

5. Your Excellency in Council is authorized by an Act of the Dominion Parliament passed at its last Session, to grant such subsidy towards the construction of such Railway;

6. As a condition of receiving such bonus your Petitioners are willing and hereby offer to grant such running powers or traffic arrangements and other rights as will afford all reasonable facilities and equal mileage rates to all railways connected therewith as the Governor in Council may determine;

And your Petitioners, therefore, respectfully pray:

That Your Excellency will be pleased to recommend the granting of such subsidy to your Petitioners for the purposes aforesaid.

J. D. EDGAR, *President.*

W. GOODERHAM.

CANADIAN GOVERNMENT RAILWAYS,

OFFICE OF THE CHIEF ENGINEER, OTTAWA, 12th May, 1882.

SIR.—The several applications for Dominion Government aid towards railway construction hereinafter mentioned, having been referred to me, I have the honor to report:

1. That the Ontario and Sault Ste. Marie Railway Company and the Northern, North-Western and Sault Ste. Marie Railway Company have, with the support of petitions from the cities and towns of Toronto, Hamilton, London, St. Catharines, Port Hope and Brantford, applied for a subsidy from the Dominion Government in aid of the construction of a line of railway from Gravenhurst to Callander Station on Spanish River, on the Canadian Pacific Railway, to enable them to make satisfactory communication with the great North-West *via* the Canadian Pacific.

It is, in my opinion, very important to the commercial and manufacturing interests of Ontario that its railway system should have short and direct communication, by way of the Pacific Railway, with the North-West and Callander, being the point at which the Canadian Pacific Railway Company are bound to exchange traffic with other railways on favorable terms, it appears to be the most desirable place at which to establish junctions with that line.

The Ontario and Sault Ste. Marie Railway Company made the following proposition, viz.:—To construct a line from Gravenhurst *via* Maganatawen Junction to the Canadian Pacific Railway at Spanish River, a distance of 185 miles, for a subsidy of \$5,000 per mile, making \$925,000. Also to build a line from Gravenhurst to Callander Station, 100 miles, for a subsidy of \$6,000 per mile, making \$600,000. Or to build both (including the first forty-five miles common to the two lines), making 240 miles at \$5,200 per mile, or \$1,248,000. In consideration of these subsidies they will grant the use of their road on equal terms to other railway companies desiring it.

On behalf of the Northern, North-Western and Sault St. Marie Railway Company a subsidy of \$12,000 per mile is asked for the line from Gravenhurst to Callander, which they estimate at 110 miles, making \$1,320,000.

Should the Government entertain the proposition to grant a subsidy in aid of a railway between Gravenhurst and Callander, I suggest that should it be in the form of a lump sum, it be paid on the completion of twenty-mile sections, *pro rata*, according to the value of work upon each section, as estimated and ascertained by the Chief Engineer of Government Railways.

I may state these offers summarily as follows:—

Ontario and Sault Ste. Marie Railway Company, Gravenhurst to Callander, say 100 miles.....	\$ 600,000
Northern, North-Western Sault Ste. Marie Railway Company, say 110 miles .....	1,320,000
Ontario and Sault Ste. Marie Railway Company, Gravenhurst to Spanish River, say 185 miles.....	925,000