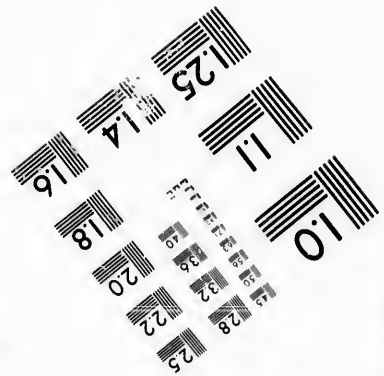
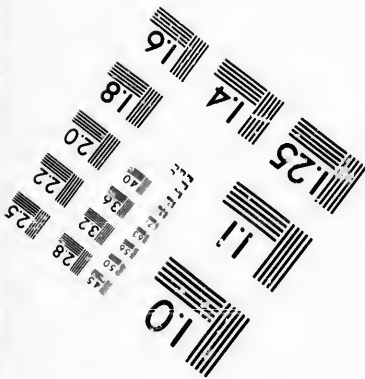
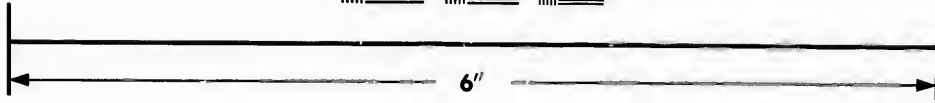
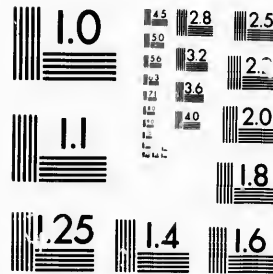


**IMAGE EVALUATION
TEST TARGET (MT-3)**



**Photographic
Sciences
Corporation**

23 WEST MAIN STREET
WEBSTER, N.Y. 14580
(716) 872-4503

**CIHM/ICMH
Microfiche
Series.**

**CIHM/ICMH
Collection de
microfiches.**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

© 1987

Technical and Bibliographic Notes/Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming, are checked below.

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- | | |
|--|--|
| <input checked="" type="checkbox"/> Coloured covers/
Couverture de couleur | <input type="checkbox"/> Coloured pages/
Pages de couleur |
| <input type="checkbox"/> Covers damaged/
Couverture endommagée | <input type="checkbox"/> Pages damaged/
Pages endommagées |
| <input type="checkbox"/> Covers restored and/or laminated/
Couverture restaurée et/ou pelliculée | <input type="checkbox"/> Pages restored and/or laminated/
Pages restaurées et/ou pelliculées |
| <input type="checkbox"/> Cover title missing/
Le titre de couverture manque | <input checked="" type="checkbox"/> Pages discoloured, stained or foxed/
Pages décolorées, tachetées ou piquées |
| <input type="checkbox"/> Coloured maps/
Cartes géographiques en couleur | <input checked="" type="checkbox"/> Pages detached/
Pages détachées |
| <input type="checkbox"/> Coloured ink (i.e. other than blue or black)/
Encre de couleur (i.e. autre que bleue ou noire) | <input checked="" type="checkbox"/> Showthrough/
Transparence |
| <input type="checkbox"/> Coloured plates and/or illustrations/
Planches et/ou illustrations en couleur | <input type="checkbox"/> Quality of print varies/
Qualité inégale de l'impression |
| <input type="checkbox"/> Bound with other material/
Relié avec d'autres documents | <input type="checkbox"/> Includes supplementary material/
Comprend du matériel supplémentaire |
| <input type="checkbox"/> Tight binding may cause shadows or distortion
along interior margin/
La reliure serrée peut causer de l'ombre ou de la
distorsion le long de la marge intérieure | <input type="checkbox"/> Only edition available/
Seule édition disponible |
| <input type="checkbox"/> Blank leaves added during restoration may
appear within the text. Whenever possible, these
have been omitted from filming/
Il se peut que certaines pages blanches ajoutées
lors d'une restauration apparaissent dans le texte,
mais, lorsque cela était possible, ces pages n'ont
pas été filmées. | <input type="checkbox"/> Pages wholly or partially obscured by errata
slips, tissues, etc., have been refilmed to
ensure the best possible image/
Les pages totalement ou partiellement
obscurcies par un feuillet d'errata, une pelure,
etc., ont été filmées à nouveau de façon à
obtenir la meilleure image possible. |
| <input type="checkbox"/> Additional comments:
Commentaires supplémentaires: | |

This item is filmed at the reduction ratio checked below/
Ce document est filmé au taux de réduction indiqué ci-dessous.

10X	12X	14X	16X	18X	20X	22X	24X	26X	28X	30X	32X
						/					

The copy filmed here has been reproduced thanks to the generosity of:

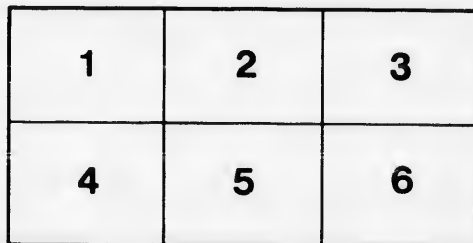
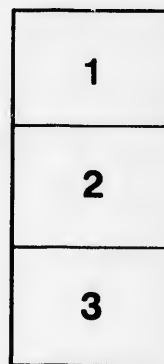
University of British Columbia Library

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol \rightarrow (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

University of British Columbia Library

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole \rightarrow signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

5250
Oct 871

A. De B
11c 106 1883

Votes & Procs
324, 401

Paper not printed in
Comes Sec's Papers 1883

dh

PAPERS

RELATING TO THE

MISSION OF THE HON. A. De COSMOS,

--TO--

London, in 1881,

--TO--

SUPPORT THE PETITION OF THE LEGISLATIVE ASSEMBLY,

--TO--

HER MAJESTY THE QUEEN,

**RESPECTING THE CONSTRUCTION OF THE
CANADIAN PACIFIC RAILWAY**

--IN--

BRITISH COLUMBIA.

M

SU

PAPERS

RELATING TO THE

MISSION OF THE HON. A. De COSMOS,

TO--

London, in 1881.

--TO--

SUPPORT THE PETITION OF THE LEGISLATIVE ASSEMBLY,

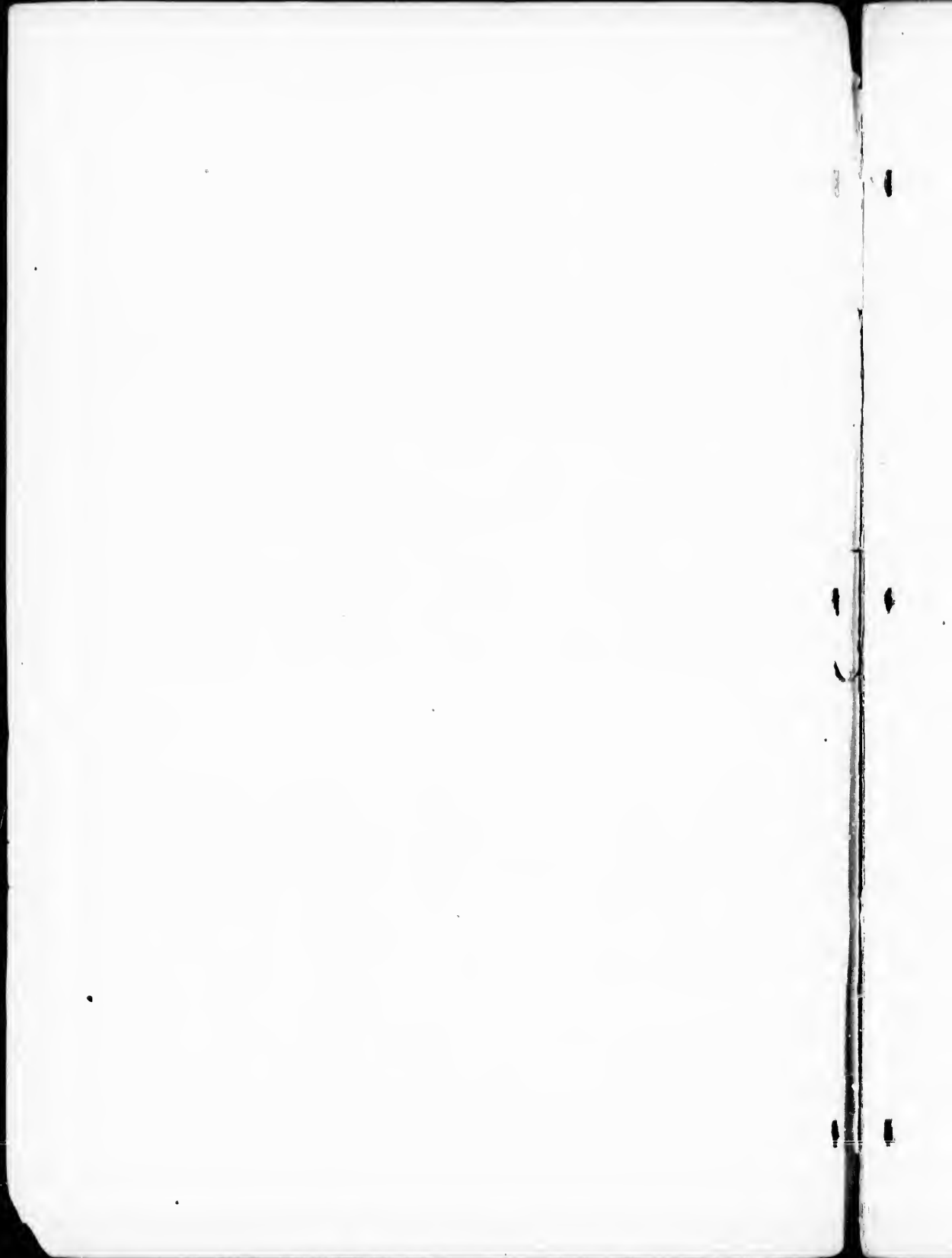
--TO--

HER MAJESTY THE QUEEN,

RESPECTING THE CONSTRUCTION OF THE
CANADIAN PACIFIC RAILWAY

--IN--

BRITISH COLUMBIA.



PETITION OF LEGISLATIVE ASSEMBLY

OF BRITISH COLUMBIA TO THE QUEEN, RESPECTING CANADIAN PACIFIC
RAILWAY, MARCH 25, 1881.

To the Queen's Most Excellent Majesty.

MOST GRACIOUS SOVEREIGN: We, Your Majesty's most dutiful and loyal subjects, the Members of the Legislative Assembly of the Province of British Columbia, in the Fourth Session of the Third Parliament assembled, humbly approach Your Majesty for the purpose of representing—

1. That the Province was mainly induced to enter into the Dominion Confederation in 1871, by the offer and agreement on the part of the Dominion, as appears by the Treaty of Union of that year, to construct and complete a Railway on or before July, 1881, through British Territory, connecting British Columbia with the Eastern Provinces.

2. That, on the 31st day of July, 1874, the Government of this Province presented a humble Petition to Your Majesty respecting the non-fulfillment by the Dominion of its Railway obligations towards British Columbia, as are contained in the Treaty of Union between the Dominion and British Columbia, assented to by Your Majesty in the year 1871.

3. That negotiations thereupon ensued, which resulted in Your Majesty's Principal Secretary of State for the Colonies (the Earl of Carnarvon) signifying his decision on the question in dispute, which decision, it is important to observe, was assented to by the Dominion Government.

4. That the following, amongst other conditions, form a part of this decision:—

a. "That the Railway from Esquimalt to Nanaimo shall be commenced as soon as possible, and completed with all practicable dispatch.

b. "That \$2,000,000 a year, and not \$1,500,000, shall be the minimum expenditure on railway works within the Province from the date at which the surveys are sufficiently completed to enable that amount to be expended on construction. In naming this amount I understand that, it being alike the interest and the wish of the Dominion Government to urge on with all speed the completion of the works now to be undertaken, the annual expenditure will be as much in excess of the minimum of \$2,000,000 as in any year may be found practicable.

c. "Lastly, that on or before the 31st December, 1890, the railway shall be completed and open for traffic from the Pacific seaboard to a point on the western end of Lake Superior, at which it will fall into connection with the existing lines of railway through a portion of the United States, and also with the navigation on Canadian waters. To proceed at present with the remainder of the railway extending, by the country northward of Lake Superior, to the existing Canadian lines, ought not, in my opinion, to be required, and the time for undertaking that work must be determined by the development of settlement and the changing circumstances of the country. The day is, however, I hope, not very distant when a continuous line of Railway through Canadian territory will be practicable, and I therefore look upon this portion of the scheme as postponed rather than abandoned."

5. That owing to the total disregard by the Dominion of these and other conditions contained in the Settlement so effected, the Legislative Assembly, early in the Session of 1876, unanimously passed a humble Address

to Your Majesty, praying that Your Majesty would be graciously pleased to cause the Dominion Government to carry out the agreement above referred to.

6. That in reply to the said Address, Your Majesty's said Secretary of State was pleased to advise the Province to submit to railway construction being deferred until the Spring of 1878, in order to enable the Dominion Government, during the year 1877, to solve some doubtful points connected with the railway route; and that the delay mentioned was conceded in deference to His Lordship's wishes, without prejudice, however, to the rights of the Province.

7. That the Dominion Government having, up to the month of August, 1878, failed to commence Railway construction in the Province, the Legislative Assembly, on the 30th of August of the same year, further humbly addressed Your Majesty on the subject.

8. That, for the purpose of avoiding needless repetition, and of affording Your Majesty the fullest information on this subject, Your Petitioners crave leave to refer Your Majesty to the contents of the above-mentioned Addresses presented to Your Majesty, and to the several documents therein referred to.

9. That, in the Spring of 1880, the work of construction was commenced by the Dominion in the interior of the Province, but not from its seaboard, or between Esquimalt and Nanaimo.

10. That it is believed that arrangements have lately been made between the Dominion and a Syndicate, or Company of capitalists, for the construction of the Canadian Pacific Railway by 1891; which arrangements include about 500 miles of Railway North of Lake Superior, but exclude the section of 70 miles of Railway between Esquimalt and Nanaimo.

11. That, under the Treaty of Union, it was expressly stipulated and agreed that railway construction should be commenced from the seaboard of the Province; and under the settlement effected in 1874, it was, as has been shown above, also expressly stipulated and agreed that the section of the railway between Esquimalt and Nanaimo should be constructed and completed with all practicable dispatch, and that construction of the line north of Lake Superior should be deferred until after the completion of the railway communication between the seaboard of the Province and Lake Superior.

12. That, although the Dominion Government has never questioned the right or claim of the Province to have the railway commenced from its seaboard, and has moreover acknowledged that the Province is entitled to have the section of the line between Esquimalt and Nanaimo constructed, yet no provision has been made by them for the fulfilment of these portions of their railway obligations.

13. That by the Treaty of Union, British Columbia was allowed to retain its own tariff until the Canadian Pacific Railway should be completed, but believing in the good faith of the Dominion, and being desirous of promoting confederation in its true sense, the Province surrendered its tariff in 1872, and adopted the tariff of the Dominion.

14. That, since the Province adopted this course, the tariff of the Dominion has been largely increased, to the serious injury of British Columbia, upon whom increased burdens have been thereby placed, without any of the compensating advantages which are, in consequence of such increase, enjoyed by the eastern Provinces of the Dominion.

15. That the time originally agreed upon in the Treaty of Union, for constructing the Canadian Pacific Railway, will expire in July of this year without the terms thereof, as to railway construction, having been even approximately fulfilled, no portion of the Canadian Pacific Railway having up to the present time, been constructed and equipped in the Province.

16. That, under the circumstances herein and in the said addresses set forth, Your Petitioners humbly pray—

- (a.) That Your Majesty will be graciously pleased to cause the Dominion Government to be moved to carry out their railway obligations to the Province, by providing for the immediate commencement and active prosecution of railway work on the section of the Canadian Pacific Railway lying between Esquimalt and Nanaimo, and by constructing the portion of line between Port Moody and Yale :
- (b.) That the Province be permitted to regulate and collect its own tariff of customs and excise until through communication by railway be established through British Territory with the eastern Provinces :
- (c.) That in any event compensation be awarded by the Dominion to the Province for the losses inflicted upon the latter by reason of the breaches of agreements and delays herein referred to.

And Your Petitioners, as in duty bound, will ever pray.

FREDCK. WILLIAMS,

Speaker of Legislative Assembly.

VICTORIA, BRITISH COLUMBIA, March 25th, 1881.

HON. A. D. DE COSMOS, TO SECRETARY OF STATE FOR THE COLONIES.

LONDON, June 15th, 1881.

MY LORD: During our interview yesterday, your Lordship read to me, with the object of placing me in possession of the views of the Canadian Government, the Order in Council, transmitted to you by the Governor-General of Canada, reporting upon the Petition of the Legislative Assembly of British Columbia to the Queen.

For this favor—showing the disposition of Her Majesty's Government to act impartially in the matter in dispute between British Columbia and Canada—I have the honor to offer my sincere thanks. But, as I cannot depend on my recollection of the contents of the Order in Council, so as to frame an answer thereto, and as it is important that a reply to the statements contained therein should be submitted for your consideration, I have the honor to request you to favor me with a copy of the Order in Council referred to.

On this occasion, however, I have the honor to state, for your Lordship's information, that it is the desire of the Government and Legislative Assembly of British Columbia, that the existing dispute respecting the non-fulfillment of the agreement made by Canada to construct the Canadian Pacific Railway in accordance with the 11th Section of the Terms of Union between that Province and Canada, and the Supplementary Agreement through Lord Carnarvon in 1874, should be finally and satisfactorily settled through Her Majesty's Government. But I have further to state, that no settlement can be final and satisfactory to the Province, unless it shall include provision "for the immediate commencement and active prosecution of railway work on the section of the Canadian Pacific Railway between Esquimalt and Nanaimo, and by constructing the portion of the line between Port Moody and Yale," and also, "compensation for losses inflicted" on the Province, "by reason of the breaches of agreements and delays," referred to in the Petition to the Queen.

I take occasion to further remark, for your Lordship's information, that the Petition to the Queen was passed in a full House by a majority of twenty (of which the recognized leader of the opposition was one) to a minority of four: that the majority of the Legislative Assembly represented nearly the entire civilized population of the Province, embracing almost the whole wealth and industry of the country; and that the minority expressed themselves in favor of urging the Dominion Government to construct the Esquimalt-Nanaimo section of the Canadian Pacific Railway under the "Carnarvon Terms," with compensation for delays. Virtually, the

Legislative Assembly were unanimous; the main difference in opinion being, as to whether negotiations should be continued at Ottawa, or a petition sent to the Queen.

I defer any further observations until I shall have received your Lordship's reply to my request for a copy of the Order in Council referred to.

I have the honor to be, My Lord,

Your most obedient servant,

A. DE COSMOS.

To THE RIGHT HON. THE EARL OF KIMBERLEY,
The Principal Secretary of State for the Colonies.

JOHN BRAMSTON, ESQ., TO HON. A. DE COSMOS.

DOWNING STREET, 20th June, 1881.

SIR: I am directed by the Earl of Kimberley to acknowledge the receipt of your letter of the 15th instant, relating to the Canadian Pacific Railway question.

Lord Kimberley desires me to transmit to you—in compliance with your application—a copy of the Report of the Privy Council of Canada, dated the 19th of May last, upon the recent Petition to the Queen from the Legislative Assembly of the Province of British Columbia.

I am, sir,

Your obedient servant,

(Signed) JOHN BRAMSTON.

COPY OF A REPORT

OF A COMMITTEE OF THE HONORABLE, THE PRIVY COUNCIL FOR CANADA,
APPROVED BY HIS EXCELLENCY, THE GOVERNOR GENERAL,
ON THE 19th DAY OF MAY, 1881.

The Committee of the Privy Council have had under consideration the letter addressed by Mr. De Cosmos, on behalf of the Government of British Columbia, dated the 13th instant, to Sir John McDonald, representing the importance of constructing the Esquimalt and Nanaimo Railway on the Island of Vancouver, and they have had also before them a copy of the Petition to the Queen, which the Legislative Assembly of that province directed, on the 29th of March, should be forwarded for presentation to Her Majesty.

On these papers, the Committee humbly submit to your Excellency as follows:

1. One of the terms upon which British Columbia, in the year 1871, entered into the Union of Her Majesty's North American Provinces, was as follows:

“The Government of the Dominion undertake to secure the commencement simultaneously within two years from the date of the Union of the construction of a railway from the Pacific towards the Rocky Mountains, and from such point as may be selected, east of the Rocky Mountains, towards the Pacific, to connect the seaboard of the British Columbia with the railway

"system of Canada, and further to secure the completion of such railway within ten years from the date of the Union."

2. On the 6th of June, 1873, in view of the then probability of the railway running by Bute Inlet, an Order in Council was passed declaring that Esquimalt should be the terminus of the railway on the Pacific Coast, but the alignment on the mainland was at that time wholly undetermined.

In May, 1878, the Government, on increased information, determined, however, to select Burrard Inlet as the objective point on the Pacific Coast, to be reached by the railway, and they cancelled the Order relating to Esquimalt. Still further examinations were, however, deemed necessary, particularly with reference to the advantages of a still more northern route which should terminate at Port Simpson, and to keep the whole question entirely free until additional exploratory surveys should be made. The Order in Council of June, 1873, was, in April, 1879, revived and continued in force until October, 1879, when the selection of Burrard Inlet was finally made as the terminus on the Pacific Coast of the Canadian Pacific Railway, rendering unnecessary the line between Nanaimo and Esquimalt as a condition of the Union with British Columbia.

3. In 1874, Her Majesty's Principal Secretary of State for the Colonies, having had the matter submitted to him, had suggested "to compensate British Columbia for past, and probable future delays," what have since become known as "Lord Carnarvon's Terms," which provided, amongst other things, that "the railway from Esquimalt to Nanaimo should be commenced as soon as possible and completed with all practicable dispatch," but this was not necessarily a part of the Canadian Pacific Railway and not essential to the fulfillment of the conditions of the Union with British Columbia.

These terms were the suggestions of the then Secretary of State for the Colonies, made for the purpose of quieting the differences which had arisen between the Government of the Dominion and the Province of British Columbia, growing out of the long delays in commencing works of construction; and which had formed the subject of continuous and acrimonious complaint, on the part of the Province. Lord Carnarvon's suggestions were entitled to every respect; but, although adopted by the Government of the day, they never received the sanction of the Parliament of the Dominion, and never acquired the force of a national compact.

4. On the contrary, in the session of 1875, with the view of seeking to give effect to these "terms," a Bill having been introduced by the Government, into the Canadian House of Commons, providing for the construction of the Esquimalt and Nanaimo line—a step which would not have been necessary, it may be observed, had that line proved necessarily a part of the Canadian Pacific Railway—the Bill, though passed by the House of Commons, was lost in the Senate, and consequently parliamentary sanction, refused to the construction of what was regarded by the majority in the Senate, as a provincial work, quite unnecessary to the fulfillment of the terms of Union with British Columbia.

5. The necessity of extended examination of the different possible routes for a line of railway, running across a continent, and as to long distances through very difficult country, caused much time to be occupied in exploratory surveys—the difficulties attending the selection of the pass, through which to cross the Rocky Mountains—and of settling the best line from their summit, to the Pacific Coast, and the selection of the terminus on that coast; all tended to prolong the period, before works of construction could prudently be begun. The magnitude of these preliminary difficulties may be estimated, when it is stated, that the cost of the exploratory and preliminary surveys, has reached the sum of three and a half millions, (\$3,500,000); but the absolute necessity of exhaustive examinations for the best line, including all considerations of topography and soil, before embarking in the construction of so gigantic a work, will be admitted.

6. Within the last year a contract has been entered into, and received the sanction of the Canadian Parliament, for the construction of the whole Pacific Railway, from the end of the existing system of Canadian Railways, at Callender Station, near Lake Nipissing, about 250 miles from the capitol of the Dominion, to Burrard Inlet, on "the sea-board of British Columbia," involving an expenditure of about 53,000,000 dollars in money, and 25,000,000 of acres of land. Contracts involving a sum of about 8,000,000 dollars, have been given out in British Columbia, and work is being vigorously pressed in that Province, and the Government itself, has undertaken the construction of the section of railway, extending from Yale to Burrard Inlet.

7. Every guarantee has thus been afforded to the Province of British Columbia that the terms of the Union will be carried out at the earliest practicable day.

8. Parliament has not authorized the construction of the Nanaimo and Esquimalt line, and, in view of the large expenditure involved in the building of the Canadian Pacific, from Callender station to the Pacific Ocean, at Burrard Inlet, it is not probable that it would do so.

The Committee desire to observe that there exists in the adjacent waters of the Straits of Georgia, sheltered water communication open all the year around quite adequate to the needs of the population of the Island.

9. As regards the prayer of the proposed petition to Her Majesty: "That the Province be permitted to regulate and collect its own tariff of customs and excise, until through communication by railway be established through British territory with the Eastern Provinces." The Committee of the Privy Council desire to observe that this request involves a breach of the terms of Union and the virtual severance of British Columbia from the Dominion.

10. It will be seen by official statements hereto annexed, that an expenditure in the Province since it entered the Union has been made by the Dominion of \$5,996,289 against which the receipts have been \$4,173,238 (and this expenditure is entirely irrespective of disbursements on account of the railway.)

The Committee advise that a copy of this Report be forwarded with the Petition, to which it refers, to Her Majesty's Principal Secretary of State for the Colonies.

[Certified.]

(Signed), J. O. COTÉ,

Clerk Privy Council,

Canada.

STATEMENT OF PAYMENTS

In the Province of British Columbia, from 1871 to 1880 inclusive, with exception of payments made on account of Pacific Railway, as prepared by the Financial Inspector.

Year 1871-2.....	\$ 481,330
" 1872-3.....	637,544
" 1873-4.....	717,348
" 1874-5.....	741,909
" 1875-6.....	750,082
" 1876-7.....	681,736
" 1877-8.....	668,685
" 1878-9.....	682,344
" 1879-80.....	635,311

\$5,996,289

STATEMENTS OF RECEIPTS

In the Province of British Columbia, from the year 1871 to 1880 inclusive, as prepared by the Financial Inspector.

Year 1871-2.....	\$ 356,099
“ 1872-3.....	381,711
“ 1873-4.....	387,146
“ 1874-5.....	455,914
“ 1875-6.....	544,952
“ 1876-7.....	456,976
“ 1877-8.....	493,756
“ 1878-9.....	579,144
“ 1879-80.....	517,540
	\$4,173,238

HON. A. DE COSMOS, TO LORD KIMBERLEY.

