria or Esquimalt, by such alternative route as may be approved by the Lieutenant-Governor-in-Council, to a point on the eastern boundary of the Province of British Columbia at or to the north of the Yellowhead Pass, passing by or as near to Barkerville, in the District of Cariboo, as circumstances will permit.

3. Should the topography of the country render it impossible or inexpedient for the said Company to construct their main line to or past the said town of Barkerville, the said town shall be connected with the main line by a branch railway, which shall at all times be operated by the said Company as efficiently as if such branch were a part of the main line of the said railway.

4. The Company may connect its line on Vancouver Island with its line on the Mainland by means of a ferry steamer or steamers.

5. The head office and chief place of business of the Company shall be at the City of Victoria.

6. The Company may construct, maintain and operate telegraph or telephone lines and may undertake the transmission of messages for the public by any such lines or lines and collect tolls for so doing, or may lease such lines of telegraph or telephone or any portion thereof and may enter into agreements with any other telegraph or telephone lines for the exchange of business, and to facilitate such exchange of business the Company may lay any submarine cables that may be necessary.

7. The "Vancouver Island Telegraph Regulation Act" shall apply to the telegraph and telephone lines constructed under the authority of this Act.

8. The Company may acquire, build, equip and navigate, sell and dispose of, charter and work, steamers and other vessels, and may erect, maintain and work docks, dock yards, wharves, slips, piers, elevators, warehouses, depôts and buildings necessary or convenient for the purposes of the Company at any point, on or in connection with its lines of railway or at any port of call of any of the steamers owned or operated by the Company; and generally to do all things necessary and incidental to the exercise of the powers, rights and privileges granted by this Act.

9. The terminal work shops and other structures, works, docks and equipments suitable for the terminus of the railway, shall be erected in the immediate neighbourhood of the harbour of Victoria or Esquimalt, as may be most convenient for the Company.

10. The capital stock of the Company shall be ten million dollars, divided into one hundred thousand shares of one hundred dollars each, and the money so raised shall be applied, in the first place, to the payment of all fees, expenses and disbursements incurred in and about the promotion and the passage of this Act, and for making the surveys, plans and estimates authorized by this Act, and to the payment to the shareholders of the Canadian Western Central Railway Company for the transfer of their right, title and interests in and to the said railway, and all legal, engineering and other disbursements and expenses incurred by or on behalf of such Company prior to the passage of this Act, and the remainder to the acquiring making, completing, equipping and maintaining of the said British Pacific Railway and the other purposes of the undertaking authorized by this Act, and to no other purpose whatever.

11. The shares of the Company shall be transferable in such manner and upon such conditions as shall be provided by the by-laws of the Company, and the Directors may make and issue as paid up stock shares in the Company, whether subscribed for or not, and may select and hand over such stock for value received by the Company, either in money at par or at such price and upon such conditions as the Board of Directors may fix, or as payment or as part payment for any service performed for, or plant, rolling stock or material supplied to, or contract made by the Company, or for the purpose of paying for any franchises or property purchased from any corporation or individual, and such issue or allotment of stock shall be binding on the Company, and such stock shall not at any time be assessable for calls.

12. The persons named in section 1 of this Act are hereby constituted as Directors of the Company, and may select four other persons who, with them, shall form the Board of Directors of the Company. Such Directors shall, until the first general meeting of the shareholders, have the same powers and privileges as if they had been elected by the shareholders of the Company, and may do and transact all business of the Company.

13. A majority of the Directors shall form a quorum of the Board, and until otherwise provided by by-law, Directors may vote and act as proxy, such proxy to be held by a Director only; but no Director shall hold more than three proxies and no meeting of Directors shall be competent to transact business unless at least three Directors are present thereat in person.

14. The Directors may appoint from out of their number, an Executive Committee composed of at least three Directors, for the transaction of the ordinary business of the Company, with such powers and duties as shall be fixed by the by-laws, and the Chairman shall be an ex-officio member of such Committee.

15. No Director shall be disqualified from holding office by reason or on account of his being interested either directly or indirectly as partner or shareholder in any firm, company or association which has any contract with the Company, or on account of his receiving any pay or remuneration for attending to the affairs of the Company.

