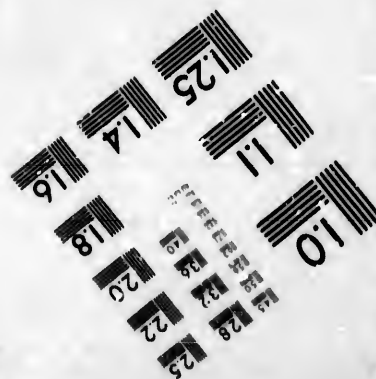
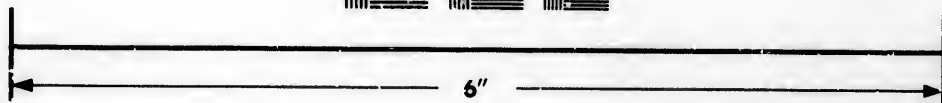
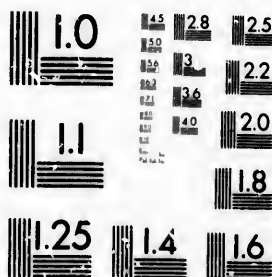


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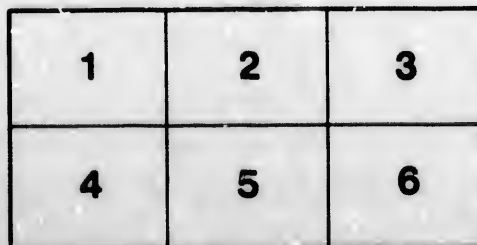
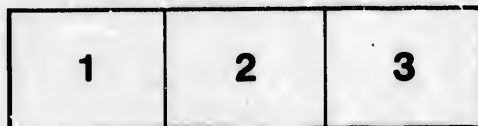
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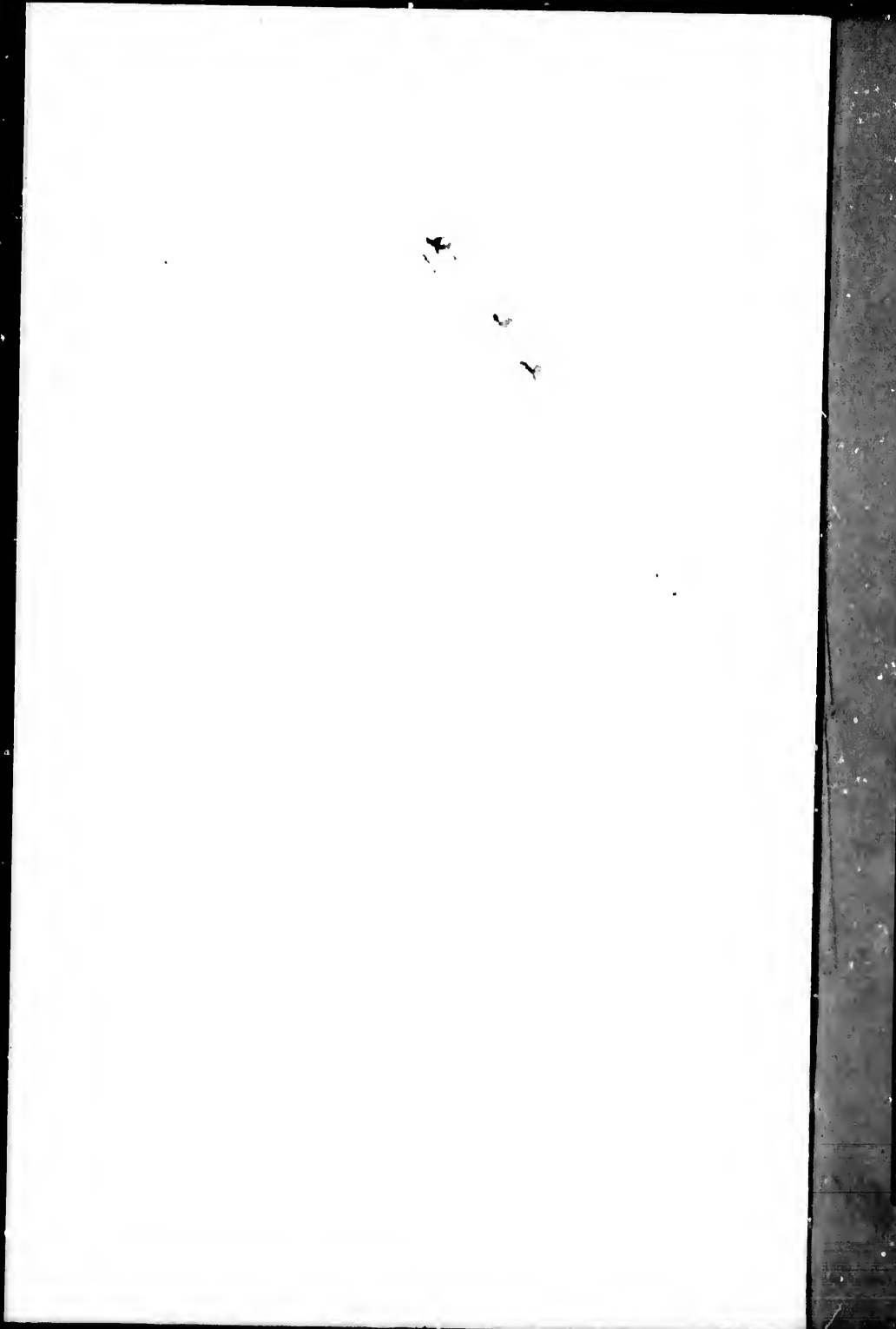
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PAPERS

AND

CORRESPONDENCE,

RELATING TO

The Contract between the Government of Nova Scotia

AND

THE INTERNATIONAL CONTRACT COMPANY,

FOR THE CONSTRUCTION OF THE  
TRURO AND MONCTON, OR THE NOVA SCOTIA AND NEW  
BRUNSWICK (INTERCOLONIAL) RAILWAY.

