

The Chairman : You mean that a certain order should be established ?

Mr. McCaul : Some certain order in which the witnesses would be called, and not called so much at haphazard.

The Chairman : This investigation is entirely different from a Court of law.

Mr. McCaul : Still, that issue does to a certain extent frame itself. I think, in fairness to the Hon. Mr. Wells in this matter, that he should be in a position, when he goes into the box again, to answer the evidence which may be given on the other side. There is a somewhat fairly defined issue between these parties.

The Chairman : That will be a question for the Committee to decide. But, of course, you know that this Committee can at any time rise and report to the House, and stop proceedings at any time they like. It is in their hands.

Mr. Duff : I must rather demur to my friend's suggestion that there is an issue between the Railway Company and the Ministers. I certainly do not understand that I am appearing for the Railway Company or any particular individual, for that matter, at all. It is an inquiry being made into the circumstances under which these lands were granted, or proposed to be granted, involving, of course, questions as to the conduct of the agents of the Railway Company as well as the conduct of the Ministers. So far as I am concerned, I don't know that the progress of the inquiry turns very much upon which witness is called first. There is one thing with regard to Mr. Brown, and that is, that he has sent for some papers at Montreal which the Committee might want to have before them ; and it is possible that the Committee may think it desirable to have all that sort of thing gone into at the same time. As far as I am concerned, I have no objection to Mr. Wells' evidence being deferred.

The Chairman : The Committee are very anxious to make their report as soon as possible.

Mr. Duff : We are entirely in the hands of the Committee on this, of course.

Mr. McPhillips : When Mr. Brown was here before, we took his examination, for his convenience, at a time when, perhaps we would not have proposed to take it otherwise. We asked Mr. Brown if he would communicate with Montreal to get certain documents ; I think he suggested himself that he would like to get some data or memoranda.

Mr. Brown : I have telegraphed for my papers.

Mr. McPhillips : You have not got them yet ?

Mr. Brown : I have not got them yet.

Mr. McPhillips : Developments have occurred since Mr. Brown was called which make it desirable to hear Mr. Brown on. I am not prepared to say, from my point of view, who ought to be called first. Mr. Brown, of course, is now present.

Mr. Brown : I would infinitely prefer to speak with my documents before me, naturally.

Mr. McPhillips : Mr. Wells was not cross-examined ; he is practically in the position of a witness having given his evidence-in-chief and has not been cross-examined. That is a matter that we have to bear in mind.

Mr. McCaul : I understood that he had been cross-examined by the members of the Committee.

Mr. McPhillips : No, I do not think so, according to our recollection. Mr. Oliver asked him a few questions.

Mr. Oliver : I was examining Mr. Wells when the Committee rose, and I distinctly stated I had hardly started his examination.

The Chairman : Yes, that is a fact. Mr. Wells' evidence was not concluded when he was on the stand.

Hon. Mr. Wells : Last evening I believe it was understood, Mr. Chairman, that I should make a statement to-day in response to telegrams to Sir Thomas Shaughnessy, and the purport of which was to be that I should relieve Sir Thomas from giving any colour or countenance in any way to the newspaper report as to undue influence being extended towards me.

The Chairman : That is correct.

Hon. Mr. Wells : I thought it better to put it in the form of a written memorandum, Mr. Chairman.

Hon. Mr. Wells here read his written statement as follows :—

“In connection with my evidence as to the conversations I had with Mr. W. J. Taylor in Montreal in November, 1901, wherein he informed me of a projected syndicate or company to take over the Columbia and Western lands in East Kootenay, and offered me a one-twentieth share therein, equivalent to thirty thousand acres, I desire to state that I have not intimated, and do not in any way desire to convey the impression, that the Canadian Pacific Railway

Company, or Sir Thomas Shaughnessy, were in any way parties to Mr. Taylor's proposal to me, or that I believed then, or believe now, that Sir T. Shaughnessy or the C. P. R. were privy to any scheme to acquire or use these lands for corrupt or improper purposes.

6th May, 1903.

(Signed) "W. C. WELLS."

The Chairman: Mr. McCaul, do you wish to ask Mr. Wells any questions now?

Mr. McCaul: I do not wish to put Mr. Wells in the box to-day to give his evidence, because I do not wish him to give his evidence piece-meal, but when he goes in the box I want him to give his evidence in full, to be examined and cross-examined. Mr. Wells has received a communication from Sir Thomas Shaughnessy, and it is necessary for Mr. Wells to get a reply to a second telegram that he has sent to Mr. Shaughnessy now; and I do not want him to give his evidence until he gets his reply from Sir Thomas Shaughnessy, as to how far he is entitled to go in certain matters.

Mr. Helmcken: What is the object of the telegram to Sir Thomas Shaughnessy?

Mr. Duff: Is it to get permission to give certain evidence?

Mr. McCaul: No; there are certain statements which Mr. Shaughnessy makes, which he wants Mr. Wells to make, and it is necessary for Mr. Wells to have the matter cleared up with Mr. Shaughnessy before he gives evidence.

The Chairman: When will Mr. Wells be ready?

Mr. McCaul: To-morrow morning.

Mr. Wells: There is a particular portion of Sir Thomas Shaughnessy's telegram that I do not understand.

Mr. Helmcken: Is there any possibility of Sir Thomas Shaughnessy coming here?

Hon. Mr. Wells: Oh, I don't know that. I am not asking Sir Thomas Shaughnessy's permission to say anything at all, but there are certain references in his telegram that I do not understand, and I want a further explanation of it.

Mr. Duff: He is calling your attention to certain things?

Hon. Mr. Wells: Yes.

Mr. Duff: And do you not quite understand it?

Hon. Mr. Wells: Yes. And I cannot make an intelligent statement with regard to what he wishes me to do without hearing further from him.

The Committee decided to defer examining Mr. Wells till to-morrow.

The Committee here adjourned until to-morrow, May 7th, 1903, at 10 A.M.

THURSDAY, May 7th, 1903.

The Committee met at 10 A. M., pursuant to adjournment from yesterday. Present, the full Committee.

Minutes of last two sessions read and adopted.

Mr. Duff: I would like to ask if the correspondence which was asked for yesterday between the Lands and Works Department and Watt and Smart have been produced.

Mr. Helmcken: Yes.

Mr. Duff: And then, in addition to that, I think there are some letters that ought to be produced that were referred to in Mr. Brown's evidence. He says, after the 18th of March, the rescinding of the Crown grants, there were some letters passed.

Hon. Mr. Wells: I have not seen the correspondence that has been produced; if I saw it I could tell if there was another letter.

Mr. Duff: There are only two letters produced.

Mr. McCaul: We can look into that at recess, and if we find any letters we will produce them.

Mr. Duff: There was that letter of the 31st of July sent by Mr. Wells to Mr. Brown; and the reply sent to Mr. Turner.

Hon. Mr. Wells: I have not seen that one.

Mr. Duff: The correspondence I want took place last year after the Order in Council rescinding the Crown grants. There are two letters: one is an inquiry by Mr. Brown as to the exact position, and an answer by you, the answer including a statement that the Government had decided to give alternate blocks to the Railway Company, amounting to 800,000 acres, to make up, as far as possible, the deficiency of 896,000 acres. And it is said there was some further correspondence.

Hon. Mr. Wells : Well, I asked Mr. McNeill to see if there was such a letter as that, in which, as you say, a reference was made to the alternate blocks.

Mr. Duff : That letter is in.

Hon. Mr. Wells : If I saw the correspondence I could see as to another letter I have some recollection of. (Letter March 19th, 1902, handed to Hon. Mr. Wells.) I remember a letter that I received from him (Mr. Brown) marked "personal," and my letter to him in reply, also marked "personal."

Mr. Duff : You have them.

Hon. Mr. Wells : We have them.

Mr. Duff : They have not yet been produced.

Hon. Mr. Wells : No.

Mr. Duff : I have no doubt Mr. Brown will produce them when he comes to give his evidence later ; and, perhaps, it would be more satisfactory to have them produced now.

Hon. Mr. Wells : I have no objection.

Mr. McCaul : We will have them looked up. I have not seen them at all.

Hon. Mr. Wells : They are both marked personal letters.

The Chairman : Mr. Brown said he had no objection to having them produced.

Hon. Mr. Wells : I haven't any.

Mr. Duff : I don't know that Mr. Brown said specifically he had no objection.

Mr. Helmcken : Could you lay your hands on them now ?

Hon. Mr. Wells : I will ask Mr. McNeill to get them.

Mr. Duff : I think that, so far as Mr. Brown is concerned, he undertook to give the contents of them anyway, and, therefore, he could not object to the production of them.

Hon. Mr. Wells : Has Mr. Brown said that he has no objection to this correspondence being produced ?

Mr. Duff : I don't know that he said that ; but he undertook to give the contents ; and after that he cannot object to producing them.

Hon. Mr. Wells : I have no objection at all.

Mr. Duff : They are on this subject, undoubtedly. I do not want them produced at all if they do not bear on the subject.

Mr. McCaul : I would like to ask if the telegrams passing between Mr. Taylor and the Attorney-General, which were ordered the other day, have been brought down ?

Mr. Helmcken : They have not been handed in to the Committee, so far as I know.

Mr. McCaul : I produce a letter which we discovered to-day, a covering letter, to Mr. G. McL. Brown from the Chief Commissioner, enclosing certified copies of the reports of minutes of the meeting of the 10th of August, 1901, with reference to land grants to the British Columbia Southern and Columbia and Western Railway.

Mr. Duff : Mr. Brown spoke of a letter addressed to Mr. Wells which he handed to Mr. McNeill and Mr. McNeill handed in to the Executive, dated the 31st of July. That letter was replied to by Mr. Turner, signed, as Mr. Brown says, by Mr. Turner, acting President of the Council. I don't know whether search has been made in the Provincial Secretary's and Finance Minister's Departments, to see if that letter can be found.

The Chairman : We will enquire of the Finance Department.

Mr. Duff : You have not that letter of July 1st that Mr. Brown referred to in that letter ? Are you sure that the letter of July 31st is not a mistake in the copy and the date should be the first ?

Hon. Mr. Wells : I will ask Mr. McNeill for it when he comes up.

Hon. Mr. Prentice, the Minister of Finance, here entered the Committee room.

Mr. Duff : (To Hon. Mr. Prentice). We want to find a letter written by Mr. Turner—we have not the date of it—in reply to a letter addressed to Mr. Wells, which last-mentioned letter is dated the 1st of July, 1901. Mr. Gosnell's recollection seems to be that that letter was addressed to Mr. Turner ; but it must undoubtedly have been addressed to Mr. Wells. The letter was brought before the Executive on the 31st of July, apparently.

Hon. Mr. Prentice : I have no recollection.

Mr. Duff : It was written by Mr. Turner as acting President of the Council. Mr. Gosnell says it is not in his Department.

Hon. Mr. Prentice : I never looked, but I fancy a letter of that sort would be in Mr. Turner's private letter-book, which he took away with him.

Mr. Duff : Mr. Brown says it was an official letter.

Hon. Mr. Prentice: I will look for it during the day.

Mr. Duff: Dated some time between the 31st of July and the 10th of August.

HON. W. C. WELLS, being further examined, testifies as follows:—

Mr. McCaul: Mr. Wells, by Order in Council of the 10th of September, 1900, certain deficiency blocks were granted to the British Columbia Southern in connection with their land subsidy? A.—Yes.

Q.—That was afterwards changed by Order in Council of the 19th of December, I believe? A.—Yes.

Q.—Who was the Executive agent or representative of the British Columbia Southern in British Columbia at that time? A.—Mr. G. McL. Brown was the Executive Agent of the Canadian Pacific Railway Company.

Q.—Well, who were interesting themselves in regard to the question of this land subsidy to the British Columbia Southern? A.—Mr. G. McL. Brown was.

Q.—From whom did the suggestion come that the change should be made from the lands granted in the Order in Council of the 10th of September, 1900, to the blocks of land which were afterwards transferred by the Order of Council of the 19th of December? A.—Well, the first interview that I remember of with any person with regard to that was with Mr. Taylor, in my own room.

Q.—Which Mr. Taylor? A.—Mr. W. J. Taylor.

Q.—Was he interesting himself in this question? A.—Yes, sir.

Q.—What was the purport in that interview? A.—He told me that they wished to make this exchange, that is, rescind the first Order or rescind the first settlement and adopt another settlement in lieu of it, including those two blocks, 4,593 and 4,594.

Q.—Giving those two blocks, 4,593 and 4,594? A.—I remember that very distinctly because there was a request that he made of me, or a suggestion that he made to me, that I have a very vivid recollection of.

Q.—At that time by Mr. Taylor? A.—By Mr. Taylor at that time.

Q.—Is this the Order in Council of the 20th of December, 1900, that you refer to (handed to witness)? A.—This is the second Order in Council.

Q.—That is the second Order in Council; that is the rescinding Order, and this (handing document to witness) is the granting Order. Are those the Orders in Council that you refer to? A.—This is the Order in Council substituting those two blocks for the northern block which was included in the first settlement (referring to number 722, 19th December, 1900).

Q.—When did you first see a draft of that Order in Council? A.—Well, I cannot tell you any particular date; but it was evidently subsequent to our first interview.

Q.—Subsequent to your first interview with Mr. Taylor? A.—Yes; no doubt about that.

Q.—Well, who showed you the draft? A.—Mr. Taylor.

Q.—Now, you said that you recollected this interview, the first interview with Mr. Taylor, particularly on account of the suggestion that he made. Will you explain that? A.—Yes; if you will show me the map.

Q.—Here is the map of the 19th of December; and that is the map of the 10th of September (showing same to witness).

Mr. Helmcken: Have you got the draft of the Order in Council that you are speaking of? A.—No; I asked Mr. Gore for it; I supposed it was in Mr. Gore's possession, but he does not seem to have it. As I say, the first settlement includes these two blocks (indicating on map). Now, Mr. Taylor wanted me to suggest that, inasmuch as this what we call the northern block extended up into my own constituency, that I should object to that being included in the settlement.

Mr. McCaul: And what did you say to that? A.—Oh, I told him that was no reason.

Q.—Exactly. A.—In fact, I did not attach any importance to that at all.

Q.—Do you recollect about the time at which this interview took place, Mr. Wells? A.—Well, I cannot fix any date to that; it was, of course, prior to this Order in Council some time.

Q.—Within reasonable limits though—within what? A.—It was approaching this settlement.

Q.—Some time approaching the time that this Order in Council was passed? A.—Yes.

Q.—And where did this interview take place? A.—In my office. I remember exactly where he was sitting at the time.

Hon. Mr. Wells—*Continued.*

Q.—Then, at a subsequent interview, Mr. Taylor produced a draft Order in Council to you? A.—Yes; I remember that too. I have a distinct recollection of what this draft looked like.

Q.—Yes. And where did this second interview, when the draft Order in Council was produced by Mr. Taylor, take place? A.—In my own room.

Q.—In your own room, shortly before the Order in Council was finally passed? A.—Well, I cannot say as to that, I cannot say as to any time, but I know that it was certainly before this.

Q.—Before that Order in Council of the 19th of December, 1900, was passed had you seen Mr. George McL. Brown in connection with this matter at all? A.—The first time that I remember of saying anything to Mr. Brown was going into the Finance Minister's room; it was evidently a meeting of the Executive. He was present, and this question was going to be discussed, or taken up. I turned to Mr. Brown and said to him, "I understand we are making a large saving (mentioning the quantity, several hundred thousand acres) by this exchange"; and his reply was, "Yes, something about that."

Q.—You mentioned, approximately, how many acres? A.—That I am not very clear about, but I should say possibly three or four hundred thousand acres. I had it in my mind that it was quite a large saving.

Mr. Helmcken: Did you say seven or several? A.—Three or four hundred thousand.

Mr. Duff: But your first answer? A.—I said several hundred thousand.

Mr. McCaul: Now, Mr. Wells, pass on to the Order in Council of the 10th of August. A.—Well, when I say three or four hundred thousand, I am satisfied it was not less than that, possibly more.

Q.—Yes. I call your attention, Mr. Wells, to Order in Council number 393, of the 10th of August, 1901, assented to on the 4th of September the same year (handed to witness); I would like to call your attention particularly to this recital, that the lands described in memoranda A and B of the report of the Chief Commissioner of Lands and Works dated the 10th of August, 1901, made in pursuance of instructions from the Executive Council of the 2nd day of August, 1901, which report is hereto attached. Were you present at the meeting of the Executive Council on the 2nd day of August, 1901? A.—No; I left Victoria for up-country on the 27th of July; I did not return here until the 8th of August. So that, of course, I could not have been at that meeting.

Q.—So that you were not at the meeting when those instructions were given, and this subject evidently discussed? A.—No; I was not.

Q.—Now, I want to know in regard to this Order in Council which again changes the appropriation of the two blocks of land A and B from the British Columbia Southern to the Columbia and Western Railway Company subsidy; what led up to that; from whom did the suggestion come that that change should be made? A.—Well, the first suggestion that I remember of was a telegram from Mr. Taylor to Mr. Eberts.

