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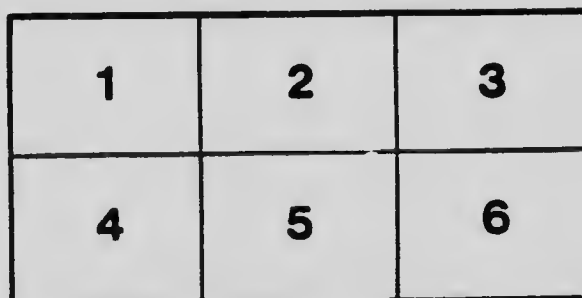
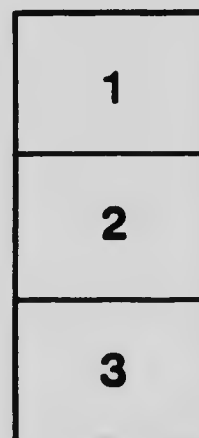
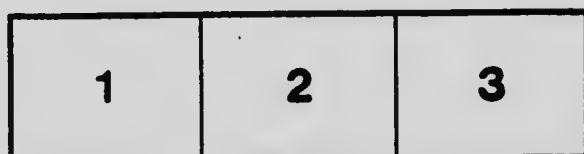
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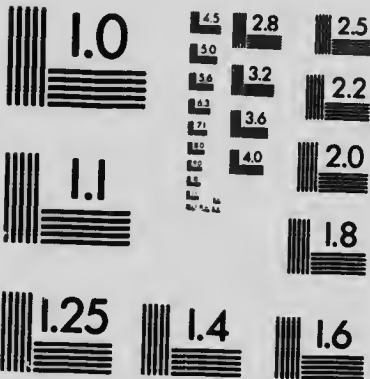
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# SPEECH

—OF—

## The HON. RICHARD McBRIDE

Prime Minister of British Columbia

In moving Second Reading of the Bill to Ratify an  
Agreement with

## The Canadian Northern Railway Company

In the Provincial Legislature, Tuesday, March 1st, 1910

Hon. Mr. McBride was greeted with loud applause on rising to move the second reading of a Bill to ratify an agreement between the Government and the Canadian Northern Railway Company. He said:

Mr. Speaker: It is with feelings of very great pleasure indeed that I rise to move the second reading of this very important measure. Perhaps never before in the history of this Province of British Columbia has such important and far-reaching legislation been introduced for deliberation by this Assembly. For the past seven sessions we have been accustomed to hearing, year after year, from gentlemen of the Opposition, constant inquiries as to what the Government is doing, and when it may be expected to take some action with respect to the construction of the railways so much needed for the development of this country. I recall only a few sessions ago when the Government was very severely taunted by the then Leader of the Opposition that the occupants of these Treasury Benches, although we had promised the House and the country a constructive railway policy, had so far failed in our efforts—that they had been ineffectual, indeed. Well, sir, we were not prepared at that time to present the Rail-

way Policy that we had promised to the country, and our explanations that were given to the House were all that then could be given. Let me recapitulate the position. We had said, and we stood firmly by that position, that not until we had some sort of a business-like construction scheme that would make for the connection of the railways proposed to be built throughout British Columbia with a transcontinental railway system and which could be carried out under terms that would not overburden the country nor entail an obligation upon the credit of the Province such as British Columbia might not be equal to bear, would we be content, such conditions alone being recognised as sufficient to bring about construction of the line. In the last seven years I may say, and the statement is by no means an exaggeration, this Government has refused not one, but hundreds of propositions looking to railway construction in British Columbia. And why? Because the lines which it was proposed that we should assist would not make for connection with a transcontinental system, or in the second place because the assistance asked for was far beyond the reasonable ability of this Province to give the interested

companies. It was not, indeed, until 1909 that we were able to conclude an agreement with a responsible and well known railway company which would assure the connection of our British Columbia Railway with a transcontinental system, which would provide for the completion of the required road within a fixed and definite period, and with assistance toward the construction of that road which it was easily and readily in the power of this Province to give—the Canadian Northern Railway Company. (Applause). The line of that company is to extend from the Yellowhead Pass to Vancouver, and from Vancouver on to Victoria by car ferry, and from Victoria to Barkley Sound. Construction of this line is to be undertaken by the Canadian Northern Railway Company and to be completed by the 1st of July, in 1914.

What is the present position of affairs in British Columbia in so far as the railway situation is concerned? Take a glance at the map, and a very hasty review of its geographical condition will disclose the very remarkable circumstance that while we have here a Province with a total area of something like 374,000 square miles, there are at present in operation but 1,700 miles of railway. To show that this limited mileage is very far from adequate if we propose that railways should serve, as they should serve us, as factors in the promotion of the natural growth of the country, let us compare the situation here with what prevails in other Provinces of infinitely smaller area and less variety of resources. Take the Province of Manitoba with its 64,000 square miles of territory, and we find there in operation 3,400 miles of railway, and coupled with this fact we must remember that Manitoba is far from being a difficult country in which to construct railways. The people of that Province have not to cope with the almost impossible physical obstacles that prevail here in British Columbia, with our great mountains, our deep and wide rivers, our tremendous ravines. Prairie roads are not difficult to build, and I may say they are cheap indeed in comparison with the roads that must be built to serve the requirements of this Province. When we consider how easy it is to move about in a Province so situated as Manitoba, surely by way of comparison, we can begin to understand how in this Province, with its 374,000 square miles of territory and with a configuration unique in the Confederation of Canada, yet still possessing

only 1,700 miles of railway in all, the Province of British Columbia has been labouring under an immense handicap from the transportation point of view. And this comparison at once discloses the fact that this Province in order to overcome the handicap of natural conditions must have railways. The physical conditions of the Province and the absence of railways afford complete explanation why we have not perhaps gone along with that progress which has marked the recent history of not alone Manitoba but Saskatchewan and Alberta as well. A study of the railway situation in the Province of Ontario shows that in that section of the Province in question lying south of the Canadian Pacific line containing 120,000 square miles of territory, there are over 8,000 miles of railway in operation. I might go further in emphasising the disadvantages under which British Columbia labours, showing that in each and every one of the other provinces, although their physical conditions are by no means so difficult, they have found railway mileage greatly in excess of ours proportionately to be absolutely necessary for their progressive development. It may be asked how it is that while we in this Western land have so much to say of the great potential wealth of our country, our rich mines, our great resources of timber, our fisheries—how we will explain away the fact that with all this great natural endowment, we have not advanced much more rapidly than has been the case? How with all the publicity which has been given British Columbia and its resources, there has yet been such a small amount of railway construction accomplished. The answer is not difficult to find. We in this country have only had the one Canadian-transcontinental connection with the rest of the Dominion, and for that reason there has not been the same incentive or opportunity for such progressive and systematic railway construction which all look for and all are so anxious to see. Until the Canadian Northern Railway entered the Province of Manitoba, despite the fact that there was connection with the American roads to the south, there was but little activity shown in the opening up of the Province by railways, or in the reaping of those advantages which come as a consequence of desirable competition. But so soon as the Canadian Northern came in, with its connection by way of the great lakes, the results were quickly apparent to the business men, the farmers, all sec-

tions of the population of Manitoba. The Canadian Pacific Railway soon came to be a very busy corporation, and the mileage of the Canadian Northern was very nicely duplicated by the additional undertakings of the C.P.R., and in addition, following on the operation of the Canadian Northern and the continued expansion of the Canadian Pacific, the Grand Trunk Pacific also was brought into being—another Canadian transcontinental highway launched by the Federal House—so that to-day we have this third great transcontinental road also nearly ready to open its service from Winnipeg to Edmonton over its newly constructed road. (Applause).

Since the invasion of Manitoba by the C. N. R. American lines also became active and large additions have been made to the Great Northern in that Province. Manitoba was a rich land in natural resource, but her development was slow till the territory of the C.P.R. was invaded by a second Canadian through road, the C.N.R. As a result of that competition the C.P.R. have been building, the G.T.P. have been building, and the G.N.R. have been building. We may well conclude that with the invasion of British Columbia by the C.N.R. we shall see more railway building in the next few years than the most extravagant prophet now thinks.

On a survey of the whole situation we found we could deal with a Canadian company, originated in Canada, controlled by Canadians, a company that had made good in Eastern Canada, that had already been assisted by the Dominion Government and by every Province from the Rockies to the Atlantic Ocean, and that came to us with their endorsement,—a company that had been a main factor in the wonderful development of Manitoba, Alberta and Saskatchewan. When we found such a company knocking at our door and prepared to do business with British Columbia we did not hesitate to begin negotiations, in order to give to British Columbia the same chance for development and progress that had been given to the Prairie Provinces.

There were friends of the Government, who when the time had arrived for action, when the moment had come that it was essential something should be done, were somewhat nervous as to such a departure from the ordinary business of the Government as it had been carried on from the Spring of 1903. I could instance many good friends, many strong sup-

porters of the Conservative party who faltered in their support when they found we had decided to take up this proposal and see if we could not give to British Columbia her own. No one felt more than myself the loss of these colleagues and the coolness of friends because of this necessity as we judged. We were determined to do our duty to the people and to the Province of British Columbia; we were determined to do what the necessities of the time and the situation exacted and demanded. In spite of these losses, these differences of opinion sometimes bitter, this criticism often harsh, we went ahead with our Railway Policy and we went to the people on this issue, giving them ample time for the fullest discussion, and were successful in receiving the almost unanimous endorsement of the electorate of British Columbia. The Attorney-General has recently said that it was not the Railway Policy that carried the Government. It was the Government that had carried the railway policy, but I may say that the Railway Policy helped. It is because of the Railway Policy that the Government was carried shoulder high. (Applause).

