

THE GRAND TRUNK PACIFIC RY.

The agreement between the Dominion Government and the G.T.R. directors and officials, acting on behalf of the Grand Trunk Pacific Ry. Co., was published July 30, and the "act to provide for the construction of a national transcontinental railway" was introduced in the House of Commons by the Premier. The agreement is signed by W. S. Fielding, acting Minister of Railways, on behalf of the Government, and by C. M. Hays, 2nd Vice-President and General Manager, and W. Wainwright, Comptroller, of the G.T.R., on behalf of the second party. The representatives of the Grand Trunk Pacific Ry. Co. mentioned in the body of the agreement are: Sir C. Rivers Wilson, Lord Welby, J. A. Clutton Brock, Joseph Price, A. W. Smithers, of London, Eng., directors of the G.T.R.; C. M. Hays, 2nd Vice-President and General Manager, F. W. Morse, 3rd Vice-President, and W. Wainwright, Comptroller, all of the G.T.R., Montreal.

The preamble sets forth that "having regard to the growth of population and the rapid development of the production and trade of Manitoba and the Northwest Territories, and to the great area of fertile and productive land in all the Provinces and Territories as yet without railway facilities, and to the rapidly expanding trade and commerce of the Dominion, it is in the interest of Canada that a line of railway, designed to secure the most direct and economical interchange of traffic between eastern Canada and the Provinces and Territories west of the Great Lakes, to open up and develop the northern zone of the Dominion, to promote the internal and foreign trade of Canada, and to develop commerce through Canadian ports, should be constructed and operated as a common railway highway across the Dominion from ocean to ocean, and wholly within Canadian territory." The clauses, stripped of legal verbiage, follow:

- (1) This clause is a definition clause.
- (2) A through line of railway of the gauge of 4 ft. 8½ in., comprising two divisions to be called the "eastern division" and the "western division" respectively, shall be constructed between the city of Moncton, N.B., and the navigable waters of the Pacific ocean, at or near Port Simpson or some other port in British Columbia as may be agreed upon. The eastern division shall comprise the portion of the railway to be constructed from its eastern terminus through the central part of New Brunswick and through Quebec by the shortest available line to the city of Quebec, then westerly through the northern part of Quebec and Ontario and through the Province of Manitoba to Winnipeg and the western division shall comprise the portion of the railway between Winnipeg or some point on the said eastern division and the Pacific ocean, extending westerly through Manitoba, the Northwest Territories and British Columbia.
- (3) The railway shall be constructed wholly upon Canadian territory.
- (4) The western division is considered as being divided into two sections, one extending from the eastern terminus thereof westerly to the eastern limit of the Rocky Mountains (designated as the prairie section) and the other extending westerly from the eastern limit of the Rocky Mountains to the western terminus (designated as the mountain section). The eastern limit of the Rocky Mountains shall be established after the location of the line, and after actual surveys have determined the profile thereof, upon such location, and be fixed and agreed upon by the chief engineer of the company and the chief engineer of the Government, as the result of such surveys, having regard to the physical features of the country and to the cost of construction and endeavoring as fairly as possible to determine where the more easy and less expensive work

characteristic of prairie construction comes to an end, and the more difficult and expensive work characteristic of mountain construction begins, and in case the engineers shall differ, the question shall be determined by the engineers and a third arbitrator to be chosen by them, and in the event of their inability to agree on a third arbitrator, the Chief Justice of the Supreme Court of Canada may appoint the said third arbitrator, and the decision of the majority shall be final.

(5) The eastern division shall be constructed by the Government, having due regard to directness, easy gradients and favorable curves.

(6) The company agrees to construct, maintain and operate the western division, and to take a lease of, maintain and operate the eastern division, upon the terms and conditions hereinafter set forth.

(7) In order to insure, for the protection of the company as lessees of the eastern division of the railway, the economical construction thereof in such a manner that it can be operated to the best advantage, it is agreed that the specifications for the construction shall be submitted to and approved of by the company before the commencement of the work, and that the work shall be done according to the specification, and shall be subject to the joint supervision, inspection and acceptance of the chief engineer appointed by the Government and the chief engineer of the company, and in the event of differences as to the specifications, or in case the engineers shall differ as to the work, the questions in dispute shall be determined by the engineers and a third arbitrator, to be chosen in the manner provided in paragraph four.