16. The annual general meeting of the shareholders for the selection of Directors shall be held on the first Tuesday in \_\_\_\_\_ in each year. Four weeks' notice of such meeting shall be given by publication in the British Columbia Gazette and in one newspaper published in the City of Victoria, and also by a circular addressed to each shareholder at his last known place of abode.

17. No shareholder owning fully paid up shares shall be liable for any debts or obligations of the Company, and no shareholder shall in any event be liable for any such debts or obligations beyond the amount that may be due the Company upon unpaid subscriptions on shares held by such member. The reading upon the face of each share certificate shall be conclusive evidence as to the liability of the holder of any such shares for further payments or contributions in respect thereof.

18. It shall be lawful for any Municipal or other corporation or joint stock company, within the legislative authority of the Legislature of the Province of British Columbia, to

make grants of land, bonuses, loans or gifts of money, or securities for money to the Company, and to subscribe for any number of shares in the Company, or bonds or debentures issued by the Company, or to exempt the Company from any tax or impost.

19. The Company may issue bonds, debentures or other securities to the extent of twenty thousand dollars per mile of its railway and branches; and the bonds, debentures or other securities may be secured by a mortgage deed conveying to trustees the property of the Company or any portion of it, which deed shall fully set forth the terms and conditions upon which the property is conveyed; and the Company may issue the bonds, debentures or other securities authorized to be issued by this Act separately in respect of any section of its line, or of certain combined sections, or on the whole of the railway of the Company; and such bonds, debentures or other securities, if so issued, shall form a first charge upon and be limited to the particular section or sections in respect of which respectively they are issued and upon the rents and revenues thereof.

20. The Company may also issue mortgage bonds (to be called land grant bonds) to the extent of one dollar per acre on any land granted in aid of the undertaking authorized by this Act, and when so issued the bonds shall constitute a first mortgage upon such lands, and any such mortgage may be evidenced by a deed or deeds of mortgage, which said mortgage may confer upon the trustee or trustees named thereunder, and upon the holders of the bonds secured thereby, such remedies or authorities, powers and privileges, and may contain such provisions and conditions not inconsistent with law or this Act, as may from time to time be agreed upon between the Company and the other parties thereto.

21. The Company may from time to time issue additional bonds in aid of the acquisition or construction of any steam or other vessel which by this Act it is authorized to acquire or construct; but the bonds to be so issued shall not exceed in amount the cost of such vessel, and the proceeds of such bonds shall be employed exclusively in aid of the acquisition of such vessels.

22. The Company shall secure each such issue of bonds by a proper mortgage in that behalf; and every such mortgage shall be made to a Trustee or Trustees, and may contain provisions establishing the amount secured upon the vessel or class of vessel to which it relates the rank and privilege to appertain to the bonds intended to be secured by it, the rights and remedies to be enjoyed by the respective holders of such bonds, and all the conditions, provisions, and restrictions requisite for the effectual carrying out of the terms thereof.

23. The bonds, debentures, or other securities authorized by this Act, may be so issued, in whole or in part, in the denomination of dollars, pounds sterling, or francs, or any and all of them, and may be made payable, both as to principal and interest, in Canada, the United States, or Europe; and the whole or any of such bonds may be pledged, negotiated, or sold upon such conditions and at such price as the Directors shall from time to time determine.

24. It shall not be necessary, in order to preserve the priority, lien, charge, mortgage, or privileges purporting to appertain or to be created by any bond issued or mortgage deed executed under the provisions of this Act, that such bond or deed should be registered in any manner or in any place whatever. But every such mortgage deed shall be deposited in the office of the Registrar-General of Titles, of which deposit notice shall be given in the British Columbia Gazette.

25. Every contract, agreement, scrip certificate, or bargain made, and every bill of exchange drawn, accepted, or endorsed, and every promissory note and cheque made, drawn, or endorsed on behalf of the Company, by any agent, officer, or servant of the Company, in general accordance with his powers under the by-laws of the Company, shall be binding upon the Company; and in no case shall it be necessary to have the seal of the Company affixed to any such bill, note, cheque, contract, agreement, engagement, bargain, or scrip certificate, or to prove that the same was made, drawn, accepted, or endorsed, as the case may be, in pursuance of any law or special vote or order; nor shall the party so acting as agent, officer, or servant of the Company be subjected individually to any liability whatsoever to any third party therefor: Provided, always, that nothing in this Act shall be construed to authorize the Company to issue any note payable to the bearer thereof, or any promissory note intended to be circulated as money, or as the note of a bank, or to engage in the business of banking or insurance.