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OTTAWA:

PRINTED AT "THE OTTAWA CITIZEN" STEAM PRINTING HOUSE, RIDEAU STREET.

1867.

## PAPERS AND CORRESPONDENCE

RELATING TO THE

CONTRACT BETWEEN THE GOVERNMENT OF NOVA SCOTIA  
AND THE INTERNATIONAL CONTRACT COMPANY FOR  
THE CONSTRUCTION OF THE TRURO AND MONCTON, OR  
THE NOVA SCOTIA AND NEW BRUNSWICK (INTERCOLO-  
NIAL) RAILWAY.

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The first official documents on this subject appear in the "Journals of the House of Assembly" (Nova Scotia) for 1865, Appendix No. 7, Railways, page 13, where the proposed Heads of Agreement for the contract are stated to have been handed to the Honorable Provincial Secretary by J. Livesey, Esq., the Chairman of the Acadian Iron Company (now the Intercolonial Iron and Steel Company) on behalf of the International Contract Company, on the 16th September, 1864; and on page 14 the proposal is shown to have been repeated and acknowledged, as in the extract hereunder:—

[Memorandum handed to the Hon. Provincial Secretary by J. Livesey, Esq., at Quebec, October, 1864.]

### NOVA SCOTIA AND NEW BRUNSWICK JUNCTION RAILWAY.

#### HEADS OF PROPOSED AGREEMENT WITH NOVA SCOTIA GOVERNMENT.

1. The International Contract Company adopts the Resolution of last Session, authorizing a subvention of four per cent. per annum for 20 years on £8,000 sterling per mile, in consideration of which, payable on seventy miles, the International Contract Company engages the construction and working of a Railway from Truro to the New Brunswick border, (with extension to Moncton under simultaneous arrangement with the Gov-

ernment of New Brunswick) intersecting the mineral districts of Londonderry and Springhill.

2. Payment of the subvention to commence one year from the commencement of the works, and to be thereafter made half-yearly; the expenditure on the works being at the rate of not less than £100,000 per annum. At the option of either party the subvention may be capitalized and given in the form of six per cent Provincial Debentures at the current value of the day, convertible, at the option of the Government, into four per cent debentures of like amount, bearing the Imperial guarantee.

3. The whole line to be completed within four years from date of commencement of works, which shall be fixed by special arrangement between Government and the Company.

4. Government to grant free use of Landing stage and Railway station at Halifax, free impost and cost transit over Government Railway for all materials required in the construction of the Railway and its equipment.

5. Land for Railway track to be provided gratis to the Company, by assessment on the respective counties or otherwise.

6. *The line to be equal in point of construction, and not exceeding in grades and curves the existing Railways in Nova Scotia.*

7. A traffic arrangement to be made for transmission of trains, and the Company to have the right of running trains on the Government lines, paying to Government twenty per cent of all receipts arising therefrom.

8. The Government for the time being to have the nomination of two Directors to the Board of the Company for the operation of the Railway, which Company will be constituted and guaranteed by the International Contract Company,

\*9. Government to take shares of the first issue in the Railway Company to the amount of £100,000 sterling, on which calls to be paid equally with other shareholders.

10. The foregoing engagements refer solely to the Railway. In the event of the Company establishing special harbor accommodation, and providing facilities for the transmission and export of coal at a convenient point on the Bay of Fundy, it shall receive annually an amount equal to one-fourth of the Royalty accruing to Government from the coals so transmitted and exported.

11. Government to have the power at any time within \_\_\_\_\_ years, of taking possession of the Railway by payment to the Company of an amount to be fixed by arbitration in the usual form.

HALIFAX, January 6th, 1865.

DEAR SIR,—

In reply to your enquiry, I beg to say that the Government are not in a position to give you a decided answer to the offer made by you, on behalf of the International Contract Company, for the construction of the Railway from Truro to Moncton, as they have not yet received a definite reply from other parties with whom negotiations are pending. I may say, however, that if arrangements are not made at an early day for the completion of this work, upon terms more favorable to the Province than those offered by you, I am satisfied that the Government will propose to

\* This clause was subsequently omitted, and the yearly subscription increased to £24,000.



Parliament the acceptance of the proposal of the International Contract Company.

Regretting very much the delay that has ensued in the consideration of your offer, and fully appreciating the deep interest you have taken in the matter, and the great nature of the exertions you have made in connection with it, I beg to subscribe myself,

Yours, &c.,

(Signed) CHARLES TUPPER.

JOHN LIVESSEY, Esq.

