

when the House is asked to grant that power, the very least we are entitled to is a full explanation of what has become of the \$ 5,000,000 which less than one year was raised by the company upon the guarantee of Canada for the very purposes of equipment. The Act was passed last Session, allowing the issue of \$15,000,000 of bonds, the interest of which we guaranteed, and provided three modes of expenditure: on account of capital expenditure, for buildings, permanent bridges and other improvements, \$5,000,000; for rolling stock, locomotives, box cars, and passenger cars, \$5,000,000; for required improvement in main line, elevators, bridges and trestles, over \$4,000,000 more;—divided nearly into three equal proportions for almost exactly the very purposes for which this loan is asked to-day. If one year ago the company required to obtain at least \$12,500,000 out of the \$15,000,000 for these purposes, and it requires now to come to the House and ask for \$10,000,000 more, I do think we ought to have some reasonable assurances that next year the company will not come again to Parliament and ask us to postpone further the position of the shareholders and the Government for another \$10,000,000. We are undoubtedly entitled to explanations on that point. Then, a certain amount of security was nominally given to the Government last Session in connection with their guarantee in having the right to retain the interest which they might receive upon land sales. The principal belongs to the trustees, who hold it as security for the \$15,000,000 of bonds. I would like to know, and the Government will be able to tell us at once, how much has been received by them since last Session on account of these land sales. We may gather from that some idea of how much the interest upon the net proceeds of the land sales is likely to amount to as security for their guarantee. Now, I said a little while ago that, in considering the nature of the security which would be held by the holders of the new bonds of \$109,000,000, I assumed that the leased railways were leased by the company for their full value. I assumed that the interest in them was equivalent to a fee simple. Now, if the company leased them on a lease of a thousand years—a perpetual lease in fact—and if they are to pay no more rental than the charges which are upon the individual railways and which are mentioned in this schedule, it may be that the security under the new mortgage will amount to just the same as the equity of redemption, or the fee simple in those railways, over and above those charges. We have no information—and I do not know where I can find any—of the nature of these leases, which it is proposed to hand over practically to the new securities that are to go against the property. If the whole security, covering the leased lines, is not on the whole \$109,000,000 as valuable as the \$35,000,000 upon the original loan, it is a very bad bargain for the Government, and requires explanation. I cannot imagine that it will be contended that the annual value of the whole concern or the greater part of the value of the whole concern is in these leased lines. Surely the country, which has spent so many millions upon the Canadian Pacific Railway, will not be told that the greater part of the value of the whole system now worked by the railway is in these leased lines. One would think that must be claimed because it is proposed to take \$52,000,000 from them and to share that with the main line of the Canadian Pacific Railway in the proportion of 52 to 35. The of points I have suggested are well worthy the consideration of the House, and require some explanation from the gentleman who is in charge of the Bill.

On section 3,

Mr. KIRKPATRICK. I wish to change the expression, "By the vote of at least two-thirds of the shareholders," and make it read: "So to do by at least two-thirds of the votes of the shareholders."

Mr. EDGAR.

On section 4,

Mr. EDGAR. This fourth section says that the consolidated debenture stock is to be issued for the purposes mentioned in the said several sections. There are no purposes mentioned whatsoever.

Mr. KIRKPATRICK. Yes; there are. The Bill was amended in Committee and reads "for the general purposes of the company."

Mr. JONES (Halifax). In moving the amendment of which I gave notice, it will be necessary to review, at some length, perhaps, all the circumstances connected with this Canadian Pacific Railway. It will be remembered that Parliament voted a sum of money for the construction of a short line of railway to St. John and Salisbury, shortening the distance to Halifax. That vote of \$250,000 was intended to complete the entire line. After the vote passed the House, it appears, from the report of the Minister of Railways and Canals, at page 27:

"That an application having been made for the said subsidies by the International Railway Company, and they having agreed to conform to the necessary conditions and requirements, and having evidenced their ability to construct and operate the road, entry into contract with them was authorised by Order in Council of 9th November, 1885, and such contract was executed on the 14th December, 1885, they undertaking to complete a line from a point on the south bank of the St. Lawrence at or near Caughnawaga, about nine miles above Montreal, to connect with the Intercolonial at Moncton, by the 1st July, 1889."

It is necessary to the proper understanding of this question that these details should be placed before the House, because we are discussing this question to-night in face of full information, which we were not in face of when this question was discussed earlier in the Session. We were at that time under the impression, from statements made by the late Finance Minister in Halifax, in the first place, and subsequently in this House, that there had been a regularly signed and sealed contract and bond made between the Government and the Canadian Pacific Railway for the construction of that line to Salisbury to connect with the Intercolonial. Since that time, the documents which were moved for, have been brought down, and the Government have not been able to produce to this House any evidence in support of the statement made by their Finance Minister, which was made in their presence and repeated in their presence, and tending to create and establish the impression which the Minister of Finance endeavored to create in Halifax, that there was a binding contract between the Government and the Canadian Pacific Railway Company for the building of the line to Salisbury. They go on further to say that:

"The International Railway Company subsequently disposed of their interest in this contract to the Atlantic and North-West Railway Company, and that company were accepted as contractors by an Order in Council dated the 13th of November, 1886, the agreement made thereunder being dated the 6th of December, 1886.

"The Atlantic and North-West Railway Company, having powers under their charter to enter into arrangements for the crossing of the State of Maine, obtained from the Maine Central Railway Company the privilege of acquiring running powers for 99 years over the portion of their road between Mattawamkeag and Vanceborough, on the boundary line. These arrangements were accepted by an Order in Council of the 30th December, 1886."

"The total subsidies available under vote of Parliament for this work of railway construction, amounting, as above stated, to \$250,000 a year, for a term of twenty years, it became necessary so to apportion this amount as to secure the building of the links to connect with the roads already in existence in New Brunswick and Nova Scotia leading to the harbors named.

"Accordingly, an estimate of the cost of the several sections of the surveyed line, as adopted, was made, and as the result an Order in Council was passed on the 14th June, 1886, apportioning the subsidy, the arrangement being as follows:—For the section from the River St. Lawrence to Lennoxville, \$71,000. The section from Lennoxville to Moose River is covered by the International Railway, already constructed. For the section between Moose River and Mattawamkeag, a station on the Maine Central Railway, \$115,500. From Mattawamkeag to Harvey Station on the New Brunswick Railway, running arrangements have been made over existing roads. For the section between Harvey and a point on the Intercolonial Railway near Salisbury Station,