

## REPORT OF SELECT COMMITTEE

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### COLUMBIA AND WESTERN RAILWAY LAND SUBSIDY.

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*To the Speaker of the Legislative Assembly of the Province of British Columbia :*

SIR,—We, your Special Committee appointed to inquire into all matters connected with the granting, or proposed granting, of a land subsidy to the Columbia and Western Railway Company, beg leave to report:—

1. That, on the 7th day of April, 1903, a resolution was passed empowering your Special Committee to inquire into all matters relating to the granting, or proposed granting, of a land subsidy to the Columbia and Western Railway Company, with power to summon witnesses, call for papers, documents and records, and that the said Committee shall report their findings or finding and the evidence to the House.

2. Pursuant to such authority, your Committee held their initial meeting on the 8th day of April, 1903, and have held 33 sittings and examined 23 witnesses, whose evidence is submitted herewith, together with all exhibits or copies thereof.

3. Your Committee report that by chapter 44 of B. C. Statutes, 1888, the Crow's Nest and Kootenay Lake Railway Company was incorporated, and by virtue of chapter 56 of the Statutes of 1891 the name of the said Company was changed to that of the British Columbia Southern Railway Company, and that by the "Railway Aid Act, 1890," a land subsidy was granted to the said Crow's Nest and Kootenay Lake Railway Company, which, by said chapter 56, was extended to the British Columbia Southern Railway Company, and on the 11th day of August, 1890, the following reservation of land was made:—

Commencing at a point on the eastern boundary of the Province of British Columbia, in the Crow's Nest Pass; thence southerly along the eastern boundary to a point on the 29th parallel of latitude; thence west along the said parallel 25 miles; thence in a northerly direction to the junction of Morrissey Creek with Elk River; thence easterly to the point of commencement.

4. That on the 6th day of May, 1891, a further Order in Council was passed (174/91), whereby certain lands were set apart for the said British Columbia Southern Railway Company, which lands are described as follows:

Commencing at a point on the eastern boundary of the Province of British Columbia, in the Crow's Nest Pass; thence southerly along the eastern boundary to a point on the 29th parallel of latitude; thence west along the said parallel 25 miles; thence in a northerly direction to the junction of Morrissey Creek with Elk River; thence easterly to the point of commencement.

5. That on the 17th day of April, 1896, the Columbia and Western Railway Company was incorporated, and a Subsidy Act in aid thereof was also passed during the same Session.

6. That your Committee direct special attention to the following sections of the said last mentioned Subsidy Act, viz.:—Sections 1, 5, 6 and 10, and as to the terms of obtaining the land grant.

7. That in the month of June, 1898, negotiations took place between the Government of the day, of which the Hon. J. H. Turner was Premier and the Hon. D. M. Eberts was Attorney-General, and Mr. D. D. Mann, on behalf of Mackenzie & Mann, railway contractors, and Mr. Shaughnessy (now Sir Thomas G. Shaughnessy) on behalf of the Columbia and Western Railway Company, resulting, it is claimed, in an agreement being reached, and particular attention is directed to the last section of said agreement. Although the said agreement was

executed by the said Company and duly forwarded to the Government for execution, the said Government was dismissed, and the said agreement was never executed by the Government of the Province of British Columbia.

8. On the 18th day of August, 1899, the British Columbia Southern Railway Company selected their initial block.

9. That in the year 1900, during the Premiership of the Hon. C. A. Semlin, it was intended to substitute a cash grant in lieu of the land grant granted to the said Columbia and Western Railway Company to effect a settlement of the said railway's claims, but the said Government was, on the 23rd day of February, 1900, defeated, and the said proposed arrangement was not accomplished. A copy of the proposed Bill to effect such arrangement will be found among the exhibits.

10. That in the month of June, 1900, the Hon. James Dunsmuir was appointed Premier, who selected as his colleagues the Hon. J. H. Turner, Minister of Finance; Hon. D. M. Eberts, Attorney-General; Hon. W. C. Wells, Chief Commissioner of Lands and Works; Hon. R. McBride, Minister of Mines, and Hon. J. D. Prentice, Provincial Secretary.