Q.—The first suggestion you remember was a telegram from Mr. Taylor to Mr. Eberts. About what time was that? A.—Well, I cannot say as to the time, but my impression is, probably early in July, or June.

Q.—Early in July, or in June. From Mr. Taylor at what point? A.—As I remember, it was at Montreal.

Q.—What was the suggestion then? A.—Well, the suggestion was that these two blocks should be made a part of the subsidy of the Columbia and Western instead of the B. C. Southern.

Mr. Duff: Don't you think it would be more satisfactory first to ascertain whether the telegram can be got?

Mr. McCaul: I have given notice for it, and I do not think I can do anything more. I cannot force the production of the telegram, unless the Attorney-General chooses to appear and produce it.

Mr. Helmcken: Did you see that telegram, Mr. Wells? A.—I think I did. Mr. Eberts had it.

Q.—What? A.—Mr. Eberts had it; I think I saw it.

Q.—Who let you have the telegram to see; who produced it? A.—Mr. Eberts was the only one there.

Hon. Mr. Wells—*Continued.*

Q.—Did Mr. Eberts produce it to you? A.—Well, he either showed it to me or let me understand the purport of it. I don't remember actually seeing the telegram, but I understood the purport of it.

Q.—Did he read the telegram to you? A.—I think he did.

Q.—Will you swear positively on that? A.—He must have; we discussed it at any rate; I must have known the purport of the telegram or we could not have discussed it.

Q.—But do you recollect seeing a telegram in the hands of Mr. Eberts; did he show it to you? A.—He must have done so; I cannot remember the document itself. Because I know I immediately took the Statutes of 1896 and drew his attention to the terms of the Subsidy Act.

Q.—What became of that telegram? Did Mr. Eberts retain it? A.—He must have done so; I did not retain it.

Q.—There is no trace of it in your office? A.—No.

Q.—You have never seen it since? A.—I have never seen it since. I remember of seeing the reply.

Q.—How do you know it was from Mr. Taylor to Mr. Eberts? A.—Well, he told me so.

Mr. Duff: The reply would show that, too. A.—Oh, he told me it was a telegram from Mr. Taylor; I remember that distinctly.

Q.—Whom was the reply sent to? A.—To Mr. Taylor.

Mr. Helmcken: Was anybody with you when this interview took place? A.—No.

Q.—And you have got no note of it, other than that? A.—No, sir.

Mr. McCaul: And you actually saw the telegram that Mr. Eberts wrote in reply to Mr. Taylor's telegram? A.—Yes; I remember seeing that. He wrote out another reply to it first, which he intended sending, and then he changed his mind about that and simply wrote one with the word "Impossible."

Q.—And he showed you that telegram? A.—I saw that.

Q.—Your recollection is absolutely clear about that? A.—Oh, I remember distinctly about it.

Mr. Helmcken: Was that telegram to be sent to Mr. Taylor, or what? A.—Yes; to Mr. Taylor.

Q.—Did Mr. Eberts say that he was going to send that telegram—to you? A.—He wrote it out to be sent to Mr. Taylor.

The Chairman: That is the "Impossible" telegram? A.—Yes; just one word, "impossible."

Mr. Helmcken: Was any copy kept of it? A.—I don't know if he kept a copy of it.

Mr. McCaul: It was not kept in your department at all? A.—No.

Q.—And you never had possession of those telegrams or copies in your Department? A.—No.

Q.—Well, that was the first intimation you had of the desire of the Company or of somebody, to have these lands changed from the B. C. Southern to the Columbia and Western? A.—Yes; that was the first intimation to myself that they wanted an exchange.

Q.—After that, and before the Order in Council was passed, did you have any interviews with any other person as representing either the B. C. Southern or the Columbia and Western or the C.P.R.? A.—I remember one interview with Mr. Brown.

Q.—You remember one interview with Mr. Brown? A.—Yes.

Q.—Was that before you went away, up-country, on the 27th of July? A.—Yes; I went away on the 27th of July.

Q.—What was the effect of that—what was the purport of that interview? A.—Well, the discussion, the conversation, wound up in this way: I said to Mr. Brown, you had better make your proposition.

Q.—What proposition—what was he talking about? A.—Well, referring to the exchange; that is, touching these two blocks of land, to the Columbia and Western subsidy.

Q.—I see. And you said to him, "You'd better make your proposal"? A.—You had better make your proposal.

Q.—What did he say? A.—He said no—he took some exception to that; that he did not want it as a proposal coming from his Company.

Q.—And what did he want? A.—As emanating from the Government.

Q.—He wanted it in the shape of a proposition from the Government. A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—Now, after that, Mr. Wells, you went up country on the 27th of July, and did not return until the 8th of August? A.—That is right.

Q.—Did you receive the letter that Mr. George McL. Brown has mentioned of the 31st of July, 1901? A.—I never saw that letter.

Q.—You never saw that letter; so that if it was dealt with by the Executive it was dealt with without your knowledge and in your absence? A.—Yes, sir; I never saw it at all.

Q.—Now, do you know who prepared the report and the memoranda that are attached to this Order in Council, No. 393, of the 10th of August, 1901 (shown to witness)? A.—Well, this was evidently prepared in the office.

Q.—It was evidently prepared in the office. Was it prepared by yourself, Mr. Wells? A.—No, sir.

Q.—It was not prepared by yourself? A.—This reminds me of a clause that was put in that Order of the 19th of December. Will you let me see that Order, please?

Q.—It is Order number 722. (Document handed to witness.) A.—Here is a clause put in this report that calls to my mind a circumstance:—"The Minister further recommends that the Crown grants aforesaid shall not be delivered to the Company until after they have given a written guarantee to the satisfaction of the Chief Commissioner of Lands and Works that they will, on or before the 1st day of May, 1901, commence the surveys to define the boundaries of the blocks so granted, and carry on said surveys to completion to his satisfaction, within two years from the date of this Order." This was inserted by Mr. Gore upon his own authority. Mr. Taylor, I remember, took particular exception to that clause as interfering with his project, or that it might interfere with his project, have some effect upon it. I remember that distinctly.

Q.—That is in the Order of Council of 19th of December, 1900, number 722. Then, in regard to the Order in Council of 10th August, 1901, do you know whether any report or memorandum had been prepared before you came back from Windermere, on the 8th of August? A.—No, I don't know of any being prepared before I came back.

Q.—When you came back did you receive any message from your secretary in regard to instructions in this matter? A.—Yes.

Q.—What was that? A.—He told me that he had received a letter from Mr. G. McL. Brown, and that he had taken it into an Executive meeting on the 31st of July; that after that meeting Mr. Dunsmuir sent for him just at the close of the meeting, as the Ministers were dispersing, and said to him that Mr. Turner would give me some instructions in regard to the Columbia and Western Railway matters; that is what he understood to be that, anyway. There is one thing very certain, that I understood that meeting on the 10th of August was for the purpose of giving effect to what had transpired before that about this matter.

Q.—When you went to the meeting of the 10th of August you understood that the matter was—. A.—Practically settled.

Q.——practically settled; and that was what the meeting was called to give effect to. Then, after the Crown grants were prepared in pursuance of the Order in Council of the 10th of August, 1901, you explained in your evidence before how you came to go down to Montreal. A.—Yes. Well, I was evidently not very well satisfied with it; and one evidence of it was that I had gone to Mr. Hunter for an opinion.

Q.—Yes. And then you had the interview with Mr. Dunsmuir and Mr. Prentice that you spoke about? A.—Yes.

Q.—In which you got the instructions that you mentioned? A.—I also wished to make certain that Mr. Dunsmuir perfectly understood the whole transaction.

Q.—Yes. And then you proceeded to Montreal, and had an interview with Sir Thomas Shaughnessy that you have described in the evidence given by you before? A.—Yes.

Q.—Now, in that interview that you had with Sir Thomas Shaughnessy, did you call to his attention the fact that these lands had previously been granted by Order in Council to the British Columbia Southern? A.—Yes; I did.

Q.—Now, what did Sir Thomas Shaughnessy say about that? A.—He was very much surprised at learning this for the first time.

Q.—He said he had learned for the first time? A.—That that was the first intimation he had had of it.

Q.—That these lands had been granted to the British Columbia Southern? A.—Yes— not granted to the British Columbia Southern, but that an Order in Council had been passed.

Hon. Mr. Wells—*Continued.*

Q.—That an Order in Council had been passed appropriating them. And did he say anything further in respect to whether he would have been satisfied or not with regard to that? A.—He said he would have been perfectly satisfied to take these two blocks as part of the B. C. Southern subsidy.

Q.—Then, did you discuss with him what the object of Mr. Brown and Mr. Taylor in changing this subsidy from the B. C. Southern to the Columbia and Western might have been? A.—Well, I evidently understood that there was some difficulty as between the B. C. Southern and the Crow's Nest Coal Company.

Q.—You understood there was some difficulty? A.—Some difficulty.

Q.—Between the B. C. Southern and the Crow's Nest Coal Company? A.—Well, I don't know that I would say difficulty, but there was some understanding with regard to disposal of lands.

Q.—Did Mr. Shaughnessy take any action on that occasion? A.—Well, he sent for the agreement—for an agreement between his Company and the Crow's Nest Coal Company.

Q.—Mr. Shaughnessy then sent for the agreement between his Company and the Crow's Nest Coal Company and read it to you? A.—Yes.

Q.—That, I presume, was the first time you had seen this agreement? A.—Oh, yes. I did not know anything about it.

Q.—You did not know anything about the actual agreement until then. So that, whoever had procured the change of the subsidy from the British Columbia Southern to the Columbia and Western of these lands, you understood from Sir Thomas Shaughnessy, had done it without his knowledge? A.—Yes; he evidently did not know anything about it. That is the Order in Council connecting these two blocks with the British Columbia Southern.

Q.—Now, Mr. Wells, when you were in Montreal—this was in November of 1900—were there any other persons besides Sir Thomas Shaughnessy who appeared to be interested in the question of these Columbia and Western Crown grants? A.—Mr. Taylor took a very active interest in it.

Q.—Any person else that you saw there? A.—Well, Mr. Brown was there; I saw Mr. Brown several times, but I don't remember Mr. Brown discussing it with me at all.

Q.—Mr. Brown was there, but you had no discussion with Mr. Brown about it. But you had with Mr. Taylor? A.—I don't remember of any discussion with Mr. Brown at all about it.

Q.—But you had with Mr. Taylor? A.—I certainly had with Mr. Taylor.

Q.—Who broached the subject between Mr. Taylor and yourself? A.—Well, I remember that Mr. Taylor and I were sitting in the Windsor Hotel, two chairs around one of those pillars—I suppose you know how the chairs are arranged there—and he said, "Let us go over and sit down here," meaning over a little ways from where we were sitting. And it was at that time that he broached—divulged to me his proposition.

Q.—It was at that time that he divulged to you his proposition. And who introduced the subject? A.—Mr. Taylor did.

Q.—Mr. Taylor introduced the subject. Now, you heard what Mr. Taylor has said in respect to the interview that he claims to have had with you in Montreal, at the Windsor, in his evidence? A.—Yes.

Q.—Is there any truth in that? A.—Certainly not.

Q.—Will you tell us what the interview that you had with Mr. Taylor was, so far as it relates nearly to the subject-matter of this investigation before the Committee? A.—Well, I stated in my evidence the other day that he explained to me that a company was being formed to take over these lands, and that there would be twenty shares allotted, and that one of them would be allotted to me.

Q.—That a company was being formed to take over the lands, there were to be twenty shares allotted and one of them would be handed over to you. Did Mr. Taylor appear to be interested in the question as to whether you should deliver or not deliver the Crown grants to Sir Thomas Shaughnessy? A.—Oh, yes; no doubt about that.

Q.—Well, in what way was he interested; was he favourable to your delivering them or unfavourable; what did he say? A.—Well, I remember of telling Mr. Taylor that these Crown grants could not be delivered without further concessions.

Q.—Yes? A.—And he took very strong exception to that.

Q.—He took very strong exception to that. He urged you to deliver them? A.—Without any further concessions.

Hon. Mr. Wells—*Continued.*

Q.—He urged you to deliver them without further concessions? A.—And he gave me at the time what occurred to me to be very ridiculous reasons. So much so, that I got pretty hot about it at the time. While I think of it—I repeated that to Mr. Brown afterwards.

Q.—You repeated that to Mr. Brown afterwards? A.—Yes.

Q.—Where was that? A.—In Hamilton.

Q.—You repeated this conversation with Mr. Taylor? A.—That is, I mentioned it in this way, that Mr. Taylor had been urging reasons which he did not believe himself, could not believe in himself, and I didn't want any such nonsense as that.

Q.—You might tell us shortly what ground Mr. Taylor was putting it on that was so ridiculous? A.—Well, I remember this, that the Government, he said, would be putting itself in a very false position in urging further concessions now; and he tried to convince me that it would stand in a very much more favourable light if we would allow the Crown grants to go without any further concession.

Q.—Anything further that you recollect? A.—Well, it was on those lines.

Q.—Then, in connection with this alleged company, did Mr. Taylor mention any other persons—not by name I mean—but any other particular people who were to participate in it? A.—No, I don't think he did; I don't remember of his doing so. I remember something about that at our first interview when he wanted to have these lands, these two blocks, connected with the B. C. Southern subsidy.

Q.—I don't think you caught my question, Mr. Wells. What I asked you is this: at the interview you had with Mr. Taylor in Montreal, did he refer to any other persons who were to have shares in this company? A.—Oh, yes; he spoke of two members of the House.

Q.—He spoke of two members of the House? A.—Of the House, to whom a share each—well, I won't say that he was to allot shares to them—but who were interested in this.

Q.—Not mentioning them by name? A.—No, not mentioning them by name.

Q.—Did he say anything about the connection of these two members in the House, as to the question of your delivering over these grants or not, or concluding the transaction? A.—Yes, he tried to impress upon me this fact, that we could not get along without the support of those two members—those two particular members.

Q.—At any rate, Mr. Wells, the upshot of the whole thing in Montreal was, you did not deliver up the grants, and you brought them back? A.—I told Mr. Taylor that I was going to take the Crown grants back; and I remember his making this remark, "Oh, if you take them back to Victoria that is the end of it; they will never come back here."

Q.—And you did bring them back here to Victoria? A.—Yes.

Q.—When Mr. Taylor tried to impress you with the idea that you could not get along without these two members, who did he mean by the expression you could not get along without the two members? A.—The Government.

Q.—He meant the Government could not get along without these two members. A.—And that it was essential to the existence of the Government in that respect that these two Crown grants would have to be delivered.

Q.—I see.

Mr. Duff: Now, Mr. Wells, I would like you to try and recollect, as closely as you can, the date of your interview with Mr. Taylor with regard to the allotment of lands in South-East Kootenay to the British Columbia Southern; it would be some time prior to the 10th of September? A.—Certainly, prior to the 19th of December.

Q.—Was it before the first Order in Council, by which deficiency blocks A and B were allotted, or after. A.—Oh, Mr. Taylor never saw me in reference to those at all.

Q.—I beg your pardon. A.—I don't think Mr. Taylor ever saw me at all in reference to that.

Q.—You say that Mr. Taylor did not see you at all with reference to allotment of deficiency blocks A and B? A.—I don't think so.

Q.—Which were allotted by Order in Council of the 10th of August? A.—I don't think so.

Q.—Your recollection of the interview with Mr. Taylor is that the subject in which it dealt was the change in the subsidy of the British Columbia Southern by substituting what are called here deficiency blocks one and two of the Columbia and Western grant for deficiency block B of the British Columbia Southern? A.—You say one and two of the Columbia and Western?

Hon. Mr. Wells—*Continued.*

Q.—I mean, that conversation dealt with this subject, as I understand you, namely, the proposed substitution of blocks 4,593 and 4,594 for deficiency block B? A.—Yes.

Q.—Which had been allotted to the British Columbia Southern under the Order in Council of the 10th of September, 1900? A.—Yes.

Q.—I would like you to give, as nearly as you can, about the date of your first interview with Mr. Taylor on that subject? A.—I cannot do that.

Q.—All you can say is, it was some time prior to the 19th day of December? A.—It must have been.

Q.—And Mr. Taylor, at the time of that interview, or subsequently, was it, that he produced the draft Order in Council? A.—I remember his having a draft of an Order in Council in his possession.

Q.—Was that on the occasion of the first interview? A.—I don't think so.

Q.—You think that was at a subsequent interview? A.—Yes.

Q.—You think, then, you had more than one interview on that subject with Mr. Taylor? A.—Yes.

Q.—And he produced, as you say, at one of these interviews a draft Order in Council? A.—Yes; he had a draft.

Q.—Now, did he discuss the terms of that with you, do you remember? A.—Well, I don't know that there were any terms about it particularly, further than they wanted to make this exchange.

Q.—Perhaps I should put it this way: Did he produce the draft Order in Council as a matter for you to consider? A.—Well, he certainly had a draft order in his possession.

