

municipalities, in proportion to the amount of their said contributions to the railway; provided that this allowance shall not entitle any municipality to an allowance in respect of any railway which may receive aid from the Legislature during the present Session, or to any railway which, if commenced after the passing of the said Railway Aid Act, would not be entitled to aid under the provisions of that Act.

6. That it is expedient to give to municipalities in default, and not benefitted by 22 Vic. c. 15, credit as of 1st January, 1873, as against their debts, for the share which would from time to time have been payable to them respectively, of the Clergy Reserve Fund, if they had not been in default to the said Municipal Loan Fund.

7. That it is expedient to allot to all municipalities not benefitted by the Statute, 22 Vic. Cap. 15, the sum of two dollars per head of the population, according to the census of 1871; which allotment shall be in addition to the railway allowances aforesaid where these are applicable; and that the allotment and railway allowances aforesaid shall be applied as follows:—

1. The amount going to a county, city, or separated town indebted to the Municipal Loan Fund, shall be applied first to pay the debt to the said Fund.

2. Where a balance remains of the allotment to a county, the share according to population of any local municipality therein which is indebted to the said Municipal Loan Fund shall be applied towards the payment of such debt.

3. The remaining sum going to a county (or in case the county was not indebted to the Municipal Loan Fund the whole sum going to the county), in respect of the said allotment and railway allowance, shall be divided among the local municipalities therein (or the other local municipalities therein, as the case may be), according to population, and shall be applied in aid of railways, of drainage of the building or improvement of the court-house or gaol, of the building or improvement of an hospital, of providing for the use of the municipality an industrial farm, a house of industry or of refuge, or in building or improving schools, public halls, bridges, harbours, piers, or gravel roads, or shall be applied in making other permanent improvements affecting the municipalities, or shall be applied in or towards the reduction or payment of municipal obligations already contracted for permanent works; and proper provision should be made for the due application of the money to the objects specified.

4. The amount going to any city or local municipality after the payment of debts shall be applied to any of the said objects which may be determined by the council of the city or local municipality at any time after the first day of February next.

5. Where a portion of a county, or union of counties, indebted to the Municipal Loan Fund, has been separated from the indebted county or union, and has assumed part of the debt of the county or union, the allotment in respect of the railway allowance shall be divided in like manner.

8. That a like sum of \$2 per head be allotted to those districts which have not yet been organized into municipalities, and shall be applied to permanent improvement affecting the localities, and approved of by the Legislature.

9. That, in view of the past history of the Municipal Loan Fund, it is essential that the new debentures to be obtained from municipalities indebted to the said fund shall not exceed an amount which shall constitute such debentures good and reliable investments to all holders; that by the Municipal Act of 1866 it was enacted that no Municipal Council shall assess or levy in any one year more than an aggregate rate of two cents in the dollar (exclusive of school rates) on the value of the ratable property in the municipality; that it is expedient, in making a final arrangement of the Municipal Loan Fund debts, to act upon the policy involved in this enactment, and to provide that in case a rate of two cents in the dollar would be insufficient to pay five per cent annually on the debt, or reduced debt, to the said Fund, after allowing for the ordinary and necessary expenses of the municipality (other than schools), the amount of the debt to the Municipal Loan Fund shall be placed at such a sum, that the interest thereon at five per cent shall not exceed what an assessment of two cents in the dollar on the assessed value of the property in the municipality would be sufficient to pay, after meeting the ordinary and necessary expenditure of the municipality other than for schools as aforesaid; that it is expedient that the annual amount to be so paid should be fixed and not fluctuating;

and that the amount of the assessment, and of the ordinary and necessary expenditure respectively, of the year 1872, be therefore accepted as the basis of the said calculation and settlement.

10. That where injurious legislation, affecting the securities and position of a municipality indebted to the Municipal Loan Fund, has taken place without the knowledge or concurrence of the municipality, or against its active opposition, and in the interest, or supposed interest, of the public or of other parties, and has resulted either in no railway being built, or in the building of a railway which has not advanced the local interests of the indebted municipality, it is expedient, in view of such injurious legislation, to cancel the balance still due by any such municipality to the Municipal Loan Fund after making the allowances hereinbefore provided for.

11. That the City of Hamilton took stock in the Berlin and Preston railway, and issued debentures therefor, amounting to \$200,000; that \$80,000 of these debentures were purchased by the late Province of Canada, and are now held by this Province; that no interest has been collected thereon since the same were purchased by the Province of Canada, shortly after the issuing of the said debentures; that in consequence of certain proceedings authorized by an Act of the Parliament of the said late Province of Canada, 27 Vic. cap. 56, the said railway has been destroyed; and that, having regard to these facts, and to the financial position of the said city, it is expedient to cancel the said debentures now held by the Province.

12. That where any municipality holds revenue producing investments, made with the money borrowed or obtained under the Municipal Loan Fund Acts, or with the produce of such money, such investments shall, at the discretion of the Lieutenant-Governor in Council, be assigned, in such way as he may appoint, as a security for the balance due by the municipality to the said fund. Or, where such investments are of greater amount and value than the balance so due, the Lieutenant-Governor in Council may require the said investments to be assigned absolutely, in discharge of the said balance.

13. That new debentures be obtained from the indebted municipalities respectively, for the balances due by them; that the debentures shall be in such form and in such respective sums as the Lieutenant-Governor in Council shall direct; that the debentures shall provide for payment by the same sums per annum, as nearly as may be, as the municipalities are now liable to pay; provided that no more shall be payable annually for twenty years than two cents in the dollar on the assessment of 1872, would provide for as aforesaid; and that no debenture shall allow more than twenty years for payment of principle; that these debentures shall, so far as practicable, be equally distributed at par among the municipalities entitled thereto, in proportion to the sums to which the said municipalities are respectively entitled; that any balance going to a municipality after such distribution, shall be paid in money; and that the debentures shall be delivered and the money paid to the municipalities or to their use at any time after the first day of February next, under proper statutory regulations fitted to secure the due application of the said debentures or the produce thereof, and of the said money, to the objects specified.

14. That for the purpose of giving effect so the said considerations the balances due to the Municipal Loan Fund by the municipalities named in schedule A are hereby cancelled; the balances due to the said Fund by the municipalities named in schedule B are to be deemed the sums mentioned in said schedule B; and the municipalities named in schedule C are to receive in manner aforesaid the sums mentioned in schedule C; which said sums mentioned in the said several schedules shall be subject to correction by the authority of the Lieutenant-Governor in Council in case of any errors of calculation appearing, but are not to be varied otherwise.

MUNICIPAL LOAN FUND.

SCHEDULE A.

Shewing Municipalities, which are to have nothing to pay or receive.

- | | |
|--------------------------|------------------|
| 1 Dundas, Town of..... | 5 Windham |
| 2 Norwich..... | 6 Woodhouse..... |
| 3 Prescott, Town of..... | 7 Woodstock..... |
| 4 Simcoe, Town of..... | |

SCHEDULE B.

1 Shewing Municipalities still indebted to the Municipal Loan Fund whose debts being unaffected by the 5 cents rule, or by the 2 cents rule, the Municipalities have received credit for the several allowances hereinbefore set forth.