

Enclosure in No. 2.

COPY of a REPORT of a Committee of the Executive Council, dated 12 September 1862, approved by his Excellency the Governor General. Encl. in No. 2.

THE Committee of Council have given their earnest consideration to the annexed Memorandum of agreement, adopted at a meeting of the delegates from the Provinces of Nova Scotia and New Brunswick, and your Excellency's Advisers in this Province, on the subject of the construction of an Intercolonial Railway, and they humbly advise that the same be approved by your Excellency.

Certified.

W. H. Lee, Clerk Executive Council.

MEMORANDUM.

THE undersigned, representing the three Governments of Canada, Nova Scotia, and New Brunswick, convened to consider the Despatch of his Grace the Duke of Newcastle, of the 12th April 1862, with reference to the colonial railway, having given the very important matters contained in that Despatch their attentive consideration, are agreed:

I. That whilst they have learned with very great regret that Her Majesty's Imperial Government has finally declined to sanction the proposals made on behalf of these Provinces in December 1861, and at previous periods, they at the same time acknowledge the consideration exhibited in substituting the proposal of "an Imperial guarantee of interest towards enabling them to raise, by public loan, if they should desire it, at a moderate rate, the requisite funds for constructing the railway."

II. That with an anxious desire to bind the Provinces more closely together, to strengthen their connexion with the mother country, to promote their common commercial interests, and to provide facilities essential to the public defences of these Provinces as integral parts of the Empire, the undersigned are prepared to assume, under the Imperial guarantee, the liability for the expenditure necessary to construct this great work.

III. That the three Governments are agreed that the proportions of liability for the necessary expenditure shall be apportioned as follows, viz., five-twelfths for Canada and seven-twelfths to be equally divided between the Provinces of New Brunswick and Nova Scotia.

IV. But it is understood that the liability for principal and interest shall be borne by each Province, to the extent only of the proportion hereby agreed upon.

That in arriving at this conclusion, the undersigned have been greatly influenced by the conviction, that the construction of the road between Halifax and Quebec must supply an essential link in the chain of an unbroken highway extending through British territory from the Atlantic to the Pacific, in the completion of which every Imperial interest in North America is most deeply involved. And the undersigned are agreed, that to present properly this part of the subject to the Imperial authorities, the three Provinces will unite at an early day in a joint representation on the immense political and commercial importance of the western extension of the projected work.

(signed)	<i>J. S. Macdonald,</i>	} Representing Canada.
	<i>L. V. Sicotte,</i>	
	<i>J. Morris,</i>	
	<i>W. M. Dougall,</i>	
	<i>W. P. Howland,</i>	
	<i>U. T. Tessier,</i>	
	<i>F. Eventurel,</i>	} Nova Scotia.
	<i>Thos. D'Arcy M'Gee,</i>	
	<i>Joseph Howe,</i>	
	<i>J. M'Cully,</i>	} New Brunswick.
	<i>W. Annand,</i>	
	<i>S. L. Tilley,</i>	
	<i>W. H. Steeves,</i>	
	<i>P. Mitchell,</i>	

Quebec, 12 September 1862.