TAVISTOCK HOTEL, JUNE 25th, 1881.

MY LORD: In reference to your inquiry respecting the views of the Members of the Canadian Commons, belonging to the Continental Section of British Columbia, as to the construction of a Railway on Vancouver Island as part of the Canadian Pacific Railway, I take the liberty to send you the following extract from the Common's Debates (official) of Canada during the recent session, January 24, 1881, Mr. McInnes, M. P. for New Westminster, said: “ * * I believe, however, that the people of the Island have a strong claim on the “ Dominion Government for the construction of their road, and I have no doubt, if they exercise patience as we did, they will get the road.”

I have the honor to be, My Lord,

Your most obedient servant,

TO THE RIGHT HONORABLE
THE EARL OF KIMBERLEY, &c., &c.
Colonial Office.

A. DE COSMOS.

HON. A. DE COSMOS, TO LORD KIMBERLEY.

LONDON, July 28, 1881.

MY LORD: Adverting to my letter of the 15th of June, I have the honor to submit for your Lordship's consideration a Memorandum on the Report of the Privy Council of Canada on the recent Petition of the Legislative Assembly of British Columbia to the Queen.

The very full details therein, render it unnecessary for me to enlarge on the subject in support of the Petition, except as to what I believe to be desirable, in order to secure a final and satisfactory settlement of the dispute between British Columbia and Canada respecting the construction of the Canadian Pacific Railway. I have the honor, therefore, to respectfully submit for your Lordship's consideration:—

1. That it is most desirable, from an Imperial, Dominion, and Provincial point of view, that the most cordial relations should exist between British Columbia and Canada in order to work out successfully the great problem of confederation in Her Majesty's North American Provinces.

2. That to effect that object it is necessary that the long and almost chronic dispute between British Columbia and Canada respecting railway construction should be finally and satisfactorily settled.

3. That the means by which that may be accomplished appear to me to be extremely simple, comparatively inexpensive—far less than British Columbia expected when she united

with Canada, and are a concession to Canada that ought to be appreciated and with promptitude accepted in good faith.

4. They are as follows :

(1.) That the Esquimalt-Nanaimo section of the Canadian Pacific Railway, be commenced on or before the 1st of May, 1882, and completed on or before the 1st of July, 1885.

(2.) That the route of the Railway shall be along the line already surveyed and mapped, subject to such variation of alignment and gradients as may render the road as inexpensive as possible without impairing its efficiency—the gradients if possible, to be kept low—as the principal business of the Railway, for some time, will be to carry coal from the Mines to Esquimalt for domestic use and export.

(3.) That the construction of the section of the Canadian Pacific Railway between Port Moody and Emory be commenced not later than the 1st of May, 1882, and completed on or before the 1st of July, 1885. The work to be actively prosecuted throughout the whole period.

(4.) That an extension railway be constructed between Port Moody and such point on English Bay as may be deemed most suitable for a landing for a Railway Ferry between English Bay and Nanaimo.

(5.) That an efficient railway ferry be established between Nanaimo and some point on English Bay that may be selected for the Western Extension from Port Moody.

(6.) That the Extension and Ferry be completed and put in operation by the 1st of July, 1885.

(7.) That as soon as the Emory-Kamloops section of the Canadian Pacific Railway, now under contract, shall be sufficiently far advanced to enable a construction party to be set at work at Lake Kamloops at the Western end of the "Central Section" of the Canadian Pacific Railway, the last mentioned section shall be commenced and vigorously prosecuted till it shall form a junction with the main line of the Canadian Pacific Railway that may be constructed westwardly from Winnipeg.

(8.) That the whole railway from Esquimalt and Port Moody to Winnipeg be completed on or before the 1st of May, 1891.

(9.) That, in addition, the sum of \$2,500,000 be paid by Canada to British Columbia as compensation for losses sustained in the past by the non-fulfillment by Canada of her Railway obligations.

(10.) That the conditions be formally agreed to under such assurances of good faith as may command the confidence of the parties concerned.

5. It is submitted that the above proposal in no way conflicts with agreements already made, whilst the compensation mentioned is wholly inadequate to the loss and injury sustained by British Columbia.

6. If the conditions of settlement that I have submitted for your Lordship's consideration be adopted, I believe that there will be a restoration of that loyal and cordial feeling between British Columbia and Canada that it is so desirable should exist.

7. I shall be glad to learn the decision of your Lordship on the Petition to the Queen, as soon as it may be convenient to you.

I have the honor to be, my Lord,

Your most obedient servant.

A. DE COSMOS.

To THE RIGHT HON. THE EARL OF KIMBERLEY,

Her Majesty's Principal Secretary of State for the Colonies.

HON. A. DE COSMOS TO G. W. HERBERT, ESQ.

TAVISTOCK HOTEL, August 4, 1881.

DEAR SIR: With reference to our conversation yesterday, respecting a Steam Railway Ferry across the Strait of Georgia, between Nanaimo and English Bay, I have taken the liberty of inclosing to you, two plans, showing the possible routes across the Strait; and I also submit the following extract from the San Francisco *Spirit of the Times*, giving a description, while building, of a Railway Ferry Steamer which is now used by the Central Pacific Railway in the transportation of Passengers and freight across the Strait of Carquinez on the Overland Route:

"The floating bridge, for such indeed it is, will be 425 feet in length on deck over all, 116 feet in width over all, and 18 feet depth of hold. She will be provided with four tracks, running her entire length, of capacity sufficient for 48 freight cars and 24 passenger cars.

" * * * It is intended that there shall be no delay in making the transit across the Straits, and locomotive as well as cars will be run on the tracks, leaving the steamer on the other side, as any other vehicle would, drawn by any other power—the steamer being a double-ended, like any other ferry boat."

I may add, that I crossed the Strait of Carquinez in a Passenger train on the Railway Ferry steamer referred to, and can therefore from personal knowledge pronounce her a success.

I have the honor to be, Sir,

Your most obedient servant,

A. DE COSMOS.

R. G. W. HERBERT, Esq.,

Under Secretary of State for the Colonies. Colonial Office.

(This Memorandum is referred to in the First Paragraph of Mr. DeCosmos' letter to Lord Kimberley, July 28th, 1881. See page 9.)

MEMORANDUM

On "A Report of a Committee of the Honorable the Privy Council for Canada, approved by His Excellency, the Governor-General on the 19th May, 1881,—and generally in support of the recent Petition of the Legislative Assembly of British Columbia to Her Majesty the Queen."

1. In the Preamble of the Report of the Committee of the Honorable Privy Council of Canada, on the 19th May 1881, it is stated:—

"The Committee of the Privy Council have had under consideration the letter addressed by Mr. De Cosmos on behalf of the Government of British Columbia, dated the 13th instant, to Sir John Macdonald representing the importance of constructing the Esquimalt and Nanaimo Railway on the Island of Vancouver, and they have also had before them a Petition to the Queen, which the Legislative Assembly of that Province directed on the 29th March, should be forwarded for presentation to her Majesty, and in these papers the Committee humbly submit to your Excellency as follows:—"

It will be observed, that the Preamble states that the Committee of the Privy Council have had under consideration a letter, addressed by Mr. De Cosmos on behalf of the Government of British Columbia, dated the 13th ultimo, to Sir John Macdonald, representing the importance of constructing the Esquimalt and Nanaimo Railway on the Island of Vancouver, and they have also had a Petition to the Queen, which the Legislative Assembly of that Province directed, on the 29th March, should be forwarded for presentation to her Majesty; and that "on these papers" the Committee made their Report to His Excellency the Governor-General.

The first statement, as to the purpose for which the letter of Mr. De Cosmos was written, is a mistake; for the real object of that letter was to give the Dominion Government an opportunity to consider the Prayer of the Petition to the Queen; and, if possible, arrive at a final and satisfactory settlement of the questions in dispute respecting the Railway obligations of Canada to British Columbia,—and, thus render the presentation of the Petition to the Queen, unnecessary. What object the Committee of the Privy Council had in taking a different view of the letter,—unless it was a desire that the whole question of the Delays and Breaches of Agreement respecting the construction of the Canadian Pacific Railway in British Columbia, should be submitted to her Majesty's Imperial Government,—cannot be discerned. To show, however, in the most conclusive manner, that the letter of the 13th April, addressed to Sir John A. Macdonald, was not as represented in the Preamble to the Report, a Copy of the letter of Mr. De Cosmos, with the reply of Sir S. L. Tilley there-to, on behalf of the Privy Council, and the rejoinder of Mr. De Cosmos, are submitted, and are as follows:—

MR. DE COSMOS TO SIR JOHN A. MACDONALD.

“OTTOWA, APRIL 13, 1881.

“SIR,—I have the honor to state that on November 6th, 1880, I informed the Secretary of State for Canada, that I had been authorized by an Order in Council of the Government of British Columbia to press upon the Dominion Government the importance of carrying out their Agreement to construct the Esquimalt-Nanaimo Section of the Canadian Pacific Railway,—and report the result from time to time to the former Government.

“On November 8th, I received a reply from the Under-Secretary of State, acknowledging my letter, and stating that a copy of the Order in Council referred to, had been received from the Lieutenant-Governor of the Province.

“Between the latter date and the 28th February last, I had several interviews with yourself, Sir Charles Tupper, Hon. J. H. Pope, and Mr. D. McIntyre of the Syndicate, respecting the Agreement referred to; but without reaching a final conclusion on the subject. Since then, the question has remained in abeyance.

“To-day I received a letter from the Hon. T. B. Humphreys, Provincial Secretary of British Columbia, in which I was officially informed that I had been appointed Special Agent and Delegate to London to support the Prayer of a Petition of the Legislative Assembly of that Province to the Queen,—a Copy of which is herewith enclosed.

“This Action of the Government and Legislative Assembly,—whilst it raises in the Petition new questions, and includes the former one, for the consideration of the Dominion and Imperial Governments,—has not, as I understand it, superseded my authority to press upon the Dominion Government the importance of carrying out their Agreement to construct the Esquimalt-Nanaimo Section of the Canadian Pacific Railway. I am, however, authorized to proceed to London to support the Prayer of the Petition; and, unless it is your desire to consider here, without undue delay, the questions raised in it, with a view to their final and satisfactory settlement, it will be necessary for me to complete my preparations to proceed to London at an early day. In case you should decide to consider, here, the Prayer of the Petition, of course, it will be understood as being done without prejudice to the Petitioners.

“I may remark, that I have always held in the past, and still hold, that as a matter of sound Public Policy, any important matter in dispute between the Province of Canada and the Dominion Government, ought to be exhaustively considered by the representatives of the respective Governments at Ottawa, before presenting an appeal for the consideration and decision of Her Majesty's Imperial Government. Such was my advice, when Mr. Walkem was *en route* to England in 1874 with a Petition to the Queen; and such, also, were my views as expressed and reported in the *Hansard Debates* of the Session of 1876.

“In submitting this matter for your consideration, I trust that you may be pleased to favor me with a reply, at an early day.

“I have the honor to be, Sir,

“Your obedient Servant,

A. DE COSMOS.

TO THE RIGHT HON. SIR JOHN A. MACDONALD.

“Premier and Minister of Interior, Ottawa.”

SIR S. L. TILLEY TO MR. DE COSMOS.

“OTTAWA, MAY 16, 1881.

“SIR—Sir John Macdonald has desired that your letter to him of the 13th of April, on the subject of the construction of a Railway between Esquimalt and Nanaimo, should be submitted to the Committee of the Privy Council; and I have to-day taken the opportunity of complying with his request.

“You are aware that every effort is now being put forward by the Government to construct the Pacific Railway from this part of Canada to the Seaboard of British Columbia; that the main line in that province will cost a very large sum of money; and that some of its most expensive sections are already under contract.

"With this evidence of the good faith, with which the Government is dealing with the question before them, we trust that the people of British Columbia will be satisfied; and that it will be recognized that the Esquimalt and Nanaimo Railway should be left over, for the present, as a work which is not essential to the connection of the Seaborad of British Columbia with the Canadian System of Railways.

"2. In the meantime, the Government of the Dominion will avail themselves of every opportunity of pressing the question of the construction of this Railway, as a private enterprise, upon the attention of the Canadian Pacific Railway Company, in furtherance of views already expressed to you by Sir John Macdonald, Sir Charles Tupper, and Mr. Pope, and which are referred to in your letter.

"3. I trust that the explanations which I have given you, will prove sufficiently satisfactory to you to render unnecessary your proposed mission to London.

"4. In any event, Her Majesty's Government can only be approached by you through his Excellency The Governor-General.

"I am, Sir,

Your obedient Servant,

"HON. A. DE COSMOS,

"S. L. TILLEY.

"Ottawa."

MR. DE COSMOS, TO SIR S. L. TILLEY.

OTTAWA, 18th MAY, 1881.

"SIR:—I have the honor to acknowledge the receipt, on the 17th instant, of your letter of the 16th instant, in which you inform me, that Sir John Macdonald had desired that my letter of the 13th April on the subject of the construction of a railway between Esquimalt and Nanaimo should be submitted to the Committee of the Privy Council; and that you had done so on that day.

"In reply, I have the honor to state, that there is a manifest misapprehension, on your part, as to the contents and object of my letter of the 13th ultimo: and in proof of this statement I refer you to the letter itself.

"The following extract from my letter of the 13th ult., to Sir John A. Macdonald, makes it perfectly clear what was my paramount object in addressing it to him, viz.—

"I am, however, authorized to proceed to London to support the Prayer of the Petition; and unless it is your desire to consider here, without undue delay, the questions raised in it, with a view to their final and satisfactory settlement, it will be necessary for me to complete my preparations to proceed to London at an early day. In case you should decide to consider, here, the Prayer of the Petition, of course, it will be understood as being done without prejudice to Petitioners."

"Not having replied to the real object of my letter, you leave me no other course open, but to proceed to London.

"At a future time I may reply to the other statements in your letter.

"I have the honor to be, Sir,

Your most obedient servant,

"A. DE COSMOS.

"TO THE HON. SIR S. L. TILLEY,

"Minister of Finance, &c., &c., &c., Ottawa."

2. The Report further states:—

"1. One of the terms upon which British Columbia, in the year 1871, entered into the Union of Her Majesty's North American Provinces was as follows:—

"The Government of the Dominion undertake to secure the commencement simultaneously within two years from the date of the Union, of the construction of a Railway from the Pacific towards the Rocky

"Mountains, and from such point as may be selected, east of the Rocky Mountains towards the Pacific, to connect the Seaboard of British Columbia with the Railway System of Canada; and further to secure the completion of such Railway within ten years from the date of the Union."

The points in this Section of the Report that deserve special notice are:—

(1.) That "one of the terms upon which British Columbia, in 1871, entered into the Union of Her Majesty's North American Provinces" was the first Clause of the 11th Section of The Terms of Union, providing for the construction of a Railway connecting the Pacific Ocean with the Railway System of Canada;

(2.) That the words "one of the terms," imply that there were other terms of Union;

(3.) That a Railway was to be constructed to connect the Seaboard of the Pacific with the Railway System of Canada;

(4.) That the Railway was to be commenced within two years from the date of Union;

(5.) That the Railway was to be commenced simultaneously, at each end, that is to say, at some point on the Seaboard of the Pacific, and at such point east of the Rocky Mountains as might be selected, and that the work of construction should commence at both of the said points at one and the same time;

(6.) That the Railway should be completed within ten years from the date of Union, between the Seaboard of the Pacific and the Railway System of Canada;

3. With reference to these several conditions of the Railway obligation of Canada, it is necessary to state:—

(1.) That the Railway was not commenced "within two years from the date of Union," at its Eastern or Western Terminus, or anywhere;

(2.) That at the end of "ten years from the date of Union," it had neither been commenced on the Seaboard of the Pacific, at Port Moody, or Esquimalt,—the terminus fixed by an Order in Council of June, 1873, under the Railway Act of 1872,—nor at Nipissing, which was declared by the same Act to be the Eastern terminus;

(3.) That the railway was commenced in 1874, on the Pembina-Winnipeg branch of the Canadian Pacific Railway;

(4.) In 1875, on the Fort William-Sunshine Creek branch of the Canadian Pacific Railway;

(5.) In 1875, on the sections between Red River and Cross Lake;

(6.) In 1876, on the section between Sunshine Creek and English River;

(7.) In 1877, between Cross Lake and Rat Portage;

(8.) In 1879, contracts were let for the construction of 200 miles railway west of Red River;

(9.) In 1880, construction was first commenced in British Columbia at Emory, on Fraser River; but not on the Seaboard of the Pacific;

(10.) That a subsidy had been granted to the Canada Central Railway Company in 1874, though not part of the Canadian Pacific Railway, at the rate of \$10,000 per mile, but not to exceed in the whole \$1,440,000, to aid in the extension of the Canada Central Railway from Douglas to Nipissing;

(11.) That a subsidy had been several times refused to a company to construct the Esquimalt-Nanaimo section of the Canadian Pacific Railway, though the location survey had been made in 1875;

(12.) That the expenditure on the surveys for the Canadian Pacific Railway up to December 31, 1879, amounted to \$3,119,617.79, leaving the total expenditure in construction at \$11,168,608.22; but not a dollar of

that sum had been expended in British Columbia, although the surveys between Esquimalt and Nanaimo had been completed and mapped in 1875, and on the Continental section of the Province in 1877-8;

(13.) That up to December 31, 1879, \$14,287,824 had been expended in construction and surveys, but not a dollar had been expended in British Columbia in the construction of the Western end of the Canadian Pacific Railway, either on the seaboard or elsewhere;

(14.) That up to July 1, 1880, \$16,488,759 had been expended on the Canadian Pacific Railway, of which, about \$13,400,000 had been spent in construction east of the Rocky Mountains, whilst only two months' work, in construction, had been done by the Contractor in British Columbia;

(15.) That up to November 30, 1880, the total amount expended on the Canadian Pacific Railway was \$18,600,402.36, and of that sum up to December 31, 1880, exclusive of Surveys, only \$367,655.40 had been expended in actual construction in British Columbia;

(16.) That the route of the railway from Burrard Inlet to Yellow Head Pass, the eastern boundary of British Columbia, had been fixed by Order in Council in 1878; and that, notwithstanding that fact, a further postponement of construction for a year, was made to effect surveys, commencing at Port Simpson, near the south-eastern extremity of Alaska, about 500 miles from the settlements in the Province, and thence eastwardly to Peace River, with the evident object of securing a year's delay; for it was well understood, all the time, in the Department of Railways and Canals, that when construction commenced, it would be on the route between Burrard Inlet and Yellow Head Pass;

(17.) That persistent and unnecessary delays were made respecting the commencement of the railway in British Columbia, at variance with the letter and spirit of the Railway Clause of the terms of Union; and that, at the end of the ten year period of completion of the Canadian Pacific Railway, there is still further delay, as the work has not yet been commenced on the Seaboard;

(18.) These facts show the great wrong that has been done to British Columbia, by Canada—and, it is submitted, warrant the interference of Her Majesty's Imperial Government, to secure to the Province, prompt, certain, and substantial relief.

4. The Section 2 of the Report is as follows:—

“ II. On the 6th June, 1873, in view of the then probability of the Railway running by Bute Inlet, an Order in Council was passed declaring that Esquimalt should be the Terminus of the Railway on the Pacific Coast, but the alignment on the Mainland was, at that time, wholly undetermined.

“ In May, 1878, the Government, on increased information, determined however to select Burrard Inlet as the objective point on the Pacific Coast to be reached by the Railway; and they cancelled the Order relating to Esquimalt. Still further examinations were, however, deemed necessary, particularly with reference to the advantages of a still more northern route which should terminate at Port Simpson; and, to keep the whole question entirely free until additional exploratory surveys should be made, the Order in Council of June, 1873, was in April, 1879, revived, and continued in force until October, 1879,—when the selection of Burrard Inlet was finally made as the terminus on the Pacific Coast of the Canadian Pacific Railway, rendering unnecessary the line between Nanaimo and Esquimalt as a Condition of the Union with British Columbia.”

Attention is directed to the following points in the above statement:—

(1.) That on the 7th June, 1873, an Order in Council was passed by Canada, fixing the Western Terminus of the Canadian Pacific Railway at Esquimalt.

(2.) That it was done in view of the probability of the Railway running by way of Bute Inlet.

(3.) That the alignment was wholly undetermined on the Mainland of British Columbia on the 7th June, 1873.

(4.) That the Government of Canada in 1878, determined that Burrard Inlet should be the objective point on the Pacific Coast to be reached by Railway.

(5.) That this determination was based on increased information.

(6.) That the Government, therefore, cancelled the Order in Council fixing the Terminus at Esquimalt.

(7.) That it was deemed necessary that further surveys should be made to find out the advantages of a more northern route, terminating at Port Simpson.

(8.) That it was determined in 1879, to keep the whole question of the route of the Railway unsettled till the exploratory surveys from Port Simpson were made.

(9.) That the Order in Council fixing the Terminus at Esquimalt was, consequently, revived, in April, 1879.

(10.) That it was continued in force until October, 1879.

(11.) That in October, 1879, Burrard Inlet was made the Terminus on the Pacific Coast of the Canadian Pacific Railway.

(12.) That the fixing the Terminus at Burrard Inlet rendered the line between Esquimalt and Nanaimo unnecessary as a condition of the Union with British Columbia.

4. Before commenting on the points raised in Section 2 of the Report, it is necessary to advert to certain pledges of the Canadian Government to construct a Railway on Vancouver Island as part of the Canadian Pacific Railway, in case either the Bute Inlet route, or the Burrard Inlet route, was selected as the Main Trunk line.

(1.) During the Session of the Canadian Parliament in 1872, a Bill was introduced, intitled "An Act respecting Canadian Pacific Railway, 1872," and afterwards became law. Section I. of this Act is as follows:—

"A Railway, to be called 'The Canadian Pacific Railway,' shall be made in conformity with the agreement referred to in the Preamble to this Act, and such Railway shall extend from some point on or near Lake Nipissing, and on the south shore thereof, to some point on the shore of the Pacific Ocean—*both the said points to be determined by the Governor and Council*, and the course and line of the said Railway between the said points to be subject to the approval of the Governor in Council."

(2.) On May 28th, 1872, whilst this Section was under discussion in the House of Commons, and after Nipissing had been adopted as the Eastern Terminus of the Canadian Pacific Railway, Sir Hector L. Langevin, the then Minister of Public Works, whose Department included Railways, stated, in reply to Mr. De Cosmos, that "should the Railway be carried to Burrard's Inlet, a Ferry will be established and a line will be carried to Esquimalt, as part of the Railway."

(3.) The following extract from the *Toronto Mail's* report of May 28, 1872, confirms this statement,—the part in parenthesis being added in both of the following extracts to make the sense clearer:—

"Mr. De Cosmos said the explanation was quite satisfactory in one respect; but he wanted to know whether the Government was prepared, in case the railway should start at Burrard's Inlet, to construct a branch line from Victoria to Nanaimo;

"and in case they take the Straits whether they will cause a line to be constructed along the east coast?"

"Mr. Langevin replied that the intention of the Government was to go (*via* Bute Inlet) to Esquimalt; but, of course, if it was impracticable they could not go; and should the railway be carried to Burrard's Inlet, a ferry will be established and a line will be carried to Esquimalt as part of the railway.

"Mr. De Cosmos expressed himself perfectly satisfied with the explanation made."

(4.) The *Toronto Globe's* report of May 28, 1872, corroborates the above statement, and is as follows:—

"Mr. De Cosmos asked if the Government would pledge itself that, if the railway were constructed to Burrard's Inlet, a line would be built from Victoria to Nanaimo (laughter), and that if it reached Johnson's Straits, one would be built along the east coast to Esquimalt—(laughter). If the Government would not do so, he would take the statement of the minister of public works for what it was worth—(loud laughter).

"Mr. Langevin said it was the intention of the Government to go (*via* Bute Inlet) to Esquimalt; and if the line were carried to Burrard's Inlet, a branch would be extended to Esquimalt."

(5.) When the Canadian Pacific Railway was under discussion in the House of Commons on the 5th of April, 1876, Sir Hector L. Langevin then stated what the Government of which he was a member, in 1872, had done respecting the proposed line of railway on Vancouver Island. His explanation, on that occasion as to the line of railway on Vancouver Island, is so pertinent to the subject now discussed, that it is given in full to show that he gave a deliberate pledge in 1872 to British Columbia under instructions from the Cabinet of Canada, that a line of railway should be constructed on Vancouver Island as part of the Canadian Pacific Railway. It is as follows:—

"This railway was considered by the previous Government and Parliament as a necessity in view of our position, and as required by treaty obligation. When they gave the contract to Sir Hugh Allan and his twelve associates, they bound themselves to give the company \$30,000,000 and 50,000,000 acres of land to construct a railway from Lake Nipissing to Esquimalt, between which points lay the route of the Pacific Railway. If reference was made to the Acts they passed incorporating certain companies during that year, it would be seen that they were intended to build railways from Lake Nipissing to the Pacific Ocean, with power of extension to Esquimalt, and of building besides branch lines. *The portion of the line from the inner waters of British Columbia to Esquimalt was not considered, and was not treated in these Acts as a branch, but as an extension and a portion of the railway.* He would go further—and these were matters of fact and history. When the Government of which he was a member was called upon in this House by the present member for Victoria, to state whether he had determined upon the western terminus of the line, he was instructed by the Cabinet to announce—as he did do openly—that they intended to make Esquimalt the terminus. Moreover, an order in Council was passed to that effect; and in the correspondence laid the other day before the House, it was so stated in a minute of Council of the present Government. When the question came up under the present Administration, if he was not mistaken, the same course was followed."

This extract makes it perfectly clear that the Canadian Government had pledged itself to construct a line of railway on Vancouver Island as part of the Canadian Pacific Railway.

(6.) A charter, dated at Ottawa, February 5th, 1873, was granted to Sir Hugh Allan and others, to construct the Canadian Pacific Railway. Section 5 of the charter includes, although not expressly stated, a line of railway on Vancouver Island, but left the terminal point and line on the Pacific, to be determined subsequently by the Governor in Council. The following extract from Section 5 corroborates fully this statement:—

"Section 5.—And such railway shall extend from some point on or near Lake Nipissing, and on the south shore thereof to some point on the shore of the Pacific Ocean, both the said points to be determined by the Government; and the course and line of the said railway between the said points to be subject to the approval of the Government."

