Enclosure 1, in No. 6.

Indian Department, Toronto, 22 December 1857. Encl. 1, in No. 6. AN ESTIMATE of the Expenses of the Indian Department in Canada, from the 1st April 1858, to the 31st March 1859.

Items of Expenditure.	Amount.	· Remarks.
Salaries Pensions to retired officers and to widows Ditto to wounded Indians Provisions and gunpowder for the use of Indians who live by the chase; also for blankets for aged and deserving Indians Total £.	£. s. d. 2,255 450 10 - 52 10 - 630 3,388	288 l. added for D. C. Napier's retired allowance.

Amounting to Three thousand three hundred and eighty-eight pounds sterling.

Approved, Edmund Head. Certified, S. Y. Chesley, Accountant.

By Command, R. T. Pennefather, Superintendent General.

Enclosure 2, in No. 6.

Indian Department, Toronto, C. W., 28 December 1857.

Encl. 2, in No. 6.

May it please your Excellency,

In laying before your Excellency the statement of the condition of Indian affairs during the past year, I have the honour to report that it has been upon the whole satisfactory.

I regret, however, that illness on my part by interfering with some of my projected visits to the tribes will prevent me from speaking of many matters from personal observation. I have too abstained from entering into any questions relating to the future management of the Indians, and the topics connected therewith, as these will be more properly discussed at length n the Commissioner's report which is in course of preparation, and which we hope shortly to lay before your Excellency.

Accidental causes, such as the destruction of their crops by fire, added to their own improvidence, occasioned much distress during last winter among several of the bands. The Six Nations in particular suffered from these evils. Nothing but the timely relief granted by your Excellency saved both them and the Saugeen Indians from absolute starvation.

This distress must be considered only as partial and temporary, and not affecting the

condition of the tribes considered collectively.

In pursuance of the policy approved of by your Excellency, I have endeavoured to obtain surrenders from the different bands, of all the land that they could be induced to cede. I am happy to say that I have been to a certain extent successful in these attempts. A valuable tract of land in the Saugeen Peninsula has been already surveyed and sold for the benefit of the tribes surrendering. While that large block of land in the valley of the Thames, known as the Moravian Reserve, has also been obtained from the miserable remnant of the Delawares, in whose hands it lay so long neglected and waste. The importance of this treaty can hardly be over-estimated.

Independent of the intrinsic value of the soil, and the timber which still remains upon it, the condition of the tract situated in the middle of the most fertile parts of Canada West, was a great inconvenience to the neighbouring settlers, who might wish to pass through the township, or into the adjoining counties; so long as the land was kept as an Indian reserve,

they were obliged to travel many miles out of their way.

This tract has also been surveyed, and will be brought into market upon the first favourable

opportunity.

In this case, as well as in the recently obtained surrender in the Saugeen Peninsula, the plan has been adopted of locating the Indians upon small farms, varying in size from 25 to 37½ acres. Each family will receive for these farms a sort of inalienable title or perpetual license of occupation. The object of this provision in the treaty is to prevent internal bickerings and misunderstandings among the members of the tribe. So long as they have no settled interest in their respective lots, or have undefined limits to their patches of cleared land, such dissensions are very likely to arise.

In the case of the Saugeen surrender a further experiment has been tried. On the western side of the bay opposite to Sydenham, a town plot was laid off. To make the