26. All land sold and conveyed by the Company, or by the Trustees named in any deed or trust or mortgage executed for the purpose of securing any of the said issues of bonds, and which shall have been paid for in cash, shall be forever released and discharged from all mortgages, liens, and charges of any kind or nature by this Act or by the Company created, and

the purchase money arising from the sale of such land shall be applied in accordance with the terms of the deed of trust.

27. The Company may grant or lease to any person the right to erect on the land belonging to the Company warehouses, elevators, hotels, mills, manufacturing establishments, or other buildings or works for the purpose of giving greater facilities to the public in doing business with the Company, and the buildings or works so erected shall not be bound by or subject to any mortgage or lien on the property of the Company without the written consent of the owner of such buildings or works.

28. The Company may make advances to or assist in any way any individual or corporation engaged in any business or enterprise calculated to promote the welfare of the Company or of the districts traversed by its lines, and may also build and operate tramways, canals, ditches, and flumes, and may lease the same, and may work any mines upon the lands owned or acquired by the Company, and may erect mills and manufacturing establishments, and sell the products of the same, and may also erect and maintain hotels and dwelling-houses for its employees and others, and may generally perform any and all acts which will assist in developing and improving the districts through which its line passes.

29. The Company may enter into an agreement with any other railway company for the sale or lease of its railway, or for running powers over its railway or any section thereof, and it may also purchase or lease any other railway or portion of railway or obtain running arrangements over any other railway, and any other railway in the Province is hereby authorized to enter into such agreements with the Company.

30. The railway shall be commenced before the first day of September next, and shall be completed between Bute Inlet and Barkerville within three years from that date, and the whole main line shall be completed within six years from that date. The branch lines authorized by this Act may be constructed at any time,

31. Section 30 of the "British Columbia Railway Act" shall not apply to this Company excepting where the line runs through settlements.

32. The "British Columbia Railway Act" and all amendments thereto, except in so far as its provisions are inconsistent with or repugnant to this Act, shall apply to the railway hereby authorized to be constructed.

*The Hon. J. H. Turner to Mr. E. V. Bodwell.*

VICTORIA, March 3, 1896.

*E. V. Bodwell, Esq., Victoria.*

SIR,—I have the honour to acknowledge the receipt of your letters of the 28th ultimo and the 3rd instant, in which you set forth further explanations of and amendments to the proposed agreement submitted with your letter of the 28th ultimo, and which are now accompanied by a draft of the proposed British Pacific Railway Act and agreement attached thereto.

The Government has given close attention to the subject-matter contained therein and also to the purport of the conversations at the interviews held with Messrs. Rithet and Armstrong on two occasions, and it finds that no material change has been made in the liability which the Province would have to incur in the event of your proposals being accepted.

The Government has every desire to promote railway construction throughout the Province and especially the line under consideration, but it has not sufficient data before it to give reasonable assurance that the railway in question would prove a paying concern, or even that it would be a transcontinental line. The Government regrets that under all the premises it would not be justified in recommending to the Legislature that the Province should make what is practically a gift of six millions of dollars in bonds of the Province, together with twelve millions of acres of land, in the manner as provided by the Act, to the syndicate designated in your proposed agreement, which offers as security for the whole undertaking only one hundred thousand dollars, as set forth in your last communication, but which we presume, from conversations which passed between us, you would agree to increase to two hundred thousand dollars.

Under all the circumstances the Government is therefore compelled to adhere to the terms of my letter of the 26th ultimo.

I have, etc.,

(Signed) J. H. TURNER,  
*Minister of Finance.*

*Mr. E. V. Bodwell to Hon. J. H. Turner.*

VICTORIA, B.C., March 4th, 1896.

*Re British Pacific Railway.*

SIR,—I have the honour to acknowledge the receipt of your letter of the 3rd March, instant.

It is a matter of some surprise that, after the correspondence and interviews which have taken place, the Government should still be under a misapprehension as to the details of the arrangement proposed.

The inference from your letter is that the Government are now being asked to give \$6,000,000 in money and 12,000,000 acres in land without receiving any corresponding return.