(7.) The Government of Canada, on the 7th of June, 1873, four months after the Charter was granted to Sir Hugh Allan and others, passed an order in Council fixing the terminus of the Canadian Pacific Railway on the Pacific, and ordering that a line of railway be located on Vancouver Island. This order in Council made it incumbent on the company holding the charter to construct a line of railway from Esquimalt to Nanaimo and beyond, as part of the Canadian Pacific Railway—and thus, so far, fulfilled the pledge given to British Columbia, by Sir Hector L. Langevin, on behalf of the Canadian Government, in Parliament in 1872. The order in Council referred to is as follows:

"Copy of a report of a Committee of the Honorable and Privy Council, approved by His Excellency the Governor-General in Council, on the 7th June, 1873.

"The Committee of Council having had before them the memorandum of the 29th May last from the chief engineer of the Canadian Pacific Railway, and the minute of Council thereupon of the 30th May, beg leave to recommend to Your Excellency that Esquimalt in Vancouver Island be fixed as the terminus of the Canadian Pacific Railway, and that a line of railway be located between the harbor of Esquimalt and Seymour Narrows on the said island.

"The committee further recommend that application immediately be made by despatch to the Lieutenant-Governor of British Columbia, for the conveyance to the Dominion Government in trust, according to the 11th paragraph of the terms of the Agreement of Union, of a strip of land 20 miles in width along the eastern coast of Vancouver Island, between Seymour Narrows and the harbor of Esquimalt.

"An order of the Lieutenant-Governor of British Columbia in Council, approving this tract of land in furtherance of the construction of the said railway, will be necessary in order to operate as a sufficient conveyance and reservation of the said land to and for the Dominion Government.

"Certified. W. A. Hayswoern, C. P. C."

(8.) From the date of the pledge given, in 1862, by Sir Hector L. Langevin, already referred to, to the time when this order in Council was promulgated, British Columbia had the most complete confidence in the promise of Canada to construct a railway on Vancouver Island as part of the Canadian Pacific Railway; and consequently her business interests were governed in a very large measure subject to that pledge—and particularly so on Vancouver Island—the Government and people believing that it had been made in good faith and would be preserved inviolable.

(9.) Under the second clause of the 11th Section of the Terms of Union, British Columbia was bound not to sell or alienate any of her crown lands except by pre-emption, till on and after two years from the date of Union, which period would expire on the 20th of July, 1873.

(10.) The Canadian Government—in view of requesting the Government of British Columbia to convey to her the quantity of land to which Canada was entitled under the 11th Section of the Terms of Union—had a memorandum of the chief engineer of the Canadian Pacific Railway, dated May 29, 1873, submitted to it—in which he recommended the conveyance of a belt of land 20 miles wide and 160 miles long, alongside the line of railway ordered, in the subsequent Order in Council of the 7th June, 1873, already referred to, to be located between Esquimalt and Seymour Narrows, on Vancouver Island. This recommendation points out that the Government of Canada had a decided preference for Esqui-

Esquimalt as the terminus, whether Vancouver Island be reached by bridge or ferry; and that "the time for selecting lands for railway purposes in British Columbia would expire on the 20th July next." The following extract from the memorandum contains the full recommendation:

CANADIAN PACIFIC RAILWAY,
OFFICE OF THE ENGINEER-IN-CHIEF,
Ottawa, 29th May, 1873. }

"Memorandum with regard to operations for the present season, the undersigned recommends that the following be undertaken:

"The Western Section."

"4. With respect to the Railway in British Columbia, the Government having announced a decided preference for Esquimalt as the Terminus, whether Vancouver Island be reached by Bridge or Ferry; and as the time for selecting lands for Railway purposes in British Columbia expires on the 20th July next, it becomes important to secure, either by an extension of time or otherwise, all the vacant Agricultural and Mineral lands along the probable line for the Railway on Vancouver Island. Should the Government consider this advisable, the limits of the reservation may be sufficiently well described as a strip of land 20 miles in width along the Eastern Coast of Vancouver Island, between Seymour's Narrows and the Harbor of Esquimalt.

"SANFORD FLEMING."

(11.) The Government of Canada adopted the recommendation of the Chief Engineer of the Canadian Pacific Railway respecting the Railway Lands, and requested the Government of British Columbia, in the Order in Council of the 7th of June, 1873, already referred to, to convey to Canada under the 11th Section of the Terms of Union, the belt of Land described by the Chief Engineer.

(12.) The Government of British Columbia complied with the request of the Canadian Government for the conveyance of the Lands referred to, by reserving the lands, inasmuch as the lands could not be conveyed till the line of Railway ordered to be located on Vancouver Island had been defined.

(13.) The Government of Canada accepted the Reservation as a sufficient conveyance, and communicated to the Government of the Province its acceptance in the following Order in Council:—

"Report of the Privy Council approved by the Governor-General on the 3rd September, 1873.

"The Committee of the Privy Council have had under consideration a Despatch from the Lieutenant-Governor of British Columbia, of the 26th July, 1873, inclosing a Minute of his Executive Council, conveying the conclusion of the Government of British Columbia, that it is not advisable to make at present the Conveyance applied for in a Despatch of the Under Secretary of State for the Provinces, of the 10th of June.

"The Committee of the Privy Council have read with great attention the report of the Executive Council of British Columbia, inclosed in the Lieutenant-Governor's Despatch, and beg to submit, that so long as the land which is referred to is not alienated from the Crown, but held under reservation as stated in the Lieutenant-Governor's Despatch, the object of the Government of the Dominion will be obtained, that object being simply that when the Railway shall come to be constructed, the land in question shall be at the disposition of the Government of the Dominion, for the purposes laid down in the 11th Section of the Terms of Union with British Columbia.

"[Certified.]

W. A. HIMSWORTH,

"Clerk Privy Council."

(14.) The Reservation of the Land on Vancouver Island for the purposes of the Canadian Pacific Railway at the request of Canada, and the order to locate a line of Railway through them, constituted a binding obligation on the part of Canada to British Columbia to construct a line of Railway on Vancouver's Island, under the 11th Section of the Terms of Union; for, it is submitted, that the "Act respecting Canadian Pacific Railway, 1872," gave the Governor in Council power to determine where the Terminus should be located, but gave them no power to cancel it after it had once been determined.

(15.) To make the matter still more binding, if possible, and show that the Government of Canada intended, to all outward appearances, to keep inviolable their pledged faith to British Columbia, both in the 11th Section of the Treaty of Union, and upon the floor of Parliament—the Chief Engineer of the Canadian Pacific Railway acting under instructions from Sir Hector L. Langevin, the then Minister of Public Works, directed Mr. Marens Smith, the Engineer-in-Charge of the Railway Surveys, in British Columbia, to commence the location survey of the line of Railway on Vancouver Island, referred to in the Order of Council of the 7th of June, 1873. The Engineer-in-Charge of the Surveys carried out his instructions on July 18th and 19th, 1873.

The following Extracts, from the *British Colonist* newspaper, give a brief account of the manner in which he commenced the Location Survey of the Canadian Pacific Railway on Vancouver Island:—

Extracts from the "Daily British Colonist," Victoria, B. C., Friday, July 18th, 1873.

"CANADIAN PACIFIC RAILWAY.—THE FIRST STAKE DRIVEN.

"Mr. Marcus Smith, accompanied by Mr. Tiedeman, C. E., and members of the Local Government, proceeded to Esquimalt yesterday and drove the first stake for the Location Survey of the Railroad from Esquimalt to Nanaimo. The stake was driven at the S. E. corner of the Dockyard fence, and a flag hoisted thereon. The health of the Canadian Pacific Railway was drunk in a flowing bumper of champagne. The stake was driven to obtain a 'sight.' The location of the Terminus will be at Constance Cove, it is thought; and it was reported last evening that Hon. Dr. Helmcken, the Pacific Director, will turn the first sod to-morrow."

Sunday, July 20th, 1873.

"THE TERMINUS LOCATED.

"The Terminus of the Canadian Pacific Railway was located yesterday. It is at the northwest corner of the fence which surrounds the Admiral's residence at Thetis Cove; and is marked by one of the posts of the fence, on which is written 'C. P. R. S., July 19 1873.' Mr. Smith, with his force, yesterday cut a broad trail through the bush and saplings for a distance of several hundred yards, driving stakes at short intervals. The Terminus is on the Indian Reserve, which comprises a large tract of land lying adjacent to the Admiral's residence and Thetis Cove—a pretty, safe and commodious bay in Esquimalt Harbor. It is supposed that the Company will take the Indian Reserve, and that lands in another part of the harbor will be allotted to the Indians. No 'sod' was turned, unless by some of the visitors by way of a 'lark.' And we learn that a telegram was received from Ottawa in the morning that the commencement of the Location Survey, on or before the 20th July, is considered as keeping the Terms of the Treaty of Union."

(16.) About this period, Sir Hector L. Langevin, in whose Department all matters connected with the Surveys and Construction of the Canadian Pacific Railway were managed, recommended, in order to keep faith with British Columbia, that the sum of \$300,000 be expended in construction of the Railway on Vancouver Island; but his recommendation was not adopted.

(17.) The Government of British Columbia, finding that the Location Survey commenced at Esquimalt had been stopped, and that, to all outward appearance, the Canadian Government did not intend to commence the actual construction of the Railway in that Province, protested against the breach, by the Government of Canada, of the 11th Section of the Terms of Union. The protest is as follows:

"Order in Council of this Province, dated July 25th, 1873.

"The Committee of Council have had under consideration the non-fulfillment by the Dominion Government of the 11th Section of the Terms of Union.

"The Committee regret that the construction of the Railway has not been commenced, and therefore strongly protest against the breach by the Dominion Government of a condition of the Terms so highly important to the Province.

"The Committee recommend the above for the approval of Your Excellency, and, if sanctioned, respectfully request that a copy thereof be at once forwarded to the Dominion Government.

"(Certified)

W. J. ARMSTRONG,

"Clerk, Executive Council."

(18.) Two additional protests against the non-fulfillment by Canada of the 11th Section of the Terms of Union were made by British Columbia: one on the 22d November, 1873, by the Government of British Columbia; the other on the 9th February, 1874, by the Legislative Assembly of that Province.

(19.) These statements of fact show conclusively that the Canadian Government pledged itself in the House of Commons and by Order in Council to build a line of railway on Vancouver Island as part of the Canadian Pacific Railway; that such line,—in case the Bute Inlet route were adopted as the main trunk line of the Canadian Pacific Railway,—should extend from Esquimalt to Seymour Narrows; that,—if the Burrard Inlet Route were adopted,—a line of railway should be constructed between Esquimalt and Nanaimo, as part of the Canadian Pacific Railway; and that, in the latter case, a railway ferry should be established between Nanaimo and Burrard Inlet. And further, they show that the Government of Canada, on June 30, 1873, became the possessor, in trust, of a belt of land measuring 20 miles wide by 160 miles long, equal to 3,200 square miles, or 2,048,300 acres, as part of the consideration for the construction of a section of railway between Esquimalt and Seymour Narrows.

(20.) The statement, therefore, in section 2 of the report as given above, that the terminus was only fixed at Esquimalt in view of the probability of the railway running by the way of Bute Inlet, is incorrect; because it is shown by the pledge given by Sir Heeter L. Langevin on behalf of the Canadian Government, on the floor of the House of Commons, by instructions of the Cabinet, that if the Burrard Inlet route were selected as the main trunk line of the Canadian Pacific Railway, then a line would be built between Esquimalt and Nanaimo, and a railway ferry be established between Nanaimo and Burrard Inlet; further, that, as stated by the engineer in chief of the Canadian Pacific Railway, the Government announced a decided preference for Esquimalt as the terminus, "whether Vancouver Island be reached by bridge or ferry;" and that all the vacant agricultural and mineral lands along the line of railway on Vancouver Island should be secured for railway purposes; and it has been further shown that the Order in Council fixing the terminus at Esquimalt, and ordering a line to be located between Esquimalt and Seymour Narrows,—requested the transfer of 3,200 square miles of agricultural and mineral lands, along the line of the railway, under the

11th Section of the Terms of Union,—as no such request could legally have been made except under that Section of the Terms of Union,—and that the Government of Canada accepted the said lands. Moreover, it is shown that a location survey was commenced at Esquimalt, in 1873, and, as the Canadian Government cannot wish it to be inferred that such location was made with the intention to deceive British Columbia, it must be considered as having been done with the *bona fide* intention of constructing the Island section of the Canadian Pacific Railway. The binding of the Allan Company under their Charter to build a railway from Esquimalt to Seymour Narrows, renders the supposition incredible that the terminus was fixed at Esquimalt merely in view of the probability of the Bute Inlet route being selected as the main trunk line of the Canadian Pacific Railway.

(21.) The statement “that the alignment on the mainland was wholly undetermined,”—when the terminus was fixed at Esquimalt, when the location survey of a line on Vancouver Island, between Esquimalt and Seymour Narrows was ordered, and when a request was made for the transfer by British Columbia to Canada of 2,048,000 acres of land,—does not in any way affect the obligation assumed by Canada to build a line of railway from Esquimalt to Nanaimo and beyond, as part of the Canadian Pacific Railway; for the Allan Company had before become responsible for making the alignment on the mainland. Besides that, the fact of the alignment on the mainland being wholly undetermined was not sufficient reason why the terminus should not be fixed, and the location of a line of railway on Vancouver Island ordered; for it is manifest that the very first thing to have done towards constructing a line of railway to connect the Pacific with the railway system of Canada was to select the terminus, and then construct from it towards the railway system of Canada.

(22.) The 11th Section of the Terms of Union allowed two years within which to fix terminus, and then commence simultaneously at each end of the line. It was well known in 1871-2-3 to the Government of Canada that there were only two possible routes from the coast of the mainland, across the Cascade Mountains to the interior plateaux; the first was *via* Burrard Inlet, and the second *via* Bute Inlet;—For, in 1871, Sir Hector L. Langevin, as Minister of Public Works, visited Bute Inlet, and personally inspected the route from Burrard Inlet, up the Fraser and Thompson Rivers, on the line of railway at present adopted, and also the Harbors of Alberni and Esquimalt; and on May 28, 1872, on the floor of the House of Commons; stated his preference for Esquimalt as the terminus and Bute Inlet as the continental route,—and concluded by pledging the Government of Canada to construct the line between Esquimalt and Nanaimo with a railway ferry to Burrard's Inlet.

(23.) Mr. Sanford Fleming, Chief Engineer, in his report on the Canada Pacific Railway for 1876-7, page 13, said, in giving an epitome of the results of surveys in 1871 that,—

“The survey did not begin in British Columbia until the 20th July, 1871, the day upon which that Province became incorporated into the Dominion.”

“It was found that there would be no difficulty in carrying a line from the Valley of the river North Fraser, in the neighborhood of Tete-Jaune Cache, to the valley of the North Thompson, by a low and wide depression in the mountains in that quarter.”

“It was found that the valley of the North Thompson would, in all probability, admit of a line being constructed from Yellow Head Pass to Kamloops, a distance of 255 miles, with grades not exceeding fifty feet per mile.”

"It was further found that it was possible to reach the coast from Kamloops, by the course and outlets of the rivers Thompson and Fraser, the line terminating at an excellent harbor on Burrard Inlet.

"Thus it was ascertained that a line was available for the Railway, through the entire Rocky Mountain Region, although portions of it would be enormously expensive."

On page 11, of the Report of the Canadian Pacific Railway for 1874, Mr. Fleming said:—

"In order to acquire a correct knowledge respecting the physical characteristics of the whole Territory, and obtain such information concerning its engineering features as only a personal examination can furnish, I considered it necessary that I should undertake a personal reconnaissance of the several regions proposed to be traversed by the railway.

"Accordingly, early in July, 1872, I started with a small exploratory expedition to cross the Continent.

"After a somewhat fatiguing journey through interminable windfalls and other hindrances, we entered the first range of mountains on the 11th September, and on the 15th reached the Yellow Head Pass, and camped near the Continental Water Shed.

"Pursuing our journey, we followed the river Fraser from its Yellow Head source to Pète-Jaune Caene, crossed over to the Canoe river, the Albrede, and thence followed the North Thompson River to Kamloops, at which place we arrived on the evening of September 28th. From Kamloops we traveled to Lytton, Yale, and New Westminster, examined Burrard Inlet, Bute Inlet, Barclay Sound, Seymour Narrows, Dent, and Arran Rapids, visited intermediate points, and on the 11th October finally arrived at Victoria, in Vancouver Island, thus completing a reconnaissance which altogether extended over 5,300 miles."

Mr. Fleming concludes this Report (page 34), dated Ottawa at on January 26th, 1874, on the Canadian Pacific Railway, as follows:—

"That the practicability of establishing railway communication across the Continent wholly within the limits of the Dominion, is no longer a matter of doubt. It may, indeed, be now accepted as a certainty that a route has been found, generally possessing favorable engineering features, with the exception of a short section approaching the Pacific Coast: which route, taking its entire length, including the exceptional section alluded to, will, on the average, show lighter work, and will require less costly structures than have been necessary on many of the railways now in operation in the Dominion."

(24.) It will be observed that these extracts show conclusively, that the Canadian Government and their Chief Engineer knew, in 1871,—nearly two years before the terminus was located at Esquimalt and a line ordered to be located on Vancouver Island,—that there was an available route for the railway on the mainland; and that, in January, 1874,—about eight months after the Order in Council had been passed to locate a railway and terminus on Vancouver Island,—that the Chief Engineer stated "that the practicability of establishing a railway across the Continent is no longer a matter of doubt." It must appear, therefore, to every impartial person that the statement made by the Canadian Government to excuse itself from carrying out its obligations to construct the Esquimalt-Nainamo Railway, on the mere ground that the alignment on the mainland, at the time the terminus was fixed at Esquimalt, "was wholly undetermined,"—is wholly untenable and cannot be entertained; particularly, as among other things, the Railway Land Reserve, Vancouver Island, has been continued from June 30th, 1873, to July, 1881,—and that no later than April 14th, 1880, Mr. Trutch, a confidential agent of the Dominion Government, requested the Government of British Columbia to convey more land by Statute to Canada, than the quantity named in the Original Reserve for railway purposes on Vancouver Island.

5. Before dealing with the other points in Section 2 of the Report, it is necessary to a thorough understanding of the case of British Columbia to refer to some other matters:

(1.) On September 22nd, 1873, the Government of British Columbia requested the Canadian Government "to at once define, by survey, the land they propose claiming on the east coast of Vancouver Island," and to "appoint, also, a competent person in the province to dispose of the "lands on such terms as will admit of settlement."

- (2.) The Canadian Government replied to this request as follows:—

"THE SECRETARY OF STATE TO THE LIETENANT-GOVERNOR.

OTTAWA, OCTOBER 8, 1873.

"SIR :—I have the honor to acknowledge the receipt of your despatch of the 22nd ultimo, on the subject of the occupation of lands reserved by the Dominion Government, and to state that the same will receive due consideration.

"I have, &c.,

"EDWARD J. LANGEVIN,

"Under Secretary of State."

In this communication it is stated, that the question of the occupation of Railway Land Reserve, between Esquimalt and Seymour Narrows, would receive the consideration of the Canadian Government; and it will be observed, by reference to page 9, that they had on September 3rd previous, accepted its Reservation.

(3.) Nothing has since been done by Canada to throw open the Railway Land Reserve on Vancouver Island to settlement, that is, for a period of eight years and over.

(3) In May, 1874, the Canadian Government, through Mr. Edgar, asked for a relaxation of the time limit for the construction of the Canadian Pacific Railway, in the 11th Section of the Terms of Union; and proposed "to commence construction from Esquimalt to Nanaimo immediately, and to push that portion of railway on to completion with the utmost vigor, and in the shortest possible time."

(4.) The negotiations were, however, unsuccessful; but the proposal shows that the proposed railway from Esquimalt to Nanaimo was then considered to be a part or portion of the Canadian Pacific Railway.

(5.) Subsequently, on December 18th, 1874, Canada agreed, through the then Secretary of State for the Colonies, the Earl of Carnarvon, "That the railway from Esquimalt to Nanaimo shall be commenced as soon as possible, and completed with all possible despatch." British Columbia was satisfied with this part of the agreement, and fully expected that it would be carried out.

(6.) The Canadian Government, on March 25th, 1875,—in making provision for the construction of the Section of the Canadian Pacific Railway between Esquimalt and Nanaimo,—requested the Government of British Columbia to convey by Statute, in accordance with the 11th Sec-

tion of the terms of Union; to Canada that portion of the Railway Land Reserve on Vancouver Island, situated between Esquimalt and Nanaimo. The Order in Council to that effect is as follows:—

“ Copy of a Report of the Honorable the Privy Council, approved by His Excellency the Governor-General in Council on the 25th day of March, 1875.

“ On a memorandum, dated 25th of March, 1875, from the Hon. the Minister of Public Works, reporting for the consideration of Council, that prior to the commencement of any works of construction on the proposed Railway from Esquimalt to Nanaimo, which the Dominion Government have agreed to build under the arrangement made through Lord Carnarvon at the instance of British Columbia, it is essential that the Province of British Columbia should convey, by legislation, to the Dominion Government in trust to be appropriated in such manner as the Dominion Government may deem advisable, a similar extent of public lands along the line of Railway before mentioned (not to exceed twenty miles on each side of the said line) as may be appropriated for the same purpose by the Dominion from the public lands of the Northwest Territories and the Province of Manitoba, as provided in the Order in Council, section 11, admitting the Province of British Columbia into the Confederation; and that it is desirable that the British Columbia Government should be at once notified that it will be necessary during the present Session of the Legislature of that Province to pass an Act so to appropriate and set apart lands to this extent, and for this purpose, the grant to be subject, otherwise, to all the conditions contained in the said Eleventh Section of the Terms of Union.

“ The Committee concur in the above report of the Minister of Public Works, and recommend the British Columbia Government be notified accordingly.

“ [Certified.]

W. A. HIMSWORTH, C. P. C.”

(7.) This Order in Council expressly states that the Dominion Government had agreed to build a Railway from Esquimalt to Nanaimo; and that British Columbia should be at once notified to convey, by legislation, to Canada a belt of land along the line of the said Railway, in conformity with the 11th Section of the Terms of Union.

(8.) British Columbia conveyed by Statute, on April 22d, 1875, to Canada, the belt of land between Esquimalt and Nanaimo as requested by Canada, and as the following extract from the Act shows:

“ An Act to authorize the grant of certain Public Lands to the Government of the Dominion of Canada for Railway purposes. (Assented to 22d April, 1875.)

“ Whereas, it is expedient to provide for the grant of Public Lands to the Dominion Government, required for a Railway between the Town of Nanaimo and Esquimalt Harbor;

“ Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of British Columbia, enacts as follows:—

“ 1. From and after the passing of this Act, there shall be and there is hereby granted to the Dominion Government, for the purpose of constructing, and to aid in the construction of a Railway between the town of Nanaimo and Esquimalt Harbor, in trust to be appropriated in such manner as the Dominion Government may deem advisable, a similar grant of Public Lands along the line of Railway before mentioned (not to exceed 20 miles on each side of the said line) as may be appropriated for the same purpose by the Dominion from the Public Lands of the Northwest Territories and the Province of Manitoba, as provided in the Order in Council, Section 11, admitting the Province of British Columbia into Confederation; such grant to be subject otherwise to all the conditions contained in the said 11th Section of the Terms of Union.

“ 7. This Act may be cited as the Esquimalt and Nanaimo Railway Act, 1875.”

(9.) It is perfectly clear, therefore, that as between Canada and British Columbia, the Section between Esquimalt and Nanaimo was recognized as part of the Canadian Pacific Railway; for unless it had been, the Canadian Government had no right to notify British Columbia

to convey by Statute the Railway Lands now held by Canada under Reserve and Statute on Vancouver Island to Canada under the 11th Section of the Terms of Union.

(10.) In the Session of 1875, the Canadian Parliament voted \$500,000 for the construction of the Esquimalt and Nanaimo Section of the Canadian Pacific Railway.

(11.) The Location Surveys between Esquimalt and Nanaimo, were completed and mapped in 1875; and 5,000 tons of rails were landed at Esquimalt and Nanaimo to iron the railway between those points.

(12.) On April 14th, 1880, Mr. Joseph W. Trutch, acting as a Confidential Agent of the Canadian Government, and appointed under an Order in Council, requested the Government of British Columbia to provide by legislation for the conveyance of more land on Vancouver Island, under the 11th Section of the Terms of Union. The following extract from the letter of Mr. Trutch to Mr. Walkem, the Attorney-General of British Columbia, shows conclusively the Claim made by the Canadian Government to lands on Vancouver Island, up to fifteen months ago.

"The area to be selected outside of the belt mentioned should, in addition, include a quantity of land to represent that in the Fraser River Valley and elsewhere along or in the vicinity of the Railway line which may be found to have been already disposed of by the Province, or with regard to which, valid claims may be preferred, as also to cover the deficiency caused by the International boundary on the Mainland and the coast line on Vancouver Island respectively falling within the forty mile belt.

"The Dominion Government cannot doubt that the Provincial Government will consider itself pledged in good faith in view of the whole circumstances, and of the actual money consideration stipulated for in the section of the 'Terms and Conditions' above cited, and which has been regularly paid, to place the Dominion Government in possession of land elsewhere in lieu of the corresponding area within the Railway belt, which may be found to be useless for agricultural or other valuable purposes.

"In accordance with these views, and acting as the Agent of the Dominion Government, duly accredited to the Government of British Columbia under authority of the Order in Council, dated the 25th February last, a copy of which has been received by His Honor the Lieutenant-Governor, I have the honor to prefer the request that the right above defined of selecting lands outside of the forty-mile belt in lieu of lands within that limit which, on investigation, shall be found to be valueless, and to supply the deficiency caused by the International boundary on the Mainland, and the coast line on Vancouver Island respectively falling within the forty-mile belt, be specifically conveyed to the Dominion by the insertion of provisions to that effect in the 'Railway Lands Reservation Bill,' now under consideration in the Legislative Assembly.

"I have, etc.,

"JOSEPH W. TRUTCH."

(13.) All the lands reserved on June 30, 1873, for the Canadian Government on Vancouver Island are still at its disposal—the portion between Esquimalt and Nanaimo being held under Statutory conveyance; and that north of Nanaimo to Seymour Narrows under the Reservation accepted by Canada in 1873.

