8. The Poor House which, (as I have stated), cost the city $50,066 and the Province $60,000, was burned down four years ago, and the Board of Charities collected from insurance on the building the sum of $50,000.

9. Such was the condition of affairs on the 11th of May, 1886, when the "Act respecting Public Charities" was passed. The following may be said to be the effect of that Act so far as it is necessary to state it:

(*a*) The partnership created between the City and the Province was dissolved, and (except as stated below), the assets contributed by the City were revested in the City.

(*b*) The interest of the Province in the $50,000 received as insurance on the Poor House burnt, was declared to be, and peremptorily (although inequitably) fixed at $33,333.

(*c*) The City was allowed to set off against that sum any claim against the Province in connection with the grounds, site and erection of the Hospital and Poor House; the amount to be determined by arbitrators.

(*d*) The Board of Charities had rendered an account against the City in connection with the Poor House and Hospital for maintenance, amounting to $25,752, and the same arbitrators were to settle this claim.

(*e*) The Government and City were empowered to agree, prior to July 1st, 1886, that the Province should accept the management and control of the Hospital, and if such agreement were arrived at, then in such case the Hospital and grounds, &c., were to vest in the Crown.

10. On the 30th of June, 1886, the City Council, under the influence of a letter and address from the Honorable the Provincial Secretary, agreed to the Province accepting control of the Hospital, by which agreement it became the property of the Province. No provision was made for the compensation to be paid the City for the surrender of the property, but the Council believed that the arbitrators had power under Section 10 of the Act to award compensation.

11. The arbitrators were appointed, and two of them, Messrs. Pipes and Campbell, made an award awarding to the Province only the two amounts stated in the Act, but refusing to recognize any claims made by the City against either the Government or the Board of Charities, Mr. Longard, the arbitrator appointed by the City, not concurring in the award. I am not aware of the grounds of such refusal, except in so far as they stated them during the progress of the investigation. The Attorney-General contended, however, that they had no authority to award any compensation to the City for the Hospital and grounds, and they concurred in that view. He contended further, that they had no authority to consider whether or not the insurance money was equitably divided, as the legislation had fixed the division, and they also concurred in that, so that there can be no question, but that these two matters still fairly remain open for adjustment with the Province.

12. In view of the fact that there is no appeal to a higher tribunal from the award, it may be useless for me to criticise the finding of the arbitrators in respect to the claim of the Board of Charities against the City. I feel it necessary, however, to express the opinion that had the Board been left to collect this claim by the ordinary legal methods, the City could not have been compelled to pay one dollar. The award may be considered as final upon the questions of "annual expense," above referred to.

13. The present position of the City, therefore, is this: The partnership is dissolved; the Hospital and grounds, which it put into the partnership, it does not take out, but the Province retains them without having paid for them, the City, at the same time being alone liable for the $38,000 of Hospital debentures, and paying annual interest on them. The Province takes about $5,722 more of the insurance money than it is fairly entitled to. It takes the Murdoch bequest, and it takes the claim which has been successfully, but, in my judgment, unjustly secured by the Government as the successor of the Board of Charities.

14. I am confident that the Government will not do an injustice to the City. It will not take its property without compensation, or enforce a claim which is inequitable and unjust. Clause 9 of the act of last year was drawn under the impression that the division of the insurance was in proportion to the contribution of each partner, the Governments of 1866 and of 1886, laboring under the same erroneous idea that Bridewell and the original Poor House grounds (for which $20,066 were realized), was the property of the Province, when the fact was that it had been granted by the Crown to a City Board in 1834, and absolutely vested in the City in 1841. I have good reason to believe that the Government will consider the propriety of paying the City for all property already taken without compensation, and I do not think that it will refuse to order that the late Board of Charities' claim be investigated by action in the Supreme Court without reference to the award.

15. I cannot refrain from expressing my appreciation of the valuable services rendered by Mr. Vaux, who was employed by the Arbitration Committee to act as an accountant in this matter.