Q.—Which was produced to you? A.—Whatever the purpose of it was I wouldn't say.

Q.—I suppose it was submitted to you at the time? A.—Yes.

Q.—Was it written or type-written? A.—It was type-written.

Q.—There was nothing to show by whom it was prepared? A.—No.

Q.—I gather that the purport of that conversation on Mr. Taylor's part was that he was urging your action on the proposed substitution? A.—No doubt about that. That was the object of his interview with myself.

Q.—And one of the reasons which he gave why that substitution should take place was—at least, not one of the reasons he gave, but he suggested to you that you might find an excuse for the substitution, in that deficiency block B, which it was proposed to remove from the subsidy, was partly in your constituency? A.—Yes; he spoke of it running away up into my constituency.

Q.—Now, was there anybody else while this interview took place with you besides Mr. Taylor? A.—I don't remember anybody; I don't think there was.

Q.—Where did the interviews take place? A.—In my own office.

Q.—Would Mr. McNeill know about them? A.—Not necessarily.

Q.—There was no reason why he should particularly know about it? A.—I don't think Mr. McNeill would be present at an interview at that time.

Q.—As far as you recollect, nobody else was present? A.—I don't think they were.

Q.—Private interviews. Now, was there any suggestion made to you at that time by Mr. Taylor of the formation of a land company? A.—Yes.

Q.—I think, Mr. Wells, you might tell us, as far as you can recollect, just what did occur. A.—He told me of a company that was being gotten up in connection with these two particular blocks. It seemed to me at the time to be a rather complicated proposition or scheme, and I did not take very much interest in it. In fact, I did not understand it at the time.

Q.—Do you mean it was a mere tentative suggestion from him, something that might be done, or did he say a company was being formed? A.—He told me that it was the intention to get up a company in connection with these two blocks.

Q.—Now, what reason was there, or did Mr. Taylor at that time give any reason why, from the point of view of the company that was to be formed, these two blocks would be preferable to block B? A.—Well, I don't remember particularly about that; but it was self-evident, because they were considered coal lands.

Q.—It was common ground all along that these were coal lands? A.—That there were coal lands there; not all coal lands.

Q.—But I mean to say, they would be classed as coal lands, and being classed as coal lands they were likely to be valuable and worth a speculation. Did he give you any particulars

Hon. Mr. Wells—*Continued.*

with regard to that; did he say who was likely to be associated in the company? A.—No; he did not give me any names. I remember that this struck me, I didn't understand where the Canadian Pacific Railway Company were coming in. I remember that occurred to me.

Q.—And did he explain where they would come in? A.—I don't remember that; but I know that occurred to me.

Q.—Was it a suggestion that it was to be a coal company? I suppose the Railway Company would not have power to work coal lands; was it suggested that that was to be a coal company for exploiting the land as coal lands, or was it a company to deal with lands? A.—That is what I understood.

Q.—You understood it was a land company, in the sense that they were to take these lands and make profit in dealing with them? A.—Yes.

Q.—Now, Mr. Wells, at that time, was any sort of suggestion made to you by Mr. Taylor that there might be some advantage personally to yourself, or to anybody else, through the means of this company by reason of this substitution? A.—Not at that time.

Q.—Not at that time? A.—No.

Q.—Was any such suggestion conveyed to your mind by what Mr. Taylor said at that time, that such was the object of the formation of this company? A.—What do you mean by the object; for what purpose?

Q.—To procure for any gentlemen in the Government, or in the House supporting the Government, any personal advantage from the substitution? A.—No, he never suggested to me anything in connection with the B. C. Southern.

Q.—And you gathered nothing of that kind from Mr. Taylor's conversation at the time? A.—Not at the first conversation.

Q.—To you it was just simply an explanation made by Mr. Taylor of the mode in which it was proposed to deal with this land, I suppose legitimately. Now, by the way, with regard to the Order in Council, did you examine the Order in Council, do you remember, at that time, closely? A.—The one that he had?

Q.—Yes. A.—I don't remember examining it.

Q.—Could you say that the Order in Council subsequently passed was in accordance with the terms of it? A.—Well, I don't know about that. I think that the draft went to Mr. Gore.

Q.—You think that Mr. Taylor's draft went to Mr. Gore? A.—I think that Mr. Gore got it.

Q.—That would not be a draft of this Order in Council rescinding the previous Order in Council? A.—No; it was a lengthier document than that.

Q.—It would be a draft Order in Council appropriating blocks A, B and C to the Railway Company, I suppose, would it? It would be a draft of Order in Council number 722, I mean? A.—Appropriating those two blocks 4,593 and 4,594 and that westerly block?

Q.—Yes, and block A. Now, looking at the plan which is marked by you as being the plan referred to in the Order of the 19th of December, 1900, it would be the Order in Council appropriating to the British Columbia Southern Railway Company deficiency blocks A, B and C? A.—Yes.

Q.—Marked on that plan? A.—Yes.

Q.—It would be a draft of that Order in Council?

Mr. McPhillips: Coloured pink on the map.

Q.—Now, I see that this Order in Council, of course, contains a recommendation signed by yourself, that is, a recommendation from the Minister of Lands and Works in the usual form? A.—Yes.

Q.—The actual Order covering the recommendation being really endorsed on the recommendation. Now, when you say, Mr. Wells, that Mr. Taylor produced a draft Order in Council, I suppose that you mean that he produced what was a draft of this recommendation of the Minister? A.—That is the Order of the 10th; that is the one, yes.

Q.—What was produced by Mr. Taylor was a draft of the recommendation of the Minister upon which the Order of the 19th of December was founded? A.—Yes.

Q.—Now, Mr. Wells, do you think that the recommendation, as subsequently drawn and signed by yourself, was substantially the same as the draft produced by Mr. Taylor? A.—Well, Mr. Gore departed from that in some respects.

Q.—In some respects he did. But was it substantially the same? A.—Oh, I think so.

Hon. Mr. Wells—*Continued.*

Q.—Now, there were some alterations made by Mr. Gore; do you remember what they were? A.—He inserted one clause here, I know, upon his own authority.

Q. I leave that for a moment. He inserted one clause of his own authority; that was with regard to surveys? A.—Yes.

Q.—Was there any other change made by Mr. Gore? A.—I don't remember of any other change.

Q.—That change was made by Mr. Gore on his own authority? A.—Yes.

Q.—Without consulting you? A.—He might have consulted me, but I know it was on his own authority.

Q.—At all events, it was a departure from the draft. And you think the draft was handed to Mr. Gore? A.—I think so.

Q.—In the natural course the draft would go through Mr. Gore's hands—by you, or by Mr. Taylor? A.—Well, I don't think I handed it to Mr. Gore.

Q.—What I mean is, did Mr. Taylor leave the draft with you and did you give it to Mr. Gore? A.—No; he did not leave it with me at that time.

Q.—How did that come into Mr. Gore's hands? A.—I don't know about that.

Q.—You told me this morning—I did not catch precisely what you said—but I understood you to say that Mr. Taylor made some very strong objections to Mr. Gore's alteration in that draft? A.—Yes.

Q.—Now, where was that objection, and when was that objection made? A.—To myself, in my own office.

Q.—Was anybody present? A.—I don't think so; I don't remember of any one.

Q.—Do you know whether it was communicated to Mr. Gore—I mean to say the fact that Mr. Taylor objected? A.—Well, I cannot say as to that.

Q.—Did you mention it to Mr. Gore? A.—I do not remember doing so. I probably did, but I do not remember.

Q.—Have you asked Mr. Gore anything about it recently to see whether his recollection coincides? A.—We were discussing that yesterday.

Q.—But does Mr. Gore's recollection enable him to say anything about Mr. Taylor's connection with the matter—we will call Mr. Gore on that. You have given us, as near as you can, the dates when this conversation with Mr. Taylor took place; prior to the 19th of December, that is all you can say? A.—Yes; but I remember very particularly about his suggestion about that northern block.

Q.—I beg your pardon. A.—I remember particularly as to his suggestion about that northern block, that is, that I should be able to give a reason for substituting this block for the other, as it ran up into my own constituency.

Q.—And also with regard to the land company? A.—Yes; but the proposition about the company at that time seemed to me to be a very much more complicated one than what it eventually was. In fact, I did not pay very much attention to it.

Q.—Now, the next thing I want to ask you about is that telegram. I want you to fix the time, as nearly as you can, when you saw that telegram? A.—You mean the telegram from Mr. Taylor to Mr. Eberts?

Q.—Yes. In the first place, it would be prior to the 27th of July? A.—Oh, yes; no doubt about that.

Q.—Long? A.—I cannot say about that; I cannot say at all. I remember it was up in his room.

Q.—Would it be after the conclusion of the Session? A.—Oh, yes.

Q.—The Session of 1901 concluded on the 11th of May. So that we get it down to some time between the 11th of May and the end of July; A.—Yes.

Q.—And you say the telegram was shown to you by Mr. Eberts in Mr. Eberts' own room? A.—He had this telegram from Mr. Taylor. I don't know that I read the telegram. He communicated the purport of it to be a telegram.

Q.—But I understand you to say Mr. Eberts had a telegram from Mr. Taylor? A.—Yes.

Q.—Relating to this subject? A.—Yes.

Q.—In his room? A.—Yes.

Q.—Having the telegram in his possession, he either showed you the telegram or told you the purport of it? A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—The purport of it was that Mr. Taylor inquired from Mr. Eberts whether it would be possible to change these two blocks—I suppose, 4,593 and 4,594—from the British Columbia Southern grant to the Columbia and Western grant; was that the effect of it generally? A.—Yes, that would be.

Q.—Is that your recollection as to what the effect of it was? A.—Oh, I think so; he made that request.

Q.—Oh, he made a request? A.—I think it was the form of it; not a suggestion, but he made a request.

Q.—Did he say on whose behalf he was making it? A.—No.

Q.—And you think he specified those two particular blocks? A.—Yes; because I at once picked up the Statutes of 1896 and called Mr. Eberts' attention to the fact that these blocks would have to be contiguous, that is, the subsidy land would have to be contiguous to the line of railway.

Q.—I suppose that would be section 6 of chapter 8, was it (handing Statute to witness)? A.—Yes, that is it. I read it over carefully. And he prepared the telegram first, which he destroyed, and did not send; and there was considerable hesitation on his part just as to the form of the telegram that he should send him. I remember I made some suggestion about it; and, finally, it just wound up in this, that he just wrote the word "impossible."

Q.—You immediately said to Mr. Eberts when the telegram was shown to you, that it could not be done because of the provisions of the Statute? A.—Yes.

Q.—That was your view at that time? A.—That was my view of it.

Q.—And you pointed out the section to Mr. Eberts? A.—Yes.

Q.—He examined the section? A.—Yes.

Q.—And after considering the matter agreed with you? A.—Yes.

Q.—Agreed with you that it could not be done under the Statute? A.—Yes.

Q.—And the result of that was, it was agreed that a telegram should be sent explaining it, and, finally, the form agreed upon was simply the word "impossible." A.—"Impossible."

Q.—I would like you to give the date, as near as you can? A.—Well, I think it was very early in July, or in June.

Q.—Between the middle of June and the middle of July? A.—I think so. I cannot fix the date. But that is my impression about it.

Q.—Now, when did you get the opinion from Mr. Hunter, do you remember? A.—Well, it is dated.

Mr. Helmcken: 24th of October is the date, 1901. A.—Is that the date of it?

Mr. Helmcken: Yes.

Mr. Duff: You left, Mr. Wells, for the East, the 24th of October, 1901? A.—Let me see the opinion (same is handed to witness). Yes, it is dated the 24th of October. I thought it was earlier than that, but that seems to be the date of it.

Mr. McPhillips: We ought to have the original opinion.

Mr. McCaul: Have you the original opinion? A.—I had it. I understood from Mr. McNeill that it had been called for, and formed part of the papers before the Committee.

Mr. Duff: I presume the copy is correct.

Q.—You left for the East on the 24th of October, Mr. Wells? A.—Yes.

Q.—That was on the same day you got Mr. Hunter's opinion? A.—That appears to be, from the records in my office.

Q.—Well, do you think you got an oral opinion from Mr. Hunter before you got the written opinion? A.—I don't think so.

Q.—I beg your pardon? A.—I don't remember of doing so.

Q.—Do you, as a matter of fact, remember whether you had any discussion with Mr. Hunter? A.—I remember, yes, Mr. Hunter being in my office.

Q.—And did he give you an oral opinion before he gave you a written opinion? A.—I don't remember as to that.

Q.—At all events, you had some opinion from Mr. Hunter before you had your discussion with Mr. Dunsmuir? A.—Oh, certainly.

Q.—Now, I understand from the evidence you gave before that the position was, that some time after the Crown grants had been prepared, that is, some time after the 4th of October, you were worried with regard to this transaction, as to whether it was altogether proper or not, and you came to the conclusion that you would discuss the matter with Mr.

Hon. Mr. Wells—*Continued.*

Dunsmuir and explain it to him fully? A.—Yes; I sent for Mr. Dunsmuir to know whether he thoroughly understood this.

Q.—But the first thing that happened was this, that you became doubtful, as you said, in your own mind, with regard to this transaction? A.—I had the impression in my own mind that Mr. Dunsmuir was not thoroughly conversant with it.

Q.—And you did not want action to be carried into effect until he thoroughly understood it? A.—Yes.

Q.—And in addition to that you had some doubt yourself with regard to it? A.—I evidently had.

Q.—You evidently had, which led to you consulting Mr. Hunter? A.—Yes.

Q.—You then went into the matter with Mr. Dunsmuir? A.—Mr. Dunsmuir and Mr. Prentice.

Q.—Yes, Mr. Prentice was present. And Mr. Dunsmuir took the position that the transaction was one that should not be carried out? A.—He expressed himself in that way, that that was not as he understood it at all.

Q.—Not only that, it was not as he understood it, but that he would not carry it out? A.—Yes.

Q.—And it was then and there agreed that the transaction, as expressed in the Order in Council of the 10th of August, should not be carried out? A.—Yes.

Q.—That is correct. And then you suggested to Mr. Prentice and to Mr. Dunsmuir that if the Canadian Pacific Railway would agree to build westward to Spence's Bridge, on conditions to be agreed upon, that these Crown grants might be delivered? A.—Yes.

Q.—Now, that was the first time that any condition of that kind was determined upon by the present Government, as attaching to the Order in Council of the 10th of August? A.—Yes, that was the first expression, as I remember anything about it.

Q.—As a matter of fact, that was the first time that matter was discussed? A.—Yes.

Q.—Now, Mr. Wells, I think that was the only condition, too, which, even after that interview, was attached to the Order in Council of the 10th of August? A.—Well, there was something said at that interview in regard to increased area, concession of a larger area.

Q.—What do you mean by that? A.—That is, that a concession of 277,000 acres—that we should have a very much larger concession with regard to area.

Q.—You mean to say that at that meeting it was suggested that the whole of blocks 4,593 and 4,594 should not be given? A.—Well, I don't know, I won't say that, but that we should have in some way a very much larger concession in point of area.

Q.—You mean that the Government—? A.—That the Government should have.

Q.—Let me see if I understand. The deficiency that had to be made up was 896,000 acres; roughly speaking, 600,000 acres was the amount which would pass under those two blocks? A.—Yes.

Q.—In other words there was a deficiency in favour of the Government there of something like 270,000 acres? A.—Yes.

Q.—Now, it was suggested at that interview, you say, that the deduction from the total deficiency should be greater? A.—No, that that concession of difference should be increased in some way.

Q.—That is, that there should be a larger deduction from the amount which was to go to the Company? A.—Well, I won't say in respect to these two particular blocks,—that is to be deducted from these two particular blocks, but that we should get a further concession with regard to area.

Q.—The Order in Council carried other blocks as well? A.—Yes.

Q.—And what you mean is, there was no suggestion that 4,593 and 4,594 should not be given in their entirety; but that if 4,593 and 4,594 were given, then there should be a deduction— A.— —from the subsidy lands that were going to the Company.

Q.—I see. Now, at that time, of course, you had the opinion of Mr. Hunter that the Government had power to give these lands to the C. P. R., or the Columbia and Western, I suppose? A.—Yes.

Q.—At the time of the interview you had the opinion of Mr. Hunter? A.—Yes.

Q.—And you were acting on that opinion. Now, why was it that you took that position at that time? A.—Well, I was not satisfied that it came within the Act, that is to say, that the directory features of the Act were such that we should not adopt it as our policy.

Hon. Mr. Wells—*Continued.*

Q.—You mean to say that, notwithstanding you had power, according to Mr. Hunter's opinion, yet at the same time you were not satisfied as to whether or not that was a proper course to pursue? A.—What I wanted to understand from Mr. Hunter was that we had the power, notwithstanding that the directory features of the Act were not consistent with that.

Q.—You got Mr. Hunter's opinion on that point? A.—I got Mr. Hunter's opinion on that point.

