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City of Vancouver

Desires to be freed of the
shackles of

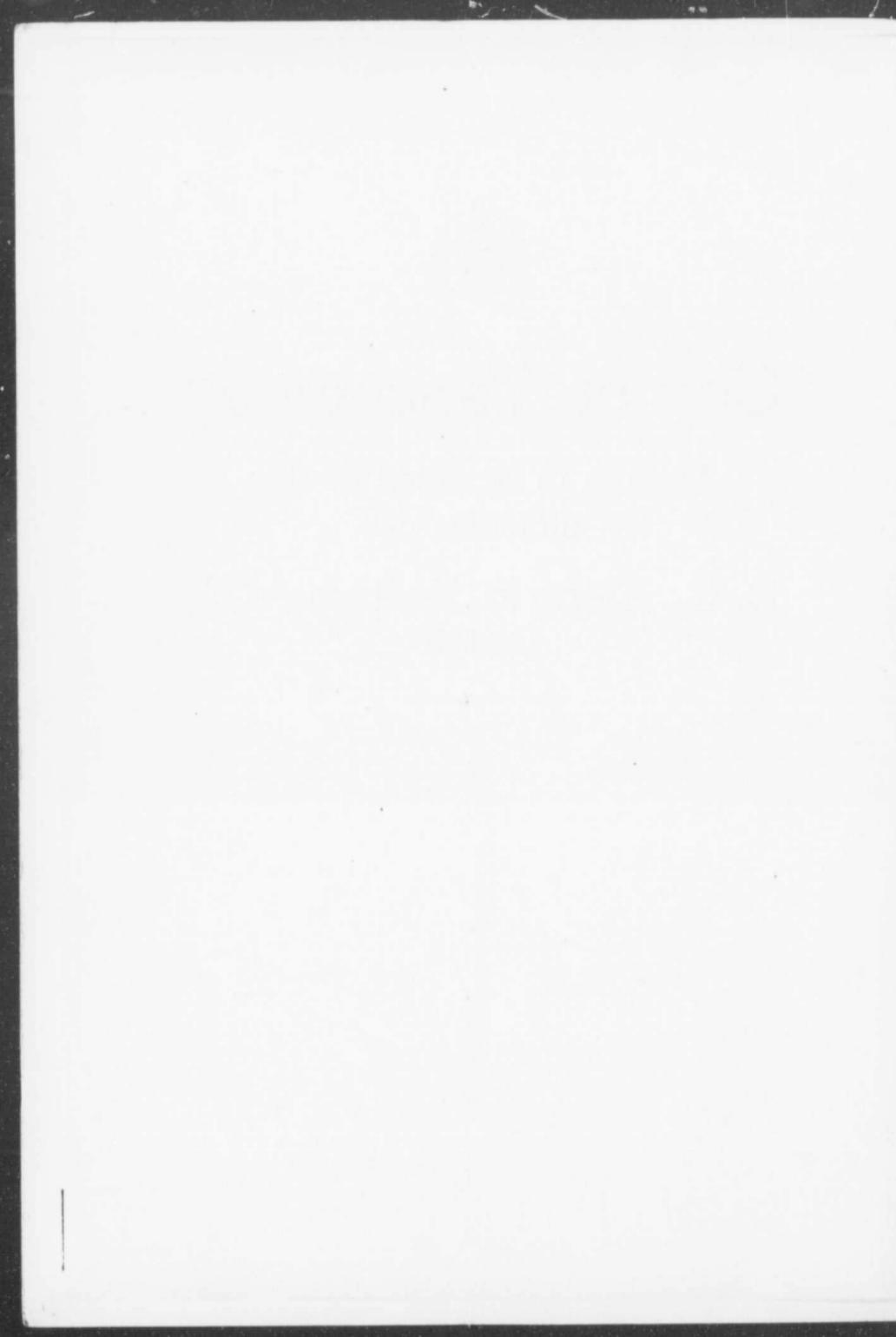
B. C. Electric Railway Co.
Limited



City of Vancouver

Desires to be freed of the
shackles of

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BILL No. 50

Vancouver Charter Amendments

CITY IS APPLYING FOR ENABLING POWERS

Under clauses 11, 12 and 13 of the above Bill the City of Vancouver is applying for enabling powers to acquire, manufacture, distribute and sell electric light and power.

