

spot would probably involve considerable expense, thought it most advisable on the whole to effect a compromise on the point with the Hudson's Bay Company.

They therefore proposed that the expense of the Fort Rupert Coal Mine should be divided equally between the Crown and the company, and the company having acceded to that proposition a vote of £25,000 will be proposed to Parliament during the present session in part repayment of the amount due to the company.

The vote has been limited to the above sum because the account of expenditure for Public Works, etc., has, as I have stated, been furnished only to 31st December, 1859, and until that account is completed the exact amount to which the company will be entitled cannot be ascertained.

The company have apprized me of their readiness to receive the amount proposed to be voted, and to convey to you the necessary authority to make grants of land, not however, including any of the lands belonging to, or which have been registered as belonging to the company, whether in their own possession or in that of third parties. As the title of the company to these lands is now under investigation this reservation is reasonable and must be acquiesced in. In regard to other lands in Vancouver's Island you will, on receiving the above authority from the company, take the necessary steps for throwing them open for settlement.

The measures for making the payment of £25,000 are so far advanced that I have every reason to hope that you will receive the intended authority by the present mail or by the next one at the latest.

I shall have no objection to the adoption of the price of 4s. 2d. per acre, which has been recommended by the Legislature with your concurrence. Upon other questions connected with the manner of disposing of the Crown Lands I shall address you by the next opportunity.

I have, etc.,

(Signed) NEWCASTLE.

GOVERNOR DOUGLAS, C.B.
&c., &c., &c.

No. 6.
EXECUTIVE.

VICTORIA, V. I., 10th January, 1861.

My Lord Duke,

With reference to your Grace's despatch of the 28th June, 1860, No. 26, upon the subject of the resumption of Vancouver's Island by Her Majesty's Government, and of the temporary arrangement made for the disposal of land not heretofore dealt with by the company, I have the honor to acquaint your Grace that I received by the same mail with your despatch the undertaking to which you allude from the Governor of the company to confirm all sales of such land that I might make.

2. There is, however, one serious drawback to this arrangement, for by it all the deeds must be forwarded to the company, in England, to be perfected by the attachment of the corporate seal of the company, the use of which it is stated cannot be delegated. I am not aware whether your Grace contemplated this process, but it is one that will be productive of much embarrassment. Under the old system, when land was paid for by instalments, the practice was found inconvenient, but under existing circumstances, when land may be sold by auction and paid for at once, the delay and uncertainty attending the issue of the title may, I fear, have the effect of depreciating its value.

3. As an instance of the delay consequent upon sending the deeds to England, I would mention that in February, 1859, certain title deeds were forwarded for execution, and that up to the present time they have not been returned; constant enquiries have been made at the land office for them, and their non-arrival, combined with a rumor which has circulated that the company do not intend to confirm the appropriation made of land for the public park and church reserves, has created a feeling of distrust embarrassing to this Government.