11. That on the 10th day of September, 1900, an Order in Council (519/1900) was passed, approved on the 18th day of September, 1900, whereby lands described in the report accompanying said Order in Council were granted to the British Columbia Southern Railway Company.

12. That on the 19th day of December, 1900, an Order in Council (721/1900) was passed, whereby the said Order in Council of the 10th of September, 1900, was rescinded.

13. That during the Session of 1901 (Chapter 70), the Columbia and Western Railway Company obtained an Act amending their charter, but it was expressly provided that in granting time for the completion of their line of railway, as therein is more particularly mentioned, the Act should not be construed as extending the time for earning their land grant.

14. That on the 15th day of May, 1901, the Hon. James Dunsmuir, by letter addressed to Mr. G. McL. Brown, Executive Agent, undertook to introduce at the next Session a Bill to authorise the Lieutenant-Governor in Council to grant the land subsidy of the Columbia and Western Railway in respect of the fourth section of its railway—Christina Lake to Midway—which had been completed.

15. That at a meeting of the Executive, held on the 10th day of August, 1901, three Orders in Council were passed, numbered 393, 394 and 412, by which Blocks 4,593 and 4,594, given to the British Columbia Southern Railway Company by Order in Council No. 722/1900, were transferred to the Columbia and Western Railway Company, and the more northerly block was given to the B. C. Southern Railway Company in full settlement.

16. That on the 30th day of November, 1900, an application for incorporation of the Pacific Coal Company was made, for Letters Patent under the Dominion Joint Stock Companies Act; but it was not until the 31st day of August, 1901, that Letters Patent were issued, which were duly gazetted on the 5th September, 1901. The incorporators were some of the directors of the Canadian Pacific Railway Company.

17. That on the 3rd day of October, 1901, Crown grants in respect of Lots 4,593 and 4,594 purport to have been prepared and signed.

18. That on the 24th day of October, 1901, it is alleged, at a meeting at which were present the Hon. James Dunsmuir, Hon. J. D. Prentice and the Hon. the Chief Commissioner, held in the office of the Chief Commissioner, that the said Chief Commissioner was instructed not to deliver up the said Crown grants unless the Columbia and Western Railway Company would agree to build a line of railway from Midway to Spence's Bridge.

19. That on the 24th of October, 1901, an opinion was obtained by the Chief Commissioner from Mr. Gordon Hunter, K. C., now the Honourable the Chief Justice, and on the same evening the said Chief Commissioner left for Montreal, having 25 Crown grants and certified copies of various Orders in Council, the said Crown grants for Lots 4,593 and 4,594 being amongst the number.

20. That on the 21st day of November, 1901, the said Chief Commissioner met Sir Thomas Shaughnessy and claims to have discussed the situation, and returned to the City of Victoria between the 11th and 15th days of December, 1901, and brought with him the said two Crown grants for Blocks 4,593 and 4,594.

21. That the Premier, on the 18th day of March, 1902, convened a meeting of his Cabinet, which concluded to cancel the said Order in Council of the 10th day of August, 1901, No. 393, and the word "Cancelled" was, pursuant to instructions in that behalf, written across the face of the said two Crown grants by the Chief Commissioner.

22. That on the 22nd day of May, 1902, the Government presented a message from the Hon. the Lieutenant-Governor, which message remained in Committee. It is known as Bill No. 87.

23. That early in the month of June the said Premier left to attend the Coronation festivities, and the Hon. the Attorney-General was the Acting-Premier in his absence.

24. On the 19th of June, 1902, the said Bill (No. 87) was withdrawn.

25. In the month of November, 1902, the said Premier, Hon. James Dunsmuir, resigned, and was succeeded by the Hon. Edward Gawler Prior, whose Cabinet consists of Hon. D. M. Eberts, Attorney-General; Hon. J. D. Prentice, Minister of Finance; Hon. W. C. Wells, Chief Commissioner of Lands and Works; and Hon. W. W. B. McInnes, Provincial Secretary.

