

Subsequent to the receipt of Mr. ELLIOT's letter of the 5th March (No. 15), Mr. G. G. GLYN, M.P., Mr. BENSON, Mr. BLAKE, Mr. CHAPMAN, and Mr. WATKIN had an interview with the DUKE OF NEWCASTLE, at the Colonial Office, when mutual explanations were exchanged, and it was arranged that formal proposals should be made to the Colonial Minister on behalf of the promoters of the enterprise.

The following Correspondence shows the proposals made on this understanding, and the reply received from Her Majesty's Government.

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No. 17.

21, Old Broad Street,

London, E.C,

April 28, 1863.

MY LORD DUKE,

Referring to the letter which I had the honour to receive by direction of your Grace from Mr. Elliot, under date of the 5th ultimo; to the interview which your Grace was good enough subsequently to afford to Mr. G. G. Glyn, M.P., Mr. Benson, Mr. Blake, Mr. Chapman, and myself, and to the discussions which recently have taken place on general details with Sir Frederic Rogers and Mr. Murdoch, under your Grace's instructions, I have now to enclose proposals which I trust will meet your Grace's approval, for the establishment of a postal and telegraphic route between Canada and the Pacific Ocean.

It is hoped that these proposals will be found to be such as your Grace may be able to recommend, and that their adoption by Her Majesty's Government, by Canada, by British Columbia, and by Vancouver Island, may lead to the completion of the most important work involved, at a very early period.

Throughout the discussion, which has now occupied a considerable period, it has been assumed as a condition that the Hudson's Bay Company will agree to the confirmation of the grant and consequent rights, which in their letter to your Grace of the 11th August last they offered to afford in aid of the enterprise, and that Her Majesty's Government will carry through such measures as are requisite for securing to the Company the rights and privileges necessary to the security of the undertaking; and considering the deep interest which your Grace has taken in proposals for connecting the Atlantic and Pacific for purposes of communication, through British territory, from the first suggestion of such a measure by your Grace to this moment, the promoters of the Company have had pleasure in voluntarily adding, as a concluding article to the enclosed document, a provision that any further questions of detail, and any matters of difference, should such arise, shall be left to the sole decision of your Grace.

I have to observe that the rate of interest to be secured to the Company, when it was assumed that Her Majesty's Government would take a direct part in the guarantee, was 4 per cent. as a minimum; but at the same time it was proposed that, in the event of the colonies alone becoming responsible, a larger rate of interest would be considered requisite. A reference to the documents will show that this was the case. In the enclosed paper, therefore, the maximum rate of interest is taken at 5 per cent., while the minimum of 4 per cent. is still preserved; and it will be for your Grace, should the colonies decide to