(14.) It will thus be seen that Canada has now in her possession a belt of land extending from Esquimalt to Seymour Narrows on Vancouver Island that she received from British Columbia, on condition of constructing a portion of the Canadian Pacific Railway through it; and that there has been a continuous and unbroken chain of possession from June 30th, 1873, to July, 1881.

(15.) It is contended, therefore, that Canada is morally and legally bound to construct a Railway between Esquimalt and Nanaimo, and to construct it as a part of the Canadian Pacific Railway.

6. The remaining points, of Section 2 of the Report on the Petition to the Queen, may now be considered; and in the first place, "the objective point to be reached by the Railway on the Pacific."

(1.) "The objective point" was not named in 1878, as the Terminus in any Order in Council. In a letter of Mr. Braun, Secretary of the Department of Public Works, dated Ottawa, May 29th, 1878, addressed to the Under-Secretary of State for Canada, with a request that it should be communicated to the Government of British Columbia, it is stated:—

"I am further directed to state that as Burrard Inlet *will in all probability be adopted as the Western Terminus of the Canadian Pacific Railway*, it is deemed advisable that a strip of land should be reserved for the conveyance to the Dominion Government, in accordance with the 11th paragraph of the Terms of the Union, along said line of railway, beginning at English Bay, or Burrard Inlet, and following the River Fraser to Lytton, thence by the valley of the River Thompson to Kamloops, thence up the valley of the North Thompson, passing near to Lakes Albrecht and Cranberry to Tete Jaune Cache; thence up the valley of the Fraser River to the summit of Yellow Head, or boundary of British Columbia and the North-West Territories."

(2.) When this letter was written, it would appear that there was only a probability that the Western Terminus of the Canadian Pacific Railway would "be located" on Burrard Inlet. It is true that an Order in Council, that was intended for the purpose of cancelling the Order in Council of June 7th, 1873, fixing Esquimalt as the Terminus, had been passed on the 23rd May, 1878. But there are grounds for the belief that it was done, mainly, in view of the General Election that was imminent. If the result of the election had been favorable to the then Government, it is doubtful what weight might have been attached to the Order in Council of May 23rd, 1878. In fact, the letter of Mr. Braun was not based on an Order in Council, at all.

(3.) The Order in Council defining the route of the Canadian Pacific Railway from Tete Jaune Cache to Burrard's Inlet, was not passed till July 13th, 1878, about two months after Mr. Braun's letter had been written,—and it fixed no Terminus, but merely alludes to the terminal point of the Railway as "Port Moody or such other point on or near Burrard Inlet as may be most convenient for harbor accommodation,"—thus leaving the Terminus on the Continental Section of British Columbia undetermined. For instance, it says:—

"That later information has shown that it would be in the Public interest that the route of the railway, from the neighborhood of the Tete Jaune Cache should be toward Burrard's Inlet.

"The Minister, therefore, recommends that the route of the Railroad shall be defined generally as passing from the neighborhood of the Tete Jaune Cache, by the Albrecht to the North Thompson River, towards Kamloops Lake, to the Fraser Valley at Lytton, and thence descending the Valley of the Fraser by Yale and New Westminster, to Port Moody, or such other point on or near Burrard Inlet as may be found most convenient for the purpose of harbor accommodation."

(4.) It will be observed, however, that the letter of Mr. Braun speaks of the "line of Railway, beginning at English Bay or Burrard Inlet." English Bay or Burrard Inlet, according to Admiralty Charts, is 15 miles from Port Moody,—and, thus "the proposed beginning" of the Railway seems to be in the direction of connection with Vancouver Island.

(5.) What the increased information may be is uncertain, and possibly not material, as the Order in Council of 13th July, 1878, merely speaks of it as "later information has shown that it would be in the Public Interest that the route of Railway" from Tete Jaune Cache should be towards Burrard Inlet.

(6.) The alleged Revival of the Order in Council fixing Esquimalt as the Terminus in 1873, was done by Order in Council in April, 1879; but it is remarkable that there is not a single word in it intimating in the slightest degree that it was done in consequence of further surveys near Fort Simpson being necessary. The Government and Legislative Assembly were, at that time, very urgent in their requests to learn what the Dominion Government intended to do respecting Railway Construction in British Columbia; and it is presumed that it was passed with the object of "quieting" them. The whole tenor of the Order in Council seems to be adverse to the supposition that it was passed as the consequence of a determination on the part of the Canadian Government to make further surveys "with reference to the advantages of a still more northern route." That it had been determined to make the further surveys, before the Order in Council of the 22nd April, 1879, was passed, is no doubt correct. The Order in Council is as follows:—

" Report of the Privy Council approved by the Governor-General on the 22nd April, 1879.

" On a memorandum dated 16th April, 1879, from the Hon. the Minister of Public Works, representing that on a memorandum from the Chief Engineer of the Canadian Pacific Railway, dated 23rd May, 1873, an Order in Council was passed " June 7th, 1873, fixing Esquimalt, on Vancouver Island, as the Terminus of that Railway in British Columbia. That subsequently, March 25th, 1875, an Order in Council was passed, authorizing the Dominion Government to notify the Government of British Columbia that it would be necessary that the Legislature of that Province then in Session should pass an Act setting apart such extent of Public lands along the line of the Railway in Vancouver Island in the manner set forth by " the 11th paragraph of the Terms of Agreement of the Union.

" That on the 23rd May, 1878, the late Government had another Order in Council passed, cancelling that of June 7th, 1873, which fixed the Terminus at Esquimalt; " but no reason appears to have been given for their action in the matter, nor is there " any mention made of the Order in Council of March 25th, 1875, which provides for " the appropriation of the necessary lands in Vancouver Island.

" The Minister, therefore, recommends that in the absence of satisfactory " reasons having been given for cancelling the Order in Council of June 7th, 1873, " that the Order in Council of May 23rd, 1878, cancelling it, be annulled, and that " of June 7th, 1873, be revived.

" He also recommends that a copy of his Report to Council, if approved, be " furnished to the Hon. Secretary of State for transmission to the Government of " British Columbia for their information.

" The Committee submit the above recommendations for your Excellency's " approval.

" (Certified) W. A. HIMSWORTH,

" Clerk Privy Council, Canada."

(7.) It may be remarked that, notwithstanding the " further examinations with reference to the advantages of a still more northern route which should terminate at Fort Simpson," it was well understood in the Department of Railways and Canals, that the Railway would be commenced on Fraser River.

(8.) It is stated that the object in view in reviving the Order in Council of the 7th June, 1873, fixing the Terminus at Esquimalt, was to " keep the whole question entirely free until additional exploratory

surveys should be made." But it is submitted that the alleged revival of the Order in Council of the 7th June, 1873, instead of keeping the whole question free, really re-fixed the Terminus under the Railway Act of 1874, at Esquimalt.

(9.) The Order in Council of the 4th of October, 1879, merely confirmed the Order in Council of July 13th, 1878, as to the route of the Canadian Pacific Railway, on the Continental portion of British Columbia, and did not revoke the Order in Council of the 22nd April, 1879, re-fixing Esquimalt, as the Terminus. The Order in Council cancelling the Terminus at Esquimalt is as follows:—

"Copy of a report of a Committee of the Honorable the Privy Council, approved by

"His Excellency the Governor-General in Council on the 23d May, 1878.

"The Committee of Council have the honor to recommend that the order in Council of the 7th June, 1873, fixing Esquimalt in Vancouver's Island, as the terminus of the Canadian Pacific Railway, and requiring the conveyance to the Canadian Government of a strip of land 20 miles in width, along the Eastern coast of Vancouver's Island, between Seymour's Narrows and the harbor of Esquimalt be rescinded.

"Certified,

W. A. HIMSWORTH, C. P. C."

(10.) Nowhere in the Act entitled "An Act respecting the Canadian Pacific Railway," which was passed in the last session of Canadian Parliament, 1881, to confirm "the contract" made with Mr. George Stephen and others, now known as "The Canadian Pacific Railway Company," is there any mention made of a terminus; but it is said in schedule A of that Act, that "any extension of the main line of railway that shall hereafter be constructed or acquired by the Company, shall constitute the line of railway hereinafter called the "Canadian Pacific Railway."

(11.) Were it not stated in section 2 of the report under consideration, that in October, 1879, Burrard Inlet "was finally made as the terminus on the Pacific Coast of the Canadian Pacific Railway," it would not otherwise have been known, as no order in Council to that effect exists, or it would have been submitted to Parliament. But even that statement seems only to extend to the terminus on the Continental section of British Columbia; for, it will be remarked, that it is stated that "Burrard Inlet was finally made as the terminus on the Pacific Coast of the Canadian Pacific Railway, rendering unnecessary the line between Nanaimo and Esquimalt as a condition of the Union with British Columbia;" but it is not stated that it is not necessary to construct the section between Nanaimo and Esquimalt as essential to the commercial success of the Canadian Pacific Railway.

(12.) Port Moody as the mainland terminus is not objected to, nor is it the wish of the Government and Legislative Assembly, as expressed in the petition to the Queen, to do so; but it is contended that the intention of the 11th section of the Terms of Union is that the ocean terminus of the Canadian Pacific Railway should be placed at such a commanding point on the Pacific coast as would ensure its commercial success in competition with the Northern Pacific Railway, and where it would be most valuable for defence in the event of war.

(13.) Mr. Sanford Fleming in his Report for 1878, on the Canadian Pacific Railway, page 13, says:—

"Burrard Inlet is not so eligible a terminal point as Esquimalt. It cannot be approached from the ocean except by navigation more or less intricate; nor can it be reached by large sea-going ships, without passing at no great distance from a group

"of islands in the possession of a foreign power, which may at any time assume a hostile attitude and interfere with the passage of vessels." "It is impossible, however, to deny that, other things being equal, Esquimalt as a harbor and terminal point is superior to Burrard Inlet."

(14.) Admiral De Horsey in his report respecting the terminus of the Canadian Pacific Railway, to the Lords Commissioners of the Admiralty, Dated on board Her Majesty's ship "Shah," at Esquimalt, 26th of October, 1877, also says, speaking of Esquimalt, that—

"This port is easy and safe of approach at all times; its dock (to take the largest ships) has been commenced, and there is reason to think that the line coming from the principal collieries and iron districts on Vancouver Island, ought to pay itself in great part by the conveyance of minerals to Esquimalt for shipment. Not only for trade, but for the supply of coal to Her Majesty's squadron at Esquimalt, a line a line of rail from Nanaimo would be advantageous, as the possession of San Juan might enable the United States, in case of war, to cut off our supply from the mines by sea."

(15.) The Canadian Government, having selected the Burrard Inlet route as the line for the Canadian Pacific Railway, cannot overlook the difficulties in approaching Port Moody by sea. If Vancouver Island were not between it and the ocean, no question could be successfully raised against its unanimous adoption as the sole Western terminus of that railway on the Pacific Ocean. But Vancouver Island, with the Archipelago lying between the Strait of Fuca and the Strait of Georgia, renders that impossible; and makes Esquimalt, on Vancouver Island, and Port Moody and Burrard Inlet on the Mainland, the joint and natural terminus of the Canadian Pacific Railway on the Pacific Ocean. It is with this view that the petition to the Queen is framed. But even if that had not been the case, the physical and political geography of the country between the Pacific Ocean proper and Port Moody, points out that Esquimalt is essential to Burrard Inlet, and *vice versa*. The competition that will inevitably arise between the Northern Pacific Railway and the Canadian Pacific Railway, renders a line of railway from Esquimalt to Nanaimo with a ferry to Burrard Inlet, absolutely essential to the commercial success of the latter as a trans-continental line.

6. Sections 3 (?) and 4 of the report are as follows:—

"(3.) In 1874 Her Majesty's Principal Secretary of State for the Colonies, having had the matter submitted to him, had suggested to compensate British Columbia for past and probable future delays which had become known as 'Lord Carnarvon's Terms,' which provided, amongst other things, that 'the railway from Esquimalt to Nanaimo should be commenced as soon as possible, and completed with all practicable dispatch,' but this was not necessarily part of the Canadian Pacific Railway, and not essential to the fulfillment of the conditions of 'the Union with British Columbia.'

"These terms were the suggestions of the then Secretary of State for the Colonies, made for the purpose of quieting the differences which had arisen between the Government of the Dominion and the Province of British Columbia, growing out of the long delays in commencing works of construction, and which had formed the subject of continuous and acrimonious complaint on the part of the Province. Lord Carnarvon's suggestions were entitled to every respect, but although adopted by the Government of the day, they never received the sanction of the Parliament of the Dominion, and never acquired the force of a national compact.

"(4.) On the contrary, in the session of 1875, with the view of seeking to give effect to these 'terms,' a bill having been introduced by the Government into the Canadian House of Commons providing for the construction of the Esquimalt and Nanaimo line, a step which would not have been necessary, it may be observed, had that line formed necessarily part of the Canadian Pacific Railway. The bill though passed by the House of Commons was lost in the Senate, and consequently Parliamentary sanction refused to the construction of what was regarded by the majority in the Senate as a Provincial work quite unnecessary to the fulfillment of 'the Terms of Union with British Columbia.'

The chief points in these two sections that deserve particular notice are as follows:—

(1.) That what are known as “Lord Carnarvon’s Terms” were suggested “to compensate British Columbia for past and probable future delays.”

(2.) That the condition that “the railway from Esquimalt to Nanaimo should be commenced as soon as possible, and completed with all possible dispatch,” was part of the compensation.

(3.) That, nevertheless, that railway “was not necessarily a part of the Canadian Pacific Railway, and not essential to the fulfillment of the conditions of the Union with British Columbia.”

(4.) That “Lord Carnarvon’s Terms were ‘suggestions’ that were made for the purpose of quieting the differences which had arisen between Government of the Dominion and the Province of British Columbia, growing out of the long delays in commencing works of construction.”

(5.) That “Lord Carnarvon’s Terms” never received the sanction of the Parliament of the Dominion, and never acquired the force of a national compact.

(6.) That a bill was introduced, in 1875, into the Canadian House of Commons, providing for the construction of the Esquimalt and Nanaimo line; and that it “would not have been necessary had that line formed necessarily a part of the Canadian Pacific Railway.”

(7.) That the Bill passed the House of Commons, but was rejected by the Senate, and never received the Sanction of Parliament; and that a majority in the Senate regarded the Esquimalt and Nanaimo Railway as a Provincial work, quite unnecessary to the fulfillment of the Terms of Union with British Columbia.

7. In considering the above points, it is necessary to state:—

(1.) That the quotation “to compensate British Columbia for past and probable future delays,” is not contained in Lord Carnarvon’s Despatches.

(2.) Canada was bound at the time Lord Carnarvon wrote his despatches of August 16th and November 17th, 1874, to complete the Canadian Pacific Railway by July 20th, 1881; and referring to Lord Dufferin’s Ministers, he said, that “they will not on the other hand fail to bear in mind, that even after these concessions are made, British Columbia will receive considerably less than was promised her as the condition of entering the Dominion.”

(3.) Instead of “Lord Carnarvon’s Terms” being suggested “to compensate British Columbia for past and probable future delays,” they were declared to be “in the nature of a compromise,” by which that Province made an important concession to Canada, by extending the time limit for completing the Canadian Pacific Railway from the Pacific Seaboard

to Lake Superior, from July 20th, 1881, to December 31st, 1890, and by abandoning any definite period for the completion of the remaining portion of the Canadian Pacific Railway between Lake Superior and the Railway System of Canada.

(4.) Lord Carnarvon also stated that under his "decision" "the Dominion will be relieved of a considerably part of those obligations which were assumed in the first instance" in 1871.

(5.) It is evident, therefore, that as the Dominion was to be a gainer, and British Columbia a loser, that compensation was impossible.

(6.) The language of Lord Carnarvon on this subject, as contained in his despatch of November 17, 1874, conveying his final decision, is as follows:

"I explained very fully in my despatch of the 16th August, the opinion which I entertained on each of the principal questions at issue, and I need now add but little to the simple statement of my decision. That decision is necessarily, as both parties are aware in the nature of compromise, and as such it may perhaps fall short of giving complete satisfaction to either. If on the one hand your Ministers, as you inform me, consent with reluctance to the further concessions which, at an earlier stage, I suggested, they will not on the other hand fail to bear in mind that even after those concessions are made, British Columbia will receive considerably less than was promised to her as the condition of entering the Dominion. I prefer rather to reflect that under the amended terms now to be established, British Columbia will, after all, receive very great and substantial advantages from its union with Canada, while the Dominion will be relieved of a considerable part of those obligations which were assumed in the first instance without a sufficient knowledge of the local conditions under which so enormous and difficult an undertaking was to be carried into effect, and to fulfill which would seriously embarrass the resources of even so prosperous a country as Canada."

(7.) It follows, therefore, that the Esquimalt and Nanaimo Section of the Canadian Pacific Railway was not "suggested" to compensate British Columbia for past and probable future delays. Besides that, the line between Esquimalt and Nanaimo had a year and a half before been declared part of the Railway.

(8.) It has been shown in considering section 2 that by the intention of the 11th Section of Terms of Union, the Esquimalt and Nanaimo Section was necessarily, for physical, political, and commercial reasons, a part of the Canadian Pacific Railway, and was "essential to the fulfillment of the conditions of the Union with British Columbia."

(9.) It is stated that Lord Carnarvon's "suggestions" were made for "quieting the differences which had arisen between the Government of the Dominion and the Province of British Columbia, growing out of the long delays in commencing works of construction." That being the case in 1874, when there had been only about eighteen months' delay, how much more binding ought those "suggestions" to be now after seven years more delay.

(10.) The answer to the remaining points is, that the Canadian Government practically recognized that Esquimalt and Nanaimo Section was "necessarily a part of the Canadian Pacific, when it applied in 1875 for lands on Vancouver Island, under the 11th Section of the Terms of Union, and had them conveyed to Canada by Statute in that year, and by continuing the Order in Council of the 7th June, 1873, fixing Esquimalt as

the Terminus, and ordering a line of Railway to be located between Esquimalt and Seymour Narrows. The mere fact of a majority of the Senate holding that the Esquimalt-Nanaimo Section was a Provincial work, did not make it so, in the face of Orders in Council under the Terms of Union and the Railway Statutes of 1872 and 1874, to the contrary.

(11.) It will be remembered that Sir Hector L. Langevin said, on April 5th, 1876, in the House of Commons:

"The portion of the line from the inner waters of British Columbia to Esquimalt was not considered, and was not treated in these Acts, (Acts incorporating the Canadian Pacific Railway Company and Inter-oceanic Company) as a branch, but as an extension and a portion of the Railway. * * * If it should be determined that the road must come to Burrard Inlet, instead of Bute Inlet, we would have to ferry across to Nanaimo, which would occupy an hour and a half. * * * They were bound to build the road to Esquimalt on the west, which was the terminus fixed upon at the time. He would go further, and say that they were bound of necessity to build it to that point in order to compete successfully with the American Railway (the Northern Pacific) for the trade of the East."

These statements of the present Minister of Public Works for Canada, make it clear that the construction of the Canadian Pacific Railway between Esquimalt and Nanaimo is a necessity, in order to compete successfully with Northern Pacific Railway, and consequently necessary to the fulfillment of the 11th Section of the Terms of Union.

(12.) Lord Dufferin, in his speech delivered at Victoria, September 20th, 1876, said that, "Every single item of the 'Carnarvon Terms,' is at this moment in the course of fulfillment."

This utterance of itself, expressive of the intentions of the Canadian Government, is a sufficient reply to the statement that the "Carnarvon Terms" had not been sanctioned by the Canadian Parliament, and implied that measures would be introduced into Parliament to make those terms operative.

8. The 5th Section of the Report is as follows :

"The necessity of extended examination of the different possible routes for a line of railway running across a continent, and as to long distances through very difficult country, caused much time to be occupied in exploratory surveys—the difficulties attending the selection of the pass through which to cross the Rocky Mountains—and of setting the best line from their summit to the Pacific Coast, and the selection of the terminus on that coast,—all tended to prolong the period before the works of construction could prudently be begun. The magnitude of these preliminary difficulties may be estimated when it is stated that the cost of the exploratory and preliminary surveys has reached the sum of three and a half millions (\$3,500,000) but the absolute necessity of exhaustive examinations for the best line, including all considerations of topography and soil, before embarking on the construction of so gigantic a work, will be admitted."

The points of this section deserving of notice are :—

(1.) That there was necessity for extended examination of the different possible routes for a line of railway running across the Continent.

(2.) That long distances through very difficult country caused much time to be occupied in exploratory surveys.

(3.) That the difficulties of selecting the pass through which to cross the Rocky Mountains prolonged the period before construction could be commenced.

(4.) That the time was prolonged in settling the best line from the "summit" of the Rocky Mountains to the Pacific Coast.

(5.) That the difficulties in the selection of a terminus on the Pacific Coast prolonged the period before which works of construction could prudently be begun.

(6.) That the magnitude of the exploratory and preliminary surveys may be estimated by the total cost, \$3,560,000.

(7.) That the necessity for exhaustive examinations for the best line, including topography and soil, before commencing construction, must be admitted.

9. The points enumerated in this section of the report are more or less correct, but cannot be passed over without consideration :—

(1.) It is admitted that exhaustive examinations were necessary for a line of railway across the Continent. But it is not admitted that there was any necessity to spend eight years from July, 1871, to November, 1879, in making such examinations.

(2.) Whether the distances were long and the country very difficult to explore, or not, it is a fact that the Chief Engineer stated, in his report of January 26th, 1874, as already quoted, that "the practicability of establishing railway communication across the Continent, wholly within the limits of the Dominion, is no longer a matter of doubt." It therefore, follows, that eight years ago the Chief Engineer reported to the Canadian Government that a line of railway across the Continent was practicable; and that its average cost would be less than on many of the railways then in operation in the Dominion.

(3.) The very difficult country to explore referred to in section 5 of the report, certainly did not include the 1,200 miles west of Red River; for the Government as well as the railway "syndicate" have stated that it would be built and completed to the foot of the Rocky Mountains within three years, or in 1884. It follows, that the difficult country must be east and west of the "Central Section" of the Canadian Pacific Railway. It is well known that from the date of the Canarvon Terms in November, 1874 to 1880, the eastern end of the railway from Lake Superior to Nipissing was abandoned, except an abortive attempt to construct a branch line from Georgian Bay, *via* French River to connect with the Canada Central at Renfrew. Besides that, the Chief Engineer, in his report for 1877, page 48, says, that when the season closed in 1872, "it was established that the railway could be constructed from the River Ottawa to Red River, *via* the northern side of Lake Nipegon, and that neither the work nor the gradients would be exceptionally heavy." These facts may be taken as an answer to the statement of prolonged delays in surveys so far as what is now called "the Eastern Section" is concerned.

As to the surveys in the western section, it has already been stated elsewhere on the authority of the Chief Engineer that an available line for the railway had been found through British Columbia from the sum-

mit of Yellow Head Pass to the coast in 1871—and that was confirmed by him in his report of 1874.

(4.) The statement that there was difficulty in selecting a pass through which to cross the Rocky Mountains, and that that prolonged the time is a mistake. For all the passes south of Yellow Head Pass were abandoned in 1872,—and Yellow Head became an accepted crossing. In 1876, an order in council was passed locating the line of the Canadian Pacific Railway from Yellow Head Pass to Fort George, *via* the North Fraser, with a view of terminating either at Dean's Canal or Bute Inlet. The only actual delay apparently, in relation to Yellow Head Pass was in 1879, when exploring parties were sent to Port Simpson and Pine and Peace Rivers; and that route had been well explored before, and the line *via* Yellow Head Pass to Burrard Inlet adopted, formally, by order in Council, on July 13th, 1878.

(5.) But the time occupied in making the surveys in British Columbia is now admitted to be a fault of administration, and not due to the character of the country. The Chief Engineer, Mr. Fleming, has admitted before the Royal Railway Commission recently, that if he had to order the surveys again they would be managed differently. And, what is very important, Mr. Walter Moberly, a civil engineer, who had been employed in command of a surveying party, and who had been familiar with British Columbia as Assistant Commissioner of Lands and Works before Union, is reported as having recently testified before the Royal Commission, that two years' time, from July 20th, 1871, was sufficient to determine the route generally of the line through British Columbia; and that the cost of surveys need not have been more than \$400,000 or \$500,000.

(6.) It has already been shown that the ocean terminus of the Canadian Pacific Railway had been selected in 1873, and that the Order in Council of April 22nd, 1879, reviving and confirming that selection, is still in force; and, it is submitted, cannot be changed without special legislation.

(7.) No one familiar with the geography and climate of the Pacific Coast of British Columbia, and competent to form an opinion, could hesitate for a moment as to where the ocean terminus must be placed. North of Bute Inlet to Alaska, the climate and harbor accommodation and approaches from the ocean render any consideration of that coast useless. This is confirmed by admiralty reports. The only two routes possible were *via* Burrard Inlet and Bute Inlet. Either of these routes necessitated an ocean terminus at some harbor on Vancouver Island. If any delay be admissible at all, it would be confined simply to a choice between those routes; and that choice fell on Burrard Inlet route. The time taken to determine which of the two routes it would be most desirable to select, was extended beyond all reasonable limits. For, it had been for years shown that the railway could be prudently commenced at one or the other inlet, and the construction from the coast to the summit of Yellow Head Pass, common to both routes, could have been commenced within the period fixed in the 11th Section of the Terms of Union, or at latest in 1874.

(8.) The cost of the surveys for the whole line was unquestionably very great. It will be seen by reference to "No. 1 Statement" hereto

annexed that in British Columbia alone \$1,552,297. On the other hand it is sworn to Mr. Moberly that it need not have cost over \$400,000 or \$500,000, and not have occupied over two years' time. The resignation of the chief engineer, in 1880, was a consequence of the dissatisfaction of Parliament with the surveys and construction of the Canadian Pacific Railway.

(9.) To delay the construction because a location survey had not been made defining the whole line was not necessary. The main points being determined was all that was necessary. This is seen very clearly by the contract with the syndicate or present "Canadian Pacific Railway Company." By Section 13 of their contract, they are only governed by the terminal points—and may vary the route between these points as they please. This course has been sanctioned by Parliament, and is as follows :

"The company shall have the right, subject to the approval of the Governor in Council, to lay out and locate the line of the railway hereby contracted for as they may think fit, preserving the following terminal points, namely: from Callander Station, to the junction with the Lake Superior Section, and from Selkirk to the junction with the western section at Kamloops, by the way of Yellow Head Pass."