26. That in consequence of certain proceedings being taken by the Columbia and Western Railway Company against certain persons to whom Crown grants had been issued in Lot 4,594, application was made to the Government to intervene by the parties affected, and also by a member of the firm of the solicitors for the Columbia and Western Railway Company, but this application was not acceded to.

27. In consequence of the position being taken by the Columbia and Western Railway Company with regard to the said two grants, which had been cancelled as aforesaid, the Premier introduced a Bill validating the said Order in Council of the 18th day of March, 1902, which Bill, on the 4th day of May, 1903, received the Royal assent.

The Canadian Pacific Railway Company acquired all the shares in the capital stock of the British Columbia Southern Railway Company; but at the same time entered into an agreement with the Crow's Nest Coal Company, which had been formed by the original stockholders of the British Columbia Southern Railway Company, together with certain eastern capitalists, by which it was agreed that, out of the lands acquired by the Railway Company under the British Columbia Statutes, the Crow's Nest Coal Company would be entitled to select 10,000 acres of coal land, and that for a period of ten years, provided the Crow's Nest Coal Company produced a sufficient supply of coal for the Railway Company and its patrons, the Railway Company would not develop any coal lands held by it without the consent of the Coal Company.

The British Columbia Southern Railway Company was entitled, under its Subsidy Act, to lands equivalent to 20,000 acres for every one mile of railway constructed; the Act providing that, in the event of the alternate blocks along the line of railway from which the lands to be received by the Company were first to be selected not being sufficient to make up the total amount of this area, the Company should be entitled to select the deficiency in such manner as should be approved by the Lieutenant-Governor in Council, from the reserve which was established under the Act.

On the first day of August, 1899, a Crown grant issued to the British Columbia Southern Railway Company for a block of land which was selected by the Company as their initial block, situated at the eastern end of the first section of the road, which initial block is indicated by a blue margin on the map annexed to the Minute of Council dated the 10th day of September, 1900. The selection of this block by the Company, with the approval of the Lieutenant-Governor in Council, fixed the alternate blocks to which the Company would be entitled as blocks marked 2, 3 and 4 on the said map.

As early as January 1st, 1900, as appears from the correspondence between the Company and Mr. Brown, the Company was pressing upon the Government the granting to them of two blocks of land which were afterwards known as 4,593 and 4,594, in part satisfaction of the deficiency lands. The matter came before the Council in the early part of September, 1900, and this application on the part of the Company was definitely refused, and by an Order in Council dated the 10th of September, 1900, the Company was awarded, for the purpose of making up the deficiency to which they were entitled, two blocks marked on the map referred to in the Minute of Council respectively Deficiency Block "A" and Deficiency Block "B."

On the 19th of December, 1900, two Orders in Council were passed, one of which rescinded the Order of the 10th September, 1900, and the other substituted for Deficiency Block "B," marked on the map above referred to, the two blocks now respectively known as blocks 4,593 and 4,594:—in other words, the settlement which had been made in the early part of September, 1900, was revoked and another settlement, for which the Company had been pressing since the first of January, 1900, and which the Government had refused to agree to in September, 1900, was adopted.

The relative merits of these two settlements, in point of view of the Government, depend upon a comparison of Block "B," referred to above, with the lands comprised in Blocks 4,593 and 4,594. The settlement presented one advantage to the Government, namely, that the change involved a diminution of the area of the land granted to the Company of 167,031 acres, the substituted lands having an area of about 625,000 acres, and the block which was resumed by the Government having an area of about 827,000 acres. On the other hand, Lot 4,594, part of the substituted lands, presented a frontage along the line of railway of over forty miles; Block 4,593 had for years attracted the attention of persons interested in coal and petroleum deposits, and was believed by both the Government and the Company to be valuable in this respect. The effect of the appropriation of 4,593 and 4,594 to the Railway Company was to vest in them a solid block of land stretching between thirty and forty miles on each side of the railway for a distance of over fifty miles west of the eastern end of the line and embracing within it the localities adjacent to the mines of the Crow's Nest Coal Company. The settlement was regarded by the Company as one highly advantageous to them.

At the time of the occurrence of the matters hereinafter referred to, the control of the capital stock of both the British Columbia Southern Railway Company and the Columbia and Western Railway Company was vested in the Canadian Pacific Railway Company.