OTHER CORPORATIONS ENJOY SAME PRIVILEGE

Many concerns in the city today enjoy the privilege of manufacturing and selling electric light and power under charters granted by the Legislature from time to time, and in the clauses above referred to, the City of Vancouver is simply seeking to be placed on the same footing.

CITY PREVENTED BY CLAUSES IN ITS OWN CHARTER

At the present time the City of Vancouver is prevented from selling electric light and power, not because of any agreement with the British Columbia Electric Railway Company Limited, but because of certain iniquitous clauses in its own charter—clauses that were put there by the Legislature of 1895, notwithstanding the vigorous protest lodged by the City Council of that date.

CITY'S REQUEST IS A REASONABLE ONE

The absolute injustice of depriving the largest, wealthiest and most influential corporation of the province of the same rights and privileges granted to other corporations and concerns, must immediately appeal to every and all fair-minded men, and at the same time fully establishes the equity of the City's request. Especially is this true in view of the outrageous charges that are being made for light and power by the Company holding the monopoly.

RESOLUTION OF PROTEST PASSED BY COUNCIL OF 1895

To make it quite clear that these clauses were inserted in the charter against the will of the City, a resolution dealing with the question and

which was passed at a meeting of the City Council held Monday, January 25th, 1895, is hereinafter cited:

Moved by Ald. Wm. Brown, seconded by Ald. Bethune:

"That whereas a notice of motion has been given by the Hon. Theo. Davie that he proposes to amend the Vancouver City Charter by adding a clause which would practically have the effect of preventing the City of Vancouver constructing and maintaining water, gas, or electric light works, street railways or tramways, without first having purchased from any company operating the above in the city, all their plants and works;

"And whereas the City at present has the power granted by charter to construct and maintain the above works without first having purchased any existing company's works;

"And whereas the Gas Company at present operating in the City are operating under an Act of the Assembly passed in 1886, by which Act they had a monopoly granted them for five years from 1886 and no longer;

"And whereas, the Waterworks Company incorporated in 1886 has sold all its plant and works to the City;

"And whereas the Street Railway Company have a contract at present with the City, which contract contains terms as to the purchase of its property and plant;

"And whereas under the powers vested in the City a bylaw has been voted on to construct and maintain an electric light plant in the City, and a question has arisen whether that bylaw received a sufficient number of votes to carry it under the provisions of the 'Municipal Act' and City Charter, and that question is still before the courts;

"BE IT THEREFORE RESOLVED that as the terms of monopoly granted the Gas Company have expired, that the Waterworks Company's works have been purchased by the City, the Street Railway Company is operating under an agreement with the City and the citizens have voted on a bylaw to authorize the construction of electric light works in the City, and the question whether that bylaw has received a sufficient number of votes has still to be decided by the courts, the House of Representatives be urged not to pass the proposed amendments into law;

"And that a delegation consisting of the following: His Worship the Mayor, Aldermen McCraney and Gallagher, and such other parties as the Mayor may select, be requested to proceed to Victoria and lay the matter before the Hon. Mr. Davie and the members of the House with the object of preserving the interests of the citizens."

CLAUSES IN CHARTER AMBIGUOUS AND INCONSISTENT

By referring to sub-section 1 of section 125, it will be seen that the City of Vancouver is given the right to pass, alter and repeal bylaws for the purpose of purchasing, acquiring, constructing, operating and maintaining water-works, gas-works and electric light works, and by referring to the first paragraph of sub-section 4 of the same section, it will be seen that the City is also given the right to pass bylaws for the purpose of supplying or selling water and electric light. It so happens, however, for reasons best known to the B. C. Electric Railway

Company and entirely too obvious to mention, that the latter part of sub-section 4 prevents the City from taking advantage of the powers given it in the preceding sub-section. All doubt as to this is removed by reading sub-section 5. To make the matter quite clear, sub-sections 1, 4 and 5 are hereinafter cited and on examination the ambiguity and inconsistency becomes at once apparent.

