

THE HON. J. H. POPE,

Minister of Railways and Canals,
Ottawa.

HALIFAX, N. S., Dec. 17th, 1886.

SIR,—

Consolidation of Western Railways.

Having laid before the Directors of the Halifax and Great Western Railway Company the correspondence ending with your Secretary's letter of Nov. 30th last, to my address, and my reply thereto, dated 4th inst., I am instructed now to submit to the Government of Canada the views of the Directors with regard to the point upon which you have asked for information, viz., the manner in which it is proposed to deal with the claims of the Western Counties Railway Company upon the Government of Canada in respect of past transactions between them in connection with the Windsor Branch.

2 In the first place, however, the Directors desire to clear up two points in connection with the Consolidation Scheme, as to which they fear some misconception exists in the minds of Ministers. The first is the adequacy of the provision made by the scheme to cover compensation for these claims without aid in any shape from the Government of Canada, and the second is the amount of public assistance which will be received by our Company towards carrying out their undertaking.

3. Upon the first head it is obviously inexpedient for the Directors to make public the details of the figures upon which their calculations have been based, in view of the negotiations they may have to carry out, but those figures have been laid before the Local Government, and also before Dominion Ministers, confidentially, and it has been shewn that the sums provided, after setting apart the amounts estimated as necessary for the acquisition of the Windsor and Annapolis Railway, for the deposit of \$1,350,000 to be made with the Local Government, for the construction of the "link," and for putting the whole of the existing railways into a proper state of repair, will not allow, even if the Company had been willing to undertake such a burden, of the payment of such compensation for the claims as would induce the Western Counties Railway Company under present circumstances to grant a release.

4. The Directors would not have deemed it necessary to press this point, but for the circumstance that remarks were made in the House of Commons last session on behalf of the Government, which seemed to overlook the obligations undertaken by the Company in regard to the purchase of the Windsor and Annapolis Railway and the other matters above referred to, and which might be superficially construed to imply that the Company were being assisted by the Local Government to raise some four millions of dollars merely to make eighteen miles of railway, and that out of such abundant resources they could amply afford to defray the claims of the Western Counties Railway Company.

5. The second point which the Directors desire to clear up is the amount of assistance which the Company is actually to receive from public sources towards their undertaking. It seems to be the impression in some quarters that the Company is to be "largely subsidized," that it is to receive the Windsor Branch, which cost two millions, and is said to be worth a million, for nothing, and also a grant from the Local Government of a guarantee equivalent to an actual annuity of \$100,000 a year, besides a release of the debts due to the Local Government from the Western Counties Railway Company.

6. With regard to the Windsor Branch, however, the Company, if the acquisition of the existing railways is carried out by voluntary purchase and sale, will have to pay the full value, and perhaps more than the full value, of that Branch, and the only direct benefit which the Company will receive, at least for 27 years to come, is the annuity representing the difference between the rental now paid to the Dominion Government and the cost of maintenance.

7. As to the guarantee which was spoken of in Parliament by Hon. Mr. McLelan as a grant from the Local Government of \$100,000 a year for 20 years, it has been the basis of the negotiation throughout, as between the Local Government and the Company, that this guarantee should bear such a relation to the net earnings of the line, estimated upon the most cautious scale, as to practically involve the Provincial Treasury in no liability whatever. A