Some time in the month of July, 1901, the C. P. R., on behalf of the Columbia and Western Railway Company, having for some time been pressing for a settlement of its claims against the Government under the Columbia and Western Subsidy Act, proposed to the Government that blocks 4,593 and 4,594, which, under the Order in Council of December, 1900, had been appropriated to the British Columbia Southern Railway Company, should be granted to the Columbia and Western Railway Company in part satisfaction of these claims. At this time the first section of the Columbia and Western Railway, extending from Trail to Robson, the third section, extending from Robson to Midway, and the fourth section, extending from Midway to Christina Lake, had been built. Under the Subsidy Act, the Railway Company was then presently entitled to receive the full amount of the subsidy appropriated to the first and third sections; but under these terms would not be entitled to receive the subsidy for the fourth section until the fifth section of the railway had been completed. A large block of land, containing four and one-half million acres, and known as the Columbia and Western Railway reserve, had been reserved by the Government under the terms of the Subsidy Act, for the purpose of supplying not only the alternate blocks of land to which the Company were entitled along the line of railway, but also any deficiency arising by reason of the alternate blocks not fully making up the area to which they might be entitled. It was proposed by the Company to the Government that the alternate blocks along the whole of the projected line of railway, from Rossland to Penticton, fixed by the Company's selection of an initial block marked on the plan referred to in the Order in Council hereinafter referred to, dated the 10th of August, should be appropriated for the purpose of satisfying the claims of the Company for subsidy for sections one and two of the road. And it was proposed that the further claim of the Company for 896,000 acres, which the Company would be entitled to receive in respect of the construction of the third section, should be satisfied by the appropriation to the Company of the two blocks, 4,593 and 4,594, above referred to. This involved, of course, a re-opening of the British Columbia Southern Company's settlement of December, 1900, and it was proposed with respect to that by the Company that the settlement of September, 1900, should be restored, the effect of the proposal being that blocks 4,593 and 4,594 should be transferred from the British Columbia Southern Railway Company to the Columbia and Western Railway Company. It was stated by Mr. Wells, although denied by Mr. Eberts and Mr. Taylor, that the first suggestion of this change came in a telegram addressed by Mr. Taylor, in Eastern Canada, to Mr. Eberts, inquiring whether it would be possible to transfer these two blocks from the British Columbia Southern to the Columbia and Western; and it was stated by Mr. Wells that after consultation with Mr. Eberts, a reply was sent that such a change was impossible, the basis of that view being that the terms of the Columbia and Western Railway Act would not permit the appropriation of blocks 4,593 and 4,594 as part of the subsidy earned by that Company. To understand the position, it is necessary to remember that the eastern terminus of the Columbia and Western Railway was Rossland. The two lots in question were situate at a distance of about 300 miles from that eastern terminus. The Columbia and Western Railway Company's Subsidy Act provided as follows:—

“Section 6. The Company shall only be entitled to unoccupied Crown lands, and to make up for any area within any of the blocks of land to be selected by the Company which shall, before the selection by the Company, have been alienated by the Crown or held by pre-emption or as mineral claims, or where the blocks are of insufficient area on account of their proximity to the international boundary, or other cause, upon any one or more of the said sections of the line of railway, upon satisfying the Lieutenant-Governor in Council of such fact or facts, the Company shall be entitled to equal areas of Crown lands in the said districts, to be taken up in blocks of not less than one mile square and to be reserved, selected and granted to the Company from time to time as the work proceeds, in such manner as the Lieutenant-Governor in Council may determine, and in localities as near as practicable contiguous to the said line of railway, and this manner of reserving, selecting and granting shall apply to all cases where the area covered by the said blocks is insufficient to make up the quantity to which the Company is entitled under this Act.”

