Government Refuses the Company's Proposition for Twenty-Five Years' Guarantee.

Statement of Reasons Which Brought About This Termination of the Negotiations.

A Difference of Opinion as to the Government's Attitude in Years Past.

subsidy of \$240,000 per annum for deliberation subsidiated by state of states of state twenty-five years. There was nothing said upon the presentation of the return; it would not have been in order to offer time to time as the money shall be required, twenty-five years. There was nothing it would not have been in order to offer any remark or explanation then. The letters, however, speak for themselves. They are given below in the sequence in which they were written:

VICTORIA February 10, 1896. Srp:-By instructions of Mr Rithet I en close 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 governthis 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 my-I have the honor to be. Sir.

Your obedient servant. E. V. Bodwell.
To the Hon. the Premier, Victoria, B. C.

FIRST DRAFT OF CONTRACT. Immediate Commencement and Early Completion Assured in Consideration of Proposed Subsidy.

This contract and agreement made be between Her Majesty the Queen, acting in respect of the Province of British Columbia, and herein represented and acting by.

London, England, Charles Newhouse Armstrong and the Honorable Joseph Rosaire Thibaudeau, both of the City of Montreal, 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:

stuff and 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 with each other as follows:

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 incorway Company and all other acts of the said such

charter shall mean the act of incorporation to be passed by the Legislative Assembly of the Province of British Columbia as here-

posit with the government security to be ing such deficiency; but such grants shall be used only from lands remaining yested approved of by them in the sum of one hundred thousand dollars as a guarantee in the government.
on the part of the company for the due per-

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 branch line shall be constructed to reach and character of the railway and of the material used in the construction thereof,

11. The company shall have the right selected and fixed as such standard. whom the expense of such reference shall be defrayed, and if such two referees should 12. The British Pacific railway and all of them shall be final.

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,

ment 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 on the said issue of bonds of the recurities satisfactory to the government may be substituted for them by the ficient to wholly pay such interest and sinking fund on the said issue of bonds of the recurities satisfactory to the government made for connection with any lines beyond the assert boundary of the province, so as to give a through transcontinental service. No definite agreement appears to have ing 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.

In the company shall find it necessary or expedient to sell the remaining fourments to be made to the company.

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.

mates of the government engineer.

(4) Should the company elect to transfer What had been looked forward to as the most important event of the present government of Canada or the City of Vicsassion of the legislature occurred just before adjournment yesterday afternoon, when the Premier presented the British Pacific Pallway correspondence. This Pacific Railway correspondence. This as those to be issued in connection with its contains the offer made by the company and the answer of the government, who in interest and sinking fund provided that refuse to accede to the proposition-of a the additional amount of bonds or stock to

> 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 3½ percent. per annum on all moneys retained by it as a sinking fund for the redemption of the bonds or stocks 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 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 Pa-

cific Railway Company.

8. In further consideration of the pren ises 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 else-where on navigable waters, buildings, yards, and other appurtenances require for the convenient and effectual construc-tion and working of the railway in so far as such land shall be vested in the govern

them as part of such grant, and the deficiency thereby caused and any further de-ficiency which may arise from the insuffi-cient quantity of land along the said rail-way or from the prevalence of lake or water stretches in the sections granted (which lake and water stretches shall not comprised in sections) shall the acreage by the grant of similar alternate sections to

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 to be agreed upon between the government and the company, the conditions hereinbethered. to be agreed upon between the government and the company, the conditions hereinbe-fore stated as to lands not fairly fit for set tlement to be applicable to such alternative selection of lands, and the company may inafter provided.

3. Within sixty days after the charter shall have received the assent of the Lieutenant-Governor, the company shall determine the company may such deficiency; but such grants shall never the company may with the consent of lands, and the company may with the consent of the government, select any traction traction.

10. The company shall have the right formance of the covenants and conditions in this agreement set out to be observed and performed by the company.

subject to the approval of the government, to lay out and locate the line of the railway between the terminal points provided the in this agreement set out to be observed and performed by the company.

