AGREEMENT

—FOR THE—

CONSTRUCTION OF THE CANADIAN NORTHERN RAILWAY.

———o———

THIS AGREEMENT made the first day of March, A.D. 1902, between His Majesty the King, in right of the Province of British Columbia, represented by the Honourable James Dunsmuir, Premier and President of the Executive Council, and the Honourable Wilmer Cleveland Wells, Chief Commissioner of Lands and Works for the said Province, hereinafter called the Government, of the first part, and the Edmonton, Yukon & Pacific Railway Company, hereinafter called the Company, of the second part:

Whereas the Company are authorised to construct the line of railway hereinafter mentioned, which it is intended shall connect with the system of the Canadian Northern Railway from Lake Superior:

And whereas the Company have proposed to the Government that, upon the terms and conditions hereinafter mentioned, they will, with all reasonable expedition, commence the construction of a line of railway from the sea-board of British Columbia, from a point at or near Bute Inlet, to the eastern boundary of the Province of British Columbia at or near Yellowhead Pass, to join with the said railway system of the Canadian Northern Railway from Lake Superior:

And whereas the Government is willing to aid the Company, by the cash subsidy and the grant of land hereinafter mentioned, to build a standard gauge railway between the said points on the terms and conditions, and subject to the provisions hereinafter in this Agreement set forth:

Now, therefore, this Agreement Witnesseth as follows:—

1. The Company covenant with the Government that, upon the terms and conditions hereinafter expressed, they will lay out, construct, equip, fully complete and maintain, or cause to be laid out, constructed, equipped, fully completed and maintained, a line of railway, with all proper terminal facilities, from a point at or near Bute Inlet to the eastern boundary of British Columbia in the vicinity of Yellowhead Pass, which said railway, when fully completed as aforesaid, shall be a standard-gauge railway, and up to the general standard of the Canadian Pacific Railway, as originally constructed, and which said railway shall be the property of the Company.

2. The Company shall commence work on the construction of the railway within the time hereinafter fixed therefor at a point at or near Bute Inlet, and will duly and diligently prosecute the work of building the line easterly until the whole line is completed.

3. The Company shall, before the commencement of the said work, give security for the due performance of the work herein provided for in the sum of one hundred thousand dollars, not as a penalty, but as liquidated and ascertained damages due to His Majesty, in right of the Province of British Columbia, in case of default, conditioned that the railway shall be completed from a point at or near Bute Inlet to the eastern boundary of British Columbia within the time hereinafter fixed therefor; and upon completion of the railway the said security shall be returned to the Company or their nominees, and in the event of the security before mentioned being deposited by the Company in cash, the Government will allow to the Company, for such time as the money security shall remain in the hands of the Government,

interest at the rate of three per centum per annum: Provided, however, that if the said security is not given on or before the first of September, nineteen hundred and three, the Lieutenant-Governor in Council may, by Order in Council, cancel this Agreement.

4. To aid the Company in the construction of such railway, the Government will grant and pay to the Company for each mile of said railway the following sums, namely:—

(*a.*) For the first fifty miles of railway, commencing at or near Bute Inlet, the sum of forty-eight hundred dollars ($4,800) per mile:

(*b.*) From the end of the said first fifty miles to the point nearest to Quesnel, the sum of four thousand dollars ($4,000) per mile:

(*c.*) From said point nearest Quesnel to the eastern boundary of British Columbia, at or near Yellowhead Pass, the sum of four thousand five hundred dollars ($4,500) per mile.

5. The said money grant shall be payable to the Company when and from time to time as each twenty miles of said railway (or, in the case of the last section, the fraction of twenty miles, if such it be, have been built of the standard, and in accordance with the terms of this agreement, and a certificate therefor has been given by the Engineer of the Government: Provided, however, that the Company in lieu of cash shall take and receive fifty year debentures or inscribed stock (not redeemable before fifty years) of the Province of British Columbia, bearing interest at the rate of three per centum per annum, half-yearly, at the market price of similar debentures or stock in London, England, at the time of delivery, if the Government determine to grant the aid in that way instead of cash, and in the event of the bonus being paid in stock or debentures as aforesaid, the Government shall hand over, and the Company shall receive, the difference between such market price and par in fifty year debentures or inscribed stock of the Province, bearing interest at the rate of three per centum per annum, half-yearly, and at said market price.

6. It is agreed that the Government, in addition to the foregoing grant, will grant in fee simple to the Company in the manner and at the times hereinafter mentioned, lands to the extent of twenty thousand acres for each mile of standard gauge railway as aforesaid constructed.

