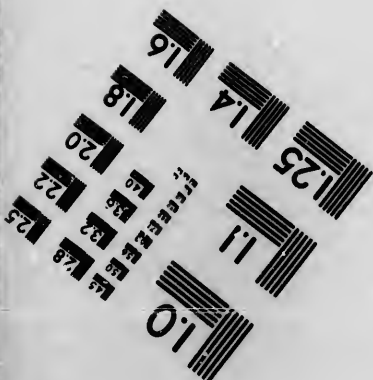
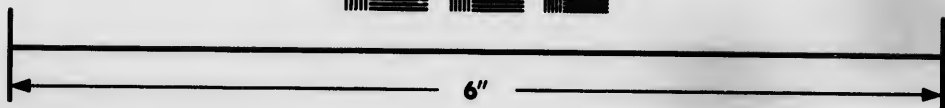
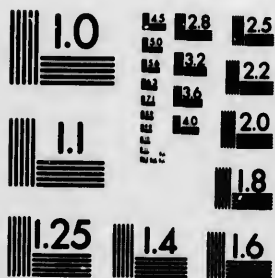


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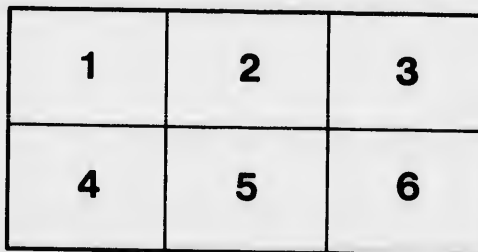
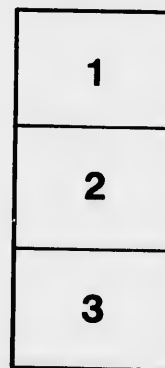
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1 (Quebec (Prov.)) Ministère de l'Agriculture et
2 (des travaux publics

QUEBEC, MONTREAL, OTTAWA AND OCCIDENTAL
RAILWAY.

GENERAL CLAUSES

OF THE

TENDERS CALLED

FOR THE

LEASING AND WORKING OF THE RAILWAY...

AND

Copies of tenders received in Convention therewith

6 (Doc.
(No. 39.)



Printed by order of the Legislative Assembly

5 | 1879.

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To

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ANSWER

To AN ADDRESS of the Legislative Assembly of the Province of Quebec, dated the twenty-seventh June last, to His Honor the Lieutenant-Governor, asking for :—

Copies of the tenders called for and received in connection with the leasing of the Quebec, Montreal, Ottawa and Occidental Railway.

By order,

ALEXANDRE CHAUVEAU

Secretary.

Secretary's Office, }
Quebec, 16th July 1879. }

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QUEBEC, MONTREAL, OTTAWA & OCCIDENTAL
RAILWAY.

GENERAL CONDITIONS

FOR LEASING AND WORKING.

The Quebec Government contemplates leasing the Railways now under construction, and which are commonly known as :

“ THE NORTH SHORE RAILWAY, ” Quebec to Montreal, having a length (including Piles Branch, 26 miles and 4339 feet,) of..... 188 Miles, 1865 feet.

AND

“ THE MONTREAL NORTHERN COLONIZATION RAILWAY, ” (with St. Jérôme Branch, 13 miles and 1160 feet,) of..... 138 “ 1638 “

And it is in contemplation to extend the latter Division from Aylmer to Portage-du-Fort, of about..... 50 “ “

And to connect the same with the subsidized portion of the Canada Central Railway and the Georgian Bay Branch of the Canada Pacific, when these Roads are constructed. The aggregate length of all the lines will then be of about..... 376 “ 3503 “

The two sections,—with their dividing point at Montreal,—will be leased, either separately or all in one, as, when proposals shall have been received, may to the Government appear most desirable.

The lease will exact the efficient maintenance and continuous working of the Railway, with a complete Passenger and Freight service, of at least one train of each denomination, each way, daily, over the entire length; passenger cars to be of the most recent and improved construction.

The term for which the lease will be made, will be 10 years, with the right, reserved to the Government, of resuming possession of the Road after the expiration of the first five years, on the conditions hereinafter mentioned.

Tenders are to be based on the following forms of rental or consideration :

1st. A fixed sum *per annum* for each Section, or for the whole line, as the case may be ;

2nd. A percentage of the gross earnings, ascertained half-yearly from an examination of the Lessees' books and traffic accounts ;

3rd. A fixed sum per annum, and, in addition thereto, a certain percentage of gross earnings.

In whichever of the above forms the Government may elect to have the rent made payable, it is to be payable half-yearly; and, if the whole, or any part, shall be in the form of a fixed sum, then such fixed sum to be payable in two equal semi-annual instalments.

In case the Government should decide to continue the leasing system beyond the first ten-years term, then the parties in possession shall have the option of a second similar term, upon agreeing to pay such increased rent as the traffic accounts may show, in the opinion of the Government of said Province, to be just and reasonable.