In the first place, it is to be remarked that it is, and always has been, common ground that the construction of this road is a matter of so much importance to the Province that it is deserving of all the aid which can be reasonably given to it by the Government. It should never be forgotten that you are not requested for the first time as a matter of special favour to assist in this undertaking, but that the proposition now brought forward is but the crystallization of the declared policy of the present, as well as of previous administrations, in which you have been a member. You cannot forget that it formed the principal plank in Mr. Davie's platform when he assumed the Premiership, and that the last election was conducted practically on this same issue.

Again, the 12,000,000 acres of land have already been appropriated to the Company. This grant was made when the Company was first incorporated, so that it is and has, since the year 1889, been statute law that that land should be devoted to the purposes of this undertaking.

The only question before the Government is whether they will grant the further aid by way of a money subsidy.

You are not quite accurate, either, in stating that \$6,000,000 is asked for the road in cash. On the contrary, the actual sum is \$4,363,636. Under the terms of the proposed contract, the Company either pay in cash or amply secure the Government for the difference between that sum and the \$6,000,000 of bonds which it is proposed to issue. The plan of issuing bonds for the capital amount was suggested merely as a financial arrangement which, it was thought, would be acceptable to the Government. I am authorized to say that if you prefer to pay us the actual amount which we will eventually realize out of the subsidy, viz., \$4,363,636, it will be just as satisfactory to the Company.

You do not assert that the proposal now presented is in itself unreasonable from a business standpoint, or that it compares unfavourably with the aid which has been granted by other countries, or even by the Dominion, when assisting similar enterprises which have for their main object the settlement of the country and the development of its resources. We maintain that, having regard to the cost of the road, and the benefits likely to accrue from its construction, the aid asked for the Company is less in proportion than has been granted by the other Canadian Provinces to railroads of much less relative importance.

In this connection, I think we have some ground of complaint in that the Government, while refusing to assent to our plan, has not yet proposed an alternative arrangement of any kind. I venture to suggest that this is not at all in keeping with your professed desire to assist the undertaking by any reasonable means in the power of the Executive.

In your communication, to which this is a reply, you say "The Government has every desire to promote railway construction throughout the Province and especially the line under consideration"; yet you decline our proposal upon the ground that the railway in question would not prove a paying concern.

Again I wish to draw your attention to the fact that the Government are committed to the proposition that the opening up of the great and rich territory which this road would develop would make it a paying concern in the highest and best sense of the word.

It is conceded that the increase of revenue to arise from those sources would more than repay any obligations which the Government is asked to assume, while the plan in itself is one of great and far-reaching importance to the country, when considered from any point of view. Surely this position is already established. Although we have convinced the public long ago

upon that question, and although the policy of every Government which has for years held the reins of power in this Province has been fixed, yet we are now called upon by your letter to retrace this well trodden ground and waste time in a discussion as to the returns which will accrue to the shareholders of the railway.

I have also to express regret that although in the interviews to which you refer, it was pointed out to you, that short of making an actual binding agreement which, as yet, we have no power to conclude, an eastern connection was assured, and although we promised to obtain an agreement for such a connection before the Act should come into force, you still assert that the Government have no assurance that the road will develop into a trans-continental line.

I have every reason to know that such an arrangement is certain to follow the building of the railway through our Province, and from the beginning of these negotiations we have always been and are now most anxious to satisfy the Government upon that point. The draft agreement which is before you binds the Company to apply for a Dominion charter granting it power to connect with other lines, at the next session after the Provincial charter is obtained, and every step in the whole of the financial arrangements of the Company has been based upon the theory that the road, when completed, would form part of a line having through connection from the Pacific to the Atlantic.

In forwarding the draft yesterday I omitted to alter the amount of the cash deposit from one to two hundred thousand dollars. You are correct in saying that that alteration has been agreed upon, but you are altogether wrong in your inference that such a sum is all the security the Government will have for the whole undertaking.

In the first place, under the proposed arrangement, every dollar of the subsidies which comes to the Company from any source will pass through the hands of the Government. Again one-fifth of all the proceeds of the land grant bonds are retained by the Government. You are to be secured for the amount of sinking fund for which the Company is to be responsible. You do not pay out any money to the Company until the portion of the line to which it is to be appropriated is actually constructed and, therefore, when the Government has paid the subsidy, the country will have the security of the road, constructed and equipped, together with all the indirect advantages to accrue from the expenditure within the Province of over \$20,000,000 in cash, and the opening up of what we believe to be the richest and most productive part of its territory.