Sub-section 1 reads as follows: The Council may from time to time pass, alter and repeal bylaws—

- (1) "For purchasing, acquiring, constructing and operating and maintaining any waterworks, gasworks, and electric light works, whether the source of supply or the power required be situate within or without the limits of the City, and regulating the conditions and terms under which the same may be supplied or used, and any materials, plant and building in connection with the same or appurtenant thereto, and for leasing and extending same."
- (4) "For supplying water and light to the citizens, persons and corporations, whether resident or not within the City of Vancouver, and to any municipality adjacent to the City of Vancouver; and for the recovery of moneys due for water rates, or for the supply of water to consumers; for rates and for supply of light to consumers, and the enforcement of payment of such moneys or rates by making the same a charge on the lands of the owners or tenants using the water or light and enabling the same to be recovered in the same manner as overdue taxes; Provided that nothing in this sub-section shall be held to impair or prejudice the rights now vested in the British Columbia Electric Railway Company Limited or the New Westminster and Burrard Inlet Telephone Company, or the Vancouver Gas Company, by any Statute in force or requirements under any agreement or agreements with the City; 1904, C. 62, S. 7.
- (5) "Provided that the Council shall not, with the exception hereinafter stated as to tramways upon unoccupied streets of the City, pass any bylaws for the purpose of purchasing, acquiring, constructing, operating or maintaining any works similar to those now carried on by the British Columbia Electric Railway Company Limited, or the Vancouver Gas Company, or by virtue of which the City will become a competitor in the business carried on by such companies, or either of them, until the Council has by bylaw fixed the price which they will offer for the property of the company or companies whose operations will be thereby interfered with, nor until thirty days have elapsed after such notice of such price shall have been communicated to such company or companies."

CITY HAS NO DESIRE TO ABROGATE OR EVADE

It will be seen at a glance from the foregoing that, at the present time, the City of Vancouver is undoubtedly prevented from making any move that would, in any way, interfere with the business now carried on by the British Columbia Electric Railway Company Limited. Just why this should be, the citizens of Vancouver are at a loss to know and cannot understand. The British Columbia Electric Railway Company Limited has an agreement with the City with regard to its street railways and the City would like to lay great stress upon the

fact that it has absolutely no desire, and is making no attempt, to evade or abrogate any of the terms of said agreement.

COMPANY HAS NO AGREEMENT OTHER THAN RAILWAY AGREEMENT

It must be clearly borne in mind, however, that the British Columbia Electric Railway Company Limited has no agreement with the City relative to the supply of light and power. The Company is entitled to no special privileges in this respect and yet the City, of its own free will, permits the Company to erect its poles and string its wires along the streets, for which, in return, the City derives no direct or indirect benefits; on the contrary, the City suffers many disadvantages.

COMPANY IS A DETRIMENT

The day has come when the Company, in its lighting and power operations, is a detriment, not only to Vancouver, but to the whole lower mainland. This statement is made because of the exorbitant charges that are being made for light and power—charges for electric power that are retarding the commercial and industrial growth of the province; charges for electric light that are already adding to the heavy burdens of the taxpayer and making the use of same to householders an expensive luxury instead of an ordinary utility.

COMPARISON OF RATES CHARGED FOR LIGHTING

The above statements are made without fear of successful contradiction and comparison is directed to conditions as they exist in the two great provinces of Ontario and Manitoba, where electric light plants are provincially or municipally owned and operated. At the present time, in the City of Vancouver, the rate charged the householder for domestic lighting is 11 cents per K.W. hour, gross. In Manitoba the charge for the same class of lighting is 3 cents per K.W. hour, while in certain parts of Ontario the rate is as low as 1 cent per K.W. hour. From this it will be seen that in Vancouver the gross rate for domestic lighting is almost four times the price charged in Winnipeg, and eleven times the price charged in Ontario. The same intolerable state of affairs exists with regard to power for domestic heating and cooking.

CITY MUST BE FREED OF SHACKLES OF PIONEER DAYS

Conditions existing in Vancouver might have been tolerated had she continued to remain the logging camp or village of twenty or twenty-five years ago, when the British Columbia Electric Railway Company began its operations, but those of us who know British Columbia must admit that, sooner or later, Vancouver will undoubtedly take her place amongst the great cities of Canada and America and that she is destined to play a very important part in the industrial activities of this Pacific

Northwest. Before this can be realized, however, she must be placed in the position of being able to offer inducements to manufacturers and other community builders and to successfully compete with cities to the east and south of her; she must be freed of the bonds, shackles or fetters of her pioneer days, and for that very reason the citizens of Vancouver, through its City Council, are requesting the Legislature of 1917 to so amend its charter as to enable it to furnish cheap light and power to its citizens and the surrounding districts.