Q.—What I want to get at is this: what was the reason that led you three gentlemen to come to the conclusion that if these two blocks were to go to the C. P. R., that in addition to the concession from them that they should build to Spence's Bridge, there was to be a deduction from the further acreage to go to the Company? A.—Well, I think that was an alternative.

Q.—You think that was an alternative? A.—I think that was an alternative.

Q.—But that was not left with you, was it, as an alternative that might be adopted at Montreal? I think that both Mr. Dunsmuir and Mr. Prentice and yourself have said that the absolute conditions which were affixed to the delivery of the Crown grants were that there should be an extension of the Canadian Pacific system? A.—That was the conclusion, that there should be the extension of the road, but there was some discussion as to concession of acreage.

Mr. McCaul: When you say an extension, you mean an extension from Midway to Spence's bridge? A.—Yes.

Mr. Duff: Now, Mr. Wells, on the 10th of August there was no condition attached to the Order in Council, was there, except the condition that these lands should be accepted in full satisfaction? A.—No.

Q.—None whatever. And from the 10th of August down to the 24th of October it was never suggested that any other conditions should be attached? A.—Not that I remember of.

Q.—And between those dates that Order in Council expressed the settled policy of the Government with regard to these two blocks of land? A.—Yes; there is no doubt about that.

Q.—Well, what do you mean, then, Mr. Wells, by saying that this Order in Council was in the nature of a proposal, simply? A.—Proposal from the Government?

Q.—Yes. A.—Well, the Order in Council shows for itself that it is—that it is in the nature of a proposal from the Government.

Q.—But you perfectly well understood at that time, through Mr. Brown, that the Columbia and Western were quite willing to accept these? A.—Yes.

Q.—And the Government had made up its mind that they would give them? A.—Yes.

Q.—Was there room for any further negotiation then; and if so, what? A.—Well, I cannot say that there would be; it seems to have been pretty definitely settled.

Q.—I mean apart from a question of law, which is a different thing altogether, if you were subsequently able to take advantage of it; really, the matter was regarded as settled by everybody until this interview of the 24th of October, and, as a matter of fact, was settled down to this interview of the 24th of October? A.—Well, it seemed to take that form that it was still unsettled on the 24th of October.

Q.—In what way? A.—Well, it was a proposal of the Government up to that time, the proposition; it was in that shape as a proposition.

Q.—You mean to say it was formally in the shape of being a proposal, but in reality—? A.—It was not accepted up to that time.

Q.—But I am not speaking of the thing technically; but substantially it had been settled beforehand? A.—Yes.

Q.—It came to you as a proposal first from the Columbia and Western Railway Company to the Government? A.—Yes.

Q.—And on the 10th of August that proposal was accepted by the Government? A.—Yes.

Q.—And on the 10th of August, that proposition being accepted by the Government, on the one hand you had the policy of the Government fixed, and on the other hand the policy of the Company fixed? A.—Yes.

Q.—So that between these parties there was not any room for negotiation, was there? A.—No; not until the time that we took that stand.

Hon. Mr. Wells—*Continued.*

Q.—Not until you took that up. This interview of the 24th October occurred because of your own doubts as to whether Mr. Dunsmuir understood the transaction? A.—Yes; there is no doubt about that.

Q.—And then, having before you Mr. Hunter's opinion that you had power to grant those blocks, you came to the conclusion on that date that those blocks should not be granted unless there was an additional concession by way of building to Spence's Bridge? A.—Yes.

Q.—You considered that that was a just and fair position for the Government to take? A.—Evidently.

Q.—And do you agree with Mr. Prentice's statement that the reason for that was that these two blocks of land were of extra value? A.—Oh, they were no doubt of problematical value.

Q.—And that it was considered by you three gentlemen that 600,000 acres of land comprised in these two blocks was such a large advantage over the 900,000 which the Company might select under their reserve, that they should not be allowed to select them unless they built this additional piece of railway? A.—Well, we certainly assumed that we should have further compensation.

Q.—That was the basis of that action, the increased value of the land? A.—Yes.

Q.—Now, Mr. Wells, it has been stated here by several gentlemen, Mr. Dunsmuir particularly, that when this matter came up before the Executive it was pressed upon him and his assent to it was assured by a statement that the proposed settlement was advantageous to the Government because of the reduction from 896,000 acres to 600,000 acres? A.—Well, any discussion with regard to that must have taken place in my absence. Because the terms

Q.—Do you mean to say that that was a matter in which you would not have concurred? A.—I don't know that. If I had been present at the meeting I probably would have concurred with the rest; although I must say this, that I never looked upon that proposition with any favour.

Q.—I rather gathered, when you gave your evidence in the first place, that you thought the transaction was one that was favourable for the Province, for that reason. A.—Do you mean the concession of the 277,000 acres?

Q.—Yes. A.—Well, of course, there would be some merit in it.

Q.—As a matter of fact, there is some doubt about your opinion now with regard to it; there was not any on the 24th of October; and, I suppose, if the thing had been threshed out in August you would have had no doubt whatever about it, that instead of being a favourable transaction, it was decidedly unfavourable to the Province, providing there was no further concession. A.—That I would have taken that stand?

Q.—Yes; that you would have taken the stand then as you did on the 24th of October. A.—I know I never looked on the proposition with favour.

Q.—I want to put two or three things to you with regard to it. In the first place, I suppose you concur with Mr. Gore's statement that there were within the original limits of the Columbia and Western Railway reserve at least 2,000,000 acres available? A.—About 2,600,000 acres.

Q.—Available at this time for the purpose of making up the deficiency in the Columbia and Western grant? A.—Yes.

Q.—I suppose you concur with him too that, for the most part, that land is absolutely valueless? A.—A great portion of it is.

Q.—A great portion of it is absolutely valueless. And there is no doubt you had the power under that Act to deal with deficiency lands and appropriate them where you pleased within Yale and Kootenay; certainly within that reserve; to appropriate where you pleased the lands which the Company were to receive? A.—That was the opinion, that we had the power, from Mr. Hunter.

Q.—That you had the power to appropriate the lands within the reserve; that is, in order to make up this 896,000 of deficiency acres, you had power to appropriate out of that 2,600,000 acres of substantially valueless land? A.—Oh, yes.

Q.—And the Company could not have objected? A.—That is, we could have confined the Company to selections within that reservation.

Q.—Not only could you have confined the Company to their selection within the reservation, but, I think, under the Act, the selection was to be made by the Lieutenant-Governor in Council (reading from the Statute). A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—Now, as a matter of fact, you remember, I suppose, Mr. Wells, that this reserve for the Columbia and Western was made at the request of the Company itself? A.—Yes.

Q.—Originally. Therefore, the grant was made, so far as the Company is concerned, if they got only what they were entitled to under their Act, they could not have objected to making up that deficiency of 896,000 acres out of those lands. A.—If the Government had insisted upon their confining their selections to that reserve, they would have to be governed by it.

Q.—And this proposal was, instead of confining them, they were to go into South-East Kootenay and to take these lands, which, beyond all question, were exceptionally valuable land? A.—I won't say exceptionally valuable; I knew they had a problematical value.

Q.—You would not say they were exceptionally valuable? A.—I won't say that I had that opinion of them at the time.

Q.—These deficiency blocks 4,593 and 4,594, as a matter of fact, had been under reserve for many years? A.—One of them had; 4,593 had.

Q.—4,593 had been under reserve for considerable time? A.—Since 1890.

Q.—And I suppose what Mr. Gore said is correct, that for seven or eight years, at all events, applications for oil prospecting and coal prospecting licences had been coming in, and they were persistently refused? A.—I understood that from Mr. Gore some time or other; I cannot say when.

Q.—Mr. Gore states in his evidence that they had been coming in seven or eight years, and they had been persistently refused. A.—There is no doubt about that.

Q.—And it is also true that that was done because it was considered by the Government in the public interest that these lands should be kept in that way? A.—That was the policy adopted by each Government, that they were to be dealt with.

Q.—Here is a letter, Mr. Wells, dated the 21st of August, 1900, addressed by you to George Watt, Sarnia, Ontario, which is as follows:—

“VICTORIA, August 21st, 1900.

“SIR,—I have the honour to acknowledge the receipt of your letter of the 14th inst., enclosing the application of John Watt, Alex. Watt, Geo. Watt, Alfred F. Marcus, Robert Watt, Maggie L. Watt, Sarah M. Watt, Thomas Duell Watt, William Watt and Albert Wiegand, for special licences to prospect for petroleum over certain lands, as described in said application, situated in South-East Kootenay; also enclosing ten bank money orders of Canadian Bankers' Association for \$50 each in payment of the fees.

“In reply, I regret to say that it is impossible to favourably consider the applications in question. The Crown lands in the vicinity referred to are under reservation, and, notwithstanding that it is lawful under the Act to grant licences to prospect for coal and petroleum on reserved lands, yet it has been considered contrary to the public interest to do so in respect to lands within the reserved area alluded to. There have been many applications made for similar privileges during the past few years, and all have been refused.

“Herewith I return the ten bank drafts for \$50 each which accompanied the applications

“I have the honour to be, sir,

“Your obedient servant,

“W. C. WELLS,

“Chief Commissioner of Lands and Works.”

“George Watt, Esq.,

“Box 196, Sarnia, Ont.”

And I suppose you would also agree, Mr. Wells, with what Mr. Prentice said yesterday, that when by the Order of Council of the 10th of September, 1900, the deficiency blocks referred to in that Order were appropriated to the British Columbia Southern, that the Company was then trying to get 4,593 and 4,594 instead of the northerly blocks? A.—Yes; I think they were.

Q.—That the Government took the matter into consideration and refused that application of the Company? A.—Yes; I think so.

Q.—And they refused it on the ground that they considered the lands of additional or extra value? A.—I think there is no doubt about that.

Q.—Refused to give them to the British Columbia Southern Railway Company. Then what were the reasons, Mr. Wells, which led you to concur in the change which took place under the Order in Council of the 19th of December? I will remind you of this, that on the 21st of August, you wrote that letter in reply to those applications for prospecting licences in 1900; that on the 10th of September, 1900, the Government decided that for the reasons that had been mentioned they would not give the lands to the British Columbia Southern. On the 19th of December, after those interviews that you have mentioned with Mr. Taylor, and whatever else took place, as a matter of fact, an Order in Council was passed making the change? A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—What was the explanation? A.—Well, the inducement made by the Company was a concession of several hundred thousand acres of land. That is what I understood at first.

Q.—The inducements made by which Company? A.—By the B. C. Southern.

Q.—By the B. C. Southern. How many hundred thousand acres? A.—Well, I am not very clear about that.

Q.—Three or four hundred thousand acres? A.—Well, at least that.

Q.—I think that is what you said, three or four hundred thousand acres. A.—I remember saying to Mr. Brown when we were about determining that, "We understand that we are making a saving of a large quantity of land, about three or four hundred thousand acres." I know it was not less than that, at any rate.

Q.—Now, at that time, Mr. Wells, was any investigation made to ascertain whether this saving in point of acreage was in reality a saving in point of value? A.—Oh, I couldn't say that we discussed that.

Q.—Well, was any report obtained from Mr. Gore on that point? A.—I cannot say as to that.

Q.—On the 10th of September, 1900, when the Government refused to make the change, had they not before them all the information that they had on the 19th of December, 1900, when the change was resolved upon? A.—I don't know that we got any additional information.

Q.—Who conducted the negotiations on behalf of the Government with the Railway Company, which subsequently led to this change? You have told us of one or two interviews you had with Mr. Taylor, and one interview with Mr. Brown that was apparently had after the change had been resolved upon. A.—I remember, as I already stated, of Mr. Brown being before the Executive.

Q.—How many times was he before the Executive? A.—I only remember of his being there once. That is the time I refer to.

Q.—At that interview, I think you said you met Mr. Brown going into the Executive? A.—No; he was sitting there when I went in.

Q.—And you said in the course of the discussion with Mr. Brown that there would be a saving of three or four hundred thousand acres? A.—I said, I understand there will be a saving to the Government of three or four hundred thousand acres.

Q.—Did you get a report from Mr. Gore on that matter? A.—I don't remember getting it.

Q.—As a matter of fact, then, Mr. Wells, the reasons which really actuated the Government in making that change are not very familiar to you, are they? A.—Excepting in point of area.

Q.—You would not make a change on the ground of area of land without knowing something of the value, the respective values of the land? A.—Well, that was the only inducement, that was to the Government, as far as I know.

Q.—But you don't know whether any investigation was made to ascertain whether or not you were making a real saving? A.—Do you mean with regard to area?

Q.—No, with regard to value? A.—I could not say there was.

Q.—You would not, as a business matter on behalf of the Government, consider it was a wise thing to exchange 600,000 acres of valuable land for a million acres of mountain tops? A.—I never understood that there was 600,000 acres of coal lands there, that is one thing very certain.

Q.—But still, there were 600,000 acres, a considerable portion of which were coal lands. But, however, you have already said that, as far as you are concerned, you considered these lands of extra value? A.—I have never had any great idea of the value of those lands as excessive.

Q.—As a matter of fact, have you any idea, or did you try to ascertain any idea, of the amount of the land of real value, apart from the metal-bearing lands, land of real value in West and East Kootenay? There is not very much, as a matter of fact, considering the area of those two districts. A.—What is that?

Q.—The amount of valuable land for agriculture, for timber and for coal, known and available in East and West Kootenay, excluding, of course, metal-bearing lands and excluding the value of the metals and so on, is comparatively small, as compared with the total acreage of those two districts, isn't it? A.—Well, as far as the coal area is concerned, I don't think there is a great deal in that respect.

Hon. Mr. Wells—*Continued.*

Q.—And here you had, on the one hand, the Company was entitled to 900,000 acres of land, which the Lieutenant-Governor in Council could select almost anywhere in East Kootenay, and on the other hand, in exchange for those, you gave them 600,000 acres, a large portion of which was certainly valuable as coal lands? A.—No, I won't say that; I had never a very exalted opinion of the value of those lands as compared with other lands.

Q.—You do not agree with Mr. Prentice on that? A.—I don't say I disagree with Mr. Prentice, but I say, as to myself, I never had a very good opinion of the excessive value of the lands; I had heard of them as having indications of oil, but I never attached much importance to it.

Q.—But you have told us that the three of you, Mr. Dunsmuir, Mr. Prentice and yourself, came to the conclusion that these 600,000 acres were of so much greater value than the 800,000 or 900,000 acres of the Columbia and Western reserve, that the difference of value for the exchange would entitle you to demand the building of the line of railway to Spence's bridge? A.—Yes, we came to that conclusion.

Q.—Now, can you tell me anything as to who conducted the negotiations with the British Columbia Southern on behalf of the Government, which resulted in this change? A.—On behalf of the Government?

Q.—Yes; evidently you did not. A.—That is all I remember about it, that Mr. Brown came before the Executive.

Q.—Was there any application made to you? The matter was in your Department; you had to make a recommendation to Council upon which the Council acted. You had already made a recommendation against this matter and the Council had acted on the recommendation. A.—Not a recommendation against it. It was a recommendation.

Q.—Your advice would naturally be expected, wouldn't it? A.—Not necessarily so.

Q.—Perhaps I should say that your advice would naturally be taken, it coming from your Department? A.—Well, it depended on what the magnitude was.

Q.—A matter of that magnitude is not a matter that the Executive deals with every day? A.—It was taken up by the Executive as a whole.

Q.—And the Executive came to a certain conclusion? A.—A certain conclusion.

Q.—And within three months they altered that conclusion? A.—Yes.

Q.—And it was a matter that came to the Executive on your recommendation. A.—My recommendation would follow what had been arrived at in the Executive.

Q.—But it was a matter that came from your department? A.—Yes.

Q.—And any formal application would naturally be made to you, I suppose? A.—Oh, yes.

Q.—Was there any formal application made to you for that change? A.—I don't know that there was any what you might call formal application.

Q.—I may say, any application in writing? Have you searched for any? A.—I don't think there is; I don't know of any.

Q.—Have you searched for any? A.—Nothing more than all the papers have been searched for and returned to this Committee.

Q.—And, as far as you can recollect, you remember only one interview of Mr. Brown, and that was when he was in the Executive? A.—That is the only interview I remember of.

Q.—And the only other interviews you remember of were the interviews with Mr. Taylor? A.—Yes.

Q.—In which Mr. Taylor was urging the alteration from deficiency block B to 4,593 and 4,594, on the grounds that you have mentioned? A.—Yes.

Q.—And those are the only negotiations that you knew of with the Company with regard to this change? A.—Yes, that I remember of.

Q.—These are the only negotiations? A.—The only negotiations that I remember of.

Q.—Now, coming down to the 10th of August, Mr. Wells. You left on the 27th of July, I understood? A.—Yes.

Q.—In 1901; you returned on the 9th of August, I think? A.—The 9th of August—I appear to have been in my office on the 8th of August.

Q.—You were in your office on the 8th of August. When you came back, who first apprised you of what had been done in the Executive with regard to this matter? A.—Mr. McNeill told me about this letter.

