

I have stated to their Lordships, in reply, that from the concluding paragraph of the Report of the Superintendent General, it is evident that the two large sums inserted by the Deputy Commissary General, as Parliamentary grants for the year ending the 31st March 1858, for Canada East and Canada West, in fact, represents the amount left undrawn up to that date, upon former estimates for several years past. But I have to inform you that no such amounts saved in a long course of former years can, consistently with established rules, be used in subsequent years. You will so acquaint the Superintendent General and the Deputy Commissary General, who will, I presume, be also instructed to the same effect from the Treasury.

I am glad to perceive that no practical inconvenience will ensue; for the accounts prepared in the mistaken form show so large a balance, that even when the erroneous credits are struck off, the actual grant of 3,541 *l.* for the year ending the 31st of March 1858, would appear to be more than sufficient to cover the actual expenditure.

The more important question, however, is, whether any reduction can be made in the amount of the Estimate for this year. In the absence of the Report promised from the Commissioners appointed to investigate the affairs of the Indian Department, I have acquainted the Lords Commissioners of the Treasury, that I fear that it is not possible to make any further diminution in the present Estimate; and I have pointed out that the amount proposed to be taken for miscellaneous charges is less by 370 *l.* than last year.

But as the discontinuance of this grant has so long been announced, and as some effectual steps must be taken to execute the decision, I have to apprise you that, subject to any further light which may be derived from the Commissioners' Report, if it arrive in time, the grant for salaries will be reduced next year by one-half, and cease in the following year; leaving it to you, with the advice of the proper officers on the spot, to provide for the department out of the large estates which it administers. Moreover, the last item of 330 *l.* in his present Estimate will be left out of the vote submitted to Parliament next year, and the grant of 300 *l.* for blankets must cease either then or in the following year, as both objects ought to be provided for out of the proceeds of Indian estates.

The pensions, however, stand on a different footing from all other items of the Estimate, and as there is always an implied pledge that grants of that kind are made for life, they will continue to be provided for by application to Parliament, unless it should appear that they can be charged with full security on the revenues of the Indian estates in Canada.

I have, &c.  
(signed) *Stanley.*

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Enclosure in No. 7.

Sir,

Treasury Chambers, 8 February 1858.

WITH reference to your letter of the 30th ult., forwarding copy of an Estimate proposed for this year by the Governor General of Canada for the Indian Department, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Mr. Secretary Labouchere, that my Lords would suggest the reconsideration of this Estimate, as soon as he shall have received the expected report from the Commissioners appointed to investigate the affairs of the Indian Department.

They trust that some further reduction will be made in the Estimate now transmitted, before it becomes necessary to submit the same to the House of Commons; and they entirely concur in the opinion expressed by Mr. Labouchere, that the demands on Parliament for this purpose cannot much longer be maintained.

Their Lordships observe among the papers enclosed in your letter, a statement signed by Deputy Commissary General Clarke, in which the Parliamentary grant for the year ending the 31st March 1858, is stated at 13,380 *l.*, whereas the sum voted by Parliament was, as Mr. Labouchere is aware, 3,541 *l.* only; and their Lordships request to be furnished with any information that can be afforded by your department as to this statement, upon which there is an assumed balance to the credit of the Indian Department of 12,277 *l.* 18 *s.* 10 *d.*

H. Merivale, Esq.  
&c. &c. &c.

I am, &c.  
(signed) *C. E. Trevelyan.*