In reference to the preliminary question of route it appears that the "other parties" with whom negotiations were stated to be in progress, included C. J. Brydges, Esq., the Resident Director of the Grand Trunk Railway, who, in his offer to the Honorable Provincial Secretary, dated 17th November, 1864, and shewn on page 7 of the Journals before cited, remarks as hereunder:—

"In regard to the question of the course of the line to connect the existing Railways of New Brunswick and Nova Scotia, that will, of necessity, be mainly determined by the results of the survey now being made by Mr. Sandford Fleming; but, provided such survey shows no serious engineering difficulties, it would certainly be desirable that the line should pass through the district where the Londonderry Iron Works and the Springhill coal fields lie: *it being undoubtedly a matter of great importance, as well to the Provinces as to the Railway, that existing iron and coal mines should be made available by having the facilities of railway transport afforded them.*"

The allusion herein made to the line passing through the Districts of the Londonderry (Acadian) and Spring Hill Mines, arose from the Government and Mr. Brydges being aware that the Acadian Iron Company had, at considerable cost, surveyed a line of this character, and had proved that (contrary to former general belief) it was perfectly practicable, and possessed many advantages over the northern lines, which had then alone been tried.

The result of Mr. Fleming's general Intercolonial survey, as regards this section, is comprised in the following extracts from his Report—pages 10, 11 and 13:

"The portion of this line extending 41 miles out of Truro was surveyed during the past year by Alexander Beattie, Esquire, C. E., for the proprietors of the Acadian Mines; the section lying between the Provincial Boundary line near Amherst, and Moncton, about 33 miles in length, was surveyed last year by J. E. Boyd, Esquire, C. E., under instructions from the Government of New Brunswick."

"The country south of Amherst, on the Macan River and some of its tributaries, abounds in coal in thick beds and of excellent quality. This valuable coal field would be opened up by lines Nos. 3, 4 and 6.

"The Cobequid range is rich in iron ore of the best description ; it is now manufactured on the southern flank of the range, at the establishment of the Acadian Iron Company. Annually considerable quantities of iron are exported to England, and there converted into steel, for which, from its quality, it is admirably adapted. It is considered that iron manufactures of all kinds would be established and greatly multiplied in this section were proper facilities created for bringing the coal and ore together. Line No. 3 accomplishes this end, and so also does line No. 6, although the latter does not in the same degree accommodate the existing establishment of the Acadian Mining Company, now in operation on Great Village River.

"In review of the above, it would seem that, apart from the question of distance and gradients, a central route, whilst opening up the mineral districts both of coal and iron, would at the same time serve generally the population of the country as well as any other line specially located with that object solely in view, and without regard to the development of the rich mineral resources of this district. . . .

"Between Moncton and Truro, with the exception of the mineral districts which are for the most part in a state of wilderness, much of the country is settled, and in some sections cultivated farms of the richest description can be seen."

In the above extract the line described as No. 3. is identical with that specified in the contract, both in the Nova Scotia and New Brunswick Portions.

In the following spring the Nova Scotia Government, having in contemplation to send a delegation to England in conjunction with a delegation from New Brunswick, for the special object of entering into a contract for the construction of this line, instructed their Chief Engineer, (Sándford Fleming, Esq.,) to survey this central route, which was accordingly done, and it was strongly recommended in preference to all others, as will be seen by his Report, which is hereunder printed at full length :

RAILWAY OFFICE, }  
Halifax, 17th June, 1865. }

SIR,—

In pursuance of the Command of His Excellency the Lieutenant-Governor, conveyed to me in your letter of the 15th ultimo, and in accordance with the verbal direction subsequently received from you, I have instituted a survey of the country between Truro and the northern boundary of the Province, with the view of determining the best location of a line of Railway to connect Nova Scotia with the Sister Province—New Brunswick. Before proceeding far with the details of survey, I deem it advisable to submit a preliminary report on the various routes which the line of proposed Railway may take. I consider this essential, as the general direction of the contemplated Railway has first to be determined before a Location Survey can be made.

Various lines have been projected from time to time for this contemplated Railway extension; and, so far as I am acquainted with them, and with the configuration of the country, they may conveniently be classified under three distinct heads, which again may be designated "Eastern," "Western," and "Central" "Routes."

The Eastern Route follows the Railway, now under construction, out of Truro easterly for about ten miles; it then continues along the Valley of the Salmon River northerly to Earitown, thence it runs in a direction generally parallel to the Gulf Coast, to Bay Verte in New Brunswick, ultimately connecting with the European and North American Railway near the Village of Shediac.

The Western Route runs from Truro, almost due westerly along the north shore of the Basin of Minas, to the neighborhood of Parsboro; and then turning northerly it follows the Macan River to the head of Cumberland Basin, and connects at the New Brunswick boundary, with a line surveyed to the European and North American Railway.

These extreme eastern and western routes are, at one place, nearly seventy miles apart, and the length of Railway, by either route, would be considerably increased from that of an air line by the great departure from a straight course which each route makes—the one to the east, and the other to the west.

A Central route can be had nearly mid-way between these Eastern and Western routes.

It may cross the Cobequid range of high-lands by depressions, either at the head of Folly River, Great Village River, or Port au Pique River, and after crossing this conspicuous range it would run in a northerly direction to the boundary line of New Brunswick.

The general character of these routes, so far as I am able, from my present knowledge of the country to form an opinion, may thus briefly be stated:

The Western route would be the longest, while a Central route would be the shortest. The Western route would have the greatest length of easy gradients.

The Eastern route would have the lowest maximum gradients.

A Central route would have the heaviest gradients.

The curves and gradients on either of the routes may be within the standard of the existing Government Railway in this Province.

The Eastern route would accommodate the Villages of Tatamagouche, Wallace, Pugwash and Bay Verte, and the traffic of the Gulf coast.

The Western route would serve the traffic on the north shore of the Basin of Minas, and it would pass through or near the coal fields south of Amherst.

A Central route would accommodate the iron district of the Cobequid range, and it would open up the Spring Hill coal field.

