

Government in putting an end to the present contract with us, as suggested in the letters of the Honorable the Finance Minister, on account either of the contract or the amount of work which had been done by us up to that time (both of which, as explained above, were rendered absolutely necessary in order that we should be unfettered in our application for Dominion assistance) could only result in depriving the Boundary Creek District of the construction of the road in question for some years to come, and this through the Government adopting a policy which was directly the opposite so far as the obtaining of Dominion aid was concerned, to that outlined in the preamble of the Subsidy Act as set out above.

Upon our making these representations to the Council they stated that there had been on their part up to that time an ignorance of many of the facts which we had stated to them, and that the letters in question from the Honorable the Finance Minister had been written under such misapprehension, and that furthermore such letters did not necessarily mean that the contract was put an end to, and that in any event the Government had not finally decided upon what course to adopt in connection with this matter, and that it was still open for them to consider, and that they, having heard us, would consider it and give us an early reply.

Subsequent to this interview we informed some of the members of the Government that we would attend in Victoria during the early part of the present week for the purpose of receiving an answer from the Council with reference to the matters which we had laid before them, and we accordingly waited on the Council to-day, when, owing to the pressure of business, they were unable to receive us. We were, however, officially informed that they had not as yet come to a decision upon the matters in question, and we were requested, in order to assist them in arriving at such a decision, to prepare a full statement in writing of all the matters which we had previously laid before them verbally, which is the occasion of our writing this letter.

We sincerely trust that the Council may be able, as we are quite certain they are anxious, to give us an early and definite reply to this letter.

We are at the present time continuing our expenditure in accordance with our original agreement with the Government, and if we are to be prevented from completing the contract, the Council will see the justice of preventing us from incurring any heavier loss than is necessary.

There is another matter which we laid before the Council at our interview with them on the 22nd inst., and which you were kind enough to state you would consider, and which we presume you intended that we should refer to in this letter to you: This is the matter of the expenditure incurred by us in building the trail from Glenora to Teslin Lake.

In the spring of last year large numbers of people, as you are aware, were travelling north to the Klondike gold fields, great numbers of whom were taking the Stikine-Teslin Lake route. Complaints were being daily received at that time by the Government with reference to the condition of transportation from Glenora to Teslin Lake, and the Government was being strongly urged to immediately construct a wagon road between these two points.

There was, however, no sufficient appropriation of money for the purpose of building any such trail at the disposal of the Government, and the Legislature in the ordinary course of events would not sit for nearly a year. Under these circumstances the Government decided to build a trail, notwithstanding the want of an appropriation for that purpose. They accordingly directed such work to be commenced and carried on under their own supervision until some time in the month of June.

In or about the month of June, 1898, the Government entered into a contract with us for the construction of a railway from an ocean port in British Columbia to Teslin Lake, under the terms of which we were entitled to a subsidy of \$4,000 a mile. It, therefore, became necessary for us to send survey parties immediately into the district through which the Government was building the trail in question, and we accordingly did so. The Government, knowing that we were upon the ground and being of the opinion that with our experience we could build this trail more cheaply than they, and furthermore, having arranged with us that the cost of the construction of the trail should be subsequently deducted from the amount of any subsidy received by us under the contract in question, on the 19th day of June entered into a contract with us for the completion of the trail already commenced by them between Glenora and Teslin Lake, as contained in the following letters:

Premier's Office, Victoria, B. C.,
June 15th, 1898.

Messrs. Mackenzie & Mann, at Victoria, B. C.:

Sirs:—I understand that you have built a wagon road from the Stikine to the Summit, in anticipation of railway construction. If not already built to the Summit, and you immediately do construct it, and from the latter point at once continue a trail satisfactory to the Government Agent to Teslin Lake, or to such point