The record of the Government no doubt contributed to make the electorate feel that the carrying out of the policy was in safe hands. They knew that for seven years we have been carrying on the affairs of this Province in a satisfactory manner and that the experience we had had during that time in dealing with railway conventions had shown that we were competent to protect the interests of the community at large. There was not one instance that could be adduced that would go to show for one moment that the Government were not fully equal to any situation likely to arise.

At the time of the election the contract now submitted was not fully completed, but the essential elements had been agreed upon and these were submitted to the people with some further information as to the intention of the Government. Columns of criticism, some of it very elaborate, were given to the public. I am quite sure we may never expect to hear one word of commendation from the Liberals for anything we may do; so there was absolutely no surprise to this party in the criticisms to which we were then subjected. It occurs to me, however, that when a Government of this Province for the first time in its history undertook to give to the people a competing

transcontinental line — the first Provincial Parliament to form a contract of that sort—they might have offered some assistance in the interests of the people. If they had done so they might be a little nearer accomplishing their desire to cross over to the Government benches.

But, sir, from the day of the country to the day of the denunciation hurried at this undertaking got so unfair and so bitter that in the end the Liberals succeeded in driving away many of their supporters who looked at the proposals of the Government in a businesslike way.

We said to the people: 'You have trusted us in the past and we have tried to make good all our promises and herewith we appeal to you on a policy that will involve the credit of the Province to the amount of approximately \$30,000,000, but we do not make this appeal to you without giving you a general outline of the proposed bargain!'

The people took us at our word and believed that we would live up to our pledges and so it is that I am able to come before this House to-day to present the Bill for the ratification of the agreement that was entered into between the Government and the officials of the Canadian Northern Railway but a short time ago.

Let us look at this agreement; but before going into its details I wish to call the attention of the House to certain promises which were made by the Government prior to the election. These promises were published in an issue of the Victoria "Colonist" the day before the election—an issue of the paper that seemed to make a great impression on an honorable member opposite. From my long association with the ideals of the Liberal party it may be that he could hardly realise that a public man could make such promises and live up to them. (Applause).

On the train which brought me from a campaign conducted in the constituencies of Alberni and Newcastle—a campaign that I regret to say turned out unfortunately for those constituencies—I met my good friend Mr. Matson, of the "Colonist" newspaper. He was anxious to do all he could to assist in placing the Railway Policy of the Government before the electors—and that was not a very grievous offence. I authorised Mr. Matson to publish in the "Colonist" the following memoranda:

1. To build 600 miles of railway in British Columbia as outlined in a pre-

liminary contract with D. D. Mann, of the Canadian Northern Railway Company. At least 100 miles of such railway construction to be from Victoria to Barkley Sound.

2. To secure a first class freight and passenger ferry service from a point on the Mainland, at or near English Bluff, to connect with the Island of Vancouver, thence by rail to Victoria, to continue the same to Barkley Sound. Said ferry service to be equal to any on this continent.

3. Construction of the Barkley Sound section to commence simultaneously with construction upon the Mainland of the Canadian Northern system in British Columbia.

4. The whole to be undertaken and completed in four years; to be begun three months after the ratification of the completed contract by the Provincial Legislature.

5. To secure from the Canadian Northern Railway a deposit of \$500,000 for faithful performance of the contract, such sum to be forfeited to the Province if they fail to carry out the terms of the agreement.

6. To secure from the Canadian Northern Railway Company a first mortgage upon their system in British Columbia.

7. To secure from the Canadian Northern Railway Company a covenant protecting the Province from any loss whatever by virtue of its guarantee.

8. The Province of British Columbia to control freight and passenger rates upon the same plan as adopted by Manitoba in its guarantee of Canadian Northern bonds.

9. To secure from the Canadian Northern Railway Company an obligatory contract requiring them to maintain a regular continuous and daily first-class passenger and freight schedule between Victoria and its continental system, so that upon completion of their lines in British Columbia, Victoria will be one of the termini of a transcontinental railway system.

10. The money realised from the sale of Canadian Northern bonds is to be handed over to the Provincial Government and will not be paid out till work of construction has been completed satisfactory to the Government engineer and his certificate is furnished the contractor. This is to ensure the public against any possible chance of an expenditure of money for which they do not receive full value.

11. Road to be constructed by the white workers of Canada. Asiatics absolutely excluded from all public works in British Columbia. The



company must covenant to pay the standard rate of wages on all works.

12. All material used in connection with the construction of the Canadian Northern Railway to be purchased in British Columbia in every instance where it is possible to do so. Minimum mileage to be constructed each year on Island and Mainland, and will be specified in final agreement.

Failing to carry out these promises, I shall offer my resignation to the Lieutenant-Governor.

RICHARD McBRIDE.

These pledges I made, Mr. Speaker, on behalf of this Conservative Government. They were not only published in the "Colonist" newspaper, but they were repeated by me on the hustings of this Province from the Rockies to the City of Victoria almost continuously during the five weeks preceding the day of election.

I claim that this Government has not only lived up to the very letter of those pledges, but that from the conditions of this contract it has done more than that for the people of British Columbia.

In the negotiations carried on with the railway officials by the members of the Executive Council—and I may remark that in this we had the valuable assistance of the Deputy Attorney-General, Mr. Maclean—it was the aim of the Government to try and make the terms and conditions of the bargain such as could easily be read and understood—as easily understood as the nature of the bargain would permit, and I do not believe there is an elector of the Province who cannot with but little effort understand the terms of the agreement.

It is but right that I should explain to this House that by reason of certain constitutional objections that have in the past been urged by the Federal authorities against legislation passed by the Legislature of British Columbia we were unable to include in this contract provision for the non-employment of Asiatics on the construction of this railway.

We have agreed for an undertaking similar to that secured from the Grand Trunk Pacific Railway, and which has been so effective in that case. In other words, rather than hazard the constitutionality of this Act, we followed the line laid down in connection with the Grand Trunk Pacific contract, and have a specific agreement from Mackenzie & Mann, the Canadian Northern Company, that this road will be built entirely by white workers. (Applause).

Mr. Hawthornthwaite: "Is that a portion of the agreement before the House?"

Hon. Mr. McBride: "Yes, it is a portion in this respect, that while not a part of this schedule, it is a part of their contract to build this railway in British Columbia, the failure to fulfill that undertaking would be absolutely detrimental to this agreement. Let me assure my non-friend he need have no fear but that every foot of this road will be built by white workers. You know that the Canadian Northern have built and have in operation west of Lake Superior between 4,000 and 5,000 miles of railroad, every foot of which was built by white labour and white labour alone (Applause). The Canadian Northern has in its employ over 5,000 workmen, and I am told on good authority, that among all these workmen there is not a single Chinaman, not a single Japanese. Let me assure the House that with regard to this provision respecting white labor, the Government proposes to be just as careful of the interests of the country as it has been in connection with the Grand Trunk Pacific agreement. The hon. gentleman knows how we were twitted by the Opposition with the course we had adopted in exacting from that corporation an agreement under seal with regard to labor, but they have been unable to show, though up to date the company has spent millions on labor in this Province, where a Yellow man was employed. (Applause). And why? Because of this agreement with the Government of British Columbia. It is but a few months ago that Sir Charles Rivers Wilson and Mr. Hays appealed to me as Leader of the Government to release them from some of the conditions of this agreement with a view to introducing Asiatic labor in the North, but which as speaking for the Government, I refused to do, and so far the Grand Trunk Pacific Company has been unsuccessful in its attempt to secure Yellow labor in the construction of its road. Just as careful as we have been with the Grand Trunk Pacific Company shall we be with the Canadian Northern? I. is all moonshine to say the argument that it is so difficult to secure labor in this country and that lines cannot be built with white labor. We have an example of that in the Chicago & Milwaukee, in the lines of Hill and Harriman, where very difficult works of railway construction have been carried out by white labor. And in the southern portion of this Province, I

have it on the authority of the member for Grand Forks, every foot of the V. V. & E. line has been built with white labor. If it is competent for these lines to carry on their work with white labor; if it has been possible for the Great Northern within the confines of British Columbia to carry on their construction with white labor it is not impossible for the Canadian Northern Railway Company to carry on their construction with white labor also, with men of our own flesh and blood, men of our own race, of whom I hope we shall soon have plenty in British Columbia, and that partly through the instrumentality of the Canadian Northern Railway System. (Applause).

So much for that part of the bargain. Now we shall proceed to examine questions of detail, but first you will observe that provision has been made for the work to be carried on by the Canadian Northern Pacific Railway Company, a company to be incorporated by this Legislature, and to be in every sense of the word a Provincial corporation. The reason for this is obvious. In order that this Government should have the complete control it promised over rates and regulations, it was absolutely essential to incorporate a Provincial company. Hence this provision for the Canadian Northern Pacific Company to be incorporated by this Parliament and adopted under the authority of the Legislature of British Columbia. But you will observe that the agreement is so drawn as to give to the people of British Columbia, side by side with this corporation the advantages of the Canadian Northern corporation, a Dominion Company, which controls one of the transeontinental roads of the Dominion of Canada.

The first section we need discuss at any length is with regard to the route of the road. It provides that the road shall be built from the Yellowhead Pass, down the Thompson Valley and on to Vancouver. With regard to the Victoria and Barkley Sound Road, provision is made for a line running from New Westminster Bridge to English Bluff.

