

CANADIAN PACIFIC RAILWAY COMPANY,
OFFICE OF THE SECRETARY, MONTREAL, 10th May, 1882.

DEAR SIR,—When I had the pleasure of seeing you a few days ago, on the subject of an advance on our rails and other material, you were good enough to suggest that advances might be made on such material as it entered the Province of Manitoba, but I am informed by telegraph to-day from Mr. Schrieber that in view of the advance made by Order-in-Council yesterday on a portion of the rails piled at Flat Creek, that suggestion will not now be entertained. I am instructed however, to express the hope of the Directors that such is not the case, and that the Government will be prepared to assist the Company in the manner described and in accordance with the spirit of the contract.

As I have already had the honor of pointing out the very large expenditure incurred by the Company during the past winter in the purchase of rolling stock, rails, ties, and other material in order to be prepared for the vigorous prosecution of the work this season, and in order to provide for an amount of work much larger than was ever contemplated being done in one season, has drawn upon the Company's resources to an enormous extent, and until they are in a position to claim subsidy from the Government on account of this seasons work, the Directors feel that the Government should meet them in the matter of these advances.

I beg also to state, that but for the unforeseen trouble caused by recent floods, over which the Company had of course no control, a very much larger quantity of rails and material would have been piled at Flat Creek than are now stored there.

Some 20,000 tons of rails are actually now in transit between New York and Manitoba, the greater portion of these being north of St. Paul. In view of these facts, I am directed to request that the matter may receive your favorable consideration, and that advances may be made as suggested on cars of rails and other material as they enter the Province.

The application for the advance, on account of which I am informed an order was passed yesterday for \$187,000, was on the following material stored at Flat Creek:—

	Tons.
Steel Rails.....	7,329
Spikes.....	78
Fish Plates.....	153
Bolts.....	92
	7,652

The value of this material at the point where it is stored is computed at an average price of \$52.50 per ton, on which value the Directors consider they have a right to ask an advance of 75 per cent. under Clause 9, Sub-section C, of the charter which provides: "That on certain conditions, the Government shall advance three-fourths of the value of such material at the place of delivery."

This the Directors interpret as meaning the place where the material is stored, but, I am informed that the payment ordered yesterday, is only on account of 5,000 tons of material, the value having been placed at \$50, instead of \$52.50 per ton.

No explanation has yet reached me, why the advance was not made on the whole quantity as applied for, or why the rate has been reduced. I can, therefore, only draw your attention to the matter, and ask that you will kindly consider whether the full amount as applied for should not be paid.

I am, dear Sir, your obedient servant,

C. DRINKWATER, *Secretary.*

SIR CHARLES TUPPER, Minister Railways and Canals.