The lines will be delivered to the Lessee, *complete*, in accordance with the conditions of the contracts under which they are now being constructed, except that :

The Government will not supply any engines or cars, or ought else pertaining to rolling stock ; and all such kind of property, belonging to the Government, as may be upon the several lines, when lease comes to be made, must be taken by the Lessee at a valuation, mutually to be agreed upon, before execution of the lease.

Particulars of construction-contracts, can be had by persons about making offers, at the Offices of the Railway Commissioners, in Quebec and Montreal, where also maps and profiles of the lines may be seen.

If, on the expiration of the ten-years term, it should be decided not again to lease the Railway, or, if the Government should elect to resume possession before that time, then the rolling stock belonging to the Lessee, as well as all authorized additions or improvements made to the several lines by and at the cost of the Lessee, will be assumed and paid for by the Government at a valuation. The mode of arriving at such valuation, to be more particularly provided for in the lease.

Should the Government elect to resume possession of the Railway during the currency of the second half of its term, six months notice of such determination will be given to the Lessee, and compensation for the unexpired portion of the term, will be allowed in proportion to the length of time the lease, if undisturbed, would still have to run: the *maximum* compensation for the full five years, being fixed at an amount not to exceed that of the last previous half year's rental.

The Railway, while under lease, will be subject to rigid inspection, from time to time, by an Engineer appointed by the Government, and the Lessee will be required to maintain the lines, in all their parts and appurtenances, in thoroughly good order; finding all necessary materials for such purpose. Failure in this condition, will involve forfeiture of contract.

Any improvements, such as additional stations, sidings, buildings, &c., that the Lessees may desire to make, must first be submitted for the approval and sanction of the Government.

In the event of the Railway being leased in two Sections and to separate parties, it must be understood that the part between Montreal (City) and the junction with the direct line, between Quebec and Aylmer, will have to be used and worked in common.

The Tariff of rates to be charged by Lessees, will be subject to provisions of the Quebec Act, 32 Victoria, Chap. 51, section 12, and which section will be incorporated in full in the Lease.

Whatever basis of rental may finally be fixed upon, the Government will reserve the right of examination of the traffic accounts, and will require the Lessee to render monthly statements of gross receipts, distinguishing passenger from freight earnings.

Possession will be given as follows :

Of the Quebec and Montreal Section (including Piles Branch,) on or about the 1st of December 1878, and—

Of the Montreal and Aylmer Section (including St. Jérôme Branch,) on or about the 1st July 1878.

In case the two Sections between Quebec and Montreal, and between Montreal and Aylmer, (together with their Branches,) respectively, should not be entirely completed at the dates above mentioned, the Lessee will be bound to suffer and permit the Contractors or the Commissioners to complete the whole of the work under certain conditions to be agreed upon between the contracting parties when the lease shall be signed.

Persons offering for the last named Section only, or for the entire line, are requested to state what additional consideration they will be willing to pay for the extension to Portage-du-Fort, when completed and connected with the Canada Central Railway.

Satisfactory security will be required for the due performance of the conditions of the lease ; and each proposal must be accompanied by an accepted cheque for \$1000 as a guarantee that the proposal is made in good faith. The cheque will be returned when any offers have been accepted, or when the whole may have been rejected, except the cheque of the person or company whose tender has been accepted ; which amount will be carried to the credit of the first instalment, at the time of the execution of the lease ; but, if any person tendering defers to execute a lease conformable to these conditions, then and in such case, said deposit will be confiscated to the Government.

J. A. CHAPLEAU,
Secretary of the Province.

Quebec, 20th December, 1877.

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RETURN

To AN ADDRESS of the Legislative Assembly, dated the twenty seventh of June last (1879) to His Honor the Lieutenant-Governor, praying for copies of the tenders asked for and received for the leasing of the Quebec, Montreal, Ottawa and Occidental Railway.

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[*Translation.*]

Montreal, 31st January 1878.

To the Commissioners of the Quebec,

Montreal, Ottawa and Occidental Railway.

Quebec.

Gentlemen,

I have the honor to enclose a tender for the lease of the Quebec, Montreal, Ottawa and Occidental Railway, which I have signed as the attorney of a certain number of capitalists whose names shall be submitted to the Government, and never the latter, after having taken the said tender into consideration, shall express a wish to know them.

The parties whom I represent request me to inform the Government that they intend to cause themselves to be constituted into an incorporated company the members whereof shall be subject to the approval of the Government, in case the said company should obtain the lease of the said road.

I make, in their name, the required deposit of one thousand dollars and I am in a position to affirm that the necessary securities will be given.

I have the honor to be,

Gentlemen,

Your obedient servant,

(Signed,) E. LEF. DE BELLEFEUILLE.

[*Translation.*]

**DRAFT OF TENDER FOR THE QUEBEC, MONTREAL, OTTAWA
AND OCCIDENTAL RAILWAY.**

The undersigned for and behalf of the parties by him represented, as set forth in his letter, desires to tender for the said road, as shown in the general clauses of the contract of lease, published by the Government, and on the following terms.