If these two lots could be legally appropriated to the Columbia and Western Railway Company, they could be so appropriated only as deficiency lands under this section. The section provides expressly that deficiency lands are to be selected, as nearly as practicable, contiguous to the line of railway. The lands in question could, therefore, not be given to the Columbia and Western Railway Company without an express violation of the plain direction of the Statute. However, three Orders in Council were passed, dated the 10th of August, 1901, one of which rescinded the Order of the 19th of December, 1900, the second of which restored the British Columbia Southern Railway Company's settlement of September 10th, 1900, and a third of which carried into effect the proposal made on behalf of the Columbia and Western Railway Company, on the lines above mentioned, and authorised the granting of blocks 4,593 and 4,594 to the Company in full satisfaction of the deficiency lands to which the Company would be entitled in respect of the construction of section three of its line.

We are unable to find any trace of any Minutes of a Council meeting of the 10th of August, 1901. On that date Mr. Dunsmuir and Mr. Prentice were absent. The Minute of Council which was placed before the Governor, signed by Mr. Turner and Mr. Wells, although dated the 10th August, was not signed or prepared until some date later than the 28th of August, 1901. The draft of this Minute which may have been before the meeting of the 10th of August, if any such meeting was held, together with the memoranda containing estimates of quantities of acreage and descriptions of the property dealt with, were prepared by or under the direction of the Executive Agent of the Canadian Pacific Railway Company and furnished by him to the Department of Lands and Works. All the Ministers disclaim any knowledge of the grounds upon which the Council acted in entering into this transaction. Mr. Eberts says that he, having been consulted, advised that the lands could be lawfully granted under the Statute. Mr. Dunsmuir says that the matter was not settled before his departure from the City on the 4th August, although the matter had been discussed and he had expressed his dissatisfaction with it. Mr. Prentice says that he was absent and knew nothing about it. Mr. Wells says that he was absent from the City from the 27th of July until the 8th of August, and that on his return it was represented to him that the matter had already been disposed of by Council, and he signed the report as a mere matter of form, while in his own mind feeling the gravest dissatisfaction with the course which was being taken. Mr. McBride was unable to recollect anything about the matter, except he understood it had been represented to him that the effect of the transaction would be a substantial gain of acreage to the Province.

The reason for the change is not apparent—two reasons are indifferently set up or mentioned, and both would appear to be without merit—one that there was a considerable saving in acreage—when it would appear that the Chief Commissioner of Lands and Works had relied upon the general statement put forward on behalf of the Columbia and Western Railway Company that the saving would be some 300,000 acres, but this amount was afterwards discovered to be incorrect. The other was this—that as the British Columbia Southern Railway Company had been allotted these lands, it was only a matter of domestic economy and it mattered not to make the change, as both Companies, *i. e.*, the British Columbia Southern Railway Company and the Columbia and Western Railway Company, were controlled by the C. P. R. Co.

After the passage of the Order in Council of the 10th of August, approved by His Honour the Lieutenant-Governor on the 4th of September, 1901; a further Order in Council, of the date the 13th day of September, 1901, and approved by His Honour the Lieutenant-Governor on the 23rd day of September, 1901, was passed, approving of the form of Crown grants that

were to issue to the Columbia and Western Railway Company; and the Crown grants were prepared for the lands so granted, inclusive of the said Blocks 4,593 and 4,594, the signature of His Honour the Lieutenant-Governor appearing thereon, together with the Great Seal of the Province, as well as the signatures of the Hon. the Provincial Secretary (Mr. Prentice) and the Deputy Commissioner of Lands and Works, under date the 3rd day of October, 1901. It would appear that the usual fees payable upon the issue of Crown grants were paid by the Columbia and Western Railway Company; and instead of the Crown grants being handed out in the usual course to the duly authorised agent or attorney of the Railway Company, it was decided upon that the Chief Commissioner of Lands and Works (Mr. Wells) would take the Crown grants to Montreal and there make delivery to the President of the C. P. R. Co.

