

train service. Under present conditions, however, the Intercolonial cars which are passed over to the Grand Trunk Railway from time to time for the carriage of freight frequently accumulate in the yards at Montreal, and lie there for considerable periods, idle and unproductive. This is both an inconvenience and a loss. By having control and supervision of the freight car stock in Montreal, the traffic manager will be better able to look after it and keep it rolling; so that the same quantity of rolling stock will, it is believed, serve a large purpose and earn a greater revenue than it now does.

The probability of a line of first class steamers on the Atlantic making their terminus during half the year at Halifax or St. John, being at an early date established, and the further probability of a line of freight steamers plying between Great Britain and the maritime ports in winter being considered it seems to the Minister of the utmost importance that the Intercolonial Railway should be early prepared to reap its share of the benefits certain to accrue from such a traffic.

The Minister observes, with respect to passenger traffic, that the existing conditions are unfavourable. Travellers naturally avoid the inconveniences and delays incident to transfers, and at Levis passengers must now be ferried across the St. Lawrence or be passed over to the Grand Trunk Railway. The drawbacks in this relation are intensified when the transfers take place at night or in the early morning, and the Minister states he is advised that the passenger business of the Intercolonial Railway might fairly be expected to increase when these transfers have been rendered unnecessary by the proposed connection with Montreal. Having regard to the probable establishment of a fast steamship service on the Atlantic, these considerations have special significance.

The general manager of Government railways, in summing up the advantages of the proposed extension, advises that, in his opinion, if this independent connection with Montreal is given to the Intercolonial Railway, a very large increase in the receipts and profits of the road will result therefrom.

The Minister states that in order to effect the extension now proposed at a moderate cost and to the best advantage, after a careful study of the situation, availing himself of the judgment and experience of the officials of the Department of Railways and Canals, and others competent to advise on the subject, has arrived at the conclusion: That an arrangement should, if possible, be made with the Grand Trunk Railway Company, for the use of that portion of their main line from Ste. Rosalie to Victoria Bridge, for the use of the bridge itself and the company's valuable and extensive terminal facilities in the city; that the Drummond County line projected from Ste. Rosalie to Chaudiere, and already constructed to within 32 or 33 miles of that point, should also be obtained either by lease or purchase; that the uncompleted link should be built by Government, or, if proceeded with by the Drummond County Railway Company and finished as expeditiously as possible by that company, should also be included in the arrangement respecting the other portions of the company's line, and that the bridge at Chaudiere, with the line to Levis, belonging to the Grand Trunk Railway Company—but in which the Drummond County Railway Company has obtained rights—should also be taken over from the last mentioned company.

No other possible road, in the opinion of those best qualified to judge, can be compared with the one suggested, either as to grades or distances, so that it has not been deemed necessary to make any comparison with other routes.

The Minister further states, as the result of negotiations extending over a considerable period with the representatives of the two companies above mentioned, that he is enabled to submit for consideration terms and conditions upon which the Grand Trunk Company and the Drummond County Company will respectively agree to place their several properties as above described at the disposal of the Crown, should the policy be approved of bringing the Intercolonial Railway into the City of Montreal. These terms, the Minister ventures to believe, are as favourable as it is possible to secure under existing circumstances. Stating the proposition briefly, and free from details which would necessarily be incorporated in the extended contract, the Grand Trunk Company offers to lease for 99 years, with a covenant for renewal, at an annual rental of \$140,000, as full and unlimited use as the company itself enjoys, of its terminal facilities in the