From that point a ferry service is to be established in order to connect with the Island section of the Canadian Northern Pacific. That ferry service must make its terminal in a place near the city of Victoria, and from that terminal to Barkley Sound there is projected railway construction of one hundred miles of the Canadian Northern Pacific. There was some complaint from our friends the Liberals, and in the last stage of the

campaign from the member of Nanaimo. But everything the Government promised would appear from late reports to have come about. We told the people that they were guaranteeing the road and it was expected that if this road was to be successfully operated it must have a grade second to none on the continent. The specifications and profiles exhibited to the Government demonstrated that they were securing from the prairie to the Pacific a gradient of less than four-tenths of one per cent., or, in other words, an easier grade than that on the Grand Trunk Pacific, which has been the proud boast not only of Mr. Hays and his associates but of the Dominion Government as well.

From this route we were able to show that we were securing a business route, one that would secure the competition the people were seeking for and one that would lend itself as well to the construction of branches, to serve other sections not at present served by the construction of the main line. What are the further results? No soon is it decided that the Canadian Northern Pacific is to be built than instructions to the contractor to hurry along are given and to-day preparations are under way in the Fraser Valley and east of the Cascades as well that will make for the completion of the V. V. & E., and the Hope Mountain route in a very short time indeed. (Applause).

Another result. We promised that activities would come about that would mean added wealth to the Province and added facilities. Another consequence of this contract and an important one, is that as soon as the election was over and the adoption by the people of British Columbia of this agreement with the Canadian Northern and the Kettle River Valley, a substantial corporation which is about to receive some aid from the Province of British Columbia at this time has secured from the Dominion Government a permit, a franchise to extend its line to Nicola, down through the Hope Mountains to a point near Ruby Creek, there to connect with the C. P. R.

Now, sir, with regard to the route itself, we have all listened in days gone by in the House as well as on the hustings, to accounts given by residents as well as by travellers through the North Thompson of the wonderful things in the way of lands, mines and timber to be found in that section of British Columbia between Kamloops and the Yellowhead Pass. This is not news to the people of the

Province. From early Government reports and surveys carried on incidental to the C. P. R. project in part of British Columbia, it was conclusively proved that not only in the North Thompson country, but in golden Cariboo, represented so ably and efficiently by the gentlemen whom we see here to-day, there was such a land of promise as would readily justify railway construction as incidental to the development. We know the disputes and difficulties that arose over the final adoption of the route for the C. P. R., but while we had as a matter of record to acknowledge these things to be true, at the same time we must acknowledge that all the early discoveries and investigations into this part of the Province amply prove this to be indeed a very rich and wealthy section of our glorious Province, and a portion that will repay adequately development by proper railway transportation so soon as when that can be provided for.

In addition to the very valuable country of the North and South Thompson, we have that section between Kamloops and the Coast, which is still capable of enormous development. Who is there with any intimate knowledge of the rich benchlands of the North Thompson, the valley of the Fraser, or the fruit-producing areas in the vicinity of Kamloops, that will ask for proof of the statement that these important sections of the country are not by any means developed to their capacity? Where we have a City of Kamloops to-day containing a population of two or three thousand—perhaps my friend opposite will say five thousand—people, we should easily have with a full development of the great farming areas tributary to that centre, a Kamloops of fully ten thousand people. The wonderful benchlands of the Thompson River and the Valley of the Fraser—the lands of the dry belt as well as the lands outside that special section—are only in the infancy of their development. It is amazing to find from the investigations of those technically proficient to speak with authority, that their conclusions as to the wealth of the soil in this particular region of British Columbia are in the very highest degree favorable. But still we have to-day the Kamloops of two or three or perhaps four thousand people; and we still have the Spence's Bridge—the Lytton—the Ashcroft of twenty years ago. It is true that of late, by reason of the general westward movement and the development to some extent of our fruit lands, some little progress has been made, but nothing in proportion

to the relative growth that the natural conditions and potentialities of those regions in question amply justify. The explanation is simple. These sections have not advanced—they could not advance—because there has been afforded them no competition—because the people have had no alternative competitor for their business which would have provided them with the means of selecting the vehicle that would take their various commodities and products to the natural markets and also would enable them to market the products of their industry at a fair transportation price. The route selected will traverse this Thompson River Valley, and will quickly produce development on a large scale, while giving competitive rates; and undoubtedly will produce also in the near future both population and wealth. Much the same conditions and much the same arguments apply with respect to the country lower down toward the Coast, where the surveys already accomplished by the Canadian Northern have already led to a great deal of activity. And this brings us to Vancouver Island, and the line to Barkley Sound. There has been a great deal of criticism and skepticism expressed with regard to this section of the road. In the first place there was a section of the people, a very small section, I am glad to say, who freely predicted that our negotiations for the incorporation of the Island portion of the line with the Mainland section would never amount to anything, because, they said, the character and the configuration of the West Coast would prove almost prohibitive to any scheme of railroad building in that quarter. I am particularly glad to be able to dissipate once and for all the criticism to which I have just referred. With regard to the construction of this Island section, let me say that the projectors of the road were from the beginning desirous of having an interest in the Island—they were anxious to have some participation in the development of this glorious Island of Vancouver. And they were not by any means uninformed as to the conditions prevailing here, and already possessing some knowledge of Vancouver Island, they were quite ready to embrace the Vancouver Island section without any variation of the terms proposed for the construction of the other portions of the system. They were aware of the configuration of our Island coastline, and of the difficulties that have been referred to with very considerable tendencies toward exaggeration. They were aware also that the different sections to be

opened up are rich in wonderful timber and in great mineral wealth.

In addition to the work the line would accomplish for the Island, the line would prove very profitable for the C. N. R.. The Company must have observed that so late as 1910 Vancouver Island, rich, large and wealthy, situate in a unique position on the Pacific Coast of the Dominion, had only some seventy-odd miles of railway. In all these years, with all we know of the wealth of Vancouver Island, there is still this almost infinitesimal railway mileage. Perhaps it is not surprising that in view of this some persons should look with suspicion upon what they are told of the resources here awaiting development.

Mackenzie & Mann, with their knowledge of the wealth of the Island, were eager to close with this part of the contract. They did not hesitate to make the Island railway part and parcel of the C.N.R. We must not lose sight of the great importance to the whole line of the ferry service to be installed. It must be gratifying not only to the Island but to the whole Province, that the Government had been able to secure such exceptional and splendid provision with regard to a ferry to the Mainland. The C. N. R. has discovered that it is easily possible to provide such a ferry notwithstanding many prophecies that have been made. Many persons must have been disappointed when the contract was brought down, and they found that the Government had done what those prophets had said could not be done. Many persons had hoped that the Government would fail in securing adequate connection with the Mainland, but the Government has been successful. When the time arrives for the inauguration of the ferry service, it will be found to be equally creditable to the Company and to the country, and will meet the most exacting tastes and requirements. We have heard it said by those who professed to have made a study of the whole question, that the Government might secure the building of the road from the Yellowhead to Vancouver, but could never expect to secure construction of the line upon Vancouver Island. We are very glad to disappoint those prophets.

I hope and believe that the C. N. R. will not only build to Barkley Sound, but will go on and extend the road to the north end of Vancouver Island. This rich and promising section of the Province will then become one of the most valuable and remunerative sections of the entire system.

It is not only on Vancouver Island that this contract will lead to further

construction than that specified. The route of the C. N. R. main line is so laid out as to lend itself to the construction of lines into the Kootenay, the Okanagan and the Nicola. We have framed the contract with a view to such further development. When the Company has shown what it can do and will do and has made satisfactory progress, the Government will be open to make arrangements giving to these districts the competition we are now securing to the districts along the main line.

What will follow? As the history of Manitoba illustrates, an activity on the part of other railways like that which has been witnessed there, an activity in railway construction that will bring wonderful development to British Columbia, and that will amply repay every one of these transcontinental railways.

Because this Government has brought in an agreement to extend the Canadian Northern Railway through British Columbia, it does not follow that this Government has a word to say against the C. P. R. or the Grand Trunk Pacific—we say let them all come. We believe that through the introduction of the Canadian Northern Railway into this Province—with the control of freight and passenger rates in the hands of the Government—there will be such an adjustment of railway freight and passenger rates throughout the Province generally that it will place travel within the reach and financial ability of the whole Canadian people.

In passing from this phase of the explanation I am offering today, I wish to refer to the fact that when the election campaign was about half over some of the good people of the thriving City of Prince Rupert wired me for what information I might have as to a possible extension of the Canadian Northern to their prosperous city. This was an evidence of the readiness of the energetic citizens of that community that would tend to increase the growth and prosperity of that Northern city. I was not, however, in a position to make a statement in regard to the plans of the Canadian Northern Railway in respect to projected extensions of their line to the Northern parts of the Province. But I have it from Mr. Mann himself that not only does he propose to spend some hundreds of thousands of dollars in connection with the development of mining properties in that rich mining section of the Province in the vicinity of the head of Portland Canal, but that before six months have gone by he will have in operation in that dis-

tract a considerable mileage of railway; and this development will all take place in a district that is in direct contact, almost, with the district of Prince Rupert. I think that the people of Prince Rupert may take the preparations of Messrs. Mackenzie & Mann for development of the territory surrounding the head of Portland Canal as an earnest of the intention of the Canadian Northern Railway to go in for the development of British Columbia everywhere that business may offer.