The accompanying paper gives detailed information with regard to the different routes herein referred to.

*In a commercial aspect a Central route appears to me, beyond question, the most important, and if this route is formally adopted, the discovery of the most favorable line in an engineering point of view, that the country will admit of, will become a question of no little consequence.*

*I am satisfied, from an inspection of a plan of a survey made last year by the Acadian Mining Association, as well as from a personal examination of the ground, that a Railway can be had on a Central route with grades and*

*curves not exceeding those on the Trunk line, now in operation between Halifax and Jfruro.*

In view of the foregoing, I would respectfully recommend that the surveys now in hand preparatory to locating the line for construction be made on a central route. I have, &c., &c.,

[Signed], SANDFORD FLEMING,  
Chief Engineer N. S. R.

HON. CHARLES TUPPER, Halifax.

No further official correspondence on this matter appears in the "Journals," although the negotiations were continued; and during the visit to London of the Honorable Provincial Secretary and the Honorable Attorney General, immediately afterwards, a contract for the construction of the railway was finally concluded with the International Contract Company. *The contract was based upon the Report of Mr. Fleming—above given—which had been adopted, and the proposed route approved of by the Governor in Council, as will be seen from clause 2, which also provides that the surveying should be done entirely by, and at the expense of, the International Contract Company, who were not required either by the contract or by the Act of Parliament on which it was based to submit their detailed working plans for the approval of the Government. This view of the case is believed to have been fully understood and concurred in by all the parties to the arrangement when made. On the same day the New Brunswick Government concluded a contract with the International Contract Company for the construction of the extension of this line from the Nova Scotia boundary to Moncton. The Nova Scotia Contract is hereunder given in extenso:*

[Memorandum of Agreement made and entered into the fifteenth day of August, one thousand eight hundred and sixty-five, between the Chief Commissioner of Railways of the Province of Nova Scotia, by direction and authority of the Governor and Council, acting by the undersigned, Charles Tupper, Provincial Secretary, and William Alexander Henry, Attorney General of the said Province of Nova Scotia, hereinafter called the Representatives, of the one part, and The International Contract Company, (limited), of 85 Cannon Street, West, in the City of London, hereinafter called the said Company, of the other part.]

WHEREAS, an Act of the Provincial Legislature of Nova Scotia was passed on or about the second day of May, one thousand eight hundred

and sixty-five, entitled An Act to provide for the construction of two other sections of the Provincial Railways, and by such Act provisions were made for the construction of a certain Railway from Truro to the Boundary Line of New Brunswick, and from Windsor to Annapolis. And Whereas, in pursuance of the provisions of the said Act, a negotiation has been entered into between the said representatives and the said Company, having for its object an arrangement by which the said Company shall undertake the construction of the sections of the said Railway from Truro to the Boundary Line of New Brunswick, under the provisions of the said Act, and subject to the terms and conditions hereinafter mentioned. Now this Agreement Witnesseth, and it is agreed by and between the said parties hereto, as follows:

1. The before recited Act shall be the basis of this Agreement, so far as it relates hereto, except so far as the same may by this Agreement be agreed to be modified.

2. The said Company, in consideration of the premises and of the Agreement on the part of the said Representatives hereinafter contained, hereby agrees to construct the said Railroad, under the provisions of the said Act and subject to the terms and conditions hereinafter mentioned, *on the central route which has been recommended by the Government Engineer, and approved by the Governor in Council, and the said Company shall commence the surveying not later than the Month of, November next, and prosecute the same until completion, and shall commence the Works bona fide at a period not later than the month of June, one thousand eight hundred and sixty-six, and shall complete and open the line for traffic within four years from the first day of November next. And further, that in respect to section 19 of the said Act, no sleeper, gradient, or curve, of a smaller radius shall be admitted on the said Railroad than on the present Railway line from Halifax to Truro, and the said Railroad shall in all other respects be equal in point of construction and efficiency to the said Railway from Halifax to Truro. The rails to weigh 60 pounds to the yard, and to be joined together with fish plates; and it is also understood and agreed that by mutual consent alterations may be made in the provisions of the said nineteenth section and of this clause.*

3. The said Company shall be bound to provide such conveyance for the Officers and Soldiers of Her Majesty's Forces, Ordnance Corps, Marines, Militia or Police forces, at such time or times, whether the same shall be the usual hours for starting trains or not, as shall be required or appointed by any Officer duly authorized by the Governor for that purpose, and with the whole resources of such Company or body corporate, at fares not exceeding two cents per mile, for each Officer, Soldier, Marine or Private of such forces respectively. And also for each wife, widow, or child above twelve years of age, of a Soldier entitled by Act of Parliament or other competent authority, to be sent to their destination at the public expense, children under three years of age so entitled to be taken free of charge; and children of three years and upwards but under twelve years so entitled, being taken at half price of an adult, provided that every officer conveyed shall be entitled to take with him one hundred weight of personal luggage without extra charge, and every Soldier, Marine, Private, Wife or Widow shall be entitled to take with him or her half a hundred weight of personal luggage without extra charge; all the excess of the above weights of personal luggage being paid for at the rate of not more than eighty cents per one hundred weight per one hundred miles; and all public baggage, stores, arms, ammunition and other necessary things, except gunpowder and other combustible matters, shall be conveyed at charges not exceeding four cents per ton

per mile, the assistance of the military or others being given in loading or unloading such goods.

4. The said Company shall be bound to convey Her Majesty's Mails at the same rate of charge as now paid for the same service to the Railway Department in Nova Scotia.

