

Gravenhurst as the southern terminal of navigation in the area and thus the "Gateway to Muskoka."

The Government encouraged settlement in the district by passing, in 1868, the Free Grants and Homestead Act.³ Any person over 18 years old might receive 100 acres of cultivable land if, after 5 years continuous residence on the location, 15 acres had been cleared and under cultivation (at a rate of at least 2 acres a year) and a "habitable" house not less than 15 x 20 feet had been built. The head of a family with children under 18 was eligible for 200 acres. The locatee could purchase an additional 100 acres for 50¢ cash per acre. (This land had to be cleared at the same rate.) The Crown reserved all pine trees on these lands, except those which settlers were obliged to cut down in clearing the land and those used for their own buildings, fences and fuel.

In the 1860s licenses were granted for lumbering operations in Muskoka^{township} (in which Gravenhurst is situated). Eventually, lumbering became Gravenhurst's main industry, and, by virtue of its 14 saw mills, the town came to be known as the "Sawdust City."

The lumbering industry in the town and Gravenhurst's position as a trans-shipment point had received great impetus

3 The Act applied to lands within the Districts of Algoma and Nipissing, and "lands lying between the Ottawa River and Georgian Bay."