I. The lessees will lease, both divisions of said railway, or the western division only, according as the Government may deem it advisable.

II. The lessees bind themselves to keep the road in good order and to work it without interruption, with the stock necessary for the regular service of passengers and goods, which service shall not be less than one passenger train and one freight train per working day, from each end of the line.

III. The contract shall extend over a period of ten years.

IV. The lessees tender the following prices in consideration of such lease.

1o. They offer as annual fixed rent, the sum of three hundred and fifty dollars per mile, per annum, for the western division and two hundred and fifty dollars for the eastern division of the said Railway, or

2o. They offer to pay to the Government, twenty per cent of the gross receipts of the road, as ascertained at the end of each year, by an examination which the Government shall have the right to make of the books and statements of account of the traffic, or

3o. They offer twenty per cent of the gross receipts of the said railway and guarantee that such percentage will reach the prices per mile mentioned in No. 1.

V. These sums shall be paid semi-annually and in case of a fixed price being chosen in whole or in part, then such fixed price shall be payable in two equal half yearly instalments, the first whereof shall be paid six months after the lessees shall have taken possession of the whole road or of the western section only, according as they may be lessees of the whole or of that division only.

VI. In case the Government should decide to extend the lease for a longer period than the ten years, it shall then be lawful for the said lessees to work it during a second term of equal duration, on condition of binding themselves to the payment of such rent as the Government may deem equitable, according to the statements of traffic.

VII. The line of railway shall be handed over in a thoroughly completed state to the lessees, this also applying to rolling stock, according to the conditions of the contracts under which the roads are now being built.

VIII. The above prices are those offered by the tenderers for the road complete, with a bridge between Hull and Ottawa; but, if the Government desires the tenderers to supply their own rolling stock, they will do so on the following conditions:

IX. The company which they will form shall be authorized by the Legislature of Quebec to issue privilege debentures, payable in thirty years from date, hypothecated on the rolling stock for its cost price and bearing five per cent interest, and two per cent for a sinking fund. The Government shall guarantee the payment of said bonds, keeping as security the rolling stock acquired by means of said debentures, as well as the sinking fund.

X. If the lease is not continued after the ten years and the Government takes possession of the rolling stock, it shall relieve the lessees from all liability for the debentures; each party making a reasonable allowance for the sinking fund, the wear and tear of the rolling stock &c., on the terms hereinafter to be established, but the sinking fund then in the hands of the Government shall be ceded to it as an indemnity for the use of or damages done to the said rolling stock.

XI. The lessees shall have the right to deduct from the rent, the interest on its debentures.

XII. The purchases of rolling stock shall be previously submitted to and approved by the Government Engineer.

XIII. The lessees shall be authorized to construct a bridge at Ottawa, as well as all the necessary approaches to it, and the cost of so doing shall be defrayed by means of debentures guaranteed in the

manner above mentioned respecting the purchase of rolling stock, bearing the same rate of interest; which interest shall likewise be retained out of the rent; and the revenues received from any other company for the use of said bridge, shall be included in the gross receipts of the road.

XIV. If at the expiration of the ten years, it should be resolved, to not renew the lease, then all the additions or improvements, authorized by the Government and carried out at the expense of the lessees, shall be accepted and paid for by the Government on valuation; which valuation shall be established by arbitration.

XV. As long as the road is under lease, it shall be subject to inspection by an engineer appointed by the Government, who shall compel the lessees to keep the lines of railway throughout their entire extent and the dependencies thereunto belonging in good order and condition, while allowing for the ordinary wear and tear caused by the working of the road, the Government having to see that nothing be wanting in fact of materials and other working necessaries for the accomplishment of said object; and all disputes thereon to be settled by arbitration.

XVI. The non-fulfillment of this condition will entail the rescinding of the lease.

XVII. All improvements such as extra station, double tracks or switches, buildings, &c., which the lessees may desire to make, shall be previously submitted for the approval and sanction of the Government.

XVIII. In case the western section only be leased to the said tenderers, it shall be understood that the portion extending from Montreal to the junction with the direct line between Quebec and Aylmer shall form part of the western section and the lessees of the western section shall be bound to make proper arrangements to bring the cars of the eastern section to and from Montreal, and also to and from the junction, on the ordinary terms and conditions between Railway Companies.

XIX. If the lessees of both divisions cannot agree on such conditions, they shall be settled by arbitration.

XX. The tariff of rates which the lessees shall have the right to charge shall be subject to the provisions of the Quebec Railway act

32 Vict. chap. 51, section 12 ; which section shall be held to form part of the deed of lease.

XXI. But this tender is to be considered as based on the tariff of three cents per mile for first class passengers; two cents per mile for second class passengers; and of three cents per ton per mile for freight : other prices being in proportion.

XXII. And if any alteration be made in the tariff, by reducing it below the above figures, a proportionate reduction shall be made in the rent paid by the lessees ; such reduction to be fixed by arbitration, if the Government and lessees cannot agree.

