

3. *Newfoundland* not having incurred debts equal to those of the other Provinces now constituting the Dominion, shall be entitled to receive, by half-yearly payments, in advance from the General Government, interest at the rate of 5 per cent. per annum on the difference between the actual amount of its indebtedness and the indebtedness per head of the population of *Nova Scotia* and *New Brunswick*; the population of *Newfoundland* being estimated at 130,000.

4. In consideration of the transfer to the General Parliament of the powers of taxation, the following sums shall be paid yearly by *Canada* to *Newfoundland*, for the support of its Government and Legislature, to wit:—\$35,000, and an annual grant equal to 80 cents per head of the aforesaid population, both half-yearly in advance. Such grant of 80 cents per head to be augmented in proportion to the increase of population, as may be shown by each subsequent 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.

5. In consideration of the transfer to the General Government by *Newfoundland* of the now ungranted and unoccupied lands, mines, and minerals of the Colony, it is agreed that the sum of \$150,000 shall each year be paid to *Newfoundland* by semi-annual payments, in advance; and that Colony shall retain the right of opening, constructing, and controlling roads and bridges through any of the said lands, and that the privilege heretofore enjoyed by the inhabitants of *Newfoundland* of cutting (free of charge) wood on the ungranted lands of the Crown, shall continue to be exercised by them in like manner, but the aforesaid reservations shall be subject to such regulations as may, from time to time, be passed by the Lieutenant-Governor of *Newfoundland*, in Council, and which regulations shall be subject to the approval of the Governor General in Council.

Such surrender shall also be subject to the reservations and provisos contained in the 7th and 8th Sections of the Act of the Legislature of *Newfoundland*, 7 Vic., cap. 1, but these shall in like manner be at all times subject to approval as aforesaid.

6. It shall be optional, however, for *Newfoundland*, before entering the Union, to reserve to itself all the lands and rights conveyed to the General Government by the last preceding clause, and in that case *Canada* shall be relieved of the payment of the aforesaid sum of \$150,000 per annum.

7. The encouragement, benefits, and protection accorded by the Dominion to fisheries in other parts thereof shall be extended to the fisheries of *Newfoundland*, and unless Parliament shall make other provision, the provisions of the Act of the Legislature of *Newfoundland*, 31 Vic. cap. 1, sec. 3, shall remain in force.

8. In addition to the present local water rates and assessments in the Town of *St. John*, the water dues now payable by vessels entering that harbour, as well as the present duty on coal entering the said harbor, shall be available to *Newfoundland*, and be applied in reduction of the interest for which *Newfoundland* is now responsible in respect of its liability toward the General Water Company. Such duties on coal, and water dues shall be subject to adjustment from time to time by the Legislature of *Newfoundland*. On an address of such Legislature to that effect, the Dominion Government will issue Bonds bearing interest at 5 per cent per annum, maturing not less than 15 years from the dates thereof, to be delivered to the Government of *Newfoundland* for the purpose of funding the aforesaid liability to the said General Water Company. On a like address, the Dominion Government will also issue Bonds to fund the liability contracted in respect of the *Harbour Grace* Water Company, all such sums being charged to *Newfoundland* as part of its debt.

9. The Dominion will provide an efficient Mail Service between the present Dominion *Newfoundland* and the United Kingdom, by steamers adapted and giving adequate facilities for the conveyance of passengers and cargo.

The obligations of *Newfoundland* with respect to the present Mail Service between *Newfoundland* and *Halifax* will be undertaken by the Government of the Dominion, and on the expiry of existing arrangements, other provision will be made for maintaining the services in a manner equally advantageous to *Newfoundland*.

Efficient coast steam service, including *Labrador*, in connection with the Post Office, will be established and maintained by the Government of the Dominion.

10. *Canada* will assume and defray the charges for the following services: