

15, means and includes, inter alia, an expenditure for lands required for terminal facilities and the company is to pay only three per cent on 'cost of construction'.

But I am strong in the opinion that such shops are part of the railway, intended to be part of the property reverting to the Government at the expiration of the fifty years lease and requisite for the operation of the road then by the Government in case no further lease is then entered into.

I understand that the Transcona shops are not within the limits of the city of Winnipeg but east of the eastern boundary of the city. The agreement of 1903, of course, defines the eastern division, (clause 2), as the portion of the railway to be constructed through Manitoba 'to the city of Winnipeg,' (3 Edward VII, chapter 71) at the end of the preamble and section 8 uses the same words, extending from Moncton to 'the city of Winnipeg.' The line of the city boundary is, I take it, the end of the eastern division of the railway.

I might add a reference to clause 46 of the 1903 agreement binding the Government to grant the company such Dominion lands on the western division as may be required for all 'workshops' required for the construction and working thereof. The necessity for such shops as part of the railway was present to the minds of the parties.

Then see what Parliament did as to the eastern division, by section 14 of 3 Edward VII, chapter 71. Public lands required for roadbed, sidings, yards, station and other purposes for use in connection therewith—i.e. in connection with the eastern division—are to be dedicated 'for the purpose of the eastern division.'

If the shops now in question were located on ungranted lands of the Crown was not title to the buildings intended to be in the Crown, just as title to their site would be?

I return herewith the various papers mentioned in yours of 25th July.

Yours faithfully,

(Sgd) A. B. Aylesworth.

As I said, Mr. Lynch-Staunton, as counsel for the commission, placed a strong argument before Sir William Whyte. In addition to the opinions of Sir Allen Aylesworth, Mr. Atkinson, and Mr. Newcombe, the Deputy Minister of Justice, Mr. Brown, of Montreal, gave an opinion to the Grand Trunk Pacific along the lines of those of the gentlemen I have mentioned. So there were: Mr. Biggar, general solicitor to the company; Mr. Newcombe, the deputy minister; Mr. Atkinson, head of the Transcontinental law department; Sir Allen Aylesworth, and Mr. Brown. As against their opinion there was the opinion of Mr. Lynch-Staunton, and his opinion only. I wish to read what that award was. The whole case was placed before Sir William Whyte, and I shall read his award in reference to this particular point. It is found on page 122 of this return. After hearing everything, after going over the road himself, a good deal of it with the engineers, after investigating entirely, this is what Sir William Whyte, the arbitrator, says:

With respect to the shops at Transcona, considering their location and the circumstances under which they were produced and furnished, and the specifications; and interpreting the said agreements and Acts in the light of modern railway practice, and considering the contemplated use of the said eastern division by other railways, I award, order and determine that the said shops are to be regarded as and are a portion of the said eastern division within the intent and meaning of the said agreements of the 29th of July 1903 and the 18th of February 1904 and Acts confirming the same.

I further award, order and determine that all repair shops at divisional points are to be regarded as and are a portion of said eastern division within the intent and meaning of the said agreements of 29th July, 1903, and of the 18th February, 1904, and of the Acts confirming the same. I consider these are a material part of the railway and necessary convenience for its proper and efficient operation.