XXIII. Whatever may be the figure at which the amount of rent shall intimately be placed, the Government shall have the right to examine the statements of account of the traffic and to demand from the lessees annual statements of the gross receipts ; the statements to distinguish the receipts arising from passenger traffic from those due to carriage of freight ; such examination, and production of statements of account above mentioned shall take place one month previous to the date of one of the semi-annual payments of the rent.

XXIV. The lessees shall take possession of the railway in the following manner to wit ; of the Eastern division including the Piles branch, on or about the first December, one thousand eight hundred and seventy eight.

XXV. Of the Western Division, including the St. Jérôme Branch, on or about the first of July, one thousand eight hundred and seventy eight.

XXVI. In case the said sections between Montreal & Quebec and Montreal & Aylmer, with their respective branches, should not be entirely completed at the dates above mentioned, the lessees shall allow the contractors or the Government to complete the works under certain conditions which shall be determined in the lease.

XXVII. When the extension of the line to Portage du Fort shall be built and connected with the Canada Central Railway, the lessees shall pay to the Government, over and above the prices above mentioned :

1o. An annual rent of \$150.00 per mile per annum, or

2o. Twenty per cent of the gross receipts of that part of that road, or

3o. They offer twenty per cent of the gross receipt of that portion of the road, guaranteeing that such percentage shall amount to the sum of \$150.00 per annum.

XXVIII. The lessees offer as security for the execution of the provisions of the lease.

1o. The sinking fund of two per cent per annum on the debentures above mentioned.

2o. The tenderers intend to constitute themselves into a company, with a subscribed capital of one hundred thousand dollars, (\$100,000,) on which a ten per cent call shall be made and paid before the lessees enter into possession of the railroad; the balance of the said subscribed capital, to be transferred to the Government as security for the strict execution of the term of the present lease; with the understanding, however, that such unpaid portion of the capital may be called for and applied to the working of the railway, or to the payment of damages to which the company might be subject, if the case should arise

3o. The names of the subscribers to the capital stock of the said company shall be approved by the Government, before the shares subscribed shall be distributed and credited to the shareholders of the said company.

Montreal, 31st January 1878.

(Signed,)

E. LEF. DE BELLEFEUILLE.

Attorney.

MONTREAL TELEGRAPH COMPANY.

Quebec, 1st February 1878.

By Telegraph from Montreal

To HON. H. G. MALHIOT,

I am authorized to make the following alterations in tender: the minimum guaranteed for the two sections East and West, will be one hundred thousand dollars. If West section only is rented, a proportion of that sum, in proportion to the scale of the prices tendered in offer number one, will be guaranteed; also two and a half per cent of sinking fund on rolling stock, will be given instead of two.

[Signed],

E. L. de BELLEFEUILLE.

[Translation.]

Montreal, 25th February 1878.

HON. C. B. DE BOUCHERVILLE,

Quebec.

Dear Sir,

I beg to notify you that I am authorized to declare that the persons in whose name I tendered for the lease of the Quebec, Montreal, Ottawa and Occidental Railway, are the same as those who are now seeking to be incorporated under the name of the "Northern Transit Co." by a bill which was passed by the Legislative Assembly of Quebec, except that we hope to be able to add these names that of L. H. Massue of Varennes.

I also beg to say that an addition was made by telegram to the said tender; that by the said telegram a minimum rental of one hundred thousand dollars is mentioned, and that the said telegram is to be considered as forming part of the tender.

I have the honor to be,

(Signed,)

E. LEF. de BELLEFEUILLE,

(Translation)

RAILWAY COMMITTEE OF THE EXECUTIVE COUNCIL.

Quebec, 2nd March 1878.

Sir,

The Honorable chairman of the Railway Committee of the Executive Council has instructed me to inform you that the name of L. H. Massue is to be added to the list of members of the company organized to lease the Quebec, Montreal, Ottawa & Occidental Railway under the name of the "Northern Transit Company" and whose provisional secretary is Mr. de Bellefeuille.

I have the honor to be,

Sir,

Your most humble servant,

(Signed,) ERNEST GAGNON,

Sec. Dep. Ag. and P. W.

E. MOREAU, ESQ.,

Secretary of the

Q. M. O. & O. Railway Commissioners.

Montreal, 31st January, 1878.

To the Quebec Railway Commission,

Quebec.

Honorable Sir,

In making you the following proposition for the lease of the Q. M. O. & O. Ry. and the branches and extension, we feel it is due to you and also to ourselves to explain the reason why we deviate from the "Forms of Tender" furnished; in the first place we could form no correct data as to what the gross earnings of the Road would be; then the requirements of your form of Tender, are that the Lessee shall buy all the rolling stock on the Line and furnish all the additional stock, that the increasing traffic of the road might require, and pay the Government percentage out of the gross earnings.

To do this would necessitate very large disbursements indeed, besides the continued examination of books, papers &c. by a Government officer : all which we are of opinion would be more than men of large means would care to do for the public benefit.