Now we come to the question of the provision of standard equipment on this line of railway. The standard which has been insisted upon by this Government is that which is observed by the Canadian Northern Railway on its line between Edmonton and Winnipeg. This standard is vastly superior to that possessed by the C. P. R. when that railway was built across the continent. For one thing, we will have eighty-pound rails, and where rivers are to be crossed the bridges will all be of steel and generally all equipment and construction will be infinitely superior to that required when the C. P. R. was first constructed across the continent. I might observe that the standard of equipment on the line of the Canadian Northern between Winnipeg and Edmonton was such as to pass the examination of the engineer acting, I believe, on behalf of the Department of Railways at Ottawa. You will have everything in the way of construction on this line that can be reasonably expected. You will observe that the equipment provided must be the equal of that on any other road in America. I was talking the other day with a gentleman who had travelled over the line of the Canadian Northern Railway from Winnipeg to Brandon, and he told me that the service on that road was in every way equal to that given on the lines of the C. P. R. That was a very great compliment to the Canadian Northern Railway. It must be remembered in this connection that this road east of the mountains has been compelled to operate with financial aid that was infinitesimal as compared with that enjoyed by the C.P.R. when it was built. It is remarkable that this road has given to the people the accommodation that it has east of the Rocky Mountains.

Now we come to the question of labor and wages? Under this agreement the wages to be paid for labor shall be such as may be currently payable to workmen and laborers engaged in similar occupation in the districts in which the lines of the Cana-

dian Northern Railway are being constructed. You have here the direct assurance that the workman who undertake to work on the Canadian Northern Railway will receive a fair day's wage for a fair day's work.

In the case of the Grand Trunk Pacific Railway contract there was much speculation as to what could be depended upon as regards the payment of wages—and I am sure that the honorable member for Nanaimo will be careful in this case to point out anything that he does not consider will adequately provide for the welfare of the workmen to be employed on this railway. I wish to assure him that under this Bill there is ample protection for the payment of a fair wage to workmen. This Government will see that this section of this contract is lived up to, and it will not tolerate any abuse that would deprive a workman of an honest and adequate wage.

Then provision is given for the purchase of supplies in British Columbia. Millions of dollars of supplies must be purchased on the Mainland and Vancouver Island, and this provision should at once prove a boon to the merchants of the Coast cities and on the Mainland. We propose to give the merchant the benefit he is entitled to for carrying on his trade in this country and being a tax payer of the Province. There is nothing un-Canadian in this; nothing reflecting on the Eastern merchants, but there is everything a resident merchant has a right to expect, because of his being a taxpayer of British Columbia and a resident of this Province.

Then there is a section relating to sub-contracts, so that everything relating to supplies to contractors may apply to sub-contractors as well. Then there are the dates set for the execution of the work. In connection with these securities it will be necessary that a trust deed shall issue which shall be in the form usually adopted by the Dominion Government, and one that I take it is well known to hon. gentlemen who have looked up any legislation dealing with the Canadian Northern Railway Company and the Federal Government, or between that Company and representatives of the Province of Alberta, Saskatchewan and Manitoba. That contract will be drawn up immediately the Bill is assented to, and so soon as completed securities are issued, the money is raised and the work is undertaken. There is provision that the work need not commence before July 1st, 1910, but there is specific provision that work must commence by that date. This amply justifies me in assuring the House that in the neighborhood of

Vancouver, or New Westminster, Victoria and other parts of British Columbia you may expect to see construction start within ninety days after this Bill becomes law. (Applause.)

You can see that we have been diligent in securing construction simultaneously, both on the Mainland and Vancouver Island, with a minimum provision for mileage to be built each year, so that it shall not be competent for the Railway Company to build less than ten per cent. in one year and spread the rest over the years to come. I think we have bargained that a substantial mileage shall be built both on the Mainland and Vancouver Island each year until the road is completed. On the Mainland we have bargained for the construction of fifty miles in the first year, seventy-five miles the second year, one hundred the third, and on the Barkley Sound line the minimum is to be twenty miles in each year, and both lines shall be completed by July 1st, 1914. So we propose in fairness to Vancouver Island to compel the Victoria & Barkley Sound road to progress at the same rate as the Mainland line, inasmuch as both are parts of one system.

Then I pass to the provision for the establishment of workshops and round-houses in Victoria. In order to do justice to this city and to remove any doubts as to the location of those shops, the Executive Council insisted on the location being fixed. We felt that Victoria was a proper place for these shops to be, and insisted that they be located there.

Then another very useful provision follows in regard to joint bridges. Does it not often strike gentlemen who have occasion to pass over a line where there are large steel bridges, that if it could be arranged that the Province could join the corporation so that a joint structure could be put up, great good would be accomplished for the country at large? Take the bridge across the Fraser at Lytton. Why, had it been competent for the Province to joint the railway, what a great boon it would have been to the settlers, inasmuch as they would have had a traffic bridge there as well as a railway bridge. And the same at Pitt Meadows, near Vancouver and Westminster. Could we have had a deck constructed along with the single deck of the steel bridge the C. P. R. erected, what a great and beneficent public work this would have been to that section of British Columbia, because presently that great development of the north bank of the Fraser—often eloquently referred to by my good friend from Dewdney (Mr. Manson) as but a matter of very few months, perhaps, when this Government will have to provide

for the construction of a traffic bridge across the Pitt River—will mean that you will have to look for the provender to supply a population in Vancouver of two, three, even five hundred thousand people, as well as a population proportionately as large in New Westminster. As a natural consequence, it will be essential in the public interest that you shall have an efficient traffic bridge over the Pitt River, one that might have been built when the C. P. R. was building, had we the provision we are now making in this contract with the Canadian Northern. Here we provide that where it is fitting for the Province we shall join with the Company and build a vehicular steel traffic deck, saving the country much money and giving a convenience which may well mean much to the settler in point of wealth and convenience.

Paragraph "K" sets forth that the Canadian Northern shall covenant and undertake with the Government to accept the terms, covenants and conditions of this contract, and to construct the works, make the payments and perform the several things in accordance with the conditions of the contract. So that it is absolutely clear to the layman, the man who perhaps has no knowledge of legal documents, that the Canadian Northern Pacific Company, a Bill for the incorporation of which will presently be moved for second reading, undertakes word by word and obligation by obligation what herein has been undertaken by the Canadian Northern Railway authorities themselves.

Then in paragraph "L" there is a very important undertaking, one that in my opinion means a great deal for the Province of British Columbia, and that is an indemnity by the Canadian Northern Railway Company against the loss by British Columbia of anything in reason of its entering into this contract. This is novel, so far as we can find out, in any agreement between any of the provinces and the Canadian Northern Railway. But we feel that as a further protection to the people of British Columbia, and as this road is to be built soon, this indemnity clause was more than justifiable. So it is that we are able to present to the House this clause, this protection which saves us harmless by reason of anything that may occur. What does the indemnity bond of the Canadian Northern amount to? That may be answered by a glance at the financial standing of that Company. There was in the campaign more or less talk about the ability of the Company to build a road and when built to operate it in an efficient manner. I have at some pains gone into the financial

standing of the Canadian Northern, and for a few moments I will deal with it. There can be absolutely no question, first, about the soundness financially of the Canadian Northern, and, second, as to its ability both as to the point of view of construction and operation, as well as to carry on its work and carry it on successfully.

Then, Mr. Speaker, there is a provision that aided lines shall not be sold without the sanction of the Province, of the people of British Columbia, which secures every dollar that this Province may have invested in that road.

One paragraph reads: "The Canadian Northern Company agrees that the Pacific Company will furnish to the Government security for the construction and equipment of the aided lines, in accordance with the terms of this agreement, in the sum of five hundred thousand dollars, to the satisfaction of the Government; such security to be by bond or by the deposit of securities, or otherwise, as may be agreed upon. This means an earnest by the Company that they shall come through, as we say in our Western vernacular, with this line. As we look over the other agreements that have been made with this Company we find the absence of any such bond or earnest as we have here. British Columbia is the first province to exact from the Company an assurance of this kind. We have done so, not that we for one moment question the bona fides of the Company, but that we may have an assurance for the people of British Columbia that the road will be completed in the time specified.

We now come to the very important matter of the control of rates, and with regard to this let me explain a little in detail. All through the election campaign this formed a constant text of criticism. What control could the Government exercise over the rates that could be charged? It was constantly asked. From Vancouver especially this question presented itself, where by reason of the discriminating operations of the Canadian Pacific and Great Northern railways a general feeling had been not unnaturally developed that before British Columbia should consent to endorse these proposals, which amounted really to the endorsement by the Province of the Company's note for forty millions of dollars, that there should be substantial guarantee of that competition which would give the Province lower rates. And that is precisely what we have here. (Applause.) On the day of the election he had said that British Columbia would be given the same control over the rates to be charged by the Canadian Northern as had been ar-

ranged for and was exercised by Manitoba. This promise is more than redeemed in the Bill before the House. The protective section that we have in this Bill is much wider—it goes much further than the people of Manitoba got under the arrangement made by the Government of that Province with the Canadian Northern. Not that I desire for one moment to discredit the accomplishment of that Government, for we well know what wonderful success has been achieved under the railway policy of my good friend, the Hon. Mr. Roblin. We well know the great good that that policy has brought about, not only for the development and the people of the Province of Manitoba, but for the entire West of Canada. We know that the pioneer in this matter of Government rate control in the Provinces of Canada is my very much respected friend, Mr. Roblin—a great man—a big man—a great Canadian. We know how signally successful he has been in his dealings with the railways and the railway situation in Manitoba, and we desire to give him all honor and all credit for the fine things he has undoubtedly accomplished for his Province and for the people of Canada. (Applause.) I do not for one moment challenge the adequacy of the Manitoba arrangement, but I do say that in our agreement embodied in this Bill is found even more adequate protection for the people of this Province than the people of Manitoba received under their agreement. In our agreement it is provided that the Government shall have control of the rates to be established, with opportunity for the Company, if it should feel itself in any way unjustly dealt with, to appeal from our decision in rate matters—to appeal to a court which is a local court, the personnel of which it is provided shall be selected by the Lieutenant-Governor in Council. We do not propose to be unfair or unreasonable in our dealings with the Railway Company. It is to the interest of the Government and to the people and the Province of British Columbia as much as it is to the interest of the Railway Company that this road shall be a complete success, but, Sir, we maintain that we must have control of the rates that shall be charged to the people of this Province, and we have here abundant protection against the imposition of any exorbitant rates, and a guarantee also of true competition that must and will satisfy the most exacting. (Applause). And we have made this control not terminable with the maturity of the obligations in regard to which the Province stands in the position of guarantor, but continuous—in perpetuity—so that while we have launched a road, part

of a great transcontinental system, which we hope and fully expect in forty years will require no further Provincial aid, we have at the same time arranged that with regard to this road the people of British Columbia will for all time have control of the rates. (Applause.) In this connection, sir, we have every reason to believe that history will repeat itself, and that the material blessings that have accrued to the province and the people of Manitoba through competition will have their counterpart in this Province, and be enjoyed by the people of British Columbia. We also expect and believe that this Government will be able through its control of the rates to be charged on the Canadian Northern to bring about corresponding decreases in the tariffs of all other transcontinental lines seeking the business of this Province. (Applause.) And, sir, what a boon this must prove to the people of British Columbia. (Applause.)

