

objections raised by Canada, the matter is now placed in the hands of competent Arbitrators in England, who will shortly make a final Report to Her Majesty's Secretary of State. One Arbitrator was selected by the Executive of each Province, and the third is a Gentleman whose judicial decisions on great questions of International Law must command respect throughout the world, as Judge of the Admiralty Court of England.

" The correspondence relating to this matter will be laid before you.

" The question regarding the present mode of granting Supplies will no doubt occupy your attention. So long as the existing system continues, the Government cannot be held responsible for the first condition of all efficient action, that is to say—the correspondence of expenditure with income. It is peculiarly for your consideration, whether such a change should not be made as may cause this responsibility to fall in a manner more strictly in accordance with the usage of the Imperial Parliament.

" Such a change would involve the creation of local bodies of some kind, organized in such a manner as to give, mainly at least, to persons elected by the people themselves the distribution and control of Funds applicable to local purposes. The indirect results of such corporate action are quite as valuable as their immediate and direct consequences.

" It seems probable that some alterations might be advantageously made in the procedure of the Courts of Law and Equity, which would render Justice easier of access and less expensive to the suitor. At the same time, the caution required in dealing with a subject which affects as this does, the rights of the people at large, makes it expedient that all such changes should be most carefully weighed. A proposition will be submitted to you for referring this most important matter to a Commission, who may consider the details and report fully thereon.

" The Acts for enabling the price of Lands purchased for actual settlement, and the money due on Crown Bonds, to be discharged by labour, are working well, and are leading to increased settlement of the Country and increased security on the part of occupiers.

" The Mineral discoveries in the Province seem to hold out prospects of a greater outlay of Capital in this branch of industry. It would be satisfactory to me if any measure could be devised which will place beyond a doubt the extent of the Mineral rights of the Crown, with reference to the interests of owners of the soil, so far especially as relates to all future Grants and Leases.

*" Mr. Speaker, and Gentlemen of the House of Assembly,*

" I shall direct the Accounts of Revenue and Expenditure to be laid before you at an early day.

" You will be pleased to see that the state of our Finances continues to improve. All demands upon the Treasury have been promptly met. The seventh Instalment of the Loan negotiated in 1844, (now reduced to one half of the original amount borrowed) was paid the day on which it was due, and the remaining seven Annual Instalments are provided for without trenching upon the General Revenues of the Province, by the imposition of one per cent. on Imports, which expires simultaneously with the Loan Act.

" You may possibly see reason to doubt how far a Tariff of Duties on Imports professedly fluctuating from year to year is calculated to afford fixed conditions for the exertions of our own industry, or is likely to impart confidence to our Merchants and their correspondents.

" I trust that in all respects you will find the Public Moneys have not been expended except in conformity with the wishes of the Representatives of the People.

*" Mr. President, and Honorable Gentlemen of the Legislative Council,*

*" Mr. Speaker, and Gentlemen of the House of Assembly,*

" I am desirous of calling your attention to a Communication from Her Majesty's Secretary of State for the Colonies of a most important character, which will be placed in your hands.