After mature consideration, we offer to form a Company not to exceed fifteen members, including the undersigned, some of whom would take places on the line as responsible officials; in fact would fill the most important positions, and would feel an interest in the economical and effective working of the Road.

Out of the members of the Company an executive committee or Syndicate would be selected, composed of five, whose duty would be to travel along the whole line, at east twice every month, stop at each station over one train or longer, if necessary, examine books, station houses, cars &c., and make a full report monthly of the general condition of the road, as to increase or decrease of traffic, Rolling stock Management &c., and at the end of every six months, a full report, as above mentioned, would be presented to the Government, who would, at such times, have the privilege of making an examination of books, papers &c., as to the general working of the Road.

The Syndicate or Company would lease the 371 miles of Road for the term of ten (10) years guaranteeing an average of four per cent per annum on the estimated cost, provided however, that the full amount of Rolling Stock as per schedule attached to contract of Messrs. MacDonald & McGreevy, shall be furnish by them, also that when the Road is handed over to us, an inventory shall be made of all the Rolling Stock, on the road, and valued by competent men, which inventory and valuation shall be embodied in the Lease.

In the event of any deficiency in the amount of stock to have been furnished by the Contractors, Messrs. McDonald and McGreevy, we will make up the deficiency ourselves, taking credit, of course, for such outlay, in our settlements with the Government, and we further agree to keep the Road fully stocked in accordance with the demand of the increasing traffic, along the line, and, at the termination of the lease, to return the whole Rolling Stock, that we will have received from the Government in as good a condition as we have received it : allowance made for the usual and natural wear and tear, and, for what additional plant we shall furnish during the term of the lease, the Government will

have a right to buy it from us, at a price fixed by arbitrators appointed in the usual manner; The Government shall pay us according to a valuation made as above.

We will put in any extra sidings that may be found necessary on the following terms.

Excavation or embankment per Cub. yd.	25 cts.
Tracklaying per lineal yd.....	15
Ballasting per Cub. yd.....	25
Steel Rails, per Ton.....	\$ 45.00
Each frog complete.....	\$100.00

And we will do any other ballasting required to complete the Road at 21 cts. per yard, and any extra buildings that may be required, we will build them at the estimate of the Chief Engineer.

We would also build the extension from Aylmer to Quio to Portage du Fort for the sum of twenty four thousand dollars per mile, which would include purchase of right of way, sufficient Rolling Stock, Stations, &c., in fact, fully equipped and equal to any portion of the Road now complete, and to the satisfaction of the Chief Engineer in charge. As payment for this extension, we would accept the Province of Quebec Debentures payable in twenty four (24) years from date of issue, bearing interest at 5 per cent per annum.

As to the particular terms of payments we offer to pay the Government an average interest of four per cent per annum on the cost of the Road and equipment, after deducting bonuses payable as follows.

For the first year, two per cent ;

For the second, third and fourth years, three per cent.

For the fourth year, four per cent.

And for the five following years, five per cent, being an average of four per cent for ten years on the estimated cost as above hinted. The dates of the above payments, would be quarterly in advance for the extent of Road delivered to us.

We have every confidence in our scheme, and think it is the only way in which the Road will be made to pay, and the country reap a revenue from it.

By this arrangement you get the benefit of our experience, mental and physical powers and at the expiration of the Lease, your Road and Stock back again in good conditions.

We submit with confidence the above project for your favorable consideration, and respectfully add that, should you wish any further explanations, we shall be most happy to give them ; and should you wish to substitute any other terms not inconsistent with the main points of this proposal, we will endeavor to meet your views.

(Signed,)	A. P. MACDONALD,
"	CHS. B. FALARDEAU,
"	G. SANDERSON,
"	W. H. STEVENSON,
"	C. S. SMITH.

Montreal, 31st January 1878.

HON. J. A. CHAPLEAU,
Provincial Secretary,
Quebec.

Sir,

We the undersigned, hereby offer to lease the Provincial Railways from the Government, according to your advertisement of the 20th December last, as follows :

- " The North Shore Railway " Quebec to Montreal, including the Piles Branch, " about..... 188 Miles
 - " The Montreal Northern Colonization Railway " including the St. Jérôme Branch..... 138 "
 - " Aylmer to Portage du Fort when constructed "..... 50 "
- Or a total of..... 376 "

We would therefore propose to take from the Provincial Govern-

ment all the Rolling Stock they have on hand at present, at a value to be estimated for by competent parties, to be appointed mutually by Government and ourselves.

That we will pay to the Government twenty (20) per cent on the gross earnings of the Railway. Enclosed you will find accepted check No. 836 of this date payable to your order.

Your obedient servants,

(Signed,) F. B. McNAMEE & Co.,
Contractors.

Quebec, 1st February 1878.

To the Quebec Railway Commissioners,

Quebec.