4. The company shall lay out, construct to lay out and locate the line of the railway shall touch the town of Barkerville or the neighborhood thereof, or, if it is found impracticable for

and of the equipment thereof may be regulated, the Canadian Pacific railway as equip, maintain and work branch lines of the same was when first constructed, is railway from any point or points along hereby selected and fixed as such standard. their main line of railway to any point or And if the government and the company points within the territory of the province, should be unable to agree as to whether or providing always that before commencing not any work done or materials furnished any branch they shall first deposit a map under the contract are in fair conformity or plan of such branch with the government shall grant ment, and the government shall grant tion of fact, excluding questions of law, the subject of this agreement shall from time to time be referred to the determination of and for the stations, station grounds, buildthree referees, one of whom shall be chosen by the gov rnment, one by the company, and one by the two referees so chosen, and such referee shall decide as to the party by far as such lands are vested in the govern-

be derrayed, and it 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 stock and appurtenances required and used me Court of British Columbia, and for the construction and working thereof decision of such referees or the majority and the capital stock of the company shall be free from taxation by the province or by 5. The work of construction shall be any municipal corporation therein, and the commenced not later than the first day of lands of the company until they are either September next, and shall be vigorously sold or occupied shall also be free from tax-

near Barkervite, in the district of Carnolo, 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 preventable the act of God, the Queen's enemies. ed by the act of God, the Queen's enemies | make such issue, land grant bonds, the intestine disturbances, strikes, epidemics, they shall deposit them in the hands of the floods, or other causes beyond the control government and the government shall reof the company; and in case of interruption tain and hold one-fifth of the said bonds as or obstruction of the work of construction from any of the said causes, the time fixed for the completion of the said railway shall the construction of the railway by the comfor 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 agree to grant the company a subsidy in money of two hundred and forty thousand dollars per annum for twenty-tive years, and a land subsidy of the twenty-thousand acres of land per mile for in the manner to be provided for 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 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 are of the said Bri ish Pacific railway, the government shall not present or demand 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 are of the said Bri ish Pacific railway, the government shall not present or demand by anyment of the comstruction 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 and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and of the said land grant bonds, so long and so twenty thousand acres of land per mile for each line of railway constructed, for which subsidies the construction of the British subsidies the construction of the British ernment shall hold the amount received in Pacific railway shall be completed, and the same shall be equipped, maintained and operated, the said subsidies to be paid and operated, the said subsidies to be paid and granted as the work of construction shall prozeed in manner and upon the constant to the completion of the construction of the railway, the said bonds, or if any of the subsidies to be granted by them shall then have been paid off, the remainder of such bonds and the moneys are remainder of such bonds and the moneys are remainder of such bonds and the moneys would be subscribed in sufficient amount received in payment thereof as security for the same wards assisting in the building of the railway. It was also contemplated that in addition to the subsidies to be granted by them to-payment thereof as security for the same wards assisting in the building of the railway. It was also contemplated that in addition to the subsidies to be granted by them to-payment thereof as security for the same wards assisting in the building of the railway. It was also contemplated that in addition to the subsidies to be granted by them to-payment thereof as security for the same wards assisting in the building of the railway. It was also contemplated that in addition to the subsidies to be granted by them to-payment thereof as security for the same wards assisting in the building of the railway. or stock for the sum of six million dollars, payable in years and bearing interest at the rate of 3 per cent. per annum and the government shall establish a sinking attached to said bonds. But if such default should occur, the government shall establish a sinking attached to said bonds. But if such default should occur, the government may there.

(2) The engineer of the construction before the commencement of construction make an estimate of the cost of construction by the company, they shall be at liberty to tion of the different sections of the line and this estimate shall be taken as the basis for the payment of the subsidies to the com-shall be entitled as herein provided, shall of British C. struction 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 interest upon such deposit half-yearly at the rate of 3½ per cent. per annum, and shall pay over the amount of such deposit to the company from time to time as the work preceding 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 shall pay interest upon such deposit half-yearly at the rate of 3½ per cent. per annum, and shall pay over the amount of such deposit to the company verification of such estimates by the government shall pay interest upon such deposit half-yearly at the rate of 3½ per cent. per annum, and shall pay over the amount of such deposit to the company be redeemed in a number of years to be determined upon, and the only security offered by the company on their part unless the aid to be granted by the government were first assured 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.