7. Upon the Company filing with the Chief Commissioner of Lands and Works, maps or plans indicating the proposed general route and direction of the said railway and of the proposed extension to Frederic Arm, hereinafter referred to, there shall be reserved by the Government from sale, occupation or settlement, for the purposes of said land grant, a tract of land twenty miles wide on each side of the proposed route, as shown on said map or plan. For the purposes of the said land grant the said railway is divided into three sections, as follows:—

Section One: Embraces the first fifty miles from the point at or near Bute Inlet.

Section Two: Embraces the part from the easterly end of Section One to the point nearest to Quesnel.

Section Three: Embraces the part from the easterly end of Section Two to the eastern boundary of the Province at or near Yellowhead Pass.

As each section is completed the Government will, as the Company may from time to time request, issue to the Company Crown grants in fee simple, with the reservations as herein provided for coal, pretroleum, lumber and minerals, for the land grant applicable thereto. The lands to be so granted are to be selected by the Company out of the Crown lands in the said reserve.

Provided, however, that the Company shall not be bound to select lands out of that portion of the reserve which lies to the west of a line drawn due north and south (astronomically), and passing through the easterly limit of Section One.

Provided, also, that if after the completion of said three Sections it is found that the acreage (calculated as below mentioned) of the Crown lands in the reserve on each side of such Sections and the acreage (calculated as aforesaid) of any Crown lands selected by the Company out of that portion of said reserve west of said north and south line, are not sufficient to satisfy the said land grant, the Government shall grant to the Company areas of Crown lands sufficient

to make up the deficiency, to be selected by the Company in blocks of not less than ten miles square, out of Crown lands in the Districts of the Province through which the said reserve runs, and in the vicinity of or contiguous to said reserve.

Provided always that there shall be excepted from all grants made under this Agreement any lands which before the said reserve is made by the Government have been alienated or held by pre-emption or as mineral claims; and in calculating the acreage of said reserve and of lands granted for the purposes of said land grant, there shall be excluded the acreage of lakes and of any parcels in the occupation of persons whose occupancy the Company and the Government are willing should not be disturbed, and also the acreage of the lands in the next succeeding paragraph hereof mentioned, and any deficiency in acreage arising from such exclusion shall be made up as above mentioned.

Provided, however, that the reserve on the lands mentioned in this Agreement shall not continue beyond the first of September, nineteen hundred and three (1903), unless in the meantime the Company commence and continue diligently the construction of the railway according to the terms of this Agreement.

8. The Government shall grant to the Company rights of way not exceeding two hundred feet in width along the line of railway, and such Crown lands as may be necessary for terminal purposes, sidings, stations, sheds, wharves, warehouses, embankments, cuts, bridges, culverts, drains and other works and approaches thereto. The Crown lands mentioned in this section shall be limited to such quantity as the Lieutenant-Governor in Council shall consider reasonable and necessary for the purposes of the Company, and the acreage thereof shall be excluded in calculating the acreage of said land grant.

9. All lands to be granted to the Company under this agreement shall not be subject to, and shall be exempt from, all Provincial and Municipal taxation, but any lands alienated by lease, sale, agreement for sale, or otherwise by the Company shall be subject to such taxation. Provided, further, that the mortgaging or charging of lands to secure bonds, debentures, debenture stock or other securities of the Company shall not be deemed alienation within the meaning of this paragraph.

10. The Company's railways and branches and extensions in British Columbia, and equipment and stations and station grounds, workshops, buildings, yards, rolling stock, appurtenances and other property required or used for the construction, equipment and working thereof, and all personal property owned or possessed by the Company and the capital stock and revenues of the Company shall be free from Provincial and Municipal taxation until the lapse of ten years from the completion of the railway hereby contracted to be built, and in lieu of all Provincial taxation, after the said ten years, the Company shall pay to the Government each year two per cent. of the gross earnings of the said railway and branches and extensions, and the same shall be a first charge on the said gross earnings, after the payment of the maintenance and working expenses of the railway, and the Government shall have the same rights and remedies for collection as for the collection of taxes in the ordinary manner.

Should any question arise between the Government and the Company as to the amount of the gross earnings the Government shall have access at reasonable times to the books of the Company to verify the correctness of all statements of gross earnings submitted by it.

The Government may, however, at any time after the payment of said two per cent. on gross earnings comes into operation, cancel the same and bring the said railway under the operation of the law of the Province governing the taxation of railways, and in which case the Company will be relieved for the future of the payment of said two per cent. on gross earnings and the said road will be subject to taxation.

11. Nothing in this agreement, and no grant to be made hereunder, shall be construed to interfere with free miners entering upon and searching for minerals and acquiring claims in accordance with the mining laws of the Province, as they stand at the date of this agreement, and they shall also have the right to acquire the surface of mineral claims from the Company except where such claims are within the right of way of the line of railway or any branches or extensions, or in the immediate vicinity of stations or of townsites; in such cases the price to be determined shall be arrived at by arbitration under the provisions of the Arbitration Act; in other cases the price shall not exceed five dollars per acre, and the Company agree to dispose of the same to mineral claim-owners lawfully acquiring claims within the

lands granted hereunder in accordance with the provisions of the mineral laws of the Province as they stand at the date of this agreement; provided always that the Company shall not be obliged to dispose of any lands required or used in connection with the operation of the railway or any branches or extensions thereof.