Gentlemen,

Pursuant to an advertisement in the public journals, signed by the Hon. J. A. Chapleau, secretary of the Province of Quebec, and in accordance with general conditions for leasing and working of the Quebec, Montreal, Ottawa and Occidental Railway inviting tenders for the leasing of the Road, I beg to propose for the leasing and working, for a term of ten years, with right reserved to the Government of resuming possession of the Road, of the Railway now approaching completion between Quebec and Montreal, and between Montreal and Aylmer, with their branches, also of the extension of the last named division to "Portage du Fort", when completed and connected with the Canada Central Railway, which advertisement and general conditions bear date at Quebec, the 20th Feb. 1877.

I propose to pay twenty per cent upon the total receipts from all sections of the Railway and all sources of revenue accruing therefrom.

The Rolling Stock now on the several lines to be valued and the amount so determined to be kept or held as a suspense fund against any improvements: such as additional stations, buildings, mill or mining branches or any expenditure, traffic may suggest and made by the contractor.

The Government to provide all permanent works such as tanks, water stations, pumps, turn-tables, weighing machines and track scales, engine houses, coal and wood sheds, sidings and every thing necessary to the storing and protection of the Rolling Stock.

The Government to advance one half of the cost of all additional rolling stock materials, tools in the repairing shops, stores and capital expenditure at five per cent, in addition to the hire or rent of the said road, which contractor binds himself to pay. The contractor to be permitted to assign his contract or transfer his lease to an incorporated company having a capital of not less than five hundred thousand dollars.

I am prepared to give satisfactory security for the due performance of the conditions of the lease, and I deposit, with this my proposal, an accepted cheque for one thousand dollars as a guarantee that my proposal is made in good faith.

(Signed),

VERNON SMITH C. E.

Address

Halifax N. S.

care of M. A. HEARN, Esq.

Advocate,

Quebec.

Montreal, 31st. January 1878.

Tender for that part of the Quebec, Montreal, Ottawa and Occidental Railway, lying between the city of Montreal and the town of Hull, with branch to St. Jérôme : in all 138 miles 11638 ft. and for the contemplated addition of the said Railway, from Aylmer to "Portage du Fort," of about fifty miles, to connect the same with the Canada Central Railway.

The undersigned, for himself and associates, hereby tenders for the lease of the Railway above specified and in terms of the general conditions for leasing and working issued by the Government of the Province of Quebec ;

1st. He will supply the necessary Rolling Stock for the efficient working of the Road, taking that portion of the Rolling Stock now upon the Railway which the Government may desire to dispose of, at a va-

luation which shall be fixed, in case of disagreement, by arbitration in the usual way ;

2nd. He will efficiently maintain the Railway and operate upon it an efficient service of passenger and freight trains ;

3rd. The arrangement to be for a period of ten years, with the right to the Government of resuming possession of the Road, after the expiration of the first five years, on the conditions mentioned in the notice asking for tenders :

4th. In the event of the Quebec, Montreal, Ottawa and Occidental Railway using that portion of the line, now tendered for between the junction with the Ottawa Line and Montreal (city), the parties leasing the said Quebec section shall pay reasonable tolls for the privilege of running over the said Railway, and shall work their trains under such reasonable regulations as may be adopted by the undersigned and his associates, for the management of the traffic of the said Railway and failing agreement in regard to such regulation or for the tolls to be paid upon the traffic, the same to be settled by arbitration.

5th. The undersigned and his associates will pay to the Government of Quebec twenty per cent of the receipts taken upon the said Railway and they will bind themselves to fully and legitimately develop its business.

6o. It is understood that the clause in the printed conditions as to assumption of additions or improvements, done at the cost of lessee, by the Government, will apply—should he decline to renew contract at the end of 10 years as well as in the event of the Government declining.

7th. An accepted cheque for one thousand dollars in terms of the "General Conditions" already referred to, is enclosed.

(Signed), J. L. MILLAR,
for self and others

Quebec, 7th Nov. 1877.

Sir,

Referring to my previous letters upon the subject of leasing the Provincial Railways, and their Branches, for a period of twenty five years, and to your verbal request that I should make an offer to lease the 330 miles, or thereabouts which lie between Quebec, Montreal and Aylmer, including the branches, based upon a percentage of earnings, in addition to a given sum per annum of the Gross Earnings without the payment of any such specific sum, I have now the honor to submit the following :

First, I will give \$170 000 per annum and 40, 0/100 of the residue, after the said sum of \$170,000 shall have been deducted from the net earnings, or,

Second, I will give the said sum of \$170,000 per annum and 2,0/100 of the Gross Earnings, or,

Third, I will give 18½ 0/100 of the Gross Earnings, without a fixed sum per annum.

Should either of the two first offers be accepted, it may be understood that, when the line between Aylmer and "Portage du Fort" shall have been completed and handed over, the stipulated bulk sum shall be increased to \$180,000 per annum.

