

railway from a point at Yellowhead Pass to Vancouver and the mouth of the Fraser River, not exceeding five hundred and twenty-five miles.

3. The said subsidy shall be payable out of the Consolidated Revenue Fund of Canada and may, at the option of the Governor-in-Council, on the report of the Minister of Railways and Canals, be paid as follows:

(a). Upon the completion of the work subsidized; or

(b). By instalments, on the completion of each ten-mile section of the railway, in the proportion which the cost of such completed section bears to that of the whole work undertaken; the cost for the purpose of this paragraph to be determined by the Governor-in-Council; or

(c). Upon the progress estimates on the certificate of the Chief Engineer of the Department of Railways and Canals that in his opinion, having regard to the whole work undertaken and the aid granted, the progress made justifies the payment of a sum not less than thirty thousand dollars; or

(d). With respect to (b) and (c), part one way part the other.

4. The said railway, unless already commenced, shall be commenced within two years from the first day of August, nineteen hundred and twelve, and completed within a reasonable time, not to exceed four years from the said first day of August, to be fixed by the Governor-in-Council, and shall be constructed according to descriptions, conditions and specifications approved by the Governor-in-Council on the report of the Minister of Railways and Canals, and specified in a contract between the said Company and the said Minister, which contract the Minister, with the approval of the Governor-in-Council, is hereby empowered to make. The location of the said railway shall be subject to the approval of the Governor-in-Council.

5. The said Company, its successor and assigns, and any person or company controlling or operating the said railway or portion thereof, shall each year furnish to the Government of Canada transportation for men, supplies, materials and mails over the portion of the railway in respect of which it has received such subsidy, and, whenever required, shall furnish mail cars properly equipped for such mail service; and such transportation and service shall be performed at such rates as are agreed upon between the Minister of the Department of the Government for which such service is being performed and the Company performing it, and in case of disagreement, then at such rates as are approved by the Board of Railway Commissioners for Canada; and in or towards payment for such charges the Government of Canada shall be credited by the said Company with a sum equal to three per cent. per annum on the amount of the subsidy received by the Company under this Act.

6. As respects the railway for which such subsidy is granted the Company at any time owning or operating it shall, when required, produce and exhibit to the Minister of Railways and Canals, or any person appointed by him, all books, accounts and vouchers, showing the cost of constructing the railway, the cost of operating it, and the earnings thereof.

7. The Governor-in-Council may make it a condition of the granting of the subsidy herein provided that the said Company shall lay the railway with new steel rails and fastenings made in Canada, and shall purchase all materials and supplies required for the construction of the railways and the rolling stock for the first equipment of the railway, from Canadian producers, if such rails, fastenings, materials, supplies and equipment are procurable in Canada of suitable quality and upon terms as favorable as elsewhere, of which the Minister of Railways and Canals shall be the judge.

Dominion Subsidies hitherto have ranged from \$3,200 per mile, where the cost did not exceed \$15,000 per mile, to a maximum of \$6,400 per mile.

It is submitted that the procuring of this additional subsidy effectually brings this road for the general advantage of Canada at the discretion of the Dominion Government and under the jurisdiction of the Board of Railway Commissioners, and nullifies the effect of sundry covenants in the Provincial Act. As far as the people are concerned, perhaps their interests are better protected that way, but there is another phase to this feature, namely, the fact that the people of the Province are indirectly contributing \$12,000 per mile more than was ever contemplated towards the building of this line, making a total of \$47,000 per mile, which they practically provide by cash and guarantee, minus discount