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Ottawa, Ontario,
June 4, 1942.

Memorandum to: The Director.

You will note from the file hereunder that the Department of Justice has ruled that in fixing the boundaries of the City of Vancouver to include the Musqueam Indian Reserve by B.C. Statute, 1928, Cap. 17, the province was acting within its constitutional powers and there is nothing we can do about it.

The result would appear to be that the Musqueam Indian Reserve lies wholly within the corporate boundaries of the City of Vancouver and that the city (see report on the judgment of Judge Ellis) has the right to tax the interest of the occupants of the land, that is the Chinese tenants. Accepting this to be the case we are advised that after this year the Chinese tenants will not lease land on the reserve as they cannot afford to pay both taxes and rent. You will note that the agent reports: "The taxes have become almost as large as the rents we receive". This is probably an exaggeration as the press reports that the 1939 tax on the property of a Chinese tenant amounted only to approximately \$7.00 an acre while our rents average \$35.00 an acre.

However, if this statement as to the loss of our tenants is true the Indians stand to lose approximately \$4,000 annually in rentals, which is a substantial part of the living of twenty or more Indian families. Further, if the plan for the extension of the water services to Musqueam to be paid for from ^{band funds} ~~band funds~~ is proceeded with we lose with the Chinese tenants the source from which the funds advanced were to be repaid as the repayment was to have been made by a deduction of 15% or 20% from the annual rent roll.

It may therefore be that instructions should at once be issued to Mr. Wardle's office and to Major MacKay

to.....

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