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*Prince Edward Island.*

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That Canada shall be liable for the debts and liabilities of Prince Edward Island, at the time of the Union ;

That in consideration of the large expenditure authorized by the Parliament of Canada, for the construction of railways and canals, and in view of the possibility of a re-adjustment of the financial arrangements between Canada and the several Provinces now embraced in the Dominion, as well as the isolated and exceptional condition of Prince Edward Island, that Colony shall, on entering the Union, be entitled to incur a debt equal to fifty dollars per head of its population, as shown by the Census Returns of 1871, that is to say : four millions seven hundred and one thousand and fifty dollars ;

That Prince Edward Island, not having incurred debts equal to the sum mentioned in the next preceding Resolution, shall be entitled to receive, by half-yearly payments, in advance, from the General Government, interest at the rate of five per cent. per annum on the difference, from time to time, between the actual amount of its indebtedness and the amount of indebtedness authorized as aforesaid, viz. : four millions seven hundred and one thousand and fifty dollars ;

That Prince Edward Island shall be liable to Canada for the amount (if any) by which its public debt and liabilities at the date of the Union, may exceed four millions seven hundred and one thousand and fifty dollars, and shall be chargeable with interest at the rate of five per cent. per annum on such excess ;

That as the Government of Prince Edward Island holds no lands from the Crown, and consequently, enjoys no revenue from that source for the construction and maintenance of local works, the Dominion Government shall pay, by half-yearly instalments, in advance, to the Government of Prince Edward Island, forty-five thousand dollars per annum, less interest at five per cent. per annum, upon any sum not exceeding eight hundred thousand dollars which the Dominion Government may advance to the Prince Edward Island Government for the purchase of lands now held by large proprietors ;

That in consideration of the transfer to the Parliament of Canada of the powers of taxation, the following sums shall be paid yearly by Canada to Prince Edward Island for the support of its Government and Legislature—that is to say : thirty thousand dollars, and an annual grant equal to eighty cents per head of its population as shown by the Census returns of 1871, viz., 94,021, both by half-yearly payments in advance,—such grant of eighty cents per head to be augmented in proportion to the increase of population of the Island, as may be shown by each subsequent decennial Census, until the population amounts to four hundred thousand, at which rate such grants shall thereafter remain, it being understood that the next Census shall be taken in the year 1881 ;

That the Dominion Government shall assume and defray all the charges for the following services, viz. :—

The salary of the Lieutenant Governor ;

The salaries of the Judges of the Superior Court and of the District or County