

construction of the Intercolonial Railway, which was submitted in your letter of the 5th instant.

My Lords, however, concur with his Grace in opinion, that it would be desirable that the sum to be raised by the dominion without Imperial guarantee, should not be less than 2,000,000 *l.*; and they suggest that before approval of the Act is given, a communication to that effect should be made to the Governor General.

The Under Secretary for the Colonies, I am &c.
&c. &c. &c. (signed) *George Ward Hunt.*

— No. 3. —

The Under Secretary for the Colonies to the Secretary to the Treasury.

Sir,

Downing street, 16 May 1868.

I AM directed by the Duke of Buckingham and Chandos to refer to the letter from this Department, dated the 5th of February last, and to your answer of the 13th of February, relative to the Act of the Canadian Legislature, 31 Vict. c. 13, respecting the construction of the Intercolonial Railway. In addition to the sum of 3,000,000 *l.* sterling, for which a guarantee loan is proposed to be raised in England, that Act provides for raising, if necessary, an additional million without guarantee, in order to complete the railway.

Their Lordships agreed with the Duke of Buckingham and Chandos that the provision of this additional amount was less than it might be prudent to require, especially in the uncertainty what line might be selected.

But his Grace has since understood it to be probable that the route by the Bay of Chaleur will be selected, which is the one that would best suit Imperial purposes

Major Robinson, of the Royal Engineers, made a report in 1848 for the Imperial Government, in which he estimated the length of the entire road from Halifax to Quebec at 635 miles, and the cost, including 10 per cent. for contingencies, at 4,889,500 *l.* This gives a cost of 7,700 *l.* per mile. The road has since been constructed from Halifax to Truro, and from Quebec to Rivière du Loup, a distance taken in Major Robinson's estimate at 165 miles, so that, according to that estimate, 470 miles remain to be constructed. At the above rate per mile, this would cost 3,619,000 *l.*, much less than the total sum of 4,000,000 *l.* sterling.

Mr. Sandford Fleming was a civil engineer, appointed in 1863, with the joint opinions in his favour of the three Provincial Governments, and of the Duke of Newcastle, who was then Secretary of State. He bears a high reputation for accuracy and caution. Mr. Fleming thought that, allowing for curvature, the distance might exceed Major Robinson's estimate, and he expressed a general opinion that, although the actual result might prove more favourable, the total cost should be taken in round numbers at twenty million (20,000,000) dollars.

But then Mr. Fleming caused a thorough survey to be made of a portion of the line, 70 miles in length, described by Major Robinson as the "most formidable" part of the whole, and the result confirmed Major Robinson's account of the distance, whilst the cost was estimated by Mr. Fleming at \$ 39,786, or about 8,290 *l.* per mile. If this rate of cost, calculated on one of the most difficult portions of the line, be extended to the whole, the required distance of 470 miles would not cost more than 3,896,300 *l.*

Reviewing the circumstances, the Duke of Buckingham and Chandos would be prepared, if the Lords Commissioners of the Treasury concur, to instruct the Governor General that in case the line by the Bay of Chaleur be adopted, Her Majesty's Government will be willing to accept the provision of 1,000,000 *l.* sterling made in the Act already passed by the Canadian Parliament.

The Secretary to the Treasury. I am, &c.
(signed) *C. B. Adderley.*
