

that the Hudson's Bay Company will be prepared to sell land to persons desiring to settle in Vancouver's Island on reasonable terms, and that the whole price received for the land so disposed of by them, together with any receipts on account of coals or other minerals, should, after making a fair deduction for profit to the Company on the capital invested in this undertaking, be applied in the colonization and improvement of Vancouver's Island. Lord Grey would suggest, that a deduction of 10 per cent. from the gross receipts for land and minerals might be regarded as affording a fair remuneration to the Company for their capital invested in this undertaking, and for the risk with which it will be attended, and that the remainder should be expended either in sending out emigrants or in providing for the cost of roads and buildings, and other necessary charges for the settlement of the island. As the whole of these charges, and every other expense connected with the occupation of the island, is to be provided for by the Company, according to the original understanding that no pecuniary demand of any kind was to be made upon Her Majesty's Government, it is obvious that the Company could not expect, under any circumstances, to realize as profit a larger proportion of the proceeds of the land sales than I have mentioned, and that therefore the introduction of an express stipulation to the above effect into the grant would be attended with no real sacrifice of their interest. It would, on the contrary, rather tend to promote it, since the success of the present undertaking must greatly depend upon the ability of the Hudson's Bay Company to inspire such confidence in the advantages they hold out to settlers as to induce a considerable number of persons well qualified for such an undertaking to choose Vancouver's Island as the place of their settlement.

I have, &c.

Sir John Pelly, Bart.
&c. &c. &c.

(signed) B. Hawes.

— No. 3. —

COPY of a LETTER from Sir John Pelly, Bart., to Earl Grey.

My Lord,

Hudson's Bay House, 9 September 1848.

I HAVE to acknowledge the receipt of Mr. Secretary Hawes's letter of the 4th instant, stating that it is your Lordship's opinion that there should be introduced into the grant a formal condition that the Hudson's Bay Company will be prepared to sell land to persons desiring to settle on Vancouver's Island on reasonable terms, and that the whole price received for the land so disposed of by them, together with any receipts on account of coals or other minerals, should, after making a fair deduction for profit to the Company, be applied in the colonization of Vancouver's Island, and that your Lordship would suggest (as you did when I had the honour of an interview with your Lordship a few days ago) that a deduction of 10 per cent. from the gross amount received for land and minerals might be regarded as affording a fair remuneration to the Company; and further, that a stipulation to that effect should be inserted in the grant.

At the interview to which I have already alluded, your Lordship did not, as I understand you, consider that an express stipulation to the above effect in the grant would be necessary, but that a written acknowledgment of the understanding would be deemed sufficient. At the same time I beg to assure your Lordship, that I have no objection to the introduction of the condition into the grant. I request, however, that you will send me a draft of the condition for my consideration and approval.

I have the honour to acquaint your Lordship, that on Wednesday last I laid before a General Court the correspondence on the grant, printed by Order of the House of Commons, and mentioned the additional condition, and that the Court unanimously adopted the following resolution: "That upon the formal execution of the grant, a copy of which has now been read to the Court, the Governor and Committee be authorized to accept the same, and to make sub-grants on such terms and conditions as they think fit." I therefore only now wait till I receive the grant to commence operations.

I have, &c.

The Right honourable the Earl Grey,
&c. &c. &c.

(signed) J. H. Pelly.