What material progress and prosperity is brought within sight of the people of this Province through this power of adjustment of tariffs, this control of railway rates!

Lest there should be the least criticism that we have not made this as effective as possible in every way, the railway agrees that it is not to apply to be declared a road for the general advantage of Canada. And, secondly, the Company agrees that it will not appeal to the Railway Commission against any rates fixed by the Government, and that if anyone else does so it will tell the Commission that the rates are satisfactory to it. This contract is a complete answer to the critics who said that we could never get control of rates. I hope I shall not be disappointed in hearing from the Opposition some word of commendation of the Government which has been successful in getting a bargain without precedent in the history of Canada, one that will do more than any bargain heretofore made by any province.

This control of rates does not terminate at the boundary of the Province; it is not confined to local traffic. It extends to traffic originating outside of British Columbia or destined to points outside of British Columbia. The Government will have the right to deal with all traffic, whether local or through. It will thus be in a position to give the amplest protection to the producers and the merchants of the Province who will do business in other provinces. It will give our business men the same right to participate in the material prosperity of Alberta and Saskatchewan that is enjoyed by the merchants of Eastern Canada at the present time. That is one thing we

have aimed at, and that we have succeeded in doing.

The agreement proceeds to specify legal safeguards as to the guarantee of bonds, and the terms of the trust deed and the securities; and then goes on to deal with the disposal of the money received from the sale of the bonds. It will be seen that the Province is amply safeguarded. Not one dollar is to be expended from the proceeds of the bonds that is not amply justified. For every dollar paid out there must be a certificate from our own engineer that the expenditure is right and proper. Here is security to the people of British Columbia that absolutely takes out any chance of breakdown in these operations. Of course, no one will deny the wisdom of taking such security. It is conceivable that unless we had some provision of the sort the Company might expend three-fourths of the money and have only one-fourth of the road completed. Under these provisions the proceeds of the bonds we guarantee must be adequate for the completion of the entire system to be aided. Every dollar to be paid out by the Minister of Finance must be accounted for in the way just referred to.

I am quite satisfied that this will be ample protection to the people of British Columbia. Section 10 of the agreement refers to the loan which it is proposed that this Government shall make to the Railway if such a loan should be required during the first three years of the operation on its lines in this Province. It must be admitted that the \$21,000,000 proposed to be guaranteed is a sum entirely inadequate to build these lines; in addition a large sum will be required to be furnished by the Railway Company for the completion of the lines. This is a people's line for the people of British Columbia—(applause)—and this Government does not propose to see this valuable asset placed in jeopardy for one single moment after the railway is built. We want to make it absolutely safe and secure to the Company that for the first three years after the road is built it may not be harrassed in a financial way. Provision is therefore made that should the earnings of the Company during the first three years of operation of the road be insufficient to pay the operating expenses and interest on the guaranteed securities, this Government shall make a loan to meet those obligations, and the sum advanced shall be repayable to the Province at the maturity of the guaranteed securities, and it shall bear interest at the rate of 4 per cent. per annum.

I am quite satisfied that the honorable gentlemen opposite will readily realise that this provision is necessary



to the consummation of a bargain of this kind. I consider that it is right that the Government should come before the House now and fully explain this provision, and not come three or four years hence and ask for more aid. We propose that this is the last word in regard to financial aid; and so have made arrangements for this loan which will not cost the people one cent, and cannot help but return to them 4 per cent. interest on their money, instead of the 3 per cent. they are accustomed to receive from the bankers.

In the next following section there is provision for the ascertaining of deficits, should any arise during the first three years of the operation of the railway. This section amply explains itself. Then follow the Government covenants with the railway as to the timber, gravel and earth which the railway may take from Crown lands in connection with the construction of the road; there is also provided for the conveying to the railway of free right of way and free grounds for stations where such right of way or stations shall lie on Crown lands. These covenants are similar to other Government covenants with other railways.

Then there is the section referring to townsites. It will be noticed by reference to the Bill that the Government secures a one-third interest in all townsites as against the one-quarter interest usual under the terms of the other Acts.

Now, in regard to the use of the New Westminster bridge over the Fraser River. This structure is owned by the Province of British Columbia, and it costs a considerable sum of money to operate it. The Canadian Northern Railway, for the use of that bridge, will have to pay the same amount annually to the Government as does the Great Northern Railway. So, therefore, we may hope to have in four years, in addition to the \$20,000 paid annually by the Great Northern, the sum of \$20,000 annually from the Canadian Northern; and in addition to that I expect that before four years have gone by we shall be securing another \$20,000 per annum from the Northern Pacific Railway—~~and that will add a nice balance to the treasury.~~

Then, Mr. Speaker, provision follows for the guarantee of securities, though it is provided that in event of failure to complete the road within the specified time on account of strikes or other causes not in control of the Railway Company, the time may be extended by the Lieutenant-Governor in Council. Provision is also made for granting running rights over the line subject to the control of the Lieutenant-Governor in Council and to the provisions of the British Columbia Railway Act.

This concludes a hasty review of the legislation which forms the basis of the Canadian Northern contract which we are introducing to the House at this time, and I am confident that, though hon. gentlemen opposite are bound to criticise and find fault, we have succeeded in giving the people not only more than we promised in the elections, but as well in producing a bargain between the people of the country and the railway corporation far superior to any contract heretofore made between the people and any railway corporation in any part of the Dominion of Canada. (Loud applause.)

Now, sir, I have just a few more words and have done. I would like to refer, however, briefly, to the remark that my friend from Nanaimo made yesterday in connection with the financial effect of this agreement on the credit of the country on the issuance of the railway bonds. It would almost appear from what he said that he was fearful lest the bargain might result in some prejudice to the Province of British Columbia. Now, let me read as an authority what Mr. Byron E. Walker, President of the Canadian Bank of Commerce, and one of the leading financiers, not only in Canada, but in the British Empire, has to say in regard to this.

The Premier then read a statement from an interview with Mr. Walker in Toronto, in which he was asked whether he thought the guaranteeing of railway bonds had any harmful effect on the credit of a country, and he had replied, no, as long as they confined themselves to assisting good railways and were not led away by any wildcat schemes.

"That," said the Premier, "is what Mr. Walker has to say as to the effect on the money market of such a policy as this, and while I have every regard for my friend from Nanaimo and the greatest confidence in his judgment when dealing with questions that relate peculiarly to the doctrines of the Socialistic party in British Columbia, I am afraid in dealing with questions such as these I shall have to take the word of Mr. Byron Walker before I can take seriously that of the member for Nanaimo.

Besides that we have the financial records of other provinces that have dealt with this corporation. Let us look at the Province of Manitoba. I have here a message that will show the value of their securities since that road was built in Manitoba."

The Premier then read a statement from the Hon. Colin Campbell, Attorney-General of Manitoba, in which he showed that the bonds of the Province had risen from 97½ in 1894 to 98 in 1907, and in 1909 they sold at par.

"So here in the Province of Manitoba," said the Premier, "where they have guaranteed the bonds of the Canadian Northern Railway Company for approximately \$26,000,000, you have a standard to judge by. That Province in regard to its 4 per cent. bonds increased from 97½ in 1904 to par in 1909. Surely that is a very respectable showing and amply justifies the remarks of Mr. Byron Walker that the Province is perfectly safe as long as it guarantees only the bonds of first-class companies."

Mr. Hawthornthwaite: "I would remind the hon. Premier that the Finance Minister in his speech on the Budget a few days ago stated that Canadian securities had fallen twelve points, while those of British Columbia had only fallen a quarter of a point. There must be some reason for this, and the only reason that can be given is that the Government must have parted with or at least hypothecated the revenues and natural resources of the Province. That is the only reason there can be for the fall in stocks or consols. With regard to the statements of Mr. Walker, I can quite understand his position, involved as he is with the financial and capitalistic institutions of the country. He could hardly have said otherwise. With regard to the Premier's remarks about ourselves, it seems to me that there can be no persons better fitted to discuss these questions than men versed in political economy, who have studied these matters from their foundations."

Hon. Mr. McBride: "We have the records here, and I was bound to observe, when the hon. gentleman interrupted me, that the records, apart from the observations I have offered, go conclusively to shew that the standard of Manitoba, Saskatchewan and Alberta, where the securities were far and above par, should not be considered on the same plane as British Columbia, because we have our Crown lands as an asset, while none of those Provinces has a single acre of Crown land. If time would permit of further reference to this aspect of the case, I am quite sure I could convince even my friend from Nanaimo in the conclusion we on this side of the House have come to, that the action of the Government, instead of serving to weaken British Columbia's credit, will readily act as a great strengthening to our standing in the commercial world."

