

I find a reference in your correspondence to certain additional works still under construction by the Transcontinental Railway Commission, which additional works it was contemplated by the commission and by your company would be ultimately used in connection with the road as now completed. The Government, however, having been advised that the eastern division for purposes of operation, has been reported by the chief engineer of the Transcontinental Railway Commission as completed and ready to be leased, is of the opinion that it is in the public interest that such lease be now entered into. You will readily understand that were any other interpretation as to date of completion to be placed upon the agreement with your company it would mean the postponement for a very considerable length of time of the taking over of this extensive line of railway by the Grand Trunk Pacific, with results that might be incompatible with the public interest. Such a postponement would be to a date very hard, if not impossible to determine, as in one sense a railway can never be said to be complete. The responsibility for such a postponement I must decline on behalf of the Government to take.

The Government have under section 15 of this agreement ascertained the cost of construction, in the manner therein provided, and in so doing have included only such expenditure as has gone into work on the eastern division as now completed and ready to be leased.

I therefore request that the lease referred to in sections 6 and 20 of the above mentioned agreement be entered into. The Government has had prepared a form of lease embodying the provisions required to be included in the same by statute and by agreements between your company and the Government. The rental reserved is based on the cost of construction ascertained as aforesaid. This lease I now hand you on behalf of the Government. You will observe attached to the form of lease is a Schedule B, which schedule should contain a description of the rolling stock marked and assigned by the company to the eastern division of the National Transcontinental railway. I trust that such rolling stock as the statute directs has been provided and assigned accordingly, and as particulars of the same are now not in our possession, I would request that the schedule be duly filled in by you.

On behalf of the Government I beg to request that this lease be executed by your company and assuming that the schedule as so filled in will represent rolling stock fulfilling the conditions of the agreement, and provided and assigned as therein set out, I undertake that this lease will be promptly executed on behalf of the Government.

It has been and is my desire that there be nothing contained in the lease as drafted and now presented not strictly provided for by statutory requirements, and nothing omitted directed by statute to be included. This desire I believe is lived up to in the form of lease enclosed. Should however, in your opinion the form contain any feature to which reasonable objection can be taken, or omit any necessary provision, I am prepared on behalf of the Government to confer with your company and to endeavour by every proper means to come to a common basis, and I will make every effort to do so consistent with the requirements imposed on us by statute.

That you may have before you the method by which the cost of construction, and con-

[Mr. Graham.]

sequently the annual rental, is arrived at, I am enclosing you a copy of the report of our auditors thereon and of the schedules thereto annexed.

Yours very truly,

There is no signature, but I presume the letter was written by the Minister of Railways.

Mr. COCHRANE: Yes.

Mr. GRAHAM: The minister says in his letter that he is enclosing the report of the auditors. The auditors themselves tell the minister in a letter that the rental based on their audit would not be the full rental which the company ought to pay, as that rental up to December 31, 1914, would be based on the uncompleted cost, the entire work of construction of the line not being completed. I think that is a fair statement of the letter I have read. It is admitted that the rental now arrived at will be for the present only, and that another rental must be arrived at when the works are completed. That is the tenor of the correspondence. If that were not the case the Government would have to meet the railway company and come to an arrangement as to the cost of the completion of the works, the interest on that amount to begin as rental from the time of completion of the now uncompleted work. There is no chance of getting out of putting in all these works as part of the cost of construction. If the Government could make an arrangement with the Grand Trunk Pacific I would hold up both hands for it, but I think that the correspondence indicates that the Government is not prepared to execute a lease under the agreement, as the transcontinental railway is not complete.

Mr. COCHRANE: To relieve my hon. friend's mind on that point, I may say that we have not put it all in; we have only put in what they can use, and other parts will come in afterwards.

Mr. GRAHAM: That is just my point. It is an amicable arrangement. The minister says that he only proposes to put in now so much of the scheme as it is claimed is completed and the balance is to be put in afterwards.

Mr. COCHRANE: Deducting the Quebec bridge and things of that kind which they cannot use at the present time.

Mr. GRAHAM: I will try to make that clear. This letter has reference to the money expended to date, but it has no reference to the money to be expended.