Hon. Mr. Wells—*Continued.*

Q.—Up to that time had there been any other applications made to you suggesting this transfer from the British Columbia Southern to the Columbia and Western, excepting the suggestion made in the telegram to Mr. Eberts from Mr. Taylor? A.—Yes; Mr. Brown saw me about it.

Q.—When did he see you, Mr. Wells? A.—Some time previous to my going up-country; I don't know the date.

Q.—Did you see him more than once? A.—I can only remember this interview.

Q.—You can only remember one interview? A.—One interview.

Q.—What was the purport of that interview? A.—Well, the result of it was that I asked him to make his proposition. I suggested that he should make his proposal to the Government.

Q.—Did he give you any grounds or any reasons for making a change? A.—Well, I cannot remember about that.

Q.—You tell us you remember, Mr. Wells, that when you went to Montreal you were aware of the fact that there was some difficulty between the Crow's Nest Coal Company and the British Columbia Southern. Did Mr. Brown intimate to you anything of the terms of the arrangement as a reason for making this change? A.—Well, I won't say that.

Q.—I beg your pardon? A.—I won't say that.

Q.—You cannot remember about that? A.—I said, "You better submit your proposition, Mr. Brown, to the Government."

Q.—Then you went away. Did you discuss the matter with anybody else at that time? A.—At Montreal, do you mean, or up-country?

Q.—No, before you went up-country, did you discuss that with anybody else? A.—I don't remember.

Q.—Did you have any discussion with Mr. Taylor with regard to it? A.—No; I don't remember discussing that with Mr. Taylor at all.

Q.—Have any discussion with Mr. Eberts or any of the other members of the Government? A.—I cannot fix any date of discussion with Mr. Eberts or any other member of the Government before I went up-country.

Q.—Then, when you came back on the 8th, you found the matter had been disposed of? A.—Practically.

Q.—At two meetings of the Executive, on the 31st of July and the 2nd of August? A.—Yes.

Q.—And Mr. McNeill told you about this letter? A.—Yes.

Q.—Is that the only information you got? A.—I must have had other information, that the—the Order in Council shows for itself that there was discussion about it, although it had been settled before that—the 2nd of August.

Q.—Now, Mr. Wells, Mr. Gore says that the report and the memoranda "A" and "B," upon which the Order in Council of the 10th of August is founded, was placed in his hands; that it was not prepared in the office, but was given to him by somebody else. He also says that he had not in the office at that time the information available to enable him to prepare the descriptions which appear in the memoranda. A.—Yes.

Q.—Now, do you know anything about where that memoranda came from? A.—No; I do not. Certainly it was not prepared in my office.

Q.—There is no doubt about that. A.—I have no doubt in my own mind as to who prepared it.

Q.—Who is it then? A.—Well, it must have been prepared at the instance of Mr. Brown.

Q.—It must have been prepared at the instance of Mr. Brown; that is, you mean to say, it must have been prepared by Mr. Brown. A.—Well, he may have got somebody else to write it.

Q.—When I say that, of course, I mean he was not the hand, but the head that did it. It was not prepared in one of the Government Departments you think? A.—It was not prepared in my Department. Mr. Gore says he did not prepare it.

Q.—Now, when the matter came up in the Executive on the 10th of August,—I don't want to ask you what occurred in the Executive at all,—you say you made a recommendation there, a recommendation over your signature. Did you not make any inquiries with regard to the grounds upon which this matter had been determined? A.—Well, I cannot say as to that. I know it came to me as a matter that had been taken up and settled.

Hon. Mr. Wells—*Continued.*

Q.—And you made no inquiries of any kind? A.—Well, I cannot say about that; I am not sure about it.

Q.—You cannot remember of having made any? A.—I cannot say.

Q.—But, Mr. Wells, you had already, between yourself and Mr. Eberts, come to the conclusion that that was something you could not do under the Statute? A.—Yes.

Q.—What led you to change your mind? A.—Well, I cannot tell you that.

Q.—Well, now, Mr. Prentice says that he was not present at that meeting on the 10th of August. Who were the other members of the administration then? A.—I remember Mr. Turner was there and Mr. Eberts.

Q.—And Mr. Dunsmuir? A.—Mr. Dunsmuir was not there. Mr. McBride says he was there, but I don't remember Mr. McBride being there.

Q.—He says he was there on the 10th of August? A.—He says he was there on the 10th of August, but I don't remember him being there.

Q.—Mr. McBride says that the reasons which led him to concur in this matter, he considered that the Province was gaining by the reduction in acreage. Mr. Dunsmuir also says that the matter was represented to him in that way, that there was a gain by the reduction of acreage. Now, I think you say that, so far as you are concerned, there is no gain on that account at all, no gain to the Province by reason of this reduction of acreage? A.—There was a saving in point of area of 277,000 acres.

Q.—But that saving in point of area was entirely neutralized by the increase in point of value? A.—I have not said that.

Q.—I think you did? A.—I have not said that.

Q.—What did you say to it? A.—In regard to the value?

Q.—I think if you think for a moment you will see that you have said that? A.—No, I didn't say that.

Q.—You began by saying that you agreed with what Mr. Prentice said yesterday, namely, that the reason which led you, Mr. Dunsmuir and Mr. Prentice to the conclusion that it was right to insist upon the further condition of building westward to Spence's Bridge was that these lands were lands of extra value? A.—They had a problematical value, to my mind.

Q.—They were regarded by everybody as being lands of extra value; there is no doubt about that? A.—That is correct.

Q.—That is the position you then took, and you considered that was a fair position, on the 24th of October? A.—Well, I took this view of it, that as a matter of policy with the Government, that the Government had probably made a mistake in substituting these particular lands as connected with the Columbia and Western—

Q.—In what sense a mistake, Mr. Wells? A.—Well, that we had departed from the directory features of the Act.

Q.—Not that you had not power, because you had Mr. Hunter's opinion? A.—I know that. But at the same time there was evidently the intention of the Act.

Q.—I see. You considered that you had disobeyed the Act? A.—Yes.

Q.—And you were going to neutralize that by getting an advantage by way of the building of the railway to Spence's Bridge? A.—That was my idea.

Q.—And Mr. Prentice's idea was the opposite. But you say this, at all events, that these lands undoubtedly were regarded by everybody as having some special value; they were coal lands; you will admit that? A.—Well, I must say this, that I never had a very—

Q.—(Interrupting). I am not asking you for your own view in regard to that. Nobody knew what the lands were, naturally, that is clear. A.—What do you mean, nobody knew?

Q.—You had no survey of these lands in the office, 4,593 and 4,594? A.—That would not establish their value; the survey would not establish their value.

Q.—But, had the lands ever been explored in such a way that anybody could see what their value was? A.—No.

Q.—It is clear enough it was to a great extent a matter of estimate as to whether these lands were valuable or not? A.—A matter of estimate?

Q.—A matter of opinion? A.—A matter of opinion, I suppose so.

Q.—But for years applications have been coming in for prospecting, and they have been refused by the Government in the public interest; that is so, isn't it? A.—Well, I don't remember of any applications coming in, or ever any applications being referred to except this application of Mr. Watt.

Hon. Mr. Wells—*Continued.*

Q.—A return has been put in here showing a large number. A.—A short time ago.

Q.—A great many of them in the year 1890. A.—I would not necessarily have any knowledge of that,—of those applications.

Q.—What did you mean by writing on the 21st August, Mr. Wells, that it was considered in the public interest that no licence should be granted for prospecting for coal and petroleum on those lands? A.—Well, that was the policy adopted by the Government at that time, or the previous Government.

Q.—But more than that, you say it was in the public interest. What did you mean by that? A.—Well, the only thing that I can attribute that to is that we must have considered them of some problematical value.

Q.—Well, put it in that way, that they were of some problematical value— A.—As compared with other lands.

Q.—Would you disagree with Mr. Gore when he says that the lands, the remaining lands, 2,600,000 acres, within the Columbia and Western reserve were of substantially no value whatever? A.—Well, I could not give that as my own opinion.

Q.—I mean to say, would you disagree? A.—Why should they be of no value?

Q.—There is the opinion of your officer A.—Well, he may have a more thorough knowledge of that than I have. I would not venture that as an opinion.

Q.—For example, you mean to say that, so far as you are concerned at all events, you would not undertake to make any comparison between the land in the Columbia and Western reserve and these two deficiency blocks 4,593 and 4,594? A.—No further than what I have already stated.

Q.—Would you say, Mr. Wells, that you have no doubt that those blocks 4,593 and 4,594 would be of greater value as land than any 896,000 acres which could be taken out of the Columbia and Western reserve which were then unappropriated? A.—There certainly had been a good deal said about the value of those lands lately.

Q.—But if that were the case, Mr. Wells, how do you account for this intense eagerness on the part of the Canadian Pacific Railway Company to get these lands? A.—There is no doubt they wanted to acquire these lands for some reason or other.

Q.—Because they considered them valuable; it would not be for the sake of the scenery, would it? A.—I should not think so.

Q.—Have you any doubt, Mr. Wells, whatever, that taking these two blocks, so far as the information goes and so far as it went in 1901, there was not any doubt that the two blocks were of greater value than any 900,000 acres that could have been got out of that reserve at the time? A.—I won't say that that was my opinion then.

Q.—It is now? A.—It is now.

Q.—Then, Mr. Prentice's statement about that was right when he says he had that opinion and acted on that opinion; and that is what Mr. Dunsmuir said that he was acting on, and not only was that his opinion then, but it turned out to be right in the end. That is correct, isn't it? Now, coming back to this meeting of Council of the 10th of August, Mr. Dunsmuir was not there, you were there, and Mr. Eberts was there, and Mr. Turner was there, and Mr. McBride says that he was there. Now, there had been a previous meeting of Council on the 2nd of August? A.—Yes.

Q.—And the previous meeting of Council of the 31st of July, at which you were not present. You learned from Mr. McNeill that this application from Mr. Brown had been handed into the Council on the 31st of July, didn't you? A.—Yes.

Q.—And you also learned from him that you were to be instructed by Mr. Turner as to this Order in Council with regard to this matter? A.—Yes; that is right.

Q.—Now, Mr. Prentice says that, so far as he knows, he was not present at any meeting of Council when this matter was discussed. A.—Yes; he told me that.

Q.—Mr. Dunsmuir says that he acted upon the view that the Province was making a good bargain by this saving in acreage; that it was so represented to him. Mr. McBride says that he acted upon the same principle. Now, when you came back did you discuss this matter with Mr. Turner? A.—I don't remember of having done so.

Q.—Mr. McNeill told you that Mr. Turner was to instruct you, didn't he? A.—Yes; except at the meeting of the Executive of the 10th of August; I was there then.

Q.—But what I mean to say, this recommendation was made during your absence? A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—That had been prepared in your absence? A.—Yes.

Q.—The memorandum was not prepared by your deputy; you did not know how it came into the office of your deputy? A.—No.

Q.—Where it came from? And yet it went there to that Executive on the 10th of August, and without any further consultation with Mr. Turner? A.—You asked me if I had any particular instructions from Mr. Turner; I don't remember discussing the thing with Mr. Turner after I came back; I don't remember anything until we met at the Executive—anything having occurred.

Q.—Now, then, you had this meeting at which yourself, Mr. Turner, Mr. McBride and Mr. Eberts were present: how was it that you consented to this change after you had agreed with Mr. Eberts before that it was a change that could not be made under the Statute? A.—The only reason I can assign was that it was taken up by the Executive and settled—decided upon.

Q.—But you and Mr. Eberts had agreed that it violated the Statute? A.—If all the other members of the Executive were agreeable to it and it had been practically settled, I don't know that I should have taken any exception to it, or disagree.

Q.—Did you ask Mr. Eberts if he had reconsidered that question? A.—I don't remember that I did.

Q.—You subsequently were haunted by doubts with regard to it, which led you to consult Mr. Hunter? A.—Yes.

Q.—As to the legality of the matter? A.—Yes.

Q.—Why didn't you go to Mr. Eberts then? A.—I wanted to get Mr. Hunter's opinion.

Q.—But did you consult Mr. Eberts? A.—I don't remember of consulting Mr. Eberts about it.

Q.—Did you show Mr. Eberts Mr. Hunter's opinion? A.—Well, Mr. Eberts knows what Mr. Hunter's opinion was.

Q.—Did he know at the time? A.—I am not prepared to say that.

Q.—He did not know at the meeting of the Council on the 10th of August? A.—He did not know it.

Q.—No, because it was not given until the 24th of October; so that he could not. A.—I doubt very much if Mr. Eberts knew it, because I remember to have got that opinion on the 24th of October, the day that I left; and Mr. Eberts was not at that informal meeting of the Executive on the 24th.

Q.—You are quite unable to say, Mr. Wells, who it was that, during that interval between the 27th of July and the 8th of August, definitely and finally settled this question, namely, that this substitution should take place in defiance of the opinion which had been agreed upon by yourself and Mr. Eberts, that that would be a violation of the Statute? A.—I remember of having a discussion with Mr. Eberts at some time when he said that it certainly should not make any difference to the Government whether we gave those lands to practically the same company, the British Columbia Southern or the Columbia and Western; it was practically the same company; that they may have had financial or other reasons for it. I remember that was a term he made use of.

Q.—That was the ground, as a matter of fact, on which you went yourself. That is what you stated in your evidence the other day? A.—What?

Q.—You stated in your evidence the other day that the ground on which you went, the thing that influenced you, was that the British Columbia Southern Railway Company and the Columbia and Western Railway Company were both practically the C. P. R. A.—Yes.

Q.—And that as the British Columbia Southern Railway Company had the lands, therefore, it made no difference about their going to the Columbia and Western; that that was a domestic concern of their own entirely? A.—That is what I said.

Q.—And that was the reason that influenced you on the 10th of August? A.—I presume it may have been.

Q.—You think it may have been. A.—I think so.

Q.—You think that is right? A.—I think that is right; although I must say I was not satisfied with it, from this fact, that it seemed to be so at variance with the directory features of the Act.

Q.—You were not very well satisfied with the history of the transaction? A.—What do you mean by the history?

Hon. Mr. Wells—*Continued.*

Q.—Let us see what the history was. Up to the 10th of September you had been refusing to persons who made applications for coal prospecting licences and petroleum prospecting licences any such licences, on the ground that it was not in the public interest to give them; you have these letters written, one of the 21st of August, 1900, in which you say: "In reply, I regret to say that it is impossible to favourably consider the applications in question. The Crown lands in the vicinity referred to are under reservation, and, notwithstanding that it is lawful under the Act to grant licences to prospect for coal and petroleum on reserved lands, yet it has been considered contrary to the public interest to do so in respect to lands within the reserved area alluded to. There have been many applications made for similar privileges during the past few years and all have been refused." A.—No, that was not the reason why I was dissatisfied; but I say I was dissatisfied because our action was so at variance with the directory features of the Act.

Q.—Were you satisfied with the whole history of the transaction? A.—I am not going to say that.

Q.—I will bring it to your attention for a moment, Mr. Wells. I have a particular reason for doing it, that I will mention in a moment. Up to the 10th of September you had been refusing all these applications. On that date the British Columbia Southern made an application to have these lands allotted as part of their subsidy, and they were refused? A.—Yes.

Q.—On the 19th of December, after such negotiations as you have mentioned, they were given to the British Columbia Southern Railway in lieu of this block B? A.—Yes.

Q.—On the suggestions made by Mr. Taylor. And then on the 10th of August again they were transferred to the Columbia and Western Railway Company? A.—Well, the inducement, as I remember, that was made for the first change, was a concession in point of area.

Q.—A concession in point of area. And that was the inducement which was brought to Mr. Dunsmuir's mind, and to Mr. McBride's mind, for the purpose of obtaining their consent to the second change. A.—That is what Mr. McBride said.

Q.—And Mr. Dunsmuir too; that they were induced to consent to that arrangement because they thought the Province was making a saving, making a good bargain. But on the 24th of October, when this matter was discussed by Mr. Dunsmuir, on what ground was it that Mr. Dunsmuir took the position that he would not allow the matter to go through? A.—What he said then was that he had understood that these lands were to be given contiguous to the line of railway.

Q.—I see; so that that was the position taken by both yourself and Mr. Dunsmuir; is that it? A.—Yes.

Q.—The reason that actuated you was that you were violating the spirit of the Statute? A.—Yes; exactly.

Q.—And you think that was also the reason actuating Mr. Dunsmuir? A.—I think so, from what he said then.

Q.—But still you were content to violate the spirit of the Statute if you got the further concession from the Canadian Pacific Railway Company? A.—Yes.

Q.—Are you sure that Mr. Dunsmuir did not object on the ground that there had been so much juggling with these lands that he thought there was something wrong? A.—No; he did not say that at that time.

Q.—Is it not a fact that the objection taken by Mr. Dunsmuir was that, having regard to the history of these lands, that there was something very suspicious about the transaction, and that, therefore, it should not go on? A.—No; he gave me no such reason.

Q.—You cannot remember that? A.—I don't remember it; and I know he did not at that time.