(5.) The said charter shall be published in number of years to be determined upon, and the only security offered by the company.

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(5.) The said charter shall be published in number of years to be determined upon, and the only security offered by the company.

(5.) The said charter shall be published in number of part unless the aid to be granted by the government were first assured to the company.

(6.) The said charter shall be published in number of agrant on their part unless the aid to be granted by the government were first assured 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.

(6.) The said charter shall be published in number of years to be determined upon, and the only security offered by the company.

(6.) The said charter shall be published in number of agranted to the company on their part unless the aid to be granted to the company.

(6.) The said charter shall be published in number of agrant and the only security offered by the company.

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 segranted, such lands to be retained as se-curity 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

the company substantially in the form the province. ereby appended as schedule "A." VIСТОВТА, Feb. 11, 1896. E. V. Bodwell, Esq., Barrister, etc., Victoria DEAR SIR,-I am in receipt of your favor 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 ppening up negotiations with the government on this question, and asking for an appointment for the purpose of a consulta-tion with Messrs. Rithet, Armstrong and

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 se ion upon our hands, give you a definite eply 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 bear-ings, I shall be pleased to arrange an interview as suggested, and to notify you as the time most convenient.

I am, Dear Sir, yours very truly, (Signed) J. H. TURNER. P. S.—Further letter of 17th, made an appointment at 2:30 Tuesday afternoon, 18th inst.

THE GOVERNMENT'S REPLY. Guarantees for Completion and Operation

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

E. V. Bodwell, Esq., Victoria: 10th instant, enclosing greement between Her Majesty the Queen ting in respect of the Province of Britisl lumbia, and Sir Thomas Selby Tancred aronet, of London, Eng.; Charles New buse Armstrong and the Hon. Joseph Ros aire Thibaudeau, both of the city of Mon-treal. Province of Quebec; Lafavette Hay de Friese and Baynes Wright Smurthwaite oth of London, England, all of whom are ollectively designated as the "Company" in the proposed agreement, which togethe ith certain amendments thereto submitte by Mr. Armstrong to the government sub-sequent to the date of your letters, the last of which was received this morning, sets orth that the company will be prepared to ake over the rights, privileges and obligaions comprised in an act of the Legislative ssembly of the Province of British Colu bia passed in the year 1889, and intituled An Act to incorporate the Canadian Westrn Central Railway Company, and all ther acts of the said Legislative Assembly amending or relating to the said first men tioned act, and that the railway to be so constructed shall be known hereafter as the British Pacific Railway, I have the honor to inform you that the government regrets any delay which may have occurred in reply to your 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 finding the time necessary for the discussion of a proposal involving matthe discussion of a proposal involving mat

ters of such importance to the province and which such grave liabilities and respon ibilies 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 ar-rived may briefly be described as follows: That the objective contained in the asset 1889 and amending acts, and the privileges, was 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 crovinces of Canada and the Atlantic, and which in its course would open up for

rade, commerce and settlement the natur al 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

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 to-

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

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.

thering railway construction throughout the province in any legitimate manner twhich 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.

Under these circumstances, and considerations are the same as those appearing on the first page of this issue, and which to save space are not reprinted. The first six sections are the same as those appearing on the first page of this issue, and which to save space are not reprinted. The first six sections are the same as those appearing on the first page of this issue, and which to save space are not reprinted. The construction beyond the subsidies had been provided for through capital subscription and sale of bonds, we are at a loss to understand and sale of bonds, we are at a loss to understand and sale of bonds, we are at a loss to understand the expression in your letter "that no adequate capital has been subscribed or a subsidy in money which shall be equivalent to an annual payment of two hundred and forty thousand dollars per annum for to supplement any subsidies which may be

and in that case the price thereof shall be paid to and held by the government for the same purpose as the land itself, the government paying 3½ factory guarantees provided for the whole line as set forth in the 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 of the whole line as set forth in 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 share construction of the British 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 share of capital will be provided by the solution of the whole line as set forth in the company has paid in the two hundred thousand dollars security, and has a subscribe capital of two millions of dollars with the per cent. called up and paid.