5. And the said Representatives for and on behalf of the said Province of Nova Scotia, under the authority hereinbefore mentioned, in consideration of the premises, hereby agree to and with the said Company as follows :

6. That the amount of the subvention mentioned in Section 2, of the said Act, shall be reckoned on Seventy miles, or twenty-two thousand four hundred pounds sterling per annum.

7. That in consideration of the Provincial Government taking no stock in the said Railway, as provided in Section 2 of the said Act, the said representatives agree to increase the annual subvention to the sum of twenty-four thousand pounds sterling.

8. That after the first payment of the subvention, as mentioned in Section 4 of the said Act, all future payments shall be made half-yearly in the city of London.

9. That in case the subvention shall not be capitalized as provided in Section 4 of the said Act, or in Clause 16 of this Agreement, the subvention shall only be paid in proportion to the progress of the Works, and in the event of less than one quarter of the entire works being completed during the first year, or of one-eighth during any subsequent half year, the Provincial Government shall be entitled to retain a proportionate deduction from such subvention until such proportionate part is completed, and on the completion of the same the whole of the said amount so retained shall be paid to the Company.

10. That the powers comprised in Section 5 of the said Act shall not be put in force without the consent in writing under the Common Seal of the Company.

11. That all lands required for the Railway track and appurtenances shall be provided gratis to the said Company with the rights of entering on all ungranted lands belonging to the Government, and taking free of cost all materials required for the Railway, as under the provisions of Section 11, Chap. 70, referred to in the said Act.

12. That the said Company shall be entitled to make and enforce a tariff of charges for fares and freights equal to but not exceeding (except by mutual arrangement) the tariff now in force on the Government lines, copies of which are this day signed by the said representatives, such limitation not to apply to the charges for conveyance of horses and waggons, which shall be determined by mutual agreement.

13. That the provisions of Section 9 of the said Act as far as regards the possession and ownership of the Railway by Government shall only be put in force subject to the prior payment or tender to the Company of the value thereof, as mentioned in Section 7 of the said Act, such value to be ascertained by arbitration either under the provisions of Section 8 of the said Act, or of this Agreement.

14. That should the said Provincial Government exercise the powers given them under the provisions of Section 7 of the said Act, prior to the opening of the said Railway for traffic, the amount to be paid to the said Company as the value of the said Railway shall not be less than the capital expended including the subvention and all liabilities *bona fide* incurred with six per cent per annum interest thereon, exclusive of the subvention, and should the said Government exercise such powers after the opening of the said Railway for traffic, the amount to be paid to the said

Company as the value of the Railway shall not be less than the capital expended included subvention and all liabilities *bona fide* amount, which with the net earnings of the said Railway shall be equal to 6 per cent per annum interest on the amount expended exclusive of the subvention.

15. That if Provincial Debentures be paid in pursuance of the provisions of Section 7 of the said Act, the same shall be reckoned at a price which shall make them equivalent to cash; and in case any difference of opinion shall arise as to the value of the debentures to be paid, the same shall be determined by arbitration, either under the provisions of Section 8 of the said Act, or of this Agreement.

16. That in case the said Company shall determine to capitalize for itself the said subvention, or any part thereof, the Provincial Government shall render every assistance in their power to accomplish this object, and shall if necessary enter into a direct obligation with all proper parties for the payment for the future of the said subvention to such parties direct instead of to the said Company, provided that all monies raised under the provisions of this Clause shall be deposited in the joint names of the parties hereto, or such other names as both shall agree upon, in the National Bank, or in some other Bank, in London, to be approved of by the parties, and to be drawn out by both parties and applied only for the construction of the Railway, *pro rata* with the progress of the works, until the said Railway shall be fully completed and open for traffic, after which the balance, if any, shall be paid to the Company.

17. That the said Company shall, for the purpose of carrying out this Agreement have the power to form a Joint Stock Company, under the provisions of the English Company's Act, 1862, with such amount of capital, and with borrowing powers and such other articles of Association as the said Company may think proper; and when such Company is formed and capital placed to the satisfaction of the parties hereto of the first part, the said intended Company, so to be formed, shall be accepted in lieu of the said Company for the purpose of this Agreement.

18. That an Act of Incorporation for such intended Railway Company shall be submitted to the Legislature of Nova Scotia, and upon such incorporation being made, the Government for the time being shall have the power of nominating two Directors to the Board of such Company.

19. That all materials and stores required for the construction and working of the Railway shall be entitled to a drawback of the amount of import duties paid thereon by the said Company, and that the Provincial Government shall grant the free use of the landing stage and railway stations at Halifax, Bedford and Truro, and transit over the Government Railways, the said Company paying all expenses incurred in landing, and for haulage and handling of such materials and stores, and also the cost of transit thereof.

20. That should any Legislative alterations be required for the purpose of carrying the terms of this Agreement into effect, the said parties of the first part hereby undertake and agree to use all proper means in their power to obtain the same.

21. And it is further mutually agreed that prior to the opening of the Railroad, a tariff arrangement shall be made between the said Company and the Provincial Government for the mutual use and employment of their respective lines of Railway, or for the joint operation thereof on equitable terms.

22. That the third Arbitrator proposed to be appointed under section 8 of the said act, by the Principal Secretary of State for the Colonies,



shall act only as Umpire in the event of disagreement between the other two Arbitrators therein named.

23. That by mutual consent the appointment of an Arbitrator under the provisions of Section 8 of the said Act, by the Principal Secretary of State for the Colonies, may be dispensed with, and the same may be appointed in such manner as the parties hereto may agree upon.

