

G. T. Pacific Agreement

Ottawa, Aug. 2.—The text of the new agreement between the government and the Grand Trunk Pacific is as follows:—
 The agreement is dated the 29th day of July, 1933, and is made between the King, represented by Hon. Wm. S. Fielding, Minister of Railways and Canals, and Sir Charles. Rivers, Wilson, C.B., G.C.M.G., the Right Honourable Lord Welby, G.C.B., John A. Gorton, G.C., Joseph Price, Alfred W. Smithers, all of London, England; Charles M. Hayes, Frank W. Morse and William Wainwright, all of Montreal; and John Bell, of Belleville, acting on behalf of the Grand Trunk Pacific Railway company.

It provides as follows:—Whereas, the production and trade of pulp and the Northwest Territories and to the great area of fertile and productive land in all the provinces and territories as yet without railway facilities, and to the rapidly expanding trade and commerce of the Dominion, it is in the interest of Canada that a line of railway, designed to secure the economic and commercial interchange of traffic between eastern Canada and the provinces and territories to the west of the Rocky Mountains and develop the northern zone of the Dominion, and to the internal and foreign trade of Canada, and to develop commerce through Canadian territory, therefore, this agreement witnesseth that the said parties have entered into and agreed with each other as follows:—
 (1) His Majesty the King, acting in respect of the Dominion of Canada, and through his excellency the governor-general in council, is hereinafter called the government, and the Grand Trunk Pacific Railway company is hereinafter called the company.

To Connect Two Oceans.

(A) Through line of railway of the length of four feet eight and one half inches, comprising two divisions, to be called the "eastern division" and the "western division," respectively, shall be constructed, in the manner hereinafter mentioned, between the port of Montreal, in the province of New Brunswick, and the navigable waters of the Pacific ocean, at or near Port Simpson, or some other port in British Columbia, as may be agreed upon. The eastern division shall comprise the portion of the said railway to be constructed from its eastern terminus through the central part of the province of New Brunswick and through the province of Quebec to the town of Quebec, and thence to the city of Quebec, and westerly through the northern part of the provinces of Quebec and Ontario, and through the province of Manitoba to the city of Winnipeg; and the western division shall comprise a portion of the said railway between the said city of Winnipeg, or some other port or division of the province of the Pacific ocean, extending westerly through the province of Manitoba, the Northwest Territories and the province of British Columbia.

All in Canada.

(B) The said line of railway shall be constructed wholly upon Canadian territory.
 (C) The said western division is intended as a convenient reference, and is to be divided into two sections, one extending from the eastern limit of the Rocky mountains therein designated as the prairie section, and the other extending westerly from the said eastern limit of the Rocky mountains to the western terminus (designated as the mountain section). The said eastern limit of the Rocky mountains hereinafter mentioned shall be determined by the profile and cross-sections shall be used and agreed upon by the engineer of the government, as the case may be, having regard to the requirements to the physical features of the

country and to the cost of construction, and endeavoring as fairly as possible to determine where the more fertile and prairie construction comes into effect, the more difficult and expensive work begins, and in case the said engineers shall differ, the question shall be determined by the said engineers and a third arbitrator to be chosen by them, and in the event of their inability to agree on a third arbitrator, the chief justice of the supreme court of Canada of the decision of the said third arbitrator, and the decision of the majority shall be final.

To Be Built by the Government.

(5) The said eastern division shall be constructed by and at the expense of the government, upon such location and according to such plans and specifications as it shall determine, having due regard to directness, easy gradients and favorable carries.
 The company agrees to construct, maintain and operate the same, to maintain the division, and to take a lease of, maintain and operate the said eastern division upon the terms and conditions, and in the manner hereinafter set forth.

(7) In order to insure, for the protection of the company as lessee of the eastern division of the said railway, the economical and efficient construction thereof in such a manner that it can be operated as best interests require, it is hereby agreed that the specifications for the construction of the eastern division shall be submitted and approved of by the company before the commencement of the work, and that the same shall be subject to the joint supervision and inspection of the chief engineer appointed by the government, and the chief engineer of the company, and in the manner hereinafter set forth.
 In the event of any differences as to the specifications, or in the event of any dispute as to the location, the questions in dispute shall be determined by the said engineers, and the location chosen in the manner provided in paragraph four of this agreement.
 The construction of the said eastern division shall be commenced when the government has made good the surveys and plans required upon the location thereof, and shall be carried out with all reasonable despatch.

(8) The western division shall be constructed by and at the cost of the company, according to plans and specifications to be approved by the government.

Five Years for the Work.

(10) The work of locating and constructing the said "western division" shall be completed within five years after the ratification of this agreement by the parliament of Canada, and shall be completed within five years from the first day of December, 1933, notwithstanding any war, or any other of the King's enemies, internal disturbances, epidemics, floods or other causes beyond the control of the companies, and, in case of the interruption or obstruction of the work of construction by any such cause, the time allowed for the completion of said western division shall be extended for a corresponding period.

(11) The company shall lay out, construct and maintain the eastern division of said railway to a standard not inferior to the main line of the Great Northern railway, and of the Canadian between Montreal and Toronto, so far as may be practicable in the case of newly completed lines of railway, but this section shall not be held to obligate the company to construct a double track.

(12) The company shall, within thirty days after the passing of the act incorporating the company hereinafter mentioned, deposit with the government five million dollars in cash or approved government securities, or a combination of the two, in such approved securities, at the company's option, as security for the completion of the western division and for the first equipment of the whole line

of railway, as provided for in this agreement. The government shall pay interest at the rate of 3 per cent per annum on any amount so deposited, shall, from time to time, as received, pay over to the company any interest received by it on security any interest due, unless and until the said deposit shall become for some reason or other returned to the company in the manner hereinafter provided.

