

of such difference in five per cent Government Bonds, payable in London, as the Island government may elect, taking the population of the Island in 1861 as the basis of the calculation.

4th. The Dominion Government to pay \$25,000 per annum to the Island to meet the expenses of the Local Government and Legislature.

5th. An annual payment to be made to the Island Government, equal to 80 cents per head of the population; to be augmented in proportion to the increase of the population, as may be shown by each decennial census, until the population amounts to 400,000, at which rate such grant shall thereafter remain, it being understood that the first census shall be taken in the year 1871.

They submit that much discontent has for many years existed amongst the inhabitants of the Island, arising from the fact that the lands of the colony had been granted by the Imperial Government, in large blocks, and chiefly to persons resident abroad, thus leaving the Government of the Island no lands, the proceeds of the sale of which could, as in the other British colonies, be appropriated towards local improvements and the maintenance of the Government.

That this discontent has been increased from the fact that many of the settlers in the Island can only obtain land on lease, instead of by purchase, as in the other British North American colonies.

That up to the present time the Island Government have failed to secure a consideration in lieu of the lands thus granted by the Crown, notwithstanding the efforts that have been by the Government and Legislature of the Island to remove the obstruction to the settlement of the colony, arising from this cause. There still remains about one-third of the Island owned by absentee proprietors, a very considerable portion of which is unoccupied, and in the condition of a wilderness.

That in the event of the Island becoming part of the Union, the Government of the Dominion will endeavour to secure for the Island, from the Imperial Government, fair compensation for the loss of Crown Lands. Should the Dominion Government fail in their efforts to secure such compensation, they will undertake to raise by loan, guaranteed by the Imperial Government, or upon their own securities, should such guarantee be refused, eight hundred thousand dollars (\$800,000), and pay the same to the Island Government as a compensation for the loss of such Crown lands.

This sum to be in addition to the other sums mentioned in the preceding proposals.

That the Dominion Government will also use their influence to secure such legislation as will enable the Government of the Island to purchase the land now held in large blocks, upon terms just and equitable to all parties concerned.

The Committee concur in the said memorandum, and submit the same for your Excellency's sanction.

Certified.

W. H. LEE,
Clerk, P. C.

(Copy.)

The Administrator of the Government of P. E. Island to the Governor General.

PRINCE EDWARD ISLAND.

GOVERNMENT HOUSE, 7th February, 1870.

SIR,—I have the honor to transmit to you, Copies of Resolutions adopted by the Executive Council of this Colony, on the question of Confederation with the Dominion Government, in answer to the terms offered by it, and forwarded by me to your Excellency.

2. You will perceive by these Resolutions that the Local Government, on their part, disapprove of the terms of Confederation offered by the Dominion Government. The Resolutions alluded to, consist of two series, the first adopted upon the 7th ultimo,