24. That in every Arbitration required under this agreement, or under the said Act, in case the Government or the said Company shall fail to appoint an Arbitrator, and to notify such appointment to the other party within three calendar months after request in writing, the Principal Secretary of State for the Colonies shall nominate and appoint the Arbitrator for the party so refusing, and such Arbitrator shall have the same power and authority as if he had been nominated and appointed by the said Government or the said Company respectively. In witness whereof the said Representatives have hereunto set their hands and the Company their seal the day and year first above written.

CHARLES TUPPER.  
WILLIAM A. HENRY.

E. PICKERING,  
Managing Director.

JOHN GAY, }  
D. J. HOARE, } Directors. [L.S.]  
W. S. HOPLEY,  
Secretary.

In pursuance of their contract, the International Contract Company commenced surveying in the month of November, 1865, completed their plans, and began the construction of the line early in June, 1866, after having given the Government notice that they were about to commence. On the 27th of the same month, the Company's Engineer, (Mr. Alexander Beattie), having become aware that Mr. Fleming had been surveying other routes, addressed to the Provincial Secretary the letter hereunder given; but they were not favoured with a perusal of his report (which has never been made public); neither did they receive a statement of the conclusions at which he had arrived, or any explanation of the reason why he continued the survey, that under the contract had to be done by the Company. That the work was duly commenced and prosecuted will be seen by the Report for 1866 of the Railway Commissioner, page 15, in which it is referred to, as being an integral part of the Intercolonial Railway.

All the subsequent correspondence is given *in extenso*,



and fully explains the reason why the Company—notwithstanding their very large outlay in surveys, earth-works, and in the purchase of permanent way material, &c.—eventually suspended operations on the line, under protest, although they continued the New Brunswick contract, and one-half of the road is now constructed:—

*Halifax, June 27, 1866.*

*To the Hon. The Prov. Secretary,*

SIR,—

In reference to the location of the Railway line under the contract entered into between the International Contract Company and the Government, I beg to say, that I have no power to sanction any alterations of the route fixed by the Company.

It was entirely upon the commercial advantages expected to be obtained from following the line along the Sutherland Lake, that the calculations of the Company were based. Any change therefore, in that respect, would materially alter their position in regard to the contract.

I herewith submit, for your inspection and information, the plan and sections of the line approved by the Company.

I have the honor to be,

Your obed't servant,

[Signed],

ALEX. BEATTIE.

*Provincial Secretary's Office, Halifax, July 14th, 1866.*

SIR,—

I have it in command to inform you, that your letter of June 27th, has been duly considered by His Excellency the Lieutenant-Governor in Council, and that as you have declined on the part of the International Contract Company, to comply with that part of the contract between the Government and the Company, which requires that the location of the Railway should be approved by the Lieutenant-Governor in Council, upon the recommendation of the Chief Engineer, and as the agreement to commence the work "bona fide" at a period not later than the month of June, 1866, has not been fulfilled, the Government consider that the contract is at an end.

[Signed],

CHARLES TUPPER.

*Nova Scotia and New Brunswick Railway,  
Halifax, July 19th, 1866.*

*To the Hon. Charles Tupper,*

*Provincial Secretary.*

SIR,—

I have only to-day received your letter of the 14th inst. I learn from Mr. Thompson, that though he was promised by you that when the answer of mine of the 27th was ready, it should be handed to him, he has never received any further communication from you.

I can only express my regret that the Government repudiate the contract entered into with the International Contract Company.

The Company consider the route settled by contract, and approved by the Government, and accordingly the Company have been working on the line during the last five weeks, at a large outlay of money. I cannot, therefore, with my present instructions, wholly suspend my operations, but will report the facts for the information of the International Contract Company.

Should there be any delay in the fulfilment of the contract in consequence of the action taken by the Government, the responsibility will not rest with the International Contract Company.

I am your obed't servant,

[Signed],

ALEX. REATTIE,

Agent for I. C. Co.

*Nova Scotia and New Brunswick Railway,  
Windsor, June 26th, 1867.*

*Avard Longley, Esq.,  
Chief Commissioner of Railways,  
Province of Nova Scotia.*

Sir,—

I have the honor to inform you that the contracts for the construction of the Railway from Truro to Moncton, made by the Governments of Nova Scotia and New Brunswick, respectively, with the International Contract Company of London, have been purchased of the official liquidators of that Company, by Messrs. Edwin Clark, and William H. Punchard, of 24, Great George Street, Westminster, G. B., and that they (in conjunction with a party of capitalists,) have determined to immediately proceed with the work, and carry it on with the utmost vigor, and complete the same within the time mentioned in the contract. I have received instructions (under a power of attorney) to make a final location of the whole Nova Scotia portion of the Line, and as this will necessarily occupy a considerable time to complete, I am to commence the work on those portions of the Line that were generally approved and adopted.

Being instructed that a question arose between the Government and the former contractors, as to the most desirable position of the Line in the Cobequid Mountains, I had the honor to confer with the Honorable Provincial Secretary on the subject, and was favored with the perusal of a detailed report made by Mr. Sandford Fleming, C.E., to the Government under date of the 1st May, 1866, and of an inspection of the plan which accompanied it.

I learn therefrom that of the numerous trial lines surveyed, (which, however, only varied in the centre point, the extremities being common to all), Mr. Fleming selects two routes, one of which passes through Folly Lake, and the other through Sutherland Lake, both situated in the Cobequid range, the former being in a more easterly position over the half of its length. The advantages of the Folly Lake route, are expressed in the lighter character of the work and the avoiding a long and sharp incline. The disadvantages are its rather greater length, and a larger total proportion of heavy grade, and its being so far off the Acadian Iron Mines, that they can derive no benefit from it.