Now, sir, in conclusion, I think we in this Province may justly claim that the work for which we propose to claim the principal credit is by no means a Provincial work, but rather, sir, it is a Federal work, it is a national

work; aye, an Imperial work. I read not long since an opinion advanced by the Prime Minister of Canada on a great national question that some things had not come from Canada as readily as from New Zealand, when he observed that the Empire must take note that Canada was serving the flag very efficiently and well in the effort that she was making to bring about the completion of another transeontinental railway. The work this Government has undertaken in bringing the Canadian Northern to the Coast will be in all its incidence an Imperial work. (Applause.)

And what more, sir, may we not expect to see following in the wake of this construction in the way of works in operation? If the history of the Western Provinces where the Canadian Northern is operating, is to be taken seriously, we have a record that wherever the Canadian Northern has come there has been an infusion of new blood, commercial rivalry and competition, that has lent in great measure to the upbuilding of the community, to the erection of grain elevators, and sawmills, and kindred industries, brought about directly through the operation of the Canadian Northern; that its advent has meant new commercial life and new activity to those Provinces.

May we not expect the same to occur in British Columbia, in part from the direct operation of the road in part to the fact that it must bring along new people and new industries, and the influences which appear to have followed in other Provinces give us a right to expect to see much more than the most extravagant prophet would anticipate in the way of the great good that will come to British Columbia through the construction and through the completion of the Canadian Northern Railway."

#### BILL

An Act to ratify an Agreement bearing Date the Seventeenth Day of January, A.D. 1910, between His Majesty the King and the Canadian Northern Railway Company.

Whereas His Majesty the King, herein acting and represented by the Honourable Richard McBride, Minister of Mines, has entered into an Agreement with the Canadian Northern Railway Company, a copy of which forms the Schedule to this Act:

And whereas it is deemed expedient to ratify and confirm the said Agreement:

Therefore, His Majesty, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:

1. The said Agreement, a copy of which forms the Schedule to this Act, is hereby ratified and confirmed and declared to be legally binding, according to the tenor thereof, upon His Majesty and the "Canadian Northern Railway Company"; and the parties to said Agreement, so far as the Legislature of the Province of British Columbia has power to enact, are hereby authorized and empowered to do whatever is necessary to give full effect to said Agreement, the provisions of which are to be taken as if they had been expressly enacted hereby and formed an integral part of this Act.

2. The Canadian Northern Pacific Railway Company, mentioned in said Agreement, is hereby authorized and empowered, when incorporated, to have the power to do and to do whatever is necessary and expedient to implement the provisions of said Agreement.

3. The said guarantee of securities mentioned in said Agreement shall be signed by the Minister of Finance for the Province of British Columbia, or such other officer as may be so designated by the Lieutenant-Governor in Council, and upon being so signed, the Province of British Columbia shall become liable for the payment of the principal and interest of the securities guaranteed according to the tenor thereof, and the Lieutenant-Governor in Council is hereby authorized to make arrangements for supplying the money necessary to fulfil the requirements of the said guarantee, and to advance the amount necessary for that purpose out of the general revenue of the Province; and in the hands of any purchaser, pledgee or other person acquiring any of such securities, the said guarantee so signed shall be conclusive evidence that the terms of this Act with respect thereto have been complied with.

"4. Subject to the proviso in this section contained, the mortgages or deeds of trust (hereinafter called "the original instruments") securing the securities provided to be guaranteed by said agreement may provide for the issue, from time to time, and ranking pari passu with said securities and without preference or priority one over the other, of additional securities of similar kind, tenor, and effect, not exceeding thirty-five thousand dollars (\$35,000) per mile of additional line of railway in the Province of British Columbia, to be hereafter constructed by the Canadian Northern Pacific Railway Company executing the original instru-

ments. Provided, always, that before such additional securities are issued, the guarantee by the Province of the payment of the principal and interest thereon shall first have been authorized by the Legislature, and that such guarantee shall first have been given pursuant to such authorization."

5. Supplementary mortgages or deeds of trust (herein called "supplementary instruments") covering the said lines in the said Agreement mentioned and the additional lines in the preceding section mentioned, in form approved by the Lieutenant-Governor in Council, shall be taken to the trustees of the original instruments, and such additional securities shall be issued under the terms of the original instruments and supplementary instruments, which, together with the mortgaged premises covered thereby, shall form the security for all the securities issued thereunder, in the same manner and with the same effect as if the original instrument and supplementary instrument formed but one instrument, and as if all the securities issued or to be issued under the original or supplementary instruments were issued under one instrument.

6. Any payments by the Province of principal or interest on the said securities, pursuant to the guarantee thereof, shall not in any event be taken to affect the liability of the Canadian Northern Railway Company, or the Canadian Northern Pacific Railway Company therefor, under the securities so paid, or under the mortgage or deed of trust securing the payment thereof, or under the terms of the said Agreement, but such liability shall remain unimpaired and enforceable, according to the terms of the mortgages or deeds of trust and of the aforesaid Agreement, by the Province against the said companies. Subject to the terms of the Agreement, the Province shall be subrogated as against the said companies to all rights, privileges and powers to which the holders of the respective securities so paid were entitled, by virtue of such securities or of the said mortgage or deed of trust, prior to payment by the Province under its guarantee, and shall, with respect to the securities so paid, be in the same position as a holder of securities upon which the issuing company has made default.

#### SCHEDULE

Memorandum of agreement made this seventeenth day of January, A. D., 1910.

Between His Majesty the King (hereinafter called "the government,"

and herein acting and represented by the Hon. Richard McBride, minister of mines for the province of British Columbia), of the first part, and the Canadian Northern Railway Company (hereinafter called "the Northern Company"), of the second part.

Whereas the government of the province of British Columbia deems it in the public interest to aid in the construction of the lines of railway hereinafter mentioned, for the purpose of securing to the people of British Columbia reasonable passenger and freight rates, and to assist in the opening up and the development of the province:

Now, the agreement witnesseth, and the parties hereto have agreed as follows:

1. The government will, at the next session of the legislature of British Columbia, promote the passage of an act, a copy of which is a schedule hereto, ratifying and confirming this agreement, and authorising and confirming the guarantee hereby agreed to be given.

2. The government will, at the next session of the legislative assembly of the province of British Columbia, promote the passage of an act, a copy of which is a schedule hereto, incorporating the "Canadian Northern Pacific Railway Company" (hereinafter called the "Pacific Company"), and authorising that company to construct, maintain, and operate the works and railways hereafter provided for.

3. Subject as aforesaid, all covenants and agreements herein contained shall, according to the tenor and nature thereof, be binding on and extend to the respective successors and assigns of the parties hereto.

4. The Northern Company covenants and agrees with the government that the Pacific Company shall and will well, truly, and faithfully acquire, lay out, make, build, construct, complete, equip, maintain and operate, or cause to be operated, continuously the following lines of railway of a standard uniform gauge of four feet eight and one-half inches within the limits of the province of British Columbia, that is to say:

(a.) A line of railway connecting with the main line of the Northern Company at some point at or within the eastern boundary of the said province; thence through the province, through the city of New Westminster, to a point in the city of Vancouver, and also to a point at or near English Bluff, south of the Fraser river, a distance of approximately five hundred miles; such line of railway to be constructed from the point of the eastern boundary aforesaid, via the Yellowhead Pass, the North Thompson river,

the South Thompson river, and the Fraser river, to the terminal aforesaid. The Pacific Company will endeavor to bring its line into the city of Kamloops, either by diverting its main line so as to run through the city, or by the construction of a line connecting its main line with the city; and in the event of such company satisfactorily completing such arrangements and constructing into or through the city, the government will extend the foregoing guarantees so as to cover any additional mileage occasioned by such construction:

(b) From a point in the city of Victoria to a point on or near Barkley Sound, on the island of Vancouver, a distance of approximately one hundred miles.

5. The Northern Company covenants and agrees with the government that the Pacific Company will also construct, or cause to be constructed, operated, and maintained, along and in connection with each of said lines of railway, a telegraph line, and supply all such telegraph equipment and apparatus as may be necessary for the efficient working of such telegraph lines, both for railway and commercial service.

6. The Northern Company covenants and agrees with the government that the Pacific Company will also establish, or cause to be established, by the time the firstly described line of railway is ready for operation, and thereafter shall operate, or cause to be operated, from a harbor at or near English Bluff on the mainland of British Columbia to and from a harbor at or near the city of Victoria, a first-class modern passenger, mail, express, and car-ferry service.

7. The Northern Company further covenants and agrees with the government that in the location, construction, maintenance and operation of the said above-mentioned lines of railway the following provisions shall apply, and shall be observed by the Pacific Company, and be by it completely and effectually performed, fulfilled and carried out, that is to say:

(a.) That the Pacific Company shall and will locate and construct the said above lines of railway, respectively, by the shortest possible routes, with only such deviations as may be deemed necessary in order to avoid serious engineering difficulties, and such as shall be sanctioned by the Lieutenant-Governor in Council:

(b.) That the lines above mentioned, when completed and equipped, shall in all respects, apart from grades and curvatures (as to which the character of the country through which the lines pass shall be taken into consideration), be equal to the standard

of the main line of the Canadian Northern Railway as constructed between the city of Winnipeg, in the province of Manitoba, and the city of Edmonton, in the province of Alberta, as the condition of that line was when first completed and ready for operation. The Pacific Company shall efficiently equip such lines of railway, and shall make the sleeping-cars, dining-cars, and day-coaches thereon the equal of those in use on the first-class railway systems of America:

(c.) That the workmen and laborers employed in or about the construction of the said lines of railway shall be paid such rates of wages as may be currently payable to workmen and laborers engaged in similar occupation in the districts in which said lines of railway are being constructed.

