

been fully discussed with the Governor and Directors of the Hudson's Bay Company, and also with the delegates from Canada, the Honble. Messrs. Sicotte and Howland, who were specially authorized by their Government to deal with it, and that considerable progress has been made with the negotiation.

The Hudson's Bay Company still decline to do more in aid of telegraphic and road communication than to make a free grant of land for the actual site of the proposed works, which is much to be regretted.

The larger question raised has, however, not been forgotten, and accounts are promised on behalf of the Hudson's Bay Company, which, it is stated, will give a clear view of the financial position of that undertaking, and thereby enable calculations to be made of its real value to purchase.

It is considered desirable, however, to keep the two questions above alluded to distinct, the more especially as time is so much an object.

In the absence of a large grant of land, it will, therefore, be necessary to ask for assistance by way of guarantee from the Imperial and Provincial Governments.

The Canadian delegates, recognizing this necessity, have officially notified to us their readiness on behalf of the Canadian Government to recommend the participation by Canada in a minimum guarantee of four per cent. upon a capital of not exceeding 500,000*l.*, to be devoted to the construction of telegraph and road communication. They propose to participate to the extent of one third of the guarantee in the event of Her Majesty's Government and British Columbia joining in the responsibility, or of one half in the event of the refusal of Imperial aid; that refusal, however, they state that they cannot anticipate, considering the Imperial importance of the work.

The enterprize having now, and after much negotiation, been thus brought to a practical stage, I am desired further respectfully to ask if your Grace is prepared to recommend in like manner that Her Majesty's Government and British Columbia, or if, unfortunately, Imperial aid is impossible, then that British Columbia alone, participate in the proposed guarantee, to the extent, in the former case, of two thirds, or, in the latter case, of one half, of the very moderate responsibility suggested?

Copies of the correspondence with the Canadian delegates, detailing all that has transpired, are enclosed for your Grace's information.

Should your Grace favourably consider this request, immediate measures will be taken to raise the capital required through an influential company; and so soon as that is effected the drafts of the Bills which would have to be submitted to the Imperial and Provincial Parliaments should be discussed and settled. Those Bills would embody all the details of the arrangement as between the promoters and Her Majesty's and the Provincial Governments; and it would be most desirable that they should be discussed in the ensuing session, so that, should Parliament adopt and approve the policy of assisting these works in the manner proposed, they may, if possible, be commenced in the early part of the summer of 1863.

I have, &c.

His Grace the Duke of Newcastle, K.G.
&c. &c. &c.

(Signed) E. W. WATKIN.

Enclosure in No. 10.

Encl. in No. 1

A.

MEMORANDUM.

THE gentlemen who have to-day met the Honourable Messrs. Sicotte and Howland at 67, Lombard Street, will take measures to form a company without delay for the object of carrying out—

First, the construction of a telegraph and system of posts, and the conveyance of telegraphic messages and correspondence, from the Canadian boundary at the head of Lake Superior to the Pacific, (and also, if desired, from the United States boundary to Fort Garry); and,

Second, for the provision of facilities for travel by ordinary waggon roads and steamers—

On the following conditions; viz.

1. That possession of the free grant of the right of way for an adequate width, already proposed to be made by the Hudson's Bay Company, be confirmed to the Company under Imperial and Colonial Legislation; and that a grant of land of reasonable width be in like manner made by the Imperial and Colonial Governments through their respective territories, to the east and west of the grant from the Hudson's Bay Company.

2. That similar rights and privileges as were granted to the "North-west Transit Company," and to others, by the Canadian Parliament, be secured to the Company proposed to be formed.

Memorandum.—It would be desirable, if fair terms can be agreed, that the property and rights of the Transit Company, or others, be incorporated with those of the new company, thereby securing a fair protection to any existing interests, and unity of action in Canada.

(191.)

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