The two last of the disadvantages are avoided, at the cost however of increasing both the length and the work in a third line taken by

Maddison's Brook, and Otter Lake, this would pass through the Iron Mines in the most convenient position.

On the tracing which accompanies this letter, (made from Mr. Fleming's plan) I have shewn these three Lines, and beg to state that on behalf of my principals, I am prepared to construct either Line that may after more mature consideration be preferred by the Government. And if you express a preference for either route, I will immediately complete the survey thereon and lay before you all the information I can obtain, in order that a just conclusion may be arrived at.

I have at the present time to request your most serious consideration to the great benefits that would arise, both in regard to the progress of the work and the interest of my Principals if an official sanction were given to those portions of the route from the New Brunswick boundary to the Forks, and from Truro to the Ingouish River, (which have never been in any degree questioned,) as I would then secure and utilize the labor that is now being discharged from the Pictou Line, and finish these portions of the work before the approaching Winter. In view of the great amount of work that has to be done during the three remaining seasons the contract allows, and the great scarcity of labor arising from the re-opening of extensive Railways and Public Works, in New Brunswick, Canada, and the United States, which scarcity will be greatly intensified by the commencement of the Intercolonial Railway beyond the boundary, I cannot too earnestly impress upon you the advisability of the immediate approval of the course I venture most respectfully to urge upon you.

I have the honor to be,

Your most obed't servant, &c.,

(Signed),

C. H. GRANT.

*Provincial Secretary's Office, Halifax, June 29th, 1867.*

SIR,—

I have the honor to inform you, in reply to your letter of the 29th, in reference to the Truro and Moncton Railway, that the Government cannot entertain your proposal.

I have the honor to be, Sir,

Your obedient servant,

(Signed),

CHARLES TUPPER.

[This letter was only received on the 4th of July.]

*July 2nd 1867.*

SIR,—Not having received any reply to my letter of the 26th, on the subject of the Moncton and Truro Railway, and presuming that the delay is caused by the transfer of Railway matters to the General Government of the Dominion of Canada, I have most respectfully to request that you will take the necessary proceedings to ensure my having a definite answer as soon as possible. I am the more anxious for this from having secured the services of Engineers and Contractors, who are ready to actively commence the work.

I am, Sir, your obedient Servant,

Hon. the PROVINCIAL SECRETARY, }  
Province of Nova Scotia.

(Signed) C. H. GRANT.

Amherst, July 22nd, 1867.

SIR,—

As the duly authorized Agent and Attorney of Messrs. Edwin Clark and William H. Punchard, of 24, Great George Street, Westminster, G. B., on behalf of the International Contract Company, (limited) I beg to submit for the consideration of His Excellency the Lieutenant Governor, and Her Majesty's Executive Council, the following statement of facts in relation to the Contract made by the Company with the Nova Scotia Government, for the construction of a line of railway from Truro to the New Brunswick border, in connection with a line contracted for by the Company with the New Brunswick Government, extending to the Moncton and Shediac line of railway. To this contract, made in August, 1865, and executed by two members of the Provincial Government, on behalf of the Chief Commissioner of Railways, I beg to refer for further particulars.

Previously to the execution of this contract, Mr. Alex. Beattie, C. E., had made a survey of the line from Truro via the Acadia Mines, Sutherland's Lake, Spring Hill and Little Forks, to the New Brunswick border, which was communicated to the Government Engineer; and the contract provides that the line should be constructed "on the central route, which has been recommended by the Government Engineer and approved by the Governor in Council." No other line, it is believed, had previously been surveyed on this central route nor was any other line spoken of or contemplated until long after the making of the contract, and after the continued survey had been completed by Mr. Beattie as hereafter stated; and as it was provided by the contract that the surveying was to be done by the Company and not by the Government, they considered that this line had been approved, and was that on which the Railway was to be built. Under the provisions of the contract, the Company, in the autumn of the same year, 1865, caused the survey to be continued under Mr. Beattie's direction, and after extending throughout the winter, it was finally completed, and the line staked out early in the following spring. The line, thus surveyed, fulfilled all the requirements of the contract as to curves, gradients, &c. During the first week in June, 1866, Mr. H. G. Ketchum, C. E., on behalf of the Company, arrived in Halifax to commence the work, according to contract, on the north-western end, between Little Forks and the border, and personally reported his instructions to the then Provincial Secretary and the Chief Commissioner of Railways. In the following week he broke ground, and commenced the work on the line in both Provinces, and prosecuted it *bona fide* and continuously near Amherst up to the 19th July, 1866, when Mr. Beattie received the annexed answer of the 14th of July. Although Mr. Beattie's movements were thus paralyzed by the action of the Government, yet, in the absence of instructions from his Principals, he did not feel himself justified in wholly suspending the work, but continued on with a small force during the remainder of the season, and took delivery of and paid for a large quantity of sleepers which had been contracted for by the Company some months previously in anticipation of the work. Details of the work, and expenditure, can be submitted to the Government if required. Shortly previous to the correspondence above referred to, Mr. Beattie became aware that, under the directions of the Provincial Government—but for what reasons the company were not

