

Head, expressing his approval of the terms of the Minute of Council of Canada herewith transmitted. I beg, at the same time, to acknowledge the valuable assistance which I received from that officer in maturing the necessary arrangements for the settlement of these long-pending questions,

CANADA.
Sir E. Head to
Gov.-General.
Enclosure No. 4.

I have, &c.,

(Signed) **ELGIN AND KINCARDINE.**

The Right Hon. Earl Grey,
&c. &c. &c.

Enclosure 1 in No. 2.

Encl. 1 in No. 2.

EXTRACT from a REPORT of the Committee of the EXECUTIVE COUNCIL, dated September 30, 1850; approved by his Excellency the Governor-General.

THE Committee of Council have had under consideration, upon your Excellency's reference, the Despatch of Her Majesty's Secretary of State for the Colonies, dated the 27th day of June last, concerning the question of the disputed territory between Canada and New Brunswick; also a copy of a Minute of the Executive Government of the latter province, dated the 5th day of September, inst., on the same subject.

It is proposed in the Despatch of the Colonial Secretary, that the matter in dispute be referred to arbitrators who should be directed to report to Her Majesty's Government that your Excellency and the Lieutenant-Governor of New Brunswick should each name an arbitrator on behalf of the respective provinces, and these two arbitrators should name an umpire.

As it is very desirable that this important question be finally settled, and as the object of an arbitration is to afford Her Majesty's Government more efficient means to effect such a final settlement of the respective claims of the two provinces, the Committee of Council are of opinion that, under the circumstances of the case, it is advisable that the proposition to refer the matter to an arbitration should be agreed to. As to the terms of such an agreement, the Committee having duly considered the suggestions offered in the Despatch of the Colonial Secretary, as well as those made by the Government of New Brunswick, would respectfully recommend the following:—

1st. A new survey of the ground may be dispensed with, all other points being agreed upon, as hereinafter proposed.

2nd. It is fully understood that in considering the question referred to them, all facts, titles, and documents which may be submitted by either of the parties shall be taken into consideration by the arbitrators, whether existing or bearing date before or after 1763, leaving it to such arbitrators to determine the value which attaches to each class of proofs.

3rd. Neither province shall be represented by counsel before the arbitrators.

4th. The arbitration shall be held in London, and the arbitrators selected in the mother-country.

5th. Three arbitrators shall be appointed; one by the Governor-General of British North America, and one by the Lieutenant-Governor of New Brunswick, neither of whom shall be member of the Imperial Parliament; the third arbitrator to be some member of the Judicial Committee of the Privy Council, or some Barrister of eminence and high standing at the English bar, to be agreed upon by the arbitrators named on behalf of the provinces; and in case the latter are unable to agree, they are to report the fact of such disagreement to Her Majesty's Secretary of State for the Colonies, and thereupon the third arbitrator shall be appointed by Her Majesty's Government. The award to be made by the three arbitrators, or by any two of them.

6th. The arbitrators to be notified of their appointment through the Colonial Office.

7th. When the arbitrators have been appointed, and shall be ready to go into the arbitration, notice to be given to Her Majesty's Secretary of State for the Colonies when the statements and evidence of the respective provinces are to be transmitted to them by him; all further statements with references to any published pamphlets, or other works on the subject intended by the respective parties, to be laid before the arbitrators to be transmitted by them respectively, both to the Colonial Secretary and the sister province, on or before the 15th day of November next; it being, however, fully understood that this stipulation is not to preclude the arbitrators from consulting any published pamphlets, or other works which they may themselves find in the course of their investigations, nor from examining any documents that they may obtain access to through the Imperial Government, though not transmitted or referred to by the respective parties, or either of them.

8th. The net proceeds of the funds in the hands of both Governments arising from the disputed territory, to be applied:—

1st. To defray the expenses of the arbitration.

2nd. To defray the necessary expenses of running the line as settled. In case such funds should prove insufficient, the expenses to be borne equally by the respective Governments.

3rd. And the balance of such funds to the improvement of the land and water communication between the Great Falls of the St. John and the St. Lawrence.

9th. The remuneration of the arbitrators to be fixed by the Colonial Secretary.