As to the question of operation, it cocurs to us that the fact that so large an amount of capital will be provided by the share of capita

I have the honor to be, Sir. Your obedient servant, (Signed) J. H. TURNER. COMPANY'S PLANS DETAILED.

Aid From Victoria City to Be a Condition Precedent-Confident of a Dominion Subsidy.

VICTORIA, Feb. 28, 1896. SIR,-I have the honor 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 Paci fic Railway Company.

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 for the government has been under a slight misapprehension in this matter. We take the government has been under a slight misapprehension in this matter. We take the government for the the consideration of the government, and while this agreement was intended by us to contain the substance of the arrangement, 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 ny suggestions which the government night 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

overnment and ourselves.

To deal with your letter in order: 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 Bastern provinces of Canada, and that, if this objective were reached, and the canadian Western Central Railway company." certain persons therein named were constituted a corporation under the name of the legislative assembly deposits, and on or after the 1st (first) day of July, 1898, 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 on a deposits, and on or after the 1st (first) day of July, 1898, 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 are deposits, and on or after the 1st (first) day of July, 1898, 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 are deposits, and on or after the 1st (first) day of July, 1898, and issue similar bonds or stock as those to be issued in connection stock as those to be issued in connection with its own subsidy for such as the transfers or deposits are deposits. SIR:—In reference to your letter of the other land that, if this objective were reached, oth instant, enclosing a proposal for an order advantages would accrue to the Dominion, which, it was expected, would induce them to give a subsidy.

tioned or referred to incidentally in the said acts. In fact, the legislature of the province the granting by way of bonus to the said would have no authority to grant a charter to a company the avowed purpose of which was to build a transcontinental rail-way. While it is true, as a fact, that several roads are being projected and are under construction across the Northwest 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.

terms with the other railways when we ourselves have a road actually under construction throughout the territory over which selves 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 bia is a work which will necessarily occupy much longer time, and the expenditure of a much learner appears the end of more than the expenditure of a much learner appears the end of the e much longer time, and the expenditure of a much larger amount of money. We think, therefore, that as a matter of busi-

authorized by Dominion legislation to arrange for it.

With reference to the subsidy from the city of Victoria, we are willing that the obtain taining 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 u con that subsidy being granted as a condition to the aid to be granted by them. In our view, the construction of this road in so one of so much importance to the province of British Columbia, and shall be equivalent to grant from the government of the said contract.

(4) Upon the organization of the said contract.

(4) Upon the organization of the said contract, the government of the securities referred to intention to the said railway or section as shown 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 contract, the government of the securities referred to in the third paragraph of the said contract, and in consideration of the said contract, the government subsidy provided that the Dominion government will assist us or an annual payment of \$240,000 per annum for twenty-ince that it should be undertaken whether the Dominion government subsidy, provided that the provinced large that the capitalists with whom we are dealing are willing to take the risk of the Dominion that subsidy of 20,000 per annum for twenty-ince that it should be undertaken whether the company as subsidy in money which shall be equivalent to an annual payment of \$240,000 per annum for twenty-ince that the capitalists with whom we are dealing are willing to take the risk of the Dominion prover ment to the company of the said contract.

(4) Upon the organization of the said contract.

(4) Upon the organization of the said contract.

(5) Within after filling of said map or plan the company of the located line of the located line of

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miles of railway is a sono from the out of the proceeds of the said land grant to the proceeds of the proceeding clauses of the proceeding clauses of the proceeding clauses of the proceeding clauses of the province.

In a 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 fully realizes the great that the province which shall be incorporated, all their franchises and large to the province of the lends which shall be incorporated, all their franchises and largerant because of the province of the legislature, the said lands being already a part of the said lands being already a part of the said lands being already a part of the province.

The government fully realizes the great which shall be conveyed to the company by the government, subject to the company by the government, subject to the company by the government subject to the manner as shall be provided for at the time of the issue of such bonds.

The company shall pay any expenses which might accrue to the province in any legitimate manner with the province in any legitimate manner as the province in any legitimate manner as the province of the lends which and province in any legitimate manner and the contract by supposition of the company shall not issue such charge train to the discount that the government in order to submit the government expect as to capital, but we may inform youthat by the death of the company is to be incorporated, all their franchises and the province such that the great of the company is to be incorporated, all their franchises and the province of the legislature, the said lands beimpositely and expelsion of the company in the province of the pro

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.