Q.—When I say that, Mr. Wells, I do not mean that there was any suggestion or suspicion at that time as to you or as to any member of the Government; but that the thing was being steered in some way by somebody? A.—Well, he gave me no such impression at that time that it was considered that way. I want you to understand one remark that I made, when I said that I was not satisfied; it was upon this point, that the Act plainly directed that these lands should be taken contiguous to the line of railway.

Q.—And what you mean by that is, although Mr. Hunter had given you the opinion that you had power— A.—(Interrupting.) Well, I was not satisfied that the Government should adopt that as a matter of policy.

Hon. Mr. Wells—*Continued.*

Q.—Would it be fair to put it in this way, that although you had power, as he said, as a matter of fact, all Mr. Hunter advised was this, that if you granted the lands, that so far as the law is concerned, if the lands were granted, you could give a secure title? A.—Yes.

Q.—He did not advise that really, as between the Legislature and the Government, the statute authorised the Government to deal with them in that way? What I mean to say is, really your view was this, wasn't it, that the Legislative policy, as declared by the Act, was that the lands granted should be selected practically contiguous to the line of railway? A.—Yes.

Q.—And you did not consider that you should depart from that policy without a very good reason? A.—Yes. That had a great deal to do, in my mind, with the matter.

Mr. McCaul: I have sent for the original opinion of Mr. Gordon Hunter, now Chief Justice, and I have it here (producing same to the Committee).

The Committee here adjourned to meet at 2.30 p. m. to-day.

THURSDAY, May 7th, 1903.

The Committee met at 2.30 p. m., pursuant to adjournment from the session this morning. Present, the full Committee.

Hon. J. D. Prentice produced before the Committee letter book of Hon. J. H. Turner, from which he read the following letter, being copied in said book:—

“(Personal.)

“August 2, 1901.

“*Geo. McL. Brown, Esq.,*
“*Executive Agent, C. P. R.,*
“*Driard Hotel, Victoria, B. C.*

“DEAR SIR,—In the absence of the Hon. the Chief Commissioner of Lands and Works, your letter to him of 31st July, ult., was handed to me. It was decided to meet your views as to a speedy settlement. In the meantime your letter has been referred to the Hon. Mr. Wells, Chief Commissioner, to arrange and report to the Executive at an early date.

“Yours truly,
“J. H. TURNER.”

The examination of Hon. W. C. Wells was proceeded with:—

The Chairman: Can you get that letter of Mr. Brown of the 31st of July that is referred to there? A.—It seems that is missing. It is evidently not in my Department. At least, I cannot find it there.

Mr. Duff: Would you mind, Mr. Wells, telling us how records of letters are kept? For example, this covering letter, enclosing the certified copies of the reports of the minutes in Executive meeting of August 10th, 1901, in reference to the land grants of the Columbia and Western Railway, and also the B. C. Southern Railway; how would that be kept? A.—This letter may have been written by Mr. Gore and brought in to me, or it may have been by Mr. McNeill, and a copy kept in my official letter-book, or copied in my own.

Q.—You have a letter-book in your own office? A.—Yes.

Q.—Which is in charge of Mr. McNeill? A.—Yes.

Q.—Which is distinct from the Lands and Works letter-book? A.—Yes.

Q.—And it would be copied in there? Because Mr. Gore informed us that that was not in the Lands and Works letter-book. A.—Probably that is the way the letter was written.

Q.—Have you any recollection what this refers to,—I see it refers to a certified copy of reports of Minutes of the Executive Council? A.—Oh, I think it refers to the—

Q.—to the Minute upon which the Order in Council is founded? A.—Yes.

Q.—I notice that in the Order in Council of the 19th of December, which allotted these deficiency lands to the British Columbia Southern Railway Company, there is a direction that a copy shall be delivered to Mr. Brown, the Executive Agent of the Company; would that matter be in your hands? A.—That probably would go from the Provincial Secretary.

Q.—Because it seems singular that Mr. Shaughnessy would not know anything about it. A.—All I can say about that is that Sir Thomas Shaughnessy told me distinctly that he never knew of that Order in Council; and he expressed a great deal of surprise, and I may say was a little incensed over it.

Q.—Would you mind telling us, as nearly as you can recollect, what Sir Thomas Shaughnessy did say about that? A.—I explained to him that there was an Order in Council—

Hon. Mr. Wells—*Continued.*

Q.—That there had been an Order in Council— A.—of the 19th of December, referring to that one, granting these two blocks, or upon which they might be granted, and that this other was a substitute for it. I don't know what immediately followed that, but what did follow it, I know, was that he sent for the agreement with the Crow's Nest Coal Company.

Q.—And you say he expressed dissatisfaction? A.—Expressed surprise; I remember what he said; he said, "Surely that is not the case?" And I said, "That is the fact, that you were being granted these two blocks of land as part of the B. C. Southern subsidy."

Q.—Would you mind telling about the time you got the opinion of Mr. McCaul, just about the date, approximately; was it this year? A.—Oh, yes; it was about three weeks ago I got it.

Q.—I see. Why was it, Mr. Wells, that the grants were rescinded? A.—Well, it came about in this way: Mr. Dunsmuir came to me in the House one day, or it was either just as the House was adjourning or he met me in the lobby, I am not sure which, and he said that Mr. Brown was again pushing for these Crown grants—

Q.—Well, I was not going to ask you to go into that just now; if it does not make any difference to you, I would rather you would omit the reference to that— A.—Of course the reasons were given in that meeting of the Executive Council.

Q.—But had you no discussion with Mr. Dunsmuir about the matter before the meeting of the Executive Council? A.—I am just telling you.

Q.—All right. A.—He said, Mr. Brown is pushing for those Crown grants again. He said, Is there any reason why they should not be given, or why,—he wanted to know why it should not be delivered; Mr. Dunsmuir said either, "What is the reason they cannot be delivered?" or "Why don't you deliver them?"—something to that effect. And I said, "Mr. Dunsmuir, who is going to justify this? I certainly cannot." Well, he said in reply to that—

Q.—(Interrupting). Would you mind saying, Mr. Wells, why you felt that you could not justify it? A.—Well, there had been no settlement, no ultimate settlement arrived at, by which they could be delivered as I had intended.

Q.—What you mean is, that the terms of the arrangement made at the meeting of yourself, Mr. Dunsmuir and Mr. Prentice on the 24th of October had not been carried out or altered? A.—Had not been carried out. And there was another element of danger about it as well.

Q.—What was that? A.—I said to him at the time. "There are some things, Mr. Dunsmuir, about it that you don't know, and if you will just leave it for a day or so I will explain it to you later on."

Q.—And then you later explained what happened in Montreal? A.—To Mr. Dunsmuir?

Q.—Yes. A.—Yes.

Mr. McCaul: You broke into Mr. Wells' explanation. He said, "I said this could not be justified."

Mr. Duff: Well, I ask Mr. Wells if he wants to say anything further about it. I asked him why it could not be justified. Did you complete your explanation on that? A.—Mr. Dunsmuir said in reply to that, either this, Mr. Eberts says he will, or will, do it.

Q.—He says Mr. Eberts says what? A.—Either this, Mr. Eberts says he will, or will, justify it.

Q.—Oh, Mr. Eberts says that he will justify it? A.—Yes.

Q.—Did Mr. Dunsmuir tell you that he had been discussing the matter with Mr. Eberts as well as Mr. Brown? A.—No, he did not tell me that.

Q.—Did you understand that the communication had come direct from Mr. Eberts to Mr. Dunsmuir, or that it had come through Mr. Brown? A.—Well, I would understand that it came direct from Mr. Eberts.

Q.—Yes, naturally, of course, you would expect that. Then you mentioned these other circumstances. A.—Yes. I went to Mr. Dunsmuir's house and took the matter up with him, and gave him my explanation of what had occurred, and which, I thought, surrounded the whole thing with a very dangerous element, making it very dangerous to deal with it.

Q.—You mean that that reflected light on the history of the whole thing from beginning? A.—Well, that is what I said to him. I have my own opinion about that. I thought it was a very dangerous thing to touch it.

Q.—Then, did Mr. Dunsmuir express to you at the time any determination with regard to the cancellation or revocation of the grants? A.—I think he did.

Hon. Mr. Wells—*Continued.*

Q.—I don't say on the spot, I mean prior to the meeting of the Executive? A.—Yes, I think Mr. Dunsmuir said at once that he would have nothing of that sort.

Q.—And the grants would be cancelled? A.—Yes. That it required his immediate action, to be done with it. I cannot remember his exact words, but at any rate he expressed himself in such a manner that I inferred that the Crown grants would not be delivered.

Q.—And you concurred in that view? A.—Certainly I did.

Q.—Did you have any discussion with the other members of the Government; the other members were Col. Prior and Mr. Eberts, were they not, besides yourself and Mr. Prentice? A.—Yes.

Mr. Helmcken: Col. Prior was not a member? A.—Oh, yes; at the time I saw Mr. Dunsmuir.

Mr. Duff: How long before the 18th of March was it that this occurred? A.—Oh, a very short time before; a few days before that.

Q.—I understood that Mr. Dunsmuir had acted quite promptly, from the way he spoke himself? A.—Yes, he did.

Q.—But, what I mean to say, there was Mr. Dunsmuir, Mr. Prentice and yourself who had discussed among yourselves a policy with regard to this matter, as far back as the 24th of October. A.—Yes.

Q.—And then, in addition to that, there were Mr. Eberts and Col. Prior? A.—Yes.

Q.—There was no other member of the Government at that time? A.—No; those were the only ones.

Q.—Now, did you have a discussion with any other member of the Government than speaking with Mr. Dunsmuir—well, you have not said anything about Mr. Prentice, but Mr. Prentice told us that his views were fixed on it anyway. A.—I don't remember any discussion with any one after that at all. I discussed it with Mr. Eberts in his own room.

Q.—But before that meeting? A.—No, that was during the Session.

Q.—Well, when did the Session begin? A.—I think it was the 2nd of April.

Q.—Oh, no, in 1902—

The Chairman: The 20th of February. A.—You said after the cancellation?

Q.—Oh, no; before the cancellation. A.—Before the cancellation I discussed it with Mr. Eberts.

Q.—When I refer to cancellation, I refer to the meeting of the Council at which the Order was passed cancelling it, the Rescinding Order. A.—Yes.

Q.—Now, you had a conversation in his own room before that? A.—Yes.

Q.—What occurred between you at that time? A.—Well, I took a very strong stand against delivering those Crown grants.

Q.—On what ground? A.—Well, what I remember saying to him particularly was, if we delivered those Crown grants that the Government would have to go. Those are the words I used.

Q.—But what I mean is, what was the specific objection that you made? A.—Of course, I had in my mind that we had not been getting sufficient compensation, for one thing; and then this other—

Q.—Well, you had in mind the fact that you were not getting sufficient compensation? A.—Yes.

Q.—You considered that you were giving away too much in giving away these two pieces of property? A.—Well, not that so much, but I always maintained that we had departed from the directory features of the Act, what the Act stipulated for, and we had gone outside of that. And we would be charged with having purposely gone outside of the direction of the Act to keep to the C. P. R. interests.

Q.—In other words, if the Railway Company wanted you to depart from the exact construction of the Act, there should be some consideration for it? A.—Yes; that is the way I thought.

Q.—And the Railway Company were pressing all the time for the delivery of those grants? A.—I never heard from them until Mr. Brown came to me. That was some time after; that was during the Session.

Q.—But you protested to Mr. Eberts very strongly? A.—Yes.

Q.—Did you express to Mr. Eberts that view that you have just expressed now? A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—Did you explain to Mr. Eberts the circumstances that you had previously explained to Mr. Dunsmuir? A.—No, I did not.

Q.—You never said anything about that to him? A.—I never said anything about that to him.

Q.—Were you present at any time when Mr. Dunsmuir spoke to Mr. Eberts about the matter? A.—Not privately.

Q.—Well, what do you mean by that? A.—Now you are coming to what may have occurred in the Executive meeting.

Q.—Was that one of the grounds on which the Executive acted? A.—It certainly was.

Q.—Can you answer this question: Did all the members of the Executive know all the statement you had made to Mr. Dunsmuir before the Order rescinding was passed? A.—Yes; they were all there.

Q.—They all knew? A.—They all knew it.

Q.—Now, with regard to the matter you have just mentioned, Mr. Wells. After your return you said you heard nothing more about it from the Company excepting what Mr. Brown said to you? A.—Mr. Brown came to me during the Session.

Q.—Mr. Brown came to you during the Session, and what did he say? A.—He wanted to get those Crown grants, wanted to know why they were not delivered.

Q.—That was prior to the 18th of March? A.—Yes.

Q.—Did you tell Mr. Brown what had happened in Montreal? A.—No.

Q.—You did not tell him anything about it at all. Did you give him any information? A.—I told Mr. Brown that those Crown grants certainly could not be delivered upon the conditions that had been proposed; there was no use to talk about it.

Q.—Did you have any discussion with Mr. Eberts at all with regard to the matter during that period, excepting when you have mentioned? A.—There was another time that I discussed it with Mr. Eberts, and I think that that was leading up to the Order passed on the 10th of August.

Q.—Oh, yes; but I will come back to that if you want to refer to it; but I should prefer now to cover what occurred after you came back from Montreal. You left Montreal, bringing the grants with you? A.—Yes.

Q.—I want to know what steps were taken by the Company or by anybody else to secure the delivery of those grants, down to the time of the rescision? A.—I never heard from the Company at all until Mr. Brown came to my room—I never heard from the Company.

Q.—That was one interview you had? A.—Just the one that I remember of.

Q.—And then, subsequently, Mr. Dunsmuir came to you? A.—Yes.

Q.—And afterwards you had a conversation with Mr. Eberts? A.—Well, of course, it was before the rescinding Order that I had the conversation with Mr. Eberts.

Q.—You might not be sure of the comparative dates between those two interviews? A.—No.

Q.—And you understood from Mr. Dunsmuir that the matter had been a subject of discussion between Mr. Brown and Mr. Dunsmuir? A.—Yes; I inferred at once that Mr. Dunsmuir had been pressed to some action.

Q.—Both by Mr. Brown and by Mr. Eberts? A.—Yes. He particularly mentioned Mr. Eberts' name.

Q.—Yes, you have told us that Mr. Eberts—I understand you to say Mr. Eberts had intended to defend the course of the Government in the event of its being attacked on that subject? A.—Yes.

Q.—Now, coming back to this matter that you mentioned just now, having had some conversation with Mr. Eberts prior to the 10th of August; you might tell what that was? A.—I remember discussing the matter with Mr. Eberts, taking the same view I have already expressed, that was that I did not see how we could depart from the directions of the Act with regard to granting the lands contiguous to the line of railway.

Q.—That would be subsequent to the interview with Mr. Eberts on the occasion of the receipt of a telegram from Mr. Taylor? A.—Oh, yes.

Q.—Long after that? A.—Yes.

Q.—Was that after your return or before leaving on the 27th of July—or after your return on the 8th? A.—It must have been before I left for up-country.

Hon. Mr. Wells—*Continued.*

Q.—It was before you left for up-country? A.—Of course, there were two days elapsed between the time that I returned and the 10th of August. It is possible it might have been between those two dates.

Q.—What position was Mr. Eberts taking with regard to the matter at that time? A.—After I returned?

Q.—No, I mean to say on the occasion of the interview mentioned? A.—Well, his contention was that it should not make any difference to the Government, inasmuch as we were practically dealing with the same company; and that if this company wanted to make this exchange, either for financial or other reasons, that he did not see any reason why we should not accede to that arrangement.

Q.—Of course, that was very different from the position taken by Mr. Eberts at the time of the receipt of the telegram? A.—Evidently.

Q.—Because I understood from you the telegram specifically requested the transfer of this property from the B. C. Southern to the Columbia and Western. A.—There is no doubt about that.

Q.—And you both concluded it was impossible? A.—I drew his attention to the Act he evidently did not have the conditions of the Act in his mind.

Q.—Now you are speaking of the first interview? A.—Yes.

Q.—But on the second interview you still maintained the same position? A.—I still maintained the same position.

Q.—But Mr. Eberts said it was practically the same company, he didn't see it made any difference? A.—He didn't see why there would be any difficulty about it.

Q.—Now, Mr. Wells, Mr. Brown had an interview with you prior to your departure for up-country, in which you asked him to make, on behalf of the Company, his demand or request, whatever it was? A.—I said, "Mr. Brown, you submit your proposal."

Q.—And he answered saying he preferred it would come as a proposal from the Government and not the Company? A.—Yes. I can corroborate that by calling Mr. McNeill, because I told Mr. McNeill afterwards.

Q.—With regard to that; then was Mr. McNeill present? A.—No.

Q.—How can you corroborate it by him? A.—I told Mr. McNeill about it afterwards.

Q.—In discussing the matter with Mr. Brown at that time, can you say whether or not Mr. Brown was aware of the fact that these lands had been allotted to the British Columbia Southern under their grant? A.—No, I cannot say from any conversation that took place then.