What has been agreed to by the Canadian Government with "the Syndicate," might have been adopted in 1873, and the work of construction commenced in British Columbia long ago.

(10.) It is admitted that exhaustive surveys were necessary; but it is maintained that these exhaustive surveys between the terminal points of each section, could have been conducted during the progress of construction, before the contract was made with the "Syndicate" as well as after it had been made.

(11.) There has been delay, however, no matter from what causes. But that cannot be urged as a reason for not commencing the construction of the Esquimalt section of the Canadian Pacific Railway now; nor for delaying the commencement of the construction at Port Moody. Neither can the delay, from whatever cause, be rightfully set up as an offset to full compensation being paid to British Columbia for the breaches of agreement and delays by Canada in the fulfillment of her railway contract with British Columbia.

(12.) If the Treaty of Union, instead of being between Canada and British Columbia, had been between Canada and the United States or other foreign power, the default in the construction of the railway would have entailed the payment of indemnity or war; and it is contended that the same principle is involved, as between Canada and British Columbia, as would obtain between Canada and the United States or other foreign powers.

10. Section 6, one of the most important sections of the report is as follows:

"(6.) Within the last year a contract has been entered into and received the sanction of the Canadian Parliament for the construction of the whole Pacific railway from the end of the existing system of Canadian railways at Callander Station, near Lake Nipissing, about 250 miles from the capital of the Dominion to Burrard Inlet, or 'the seaboard of British Columbia,' involving an expenditure of about \$53,000,000 in money; and 25,000,000 of acres of land—contracts involving a sum of about \$8,000,000 have been given out in British Columbia, and the work has been vigorously pressed in that Province, and the Government itself has undertaken the construction of the section of railway extending from Yale to Burrard Inlet."

Attention is directed to the following points in this section :—

(1.) That within a year a contract had been made by the Canadian Government for the construction of the whole Pacific Railway.

(2.) That the whole Pacific Railway lies between the end of the existing system of Canadian railways at Callander Station, near Lake Nipissing and Burrard Inlet, on "the seaboard of British Columbia."

(3.) That this contract involves an expenditure of about \$53,000,000 and 25,000,000 of acres of land.

(4.) That contracts involving a sum of about \$8,000,000 have been given out in British Columbia.

(5.) That the work (of construction) is vigorously pressed in that Province.

(6.) That the Government itself has undertaken the construction of the section of railway between Yale and Burrard Inlet.

11. These points deserve special consideration:—

(1.) It is denied that "the whole Pacific Railway" is included between Callander Station and Burrard Inlet, for the reason, as already shown, that under the Statutes of 1872 and 1874, and the Orders in Council in force based thereon the whole Pacific Railway "would extend to and include the Section from Esquimalt to Nanaimo, with a Railway Ferry to Burrard Inlet; and that no contract has been made for the whole line of the Canadian Pacific, but only for "the whole of the Railway" between Callander Station and Port Moody, leaving the extension from that point to English Bay, "the beginning" of the line referred to in Mr. Braun's letter of May 29th, 1878, with the Ferry across the Strait of Georgia to Nanaimo, and the Railway between that town and Esquimalt unprovided for in the contract.

(2.) If the Canadian Government had included the Esquimalt and Nanaimo Section of the Canadian Pacific Railway in the contract, and had provided for its immediate commencement and vigorous and continuous prosecution, in the contract with "the Syndicate," "the continuous and acrimonious complaint" of British Columbia would have been happily terminated; and the cordial feeling that once existed between the Province and Canada would have been fully restored, and Her Majesty's Imperial Government would not, in all probability, have ever been again asked to move the Canadian Government to fulfill any condition of the Terms of Union.

(3.) It is unfortunate that that Section of the Canadian Pacific Railway was not included. Under the "Carnarvon Terms," the time limit for the construction of that part of the Railway between Esquimalt and Lake Superior was extended from July 20th, 1881, to December 31st, 1890. The Canadian Government, however, without showing any regard to that agreement, and without asking British Columbia to assent to a further extension of time, deliberately contracted with "the Syndicate" to have the Railway completed on or before the 1st of May, 1891. They

also included the section between the junction with Lake Superior Section and Callander Station in the contract, which was indefinitely postponed through Lord Carnarvon, and ignored altogether the Esquimalt-Nanaimo Section.

(4.) The cost of the construction of the Esquimalt and Nanaimo Section would not have added materially to the whole cash cost of the Railway. If a cash subsidy of "\$13,333 per mile— which is the rate of the cash subsidy to the "Syndicate" for the last 470 miles of the Central Section—had been given to the Syndicate contractors, with the Railway Lands on Vancouver Island along that line, it would have only added \$913,310.50 to the \$53,000,000, making the Total Cash Expenditure on account of the whole Pacific Railway \$53,913,310.50. Sir Alexander Campbell, the Minister of Justice for Canada, in introducing the Act to sanction the contract, said, "that the interest on \$53,000,000 at 4 per cent. would amount to \$2,120,000 a year." Adding interest at the same rate, on the Cash Subsidy mentioned above for the Esquimalt-Nanaimo Section, namely \$36,532, to the \$2,120,000, the total amount of interest on Cash Subsidy for constructing the whole Canadian Pacific Railway would only reach \$2,156,532, an almost inappreciable addition, considering the magnitude of the contract.

(5.) The cash subsidy for the "Eastern Section" under the contract is \$15,384 per mile. If a like subsidy had been given "the Syndicate" for constructing the 68½ miles between Esquimalt and Nanaimo, it would only have added \$1,053,804, and the interest would be \$42,152 a year, making the Total Cash Subsidy, for completing the whole Canadian Pacific Railway from Esquimalt to Callander Station, \$54,173,804, and the total interest thereon \$2,162,152.

(6.) It seems almost incomprehensible how so small a subsidy, so necessary to the completion of the Railway obligations of Canada to British Columbia, was not included in the contract.

(7.) It has been stated by one of the London negotiators with "the Syndicate" in 1880, that he believed that a cash subsidy of \$600,000 would have induced them then to consent to include the Esquimalt-Nanaimo Section in the contract.

(8.) In the Bill for the construction of the Esquimalt-Nanaimo Railway, that was introduced into Parliament by Mr. Mackenzie, the cash subsidy was limited to \$10,000 per mile, or \$685,000 for the whole line; but to that was added a guarantee for interest at four per cent. on "the lowest sum on which such interest and guarantee will be required."

(9.) There was also a land subsidy of 20,000 acres per mile to be given to the contractors. It was not, however, proposed to give the Lands within the Railway Land belt, between Esquimalt and Nanaimo, as they were considered to be very valuable Coal and Mineral lands; but to give the contractors 20,000 acres of Land elsewhere on the line of the Canadian Pacific Railway.

(10.) The provisions of the Bill providing for this Subsidy are as follows:—

" 3. That the total sum to be paid to the contractors shall be stipulated in the contract, and shall be \$10,000 for each mile of the railway or of the section contracted for, and that such sum shall be paid to the contractors as the work progresses, by monthly payments in proportion to the value of the work then actually performed (according to the estimates of the engineers designated for the purpose by the Minister of Public Works), as compared with the value of the whole work contracted for, including rolling stock and all things to be done or furnished by the contractors; and except money arising from the sale of lands as hereinafter provided, no further sum of money shall be payable to the contractors as principal, but interest at the rate of four per cent. per annum for twenty-five years from the completion of the work, on a sum (to be stated in the contract) for each mile of the section or sub-section contracted for, shall be payable to the contractors, and guarantees for the payment thereof shall be given from time to time to the contractors in like manner and proportion, and on like conditions, as payments are to be made on the principal sum above mentioned; and the tenders for the work shall be required to state the lowest sum per mile on which such interest and guarantees will be required.

" 4. That a quantity of land, not exceeding 20,000 acres for each mile of the railway or section contracted for, shall be appropriated as hereinafter mentioned, and that two-thirds of the quantity of land so appropriated shall be sold by the Government at such prices as may be from time to time agreed upon between the Governor in Council and the contractors, and the proceeds thereof accounted for and paid half-yearly to the contractors, free from any charge of administration or management; the remaining third to be conveyed to the contractors. The said lands to be of fair average quality, and not to include any land already granted or occupied under any patent, license of occupation, or pre-emption right; such lands to be situated on the line of the Canadian Pacific Railway or elsewhere in Canada, at such places as may be determined by the Governor in Council."

(11.) It will readily be perceived how small a sum was estimated, in 1875, to be sufficient to complete the Railway from Esquimalt to Nanaimo, and carry out in good faith the first article in the "Carnarvon Terms."

(12.) What was proposed to be done in 1875, in a time of depression, by the Canadian Government can be much more easily done, at present, by a Great Government like Canada, with a prosperous people, and a surplus revenue for the fiscal year 1880-1, that has been estimated at \$4,000,000.

(13.) It only remains for the Canadian Government to make some such provision for the immediate commencement and active prosecution of the Esquimalt-Nanaimo section of the Canadian Pacific, and also to commence the section between Port Moody and Emory, to secure in a large degree the contentment of British Columbia.

(14.) The contracts given out in British Columbia commence nearly 100 miles from Port Moody, and cannot be approached nearer by ocean-going vessels. Only river steamers drawing a few feet of water, can reach Yale, and that can be done only during a portion of the year, as nearly the whole river below Yale for months sometimes in the winter is frozen up, rendering navigation impossible.

(15.) To render the section now under contract valuable as a local railway, pending the completion of the through line to Winnipeg, the immediate commencement of the Port Moody-Emory section is necessary. The Emory-Kamloops section, connecting navigable water on the Lower Fraser with Lake Kamloops, is expected to be finished in 1885; and unless provision be made for the immediate commencement of the Port Moody-Emory section, the advantages of the sections through the Cascades now under contract, will be indefinitely postponed even for local and provincial purposes.

(16.) From the statement that contracts for construction of the railway in British Columbia for "about \$8,000,000 have been given out," it may be inferred that a very great deal has been done there in construction. But in answer to a question, it was stated on January 4, 1881, by Sir Charles Tupper, the Minister of Railways and Canals, in his place in the House of Commons, that "the value of work performed up to December 31st, 1880, is \$408,506, the amount paid is that amount less ten per cent., retained as drawback." Accordingly, only the comparatively small sum of \$367,655.40 had been expended in British Columbia in actual construction of the Canadian Pacific Railway—at the end of 1880, seven years from the treaty period fixed for its commencement. On the other hand, over \$15,100,402 had been expended up to November 30th, 1880, in constructing portions of the Canadian Pacific Railway, and yet of that sum, up to the date mentioned, only \$367,655 had been expended in British Columbia. This fact shows most conclusively how unfairly British Columbia has been treated—particularly when it is remembered that under the 11th section of the Terms of Union the work was to be commenced simultaneously on the Pacific Coast and East of the Rocky Mountains.

(17.) The report of the Railway Statistics of Canada for 1879-80, prepared March 1st, 1881, by Mr. Schrieber, Chief Engineer of Government Railways in Operation, states that there were

UNDER CONSTRUCTION,

Fort William to Red River	410 miles.
First 100 miles west of Red River	100 "
Pembina Branch	85 "
British Columbia	127 "
Total under construction	722 "

IN OPERATION,

Fort William to English River	113 miles.
Kewatin to Selkirk	112 "
Pembina Branch	85 "
First 100 miles west of Red River	70 "
British Columbia	nil. "
Total in operation	380 "

No other conclusion can be reached after considering this statement than that British Columbia has suffered a great wrong at the hands of Canada.

(18.) Since the Report on Railway Statistics for 1879-80 was issued, in March last, four miles have been completed between Emory and Yale. A telegram states that on June 7th, 1881, "the construction train, consisting of engine and six cars reached here (Yale) to-day."

(19.) It is stated in the section under consideration that the "work is being vigorously pressed in that Province." Yet there is the fact showing that fourteen months after the work was commenced that only four miles were so far completed as to enable the contractor to run a construction train over it. Hence no one familiar with railway construction is likely to admit that "work" on the Canadian Pacific Railway "is being vigorously pressed" in British Columbia, without better explanations than are given in section 6 of Report on the Petition to the Queen.

(20.) The naked statement is also made in section 6 that "the Government itself has undertaken the construction of the section of the railway extending from Yale to Burrard Inlet." In the sixth section of the contract with "the Syndicate" it is stated that "the Government * * * shall also cause to be completed on or before the 1st day of May, 1891, the remaining portion of the said Western section, lying between Yale and Port Moody."

(21.) Here, then, it is found that the Canadian Government have to complete the Port Moody-Yale section on or before ten years hence. By the Terms of Union the whole Canadian Pacific Railway was to have been completed on July 20, 1881; but the Government of Canada undertakes a contract with the Syndicate to complete ninety-one miles within ten years from the date of the report on the Petition to the Queen. It will readily be perceived therefore, that this contract with the Syndicate gives no assurance to British Columbia of the early commencement and rapid completion of the Port Moody-Emory section of the Canadian Pacific Railway; but, in fact, leaves it in the power of the Canadian Government to postpone the commencement for the next seven years at least, and then have ample time to complete it before the 1st May, 1891. It is manifest that this contract is mere trifling with the solemn railway obligation of Canada to British Columbia.

(22.) *Since the Petition to the Queen was forwarded to Her Majesty's Principal Secretary of State for the Colonies, engineers have been sent from Ottawa to make a survey and report on the Port Moody-Emory Section, with the object, it is alleged, of preparing the plans and quantities, so as to be able to call for tenders for its construction. It is remarkable, however, that no special provision for this work was made in the estimates passed in the last Session of the Dominion Parliament, and it is only reasonable to conclude that the Canadian Government has been induced to take this step in consequence of the transmission of the Petition to the Queen. Moreover, not a word is mentioned in the Report on the Petition, that it was intended to call for tenders for the construction of the Port Moody-Emory Section this year, but the naked statement is made that the Government had contracted to complete it ten years hence, as above stated.

12. The 7th Section of the Report is as follows:—

"7. Every guarantee has thus been afforded to the Province of British Columbia "that the terms of the Union will be carried out at the earliest practicable day."

(1.) This Section of the Report alleges that by having made a contract with "the Syndicate," otherwise the "Canadian Pacific Railway Company," to construct the Canadian Pacific Railway from Nipissing to a junction with the Lake Superior Section, and from Red River to Kamloops, in British Columbia, on or before 1st day of May, 1891; and, also, by having agreed that the Government itself shall complete the Lake Superior and Emory-Kamloops Sections, now under contract, at the time specified in those Contracts; and, lastly, by having agreed to construct the Port Moody-Emory Section by the 1st day of May, 1891,—the Canadian Government has given "every guarantee" to British Columbia that the Terms of Union will be carried out at the earliest practicable day.

(2.) It is denied that the contract with the "Canadian Pacific Rail-

way Company" and others afford "every guarantee" that the Terms of Union will be carried out. On the contrary, what has been done is not a valuable guarantee to British Columbia for the performance of the contract under the Terms of Union with Canada.

(3.) A valuable guarantee can be enforced; but there is no Court of competent jurisdiction in Canada to which British Columbia can apply to compel the Canadian Government, in case of a further default, to build those portions of the Canadian Pacific Railway for which contracts have been made with the "Canadian Pacific Railway Company" and others. Neither has that Province any right, in case of default, to commence proceedings in a Court of Law or Equity against the "Canadian Pacific Railway Company," and other contractors, to give effect to their respective contracts for the construction of the whole or parts of the Canadian Pacific Railway. Thus, the guarantees, referred to in the Report, are only "a vague, and uncertain assurance" at most, that the Canadian Pacific Railway may, at some time in the future, be built.

(4.) If the Canadian Government had made provision in the contract with the "Canadian Pacific Railway Company" to construct the Esquimalt-Nanaimo Section, and had had it commenced and vigorously prosecuted; and had commenced the construction of the Port Moody-Emory Section, it would have afforded a reasonable assurance that it was their intention to keep faith with British Columbia, by completing the whole railway within a reasonable time in the future. But having ignored altogether the construction of the Esquimalt-Nanaimo Section, and not having yet commenced construction at Port Moody, it is natural to conclude that the Canadian Government has not yet offered those substantial guarantees to British Columbia for the construction of the Canadian Pacific Railway, that will content that Province.

(5.) The Government and Legislative Assembly of British Columbia knew all that the Canadian Government had done towards the construction of the Canadian Pacific Railway in that Province and elsewhere, before the Petition to the Queen was adopted; but what had been done was not considered by them as affording "every guarantee" that "the Terms of Union will be carried out at the earliest practicable day." They, consequently, petitioned Her Majesty, the Queen, to move the Canadian Government to carry out the Prayer of the Petition.

(6.) It was with painful reluctance that they did so; but the repeated breaches of agreement and delays by Canada in the fulfillment of her Railway obligations to British Columbia, left the Legislative Assembly no other alternative; and so they have appealed to Her Majesty's Imperial Government to afford them those substantial guarantees that will assure them that the Railway obligations of Canada will be carried out.

12. Section 8 of the Report on the Petition to the Queen is as follows:—

"S. Parliament has not authorized the construction of the Nanaimo and Esquimalt line, and, in view of the large expenditure involved, in the building of the Canadian Pacific from Callander Station to the Pacific Ocean at Burrard Inlet, it is not probable that it would do so."

"The Committee desire to observe that there exists in the adjacent waters of the Straits of Georgia, sheltered water communication open all the year round quite adequate to the needs of the population of the Island."

The points in this important Section of the Report may be particularized in the following order:—

(1.) That the Dominion "Parliament has not authorized the construction of the Esquimalt-Nanaimo line."

(2.) That it is not probable that it will authorize its construction, "in view of the large Expenditure involved in the building of the Canadian Pacific Railway from Callander Station to Burrard Inlet."

(3.) That the Canadian Government desire to observe that in the adjacent waters of the Strait of Georgia there is sheltered water communication adequate to the needs of the population of Vancouver Island.

In answer to these points it is necessary to state:

(1.) That the Dominion Parliament has not been asked by the Canadian Government to authorize the construction of the Esquimalt-Nanaimo line, since the rejection in 1875, by the Senate, of the Bill sent up from the House of Commons for that purpose.

(2.) That Canada stands pledged to its construction, and holds a large extent of valuable lands on Vancouver Island as part of the consideration for constructing it.

(3.) That the Dominion Parliament is the custodian of the honor as well as the purse of Canada, and that it is impossible to believe that either House of Parliament would tarnish the one by refusing their assent to an appropriation from the other to keep that pledge.

(4.) The sum necessary to be appropriated for the Esquimalt-Nanaimo line is so small in comparison with the \$53,000,000 already pledged for that part of the Canadian Pacific Railway under contract—and the length of the line on Vancouver Island is so short in comparison with the 2600 miles of railway to be completed between Burrard Inlet and Callander Station—that it cannot be supposed for a moment that the Parliament of Canada would refuse to grant it, if asked by the present Dominion Government.

(5.) What is meant in Section 8 by "the adjacent waters of the Strait of Georgia" is not very clear. It is presumed, however, that it refers to that portion of the Archipelago that is bounded by the Strait of Fuca, the Strait of Georgia, Haro Canal, and Vancouver Island. What "sheltered" refers to, whether sheltered from storms in peace, or from hostile attacks in war, is uncertain. One thing seems certain, however, that it was inserted in Section 8, to show that there was no necessity for a railway along the East Coast of Vancouver Island, between Esquimalt and Nanaimo; and that the navigation from the Pacific Ocean proper, to Burrard Inlet, was free from danger or difficulties. Now, one of the reasons why it is contended that a Railway on Vancouver Island, between the points last mentioned is necessary, is that the channels, in the adjacent waters of the Strait of Georgia, are not sufficiently sheltered, safe, and open for navigation, to meet the wants of the population on the Island. The other reason is that the navigation between the Strait of Fuca and the Strait of Georgia "in the adjacent waters" referred to, is so dangerous, and likely to produce such delays in going to and from Burrard Inlet and Nanaimo, from the Straits of Fuca, that a Railway on the Island is essentially necessary to the Canadian Pacific Railway terminating at Port Moody. Sail-

ing vessels going either to Nanaimo for coal or to Burrard Inlet for lumber, at present take steam tugs to tow them. The expense of towage is incurred, rather than submit to the delays and danger incident to sailing. These facts are a sufficient answer in themselves to the statement in the Report that the "sheltered water communications" are "adequate to the needs of the population of the Island." It will be perceived that Vancouver Island is not alone interested in the Esquimalt-Nanaimo Section, but the Mainland is, also. In a "Return" placed before Parliament in 1881, "For Copies of any correspondence with the Government of British Columbia, or with any persons in that Province respecting the Island Railway," it is shown that out of about a hundred accidents to vessels navigating the waters between Esquimalt and Nanaimo and Burrard Inlet, from 1858 to 1876 inclusive, about 75 per cent. occurred in the Archipelago referred to, and the Strait of Georgia. This, at least, shows that the navigation of the adjacent waters and Strait of Georgia is unfortunately difficult and dangerous. In this the following officers of Royal Navy concur. For instance:

Admiral Farquhar, in his Report to the Admiralty, in 1876, says:—

"Ocean-going sailing ships could not be depended on to sail farther than the entrance of Haro Channel, although, doubtless, with fair winds and favorable weather, they might sail to English Harbor at the entrance of Burrard Inlet."

Admiral Richards, in his report, says:—

"Ships need not pass as far off as within three miles of San Juan, but they must pass within two miles of Stuart and Patos Islands, unless indeed they take the inner channel along the coast of Vancouver Island, and the passages from these channels to the Strait of Georgia are dangerous."

Commander Pender, R. N., in his Report, says:—

"The risks attending navigation with large steamships, against time, amongst the Islands lying between Fuca Strait and the Strait of Georgia, are to me, very great."

(6.) This is the testimony of officers of Her Majesty's Navy—two of whom were very familiar with the Navigation, as they had commanded the Coast Survey in British Columbia for over ten years—and ought to be a sufficient answer in itself to the statement in the report about "sheltered water communication" in the adjacent waters of the Strait of Georgia."

13. Section 9 of the report on the Petition to the Queen is as follows:

"9. As regards the Prayer of the proposal Petition to Her Majesty, 'That the Province be permitted to regulate and collect its own tariff of Customs and Excise until through communication by Railway be established through British Territory with the Eastern Provinces,'—the Committee of the Privy Council desire to observe that this request involves a breach of the terms of Union, and the virtual severance of British Columbia from the Dominion."

On this section of the Report but little comment is necessary, as Her Majesty's Principal Secretary of State for the Colonies, has viewed it unfavorably. It is deemed necessary, however, to state that the Government and Legislative Assembly of Columbia—having been so long and so often disappointed by Canada, in carrying out her railway obligations—inserted Section (b) in the Prayer of the Petition, in order to secure a substantial guarantee that Canada would fulfill her railway obligations to that Province. Mere paper contracts having been often broken, and there being

no Court of competent jurisdiction to which application could be made to enforce them, they deemed themselves justified in demanding a money security.

14. The 10th Section of the Report is as follows:—

"10. It will be seen by official statements hereto annexed, that an expenditure "in the Province since it entered the Union has been made by the Dominion of "\$5,996,289, against which the receipts have been \$4,173,238,—this expenditure is "entirely irrespective of disbursements on account of the railway.

(1.) The answer to this Section of the Report is, that it is wholly irrelevant to the Prayer of the Petition to the Queen. The railway obligation of Canada to British Columbia under the 11th Section of the Terms of Union is separate and distinct from the other Terms,—and, to use the language of Section 1 of the Report, is "one of the terms upon which British Columbia entered into the Union of her Majesty's North American Provinces." If the railway obligations were fulfilled to the letter, it would not exempt Canada from her agreement to fulfil the other Terms of Union. Neither do the alleged expenditures and receipts exempt Canada from her railway obligations. If she had expended, within the time mentioned, \$10,000,000, instead of the alleged expenditure of \$5,996,289, and had received only \$1,000,000 instead of the alleged receipts, \$4,173,238, it would neither strengthen her case nor justify Canada in delaying the fulfillment of her railway contract with British Columbia. On the other hand, if British Columbia had paid into the Consolidated Revenue Fund of Canada, within the time mentioned, \$10,000,000 instead of the alleged \$4,173,238, and if within the same period the expenditure by Canada had been only \$1,000,000 instead of the alleged \$5,996,289, it would not strengthen her claim for the fulfillment of the railway obligations of Canada. The contract to commence the railway within two years, and complete it within ten years from the date of Union, is clear, precise, and binding, and cannot be varied by Canada without the consent of British Columbia, the other contracting party. The settlement made, through Lord Carnarvon, in 1874, was agreed to by the respective Governments of the contracting parties; and if the sanction of the Canadian Parliament to that agreement, which is morally binding, had been secured, it would have varied the railway contract under the 11th Section of the Terms of Union. That sanction not having been obtained, and the settlement made through Lord Carnarvon being treated in Section 3 of the Report as merely "the suggestions of the then Secretary of State for the Colonies,"—a virtual repudiation of a solemn agreement,—the original railway contract remains in all its binding force to-day as it was in 1871, when British Columbia entered into Union with Canada.

(2.) If British Columbia had agreed with Canada that, in consideration of the alleged expenditure having been made, or to be made, and the alleged receipts having been accepted, or to be accepted, the construction of the Canadian Pacific Railway in accordance with the 11th Section of the Terms of Union might be delayed, and the time limit for commencement and completion indefinitely extended to suit the Railway Policy of the Canadian Government for the time being, then the Canadian Government would have been justified in putting forward in their Report the alleged expenditures and receipts in British Columbia, as their justification for the delays and breaches of agreement complained of in the Petition to the Queen. But no such agreement has been shown to exist; neither does any such agreement exist; and, therefore, the alleged expenditure and receipts referred to in Section 10 are on this ground, wholly irrelevant to the Petition to the Queen.

