

By the first agreement with Her Majesty's Government the whole of the Crown and half of the Clergy Reserves were to have been sold to the Canada Company, consisting, the former of 1,384,413 acres, the latter of 829,430 "

2,213,843 at 3s. 6d. per acre.

The Company were to be allowed sixteen years from the 1st July, 1826, for the fulfilment of their contract with the Government.

The Purchase Money was to have been paid by Instalments as follows:

For the year ending July, 1827,.....	£20,000
Do. do. 1828,.....	15,000
Do. do. 1829,.....	15,000
Do. do. 1830,.....	15,000
Do. do. 1831,.....	16,000
Do. do. 1832,.....	17,000
Do. do. 1833,.....	18,000
Do. do. 1834,.....	19,000
Do. do. 1835,.....	20,000

and in each of the seven succeeding years the like sum of £20,000.

Clause 11. of the arrangements between the Company and Her Majesty's Government sets forth that the contract is to terminate on the 1st July, 1842; when the Company must take up the remaining lands, or abandon them.

In consequence of the difficulty which arose afterwards, relative to the disposal of the Clergy Reserves, they were withdrawn by the Government, and in lieu of them, and for the same amount of consideration money, Her Majesty's Government substituted to the Canada Company the Huron Tract of about one million of acres, per clause No. 1. of arrangements, dated "Downing Street, 26th May, 1826."

In clause 7. of the same agreement, it is stated that all the provisions contained in the various agreements for the security and benefit of the public, shall be applied to, and affect the lands substituted for the Clergy Reserves.

Contemplating the sale of the Clergy Reserves to the Canada Company, Clause 24. sets forth that the Canada Company should each quarter of a year take possession of the Lands granted to them on the principle of one lot of the Clergy Reserves, for every two lots upon which they might enter of the Crown Reserves so long as a sufficient quantity of each description remained untouched.

Subject to those conditions, it is stated in clause 25. that the Company have the right of deciding which of the Lands included in the proposed Grants to them, shall be occupied by them, their agents, Grantees, or Lessees at any particular time, and that Her Majesty's Government will not controul the power of the Company to select such districts or townships, as to them may at any particular period appear best adapted for effecting settlements.

From the foregoing premises my deduction is that the Lands in the Huron Tract and Crown Reserves, until patented to the Canada Company, are the property of the Crown, with a reservation in favor of the Company that they shall have preemption of purchase on certain defined principles or conditions, which conditions being fulfilled on their part, Her Majesty is bound to give a Title in free and common socage for the same to the Canada Company.

That the Canada Company are unrestricted as to which description of Lands they shall take up annually a certain minimum being fixed, but above that minimum, they are only limited in quantity by the extent of their contract and the amount at their credit with the Receiver General.

So soon as those Lands are patented they become private property, and as such, of course liable to taxation, and under such circumstances the Canada Company have paid taxes to a considerable amount, but until they are patented they are Crown property, and if the Legislature now impose a tax upon them, it will of course have to be paid out of the Colonial Revenue.

That the clauses imposing upon the Huron Tract all the obligations intended to have been applied to the Clergy Reserves, sets at rest the argument used by some, that altho' the House of Assembly have no power to tax the Reserves—the Huron Tract being a more positive purchase, and now the property of the Canada Company that they have over it.

The Huron Tract is not more private property than the scattered Crown Reserves and the right of taxation or injustice towards the Company would apply equally to each description.

From the foregoing, I infer that the imposition of any such tax as that contemplated by this Bill, would be a manifest breach of the contract entered into between the imperial Government and the Canada Company, and consequently if the Bill should become Law, the tax so imposed would have to be paid out of the instalments which are half yearly paid to Her Majesty's Government by the Canada Company.