

2nd. That the Company would make the following specific reductions in rates:

On Grain and Flour between points in the Province and Lake Superior taking effect:

Sept. 1st, 1901.....	1 1/2	cts. per 100 lbs.
" " 1902.....	1	"
" " 1903.....	1	"
" " 1904.....	1	"
" " 1905.....	1	"
" " 1906.....	1	"

thus making a reduction during that period of 4 cents per 100 lbs. and establishing a ten cent basis. These reductions would have meant a loss to the Company and a saving to the people of the Province and Territories (the Territories must be taken into account, as any reduction made in Manitoba will undoubtedly affect the North-West Territories), of nearly Four Millions of Dollars, within the next six years.

The rate on Salt to be reduced forthwith to 15 cents per 100 lbs. from Fort William to Winnipeg.

The rate on Coal from Fort William to be reduced forthwith as follows:—

To Winnipeg to.....	\$2.50	per ton.
To Portage la Prairie.....	3.00	"
To Brandon.....	3.45	"

3rd. That the Company would give to the Government control of all local rates between points within the Province and between points in Manitoba and Lake Superior, subject only to an appeal to the Courts of the Province in the event of dispute.

4th. That the Company would, without Government assistance, build during the current year:

A branch line from some point near Brandon, north-westerly through the municipalities of Duly and Woodworth, a distance of about 34 miles.

A branch line from Carman, easterly, for a distance of about 16 miles.

An extension of the Snowflake Branch.

Whilst all that the Canadian Pacific Company asked in return was:—

1st. That the Government would not, for a period of ten years, subsidize any new railways in that part of the Province south of a line drawn east and west through Binscarth, unless the Company itself had previously refused to build such lines, nor any railway line between any point in the Province and Lake Superior. (This condition has since been withdrawn leaving the Government with a perfectly free hand in this matter).

2nd. That the Government would put the Company in the same position with regard to taxation as the Canadian Northern now occupies, the Canadian Pacific being at present the only Railway which is taxed by the Province of Manitoba. (This condition has since been modified, the Company agreeing to a taxation of one per cent. of its earnings instead of two as at present, leaving the Company still the only Railway taxed in Manitoba.)

THIS PROPOSITION WAS REFUSED, and in place of it the Government now proposes to make a contract with the Canadian Northern Company embodying the following conditions:—

1st. That the Canadian Northern Company will take over the lease of the Northern Pacific lines, promising to pay to the Government the same rental only as the Government itself is liable for, BUT THAT ONLY IF THE NET EARNINGS OF THE COMPANY ARE SUFFICIENT TO MAKE THE PAYMENT. IF THEY ARE NOT, THE GOVERNMENT ITSELF MUST PAY THE RENTAL TO THE NORTHERN PACIFIC COMPANY OUT OF ITS OWN TREASURY.

2nd. That the Company will pay interest on the bonds to be guaranteed by the Government for \$5,800,000, hereinafter referred to as the "Government Bonds," out of its net earnings, PROVIDED ALSO, AS IN THE CASE OF THE RENTAL, THAT THE EARNINGS ARE SUFFICIENT TO ENABLE IT TO DO SO. IF THE EARNINGS ARE NOT SUFFICIENT, THEN THE GOVERNMENT ITSELF MUST PAY THIS INTEREST.