

perty, rolling stock and appurtenances required and used for the construction and working thereof, and the capital stock of the company, shall be forever free from taxation by the Dominion, or by any Province thereafter to be established, or by any municipal corporation therein; and the lands of the company in the North-West Territories, until they are either sold or occupied, shall also be free from such taxation for twenty years after the grant thereof from the Crown." By 44 Vict., c. 14, extending the boundaries of the Province of Manitoba, it was specially provided that the territory thereby added to that Province should be "subject to all such provisions as may have been or shall hereafter be enacted respecting the Canadian Pacific Railway and the lands to be granted in aid thereof."

*Held*, 1. Following *C.P.R. v. Cornwallis*, 7 M.R. 1, 19 S.C.R. 702, and *C.P.R. v. Burnett*, 5 M.R. 395, that the exemption clause referred to applies to lands in that portion of the North-West Territories added to the Province of Manitoba in 1881.

2. The words "grant from the Crown" in said clause mean the letters patent conveying the lands, and that the twenty years of exemption in respect of any particular parcel do not begin to run until the date of the letters patent.

3. Under the company's contract, charter of incorporation and ratifying Act, it was not intended that it should take any vested interest in any specific lands until actual formal conveyance by letters patent in the usual course.

In the case of *Springdale v. C.P.R. Co.*—At the time of the incorporation of the company, and the making of the contract referred to, the Lieutenant-Governor of the North-West Territories in Council had certain powers of legislation, conferred upon him by previous Acts of Parliament, which included the creation of school corporations having the right to impose taxation for the support of schools, and in this case a separate and distinct question was raised as to whether the contract provided for exemption of the company's land grant from taxation imposed under such powers or under powers subsequently conferred by Act of Parliament upon the Lieutenant-Governor, acting by and with the advice and consent of the Legislative Assembly of the North-West Territories, since created.

*Held*, DUBUC, J., dissenting, that such taxation for school purposes in the Territories was not "taxation by the Dominion," or taxation "by any Province hereafter to be established, or by any municipal corporation therein," and that, as it is only from "such taxations" that, under clause 16 of the contract, the company's lands in the North-West Territories were to be exempt, it follows that the school corporation was entitled to recover the taxes regularly imposed by it, though it would cease to be so entitled, whenever its territory should be included in a new Province to be established, until twenty years from the issue of letters patent for each particular parcel of land.

*Howell*, K.C., and *Mathers*, for plaintiff. *Ewart*, K.C., *Tupper*, K.C., and *Phippen*, for defendants.