The company shall provide a sinking fund of one and a half 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 which shall be sufficient to pay off the bonds are maturity. Armstrong at 10:30 in the morning for the purpose of further discussing this matter. am satisfied that we can convince you hat the objections stated in your letter are due to a misapprehension, either of the surrounding circumstances or of the real purport of our proposition.

of the railway the government may retain out of any moneys then payable by them to

A note to Mr. Bodwell from Hon. Mr. Turner on February 28th, arranged for an interview between the members of the government and Messrs. Rithet. Armstrong and Bodwell at 10:30, February 29th, in the with amendments as suggested in con-rence. On March 3rd Bodwell & Irving, licitors for the Canadian Western Central Railway Company enclosed as requested "another copy of the draft of the British Pacific Railway act and agreement."

THE AMENDED DRAFT

With the Changes Suggested in Conference and Proposed Act of the Legislature.

An Act Respecting the British Pacific Railway Company.—Whereas, under and by virtue of an act of the legislative assemof the Canadian Western Central Railway Company, and were authorized to lay out and construct and operate a certain railway

to time, and provision has been made for quired and the proceeds thereof shall be held the granting by way of bonus to the said by the government to be paid out by it to company certain portions of the public the company in the manner above provided. lands of the province of British Columbia And whereas it has been deemed advispany interest at the rate of three and one-able to make provision for the transfer of third per cent. per annum on all moneys the charter granted to the said Canadian Western Central Railway Company to a demption of the bonds or stock issued by corporation to be formed under the name the government and upon all moneys def the British Pacific Railway Company, posited with the government for the puras hereinafter referred to, and that the said grants of land and all other public aid provided for the construction of the said (7) The company shall provide all sums Canadian Western Central Railway should of money which shall become payable in rebecome the property of the British Pacific spect of interest and sinking fund on the

Railway Company;

And whereas in order to carry out the said arrangement a contract had been entered into, which contract, with the schedule annexed, has been laid before the legislative assembly of this province for its approval and a conv thereof is approved and a conv thereof is a convergence of a c

umbia, enacts as follows:

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 course of the next few years be pushed to the company in the manner following, that is to say:

(1) Upon 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 contract and the undertaking and of granting to them the powers necessary to enable them to carry out the said coniract according to the terms thereof, the Lieutenant-Governor in Council and Subsidy shall be 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 coniract according to the terms thereof, the Lieutenant-Governor in Council and Subsidy shall be 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 coniract according to the terms thereof, the Lieutenant-Governor in Council and Subsidy shall be persons named in the said contract and them in the undertaking and of granting to them in the powers necessary to enable them to carry out the said contract according to the terms the provide from the proposed railway of the said contract undertaking and of granting to them in the provide for an Eastern connection.

The same of the provide for an Eastern connection.

The same of the said land subsidy shall be associated with them in those who shall be associated with British Columbia in the first instance of the 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 Northwest 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 are the contract of the Legislative Assembly of t

or stock for the sum of six million dollars, payable in years and bearing interest at the rate of 3 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 sunsidy of two hundred and forty thousand collars to be paid by the government to the company, shall be retained by the government to the company, shall be retained by the government shall retain the right to hold

first six sections are the same as those appearing on the first page of this issue, and

should a proposal be made to the govrnment showing that an adequate amount
f capital would be subscribed and satis-

upon six millions of dollars for a period of twenty-five years and at the expiration of the time herein limited for the completion out of any moneys then payable by them to 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. such payment.

(2) The engineer of the government shall before the 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 com-

pany shall prepare estimates of the work lone during the month, and upon verifica-ion of such estimates by the government ngineer the government shall pay to the company per cent. of the amount of the work done during the month, based pon the estimated cost by the original esimates of the government engineer.

(4) Should the company elect to transfer 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, and issue similar bonds or or stock to be so issued shall not exceed six million dollars.

