

With reference to the last statement, from information on the file it would appear that the tax collectable against one Chinese tenant, whose holding is five acres, amounted to \$54.75 in 1939. As the rental rate per acre is \$35.00 there is still a very substantial difference between the amount of the rent and the amount of the taxes unless the tax rate has gone up very substantially since that year.

As to the first statement, from the viewpoint of this administration, if true, the result of a general exodus of Chinese tenants would be extremely serious to the Indians. First they would lose annual revenue which now approximates \$4,000.00, and second the Department would lose the security for the repayment of monies which we have just arranged to advance from the revolving fund, the repayment of which is based on annual deductions from the rent roll.

This whole matter should receive your personal and immediate attention. If the work of installing the water services on Musqueam Indian Reserve has not already started it should not be permitted to start until the whole situation has been clarified. Even if it has started we might possibly consider it advisable to stop the work. We cannot see where the money is to come from to repay the loan if the Chinese tenants move off.

On the other hand if the City of Vancouver intends to collect substantial taxes from the tenants on the Indian property then it would appear that the installation of the water services should be undertaken by the city.

Will you please discuss this whole situation with the administrative officers of the City of Vancouver and obtain from them if possible a statement as to the future taxes to be levied against the tenants? You might also ascertain their reaction to the suggestion that the city should extend its water services to the reserve and accept responsibility for police and fire protection, and other services to which as part of the corporation the Indian reserve and its occupants would normally be entitled.

You.....