Q.—Did Mr. Brown ever advance to you the view that it made no difference that they should be granted to the Columbia and Western, because it made no difference which company they should be allotted to? A.—I cannot call to mind any such conversation with Mr. Brown.

Q.—Having in mind what Sir Thomas Shaughnessy said about not having known that those lands were allotted to the British Columbia Southern, I want to know whether you can say whether Mr. Brown, during the course of his negotiations on this subject prior to the 10th of August, exhibited any knowledge of the fact that these lands had been allotted to the British Columbia Southern? A.—Well, as I say, I cannot call to mind any conversation which would make any such statement.

Q.—In which he made any such statement? A.—But he was present at the meeting when this was considered.

Q.—What do you mean by that? A.—Well, I explained to you this morning, that when I went into the Finance Minister's room I saw Mr. Brown there, and at that meeting the question was taken up; he appeared before the Executive at that time.

Mr. McCaul: That is the meeting of the 19th of December? A.—I don't know whether it was on that day or not; but it was at a meeting at which the question was discussed.

Mr. Duff: Who else were present at that meeting? A.—I remember seeing Mr. McBride there.

Q.—It was not properly a meeting of the Executive; no privilege can be claimed, Mr. Brown being present? A.—I think they were all there.

Q.—You think all the members were there? A.—I think so.

Q.—Therefore, there could not be any possible question about the fact that Mr. Brown knew about this? A.—Oh, no. I put the question to him; the remark I made when I saw Mr. Brown, immediately I said, "I understand, Mr. Brown, we are saving—" I mentioned

Hon. Mr. Wells—*Continued.*

the number of acres, but that I am not very clear about, but it was quite a large quantity, certainly not less than three or four hundred thousand acres. Because it was considered in excess—why I say that—it was considered in excess of what it figures out in the end; I was very much surprised when it appeared that it was only 167,000 acres.

Q.—Now, Mr. Wells, can you remember, coming back again now to the period between the 27th of July down to the 10th of August; I gathered from you that all that occurred with regard to that matter before you went away was, in the first place this interview with Mr. Eberts consequent upon the telegram, then an interview with Mr. Brown, in which you told him to submit his proposal and he said he preferred it should come from the Government— A.—Yes.

Q.—And another interview with Mr. Eberts? A.—That interview with Mr. Eberts may have been prior to my going up-country, or it may have been between the 8th and 10th of August, I am not positive.

Q.—As a matter of fact, down to that time, so far as you are concerned, your state of mind was opposed to carrying out this proposal? A.—Yes, it was.

Q.—And you had made no sort of investigations which would naturally lead to any change at all? You had not instructed Mr. Gore; you had made no investigations on which you could base a report to the Council? A.—No, I had not. There is no report, as a matter of fact, from the office.

Q.—Then there was a meeting of the 31st of July at which you were not present, a meeting of the 2nd of August at which you were not present; and you returned on the 8th? A.—Yes.

Q.—And there was a meeting on the 10th? A.—Yes.

Q.—Now, there is a report here annexed to that Order which is signed the 10th. Are you quite sure that that report was before the Council on the 10th? A.—Well, it is altogether likely that either that or a draft of it was. I don't see how I could make a recommending Order without something on which I could recommend it.

Q.—I gather from you that, after all, you did not make any recommendation at all? A.—Oh, I made a recommendation for that Order in Council.

Q.—When? A.—My name is there.

Q.—Are you sure you signed a recommendation before the meeting? A.—Well, at the meeting; at the time of the meeting.

Q.—But are you sure that you signed a formal recommendation before the meeting of the 10th of August? A.—Do you mean at the meeting or previous to the meeting?

Q.—At the meeting or previous to the meeting. A.—Oh, yes; it shows for itself.

Q.—But are you sure that that document was before the meeting on the 10th of August (handing document to witness)? Wouldn't it be possible, Mr. Wells, that that document might be subsequently prepared? A.—Well, I think that there must have been these particulars of this, at any rate, or a draft of it.

Q.—I can understand that. But what I want to get at is this: that before the meeting of Council of the 10th of August there may have been the substantial effect of that recommendation which was subsequently signed by you—or which was executed by you,—leave out that question now—upon which the Council may have acted on that date, instead of the document itself? A.—It looks like it was signed at the meeting. Here is Mr. Turner's signature and mine.

Q.—Mr. Turner would sign it anyway; if the Council came to the conclusion on that date and the Order were made on that date, of course, everything connected with it would be signed by Mr. Turner, who was then acting as President of the Council; that would not necessarily indicate anything particularly, would it, with regard to that? Put it in another way: perhaps, Mr. Wells, while there is now that document annexed to the Order in Council which is signed by you and by Mr. Turner, showing a recommendation, as a matter of fact, all these documents upon which that Order in Council was based were documents which did not come through your Department in the ordinary regular way? A.—They were not supplied by my Department.

Q.—They were not departmentally prepared? A.—They were not departmentally prepared, no.

Q.—And they were documents which were not passed upon by you; the matter was not passed upon by you prior to the determination which was reached by the Council on the subject? As I understood you to say this morning, when you came back the matter had been disposed of? A.—Yes; I took it that this meeting on the 10th of August was for the purpose of giving effect to what had previously been decided upon.

Hon. Mr. Wells—*Continued.*

Q.—And, as far as you were concerned, you considered the matter disposed of? A.—Yes.

Q.—And on the meeting of the 10th of August there were present yourself, Mr. Prentice and Mr. Eberts, and, apparently, Mr. Dunsmuir was not there. I think Mr. McBride says he was there. A.—I don't think Mr. McBride was there.

Q.—There is evidently, I think, some mistake about that, because, as Mr. Prentice said yesterday, there was no minute to show who was at the meeting? A.—I don't think Mr. McBride was there.

Q.—But there were there Mr. Turner, Mr. Eberts and yourself; and when the matter came before you, you considered it as a matter which had been previously disposed of? A.—Yes; and I am borne out on that by my subsequent acts.

Q.—Now, would it be correct, then, to say that this was a matter which was dealt with by Council upon your recommendation, in the sense that the matter had been committed to you for a report, and that the Council simply followed your report? A.—That this report was prepared—?

Q.—No; I don't mean that; what I mean to say is this: Mr. Eberts has stated in explanation of his conduct, it was a matter that he did not consider very much; he said it was a matter that came before the Executive in the ordinary way on the recommendation of a Minister, and that, naturally, he acted on the recommendation of the Minister. A.—Well, I want to say here—

Q.—(Interrupting.) Pardon me for a moment, if you do not mind. In this particular instance, if the recommendation of a Minister was acted upon, were you the Minister? You could not be? A.—I was not the Minister, because I was not present at the 2nd of August.

Q.—You were not present either on the 31st of July or the 2nd of August? A.—No.

Q.—And the recommendation, whatever it was that was acted on, on the 31st of July or on the 2nd of August, was not your recommendation? A.—Certainly not; I was not there.

Q.—It came from some other source? A.—Well, I won't say there was any recommendation. There was discussion over it, and it was practically settled.

Q.—Mr. Eberts says that they acted on the recommendation of a Minister with regard to the matter. Now, were you going to say something? A.—You have knocked it out of my head.

Mr. McPhillips: It was something about Mr. Eberts. A.—I was going to say this, that the fact of my signing a recommending order does not mean necessarily that I recommend it, that I am directly responsible for it, because that decision may have been arrived at at an Executive, but being in my particular Department, it would devolve upon me to sign the recommending Order.

Q.—Exactly. Here is a personal letter, signed by Mr. Turner, written to Mr. Brown, dated the 2nd of August, 1901, which is as follows:—

“DEAR SIR.—In the absence of the Honourable the Chief Commissioner of Lands and Works, your letter to him of 31st July, ult., was handed to me. It was decided to meet your views as to a speedy settlement. In the meantime, your letter has been referred to the Hon. Mr. Wells, the Chief Commissioner, to arrange and report to the Executive at an early date.”

Now, as a matter of fact, did you act on that? A.—Well, no; I acted—

Q.—(Interrupting.) You could not have acted on that, because you never saw the letter of the 31st? A.—No, I never saw it.

Q.—Therefore, you could not have acted on it. If the intention was that a report should be made upon Mr. Brown's letter of the 31st, which evidently contained Mr. Brown's proposal, and which we have not been able to get, then you certainly were not in a position to frame that report, because you did not have the letter? A.—I never saw the letter, to my knowledge.

Q.—You have told us, I suppose, all that you know of with regard to the preparation of this memorandum, and of that report, Mr. Wells? A.—Yes. I still insist upon it that that memoranda and report were prepared outside of my office.

Q.—Prepared outside of your office. A.—In fact, there is no way for any other conclusion about it. I did not do it, and Mr. Gore says he did not do it, and I know he did not—I am satisfied he did not do it.

Q.—Now, there is a letter put in here, written by Mr. Dunsmuir on the 15th of May, 1901, in which a promise is made to Mr. Brown that the subsidy with reference to this—that a Bill would be introduced in the Session of 1902, giving to the Company, or authorising the

Hon. Mr. Wells—*Continued.*

Lieutenant-Governor to grant the subsidy which the Company had earned with reference to section 4, without the completion of section 5 of the railway; you remember that communication, I suppose? A.—Yes, I remember it now.

Q.—Mr. Brown also stated that, prior to or during the Session of 1901, there was a promise given to him by the Government that a Bill of that kind would be introduced during that Session; do you remember anything about that; had you any communication with Mr. Brown with regard to that? A.—I wrote a letter to Mr. Brown carrying out what Mr. Dunsmuir had already promised in a previous letter.

Q.—You wrote a letter to him? A.—I remember mentioning that in a letter to Mr. Brown.

Q.—You mean during the Session of 1902 or 1901, which? You see Mr. Dunsmuir's letter was written on the 15th of May, 1901, which was, in fact, just after the Session. A.—I wrote him in 1902.

Q.—But in 1901 do you remember a promise being given during the Session of 1901 to introduce a Bill into the Legislature that Session, dealing with that subject-matter? A.—Well, there was a letter written by Mr. Dunsmuir; I know that now.

Q.—But that was after the Session. Mr. Brown says there was a promise given to him during the course of the Session. A.—Well, I don't know about that.

Q.—You don't know about that? A.—No.

Q.—Do you remember this Bill which appears to have been introduced by you, Bill No. 76, of 1901, generally the effect of which was to extend the time within which the Company might earn its subsidy with respect to sections 4 and 5. Do you remember that? A.—Yes; I remember this.

Q.—That was a Bill introduced and withdrawn. It received its first reading, so the record says. A.—Well, it was to receive its second reading, I think, the last night of the Session.

Q.—I think it was withdrawn before that? A.—There was a Bill which was to have received a reading.

Q.—I am going to ask you about another Bill, Mr. Wells. Do you remember a Bill which was to have been introduced on the last day, or the day before the last, of the Session of 1901, dealing with this subject? A.—Yes.

Q.—Of course, that is not this Bill. This Bill was introduced and received its first reading. A.—Last Session, do you mean?

Q.—1901. A.—There were only two Bills brought down; there were only two prepared; I think this is the one.

Q.—This is only an extension of time; it does not deal with the subsidy. A.—Oh.

Q.—I put you off the track unintentionally; I got a little mixed on it myself. Really, that Bill deals with a different subject-matter. Referring to a Bill reinstating the Columbia and Western with regard to their subsidy for section 4, on the ground that they had abandoned their right to build section 5? A.—Yes.

Q.—There was a Bill prepared, was there not, during the Session of 1901, on that subject? A.—Yes.

Q.—And it was to have been introduced on the last night, or the night before the last day of the Session? A.—Yes; I think we had a message signed by the Governor.

Q.—Now, will you tell me why that Bill was not introduced? In the first place, Mr. Wells, I might ask you was that Bill concurred in by all the members of the Government? A.—Oh, yes; no doubt about that.

Q.—Are you quite sure? A.—I would not bring a Bill of that kind down without having the concurrence of all the Government.

Q.—Of all the members of the Government? A.—Yes, there is no question about that at all.

Q.—Well, why wasn't it introduced, then? A.—Well, I don't know that I can give you any very explicit reason for that. Of course, it was the last day of the Session.

Q.—And you think it was a mere matter of delay? A.—I am not prepared to say about that, but, at any rate, it was not brought down; it was not introduced.

Q.—That is all you can say on that subject? A.—That is all I can say about that.

Q.—Now, in the Session of 1902, Bill No. 87 was introduced by you? A.—Yes.

Q.—In the first place, do you know who prepared that Bill, Mr. Wells (handing document to witness)? A.—It was prepared in the Attorney-General's office.

Hon. Mr. Wells—*Continued.*

Q.—In the Attorney-General's office? A.—Yes.

Q.—After a consultation or meeting of the members of the Government? A.—Oh, I think so.

Q.—Had you anything to do with the the preparation of it at all, personally? A.—I had not.

Q.—The Bill came to you complete in form? A.—Yes.

Q.—Do you know whether it was prepared by the Attorney-General or the Deputy Attorney-General, or who did it; A.—I could not say about that. Probably by the Deputy Attorney-General, Mr. Maclean.

Q.—It was certainly prepared in that office anyway. Now, the object of this, I understand, was to carry out this promise which had been given to Mr. Brown on the 15th day of May, 1901, by the Premier, the year before? A.—I should say so.

Q.—And the Bill was prepared and introduced after the cancellation of the Crown grants, was it not? A.—What is the date of it?

Q.—Can you remember about that? A.—I cannot say from memory.

Q.—Now, you will see from this letter that the promise that was given was that the Government would introduce at the next Session of the Legislature an Act authorising the Lieutenant-Governor in Council to grant lands in respect to the fourth section, which had been completed. Did you intend, or was there any arrangement made between the Government and the Railway Company by which the terms of the Subsidy Act were to be altered at all, except in that one particular? A.—My idea of that Bill was it was simply to reinstate the Company in its subsidy rights.

Q.—That is, that they were to get their subsidy for section 4, notwithstanding the fact that section 5 had not been completed? A.—Yes.

Q.—In all other respects the matter was to remain the same? A.—Yes.

Q.—Now, I want to call your attention to one or two things in the Subsidy Act, Mr. Wells. You are pretty familiar with the provisions of this Subsidy Act, because you had to consider it at different times carefully? A.—I think I know something about it.

Q.—Generally speaking, so far as deficiency lands were concerned at all events, the lands were to be selected in the manner directed by the Lieutenant-Governor in Council? A.—Yes.

Q.—That is, the Lieutenant-Governor in Council, under the Subsidy Act, had the control of the selection of the deficiency lands? A.—The Company could make the selection by the Act.

Q.—Just look at section 6, and read it carefully, if you will. There is nothing in the Act that interferes with the effect of that (handing Statute to witness). Mind you, Mr. Wells, I am referring to the deficiency lands. A.—This section refers to deficiency lands.

Q.—That section refers to deficiency lands only, I think? A.—Yes, it is to make up for any area.

Q.—Yes. A.—Well, the discrepancy between this as to reserve lands, it says here that the lands are to be reserved,—I think in a previous section it provides that the lands must be reserved.

Q.—Yes. A.—That their selection must be taken out of reserved lands.

Q.—You see section 2 provides that there shall be previously reserved from pre-emption and sale sufficient land not only for the blocks they were to get, but for the deficiency? A.—Yes.

Q.—Section 2 contemplated that the reserve should cover the whole thing. Then, with regard to the selection of the alternate blocks, which would be the lands along the line of the railway, section 4 provides for that, that the Company shall define and project, in a manner satisfactory to the Chief Commissioner of Lands and Works, upon a plan of the located line of railway, or a section or sections thereof wherever practicable, the boundary lines of alternate blocks of land fronting,—and so on; what I mean is, section 2 provides for a reserve out of which all these lands shall be taken, and section 4 provides for the projecting of the alternate blocks in a manner satisfactory to the Chief Commissioner of Lands and Works, and the deficiency lands are provided for by section 6. And the point I want to call your attention to is this: that under section 6, dealing with deficiency lands, the Legislature went further than it did in the other case; it left the matter to be to the satisfaction of the Chief Commissioner of Lands and Works, but provides that these lands shall be reserved, selected and granted in such manner as the Lieutenant-Governor in Council may determine. A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—Thus, the control of the selection of the deficiency lands was entirely in the hands of the Lieutenant-Governor in Council, under that Act. A.—Would be entirely in the hands of the Lieutenant-Governor in Council?

Q.—Yes. A.—That is, so far as being reserved?

Q.—No, no; so far as the selection is concerned. A.—Reserved, selected and granted to the Company from time to time.

Q.—In such manner as the Lieutenant-Governor in Council shall determine. Now, will you look at that section 2 for a moment. You might read it to yourself. Referring now to Bill No. 87, which was introduced in 1902. I call your attention, Mr. Wells, to this circumstance, that section 2 of that Bill provides for the lands to be given to the Company as a subsidy for section 4 of the railway, which may be selected by the Company, anywhere in the districts of Yale and Kootenay. A.—Yes.