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informed—Sandford Fleming, Esq., C. E., had made a survey and report upon another line, which followed the Beattie line from Truro to Ingonish River, and from Little Forks to the Border, but diverged at intermediate points to the extent of one to eight miles, and lengthened the line about two miles as compared with the Beattie line. In his report, Mr. Fleming, while recognizing the commercial and other advantages of the Beattie line, connecting, as it would, the coal and iron districts, expressed a slight preference to the one surveyed under his direction, via Folly Lake and Tillott's creek. The company is not aware whether this Report has been formally adopted by the Government, although Mr. Beattie strongly urged upon the Government in July, 1866, that those portions of the line at either end, which were common to both, should be sanctioned, so that the work might not be interrupted. On the New Brunswick side of the border, where no difficulty was made by the Government as to the route, the work was continued vigorously to the close of the season, was resumed this season, and will be completed by the close of next year—thus forming the first finished portion of the Intercolonial Railway. Meanwhile a large outlay of money has been incurred by the Company in this Province in making the survey, in grading and providing sleepers, and other materials. To evince the determination of my Principals to carry on the work to completion, pursuant to and within the time limited by the contract, I beg to refer you to a letter which, in the absence of a reply to Mr. Beattie's last communication, I addressed on the 26th June last to your predecessor, the Hon. C. Tupper. As the Government declined to accede to this proposal, I must now invite the serious attention of the existing Government to the position of the Company, under the present changed aspect of affairs.

We are prepared at once to carry on and fulfil the contract; but should the Government throw any further obstacles in the way of this, we consider that we have a legal, as well as equitable claim upon the Government for full compensation, not only for the outlay, but for the withdrawal of the contract. The Company's action throughout has been in good faith and was based upon the conviction that Mr. Beattie's Line, was that referred to in the contract as having received the recommendation of the Provincial Engineer, and the approval of the Government. They submit that their view of the matter, is strengthened by the fact that the length of the Line is limited by the contract, and if it be contended that the Government had the power of afterwards lengthening it, or deviating to so wide an extent as eight miles from the Line, where is the limit, and what protection had the contractors from an enormous expenditure, when they were expressly restricted as to grades and curves by the contract.

In conclusion, I humbly submit that my Principals are anxious not to throw any obstacles in the way of completion of the Line, and desire cordially to co-operate with the Government to this end. Should it therefore be considered undesirable to carry out the contract in its present form, I shall be happy to negotiate a new contract upon any terms the Government may desire, and upon satisfactory terms being arranged, to abandon any claims we may have under the present contract. Requesting your immediate consideration of this matter,

I have the honor to be, Sir,

To THE HON. P. C. HILL, { Your most obed't servant,  
Provincial Secretary, Halifax. { [Signed], C. H. GRANT.

*Nova Scotia and New Brunswick Railway,**Engineer's Office, Dorchester, N. B., July 22nd, 1867.*

The Hon. A. G. ARCHIBALD,

Secretary of State for the Dominion of Canada.

SIR,—I have the honor to enclose you herewith a copy of a letter this day addressed to the Provincial Secretary of Nova Scotia, on the subject of the Railway from Truro to the boundary at Amherst, the contracts for which were undertaken by my Principals.

As the recent changes in the Government may bring the matter officially before you, I venture to trouble you with it at this early stage, and to request that you will, as far as in your Province, expedite its settlement.

I have the honor to be, Sir,

Your obdt. Servant,

(Signed)

C. H. GRANT.

*Provincial Secretary's Office,**Halifax, July 29th, 1867.*

SIR,—I have the honor to acknowledge the receipt of your communication of the 22nd instant, and, in reply, beg to say that there is not a quorum of the Executive Council at present in town; but that at their first meeting your letter will be laid before them, and receive full consideration. I am, Sir, your obed. Servant

(Signed)

P. CARTERET HILL, *Prov. Sec'y.*

CHARLES H. GRANT, Esq.

No further reply has been received from the Nova Scotia Government, although their attention to the matter has been subsequently requested.

The Government do not correct or further explain the letter from the Honorable Provincial Secretary, dated the 14th July, (seventeen days after they received Mr. Beattie's first communication of the 27th June!) which evidently shows that a totally incorrect view was taken of Mr. Beattie's letter, since that gentleman (whatever his opinions may have been as to the requirements of the contract) so far from refusing to submit his plans, actually sent them in with his letter, and, therefore, in sufficient time to have them approved by the Governor in Council, and in operation within the month. Did the Government assume this to be either necessary or desirable?

No exception has ever been taken to the prescribed route, nor has any other route been recommended or suggested.

The Railway Commissioner and the chief members of Government had frequent notices, and were well aware that the work was being prosecuted during the greater part of June on the route adopted by Mr. Fleming, (then Chief Engineer to the Government) in both his published reports. Mr. Beattie's protest affords but slight grounds for complaint, as it would be an extraordinary assumption that the powers of an agent extended to altering, on his own authority, the *basis* of a contract he was commissioned to fulfil.

In conclusion, it is submitted that on a fair view of the matter it is not probable that a purely Commercial Company would undertake to provide the whole of the capital for, and construct a long and difficult line of Railway, which the Government had the power to lengthen at will, or to make the work indefinitely costly, or so to divert as to eliminate all the local traffic on which, by its nature, it ought principally to depend for producing any remunerative return, or, indeed, to enable it to be kept open in the winter. Further, the character of the Line, as shewn by the plans submitted to the Government by the Company was, in every particular, greatly superior to that formally prescribed by the contract; was much shorter than any other line mentioned in the Report of Mr. Fleming, and in the details of construction was far more economical.

[The Papers and Correspondence above given comprise the whole of those in any way connected with the contract, and are printed at full length from the original documents.]