AN ILLOGICAL SUGGESTION SOMETIMES MADE

The suggestion has been advanced from time to time that the clauses of which the City is complaining were inserted by the Legislature of twenty-two years ago for the purpose of safeguarding the Company against competition and thereby protecting the investor or capitalist. This argument, however, is neither logical or sound and it is not given much credence by anyone who has a thorough knowledge of the situation; in fact, this whole theory is exploded when one stops to think that the Government granted the same rights and privileges enjoyed by the British Columbia Electric Railway Company Limited, and which the City is now seeking, to the Western Canada Power Company a few years ago. This is a very large corporation and was organized for the sole purpose of competing with the British Columbia Electric Railway Company Limited in the sale of electric light and power in and about Vancouver.

NO COMPETITION AT THE PRESENT TIME

Of course, the Western Canada Power Company does not compete at the present time because of an arrangement entered into with the British Columbia Electric Railway Company Limited under which the latter company purchases a large block of power at a price of three-tenths of a cent per K.W. hour (which power is resold to the citizens of Vancouver at the exorbitant price of 11 cents per K.W. hour), and under which the party of the first part (the Western Canada Power Company) agrees not to enter into competition on any domestic lighting or power. It is reasonable to assume, however, that no such arrangement did exist and that the Government had no reason to suspect that any such arrangement would be entered into when the charter was granted to the Western Canada Power Company. The Government, on the contrary, would naturally suppose that this Company would become a competitor of the British Columbia Electric Railway Company Limited; and when the capitalist invested his money he knew full well that there was always a possibility of competition.

ANOTHER ILLOGICAL SUGGESTION

Another suggestion that comes from the Company and its friends is that the City can, at the present time, go into the business of selling

electric light and power by simply purchasing the equipment of the British Columbia Electric Railway Company Limited. Such is, undoubtedly, the case; but when you ask why the City should be saddled with the expense of an equipment that is fast becoming obsolete, and upon which money was spent in a lavish manner, the futility of such an argument is immediately apparent, and when informed that even if the City did purchase the equipment of the British Columbia Electric Railway Company Limited, it would still be without a power plant, the suggestion becomes one of ridicule.

COMPANY DOES NOT GENERATE ELECTRICITY

It is not commonly known, but it is, nevertheless, a fact, that the British Columbia Electric Railway Company Limited does not generate any electricity; it prefers to purchase its power from the Vancouver Power Company and the Western Canada Power Company. Consequently, Vancouver could invest millions of dollars in the plant and equipment of the British Columbia Electric Railway Company Limited and still be without any electric power.

CITY ONLY INTERESTED IN ONE THING

At all events, the City is not concerned with the motives that prompted the actions of the Legislature of twenty-two years ago. The City is interested in only one thing,—that of having its charter amended so that it may purchase, develop and construct a water power, and having done so, use same, if it is deemed advisable at any time, for the purpose of distributing and selling electric light and power.

With this sole object in view, clauses 11, 12 and 13 of our Bill have been drafted.

NO RIGHTS IMPAIRED OR INJURED

Very great care has been exercised by our solicitors in the drafting of these clauses in order that nothing contained therein shall be interpreted so as to impair or prejudice the rights now vested in the British Columbia Electric Railway Company Limited by virtue of any of its agreements with the City. There is absolutely no reason for the Legislature to refuse to pass the Bill. The Legislature of 1917 is simply being requested to restore rights and privileges taken from the City by the Legislature of 1895.

EARLY HISTORY ON RECORD

Prior to the session of the Legislature of 1895, the City of Vancouver enjoyed the right, under its charter, to own and operate such public utilities as an electric light plant, and to sell and dispose of electrical energy to its citizens in competition with any existing company or companies.

Owing to the excessive rates being charged by the Consolidated

Railway & Light Co. (which was taken over by the British Columbia Electric Railway Company Limited in 1897) for light and power, the citizens of Vancouver, just prior to January, 1895, decided to aid a competing company. To that end an arrangement was made with a competing concern to supply light and power at about one-half the rate then being charged by the Consolidated Railway & Light Company, and a bylaw was submitted to the ratepayers.