(5) All of the bonds or stock to be issued I have to eall your attention to the fact that, so far as the language of the acts is concerned, no such objective is either mentioned or preferred to incidentally in the said legislative assembly, the said charter time to time, but not before the said first large assembly the said charter than been amended and changed from time day of July, 1898, as the money shall be re-(6) The government will allow the com-

(7) The company shall provide all sums

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:

amount necessary to pay the government a percentage on the work done up to July the 1st, 1898, the government shall bind itself by such agreement or agreements as 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 ourbonds or stock to repay any advance ob provided.

B. And the said land subsidy shall be

exceeding the proportion which the company wou the rate of 20,000 acres per to the number of miles cor (4) All lands to be gran pany shall be designated a them within years fr selection, as aforesaid, an surveyed according the province, except necessary to run any but of lines, and the surveys sha pense of the company. (5.) The aforesaid granany lands held by grant for sale, or other alienatic nor shall it include Indi-tlements, nor military no Provided that the quantit excepted out of the grant shall be made good to th conveyance from the gove lumbia to the compa tity of land to be selected hereinafter provided. (omitted are as printed 12. The British Pacific

station grounds, works yards and other property, appurtenances required nstruction and worki capital stock of the cor from taxation by the municipal corporation t construction of the line a value of the railway for shall be held not to exc and the lands of the are either sold or occ free from taxation for 13. The company shall I their act of incorporation secured upon the lands gr granted to the compa used in the acquisition o company and such other company shall see fit, succeed \$12,000,000, and sho make such issue of la they shall deposit the government, and the ain and hold one-fifth security for the perfor the construction of the ra pany, and the remain bonds shall be dealt provided, and as to the o land grant bonds, s falut shall occur in the aid British Pacific raily shall not present or d the coupons of such la require payment of any and if any such bonds so the government shall be manner to be provided for the whole issue there thereof as security for t the bonds so paid off, pa on at 3½ per cent. per completion of the consti way the said bonds or then have been paid of such bonds and those paid off est, shall be de government to the coupons attached to such default should or may thereafter require the bonds so money representing t right to hold the said grant bonds, other s o the government may hem by the company the government. are as on first page.) 17. The company

every effort to promo of the lands gradted to place upon the said lan that the construction of at least two hundred addition, co-operate wit in carrying out any pla agreed upon between the government for the rapid district to be occupied be shall, in that event, pay penses of carrying whether the settlers ernment or to the compan 18. The company shall

and expenses of the by the government in f the line, and in inspec the work done by the co gineer when so emplo the sole control of the 19. The company shall or an act authorizing it t eastwardly from the province to a connection with a line of independent access to Atlar and the company shall upon being granted, proceed with tion of such line so an independent through the Fest completed within the East completed with specified in this agreement struction of the main line i bia. The government shall may properly assist in procur the said act, and shall offices with the government of the provinces to be travel

struction of the line. 20. The company shall be with sufficient powers to earry out the foregoing con contract shall only be bindin of an act of incorporation be the company substantially hereby appended as schedule. SCHEDULE "A

to secure reasonable aid to

Referred to in the foregoi 1. Sir Thomas Selby Ja:
net, of London, England, (house Armstrong, and the
Joseph R. Thibaudeau, both of
Montreal, Province of Quebe
Hoyt de Friese and Baynes Wi
waite both of London. Engla waite, both of London, En with such other persons an as shall, in pursuance of thi shareholders in the company porated, are hereby constitu porate and politic by the "British Pacific Railway Co inafter called the "compan 2. The company may lay cquire, equip, maintain and of railway of standard gauge of junction with the Escrailway on the Island of the harbor of Victoria or Eso alternative route as may the Lieutenant-Governor-i point on the eastern bounds ince of British Columbia at o of the Yellowhead Pass, pas near to Barkerville in the boo as circumstances will per
3. Should the topography or render it impossible or inexp

said company to construct t to or past the said town of h said town shall be connected line by a branch railway, which times be operated by the said efficiently as if such branch we the main line of the said railwa 4. The company may connect Vancouver Island with its Mainland by means of a ferry

steamers.
5. The head office and chief p ness of the company shall be a

Ness of the company snan be a Victoria.

6. The company may construand operate telegraph or tele and may undertake the transessages for the public by ar or lines and collect tolls for may lease such lines of the may lease such lines of telephone or any portion agreements may enter into other telegraph or telephone