

the railway purposes at the town plot of *Fort William on Lake Superior*. On the 10th December last year, I prepared and furnished you with a plan of all the lands required at that place, and which it was proposed to take immediate possession of. I am under the impression you placed the matter in the hands of the Minister of Justice, in order that proper legal steps should be taken to acquire the land.

"The land referred to consists of a number of small town lots, and I have recently been informed that these lots are still being bought and sold by private persons. It becomes my duty, therefore, to draw the attention of the Department to this subject, so that, if legal possession of the land has not been fully taken, no time may now be lost in the matter.

" I am, &c., &c.,

" SANDFORD FLEMING,

" *Engineer-in-Chief.*"

This shows that, in the opinion of the Chief Engineer, the Government had been remiss, and that the public interests might suffer in consequence.

Your Committee submits that the apprehensions of Mr. *Fleming* were too well founded, as it is in evidence that subsequently to June, 1874, many lots were bought and sold at from sixty to ninety dollars each by speculators, and re-sold to the Government at from two hundred and fifty to three hundred dollars a lot. In 1876 when the Valuers visited the town plot for the first time officially, the firm of Messrs. *Oliver, Davidson & Co.* and their connections were the principal owners of the lots which were taken for the Railway terminus. Notwithstanding this fact, the Government appointed a member of that firm, Mr. *P. J. Brown*, a lawyer, to act with the Valuers. His duty, it has been, was to advise upon titles, but his instructions did not restrict him to that special duty. The evidence of the Valuers shows that he did advise them, and that his advice when given was, perhaps, not unnaturally, in favor of the lot-owners, and against the Government. He gave it as his opinion that the Railway Act of 1868 did not apply to the Canadian *Pacific* Railway. So far did he go in advising adversely to the Government that the Prime Minister testified before your Committee that when his attention was called to the subject, he "was very much surprised," and that he "wrote a somewhat angry letter to Mr. *Brown*." It has been clearly proved that Mr. *Brown* was an interested party, and your Committee submits that he, therefore, ought not to have been employed in any capacity in association with the Valuers. In the opinion of your Committee, the prices paid for land taken for the railway in the town plot of *Fort William*, and in the adjoining lot, number six of the Township of *Neebing*, were exceedingly and unaccountably extravagant. The town plot was a town only on paper when it was selected for the railway terminus. Previous to that the regular price at which the *Ontario* Government sold half-acre lots was four dollars, and, but for the Railway, these lots would be but little more valuable to-day than they were then. For the land taken from *Oliver, Davidson & Co.*, and others, the Government paid at the rate of \$500 to \$600 per acre. In 1872 or 1873, *Oliver, Davidson & Co.*, purchased lot six in the Township of *Neebing*, adjoining the town plot, containing 136 acres, for about five dollars per acre. Your Committee submits that the enhanced value of this property was due to the placing of the terminus where it is. Yet for eight acres of it, the Government, advised by the Valuers, paid about five hundred dollars per acre, being about four thousand dollars for eight acres, or over three thousand more for the eight acres than *Oliver, Davidson & Co.*, paid for the entire lot of one hundred and thirty-six acres. The Valuers testified that in valuing this land they had applied the Railway Act of 1868, which had the effect of reducing the price twenty per cent.

The clause of the Act which relates to arbitrations for land, is as follows:—

"The Arbitrators, in deciding on such value or compensation, are authorized and required to take into consideration the increased value that would be given to any lands or grounds through or over which the railway will pass, by reason of the