There is a contradiction as to whether the Chief Commissioner of Lands and Works had express instructions when going to Montreal to insist upon further concessions from the Canadian Pacific Railway Company or the Columbia and Western Railway Company, before making delivery of the Crown grants for Blocks 4,593 and 4,594; and we cannot find that an Order in Council was passed to in any way alter or vary the situation then existing, viz., the Order in Council of the 4th September, 1901, supported the delivery of the Crown grants, subject only to the terms thereof. However, it is quite evident that the then Premier (Mr. Dunsmuir) was willing that the Chief Commissioner of Lands and Works (Mr. Wells) should endeavour to get some promise of further construction of railways. At the same time, Mr. Dunsmuir frankly stated in his evidence that he never expected anything to come of it, and that it was the suggestion of Mr. Wells. This is borne out, as is also the Attorney-General's (Mr. Eberts') view of it, by their repeated requests to Mr. Wells to deliver the Crown grants to the Railway Company after his (Mr. Wells') return from Montreal, notwithstanding that no promise had been made to build the Spence's Bridge to Midway line.

We now come to the Montreal incident, the moving cause, as stated by all the Ministers, for the passing of the rescinding Order in Council of the 18th of March, 1902.

The Committee do not undertake to pass upon the truth or untruth of the Montreal incident,—and as to whether the Chief Commissioner of Lands and Works (Mr. Wells) had improper proposals made to him, which, if acceded to by him, would have amounted to his being corruptly influenced; all we can say is this: that apparently the Government of the day, then consisting of the Honourable Messrs. Dunsmuir, Eberts, Prentice and Prior, on the 18th day of March, 1902, gave such credence to the matter that the rescinding Order in Council of that date was passed, taking away from the Columbia and Western Railway Company the right to receive the Crown grants already issued, but not delivered, for the said Blocks 4,593 and 4,594. The Committee cannot consider that this action was other than as all actions of the Government must be—binding upon all the members of the Government. It would appear, however, that the Attorney-General (Mr. Eberts) was not a consenting party to this rescinding Order in Council of the 18th of March, 1902, and dissented therefrom; and it would appear that his opinion was that the Order in Council was ineffective and that the property in the lands had passed to the Columbia and Western Railway Company, or that whether it had passed or not should be left to be decided in the Courts; but it is to be observed, in the light of the evidence adduced, that he held this view with facts within his knowledge and that he withheld from the Legislature; and Mr. Eberts further objected that this action was ill-timed, as well as the later action of the Legislature in passing Bill 16.

A matter for comment with regard to the Order in Council of the 10th of August, 1901, approved on the 4th of September, 1901, is this: the extraordinary departure from ordinary procedure and the apparent carrying out of a transaction involving the disposition of 625,000 acres of most valuable land, at the mandate of some outside authority, without care being had to see that all the statutory requirements, being conditions precedent to the right of the Railway Company to be granted lands under the Subsidy Act, were complied with; and it is to be observed that no survey had been had, and, as a matter of fact, even the descriptions of the land were supplied from sources the Committee were unable to locate; and there was evidence—whether it can be said to be satisfactory or not, which we are not prepared to say—that the Order in Council was actually drafted at the instance of the Railway Company, and apparently all was done as if no responsibility rested upon the Lands and Works Department, or that of the Attorney-General.

In passing, it may be said that the same agency—which later the Chief Commissioner of Lands and Works complained about—was present and promoting the action of the Government at the time.

The Committee are strengthened in their view that the Railway Company were not fully satisfied in accepting title to Blocks 4,593 and 4,594 under the Columbia and Western Railway Subsidy Act, 1896, because of the facts that developed in connection with Bill 87 of the Session of 1902, which was brought down by message but did not pass through the customary stages and become law. It is apparent that the draftsman of that Act had well in mind the difficulty to support the Crown grants of Blocks 4,593 and 4,594 under the Columbia and Western Railway Subsidy Act, 1896, and care was taken to provide against any such restrictive effect in Bill 87.

The remarkable fact in connection with Bill 87 developed that the authorship of the Bill is lost in obscurity, but one thing was very apparent, and that was that the Railway Company were satisfied with the form thereof, and in fact put the King's Printer in motion to print the same, and great anxiety was evidenced to have the Bill introduced and dealt with as drafted. The inevitable conclusion the Committee have come to, and do come to, is that the Bill was drafted at the instance of the Railway Company.

