

3. That Act was passed as a final settlement of all differences then existing between the Provincial and the Dominion Governments. By it the Provincial Government purported to grant to the Dominion Government in trust, to be appropriated as the said Government might deem advisable, a tract of land not exceeding twenty miles on each side of the said line, wherever it might be finally located. At the time of the passage of this Act the Canadian Pacific Railway was in course of construction in British Columbia from Port Moody to Savona's Ferry or Kamloops; the line from Kamloops to connect with the line on the other side of the Rocky Mountains was not decided upon.

4. Immediately upon the passage of the last mentioned Act the Dominion Government objected to certain clauses therein relating to the Island Railway, and required them to be amended; but no objection was then or at any time taken to the clauses relating to the lands on the mainland, conveyed by the said Act, to the Dominion Government. Owing to the House having risen, no amendment could be made until the next Session of the Legislature.

5. In the interval between the closing of the Provincial Session in May, 1883, and the meeting of the House in December, 1883, all questions between the two Governments relating to the Island Railway had been arranged, and steps had been taken by the Dominion Government to carry out the Act of the 12th May, 1883, in respect of the provisions of that Act to which no objections had been taken by the Dominion Government, especially with regard to the graving dock and sale of the Dominion lands in the Province.

6. In 1882 an Act was passed by the Dominion Government, authorizing the Governor General in Council to abandon the Yellow Head Pass and adopt another route, and in November, 1883, the Dominion Government notified the Provincial Government that the Yellow Head Pass was definitely abandoned, and that the line adopted instead for the Canadian Pacific Railway crossed the Rocky Mountains by Bow River or Kicking Horse Pass, the Selkirk Range, and through Roger's Pass by Beaver Creek and Illicelliwaet River valley and Eagle Pass Creek to Kamloops.

7. It was also arranged and understood between the two Governments that any lands taken up in the 40-Mile Belt should, on proof of *bona fide* settlement, be granted to actual settlers, but it was always maintained, on behalf of the Dominion Government, that the patents for such pre-empted lands should be issued by the Dominion Government.

8. During the negotiation which took place between the agent of the Dominion Government and Mr. Smithe, the Premier of British Columbia, it was understood from Mr. Smithe by the agent of the Dominion Government that no patents should be issued by the Provincial Government in respect of lands within the railway belt, applications to purchase which had been made to the Provincial Government subsequent to the passage of the Act passed on the 12th of May, 1883, but if any claims were put forward for grants of such lands the Chief Commissioner of Lands and Works should refuse to issue the same, leaving the applicants to any legal remedy they might have.

9. In November, 1883, notices were given in the *British Columbia Gazette* of the intention of various parties to apply for leave to purchase lands east of Kamloops, and the necessary steps were claimed to have been taken to comply with the land laws of the Province in order to purchase said lands.

10. In December, 1883, a further Act relating to the Island Railway, the graving dock and railway lands of the Province, was passed by the Provincial Legislature in order to meet the views of the Dominion Government with reference to certain clauses affecting the Island Railway only, and the Act of 1883 was thereby repealed.

11. Mr. Smithe, in his capacity of Commissioner of Lands and Works and Premier of the Province, expressed his intention, during the past summer, of issuing Crown patents to purchasers of land within the 40-Mile Belt, provided the requirements of the Land Act of British Columbia had been complied with in respect thereof; and, as a matter of fact, he has issued Crown Patents to purchasers and pre-emptors since the 13th May, 1883, in respect of lands within the railway belt.