

declined to grant the smaller subsidy of \$375,000 asked for by this Company, and therefore to insist on the condition attached to the former aid, while withdrawing the aid itself, would be, the Directors represent, manifestly unfair.

20. For these reasons the Directors desire to urge upon the Government of Canada the justice and expediency of their agreeing to recommend Parliament at its next session to amend Act 16 of 1882, by cancelling the proviso as to a release of claims, unless the Government of Canada are willing now to settle these claims directly with the Western Counties Company so as to enable the Local Government to obtain a release of claims in terms of the Act, *pro forma*.

21. The Directors are unwilling to weary the Government with reiterating the general arguments which have already been brought forward, and which have not been controverted, in support of their claim to the encouragement and assistance of the Dominion Government for this enterprise, and would therefore refer to the printed memorandum of August 27th, 1886, submitted to you with a letter from the undersigned of the same date. As the present application amounts to no more than a request that the Dominion Government should remain answerable for any damages for which their action or that of their predecessors may have made them responsible, the Directors can hardly believe that so reasonable a desire, when fully explained and understood, can be refused, while such refusal might seriously delay and hinder the carrying out of the undertaking.

22. The Directors are now prepared to enter into an agreement with the Dominion Government upon the basis of my letter of August 27th last, substituting for the subhead (*d*) thereof, as to subsidy, the following:—

(*d*) That the Government of Canada will recommend to the Parliament of Canada, at their next session, to re-grant to the Halifax and Great Western Railway Company the subsidy of \$64,000 granted in 1884, and to amend Chap. 16 of the Acts of 1882 by striking out that portion of the proviso annexed to clause 2, which relates to the release of claims.

23. As the negotiations with the Dominion Government have already occupied many months, and the Directors are anxious to proceed with the other arrangements incidental to the scheme, I am desired to solicit the early attention of the Government to this matter.

I have the honor to be, Sir,

Your obedient servant,

R. GERVASE ELWES, *M. Inst., C. E.*