In the event of the third proposition being accepted, it must be understood that, on the completion of the line to "Portage du Fort," the percentage to be paid for the whole line shall be 17½ 0/100 of the gross earnings, without any fixed sum. Should the Government lease to me that portion of the line, between Montreal and Aylmer, on its completion, and before the portion between Montreal and Quebec is ready to be operated, I shall be willing to pay them 20.0/100 of its Gross Earnings.

It must, of course, be understood that these offers are based upon

the assumption that the Road shall be fully completed and suitably equipped.

I have the honor to be,

Sir,

Your obedient servant,

(Signed),

P. MITCHELL,
for self and associates.

To the Honorable

C. B. DEBOUCHERVILLE,
Minister of Agriculture
and Public Works.

Miramichi N. B., 28th January 1878.

Gentlemen,

At the request of the Honble. C. B. DeBoucherville, I, on the 7th Nov. last, enclosed him, as minister of Agriculture and Public Works, a tender for the running of the Quebec, Montreal, Ottawa and Occidental Railway, a copy of which I now annex, as my tender under your advertisement of the 20th Dec. last, suiting the conditions thereof as to the 10 years period.

I observed paragraphs third and fourth, on the second page of your printed conditions, in relation to rolling stock, about which I am in doubt; I have construed them to mean that the portion of rolling stock you have on hand, when taken at valuation, is to be given in with the Road, although valued, for the purposes of return when the lease expire.

I have the honor, to be,

Your obt. Servant,

(Signed,)

P. MITCHELL,
for self and associates.

To the

Quebec Railway Commissioners,
Quebec.

Quebec, 1st February 1878.

To the Railway Com.

Gentlemen,

Enclosed you will find check for \$1,000 and my tender for Western Section of the Q. M. O. & O. Railway. I may state that a bridge at Ottawa is a necessity, as the cost of carting a car load of goods, to and from the trains, costs \$8 per car.

I remain Your's :

(Signed,)

DUNCAN McDONALD.

Quebec, 1st. February 1878.

Gentlemen,

I propose to lease the Western section of the Quebec, Montreal O. Railway including St. Jérôme Branch (say 137 miles.)

1st. At sixty thousand dollars per annum, cash or

2nd. Twenty five per cent of gross earnings

(Signed,)

DUNCAN McDONALD.

[*Translation,*]

Quebec, 31st January 1878.

To the Commissioners of the
Q. M. O. & O. Railway.

Gentlemen,

We have the honor to submit to you the following proposals in connection with the lease of the Q. M. O. & O. Government Railway from Quebec to Aylmer, with the Piles and St. Jérôme branches, forming a total length of 326 miles.

1o. The Government shall lease the above roads to the undersigned for a period of ten years, in consideration of the annual payment of the sum of (\$50,000) fifty thousand dollars besides 15 0/0 on the gross receipts of the road, the whole payable monthly.

20. The lessees shall undertake the maintenance in good order of the road, stations, fences &c.

30. The rolling stock shall be valued on the delivery thereof and at the expiration of the lease and if any deficit or surplus be found to exist in the value of Rolling Stock delivered, such difference shall be paid to the party thereunto entitled.

40. If it become necessary to make improvements on the road, over and above the ordinary maintenance, such improvements shall only be made with the approval of the Government and of its Engineer.

In the same manner if it become necessary to establish water communication between Montreal and Longueuil to connect with the Montreal, Portland and Boston Railway, between Berthier and Sorel, to connect with the South Eastern Railway between Quebec and Levis, to connect with the Grand Trunk and Levis and Kennebec Railways, such extraordinary expenditure shall be incurred by the lessees who shall be repaid for the same by the Government ;

50. The lessees shall undertake the working of the extension of road between Aylmer and Portage du Fort, as soon as it shall be completed, by giving the Government 15 0/0 on the gross receipts of the road ;

60. The lessees bind themselves to maintain the traffic on the road by running two passengers and two freight trains at least, every day, one starting, from Aylmer and the other from Quebec.

70. The Government shall appoint a treasurer and inspectors to keep a check on the accounts. The treasurer shall take over all the monies each day and shall dispose of the same in the following manner :

On the first of each month he shall pay the share belonging to the Government, to the Treasurer of the Province, he shall pay the working staff and for materials on the order of the lessees and shall hand them over the balance ;

80. Inspectors of all kinds shall, by right, have access every where and shall report to the Government on the faithful carrying out of the contract ;

90. The method of keeping accounts, in all its details, must be approved by the Government ;

10c. In case the Government should prefer to take its remuneration in proportion to the traffic, the undersigned, instead of the consideration mentioned in the 1st clause hereinabove, would give, in lieu of the price specified, a proportion of 20 o/o, twenty per cent on the gross receipts of the road.

Hoping that our proposals will receive your favorable consideration.

We have the honor to be,
Gentlemen,
Your obedient servants,

(Signed,) L. A. SENECAI & CO.
" ALEX. McDONNELL & CO.
" A. LABERGE, junior.

[*Translation.*]

Quebec, 15th February 1878.

To the

HON. C. B. DE BOUCHERVILLE,
Premier.