(13) The government shall return the said deposit to the company on the completion of the construction of the western division of the said railway, however, that where necessary for the satisfaction of the government that the application of the same will enable such construction and equipment to be completed, and that the same will be so applied, the said deposit will be released by the government in such instalments as may be from time to time agreed upon, but if the company shall make default in the performance of the construction of the company for the said western division and for the first equipment of the whole line, under the terms of this agreement, the said sum of money shall be absorbed by the government for the use of His Majesty the King.

Working Expenditure.

(14) For the purposes of this agreement, the expression "working expenditure," as applied to the eastern division of the said railway, shall mean and include all expenses and maintenance of said division and of station buildings, works, and rolling stock belonging thereto, and of rolling stock and movable plant used in the working of the same, and all tolls, rents or annual sums as are paid in respect of property leased to or held by the company in respect of the said eastern division (apart from the rent of any leased line, or in respect of the hire or use of any stock not including the rental of the said division payable by the company to the government), and all expenses and charges, and also all rent charges or interest on the purchase money of lands belonging to the company, and the use of the said eastern division, but not paid all expenses, and also compensation for the loss of the said eastern division and of station buildings, including stores and supplies to rolling stock thereof, while on the western division, or on the lines of another company, or on the government; also rates, taxes, insurance and compensation for accidents or losses payable in respect of the eastern division; also all salaries and wages of persons employed about the working of said division, and all traffic thereon, and the due proportion of all office and management expenses, including directors' like expenses, legal, medical and other like expenses, and of any sums of money contributed to any fund for the benefit of employees, and of any other also all costs and expenses incidental to the compliance by the company with the conditions of the railway company of the privy council or of any board of authority which may hereafter be appointed by the parliament of Canada for the regulation of the said railways, and made in reference to the said railways, and generally all such charges, if any, not otherwise specified, as in all cases of English railway companies are usually charged to the debit of revenue and distinguished from capital account.

Cost of Construction.

(15) The expression "cost of construction" in the eastern division shall mean and include the cost of materials, supplies, wages, services and transport, and of the expenditure on the construction of the said eastern division, and all expenditure for the purchase of land and sidings required for the purposes of railways, for terminal facilities, accommodation for the use of land, and for accidents and casualties, cost of engineering, maintenance, repairs and replacement of wear and tear, and generally costs and expenses occasioned by construction of the said division, whether the same be incurred in different kind from, the cost of expenditure specially mentioned, including interest on any money expended. The interest upon such capital in each year shall be capitalized at the end of each year, and interest

charged thereon at three per cent per annum until the completion of the work, and until the lessee enter into any contract for the purchase of the said lease, and for the purposes of this agreement, the amount of such cost of construction shall be the principal and all additions for interest, shall be computed in the manner aforesaid, and shall be ascertained and determined and settled by the government, and the report of such auditors, or accountants or other officers appointed by the government for that purpose.

Betterment Expenditures.

(16) In case after the completion of said eastern division, and taking possession thereof by the company under the lease thereof, hereinafter referred to, or any time thereafter during the continuance of said lease, the government shall deem it necessary to examine any sums of money for the improvement of the said eastern division, or the replacement of structures by others more modern, or otherwise upon capital account for betterments, and not being working expenditures, payable by the company, the government may expend such sums of money, the amount thereof shall be added to the capital of construction account at the end of each year, and any construction taken place, and shall thereafter be accounted for as part of the cost of the said railway, which interest by way of rental, is to be paid by the company, and in no such case shall expenditure shall be entered upon until the consent and approval of the company.

Customs Duties not Count.

(17) No addition shall be made to the cost of construction or to the capital construction account in respect of customs duties in cases where there is direct importation of material or supplies by the government.
 (18) In the event of the construction of the western division shall include the like classes of expenses, as in the case of the construction of the eastern division, but that amount thereof shall be added to the capital of construction account at the end of each year, and any construction taken place, and shall thereafter be accounted for as part of the cost of the said railway, which interest by way of rental, is to be paid by the company, and in no such case shall expenditure shall be entered upon until the consent and approval of the company.

For the Purpose of Enabling the Government to Determine the Cost of the Railway.

(19) For the purpose of enabling the government to determine the cost of the said railway, or any portion thereof, the said railway, or any portion thereof, or any equipment supplied, or of the net earnings of the railway, or of any parts thereof, pursuant to this agreement, the government shall have the right from time to time, and from time to time, and through such agents, engineers, accountants and inspectors as it may appoint for that purpose, to inspect all the books of account, pay sheets, notebooks, correspondence and all other documents, and the nature and specification of which may be considered necessary for the purpose of determining such cost or net earnings. The company shall keep separate accounts of earnings and expenditure of eastern and western divisions, and of the purposes of this agreement the earnings from through and other traffic between the eastern and western divisions, according to the usual practice of railway companies, to be worked by two separate companies. Any dispute as to the proper manner of the application of this paragraph forty-seven shall be determined by arbitration to be appointed for that purpose, and shall be hereinafter appointed, under the authority of an act of the parliament of Canada, and shall be as proposed by as proposed by bill number 21, of the present session of parliament, and in the event of any dispute arising by such board, from whose decision the government or the party shall have the right to appeal to the Supreme Court of Canada.

Rental to be Paid.

(20) When completed the said eastern division shall be leased to and worked by the company for the period of fifty years, and the rates payable, as follows, namely: For the first seven years to term the company shall operate the same at its own expense to the payment of "working expenditure" as defined in paragraph forty-seven of this agreement. For the succeeding forty-three years the company shall pay to the government by way of rental a sum equal to three per centum per annum upon the net earnings of the said eastern division, ascertained in the man-