(3.) That the Government of Canada had an object in putting "Section 10" into the Order in Council is undoubted; and doubtless their design was to influence thereby the decision of Her Majesty's Imperial Government upon the Prayer of the Petition to the Queen. It could not have been put there in reply to a formal complaint in the Petition of insufficient expenditure in the Province under the Terms of Union other than the 11th Section thereof; for no such complaint has ever been made by the Government of British Columbia. But the evident object was to impress upon her Majesty's Imperial Government that the insufficiency of the receipts in that Province to meet the expenditure therein, left, within a period of nine years, an alleged deficit of \$1,823,051, which, of course, was expected to become an important factor in the consideration of and decision upon the Prayer of the Petition. Not a word is mentioned in connection with Section 10, admitting or denying that the expenditure was incident to the extension and application of the laws of Canada to British Columbia in compliance with the Treaty of Union, or that the receipts and expenditure were mainly within the control of the Dominion Parliament. The unqualified statement of receipts and expenditure was made without even a reference to those rights of British Columbia, of which, under the Treaty of Union, Canada had become the Chief Guardian, and whose duty it was to respect and maintain; and also without the faintest allusion to the fact that the people of that Province had paid more than twice the amount of taxes per head than were paid as the average per capita tax throughout the whole Dominion. It becomes necessary, therefore, in view of the way and evident purpose in and for which the Government of Canada put Section 10 in their Report, that the alleged expenditure and receipts should be more fully considered, even with the addition of some historical and financial details.

(4.) To effect this object it is necessary, in the first place, to quote the financial conditions of which British Columbia "in 1871 entered the Union of Her Majesty's North American Provinces." They are as follows:—

"1.—Canada shall be liable for the debts and liabilities of British Columbia existing at the time of the Union.

"2.—British Columbia not having incurred debts equal to those of the other Provinces now constituting the Dominion, shall be entitled to receive by half-yearly payments in advance from the general Government, interest at the rate of five per cent. per annum on the difference between the actual amount of indebtedness at the date of the Union; and the indebtedness per head of the population of Nova Scotia and New Brunswick (27.77 dollars), the population of British Columbia being taken at 60,000.

"3.—The following sums shall be paid by Canada to British Columbia for the support of its Government and Legislature, to wit: an annual subsidy of 35,000 dollars, and an annual grant equal to 80 cents per head of the said population of 60,000 both half-yearly in advance, such grant of 80 cents per head to be augmented in proportion to the increase of population, as may be shown by each subsequent decennial census, until the population amounts to 400,000, at which rate such grant shall thereafter remain, it being understood that the first census be taken in the year 1881.

"4.—The Dominion will provide an efficient mail service fortnightly by steam communication, between Victoria and San Francisco, and twice a week between Victoria and Olympia; the vessels to be adapted for the conveyance of freight and passengers.

"5.—Canada will assume and defray the charges for the following services:—

- "(A.) Salary of the Lieutenant-Governor;
- "(B.) Salaries and allowances of the Judges of the Superior Courts and the County or District Courts;
- "(C.) The charges in respect to the Department on Customs;
- "(D.) The Postal and Telegraphic Services;

- “(k.) Protection and encouragement of Fisheries ;
- “(l.) Provision for the Militia ;
- “(m.) Lighthouses, Buoys, and Beacons, Shipwrecked Crews, Quarantine
“and Marine Hospitals, including a Marine Hospital at Victoria ;
- “(n.) The Geological Survey ;
- “(o.) The Penitentiary ;

“And such further charges as may be incident to and connected with the services
“which by the ‘British North America Act of 1867’ appertain to the General Gov-
“ernment, and as are or may be allowed to the other Provinces.

“6. Suitable pensions, such as shall be approved of by Her Majesty’s Govern-
“ment, shall be provided by the Government of the Dominion for those of her
“Majesty’s Servants in the Colony whose position and emoluments derived therefrom
“would be affected by political changes on the admission of British Columbia into the
“Dominion of Canada.

“8. British Columbia shall be entitled to be represented in the Senate by three
“Members, and by six Members in the House of Commons. The representation to be
“increased under the provisions of the ‘British North America Act, 1867.’

“10. The provisions of the ‘British North America Act, 1867’ shall (except
“those parts thereof which are in terms made, or by reasonable intendment may be
“held to be specially applicable to and only affect one and not the whole of the
“Provinces now comprising the Dominion, and except so far as the same may be
“varied by this minute) be applicable to British Columbia in the same way, and to
“the like extent, as they apply to the other Provinces of the Dominion, and as if the
“Colony of British Columbia had been one of the Provinces originally united by the
“said Act.

“11. The Government of the Dominion undertake to secure the commencement
“simultaneously, within two years from the date of Union, of the construction of a
“railway from the Pacific towards the Rocky Mountains, and from such point as may
“be selected east of the Rocky Mountains, towards the Pacific, to connect the sea-
“board of British Columbia, with the railway system of Canada; and further to
“secure the completion of such railway, within ten years from the date of the Union.

“And the Government of British Columbia agree to convey to the Dominion
“Government, in trust, to be appropriated in such manner as the Dominion Govern-
“ment may deem advisable, in furtherance of the construction of the said railway, a
“similar extent of public lands along the line of the railway throughout its entire
“length in British Columbia not to exceed however (20) miles on each side of said
“line, as may be appropriated for the same purpose by the Dominion Government
“from the public lands in the North-west Territories and the Province of Manitoba;
“Provided that the quantity of land which may be held under pre-emption right or
“by Crown grant within the limits of the tract of land in British Columbia to be so
“conveyed to the Dominion Government shall be made good to the Dominion from
“contiguous public lands: and provided further, that until the commencement,
“within two years, as aforesaid, from the date of the Union, of the construction of the
“said railway, the Government of British Columbia shall not sell or alienate any
“further portions of the public lands of British Columbia in any other way than under
“right of pre-emption requiring actual residence of the Pre-emptor on the land
“claimed by him. In consideration of the land to be so conveyed in aid of the con-
“struction of the said railway, the Dominion Government agree to pay to British
“Columbia from the date of the Union the sum of 100,000 dollars per annum in half-
“yearly payments in advance.

“13. The Charge of the Indians and the Trusteeship and management of the
“lands reserved for their use and benefit shall be assumed by the Dominion Govern-
“ment, and a Policy as liberal as that hitherto pursued by the British Columbia
“Government shall be continued by the Dominion Government after the Union. To
“carry out such policy tracts of land of such extent as it has hitherto been the
“practice of the British Columbia Government to appropriate for that purpose, shall
“from time to time be conveyed by the Local Government to the Dominion Govern-
“ment in trust for the use and benefit of the Indians, on application of the Dominion
“Government; and in case of disagreement between the two Governments respecting
“the quantity of such tracts of land to be so granted, the matter shall be referred to
“the decision of the Secretary of State for the Colonies.”

(5). “It will be seen” that, by the above terms, Canada, “irrespec-
“tive of disbursements on account of the railway,” solemnly agreed to
“provide for and pay Certain Debts, Liabilities and Subsidies, and Defray

the Charges for Certain Services, as part of the consideration to British Columbia for surrendering "from the date of Union" to her custody and exclusive control Certain Rights and Revenues that had belonged to that Province up to the date of Union; and that Canada is as firmly bound to respect and fulfill those obligations as she is to pay the Interest and Principal due to the Bondholders of her Public Debt.

(6.) The Statement of alleged Expenditure and Receipts in British Columbia "as prepared by the Financial Inspector," is not qualified as being "approximate," but is assumed to be exact. The assumption is very questionable, as will be shown hereafter. The Total alleged Expenditure and Receipts "as prepared by the Financial Inspector" for the fiscal years 1871-2 to 1879-80, inclusive, are respectively, Expenditure \$5,996,289 and Receipts \$4,173,238. By reference to "No. 10 Approximate Statement," hereto annexed, carefully compiled from Statements made at Ottawa in the Auditor-General's Department from the Public Accounts, it will be perceived that the Total Expenditure by Canada in British Columbia for the period, extending from July 20th, 1871 to July 1st, 1880, is \$5,338,894.66; and by reference to "No. 3 Statement" (column sixth) hereto annexed, compiled from Statements made in the Auditor-General's Department, that the Receipts in British Columbia, from July 20, 1871 to July 1, 1880, are put down at \$4,223,745.63. It is, however, very apparent that there is a material difference between the two Statements of Expenditure and Receipts, as the following comparison will more fully show:

EXPENDITURE.

1. Expenditure "as prepared by Financial Inspector".....	\$5,996,289.00
2. Expenditure as compiled from Statements made in Auditor General's Department	<u>5,338,894.66</u>
3. Difference in Expenditure between the two Statements	\$657,394.34

RECEIPTS.

1. Receipts as compiled from Statements made in Auditor General's Department.....	\$4,223,745.63
2. Receipts "as prepared by Financial Inspector".....	<u>4,173,238.00</u>
3. Difference in Receipts between the two Statements.....	\$50,507.63

A further comparison of the Statement of the Financial Inspector with that compiled from Statements made in the Auditor-General's Department, shows a very material difference in the Total Deficit from July 20, 1871, to July 1, 1880. For instance:

FINANCIAL INSPECTOR'S STATEMENT.

1. Expenditure in B. C., July 20, 1871, to July 1, 1880.....	\$5,996,289
2. Receipts " " " "	<u>4,173,238</u>
3. Total Deficit or Excess of Expenditure over Receipts from July 20, 1871, to July 1, 1880, as per Financial Inspectors's Statement.	\$1,823,051

STATEMENT COMPILED FROM STATEMENTS OF AUDITOR-GENERAL'S DEPARTMENT.

1. Expenditure in B. C., July 20, 1871 to July 1st, 1880	\$5,338,894.66
2. Receipts " " " "	<u>4,223,745.63</u>
3. Total Deficit or Excess of Expenditure over Receipts between July 20, 1871, and July 1, 1880.....	\$1,115,149.03

The difference between the Total Deficit or Excess of Expenditure over Receipts, as given in the Financial Inspector's Statement above, and that compiled from Statements made in Auditor-General's Office, is best shown by the following Statement :

1. Total deficit or excess of expenditure over receipts as per Financial Inspector's Statement.....	\$1,823,051.00.
2. Total deficit or excess of expenditure over receipts, as per Statement compiled from those made in Auditor-General's Department.....	1,115,149.03
3. Difference between the two statements as to excess of expenditure over receipts.....	\$707,901.97

It may here be remarked that statements made, by request, in the Auditor-General's Department, which, by statute is independent of the ministry, may be fairly ranked as equal in weight with those "prepared by the Financial Inspector," and that the difference between the two statements as to the excess of expenditure over receipts, is so very large that the statement of the Financial Inspector may with no impropriety be questioned as to correctness of data and clerical accuracy.

(7.) It has been remarked that section 10 made no allusion to the fact that British Columbia had paid double the amount of taxes per head, that were paid per capita by the average of the whole Dominion. The proof of that fact is apparent in the following statement:—

1. Statement No. 5, column 10, hereto annexed, shows that the total taxes paid by B. C., from July 20, 1871, to July 1, 1880, amounted to.....	\$3,844,419.19
2. Statement No. 5, column 7, shows that the total taxes that B. C., would have paid at the average rate of the Dominion from July 20, 1871, to July 1, 1880, is.....	1,897,875.00
3. Making the total excess of taxes paid by B. C., over the average rate per capita of Dominion to be.....	\$1,946,544.19

It may be further remarked, that British Columbia with an estimated population of 50,000, equal to one-eighty-eighth (1-88) of the total estimated population of Canada, paid more than one-forty-fourth (1-44) of the entire taxes of the Dominion.

(8.) That Canada can have no reasonable cause to complain about the excess of expenditure over receipts "irrespective of disbursements on account of the railway," is still further apparent from the fact that the receipts in British Columbia for the whole period, were nearly \$1,000,000 more on July 1st, 1880, than they would have been had there been no increase in the receipts above the amount collected in the first fiscal year after union. For instance:—

1. The total receipts, July 20, 1871, to July 1st, 1880, were (see statement No. 3, column 6).....	\$4,233,745.63
2. The total receipts in B. C., for the fiscal year, 1871-2, No. 3, statement, column 7, were \$363,298.08, which at that annual rate would have amounted in nine years, July 20, 1871, to July 1, 1880, to.....	3,269,688.12
3. Total increase of receipts in nine years over the total receipts, at the rate of \$363,298.08, for 1871-2, is.....	\$964,057.51

This makes the annual average increase in receipts in British Columbia, over the total receipts for 1871-2, to be about \$100,000 a year; and

on to British
custody and
onged to that
only bound to
Interest and

ts in British
qualified as
assumption is
alleged Ex-
ctor" for the
Expenditure
10 Approxi-
Statements
in the Public
by Canada in
1871 to July
Statement"
made in the
h Columbia,
15.63. It is,
between the
ing compari-

\$5,996,289.00
5,338,894.66
\$657,394.34

\$1,223,745.63
4,173,238.00
\$50,507.63

al Inspector
eneral's De-
it from July

\$5,996,289
4,173,238

\$1,823,051

AL'S

\$5,338,894.66
4,223,745.63

\$1,115,149.03

this is a very important fact, as it will be shown hereafter that the expenditure is decreasing, whilst the revenue is increasing.

(9.) The statement "as prepared by the Financial Inspector," shows that during the five years of commercial depression throughout Canada, that is the five fiscal years, 1875-6 to 1879-80, inclusive, in which there was an annual deficit, (see "No. 7 statement" hereto annexed) that the receipts in the Province were increasing, the expenditure decreasing, and rapidly tending to balance each other. For instance:—

Fiscal Year.	Receipts.	Expenditure.	Deficits.
1. 1875-6.	\$544,952	\$750,082	\$205,130
1876-7.	456,976	681,736	224,760
1877-8.	493,756	668,685	174,929
1878-9.	579,144	682,344	103,200
1879-80.	517,540	635,311	117,771
Total deficit in five years			\$825,790

The statement made in May, 1881, in the Auditor-General's Department, of the receipts and expenditure show not only a marked difference in the amounts received and expended from what is found in the statement "as prepared by the Financial Inspector" in the fiscal years referred to; but that the expenditure in British Columbia was but very little over its receipts towards the end of that period. For instance:—

Fiscal Year.	Receipts.	Expenditure.	Deficits.
1. 1875-6.	\$540,981.22	\$651,782.55	\$110,801.33
1876-7.	455,122.61	589,704.03	134,581.42
1877-8.	448,738.12	578,500.31	93,762.19
1878-9.	575,941.59	593,681.32	17,739.73
1879-80.	511,490.16	514,223.90	32,733.74
Total deficit in five years			\$389,618.41

The following statement shows the actual difference between the deficits of the two statements:—

Total deficit as per Financial Inspector's statement	\$825,790.00
Total deficit as per statement of Auditor-General's department	389,618.41
Total difference between the two statements	\$436,171.59

These statements show that the direct receipts and expenditure in British Columbia will very shortly balance each other; and it is believed that the receipts and expenditure for 1880-81, did balance each other. For instance:—

1. Estimated receipts in B. C., for 1880-1 compiled from official data	\$625,000.00
2. Estimated expenditure 1880-81, as per average of the two last fiscal years, 1878-9 and 1879-80, as per statement of Auditor-General's Department	568,952.61
3. Total estimated excess of receipts over expenditure in B. C., for fiscal year, 1880-1	\$56,047.39

Under the Financial Inspector's statement there would be an insignificant excess over expenditure. For instance:—

1. Estimated expenditure as per average of the two last fiscal years 1878-9 and 1879-80, as per Financial Inspector's statement	\$658,827.50
2. Estimated receipts in B. C., 1880-1 compiled from official data	625,000.00
3. Total excess of expenditure over receipts for 1880-81 as per Financial Inspector's statement	\$33,827.50

the expend-
 tor," shows
 out Canada,
 which there
 ed) that the
 ecreasing, and

From these statements, it appears, that, at the end of ten years from the date of Union, the ordinary expenditure of Canada in British Columbia is more than balanced by the receipts, as per statement of Auditor-General's Department; and that only the insignificant sum of \$33,827.50 is the excess over receipts, as per Financial Inspector's statement; and there is every reason to believe that, in future, the receipts in British Columbia will be very considerably in excess of the expenditure, "irrespective of disbursements on account of railway."

Deficits.
 \$205,130
 224,760
 174,929
 103,200
 117,771
 \$825,790

(10.) It is submitted that the only fair way of determining whether a Province of Canada has or has not contributed her share to the Dominion Treasury, is to first find the total amount paid by the whole population of Canada into the Consolidated Revenue Fund; then find the average rate per head paid by the whole population, and then take such average rate per head as the amount that the population of a Province should pay per head. On that basis, it will be seen by reference to "No. 3 Statement," hereto annexed, that the estimated population of Canada, 4,400,000, contributed between July 20th, 1871, and July 1, 1880, in taxes and other revenues, \$203,228,752.58 to the Consolidated Revenue Fund; that British Columbia with an estimated population of 50,000, contributed within the same period as her proportionate share \$2,305,000; but that, as shown in the statement referred to, her actual contribution to the consolidated Revenue Fund was \$4,223,745.63, or an excess over her proportionate share of the very large sum of \$1,918,745.63.

ral's Depart-
 ed difference
 in the state-
 cal years re-
 was but very
 or instance:—

Deficits.
 \$110,801.33
 134,581.42
 93,762.19
 17,739.73
 32,733.74
 \$389,618.41

With regard to expenditure, also, "it will be seen," by reference to "No. 4 Statement," hereto annexed, that the "total expenditure of Canada with an estimated population of 4,400,000, out of the Consolidated Revenue Fund in nine years, from July 20th, 1871, to July 1st, 1880, was \$204,610,352.67; and that British Columbia, with an estimated population of 50,000, contributed not merely her proportionate share, computed from the average per capita, \$2,701,120.63; but also an excess over her proportionate share of \$1,522,625.

between the
 \$825,790.00
 389,618.11
 \$436,171.89

Had British Columbia not contributed her proportionate share to the Revenue and Expenditure of Canada, it would not have authorized Canada to deliberately and continuously leave unfulfilled her railway obligations to that Province; but having contributed her proportionate share to the receipts and expenditure of the Dominion, and an excess besides, it is manifest that she has done all that in common fairness can be expected of her; and that the unqualified statement of receipts and expenditure in section 10 of the report cannot be entertained as an offset to the breaches of agreement and delays in the fulfillment of the railway contract of Canada.

penditure in
 it is believed
 e each other.

\$625,000.00
 568,952.61
 \$56,047.39

(11.) "No. 9 Approximate Statement," with "Memorandum," is submitted to show in detail the charges for the then existing services in British Columbia for which Canada became responsible at the date of Union. "No. 10 Approximate Statement" with "Memorandum," explains in detail what expenditure Canada incurred for British Columbia, "irrespective of disbursements on account of the railway." It seems unnecessary to offer any further explanation respecting them, every matter being so fully explained therein. It may be remarked, however, that the facts they contain make it self-evident that no item of the expenditure can be made a set-off to the breaches and delays complained of in the Petition to the Queen.

l be an insig-
 ems
 \$658,827.50
 625,000.00
 \$33,827.50

(12.) It may be observed that no mention has been made of the value of the property, irrespective of railway lands, that came into the possession of Canada by virtue of the Terms of Union in 1871. That property consisted of valuable Indian Reserves (since materially increased in extent), Dredging Vessels, Steamer "Sir James Douglas," two of the best Lighthouses on the Pacific Coast, Governor's Residence, Reserves for Public Purposes of considerable value; the whole being worth at least \$300,000. In addition, Canada had erected up to July, 1880, a Post Office, Customs House, three Lighthouses, and a Penitentiary; the total value of which may be about \$225,000. Under these two heads there is an offset of \$525,000. If that sum be deducted from the Excess of Expenditure over Income, computed from Statements made in the Auditor-General's Office, \$1,115,149, the Actual Excess of Expenditure over Receipts, would be reduced to \$590,149; or, if the \$525,000 be deducted from the alleged Excess of Expenditure over receipts, under the statement of the Financial Inspector, \$1,823,051, the real excess of expenditure over receipts would be reduced to \$1,298,051, which is equal to an annual average expenditure for nine years of \$129,805; and the interest on that sum, if charged to capital account, would be, at 4 per cent., only \$5,192, a year,—a very small annual charge indeed.

(13.) In the session of the Canadian Parliament for 1880, Mr. Blake, the leader of the opposition, stated that in Manitoba the excess of expenditure over receipts was \$722,000; in Prince Edward's Island, \$1,027,000; in British Columbia, \$823,000; in Nova Scotia, \$2,060,000. Now, if the alleged or implied excess of expenditure in Section 10 of the Report be held to be a good set-off by Canada to non-fulfillment of her railway contract, the Provinces or either of them named above, as well as British Columbia, might be told that their annual subsidies were stopped, because there was an excess of expenditure over receipts. It is apparent, therefore, that the consequences of the enforcement of such a principle might be of the most serious character.

(14.) It has been shown that it is very probable that the receipts and expenditure in British Columbia for the last fiscal year, 1880-81 balanced, and that, in future, there would be an excess of receipts over expenditure. Assuming this to be the fact, there remains only to be considered what real financial burden has been borne by Canada in respect of the alleged annual deficits in the receipts in British Columbia. By reference to "No. 11 Statement" hereto annexed, the annual interest in each deficit appears; and for the four years of surplus (see No. 7 Statement hereto annexed) viz:—1871-2, 1872-3, 1873-4, 1874-5, the total interest on the deficits of those years in British Columbia amounted to only \$48,884.44; and in the five years of deficits, 1875-6, 1876-7, 1877-8, 1878-9, 1879-80, (see No. 7 Statement) the total interest on deficits in British Columbia amounted to only \$277,183.52. If each of the annual alleged deficits in British Columbia during the first four years were charged to capital account, then all the burden that Canada incurred for that Province was pledging of the public credit for a sufficient loan to meet the deficits, and provided for the interest, either from Revenue or the issue of Dominion Notes. If the Deficits in British Columbia were made good out of Revenue from 1871-2 to 1874-5, it is very apparent that they will soon be paid back by the incoming Excess of Receipts over Expenditure as indicated. The Deficits, however, from 1875-6 to 1879-80 inclusive, with the interest thereon were met, there is no doubt, by Loans and the Issue of Dominion Notes (see "No. 8 Statement" hereto annexed), and thus no Canadian Taxpayer paid a dollar of the Deficits or the Interest; or to use the words

of Mr. Blake in the House of Commons, on April 16th, 1880: " We have raised a large sum from our people without interest in the shape of legal tenders in circulation and compulsorily held as bank reserves." * * * " We have had yearly deficits, and have been obliged to borrow to pay our interest." Mr. Blake was Minister of Justice during the three first years of Deficits in the Canadian Exchequer, and is, therefore, unexceptionable authority. We may fairly conclude, therefore, that the Excess of Expenditure over Receipts in British Columbia, whether the amount be great or small, has only cost Canada the trouble of borrowing to meet it—by pledging the Credit of the Dominion, of which British Columbia is one of the joint Securities for the payment of both Capital and Interest. As a matter of account, it may seem important, but as a matter of fact, it is not.

(15.) It is reasonably hoped, in conclusion, that no Canadian Government will hereafter put an alleged Excess of Expenditure over Receipts in a Province into a grave public document, with the apparent expectation of influencing her Majesty's Imperial Government, or as a set-off to their default in not fulfilling a treaty obligation.

29. In Conclusion, it is submitted that the foregoing review of the Report on the Petition to the Queen shows that Canada has done a great wrong to British Columbia in not carrying out her Railway obligations—and especially by the long delay that occurred before commencing construction in that Province; that British Columbia has suffered great loss in consequence; and that it is, therefore, but right and fair that Canada should compensate that Province for the injury done to her.

It is not intended to particularize the losses sustained, as they have been made self evident in the previous part of this Review of the Report on the Petition; but, as a fair criterion to the amount of compensation that should be paid to her for past delays, it is desirable to show part of what Canada has gained by her delays in constructing the Railway in that Province.

The minimum Annual expenditure in construction in British Columbia, fixed by Lord Carnarvon in 1874, and agreed to by Canada was \$2,000,000 a year. It is proposed, therefore, to take that amount to determine what Canada has gained by delay.

Canada was bound to commence construction of the Canadian Pacific Railway in July, 1873; but did not commence construction till about July, 1880—thus making a delay of seven years before commencing construction. If an annual Expenditure of \$2,000,000 had been made, the total amount during the period of delay would have reached \$14,000,000, and the annual interest at 4 per cent. on each year's Expenditure would, in seven years, have amounted to \$2,240,000.

The following Statement will show the Expenditure and Interest in detail as well as Totals:

Fiscal Year.	Annual Expenditure.	Rate of Interest.	Annual Interest.	No. of Years.	Total Interest on each Year's Expenditure.
1873-4	\$2,000,000	@ 4 per cent.	\$80,000	7	\$560,000
1874-5	2,000,000	" "	80,000	6	480,000
1875-6	2,000,000	" "	80,000	5	400,000
1876-7	2,000,000	" "	80,000	4	320,000
1877-8	2,000,000	" "	80,000	3	240,000
1878-9	2,000,000	" "	80,000	2	160,000
1879-80	2,000,000	" "	80,000	1	80,000
Total Expenditure,	\$14,000,000		Total Interest gained by Canada by delaying Construction Seven Years.....		\$2,240,000

30. From July, 1873, to July, 1881—eight years—a belt of Railway Lands, 160 miles long, by 20 miles wide, on Vancouver Island, has been reserved, and half of it conveyed, by Statute, to Canada, by her request, under the 11th Section of the Terms of Union.

This belt of Land is the most accessible for settlement of any in the Province. Besides agricultural lands and forests suitable for making lumber, it contains about 450 square miles of the best coal fields on the Pacific Coast.

During the eight years that have elapsed, no provision has been made by Canada to open this belt for settlement. No agricultural land could be sold, leased, or pre-empted—thus completely preventing farmers settling upon it. No sales or leases of timber land could be made—thus preventing the erection of saw-mills for the manufacture of lumber for Export or Domestic use. No coal lands could be sold, or leased under royalty—thus preventing the opening of coal mines, and increasing the exports of coal and stimulating other industries.

It was never intended, when British Columbia entered the Union, that the transfer of her Public Lands to Canada for Railway purposes would operate as a bar to their settlement and the development of their industrial resources.

The keeping of the Railway Lands closed against settlement and use on Vancouver Island has entailed a serious loss of population and capital on British Columbia. The great loss sustained must appear self-evident, by a glance at the map hereto annexed, showing the extent of the Railway Lands and their contiguity to the most populous and flourishing part of the Province.

If the Canadian Pacific Railway had been commenced on Vancouver Island in 1873, at the time agreed on, and vigorously prosecuted, a large population would have settled along the line, and a large capital would have been invested in various prosperous enterprises. It is therefore contended that, in considering the amount of compensation due to British Columbia for past de-

lays in the construction of the Canadian Pacific Railway, it is but just and fair that she should be indemnified for losses sustained through not opening the Railway Lands on Vancouver Island to settlement.