You will also bear in mind that by the 17th clause of the agreement the Company undertakes to promote the early settlement of the lands granted to it, and binds itself to place two hundred bonâ fide settlers on these lands during each year of construction.

Under these circumstances, we regret that you should have spoken so positively in your last communication, and trust that you will yet see the expediency of further considering the proposition before committing your Government to a final rejection of the scheme.

I have, &c.,

(Signed.) E. V. BODWELL.

To the Honourable J. H. Turner,  
Victoria, B. C.

*The Hon. J. H. Turner to Mr. E. V. Bodwell.*

VICTORIA, March 5th, 1896.

*E. V. Bodwell, Esq., Victoria.*

SIR,—I have the honour to acknowledge the receipt of your letter of the fourth instant, in reply to mine of the third instant.

You suggest that I am under a misapprehension as to the details of the arrangement proposed, but your further explanations in no way remove this misapprehension, if it is one.

You state: "It should never be forgotten that you are not requested for the first time as a matter of special favour to assist this undertaking, but that the proposition now brought forward is but the crystallization of the declared policy of the present as well as of previous administrations of which you have been a member. You cannot forget that it formed the principal plank in Mr. Davie's platform when he assumed the Premiership, and that the last election was conducted practically on this same issue."

I may state that though the Canadian Western Railway was mentioned during the last election, that it was stated generally that a practical scheme would be presented to the Government which would meet with the approbation of the whole Province, no sum of money was ever mentioned that the Province would be called upon to guarantee.

You now suggest that instead of \$240,000 per annum for twenty-five years, mentioned in your previous communication, that the Government should pay you the sum of \$4,363,636 in cash, this sum to be in place of the payment of six millions of dollars in bonds.

This proposal would entail upon the Government an expenditure of not less than \$253,000 per annum for twenty-five years. In my last letter I spoke of \$6,000,000 in bonds, and not, as you say, in cash.

With the assistance granted by other countries to railways I do not consider that my Government should be influenced. This is an undertaking of great magnitude and the amount asked by your Company is, in comparison with the revenue of the Province, very large; and in the opinion of my Government the revenue of the Province does not indicate such an expansion as would authorize the Government to accept a liability of this character.

My Government is in no way committed to your statement that the opening up of the country by this railway scheme would make the railway a paying concern in any sense of the word.

Neither does my Government concede that the increased revenue to arise from this railway would more than repay any obligation which the Government is asked to assume.

It is true that in one of our interviews Mr. Armstrong stated that three or four lines would rush to get connection with the British Pacific at the boundary as soon as completed, but this assertion is far from being a guarantee which the Government should be called upon to accept that through communication would take place. This statement was further supplemented by a proposed draft agreement, in which it was stated that the promoters would apply to the Dominion Government for power to extend the line beyond the Provincial boundary, which, I need hardly to say, is no guarantee that the line will be built.

You state that "every dollar of the subsidies which comes to the Company from any source will pass through the hands of the Government"; but my Government points out that there is no certainty shewn of any of those subsidies being obtained, and even in the event of their being so obtained it is stipulated that the Government will have to undertake further and proportionate liabilities.

You state also that "one-fifth of all the proceeds of the sale of the land grant bonds are to be placed with the Government," but this is very indefinite, as there is considerable uncertainty as to what the land bonds would realize.

You are mistaken in supposing that my Government declined your offer on the plea that the railway would not be a paying concern. I simply referred to the fact that there were no data to show whether or not it would be so.

We do not recognize the validity of your arguments with respect to the sufficiency of the guarantees for building the line.

A statement has been made with regard to settling the country with two hundred *bona fide* settlers a year, but for the performance of this obligation there is no security whatever.

My Government is fully alive to the importance of the building of this railway through the interior part of this Province as part of a transcontinental system, but my Government is not prepared to go so far even for this presumed benefit as to seriously affect the financial position of the Province for a great number of years to come.

I have, &c.,  
(Signed) J. H. TURNER,  
Minister of Finance.

---

VICTORIA, B. C.:

Printed by RICHARD WOLFENDEN, Printer to the Queen's Most Excellent Majesty  
1896.