The bylaw carried and the new company commenced constructing its lines, but after erecting one solitary pole, suddenly discontinued operations.

In the meantime, certain people of importance and influence entered an action for the purpose of restraining the City from carrying out its object, on the ground that the bylaw had not been carried by a sufficient majority of the electors.

While this action was still pending before the courts, the Legislature, at the instigation of the existing company, amended the City's charter, taking away its former rights to compete in the sale and distribution of electric light and power, notwithstanding the vigorous protests of the council. These facts are fully set out in the minutes of council of 1895, and can be further substantiated by certain members of the council of that date.

COMPANY OFFERS ONLY ONE FEEBLE ARGUMENT

In reply to the City's numerous arguments, the Company has but one feeble argument to offer, the absurdity of which can only be excused on the ground that it is making its last stand against the righteous fight of an oppressed people.

The Company's one cry is that if the Legislature dared to amend the City's charter, vested rights (which legally or otherwise they do not and never did enjoy with regard to their light and power operations) would be interfered with, and that, as a result, the financial status of the City and Province would be absolutely ruined. Nothing, of course, is ever said of the "vested rights" of the people; according to the Company, the citizens of Vancouver have no rights.

This same cry was raised, and Mr. Horne Payne, without regard for the City's interests, used the press columns quite freely to discredit the City's action when, a couple of years ago, the City refused to legislate the jitneys out of business. It is worthy of note, however, that when the City called for tenders for the purchase of its 1916 tax arrears, just a few months ago, it received an offer of 97¾ cents, which simply goes to prove that the British Columbia Electric Railway Company has not met with any marked success in any attempt it may have made to hurt the City's credit.

COMPANY HAS ACCUMULATED HANDSOME PROFITS

The Company admits the deplorable fact that certain shareholders were inveigled into investing money in the Company as a result of

the protective clauses in the City's charter, and the Company also admits that these same shareholders were not apprised of the conditions under which the clauses were inserted. Having made these admissions, the Company then suggests that these shareholders must be protected.

According to its own financial statements, the Company's investment consists of capital stock, \$21,000,000, and debenture stock, \$15,000,000, making a total investment of \$36,000,000.

In order to prove that the shareholders have not fared too badly in the past twenty-two years, it might be well to mention that it was proven at a recent inquiry under oath, and admitted by officials of the Company, that the amount at present charged to capital account is \$45,935,669.00, which means that it has been able to invest in plant and equipment the sum of \$9,935,669.00 out of profits. In other words, on a total investment of \$36,000,000, the British Columbia Electric Railway Company has made the huge sum of \$9,935,669.00, and at the same time has paid during the entire twenty-two years dividends averaging at least 5 per cent. per annum.

COMPANY HAS HAD MONOPOLY FOR TWENTY-TWO YEARS

Notwithstanding the fact that a patent right is admittedly the most rigid monopolistic right that can be secured, a right granted as a reward for some service to the public as the product of genius, and that the life of same is for only eighteen years, the British Columbia Electric Railway Company has now enjoyed a monopolistic right, to the extent of shackling the City of Vancouver, for twenty-two years. In all that time, their cry of "vested rights" has prevailed, and if, perchance, the City should not be successful in its present endeavor, its only consolation must lie in the knowledge that relief will surely come when the Angel Gabriel shall sound the trumpet on that last great day. Just so long as the City's charter remains as it is, just so long will the British Columbia Electric Railway Company raise the cry of "vested rights."

CITIZENS ARE ALIVE TO ISSUE

There are, undoubtedly, a great many other things that could be said in favor of the amendment, but in this general outline enough has been said to enable everyone to thoroughly understand the situation. The citizens of Vancouver are alive to this issue and feel that no member of the Legislature will attempt to champion the cause of the Company and thus continue to retard the growth and progress of the community.

Summary

The City is not asking the Legislature for relief from an improvident bargain, nor is it seeking to abrogate or evade the terms of any agreement.

The City does not seek to confiscate any rights or privileges which it has granted the British Columbia Electric Railway Company, or any other corporation, at any period in its history.

The City is merely asking the Legislature of 1917 to blot out the wrong done it by the Legislature of 1895.

The City asks that its case be considered upon its merits and upon its merits alone.

The City's request is fair and honorable.

