

## PART III.

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Duke of Newcastle to Governor Douglas.

VANCOUVER ISLAND.  
No. 34.

DOWNING STREET, 20th August, 1863.

*Sir,*

I duly received your Despatch No. 11, of the 20th April last, in which you propose as a final settlement of the questions in dispute between the Crown and the Hudson's Bay Company, that the Crown on the one hand should give up a lot of land at the foot of Fort street, assigned to it by the Agreement of February, 1862, for a Harbor Master's Office, &c., and that the Company on the other hand should surrender in exchange for it a lot at foot of Broughton street for the same purpose, and should also give up a portion of the Government Reserve marked Z on the plan prepared by Mr. McTavish, and the lots 1603, 1605, and 1607. The first being the lot on which the Post Office stands and the other adjoining lots required for the public service.

I submitted this proposal for the consideration of the Hudson's Bay Company, and you will perceive from the enclosed copy of a letter which I have received from them in reply that they are ready to accept this arrangement so far as they have the power to do so; but they desire it to be understood (as is reasonable) that they surrender only the rights they actually possess, and that the arrangement is made subject to and saving the rights of third parties (if any) to whom the lots in question may have been already conveyed.

I have therefore to instruct you as soon as the lots in question have been transferred to the Crown, to prepare an accurate map of the land and to settle with the agent of the Company the terms in which the land to be secured to the Company and that to be returned to the Crown are to be described in the reconveyance of the Island to the Crown. As soon as you furnish me with these particulars, letters patent will be passed under the Great Seal for effecting the reconveyance.

I have, &c.

(Signed)

NEWCASTLE.

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