31. Had an Expenditure of \$2,000,000 or upwards been made, annually, in construction, during the past seven or eight years, it would have most materially increased the wealth and population of the Province. Hence, the loss entailed on the Province by non-construction, cannot, in common fairness, be overlooked in considering compensation.

32. It is therefore, submitted, without further detail, that the sum of \$2,500,000 would be a very moderate compensation to be paid to British Columbia, in addition to the construction of the Canadian Pacific Railway from Esquimalt *via* Burrard Inlet to Lake Superior.

33. There are several tabular statements annexed hereto that have been referred to in this Memorandum.

Interest in

Interest
each Year's
Expenditure.

\$560,000
480,000
400,000
320,000
240,000
160,000
80,000

2,240,000

Railway
been re-
st, under

by in the
y lumber,
e Pacific

een made
could be
ling upon
nting the
Domestic
reventing
imulating

ion, that
uld oper-
strial re-

and use
apital on
lent, by a
ay Lands
Province.

Vancouver
arge pop-
have been
d that, in
r past de-

S
and
estim
Cana
and
Emer
inclu

now

F. H

CANADIAN PACIFIC RAILWAY.

[23]

OFFICE OF THE ENGINEER-IN-CHIEF,
OTTAWA, December 7th, 1880. }

SIR:—At the request of the Hon. the Minister of Railways and Canals, I have the honor to submit a carefully prepared estimate of the probable cost of constructing the sections of the Canadian Pacific Railway lying between Prince Arthur's Landing and Selkirk; the Pembina Branch, extending from Selkirk to Emerson; and from Kamloops to Port Moody, British Columbia, including station-houses and water tanks.

The estimate is made on the basis upon which the works are now being carried out.

I have the honor to be, Sir,

Your obedient servant,

(Signed) COLLINGWOOD SCHRIEBER,
Engineer-in-Chief.

F. BRAUN, Esq.,
Secretary, Department of Railways and Canals.

MEMORANDUM OF ESTIMATED COST

Of constructing the following sections of the Canadian Pacific Railway:

Prince Arthur's Landing to Fort William.....	Rails and laying.....	\$23,000	\$35,000
	Purchase.....	12,000	
Fort William to English River..	Rails.....	850,000	2,735,000
	Grading, etc.....	1,885,000	
English River to Eagle River....	Rails.....	580,000	2,580,000
	Grading, etc.....	2,000,000	
Eagle River to Keewatin.....	Rails.....	300,000	3,500,000
	Grading, etc.....	3,200,000	
Keewatin to Selkirk.....	Rails.....	970,000	4,500,000
	Grading, etc.....	3,530,000	
Station houses, 2 engine houses and water service.....			230,000
Prince Arthur's Landing to Selkirk.....			13,580,000
Pembina Branch.....	Rails.....	700,000	1,468,000
	Grading, etc.....	700,000	
Station house and water service..		68,000	
Prince Arthur's Landing to Selkirk and Pembina Branch.....			15,048,000
Kamloops to Emory's.....	Rails.....	770,000	7,950,000
	Grading, etc.....	7,100,000	
Station house and water service..		80,000	
Emory's to Port Moody.....	Rails.....	540,000	3,100,000
	Grading, etc.....	2,470,000	
Station houses and water service..		90,000	
Miscellaneous payments.....		302,000	
Engineering on construction.....		1,600,000	1,902,000
Total.....			\$28,000,000

CANADIAN PACIFIC RAILWAY.

Statement of Expenditure to 30th November, 1880:

Total Expenditure to 30th June, 1879.....	\$12,444,237 10	
Expenditure during fiscal year ended 30th June, 1880.....	4,041,627 60	
Total Expenditure to 30th June, 1880.....		\$16,488,864 70
Expenditure for 5 months ending 30th November, 1880.....		2,111,537 66
Total Expenditure to 30th November, 1880.....		\$18,600,402 36

No. 1.—STATEMENT,

Showing, in detail, the Sums voted by Parliament for each Fiscal Year, commencing with 1871-72, and ending with 1881-82, inclusive, for Surveys and Construction of Canadian Pacific Railway; also, the Total Amount voted for each Fiscal Year's Service in British Columbia and elsewhere; also, Total Actual Expenditure in each Fiscal Year on Canadian Pacific Railway, and for Construction in British Columbia; also, Total Expenditure for Surveys, etc., in British Columbia.

Fiscal Year.	Votes for Surveys and Construction of Canadian Pacific Railway on each Fiscal Year, detailed as per Estimates.	Total Vote for each Fiscal Year for Surveys and Construction.	Total Vote named for British Columbia in each Fiscal Year, as per Estimate for Surveys and Construction.	Total Expenditure in each Fiscal Year, and Construction on C. P. R.	Total Expenditure for Surveys, &c., in British Columbia, as per Audit Office Statements.	Total Actual Expenditure in British Columbia from 20th July, 1871, to 31st December, 1880.
1870-71	<i>Vide</i> Public Accounts			\$ 30,148 32		
1871-72	Surveys (Capital)	\$250,000 00		489,428 16	\$ 90,400 00	
1872-73	"	250,000 00		581,888 44	316,823 86	
1873-74	" (Excess of Expenditure over Appropriation)		\$ 350,000 00			
	" (Capital)		19,576 48			
			500,000 00			
1874-75	Fort Garry and Pembina Railway (Capital)	650,000 00		310,224 88	108,431 85	
	Surveys (Capital)	500,000 00				
	Construction, and improvements on navigable waters in interior, in connection therewith	1,500,000 00				
1875-76	Telegraph and construction of roadway	1,000,000 00				
	Steel rails and fastenings	2,000,000 00				
	Pembina Branch	500,000 00				
	Fort William to Shebandowan	500,000 00				
	Georgian Bay Branch	500,000 00				
	Esquimaux to Nainimo	500,000 00	\$500,000 00			
	Mainland of Columbia	250,000 00	250,000 00			
	Locks at Fort Francis	150,000 00				
	Rainy Lake and Shebandowan	240,000 00				
	Manitoba and Saskatchewan	50,000 00				
	Steamers, River Saskatchewan, and improvements in Rapids	60,000 00				
	Lake of the Woods to Red River	500,000 00				
		6,250,000 00	3,346,567 06	3,346,567 06	330,957 31	

No. 1.—STATEMENT,
Showing, in detail, the Sums voted by Parliament for each Fiscal Year, commencing with 1871-72, and ending with 1881-82, inclusive, for Surveys and Construction of Canadian Pacific Railway, etc.—Continued.

Fiscal Year.	Votes for Surveys and Construction of Canadian Pacific Railway for each Fiscal Year, detailed as per Estimate.	Total Vote for each Fiscal Year for Surveys and Construction.	Total Vote granted for British Columbia in each Fiscal Year, as per Estimate for Surveys and Construction.	Total Expenditure in British Columbia each Fiscal Year, and Construction on C. P. R.	Total Expenditure for Surveys, &c., in British Columbia, as per Office Statements.	Total Actual Expenditure in British Columbia from 30th July, 1871, to 31st December, 1880.
1876-77	Pacific Railway (this grant being made with the view that the arrangements for the construction of the Canadian Pacific Railway should be such as the resources of the country will permit, without increasing the existing rates of taxation)..... \$2,810,000 00 Survey and engineering..... 500,000 00	\$3,310,000 00			\$269,603 42	
1877-78	Pacific Railway..... 1,524,000 00 Survey and engineering..... 100,000 00 Pacific Railway survey..... 130,000 00 " " construction, Pembina Branch extension..... 60,000 00	1,814,000 00		2,228,373 13	124,896 02	
1878-79	Fort William to Sunshine Creek..... 80,000 00 Sunshine Creek to English River..... 288,000 00 Rat Portage to Cross Lake..... 373,000 00 Cross Lake to Red River..... 13,100 00 Telegraph lines and roadway..... 3,800 00 Fort Francis lock..... 60,000 00 Fort William to Sunshine Creek..... 5,500 00 Sunshine Creek to English River..... 214,000 00 Rat Portage to Cross Lake..... 1,033,000 00 Cross Lake to Red River..... 52,500 00 Telegraph lines and roadway..... 164,700 00 Fort Francis lock..... 10,000 00 Mainland, B. C..... 500,000 00 Pembina Branch..... 550,000 00 Georgian Bay Branch..... 100,000 00 Between Lake Superior and Keewatin..... 300,000 00 Spikes..... 20,000 00		\$500,000 00			
		3,773,600 00		2,240,255 47	75,496 37	

1879-80 Compensation to Wallace..... \$1,750 00
Canada Central Extension, (subsidized)..... 1,000,000 00
Georgian Bay Branch, (as under contract)..... 800,000 00

Between Lake Superior and Keewatin..... 3,773,600 00
 Spikes..... 20,000 00
 3,793,600 00
 2,240,285 47
 75,496 37

1879-80	Compensation to Wallace.....	\$1,750 00			
	Canada Central Extension, (subsidized).....	1,000,000 00			
	Georgian Bay Branch, (as under contract).....	800,000 00			
	Fort William to English River.....	110,000 00			
	English River to Eagle River.....	80,000 00			
	Eagle River, Keewatin, (Rat Portage).....	1,106,000 00			
	Keewatin, (Rat Portage), to Selkirk, (Red River).....	1,000,000 00			
	Engine House at Selkirk.....	80,000 00			
	Pembina Branch.....	150,000 00			
	Station Houses and Water Supply.....	80,000 00			
	British Columbia.....	600,000 00			
	Telegraph lines and roadway.....	140,000 00			
	Surveys.....	100,000 00			
	West of Red River, including Bridge and Branch to Winnipeg).....	1,000,000 00	\$200,000 00		
			\$3,611,750 00	\$1,044,522 72	\$52,341 25
1880-81	C. P. R.—Amount Required for Pembina Branch.....	25,000 00			
	“ “ “ “ Rolling Stock.....	120,000 00			
	“ “ “ “ Surveys.....	75,000 00			
	“ “ “ “ “ to Defray the Cost of Operating line from Emerson to Cross Lake, to 30th June, 1880.....	50,000 00			
	Canada Central Extension, (subsidized).....	576,000 00			
	Fort William to English River.....	65,000 00			
	English River to Eagle River.....	1,000,000 00			
	Eagle River to Keewatin.....	2,500,000 00			
	Keewatin to Selkirk.....	680,000 00			
	Pembina Branch.....	80,000 00			
	West of Red River, including Temporary Bridge.....	1,450,000 00			
	British Columbia—Emory's Bar to Savona's Ferry.....	1,000,000 00			
	Telegraph Lines and Roadway.....	150,000 00			
	Station and Terminal Accommodation.....	600,000 00			
	Rolling Stock.....	200,000 00			
	C. P. R. (Collection of Revenue.)—Maintenance and Repairs.....	1,000,000 00			
			9,231,000 00		
				1,000,000 00	\$367,663 40
1891-92	C. P. R.—Amount Required for Purchase of Prince Arthur's Landing and Kamistiquia Railway.....	14,000 00			
	Fort William to English River.....	11,000 00			
	Pembina Branch.....	15,500 00			
	Telegraph Lines, B. C.....	8,600 00			
	C. P. R.—Canada Central Extension, (subsidized).....	200,000 00			
				8,600 00	

No. 1.—STATEMENT,

Showing, in Detail, the Sums Voted by Parliament for each Fiscal Year, commencing with 1871-72 and ending with 1881-82 inclusive, for Surveys and Construction of Canadian Pacific Railway, &c.—*Continued.*

Fiscal Year.	Votes for Surveys and Construction of Canadian Pacific Railway for each Fiscal Year, Detailed as per Estimates.	Total Vote for each Fiscal Year for Surveys and Construction.	Total Vote named for British Columbia Fiscal Year as per Estimates for Surveys and Construction.	Total Expended in each Fiscal Year for Surveys and Construction on C. P. R.	Total Expended in British Columbia, as per Audit Office Statements.	Total Actual Expenditure in British Columbia, July 20, 1871, to 31st Dec., 1880.
1881-82	Railway between Prince Arthur's Landing and Red River, including Pembina Branch, as follows:— Fort William to English River..... 45,000 00 English River to Eagle River..... 940,000 00 Eagle River to Kewatin..... 2,000,000 00 Kewatin to Selkirk..... 350,000 00 Pembina Branch..... 22,000 00 C. P. R.—British Columbia..... 5,000,000 00 .. Telegraph Lines and Roadway..... 70,000 00 .. Station and Terminal Accommodation..... 50,000 00 .. Subsidy to C. P. R. Company..... 4,000,000 00 (Chargeable to Income.)—Compensation to the St. Boniface Hospital on account of a large increase in the Number of Patients between the years 1876 and 1880, inclusive, in consequence of the proximity of the C. P. R. works..... 1,786 00	10,787,886 00	\$3,000,000 00			
	Total.....	\$46,097,812 48	\$5,858,000 00	\$16,488,759 82	\$1,562,297 47	\$367,655 40

SUMMARY

1. Total Amount Voted for 1871-2 to 1881-2, inclusive, for Surveys and Construction on Canadian Pacific Railway under all heads..... \$46,097,812 48
2. Total Amount Voted for Surveys and Construction of Canadian Pacific Railway, and each Subsidy to Syndicate for Fiscal Year 1881-2..... 10,787,886 00
3. Total Amount Actually Expended in each Fiscal Year from 1871-2 to 1879-80, inclusive, on Surveys and Construction of Canadian Pacific Railway..... 16,488,759 82
4. Total Votes, (nailed), for Surveys and Construction in British Columbia from July 1, 1871, to July 1, 1880..... 5,858,600 00
5. Total Amount Actually Expended in Construction of Canadian Pacific Railway from July 20, 1871, to Dec. 31, 1880, in British Columbia..... 367,655 40
6. Total Vote for Construction in British Columbia, in Fiscal Year 1881-2..... 3,008,600 00

* Total Expenditure on Onderdonk Contract up to 31st December, 1880, \$367,655.40. *Vide Tupper's Speech, 1881.*

No. 2.—APPROXIMATE STATEMENT

Showing Annual *Interest for each Fiscal Year and Total Interest for nine years, at 4 per cent. per annum, on Capital expended in Surveys and Construction

No. 2.—APPROXIMATE STATEMENT

Showing Annual *Interest for each Fiscal Year and Total Interest for nine years, at 4 per cent. per annum, on Capital expended in Surveys and Construction of Canadian Pacific Railway, from 1st July, 1871, to 1st July, 1880.

* The interest is calculated from the end of each fiscal year.

Fiscal Year.	Total Expenditure in each Blue Book, Public Accounts of Canada, 1880.	Interest, 1st July, 1872.	Interest, 1st July, 1873.	Interest, 1st July, 1874.	Interest, 1st July, 1875.	Interest, 1st July, 1876.	Interest, 1st July, 1877.	Interest, 1st July, 1878.	Interest, 1st July, 1879.	Interest, 1st July, 1879-80.	Total Interest paid on each year's Expenditure.
1870-71	\$ 30,148 32	\$1,205 93	\$ 1,205 93	\$ 1,205 93	\$ 1,205 93	\$ 1,205 93	\$ 1,205 93	\$ 1,205 93	\$ 1,205 93	\$ 1,205 93	\$ 10,833 37
1871-72	480,428 16	19,577 12	19,577 12	19,577 12	19,577 12	19,577 12	19,577 12	19,577 12	19,577 12	19,577 12	136,616 96
1872-73	561,818 44	22,472 73	22,472 73	22,472 73	22,472 73	22,472 73	22,472 73	22,472 73	22,472 73	22,472 73	137,309 11
1873-74	310,224 88	12,408 99	12,408 99	12,408 99	12,408 99	12,408 99	12,408 99	12,408 99	12,408 99	12,408 99	74,433 94
1874-75	1,346,241 67	61,849 66	61,849 66	61,849 66	61,849 66	61,849 66	61,849 66	61,849 66	61,849 66	61,849 66	309,248 30
1875-76	3,346,567 06	133,862 68	133,862 68	133,862 68	133,862 68	133,862 68	133,862 68	133,862 68	133,862 68	133,862 68	535,450 72
1876-77	1,691,149 97	67,645 99	67,645 99	67,645 99	67,645 99	67,645 99	67,645 99	67,645 99	67,645 99	67,645 99	292,937 97
1877-78	2,228,373 13	89,134 92	89,134 92	89,134 92	89,134 92	89,134 92	89,134 92	89,134 92	89,134 92	89,134 92	178,269 84
1878-79	2,240,285 47	89,611 41	89,611 41	89,611 41	89,611 41	89,611 41	89,611 41	89,611 41	89,611 41	89,611 41	178,269 84
1879-80	4,044,522 72	164,888 82	164,888 82	164,888 82	164,888 82	164,888 82	164,888 82	164,888 82	164,888 82	164,888 82	1,414,751 62
Total Exp.	16,488,759 82										1,714,751 62

Total interest paid in each year, commencing 1st July, 1872, and ending 1st July, 1880.

Total interest in each fiscal year, from July 1, 1871, to July 1, 1880.	1st July, 1872.	1st July, 1873.	1st July, 1874.	1st July, 1875.	1st July, 1876.	1st July, 1877.	1st July, 1878.	1st July, 1879.	1st July, 1880.	Total Interest in 9 Years.
\$1,205 93	\$20,783 05	\$43,255 78	\$55,664 77	\$117,514 43	\$251,377 11	\$408,158 02	\$497,769 43	\$1,714,751 62		\$1,714,751 62

- NOTE.—1. Total expenditure for Surveys and Construction on Canadian Pacific Railway in the fiscal years 1870-71 to 1879-80, inclusive, \$16,488,759 82.
 2. Total interest on total expenditure at 4 per cent. per annum, the present rate paid on loans by Dominion Government, \$1,714,751 62.
 3. Total average amount of interest at 4 per cent. in each year, for nine years, July 1, 1871, to July 1, 1880, \$190,327 95.

3,008,600 00
 3. Total Amount Acquired in Construction of Canadian Pacific Railway, from 1st July, 1871, to 1st July, 1880.
 4. Total Amount Acquired in Construction of Canadian Pacific Railway, from 1st July, 1871, to 1st July, 1880.
 5. Total Amount Acquired in Construction of Canadian Pacific Railway, from 1st July, 1871, to 1st July, 1880.
 6. Total Vote for Construction in British Columbia, in Fiscal Year 1881-2.
 * Total Expenditure on Onderdonk Contract up to 31st December, 1880, \$367,665 40. Vide Tupper's Speech, 1881.

No. 3.—STATEMENT,

Showing Total Annual Receipts of Consolidated Revenue Fund of Canada, in each Fiscal Year, from 1871-72 to 1879-80, inclusive, and also Total Receipts in Nine years: the Average Rate per head contributed by Dominion, and also by British Columbia; also, Total Proportionate Annual Liability of British Columbia to Consolidated Revenue Fund, and Total Annual Receipts actually paid by British Columbia into Consolidated Revenue Fund, and the rate per head actually paid in British Columbia; the Excess per head over Proportionate Rate of Dominion, the Total Annual Excess paid, and the Total Excess in Nine years, 1871-72 to 1879-80, inclusive.

Financial Year.	Total Receipts of Consolidated Revenue Fund in each year.	Approximate average rate per head of Dominion, population (estimated), 4,400,000.	Approximate average rate per head, British Columbia population, 500,000, liable for.	Approximate Proportionate Annual Liability of British Columbia to Consolidated Revenue Fund, on 50,000 population.	Total Annual Receipts of Consolidated Revenue Fund in each year, in British Columbia.	Rate per head actually paid by B. C. into Consolidated Revenue Fund in each Fiscal Year.	Approximate Excess per capita paid by B. C. over average rate per head of Dominion.	Approximate Annual Excess over Proportionate Liability, contributed to Consolidated Revenue Fund by B. C. in each Fiscal Year (population, 50,000).
1871-72	\$20,714,813 68	\$4 70½	\$4 70½	\$235,375 00	\$363,298 08	\$7 26½	\$2 55½	\$127,923 08
1872-73	20,813,469 45	4 75½	4 75½	237,625 00	385,330 03	7 70½	2 95½	147,705 03
1873-74	24,205,092 54	5 50	5 50	275,000 00	391,192 62	7 82	2 32	116,192 62
1874-75	24,648,715 04	5 60½	5 60½	280,125 00	464,072 56	9 28	3 67½	183,947 56
1875-76	22,587,587 05	5 02	5 02	251,000 00	555,243 04	11 10½	6 08½	304,243 04
1876-77	22,059,274 11	5 01½	5 01½	250,625 00	468,673 76	9 37	4 35½	218,048 76
1877-78	22,375,011 88	5 08½	5 08½	254,250 00	496,912 94	9 93	4 84½	242,262 94
1878-79	22,517,382 14	5 12	5 12	256,000 00	587,932 44	11 76	6 64	331,932 44
1879-80	23,307,406 69	5 30	5 30	265,000 00	511,490 16	10 23	4 93	246,490 16
Totals, 9 years	203,228,752 58			2,305,000 00	4,223,745 63			1,918,745 63

- NOTE.—1. Total Excess paid by British Columbia to Consolidated Revenue Fund, 20th July, 1871, to 1st July, 1880, inclusive. \$1,918,745 63
2. Total Excess, \$1,918,745 63, in Nine years; equal to an annual average contribution to Consolidated Revenue Fund of. 213,193 96
3. Annual Average Contribution of Nine years to Consolidated Revenue Fund, viz.: \$213,193 96; equal to interest per cent. at 4 per annum on. 5,329,849 00
4. Total Excess, viz.: \$1,918,745 63, over Proportionate Liability, paid by B. C. into Consolidated Revenue Fund, in Nine years, exceeds the Total Interest, viz.: \$1,714,751 62, on the Total Capital Expenditure for Surveys and Construction of Canadian Pacific Railway, from 1871-72 to 1879-80, inclusive, to the amount of. 203,994 01

Showing T
1, 187
year,
that
capita
ture
porti
by B
Expe

Finan
Year

1871-72
1872-73
1873-74
1874-75
1875-76
1876-77
1877-78
1878-79
1879-80

Totals
Year

No

No. 4.—STATEMENT,

Showing Total Expenditure out of Consolidated Fund of Canada in each Fiscal Year from July 1, 1871, to July 1, 1880; the total for Nine Years; the Average rate per head for each year, estimating Dominion population at 4,400,000; and also showing Amount per capita that British Columbia, with 50,000 population, is liable for annually, at the Average per capita rate of the Dominion for expenditure; the rate actually paid per head for Expenditure by British Columbia; the Annual Excess contributed by British Columbia over proportionate rate for Expenditure of the Dominion, and the Aggregate Excess contributed by British Columbia, in Nine Years, over her proportionate contribution to Dominion Expenditure.

Financial Year.	Total Expenditure out of Consolidated Revenue Fund in each year.	Approximate average rate per head of Dominion, estimated (population 4,400,000)	Approximate average rate per head for which British Columbia (population 50,000) is liable.	Approximate rate per head actually paid by British Columbia.	Approximate excess, over average rate of Dominion per head, paid by British Columbia.	Aggregate approximate Excess contributed by British Columbia in each Fiscal Year (population 50,000) to Consol. Rev. Fund.
1871-72.....	\$17,489,468 82	\$4 00	\$4 00	\$7 10½	\$3 10½	\$155,250 00
1872-73.....	19,174,647 92	4 35¾	4 35¾	6 19	1 83¼	91,625 00
1873-74.....	23,316,316 75	5 30	5 30	6 93	1 63	81,500 00
1874-75.....	23,713,071 04	5 34½	5 34½	8 51	3 16½	158,250 00
1875-76.....	24,488,372 11	5 56½	5 56½	10 04	4 47½	223,750 00
1876-77.....	23,519,301 77	5 34½	5 34½	8 50	3 18½	159,250 00
1877-78.....	23,503,158 25	5 34	5 34	9 00½	3 66½	183,250 00
1878-79.....	24,455,381 56	5 55¾	5 55¾	10 93½	5 37¾	268,875 00
1879-80.....	24,850,634 45	5 64¾	5 64¾	9 66½	4 01¾	200,875 00
Totals in Nine Years.....	\$204,610,352 67					\$1,522,625 00

- NOTE.—1. Total Excess, over proportionate liability, contributed by British Columbia to Consolidated Fund for Expenditure from 1st July, 1871, to 1st July, 1880.....\$1,522,625 00
2. Average Annual Excess paid by British Columbia, from 1st July, 1871, to 1st July, 1880..... 169,180 55
3. Average Annual Excess, viz: \$169,180.55, is equal to the interest, at 4 per cent. per annum, on..... 4,229,513 75

No. 5.—STATEMENT,

Showing the Total Taxes* paid by all the Provinces, North-West Territory and Keewatin, into the Consolidated Revenue Fund of Canada in each Year from July 1, 1871, to July 1, 1880, also Total for Nine Years; also showing the rate of Taxes per head in Dominion in each Year; the annual rate per head that British Columbia was liable for at the Dominion Average rate in each year; the Customs and Excise collected in British Columbia in each Year, and the rate per head of Customs and Excise actually collected in British Columbia in each Year, with Totals in Nine Years.

Fiscal Year,	Customs.	Excise.	Stamps.	Total.	Average Dominion Rate per head.	Approximate Population of Canada † 100,000.	Total Amount Taxes † B. C. Population 50,000) liable for annually at Dominion rate per head to Consolidated Revenue Fund.	Customs Collected in British Columbia.	Excise Collected in British Columbia.	Total Customs and Excise Collected in British Columbia.	Rate per head of Customs and Excise actually paid in British Columbia, Population 50,000.
1871-72.....	\$12,787,982 02	\$4,735,051 65	\$191,918 37	\$17,715,552 04	4 00	100	\$200,125 00	\$253,864 60	\$1,457 14	\$855,321 74	\$7 10½
1872-73.....	12,954,164 05	4,160,681 81	291,708 92	17,616,554 78	4 00	100	200,000 00	303,885 29	5,723 93	309,609 22	6 19
1873-74.....	14,325,192 64	5,594,903 84	299,083 69	20,129,185 17	4 57½	4 57½	228,750 00	335,787 29	10,674 84	346,462 13	6 93
1874-75.....	15,351,011 56	5,099,687 21	244,139 19	20,694,838 96	4 69½	4 69½	234,750 00	414,331 85	11,181 01	425,512 86	8 51
1875-76.....	12,823,837 91	5,563,487 12	227,733 95	18,614,415 02	4 23	4 23	200,000 00	487,013 34	14,913 71	501,927 05	10 04
1876-77.....	12,546,987 90	4,941,897 91	299,433 92	17,687,924 82	4 00	4 00	200,000 00	404,895 42	20,294 60	425,160 02	8 50
1877-78.....	12,782,824 35	4,858,671 63	200,442 21	17,841,968 19	4 05½	4 05½	202,750 00	425,391 34	24,635 33	450,326 67	9 00½
1878-79.....	12,900,659 29	5,390,763 17	185,190 89	18,476,613 35	4 20	4 20	210,000 00	514,854 91	31,969 70	546,824 61	10 93½
1879-80.....	14,071,343 13	4,232,427 16	175,806 15	18,479,576 44	4 29	4 29	210,000 00	448,638 79	34,646 10	483,274 89	9 66½
Totals in Nine Years.....	\$120,544,002 97	\$44,848,171 50	\$1,844,461 30	\$167,236,638 77	.....	.....	\$1,897,875 00	\$3,688,652 83	\$155,766 36	\$3,844,419 19	.....

