

The Honourable the Postmaster General reports that the contract with Mr. Allan obliges the steamers to carry all mails delivered to him under the authority of the Postmaster General of this Province, which provision covers that section of the proposed route which lies between Liverpool and Canada; that that section, extending from the sea-board, and the furthest westerly point reached by Canadian mails, is covered by the internal mail service of the Province.

That with regard to the third section, viz., from the point last mentioned to British Columbia, it would manifestly be inexpedient that any interference by this Province should take place with respect to a postal service not its own, and beyond its limits, he however recommends that the Canadian Government express its readiness to acquiesce in any arrangement which the Transit Company may be able to effect with the Imperial Government for the performance of that portion of the service in question, which is not already provided for, and that an assurance be given that these mails will be conveyed by the Provincial Government over the other portions of the route whenever such service may be required.

The Committee recommend that the applicants be informed that the Canadian Government are willing, in the event of the British Government deciding to send the mails by way of Canada to the Pacific, to place at their disposal, or at that of the parties who may contract with the Imperial Government for the delivery of the said mails, the present Ocean Steamship and Inland Mail Service of Canada, from Liverpool to Red River, upon receiving from the Imperial Government a subsidy of 30,000*£* sterling per annum for such service, provided that the arrangements of the contractors with the Imperial Government for the service through Canada are approved by the Canadian Government.

Certified,

W. A. C. Ainsworth,
Acting C. E. C.

To the Governor General's Secretary,
&c. &c. &c.

Encl. 2, in No. 20.

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Post Office Department, Toronto,
11 June 1859.

THE undersigned has the honour to report, for the consideration of his Excellency the Governor General, that he has given his careful attention to the documents referred to him on the 9th of June instant, comprising an application from Mr. Wm. M^d. Dawson, President of the North West Transit Company, and from Mr. Hugh Allan, together with certain despatches and communications on the subject of the transport of the mails between Great Britain and British Columbia; and the undersigned now respectfully submits—

Firstly, That the proposition of Messrs. Dawson, as president, and Mr. Allan, is for the transport of the mails between the points above named.

Secondly, That the Imperial Government is of opinion that the Canadian Government should be applied to, and its consent secured before any proposition of the nature in question can be entertained.

Thirdly, The Postmaster General of Great Britain, by his report, expresses his opinion that the contract for the conveyance of these mails should be effected by the Provincial, rather than by the Imperial Government.

The proposed service is properly divided into three parts.

1. That section between Liverpool and Canada.
2. That between the seaboard and the farthest westerly point reached by the Canadian Mail Service, and—
3. From such point last indicated to British Columbia.

Mr. Allan, one of the gentlemen above named, is already, under his contract with the Canadian Government, obliged to carry in his steamers between Liverpool and Quebec, all mails which may be delivered to him, under the authority of the Postmaster General of this Province. The first section of the entire route is therefore covered by existing arrangements.

The second section indicated is of course also covered by the internal mail service of the country.

It therefore only remains to consider what course should be adopted by this Government to provide for the service of the third section.

The undersigned cannot suppose that the Postmaster General of Great Britain intended in his report to convey the idea that it would be proper for the Government of this country to contract for the transport of mails, not its own, beyond the limits of the Province; such a course would be manifestly inexpedient, and cannot be recommended for adoption.

The requirements of the service between Great Britain and the westerly part of the Province being already supplied by the Canadian Government, it only remains for the Government to accord or withhold its assent to that portion of the proposal from Mr. Dawson, in behalf of the Transit Company, made to the Imperial Government, for the transport of the mails from the western extremity reached by the internal mail service of Canada to the Pacific.

The course about to be recommended by the undersigned, will leave the Imperial Government free to make any arrangement that may be considered advisable with the Transit