

determination of operating that Division independently, and without regard to the remaining portions of the line. The Company resisted this demand, upon the ground that the Trustees were not empowered to make it under the terms of the Trust Deed, that under the Canadian Railway Act the Trustees had no power to operate a Railway, and that compliance with the demand would result in operations being suspended on the Company's line until after a sale of the First Division, and the purchasers had secured from the Minister of Railways a *license to operate*, to be followed by their securing the passage of an Incorporating Act, on the application for which proper terms providing for the life of the Second Division and Branches would be imposed by Parliament. The Company further resisted the demand, upon the ground that it could not consent to a disintegration of its line, which would have been undoubtedly followed by ruin to the whole enterprise, as the following statement will show:—

The earnings for the First Division for the year ending 30th June, 1894, were.....	£33,108 10 0
The operating expenses	34,125 9 0
	Deficit..... £1,016 19 0

The General Manager estimates that the First Division earned in respect of traffic originating on, or destined for, the Second Division and Branches during the year ending 30th June, 1894, about £5,000. The net deficit for the above period, had the Second Division and Branches been closed, would have been, say, £6,016 19 0. on the First Division.

These figures show how utterly misleading was the statement referred to by the Chairman that the First Division is making money and could pay a dividend if that portion of the road were in their own hands; and it is difficult to understand how he could have ventured to repeat such