

## Dedicated to the Province of British Columbia

### AN OPEN LETTER TO THE MEMBERS OF THE LEGISLATURE THEREOF, RE RAILWAY LEGISLATION, PAST, RECENT AND PROSPECTIVE

At the outset of the career of the present Government they set about straightening out the irregularities existing between the Province and Railway Corporations, insisting on surrender of claims to lands, and on payment of arrears of taxes, etc., etc., and announced a policy of dealing with Railways on a general plan, and promised to frame a Railway Bill to which all Railways were to conform, all of which met with the general approval of the electors.

This policy has been abandoned, and one of special legislation with private corporations substituted, particularly with the Canadian Northern and Pacific Great Eastern, and with reference to both the salient features are:

(1). The Province guarantees 4 per cent. interest on \$35,000 per mile for a period of not less than 30 years, for a distance in the case of the Canadian Northern Pacific Railway of approximately 600 miles (see Section 4 of the Agreement, Chap. 3, B. C. Statutes, 1910); and in the case of the Pacific Great Eastern a distance of 450 miles (see Section 9, of the Agreement, Chap. 3, 1910), a total distance of 1050 miles, involving the Province in a liability of \$1400.00 per mile per year for not less than 30 years, a total of Forty-four million one hundred thousand dollars (\$44,100,000); plus \$12,390,000 for 295 miles authorized by Chap. 28, B. C. Statutes, February 24th, 1912, to be built by Canadian Northern Railway, extending from Kamloops, 145 miles, and 150 miles on Vancouver Island, for interest alone.

(2). These guarantees shall be secured by Trust Instruments creating a Mortgage, but there shall be reserved from the operations of the said Trust Instrument and securities, any and all terminals, and any and all subsidies which may be granted to the Companies, and the said Trust Instrument and Mortgage created and securities guaranteed shall be subject to payment of the working expenses of the Companies, as defined, "so far as applicable," in the Railway Act of Canada. The terms of the Trust Instrument shall be settled between the Government and the Companies (see Section 9 of the Agreement, Chap. 3, B. C. Statutes, 1910).

(3). In the event of the Companies acquiring by purchase any section or mileage of any other railway property forming a portion of either of the two projected lines, such acquired section or mileage shall be deemed constructed lines, within the meaning and for the purpose of this Agreement and the guarantees hereunder (see Section 15 of the Agreement, Chap. 3, B. C. Statutes, 1910).

(4). The Canadian Northern Railway Company agrees that the Canadian Northern Pacific Railway Company shall not, and the Northern Company agrees that it will not, at any time apply to be declared a work for the general advantage of Canada (see Section 17 of the Agreement, Chap. 3, B. C. Statutes, 1910).

Referring to paragraph (1) herein, it is submitted: That the people of this Province might as well assume that they will have to pay every penny of the guarantee for the full term, for the following reasons:

- (a) Both roads are practically subsidiary roads.
- (b) They are designed to give the Grand Trunk and Canadian Northern, trunk lines to the Pacific Coast at the expense of the Province.
- (c) Their chief business for many years to come will be hauling through freight to and from the Coast on a pro rata basis, through a country where the local freight will be very light.
- (d) It is believed the promoters of these Companies form construction companies, who secure the contracts for the building of these roads, shutting out competition in tenders for the work; the cost is excessive, making it impossible for the railways to be a profitable investment for many years. It is submitted that the difference between the first contract cost and the actual cost under sub-contracts is enormous.