12. All lands granted to the Company under this agreement shall be subject to all the royalties upon coal, petroleum and pine timber or Douglas fir, fit for merchantable lumber, according to the land laws of the Province as they stand at the date of this agreement, but save as in this and the last preceding clause named the said lands and the woods and the timber thereon shall not be subject or made subject to any licence, royalty, fee, charge, condition or rent: Provided, always, that any of said pine timber or Douglas fir required for the construction or maintenance of the Company's railway and branches and extensions shall be exempt from royalties.

13. The Company agree that they will, after the completion of the first one hundred miles of line, enter into an Agreement satisfactory to the Lieutenant-Governor in Council that they will maintain and operate a suitable steam ferry of the requirements necessary for the transportation of cars, passengers and freight between the terminus of their railway on the seashore of the mainland of British Columbia and the most feasible point on Vancouver Island, to run in connection with a railway to the City of Victoria, it being the true intent and meaning of this Agreement that the Company will within the time for the completion of the railway contracted to be built under this agreement operate or cause to be operated a line of transportation from the eastern boundary of British Columbia, at or near Yellowhead Pass, to a point on the sea-board at or near Bute Inlet, thence by ferry to Vancouver Island, to run in connection with a line of railway which will have its terminus at the City of Victoria on Vancouver Island.

14. If and so soon, and from time to time, as the Company extend their line to Frederic Arm or any intervening points, the Government will grant to the Company in fee simple in aid of such extension Crown lands to the extent of twenty thousand acres for each mile of standard gauge railway of such extension and a cash subsidy of four thousand eight hundred dollars per mile for each and every mile of such extension when the same has been built of the standard above mentioned and a certificate therefor has been given by the engineer of the Government.

Provided, however, that in lieu of cash the Government may give the Company Provincial debentures or inscribed stock as is above provided for with reference to the cash subsidy for the railway contracted to be built under this agreement. The lands to be granted in aid of said extension shall be selected by the Company in blocks of not less than ten miles square out of Crown lands in the reserve before mentioned until the lands in said reserve are exhausted, then out of Crown lands in the Districts of the Province through which the reserve above provided for runs and contiguous to or in the vicinity of said reserve, and upon the Company filing with the Chief Commissioner of Lands and Works maps or plans indicating the lands so selected there shall be reserved by the Government from sale, occupation or settlement for the purposes of the land grant for said extension the lands so indicated, and the same shall be afterwards granted to the Company when said extension has been completed.

The provisions above made with respect to calculating acreage and making up deficiencies with reference to the land grant for the said three sections of railway shall apply to the land grant for said extension.

15. The said line of railway, from a point at or near Bute Inlet to the said eastern boundary of the Province, shall be commenced and completed by the Company within the time following, viz.: Within three months after the Parliament and Government of Canada have granted to the Company aid, satisfactory to the Company, for the construction of said railway. The construction thereof shall be commenced and the railway shall be completed within six years thereafter: Provided, that on account of strikes, delays in procuring men, materials or supplies, or other causes beyond the Company's reasonable control, or for any other reason, the Government may grant to the Company such extensions of time for completion of said railway as to them may appear reasonable.

The Company contract for and this Agreement shall be binding on their successors and assigns.

The Government shall be entitled to retain the cash subsidy on each section when the same becomes due until the Company produce satisfactory evidence that the wages of all workmen employed on the said section have been paid. The Company agree that, out of any lands in their possession, they will grant without charge, when requested, such as may be necessary for the erection thereon of churches, and schools of all religious denominations, and all hospitals and Government buildings. Should any dispute arise as to the location thereof, the same shall be decided by the Lieutenant-Governor in Council.

16. The Government will join with the Company and petition the Government of the Dominion of Canada to grant aid for the construction of the said railway, and render and grant any and all assistance in their power to such end.

17. Th Government agree that they will, during the present Session of the British Columbia Legislature, submit to said Legislature a Bill to confirm this Agreement and authorise the carrying out thereof.

In Witness whereof the parties hereto have duly executed this Agreement.

In the presence of—

(Signed) William McNeill.

(Signed) T. A. Lash.

(Signed) JAMES DUNSMUIR,
Premier.

(Signed) W. C. WELLS,
Chief Commissioner of Lands and Works.

(Seal.) THE EDMONTON, YUKON AND PACIFIC RAILWAY Co.

per (Signed) Wm. MacKenzie.

(Signed) W. H. Moore, *Secretary.*

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