

In order to define the control of and to deal with disputes that may arise with reference to rates, the Company will undertake to pay to the Government an amount not exceeding Five Thousand Dollars per annum, as the salary of a competent man to be appointed by the Government for the purpose of receiving, investigating, and reporting upon every complaint about the transportation charges of the Company. If at any time such official shall be of the opinion that any of the Company's local rates between points within the Province of Manitoba, or between any point in Manitoba and Lake Superior, in either direction, is not fair and reasonable, the Railway Commissioner for Manitoba may notify the Company to that effect, and of the change which, in his opinion, is necessary to make it so.

If the Company be not satisfied with the proposed change, it shall, within one month from the receipt of the notice, satisfy the Commissioner that the rate proposed by him is not a fair and reasonable one; failing this, the question shall be referred to the adjudication of the Court of King's Bench of Manitoba, to determine what under the circumstances is a fair and reasonable rate in respect of the matter in connection with which the proposed change is required. Such Court may, for the purpose of determining the matter, make full inquiry and receive such evidence as may be adduced by either party. It shall be the privilege of either of the parties to appeal from the judgment of such Court to the Court *in banc*, whose decision in the matter shall be final.

It would be necessary, of course, in any formal agreement to amplify the details of the procedure and to provide means of compelling the Company to put in effect the rates finally decided upon.

If it be deemed desirable that the portion of the line between Winnipeg and Portage la Prairie should be reserved for the purpose of giving the Canadian Northern Railway a connection with the Winnipeg and & South Eastern Railway and the Ontario & Rainy River Railway, that line may be reserved by the Government, the rental to be paid by the Canadian Pacific Railway Company to be reduced *pro rata* according to the mileage.

It is understood, of course, that the proposition is submitted as a whole and subject to acceptance within a reasonable time. If there be anything in the proposition requiring further explanation or amplification please advise me.

I have the honour to be, Sir,

Your obedient servant,

(Signed) T. G. SHUGHNESSY,

President.