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Consideration would be given to the proposed extension along Marine Drive but, the city would probably decide on a six (6") inch main instead of a two (2") inch in order to provide for future requirements.

If the city undertook the construction under item three (3) the costs to our Department of the proposed system would be reduced by, approximately, \$800.00.

Referring to the attached letter dated October 19th from the city Treasurer it will be observed that the installation by the city of the main along Marine Drive would be contingent on the Department of Indian Affairs accepting responsibility for seeing that taxes and water rates are paid promptly by the tenants. The requirement with respect to the payment of water rates is one that could, no doubt, be met without much difficulty, but acceptance by the Department of responsibility in the matter of payment of taxes by lessees is another thing, and I fail to see what we could do in this respect without the consent of the Indian owners to deduct the taxes from their rentals. We could see to it, of course, in any new leases that payment of taxes annually in advance would be a condition under which the lease would be issued, but the most we could do in respect to taxes involving leases now in existence would be to encourage the lessee to pay his taxes or make the necessary deductions from the rentals on the written consent of the lessor.

Referring to the third paragraph of your letter of June 6th I would advise that insofar as I have been able to ascertain, the Chinese tenants have no intention whatever of giving up their leases. The statement that the taxes are almost as large as the rentals is not in accordance with the facts, the average taxation per acre being \$7.28 as against an average rental of, approximately, \$30.00 per acre.

It would not be helpful to interview the Chinese tenants as a group as suggested, such action on our part would only provide them with a first class opportunity to demand a reduction in the rentals whether there would be any justification for it or not. In my opinion the Chinese tenants should not be approached in this matter until there is definite evidence that dissatisfaction with the present terms exists and, as already stated, there is no indication of this at the present time.