* Taxes include only Customs, Excise, and Stamps. † Stamp Act only extended to B. C. 1879-80, and so but trifling sum collected under that head.

No. 6.—Consolidated Revenue Fund of Canada, per capita, &c. Average per head in Dominion in each Year.

Ontario.....

Quebec.....

Nova Scotia.....

New Brunswick.....

Prince Edward Island.....

Manitoba.....

British Columbia.....

* Customs and Excise actually collected in British Columbia in each Year.

No. 7.—Total for Nine Years.

1871-72.....

1872-73.....

1873-74.....

1874-75.....

1875-76.....

1876-77.....

1877-78.....

1878-79.....

1879-80.....

To

STATEMENTS Nos. 6 AND 7.

No. 6.—CONSOLIDATED REVENUE AND EXPENDITURE OF DOMINION.—Total Consolidated Revenue, 1879-80, \$23,307,406.69. Total Population, 4,400,000; Average Revenue, *per capita*, \$5.30. Total Expenditure, 1879-80, \$24,850,634.45; Total Population, 4,400,000; Average Expenditure, *per capita*, \$5.65.

Province.	Estimated Population.	Approximate Average Revenue per Capita.	Proportionate share of Consolidated Revenue required of each Province as per Population.	Approximate Average Expenditure per Capita.	Proportionate share of Expenditure required of each Province, as based on Population.
Ontario	2,000,000	\$5 30	\$10,600,000	\$5 65	\$11,300,000
Quebec	1,500,000	5 30	7,950,000	5 65	8,475,000
Nova Scotia	400,000	5 30	2,120,000	5 65	2,260,000
New Brunswick	300,000	5 30	1,590,000	5 65	1,695,000
Prince Edward Island ..	100,000	5 30	530,000	5 65	565,000
Manitoba	50,000	5 30	265,000	5 65	282,500
British Columbia	50,000	5 30	265,000	5 65	282,500
Totals	4,400,000		\$23,320,000		\$24,850,000

* Customs return (1880) of Manitoba estimates population at 30,000.

No. 7.—STATEMENT of Receipts and Expenditure of Consolidated Fund of Canada, from 1871-72 to 1879-80, inclusive, showing Annual Surplus and Deficit.

Fiscal Year.	Receipts.	Expenditure.	Surplus.	Deficit.
1871-72	\$20,714,813 68	\$17,589,468 82	\$3,125,344 86	.....
1872-73	20,813,469 45	19,174,647 92	1,638,821 53	.....
1873-74	24,205,092 54	23,316,316 75	888,775 79	.....
1874-75	24,648,715 04	23,713,071 04	935,644 00	.....
1875-76	22,587,587 05	24,488,372 11	.....	\$1,900,785 06
1876-77	22,059,274 11	23,519,301 77	.....	1,460,027 66
1877-78	22,375,011 88	23,503,158 25	.....	1,128,146 37
1878-79	22,517,382 14	24,455,381 56	.....	1,937,999 42
1879-80	23,307,406 69	24,850,634 45	.....	1,543,227 76
Totals in Nine Years.	\$203,228,752 58	\$204,610,352 67	6,588,586 18	\$7,970,186 27

No. 8.—STATEMENT,

Showing Total Amount of Dominion Notes in circulation at the end of each fiscal year, 1870-71 to 1879-80, inclusive; the Increase of Issue in each year, the Decrease of Issue in each year, the Total Annual Issue, and, also, the Total Increase, Decrease, and Issue from July 1, 1871, to July 1, 1880; also Total Net Issue from July 1, 1871, to July 1, 1880.

Fiscal year.	Total Dominion Notes in circulation at end of each fiscal year.	Increase, Dominion Note Issue, end of each fiscal year.	Decrease, Dominion Note Issue, end of each fiscal year, compared with preceding year.	Annual Issue, Dominion Notes, in each fiscal year.	Net Total Increase of Dominion Note Issue in Nine years, July 1, 1871, to July 1, 1880.
1870-71	\$ 7,367,340 74				
1871-72	10,510,541 21	\$3,143,200 47		\$684,654 23	
1872-73	11,284,131 69	773,590 48		773,590 48	
1873-74	12,175,578 62	892,446 93		891,446 93	
1874-75	10,778,873 00		\$1,396,705 62		
1875-76	11,533,891 48	755,018 48		755,018 48	
1876-77	10,680,492 88		\$53,398 60		
1877-78	10,460,734 81		219,758 07		
1878-79	10,789,710 04	328,975 23		328,975 23	
1879-80	13,565,159 46	2,775,449 42		2,775,449 42	\$6,197,818 72
Totals,		\$8,667,681 01	\$2,469,862 29	\$6,200,134 77	\$6,197,818 72

NOTE.—Difference between Total Annual Issue and Total Net Increase, \$11,316 05.

Showing An
Provin
respons

No.
of
Ser-
vices

1 Govern
2 Audit

3 Custo
4 Post-
5 Conv

6 Supr
7 Pens

8 Stip
9 Co

9 Exp
10 Sub

11 Vol
12 Gov

13 Li
14 Ex

15 R
16 P

were n
staten
Retur

No. 9.—APPROXIMATE STATEMENT,

Showing Annual Charges for Services in British Columbia, compiled from the Estimates of that Province for 1871, before Confederation with Canada, which Charges Canada became responsible for under the Terms of Union, from and after July 20, 1871.

No. of Services	Services.	Explanatory Remarks.	Approximate amount to be paid by B. C. for 1871 before Union.	Approximate amount B. C. would have paid from July 20, 1871, to July 1, 1880, if she had not united with Canada.
1	Governor.....	Under B. C. Statutes.....	\$10,400	\$174,600
2	Auditor-General.....	The Auditor of B. C. is now connected with the Provincial Treasury. Union made it necessary for Canada to have such a Local Officer in Assistant Receiver-General's Department.....	4,377	39,393
3	Customs.....	Salaries \$13,820, Contingencies \$3,152	16,972	152,748
4	Post-offices.....	Victoria and New Westminster.....	3,200	28,800
5	Conveyance Mails.....	This included Land, River, Coast, and Ocean Service. Total paid in 1869 \$33,239.....	36,549	328,941
6	Supreme Court Judges.....	Under Provincial Statutes, &c.....	10,679	96,030
7	Pensions.....	Judge Cameron, \$2,425, died about date of Union.....	—	—
8	Stipendiary Magistrates acting as County Ct. Judges.....	For Victoria, Nanaimo, Lilloet, Cariboo, Yale.....	13,900	125,100
9	Expenses connected with Indian Tribes.....	Expended in gifts on Queen's Birthday, usually at New Westminster.....	500	4,500
10	Subsidy to Western Union Telegraph.....	Temporary, preparatory to Union with Canada. Terminable, if desired at month's notice.....	4,500	40,500
11	Volunteers (Militia).....	Under Provincial Act.....	500	4,500
12	Government Vessels.....	Steamer, Sir James Douglas, \$12,350 Dredger Keeper.....450	12,800	—
13	Lighthouses, 2.....	Steamer, Sir James Douglas, carried Mails, Passengers and Freight from Victoria to Comox, Lowed Vessels, and served Light-houses. Income from Passengers, Freight and Mail Service paid all her Expenses.....	9,370	84,330
14	Excise.....	Collected by Constables, under directions of Stipendiary Magistrates. No extra special charge.....	900	8,100
15	Repairs, Buoys.....	Class of Convicts sentenced, 2 years or upwards, say \$4,000.....	4,000	36,000
16	Penitentiary.....	Total Charges for Services for 1871 and 1871 to July, 1881	8 \$137,638	\$1,238,742

MEMORANDUM.

1. In a Return submitted to Canadian Government at the time the Terms of Union were negotiated in 1870, and afterward to Parliament, when the terms were adopted, is a statement of the amount for which Canada would be liable for Services after Union. (See Return sent by Message to Parliament by Lord Elgar, Ottawa, February 27, 1871.)

The Total Amount as given was \$301,725.00
Deduct Interest and Sinking Fund on B. C. Debt, viz..... 153,637.50

And the Balance is nearly the same as the Total Amount in Statement
No. 9..... \$148,089.50

No. 10.—APPROXIMATE STATEMENT,

Showing certain Charges for Services in British Columbia from July 20, 1871, to July 1, 1880, for which Canada became responsible under the Terms of Union with that Province, exclusive of Expenditure for Surveys and Construction of Canadian Pacific Railway, compiled from Statements made for Mr. De Cassios, in the Auditor General's Office, Ottawa.

No. of Services	Services.	From July 20, 1871, to July 1, 1880.	Explanatory Remarks.	Approximate Amounts Paid July 20, 1871, by Canada, to July 1, 80	Average Amts. of annual fin. to July 1, 80
1	Government	9 years	Reduction, on Salary paid by B. C. in 1871, of \$10,400 a year (see Clause A, Section 5, Terms of Union) See Clause B, Sec. 5, Terms of Union (see also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	\$81,000 00	\$9,000 00
2	Justices	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	37,597 52	37,597 52
3	Legislation	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	81,494 85	9,578 31+
4	Pensions	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	206,098 57	22,233 17+
5	Marine Hospitals	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	40,543 51	4,503 72+
6	Public Works and Buildings	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	24,625 07	2,153 89+
7	Public Works and Buildings	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	50,368 02	5,589 78
8	Legation and Coast Service	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	316,120 85	35,124 53
9	Ocean and River Service	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	174,238 49	19,948 61
10	Subsidies to Province	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	613,016 11	68,112 90+
11	Indians	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	1,225,570 85	213,263 42+
12	Miscellaneous	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	271,849 23	29,205 47+
13	Excise	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	33,254 70	3,697 18+
14	Post-office holding Land	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	192,120 23	21,345 12+
15	Mail Service	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	41,683 25	4,631 52+
16	Telegraph	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	630,689 24	69,965 36
17	Steamboat Inspection	5 years	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	327,156 45	56,350 71+
18	Fisheries	4 years	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	5,430 53	1,086 10+
19	July Post Messengers	2 years	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	6,144 65	1,036 16+
20	Wharves	9 years	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	800 57	445 14
21	Assistant Receiver General's Department	"	For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union) For sale-keeping of Convicts or convicts—See Clause 1, Section 5, Terms of Union. (See also Clause 1, Section 5, Terms of Union)	9,087 94	1,069 77+
22			Approximate total for charges for Services and Subsidy in and British Columbia, under Terms of Union	68,177 63	7,555 29+
			Approximate total for charges for Services and Subsidy in and British Columbia, under Terms of Union	\$3,318,824 66	\$94,094 86

Respecting over 1. C. P. Ra 2. in British 3. order to in no po obligatio 4. 10, are c bia, viz. mate D occur the be Domin not be State of the pay o other

MEMORANDUM,

Respecting Statement No. 10, and Canada's Reference to Excess of Expenditure in B. C., over Receipts in Order in Council on Petition to the Queen.

1. Total approximate expenditure, by Canada, exclusive of C. P. Railway in British Columbia, July 20, 1871, to July 1, 1880. \$5,338,894

2. Total Revenue (approximate) derived by Canada from and in British Columbia, from July 20, 1871, to July 1, 1880. 4,223,745
(See Statement No. 3, Column 6, p. 141, of Printed Papers.)

Balance in Excess of Receipts \$1,115,149

3. The Total Expenditure by Canada in British Columbia was made in order to fulfil her Treaty obligations, under Terms of Union; and, hence, can in no possible way be set up as an offset to non-fulfilment of her Railway obligation, under the 11th Section of Terms of Union.

4. The following items, excluding subsidies, &c., in Statement No. 10, are consequent on extension of Dominion Government to British Columbia, viz.:

(1.)	Legislation.	\$200,098
(2.)	Pensions.	40,533
(3.)	Marine Hospital.	22,625
(4.)	Militia.	50,308
(5.)	Public Works—Penitentiary.	150,000
	Custom House and Post-office, Victoria, and Lighthouses (valuable to-day)	75,000
(6.)	Ocean service, excess over former subsidy to San Francisco, &c., say.	360,000
(7.)	Post-office, including Land Mail Service, Excess of Expenditure over 1871, say.	500,000
(8.)	Indians—Excess, say	200,000
(9.)	Excise—Excess, say	40,000
(10.)	Telegraph—Excess, say.	275,000
(11.)	Superannuation—Excess, say.	9,000
(12.)	Assistant-Receiver General's Department, say.	68,000

Unnecessary to give more particulars.

Approximate Total Excess of Expenditure of Canada in B. C., incident to Union with B. C. \$1,990,564

5. Had British Columbia not united with Canada, the above Approximate Excess over ordinary Expenditure for the Province would never have occurred.

6. The entire Expenditure in the Statement above, came chiefly under the head of Controllable Expenditure, and it was within the discretion of the Dominion Parliament to increase or reduce it. Hence, British Columbia cannot be held responsible for the respective amounts expended.

7. In any case, and from any point of view, the Total Expenditure in Statement No. 10, cannot be urged as an offset to non-fulfilment by Canada of the railway obligation of the Terms of Union.

If such were urged, it would be equivalent to setting up a new way to pay off debts, viz., that the payment of one or more debts liquidated all others due to the same person.

No. 11.—STATEMENT,

Showing Annual and Total Interest on Deficits between Receipts and Expenditure in B. C. from July 20, 1871, to July 1, 1880, referred to in Section 10 of Order in Council of Canada, on Petition to the Queen.

Fiscal Year.	Annual Deficits.	Interest due at end of 1872-3, at 4 per cent. on deficits.	Ditto, 1873-4.	Ditto, 1874-5.	Ditto, 1875-6.	Ditto, 1876-7.	Ditto, 1877-8.	Ditto, 1878-9.	Ditto, 1879-80.	Total Interest for 8 years.
1871-2.....	\$125,231 00	\$5,000 24	\$ 5,009 24	\$ 5,009 24	\$ 5,009 24	\$ 5,009 24	\$ 5,009 24	\$ 5,009 24	\$ 5,009 24	\$ 5,009 24
1872-3.....	255,833 00	10,233 32	10,233 32	10,233 32	10,233 32	10,233 32	10,233 32	10,233 32	10,233 32	10,233 32
1873-4.....	330,292 00	13,208 08	13,208 08	13,208 08	13,208 08	13,208 08	13,208 08	13,208 08	13,208 08	13,208 08
1874-5.....	285,295 00	11,149 80	11,149 80	11,439 80	11,439 80	11,439 80	11,439 80	11,439 80	11,439 80	11,439 80
1875-6.....	205,130 00	.....	.....	8,205 20	8,205 20	8,205 20	8,205 20	8,205 20	8,205 20	8,205 20
1876-7.....	224,750 00	.....	.....	8,990 40	8,990 40	8,990 40	8,990 40	8,990 40	8,990 40	8,990 40
1877-8.....	174,929 00	.....	.....	.....	.....	.....	6,997 16	6,997 16	6,997 16	6,997 16
1878-9.....	103,200 00	.....	.....	.....	.....	.....	.....	.....	4,128 00	4,128 00
1879-80.....	117,771 00	.....	.....	.....	.....	.....	.....	.....	.....	.....
		\$5,009 24	\$15,424 56	\$28,450 64	\$39,890 44	\$48,095 64	\$57,085 04	\$64,083 20	\$68,211 20	\$326,067

G. W. HERBERT, ESQ. TO HON. A. DE COSMOS.

DOWNING STREET, 25th AUGUST, 1881.

SIR: I am directed by the Earl of Kimberley to acquaint you that his Lordship has had before him your letters of the dates noted in the margin* together with the memorandum and other papers which you have transmitted to him upon the subject of the Petition to the Queen from the Members of the Legislative Assembly of British Columbia, dated the 25th of March last, in which the Petitioners urge that her Majesty will be graciously pleased to cause the Dominion Government to be moved to carry out their Railway obligations to the Province, by providing for the immediate commencement and active prosecution of Railway work on the section of the Canadian-Pacific Railway, lying between Esquimalt and Nanaimo, and by constructing the portion of line between Port Moody and Yale: that the Province be permitted to regulate and collect its own tariff of Customs and Excise until through communication by railway be established through British Territory with the Eastern Provinces: and that in any event, compensation be awarded by the Dominion to the Province for the losses inflicted upon the latter by reason of the breaches of Agreements and delays referred to in the Petition.

His Lordship duly received this Petition through the Governor-General of Canada, and with it a Report of a Committee of the Privy Council of the Dominion, a copy of which has already been communicated to you.

Lord Kimberley has given his most careful consideration to these papers, and has had several interviews upon the questions to which they relate both with yourself and with Sir J. A. Macdonald, and I am now to communicate to you a copy of a Despatch which his Lordship has addressed to the Governor-General stating the conclusions which he has formed upon the subject.

I am, Sir,

Your obedient servant,

(Signed.) ROBERT G. W. HERBERT.

A. DE COSMOS, ESQ.
* 31st May, 1881. 15th June, 1881. 25th June, 1881. 28th July, 1881. 4th August, 1881. 8th August, 1881.

[Copy CANADA, No. 247.]

THE EARL OF KIMBERLEY TO THE MARQUIS OF LORNE.

DOWNING STREET, AUGUST 25, 1881.

MY LORD: I duly received your despatch, No. 52, of the 19th May, enclosing a Petition to the Queen from the Legislative Assembly of British Columbia, praying that Her Majesty will be graciously pleased to cause the Dominion Government to be moved to carry out their Railway obligations to the province, by providing for the immediate commencement and active prosecution of Railway work on the section of the Canadian Pacific Railway, lying between Esquimalt and Nanaimo, and by constructing the portion of line between Port Moody and Yale; that the Province be permitted to regulate and collect its own Tariff of Customs, and excise until through communication by railway be established through British Territory with the Eastern Provinces; and that in any event compensation be awarded by the Dominion to the Province for the losses inflicted upon the latter by reason of the breaches of agreements and delays herein referred to.

2. I have given my most careful consideration to this Petition and to the Report of the Dominion Privy Council which accompanied it, as well as to various letters upon the subject which I have received from Mr. A. De Cosmos, who was, as you are aware, deputed by the Government and Legislative Assembly of the Province, to visit this country in order to support the prayer of the Petition.

3. I have also had the advantage of several interviews with Sir J. A. Macdonald and with Mr. De Cosmos, and I will now proceed to communicate to you the conclusions which I have formed on the subject.

4. It is not necessary to recapitulate here at any length the history of this question, British Columbia entered the Dominion in 1871, on the condition (*inter alia*) that a Railway connecting the seaboard of British Columbia with Railway system of Canada, should be commenced within two years and completed within ten years from that date. It soon, however, became apparent that a punctual compliance with this condition would be impossible, and, in 1874, feeling dissatisfied with the measures contemplated by the late Administration of the

Dominion, the Legislative Assembly of British Columbia invited the Earl of Carnarvon to declare the terms which, in his opinion, should be agreed to as a settlement of the points in dispute.

Lord Carnarvon proposed the following terms:

1. That the Railway from Esquimalt to Nanaimo should be commenced as soon as possible, and completed with all practicable dispatch.
2. That the surveys on the mainland should be pushed on with the utmost vigor.
3. That the wagon road and telegraph lines should be immediately constructed.
4. That \$2,000,000 a year, and not \$1,500,000, should be the minimum expenditure on railway works within the Province from the date at which the surveys are sufficiently completed to enable that amount to be expended on construction. The annual expenditure to be as much in excess of the minimum of \$2,000,000, as in any year might be found practicable.
5. That on or before the 31st December, 1890, the Railway should be completed and open for traffic from the Pacific seaboard to a point at the western end of Lake Superior, at which it would fall into connection with existing lines of railway through a portion of the United States, and also with the navigation on Canadian waters.

The extension of the line from the west of Lake Superior, passing by the country north of that lake, to the existing Canadian Railway system, was to be considered as postponed rather than abandoned.

These terms were accepted by Canada in a Minute of the Privy Council, dated the 18th September, 1874, in which the Government, in thanking Lord Carnarvon for his good offices, assured his Lordship that every effort would be made to secure the realization of what was expected.

Thus the matter was apparently satisfactorily arranged; but in April, 1875, the whole question was again reopened by the rejection in the Senate on a vote of 23 to 21 of the Bill introduced by the Canadian Government for the construction of the Esquimalt and Nanaimo Railway.

In consequence of the loss of this measure, it became necessary for the Canadian Government to consider some other method of meeting the expectations of the people of British Columbia, and they finally proposed the sum of \$750,000 as a compensation in place of the Island Railway.

The proposal of the Canadian Government, as might have been expected, caused great discontent in British Columbia, and gave occasion to certain minutes of the Executive Council of the Province, and to a Petition to the Queen from the Legislative Assembly, complaining of the non-fulfillment by Canada of the "Carnarvon terms," and praying that the Canadian Government might be immediately moved to carry out the terms of that settlement.

10. The reply to these representations was deferred, pending the visit of the Earl of Dufferin to British Columbia. Early in 1877, after visiting the Province, Lord Dufferin reported that the money equivalent in lieu of the Island Railway, was the principal point still remaining, and that by the Spring of 1878, his Government might expect, through completion of the surveys, to know its exact position. But in 1878 Mr. Mackenzie's administration was succeeded by that of which Sir John A. Macdonald is now premier, and a further delay occurred while the Railway policy of the present Dominion Government was being matured.

11. An important Act has now been passed under which provision has been made for the construction of the Canadian Pacific Railway with all practicable speed, and the prospect of the early extension of Railway communication to British Columbia is far better than at any previous time.

12. Reverting then to the three points which have been on the present occasion more particularly brought under notice, I have the honor to acquaint you that Sir J. Macdonald, whom of course I have consulted fully and repeatedly, has informed me as follows:

(1.) That it is the intention of the Dominion Government to complete without delay those portions of the Pacific Railway, including the line to Port Moody, which the Dominion Government has engaged to construct and hand over to the Syndicate, and that directions were some time ago given for the final location survey of the line to Port Moody; and that this survey is now in progress and will, it is understood, be finished in time to be submitted with the estimate of cost to the Canadian Parliament at its next session.

(2.) A proposal has been made to the Syndicate to construct at once a light line of railway from Nanaimo to Esquimalt, which they shall engage to hereafter improve so as to make it equal in all respects to the mainland Pacific line, and Mr. Stephen has informed Sir John A. Macdonald that the Syndicate is disposed to view this proposal favorably. If the Syndicate should, however, not undertake to make this light line, Mr. Stephen has been informed that the Dominion Government cannot, in Sir John Macdonald's opinion, resist an application that may be made by the Government of British Columbia to the Parliament of Canada for the restoration of the lands now reserved on the Island for the Esquimalt and Nanaimo Railway.

(3.) Sir John A. Macdonald intimated that if the question of the Nanaimo Railway is finally disposed of, the Dominion Government will be ready to confer with that of British Columbia on the subject of the alleged breach by Canada of the Terms of Union in the non-completion of the Pacific Railway within ten years from 1881, and to submit the result of the negotiation to the Dominion Parliament for its favorable consideration.

13. Having regard, then, to the statements and representations which have been made to me on the part of the Dominion Government, and of the Province respectively, I am of opinion that:

- (1.) The construction of a light line of Railway from Nanaimo to Esquimalt.
- (2.) The extension without delay of the line to Port Moody, and
- (3.) The grant of reasonable compensation in money for the failure to complete the work within the term of ten years, as specified in the Conditions of Union, would offer a fair basis for a settlement of the whole question.

14. The request of the Legislative Assembly of British Columbia, that the Province be permitted to regulate and collect its own tariff of Customs and Excise until "through communication by Railway be established through British Territory with the Eastern Provinces" is, in my opinion, inadmissible, inasmuch as such an arrangement would be in contravention of the provisions of the British North America Act of 1867, relating to Customs Duties, and moreover, could not be carried into effect without Imperial Legislation which would conflict with the Legislation of the Dominion Parliament.

15. I cannot doubt that the Dominion Government and Parliament will desire, now that arrangements have been finally concluded for constructing the Pacific line, and the work is actually in progress, to bring to a close the differences with the Province by an equitable adjustment of its claims, and on the other hand I trust that the Province, considering the enormous magnitude of the enterprise which the Dominion has undertaken, will accept such a settlement as, looking to all the circumstances, is fairly in conformity with the spirit of the original agreement.

16. I request that you will communicate to the Legislative Assembly of British Columbia a copy of this despatch, and that you will inform them that their Petition has been laid before the Queen, who was pleased to receive it very graciously. I have, etc.

(Signed) KIMBERLY.

THE MARQUIS OF LORNE.

ROBERT G. W. HERBERT ESQ.

Under Secretary of State, Colonial Office.

LONDON, AUGUST 27, 1881.

SIR: I have the honor to acknowledge the receipt of your letter of the 25th instant, enclosing to me a copy of a despatch of the same date from Lord Kimberley to the Marquis of Lorne, in which he states his opinion as to what he considers would be a "fair basis for a settlement of the whole question" involved in the recent Petition of the Legislative Assembly of British Columbia to the Queen.

I shall be glad, if you will convey to his Lordship my thanks, on behalf of the Province, for his very careful and favorable consideration of the Petition, and that I sincerely trust that his conclusions upon the subject will be acted upon by the Dominion Government and Parliament without undue delay, and thus effectually and forever set at rest the long standing dispute between the Province and Canada respecting the Canadian Pacific Railway.

I have the honor to be, sir,

Your most obedient servant,

A. DE COSMOS.