(d.) That the material and supplies used in and about the construction of the lines of railway aforesaid shall be purchased within the province of British Columbia, and from manufacturers, merchants, and dealers located and carrying on business within the province, in so far as such purchases can be made upon terms and conditions equally favorable to the Pacific Company as those obtainable elsewhere:

(e.) In all contracts or sub-contracts providing for or relating to or affecting the construction of the said above-described lines of railway, and any part or parts thereof, the Pacific Company shall provide and insert, or cause to be provided or inserted, a provision embodying and effectually providing for the carrying out of the provisions of sub-sections (c) and (d) of this section:

(f.) That the Pacific Company will commence, or cause to be commenced, the works provided for in this agreement within three months after the execution by the Government of the trust deed or deeds securing the guaranteed securities hereinafter referred to, but not later than the first day of July, 1910, at the points and in the manner hereinafter prescribed, that is to say:—

On the mainland of British Columbia at or near the City of New Westminster, **AND ON VANCOUVER ISLAND AT OR NEAR THE CITY OF VICTORIA**, and shall effectually continue the work of construction so that from and after the commencement of construction of the lines aforesaid there shall be expended thereon, and in supplies and material for use thereon, as follows: On the mainland line, a minimum of the cost equivalent of at least fifty miles of line during the first year, seventy-five miles during the second year, and

one hundred miles during the third year; and on the Barkley Sound line, the equivalent of at least twenty miles during each year, and so that both of such lines shall be fully completed on the first day of July, A.D. 1914:

(g.) The Northern Company agrees that the Pacific Company will, from and after the completion of the mainland line, subject to the act of God, and such other interruptions as are incidental to and unavoidable in the operation of railroads, maintain, or cause to be maintained, a regular daily first-class passenger and freight service between a harbor at or near the City of Victoria and the system of the Northern Company lying to the east of the Province of British Columbia, and that the railways of the Northern Company and of the Pacific Company shall interchange traffic so as to afford the same convenience of operation to the public as if the lines of the two railways were operated by one company, and will also, after the completion of the Barkley Sound line, subject to the exceptions aforesaid, maintain, or cause to be maintained, on such last-mentioned line a daily freight and passenger service in every way commensurate with the business which may be offered:

(h.) **THE PACIFIC COMPANY WILL ERECT AND MAINTAIN, WITHIN THREE MILES OF THE CITY OF VICTORIA, ALL OF THE WORK-SHOPS, REPAIR-SHOPS, AND ROUNDHOUSES WHICH IT MAY REQUIRE IN CONNECTION WITH THE SECONDLY DESCRIBED LINE, and which it may establish at or near the southern terminus of such line:**

(i.) The Pacific Company will provide and maintain **ADEQUATE TERMINAL FACILITIES IN CONNECTION WITH ITS BUSINESS AT THE CITY OF VICTORIA** and at the City of Vancouver:

(j.) In the event of the Government desiring for traffic other than railway purposes to join in the construction and use of any bridge which the Pacific Company is about to erect, it may, within reasonable time before the Pacific Company commences construction thereof, notify that Company of its intention so to do, whereupon it shall be the duty of the parties to endeavor to agree upon plans suitable to the requirements of the Pacific Company as well as to the requirements of the Government. The cost of any bridge so erected shall be divided between the parties joining in the erection of the said bridge, and the bridge shall thereafter be main-

tained all on terms and division of expense and cost to be agreed upon between the interested parties.

(k.) The Pacific Company shall, by the trust indenture or indentures hereinafter mentioned, or by other instrument, covenant and undertake with the Government to accept the terms, covenants, and conditions of this contract, and to construct the several works, make the several payments, and do the several things which under this Agreement are to be constructed, paid, or done by the Pacific Company, all in accordance with the several terms and provisions hereof; whereupon, and upon the completion of the lines and terminals hereby agreed to be built or provided within the terms of this Agreement, the Northern Company shall be relieved from its covenants herein, except as agreed in paragraph 6 and sub-paragraphs (g), (h), and (i) of this paragraph, and in paragraph 17 hereof:

(l.) The Canadian Northern Railway Company agrees to indemnify the Government against all payments which it may make under the terms of this Agreement, and against all loss which it may be put to so far as the same shall be repayable by the Pacific Company hereunder, and against all interest which this Agreement provides the Pacific Company will repay, and against all costs to which the Government may be put in enforcing its securities hereunder as and when the same are payable, repayable, or incurred:

(m.) The Pacific Company will not alienate, sell, lease, or dispose of the aided lines, or either of them, unless such company shall first obtain the consent thereto of the Lieutenant-Governor in Council. This covenant shall not, however, be construed to limit or restrict the right or power of the Pacific Company to secure any bonds, debentures, or other indebtedness of such Company upon the said lines by mortgage or trust deeds containing powers of sale, foreclosure, or right of possession:

(n.) The Northern Company agrees that the Pacific Company will furnish to the Government security for the construction and equipment of the aided lines, in accordance with the terms of this Agreement, in the sum of five hundred thousand dollars, to the satisfaction of the Government; such security to be by bond or by the deposit of securities, or otherwise, as may be agreed upon.

8. In consideration of the guarantee of the securities hereunder,

the Northern Company covenants that the Pacific Company will agree that the Lieutenant-Governor in Council may, from time to time, having due regard in so doing to the position and interests of the Pacific Company, and in the case of traffic destined to or originating in the other Provinces of Canada, bearing also in mind the desirability of obtaining reasonable rates from points in the Province of British Columbia to points in the other Provinces, or vice versa, MODIFY ANY RATES ESTABLISHED BY THE PACIFIC COMPANY FOR THE CARRIAGE OF FREIGHT AND PASSENGERS TO AND FROM POINTS ON THE SAID AIDED LINES WITHIN THE PROVINCE OF BRITISH COLUMBIA: Provided, always, that before any rates are so modified, the Pacific Company shall be heard and its interests taken into consideration as aforesaid: Provided, further, that if the Pacific Company shall at any time be dissatisfied with any rates so modified by the Lieutenant-Governor in Council, it shall have the right to appeal from the order modifying any such rates to the Supreme Court of British Columbia. Any such appeal shall be heard before the Chief Justice and one of the Justices, or before two of the Justices of such Court (hereafter referred to as "the Appellate Tribunal"), who, upon any notice of such appeal being given, shall be nominated by the Lieutenant-Governor in Council to hear and determine such appeal. The Appellate Tribunal, in the event of any such appeal, shall have authority, and it shall be its duty, to inquire into the whole matter, with power to call and examine on oath or otherwise such witnesses as either party may desire; to examine into, or cause to be examined into, all books, vouchers, or accounts of the Company; to call in the assistance of such experts, and generally to make such investigation as it may be deemed desirable to enable it to determine the matters involved in such appeal; and thereupon it may either confirm, modify, disallow, or revise such rates so appealed against. Any rates so modified and determined by the order of the Lieutenant-Governor in Council, in conformity with the provisions of this section, shall, except as modified

on such appeal, be rates which the Pacific Company will be entitled to enforce in respect of the services covered by such rates. The Canadian Northern Railway undertakes that it will not, and that the Pacific Company will agree that it will not, bring or promote any appeal to the Railway Commission of Canada from any order made under and pursuant to the provisions of this section; and, in the event of any such appeal being brought by others, that the Northern Company and the Pacific Company will represent to the Commission, on such appeal, that it is satisfied with the rates the subject of such appeal in so far as they are, or have been, established within the provisions of this section.

9. The Pacific Company shall cause to be legally issued bonds, debentures, debenture stock, or other securities (hereinafter referred to as "securities") for a total amount equal to thirty-five thousand dollars (\$35,000) per mile of each of the said two lines of railway to be aided under the terms of this agreement, payable in not less than thirty years, with interest at four per cent. (4 per cent.) per annum, half-yearly. The total number of miles of railway to be covered by such guaranteed securities shall not exceed six hundred miles in all, unless such mileage be extended under the provisions hereof with regard to construction into the City of Kamloops. Such securities shall be secured by a trust instrument, or instruments, to trustees, to be approved of by the Government, granting a first mortgage or charge (subject to the exception hereunder) upon the specific lines so to be aided, and upon the car-ferry tolls, incomes, rents, and revenues thereof, and upon the rolling stock, equipment, and property of the Pacific Company acquired for the purpose of and used in connection with said mortgaged lines and ferry, and upon such of the franchises of the Pacific Company as may be appurtenant thereto. There shall be reserved from the operations of the said trust instrument and securities any and all terminals of the Pacific Company and any and all subsidies which may be granted to the company. The said trust instrument or instruments, and the mortgage and charge thereby created, and the securities guaranteed, shall be subject to payment of the working expenses of the Pacific Company as defined (so far as applicable) in the Railway Act of Canada. The terms of the trust instrument shall be settled between the Government and the Pacific

Company, and when so settled, executed, and recorded, in accordance with the provisions of the "British Columbia Railway Act," shall, as affecting the rights of any holder of any such guaranteed security (whether pledgee or owner), be deemed a full compliance with, and in form and terms authorized by this agreement and the enabling act:

(a.) The class of securities to be issued and guaranteed as aforesaid shall be determined by the Pacific Company before the issue thereof, and the form of guarantee to be given shall be settled between the company and the Government, and shall be appropriate, regard being had to the nature and class of securities to be issued and guaranteed hereunder:

(b.) The securities may be of any of the classes mentioned, or parts of several such classes, and the trust instrument or instruments may contain any suitable provision enabling an issue of securities from one class to be made, and the guarantee, in case of an exchange, of an amount of securities equal to the amount of previously guaranteed securities then delivered up and cancelled:

(c.) The Province of British Columbia shall guarantee the said securities when and as issued, and when the guaranteed securities shall be delivered to the Canadian Bank of Commerce, or such other bank or banks as the Pacific Company and the Government may approve, to be by the bank delivered on the order of the Pacific Company from time to time to the purchasers or pledgees thereof, upon the moneys realized by sale, pledge, or otherwise of such securities being paid directly by the purchaser, subscriber, pledgee, or lender into the said bank or into the Bank of Scotland, or Lloyds Bank, or such other bank or banks as the case may be and as the Government may approve, to the credit of a special account or accounts, in the name of the Minister of Finance, of the Province of British Columbia. Provided that if money be borrowed by the Pacific Company upon pledge or otherwise of any of such securities prior to the sale thereof, and to be paid into the credit of such account or accounts as aforesaid, the amount so paid in shall be deducted from the purchase price subsequently received from the securities so borrowed upon, and the balance only shall be paid in; Provided, further, that securities borrowed upon may, after the loans thereon have been paid or discharged by the Pacific Company, or by deduction from subsequent sale of bonds, be issued or re-issued, and shall be secured by the

trust indenture of indentures, before referred to, and be entitled to the benefit thereof, notwithstanding such loans and payment and discharge:

(d.) The balances at the credit of the said special account or accounts shall be credited with interest at such times and at such rates as may be agreed upon between the Pacific Company and the bank holding same, and the said balances shall from time to time be transferred to the Pacific Company, or its nominee, in monthly payments, as far as practicable, as the construction of the lines of railway aforesaid is proceeded with to the satisfaction of the government and according to the specification or standard determined by this contract; and from time to time, as the work of construction proceeds, the government, by the minister of finance, or other duly appointed representative of the government, shall, out of the said balances, certify to the bank the amount to be transferred from the said account to the credit of the Pacific Company, or its nominee, in monthly payments, as far as practicable, such sums as are justifiable, having regard to the proportion of work done, and material and supplies purchased for the said railway, as compared with the whole work done and to be done thereon, pending completion of the said lines; and the government shall from time to time, as required, transfer to the Pacific Company any interest earned by the moneys so on deposit in any such bank to assist such company in paying the interest accruing on any outstanding guaranteed securities hereunder. The balance at the credit of such special account or accounts shall, until paid out as above provided, be deemed part of the premises included in said trust instrument, and shall not be taken to be public moneys received by the province.

10. Should the earnings of the Pacific Company during each or any of the first three years of operation, after completion of the aided lines, be insufficient to pay the operating expenses and interest on the guaranteed securities, the government shall pay the amount of such deficit of interest to the Pacific Company, or such persons, firms, or corporations as may be entitled thereto. Any moneys so paid by the government shall be repayable (except as hereinafter provided) by the Pacific Company at the maturity of the guaranteed securities, and shall bear interest at four per cent. per annum, which interest the Pacific Company shall pay or cause to be paid half-yearly on the first day of January and the first day of July in each year, but the Pacific Company shall have the privilege of repaying at any

time any such moneys, whereupon interest upon the principal repaid shall cease. The government shall have the privilege of calling in the money so paid by the government at any time after ten years after the said three-year period, by six months' notice in writing to the company, whereupon such money, with interest to date, shall become and be payable to the government. Said notice may be given at any time during the last six months of the ten-year term, or thereafter. In the event of the government making an issue of securities to procure any money to make any such payments, or otherwise borrowing the same, the Pacific Company shall also pay to the government any loss or expense which the government shall be put to thereby; but in such event the government shall take into account any saving of interest by reason of such loan being obtained, or securities issued, bearing interest at a rate less than four per cent.

11. For the purpose of ascertaining any deficits under the preceding paragraph, no salaries paid by the Pacific Company shall be taken as a disbursement except those of such persons as devote their entire services to the company, or devote some substantial portion thereof to the company, and in the latter case a fair proportion only of their salaries shall be taken as disbursements.

12. The Pacific Company shall keep during the currency of the bonds separate books of account in which shall be correctly set forth in full detail the cost of the said lines, the operating expenses, and the earnings thereof, or such as should be properly credited thereto, and it shall retain and keep during such period all proper vouchers and receipts; and any appointee of the government shall, at all reasonable times, if permitted to inspect and audit said books and vouchers, the Pacific Company facilitating as far as possible any such audit when so made.

13. The government hereby covenants and agrees with the Northern Company that it will covenant and agree with the Pacific Company in manner following, that is to say:

(a.) To convey to the Pacific Company by free grant a right-of-way not exceeding one hundred feet in width for the said lines of railway above described, in so far as the same extends or shall extend through vacant Crown lands of the Province of British Columbia:

(b.) To convey to the Pacific Company by a free grant such vacant Crown lands of the Province of British Columbia as may be necessary for sidings, stations, embankments, cuts,



bridges, culverts, drains, and other works and approaches thereto, in such locality, area, and shape as the Lieutenant-Governor in Council may deem reasonable and necessary:

(c.) To license the Pacific Company free of charge to take from any vacant Crown lands of the Province of British Columbia, with the approval of the Chief Commissioner of Lands, all standing timber, gravel, and other material which may be necessary for the construction of the lines of railway aforesaid, and will also permit the Pacific Company to make fills in and upon any vacant Crown lands of the Province of British Columbia:

(d.) To convey to the Pacific Company by a free grant any vacant Crown lands which such Company may desire for the purpose of establishing divisional points or townsites along the aided lines. So far as the acreage belonging to the Government permits, these grants shall consist of one thousand two hundred and eighty acres at each divisional point, and six hundred and forty acres at each other townsite. The lands so to be granted shall be administered under the terms of an appropriate agreement which will be entered into between the Government and the Pacific Company, which agreement shall provide that such of the said lands as are not required for the railway purposes of such Company shall be administered by the Pacific Company as townsites for the joint benefit of the Government and such Company, in the proportion of two-thirds to such Company and one-third to the Government; and that these townsites, apart from such portions thereof as shall be required for the purposes of the Pacific Company (which portion, as the property of the Company, will come within the railway exemption clause herein), shall be exempt from taxation until sold or occupied:

(e.) The Pacific Company, and its capital stock, franchises, incomes, tolls, and all properties and assets which form part of or are used in connection with the operation of its railway, shall, until the first day of July, A. D. 1924, be exempt from all taxation whatsoever, or however imposed, by, with, or under the authority of the Legislature of the Province of British Columbia, or by any municipal or school organization in the Province:

(f.) To permit the Pacific Company, on terms to be mutually agreed upon, to use the Government bridge at Westminster for the purposes of the operation of its railway; and in the event of such an arrangement being entered into, it shall not be necessary for the Company to construct its line in duplication of the said bridge, but in the

event of such arrangement and use, such bridge shall not be considered as guarantee mileage hereunder:

(g.) To guarantee the securities of the Pacific Company in the manner and subject to the provisions herein contained and set forth.

14. If on account of strikes, reasonably unavoidable delays in procuring men, supplies, or other causes for which the Pacific Company or its contractors are not responsible, the work is delayed so that it cannot be completed within the agreed time, the time within which construction is to be completed may be extended by the Lieutenant-Governor in Council.

15. In the event of the Pacific Company acquiring by purchase any section or mileage of any other railway property forming a portion of either of the two projected lines, such acquired section or mileage shall be deemed constructed lines within the meaning and for the purpose of this Agreement and the guarantees hereunder.

16. In case it should at any time appear desirable that the Pacific Company should make running arrangements with some other company or companies for some portion or portions of the lines hereby agreed to be constructed, or either of them, instead of itself constructing such portion or portions thereof, and that capital expenditure may thereby be avoided without decreasing the efficiency of the lines, the Lieutenant-Governor in Council may consent and agree to such modifications of this contract as will enable the Pacific Company to make such necessary running or other arrangements, but the mileage over which the company may obtain running arrangements under this paragraph shall not count as mileage for the purpose of the guarantee.

**17. THE NORTHERN COMPANY AGREES THAT THE PACIFIC COMPANY WILL AGREE THAT THE PACIFIC COMPANY SHALL NOT, AND THE NORTHERN COMPANY AGREES THAT IT WILL NOT, AT ANY TIME APPLY TO BE DECLARED A WORK FOR THE GENERAL ADVANTAGE OF CANADA.**

18. If in the prosecution of any of the works hereunder, or the doing of any of the things by the company hereby agreed to be done, it should appear that owing to unforeseen engineering difficulties or other circumstances beyond the reasonable control of the company it will be impossible or impracticable to carry out absolutely the terms of this agreement the Lieutenant-Governor in Council for the province of British Columbia may from time to

time authorize amendments hereto, or changes herein, so long as in so doing the spirit of this agreement be not thereby departed from.

19. This agreement shall not come into effect until ratified by the Legislature of British Columbia, and until the legislation made schedules hereto, shall have been duly enacted by such Legislature.

In witness whereof this agreement has been duly executed by the parties hereto.

Signed, sealed and delivered in the presence of:

(Sgd.) W. J. BOWSER,  
Attorney General.

As to the Canadian Northern Ry. Co.

(Sgd.) F. H. PHIPPEN.

(Sgd.) RICHARD McBRIDE,

Minister of Mines.

(Seal.)

THE CANADIAN NORTHERN  
RAILWAY COMPANY

(Sgd.) W. MACKENZIE,

(Sgd.) R. P. ORMSBY,

Acting Secretary.

(Seal.)

Note.—The schedule referred to in paragraph 1 of the above agreement is this act, and the schedule referred to in paragraph 2 of the above agreement is "An Act to Incorporate the Canadian Northern Pacific Railway Company."