Sir,

We had the honor, on the 30th January last, to submit for the consideration of the Government, two propositions to lease the Q. M. O. & O. Railway and its branches.

We take the liberty to now submit to you a third proposition in connection with the two former.

In the report of the Railway Commissioners (page 10) it appears that there still remains to be performed certain works to the amount of \$689,280.80 to complete the western Section of the road.

In the event of the Government desiring to have these works completed without delay, we would be happy to undertake them and would bind ourselves to complete them with every possible diligence.

These works to be payable by monthly payments, upon the amount of which the Government would retain a proportion of 30 per

cent, which shall be estimated upon the rental of the road, provided always that this drawback does not exceed an amount of \$200,000.

We should be equally disposed to undertake the building of the extension between Aylmer and River Quio, for the sum of \$15,000 per mile.

For this consideration, we would give you a complete railway with all its accessories (Rolling Stock excepted) of the same class and equal in all respects to the main line, the whole subject to the approval of the Government Engineers.

The conditions of payment to be the same as for the works first mentioned.

We have the honor to be,

Mr. Premier,

Your obedient servants,

(Signed,)

L. A. SENECAI & CO.

ALEX. McDONNELL & CO.

A. LABERGE, FILS.

[*Translation.*]

Quebec, 28th February 1878.

TO THE HON. C. R. DE BOUCHERVILLE,

Mr. Premier,

I have the honor to submit for the consideration of the Government a question of the highest importance for the future and permanent success of the Quebec, Montreal, Ottawa and Occidental, with a proposition to avert the danger which threatens its commercial future.

The road, as it is actually built, starts from Quebec to terminate at Hull, without being connected with any of the network of Canadian Railways and without any means of communication with the American system.

The only possible traffic is consequently the local traffic between those two points.

When the road will be finished, to Portage du Fort, it will be connected with the Georgian Bay and Pacific road ; but it will always be on a footing of inferiority as compared with the other lines, for the Ottawa trade and ending at Ottawa.

It would therefore be important to connect it with the *Canada Central*, to place it in communication with the Canadian and American systems and benefit the trade of the Ottawa valley.

The Grand Trunk Company, understanding the importance of this outlet, is now making great efforts to have the terminus of the Coteau du Lac Railway at Ottawa.

By means of this new road, the Grand Trunk Company would have a shorter line between Montreal and Ottawa, than the Northern line ; it runs into the City of Ottawa, connects with the *Canada Central* and will deprive us of a great part of the traffic which we expect to secure.

The Coteau du Lac Railway Company have obtained from the Ontario Government a charter and a subsidy of \$4,000 per mile which they expect to get increased to \$5,000 and municipal subscriptions to the amount of \$160,000. This amount being insufficient to build the road, the Grand Trunk Company propose to come to its assistance in order to facilitate for it a loan of the balance required.

The Grand Trunk Company to pay an annual rental of \$50,000 which sum would be set apart to pay the interest on the contemplated loan.

If, to this perspective, be added the political interest of the Ontario Government, who are threatened with the loss of the counties of Prescott and Glengarry, it must be granted that never will a local enterprise have been seconded by such powerful influences.

The only means of averting this contingency, would be to connect the Q. M. O. and O. Railway, from its actual terminus at Hull with the *Canada Central* in the City of Ottawa, by constructing a bridge over the Ottawa River, to give to that section of country the same advantages as the Grand Trunk proposes to give it, to anticipate the latter in the execution of the works, in order either to prevent the loan or at least to secure time to effect connections with the trade of that region before the Grand Trunk can tap it.

For this purpose, I have the honor to propose to the Government that the clause of our tender of the 30th January last, offering to increase the rental by \$15,000 annually, in the event of the Government building a bridge over the Ottawa be struck out and the following clause be substituted.

“ The undersigned will construct, with all possible diligence, a bridge over the Ottawa River and the road necessary to connect the Q. M. O. & O. Railway from its actual terminus at Hull with the station of the Canada Central Railway in the City of Ottawa.”

“ The Government shall cause to be prepared a plan and estimate of the total cost of these works and shall permit the undersigned to issue debentures to an equal amount ; such debentures shall be guaranteed by the Government ”

“ The Government may, when it deems proper, purchase this part of the road by indemnifying the undersigned for the amount expended upon the said works.”

In conclusion, I desire to add that the probable cost of these works will be \$400,000.

If the money can be obtained at 5 per cent interest, the Government would be liable for a sum of \$20,000 a year. In return, the probable increase of traffic would be \$300,000 which at 2 per cent would yield a sum of \$60,000 as the share coming to the Government.

I have the honor to be,

Mr. Premier,

Your very humble and obedient servant,

(Signed,) L. A. SENEAL & Co.

For and in the names of the signers of the tender of the 30th January last.

(Signed,

“

“

L. A. SENEAL & Co.

ALEX McDONNELL & Co.

A. LABERGE, FILS.

True Copy,

(Signed,)

E. MOREAU,
Secretary.

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