(8) The construction of the eastern division shall be commenced as soon as the Government has made the surveys and plans and determined upon the location and shall be completed with all reasonable despatch.

(9) The western division shall be constructed by and at the cost of the company, according to plans and specifications to be approved by the Government.

(10) The work of locating and constructing the western division shall be commenced forthwith after the ratification of this agreement by Parliament and shall proceed with the utmost despatch, and shall be completed within five years from Dec. 1, 1903, and in case of the interruption or obstruction of the work of construction from unforeseen causes, the time fixed for the completion of the division shall be extended for a corresponding period.

(11) The company shall lay out, construct and equip the said western division of said railway to a standard not inferior to the main line of the G.T.R. between Montreal and Toronto, so far as may be practicable in the case of a newly completed line of railway, but this section shall not be held to oblige the company to construct a double-track railway.

(12) The company shall, within thirty days after the passing of the act confirming this agreement and of the act incorporating the company deposit with the Government \$5,000,000 in cash or approved Government securities, or partly in cash and partly in such approved securities, as security for the completion of the western division and for the first equipment of the whole line of railway, as provided for in this agreement. The Government shall pay interest at the rate of 3% per annum on any cash so deposited, and shall, from time to time, as received, pay over to the company any interest received by it on securities so deposited, unless and until the said deposit shall become forfeited to the Government or returned to the company as provided.

(13) This clause provides for the return of the \$5,000,000 deposit on the completion of the western division and the first equipment of the whole line, or by instalments if such be

necessary to secure the full equipment of the line, and is to be forfeited if default be made.

(14) For the purposes of this agreement, the expression, "working expenditure," as applied to the eastern division of the railway, shall mean and include all expenses of maintenance of the division and of station buildings, works and conveniences, and of rolling and other stock and movable plant used in its working, and all tolls, rents or annual sums as are paid in respect of property leased to, or held by, the company in respect of the said eastern division (apart from the rent of any other leased line), or in respect of the hire of rolling stock let to the company as part of the equipment of the said eastern division, but not including the rental of the said division payable by the company to the Government; also all rent charges or interest on the purchase money of lands belonging to the company, purchased for the use of the said eastern division, but not paid for, or not fully paid for; and also all expenses of, or incidental to, working the said eastern division and the traffic thereon, including stores and supplies and all necessary repairs and supplies to rolling stock thereof while on the western division, or on the lines of another company or of the Government; also rates, taxes, insurance and compensations for accidents or losses payable in respect of the said eastern division; also all salaries and wages of persons employed in and about the working of said division and the traffic thereon, and the due proportion of all office and management expenses, including directors' fees, agency, legal, medical and other like expenses, and of any sums of money contributed to any fund for the benefit of employees of the company; also all costs and expenses of, and incidental to, the compliance by the company with any order of the Railway Company of the Privy Council or of any board of authority which may hereafter be duly constituted by the Parliament of Canada for the regulation of railways, and made in reference to the said eastern division; and generally all such charges, if any, not above otherwise specified, as in all cases of English railway companies are usually carried to the debit of revenue as distinguished from capital account.

(15) The expression "cost of construction" in the case of the eastern division shall mean and include all the cost of materials, supplies, wages, services and transportation required for or entering into the construction of the said eastern division, and all expenditure for right of way and other lands required for the purposes of railway and for terminal facilities, accommodation works, and damages and compensation for injuries to lands, and for accidents and casualties, cost of engineering, maintenance, repairs and replacement of works and material during construction, and superintendence, bookkeeping, legal expenses and generally costs and expenses occasioned by construction of the said division, whether of the same kind as, or different in kind from, the classes of expenditure specially mentioned, including interest upon the money expended. The interest upon such outlay in each year shall be capitalized at the end of such year, and interest charged thereon at three per cent. per annum until the completion of the work, and until the lessees enter into possession under the terms of the said lease, and for the purposes of this agreement, the amount of such cost of construction, including the principal and all additions for interest, to be ascertained in the manner aforesaid, shall, on completion, be finally determined and settled by the Government upon the report of such auditors, accountants or other officers as may be appointed by the Government for that purpose.

(16) In case after the completion of said eastern division, and taking possession thereof by the company under the lease thereof, hereinafter referred to, or at any time thereafter during the continuance of said lease,