Now, what was the object of the Railway Company? There was no disguise as to this; it was plainly stated to be the getting of Blocks 4,593 and 4,594 by the agency of this Bill 87. The Executive agent of the C. P. R. (Mr. Brown) so wrote the Chief Commissioner of Lands and Works (Mr. Wells) and reminded him that such was the understanding—this was denied, though, by Mr. Wells, and the Committee do not propose to dispose of this question of fact; but the Committee does propose to remark upon the action of the Chief Commissioner of Lands and Works, after being so apprised of the intentions of the Railway Company. The Attorney-General did not draft the Bill; the Deputy Attorney-General did not draft it, and to this day it is not known who did draft it. It is true that after the introduction of the message recommending the Bill, attention was drawn to the wide features of it, *i. e.*, that lands should be granted in the districts of Yale and Kootenay, without restriction of any kind, and at the will of the Railway Company. Then it was that both the Chief Commissioner of Lands and Works and Colonel Prior made inquiries of the Attorney-General as to the effect of the Bill, and it is stated that the Attorney-General's view was that the Bill did not enlarge the scope of the Columbia and Western Railway Subsidy Act, 1896, and that, in any case, the Province could not be called upon to grant any lands whatever, and thereby there was protection against any selection not agreed to by the Government.

The coincidence of the formation of the Pacific Coal Company in August, 1901, gives colour to the thought that there was some movement upon foot to deal with Blocks 4,593 and 4,594 as coal properties.

*Finding No. 1.*—The Committee find that the Order in Council of the 10th day of August, 1901, authorising the conveying of Blocks 4,593 and 4,594 to the Columbia and Western Railway Company, was not in the public interest.

*Finding No. 2.*—We find that within the original Columbia and Western reserve there remained, after deducting the alternate blocks appropriated for the construction of the first section and two pieces of land appropriated for the deficiency lands to which the Company were entitled for the construction of that section, an area of land amounting to 2,600,000 acres. We also find that within the said reserve there was ample land available to satisfy all that the Company was entitled to receive for the construction of the third section, which reserve had remained set apart for the purposes of the Company for a period of five years.

*Finding No. 3.*—We find that the Order in Council directing the issue of grants for Blocks 4,593 and 4,594 was fettered by no conditions whatever, and that under that Order in Council, assuming that the settlement had not violated the conditions of the Subsidy Act, the Company would have been forthwith entitled to a delivery of the grants.

*Finding No. 4.*—We find that questions pertinent to the matter we had to inquire into were asked throughout the session of 1902, as would appear by the Journals of the House, and the Government permitted answers thereto to be given that were not in accordance with the real facts.

*Finding No. 5.*—We find that on the 5th day of May, 1902, a return, purporting to be a return of the Order in Council relating to the granting of Blocks 4,593 and 4,594, and of all correspondence, etc., connected therewith, failed to refer to a number of letters that passed between the Executive of the Canadian Pacific Railway Company and the Honourable the Chief Commissioner of Lands and Works, which, although marked "personal," were clearly official letters, dealing with official business; and also failed to return a letter of the 8th day

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of November, 1901, from the Deputy Commissioner of Lands and Works to the Government Agent at Fort Steele, shewing that Blocks 4,593 and 4,594 were granted to the Railway Company.

*Finding No. 6.*—We find that if Bill No. 87 had become law the Columbia and Western Railway Company would have power conferred on them to claim Blocks 4,593 and 4,594.

*Finding No. 7.*—The Committee have no difficulty in finding that the rescinding Order in Council of the 18th day of March, 1902, and Bill No. 16, were steps taken in the public interest, as unquestionably the said lands, being Blocks 4,593 and 4,594, were not, and never could have been considered to have been, within purview of the Columbia and Western Railway Subsidy Act, 1896, and it is unreasonable to assume that the Railway Company, advised at all times by eminent counsel, was not aware that such lands were without the purview of the Statute. That being the fact, no matter what other cause moved the Government in the matter, the rescinding Order in Council was right and proper, as was also the legislation that followed—all being in the public interest—and, viewing the matter in this way, we cannot see what ground of complaint is open to the Railway Company.

All of which is respectfully submitted.

CHAS. W. D. CLIFFORD, *Chairman.*

*Dated May 27th, 1903.*

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