Q.—In other words, instead of the Lieutenant-Governor in Council having the control over the selection, that subject is entirely committed to the discretion of the Company itself? A.—Well, there is this difference; that section six refers exclusively to deficiency lands. Well, it might be inferred from this that the Company would have the right to select lands in alternate blocks along the line of railway.

Q.—But, Mr. Wells, I call your attention to the circumstances with regard to that; as a matter of fact, the alternate blocks right clear through to the end of the fourth section had been selected? A.—Yes; they had been designated by the Company.

Q.—Not only that, but the Lieutenant-Governor in Council had taken the other alternate blocks which remained— A.—(Interrupting.) Well, the blocks had been designated by the Company contiguous to the line of railway, but there was a very much larger area under reserve.

Q.—Out of which the deficiency lands under this Act would be taken? A.—Yes.

Q.—In accordance with the discretion of the Lieutenant-Governor in Council. But with regard to section four, all the lands would have been deficiency lands, would they not, or substantially all the lands? A.—That is to say, they could not be selected along the line of railway.

Q.—In alternate blocks? A.—In alternate blocks. Unless we gave the Company our blocks.

Q.—But then you had your own choice as to that under this Act? A.—Yes.

Q.—But so far as the alternate blocks are concerned, before you got through with section three, in fact I think before you got through with section one, on account of the proximity of the American boundary line and the shortness of the blocks on the south side—before you got through with section one and long before you got through with section three, all the land which could be taken by alternate blocks along the line of the railway had been taken up by the Company. A.—Down as far as Penticton. Section one exhausted all the alternate blocks of the lands available to the foot of Christina Lake.

Q.—But then section three exhausted a great many more, because, if you remember, there was a deficiency there of 896,000 acres; and when you come to section four, all the lands which the Company would be entitled to receive, or which the Lieutenant-Governor in Council would have power to grant to the Company in respect to section four, would be deficiency lands? A.—Yes, if you consider that they had to be taken contiguous to the line of railway.

Q.—But independently of that. The only lands that you had power to give them, even near the line of railway, excepting alternate blocks, were deficiency lands. A.—Yes.

Q.—You see what I mean is, rather I should say this, they would have all been lands to which section six of the original Act would apply. A.—They might have designated their lands on the reserve; there was a reserve of some 4,000,000 acres.

Q.—The point I want to get at is this, that under the original Act, with the consent of the Chief Commissioner of Lands and Works, they could define and project the alternate blocks along the line of railway. A.—Yes.

Q.—Now, then, they had a right also to get lands out of the reserve, deficiency lands out of the reserve? A.—Yes.

Q.—But with regard to the lands they got out of the reserve, the balance of the lands, they had to take them under section 6? A.—Why?

Q.—What other section are they going to take them under? A.—Why couldn't they take them in blocks of not less than one mile square within that reserve?

Hon. Mr. Wells—*Continued.*

Q.—They could, subject to this: “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.” A.—Yes.

Q.—In other words, under the original Act, with regard to any lands which you could have given them for section 4, the selection was entirely under the control of the Lieutenant-Governor in Council. I don't want to try to get anything more out of it than what is in it; the thing is very clear to my mind. A.—Section 2 says that “there shall be reserved sixteen miles on each side of the line of the section or sections, as aforesaid, of the proposed railway, and also such further area contiguous to the railway,”—now, contiguous to the railway—

Q.—“As the Lieutenant-Governor in Council may direct.” A.—They may have meant anywhere within that reserve of 4,000,000 acres.

Q.—That is quite so; I am not disputing that for a moment, in the reserve of 4,000,000 acres that was already made; contiguous to the railway was a reserve made under section 2 of the Act; I do not dispute that for a moment. But when they come to get their lands granted out of the reserve they get them under section 6. A.—I don't agree with that.

Q.—Where do they get them then? A.—I think they get them designated from lands anywhere within that reserve.

Q.—How do you make that out? A.—That whole block was contiguous to the line of railway.

Mr. McCaul: Is not this all merely a question of construction?

Mr. Duff: No; not at all.

Mr. McCaul: You have got the Statute and you have got the Bill.

Mr. Duff: This is not a question of construction at all. I am getting Mr. Wells' view upon the Statute that he has been working under, and a matter that is dealt with in his own Department.

Q.—Supposing they could be selected in that block, would you read out this language, “in such manner as the Lieutenant-Governor in Council may determine”? A.—Yes.

Q.—You would read that language out of the section altogether? A.—Let me see that again.

Q.—Would you strike that language out; or do you say that means nothing? A.—I would say that they may select them under section 2, not under section 6.

Q.—You say you would select them under section 2. Where does section 2 give them power to select at all? A.—Well, you take section 2 and section 4 together.

Q.—What does section 4 deal with? It deals only with alternate blocks. A.—Why can't they extend those alternate blocks away to the north?

Q.—It must be alternate blocks along the line of the railway? A.—Well, you might make them a depth of ten miles or fifty miles.

Q.—What do you mean by alternate blocks along the line of railway? Listen to this, now: “Upon a plan of the located line of railway, or a section or sections thereof, wherever practicable, the boundary lines of alternate blocks of land fronting upon each side of the line of the said railway, and having a frontage,” and so on. So that those alternate blocks had to front on the railway. A.—You might extend them to any depth you liked.

Q.—Oh no, six by sixteen miles. A.—Yes.

Q.—I think you are quite right in what you said at first, that the business was covered by alternate blocks. But all the alternate blocks had been exhausted before you reach the fourth section. A.—But what you want to get at is that the Company had no option at all as to further selection.

Q.—That if the Company got anything more in addition to that, that they had to get it under section 6. Isn't that so? Just read section 6. A.—Yes, I think after exhausting the alternate blocks, taking sections 2 and 4 together. What you mean is, under this Bill, they would get a portion which was not reserved to them in section 6?

Q.—Briefly, my point is this, that under the Act of 1896, in section 6, the Lieutenant-Governor in Council controlled the selection of the deficiency lands. Now, I come to this Bill, Mr. Wells, for a moment. First, under this Bill, the whole of the lands for the fourth section, deficiency lands and everything else—they would all be deficiency lands, as a matter of fact—the whole of the lands for the fourth section were to be selected by the Company; next, they were to be selected by the Company anywhere within the districts of Yale and Kootenay. A.—Yes.

Hon. Mr. Wells—*Continued.*

Q.—Not only is the control of the Lieutenant-Governor in Council taken away, but the power of selection is extended to the whole of the Districts of Yale and Kootenay. Beyond all question, that was an enlargement, wasn't it? Your own view of the construction of the previous Act would certainly not warrant anything like that? A.—Well, of course, that would not include reserved lands.

Q.—Supposing it did not include reserved lands? I don't know why it should not include reserved lands. A.—There was a very good reason it should not.

Q.—Why? A.—Because we were not bound to give them what was reserved to be on hand.

Q.—What is a reservation as against a statute? A.—Well, those lands, that particular block 4,593, was no doubt reserved for the British Columbia Southern Railway; there is no doubt about its being reserved—about the purpose for which it was reserved.

Q.—I am not speaking of that at all now. A.—I know what you are getting at.

Q.—I don't know whether you do or not. The effect of this was, the Bill would give to the Columbia and Western Railway Company the right to take 900,000 acres of land, or 20,000 acres per mile— A.—About 900,000.

Q.—900,000 acres of land, assuming that reserved lands were excepted, anywhere they could get it as long as it was Crown lands, in the Districts of Yale and Kootenay? A.—No; I don't agree with that at all.

Q.—What limitation is there on it? A.—We had that block 4,593 reserved.

Q.—I am leaving that out. Assuming you except reserved lands, they had the whole of these two districts to roam over. If reserved lands were excepted under this, they were certainly excepted under the original Act, that is clear? A.—Certainly, I should say so.

Q.—And while under the original Act they could only have taken these lands out of that block adjacent to the railway, under this Bill they could go anywhere to get them. A.—Do you think it would have made much difference?

Q.—What I am calling your attention to is, that you said the policy of the Government was not to enlarge the right of the Company except to this extent, that they were to be entitled to the subsidy which the original Act gave them, notwithstanding they had not completed section five. And I am calling your attention to the fact that the Bill does enlarge enormously that power they were to receive. A.—Well, I think that Bill is a little deficient in that respect, and probably it would have been corrected before it got through the House.

Q.—Now, do you say, Mr. Wells, that under this Bill 87 reserved lands were not given to the Company? A.—Yes they were.

Q.—Then, under the Act originally, reserved lands were not given to the Company? A.—Well, we could give them or not, just as we chose.

Q.—Do you mean to say you could give them while a reserve was subsisting? A.—Certainly we could. We could pass an Order in Council rescinding that, and give them, if we chose.

Q.—As a matter of fact, did you rescind the reserve on 4,593? A.—Not up to the time that Order in Council was passed.

Q.—But the Order in Council was passed and the grants were issued? A.—Yes.

Q.—And if it had not been for the meeting of the 24th of October they would have been delivered? A.—Well, I suppose that could be ratified by a further Order in Council, if necessary.

Q.—But, in the meantime, your view is that it required a formal rescision of the reservation? A.—Well, I don't know; I won't say that. But we might have rescinded it if we chose. If it called for that, of course we would.

Q.—At all events, unless it be a fact that this Bill does except reserved lands, then, under this Bill, the Company, in spite of you, could have taken 4,593 and 4,594? A.—Are you including reserved lands?

Q.—No; I mean to say, unless your construction be correct, namely, that this Bill excludes reserved lands—which it does not expressly—then, under this Bill, in spite of you, they could have taken blocks 4,593 and 4,594? A.—I don't think they could have taken those.

Q.—Why? A.—Because there was a reserve on them. I think the Government could have taken advantage of that reserve.

Q.—You think so? A.—I do

Hon. Mr. Wells—*Continued.*

Q.—And that was the only thing that protected 4,593 and 4,594? A.—Yes.

Q.—In other words, in order to prevent this Company from taking 4,593 and 4,594, you would have to have continued that reserve. The moment the reserve was thrown off the Columbia and Western Railway Company could take those lands? A.—Assuming that you are correct with regard to the interpretation of section 6.

Q.—As far as you are concerned, that appears to be the construction of it. A.—Well, I am not a lawyer.

The Chairman: Even if they did select the land, the Government would have the right to refuse to grant it. A.—That is not his contention.

Mr. Duff:—Was there any reason for transferring this discretion from the Government to the Company? A.—I don't think so.

Q.—Did you realise that that was being done, as a matter of fact? A.—I did not; no.

Q.—Was there any reason for making this Bill mandatory and imperative in its terms, whereas the original Act, and most of the other Subsidy Acts, were merely permissive? In section 2 of this Bill the language is, "There shall be granted to the Columbia and Western Railway Company an area of land equal to twenty thousand acres per mile"; while all the original Subsidy Act says is, "It shall be lawful for the Lieutenant-Governor in Council to grant"; and that is the form used in the B. C. Southern Act and all the other Acts; the language has been permissive,—it shall be lawful for the Lieutenant-Governor in Council. A.—Don't you consider that is mandatory, too?

Q.—I am not giving a legal opinion with regard to that; but if I had to give you a legal opinion on the Columbia and Western Railway Subsidy Act, I would say unhesitatingly that it is not mandatory. Was there any reason, Mr. Wells, for that change in the language? A.—No; no reason. You mean any design?

Q.—No, I am not asking you whether there was any design; but, as far as you know, was there any reason? A.—No; none.

Q.—If the Government had known that these changes were being made, would they have sanctioned them? A.—What changes do you refer to?

Q.—I mean the transfer of discretion from the Government to the Company with regard to the selection of lands? A.—I do not think I realised that at the time.

Q.—I don't say you did realise it; but was that done without your knowledge? A.—The Bill came to me prepared.

Q.—The bill came to you prepared, and you took it for granted that it carried out the policy of the Government? A.—Yes.

Q.—Which policy was that the Company should be entitled to the subsidy in the same terms as the original Act, except that they were not bound to build section five before they were to get lands in respect of section four? A.—Yes.

Q.—How do you account for that? A.—What I assumed was, that that Bill simply reinstated the Company in their subsidy under the provisions of the Act of 1896.

Q.—Doesn't it seem to you strange that an important land matter dealing with 900,000 acres of land, upon which the policy of the Government was clearly defined, the purpose being to reinstate the Company, that a Bill should be introduced making these important modifications, and that the attention of you, the head of the Department, and member of the Government who introduced the Bill into the House, had not been called to these changes? A.—I said the Bill might be a little deficient in that respect.

Q.—But it is more than a little deficient, isn't it; wouldn't you regard that as a very serious deficiency? A.—Well, no; I do not.

Q.—You would not regard that as serious at all? A.—I don't think so. I think the Government would have controlled that particular block of land you refer to.

Q.—I am not referring to that particular block only, you know? A.—I think there is no very marked difference in the quality of lands, in other respects, from that in other localities.

Q.—Very well. Now, Mr. Wells, you told us when you went to Montreal you had an interview with Mr. Shaughnessy, of which you have given an outline. Did you see Mr. Taylor before or after your interview with Mr. Shaughnessy? A.—Well, my impression is that I saw him both before and after.

Q.—You saw him twice? A.—I saw him—yes, I saw him twice. I remember speaking to him in the Windsor Hotel, in two different localities of the rotunda, at any rate.

Hon. Mr. Wells—*Continued.*

Q.—I see. Was it on the first occasion that the conversation occurred that you have outlined to us? A.—Well, I won't say as to that.

Q.—You don't know whether it was before or after you saw Mr. Shaughnessy that Mr. Taylor made the proposal to you? A.—I would not be very positive about that.

Q.—You would not be positive about that? A.—No, I would not.

Q.—Now, what was it Sir Thomas Shaughnessy said to you with regard to the formation of a company? A.—I don't think he said anything to me the first time I saw him.

Q.—No; but I mean at any time. A.—Well, I saw him in Montreal last fall.

Q.—Oh, last fall. A.—Yes.

Q.—What did he say then? A.—There was some discussion came up about this company. I think it must have been from the fact that I did not understand how the C. P. R. were going to be any beneficiaries in it to any extent; and he gave that explanation, that they were to furnish the lands—I remember that word—furnish the lands, and take shares; reserve shares.

Q.—Did you broach the subject to Sir Thomas Shaughnessy on that occasion? A.—I think so; I evidently did.

Q.—Do you mean to say you called his attention to the conversation you had with Mr. Taylor? A.—I won't say that.

Q.—What did you say to him then? A.—I gave expression to this, that I did not understand where the Company was getting benefit very largely out of giving these particular lands.

Q.—Because you understood they were to be transferred to another company? A.—Yes.

Q.—And he then made an explanation for the C. P. R.? A.—They would furnish the lands, that was their part of it; they were to furnish the lands and take shares.

Q.—Was somebody else to furnish anything else, did he say? A.—He did not say that.

Q.—Did he give you any further details with regard to the nature of the Company, and so on? A.—I don't think he did; I don't remember that he did.

Q.—There was nothing more than that at the time? A.—That is all I remember about it. But we talked about it some time. But I remember that remark particularly.

Q.—You furnished a memorandum to Sir Thomas Shaughnessy at that time of the terms upon which— A.—Yes.

Q.—certain things should be done? A.—At his request.

Q.—At his request. That memorandum dealt solely, I think, with the subsidy for section 4, didn't it? A.—I mentioned in that that their rights in respect to section 4 had been forfeited, that they would be reinstated.

Q.—How did that come to be put in that way, in the face of that letter, Mr. Wells, of the 15th of May, of Mr. Dunsmuir, in which he promised to introduce a Bill? A.—I took it then, as the matter stood at that date, at the date of the memorandum, the Company's rights legally were forfeited to the Government; there is no doubt about that.

Q.—But the Company had a pledge of the Government? A.—But at the same time that was no guarantee that it would be carried through.

Q.—But that was the fact, that there was a pledge? A.—Certainly there was.

Q.—Which the Government would have carried out? A.—Well, I may not have had in mind Mr. Dunsmuir's letter at that particular time.

Q.—What I mean to say is this, would you have made terms with Mr. Shaughnessy at that time with reference only to the subsidy attached to section 4, apart altogether from the delivery of the Crown grants? A.—Well, the grants were to be delivered under the terms that had been made; but with this condition, that the line from Midway to Spence's Bridge would be built. Then Mr. Shaughnessy asked me to draft conditions which I proposed they should extend their system. Of course, they need not necessarily conflict with the original arrangement granting these two blocks, that is to say, these two blocks of land would follow the proposition that we made, but with this exception, that they would build the Spence's Bridge road.

Q.—But if there had been no question with regard to the delivery of the grants, would you have gone to Montreal at that time and said to the President of the Canadian Pacific Railway Company, "Although we have pledged ourselves to introduce legislation to remedy this difficulty, now we say these are forfeited, and you have got to do so and so and so and so or you will suffer the consequences?" A.—Well, I don't think I would have taken the question up with Sir Thomas if it had not been for these two blocks.