

Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council, on the 18th February, 1864.

The Committee of the Executive Council have had under consideration a Despatch, No. 49, from His Grace the Duke of Newcastle, dated 1st May, 1863, with enclosures, on the subject of a proposal of the "Atlantic and Pacific Transit and Telegraph Company," to establish telegraphic and postal communication from Lake Superior to New Westminster, in British Columbia. The Committee have also had communication of certain correspondence laid before the House of Lords by the Imperial Government, in answer to an Address, dated the 2nd of July, 1863, which has an important bearing on the project referred to in His Grace's Despatch.

The "Atlantic and Pacific Transit and Telegraph Company" appears to have been organized by certain influential capitalists in London, in consequence of interviews and discussions which took place between them and Messrs. Sicotte and Howland, on the occasion of their visit to England in December, 1862, as Canadian Delegates in the matter of the Intercolonial Railway. The proposition of Messrs. Sicotte and Howland was for "the construction of a telegraph line and of a road to establish more frequent and easy communication between Canada and the Pacific, and to facilitate the carrying of mails, passengers and traffic," which they thought would be "highly favorable to the settlement of an immense territory," and also of "great advantage to the trade of England." They expressed their opinion to the gentlemen proposing to form a Company to construct the work, that the "Canadian Government would agree to give a guarantee of interest at the rate of four per cent. upon one-third of the sum expended, provided the whole sum did not exceed five hundred thousand pounds, and provided also that the same guarantee of interest will be secured on the other two-thirds of the expenditure by Imperial or Columbian contributors." At a subsequent stage of the negotiations, Messrs. Sicotte and Howland, though unwilling to believe that Her Majesty's Government would not accede to the proposal of co-operation, expressed their opinion that the Canadian Government would grant, to a Company organized as proposed, a "guarantee of interest even on one-half of the capital stated" should the Imperial Government refuse to contribute; but they declared they would not advise or press with their colleagues a higher rate of interest than four per cent. These gentlemen were, therefore, of opinion, that to secure the object they had mentioned, viz.: "a telegraph line and a road to establish more frequent and easy communication between Canada and the Pacific, and to facilitate the carrying of mails, passengers and traffic" the Government of Canada would be willing to contribute an annual aid or subsidy of not more than ten thousand pounds (£10,000). The Canadian Delegates did not, in the opinion of the Committee, over estimate the importance of the objects stated, nor the willingness of the Canadian people to grant pecuniary aid in order to secure them. But the Committee observe that the "heads of proposal" submitted by Mr. Watkins on behalf of the Atlantic and Pacific transit and telegraph company, and enclosed to Your Excellency by His Grace the Duke of Newcastle, are for a *line of telegraph* only. It is true that in the preamble of the document "a mail post" is mentioned, and in the first "head" it is stipulated that the Imperial Government, the Colonies, and the Hudson's Bay Company shall each grant "land" and "all such rights" as may be required for the "post route," telegraph and necessary stations; but the Company do not propose or agree to construct any thing but a "line of telegraph." The *Road* contemplated by Messrs. Sicotte and Howland, to facilitate the carrying of "mails, passengers and traffic," is not provided for in any of the "heads of proposal."

It is proposed, in the second "head," that the line of telegraph shall be divided into sections, and so soon as telegraphic communication shall be established throughout any such section, "the Colonies of Canada, &c., will guarantee to the Company a rate of profit on the capital expended, of not less than four nor more than five per cent," the total capital guaranteed being limited to £500,000. Canada might thus be called upon to pay interest on the cost of sections of a telegraphic line wholly without her territory, and having no connection with any line within it.

The Committee notice, also, that in the observations of his Grace the Duke of Newcastle on the "heads of proposal," submitted by Mr. Watkin, and which observations are transmitted to Your Excellency for the information of the Canadian Government, the construction of a *Road* to facilitate the carrying of "mails, passengers and traffic,"