

*The Secretary of State for the Colonies, to the Governor General.*

(Copy of Copy.)

DOWNING STREET,  
4th Sept., 1869.

Canada—No. 177.

Sir,—

I have read with much satisfaction the Speech with which you closed the late session of the Parliament of the Dominion of Canada, as well as the Resolutions of the Parliament, authorizing your Government to enter into negotiations with the Government of Prince Edward Island, with a view to the admission of that Colony into the Dominion.

I trust, that in settling the terms proposed, as the basis of this arrangement, the Government of the Dominion will deal liberally as well as justly with the Island, and that the Government of the Island will receive favorably such propositions when made, as I believe it is in the interest of the whole of the B. N. A. Colonies, that they should be united under one Government; and H. M.'s. Government watch with much interest, the successive steps that are being taken towards the accomplishment of this great end.

I have, &c.,

(Signed) GRANVILLE.

Governor General,

The Right Honorable

Sir John Young, Bt.,

G. C. B., G. C. M. G.,

&c., &c., &c.

(Copy)

Government House,  
Ottawa, Canada,  
December 18, 1869.

Sir;

I HAVE the honor to transmit, herewith, for your information, and that of your Government, a copy of a minute of the Privy Council of Canada, relating to the question of a Political Union of the Island of Prince Edward with the Dominion.

JOHN YOUNG.

Sir R. Hodgson,

Administrator, &c., P. E. I.

Copy of a Report of a Committee of the Honorable the Privy Council, approved by His Excellency the Governor General, in Council, on the 14th December, 1869.

The Committee of Council have had under consideration, a memorandum, dated 11th December, 1869, from the Hon Sir George E. Cartier and Messrs. Tilley and Kenny, stating, that at the desire of their colleagues, they visited the Island of Prince Edward, in August last, and having, while there, had the opportunity of discussing, informally, with members of the Government, and other leading public men, the question of the political union of the Island with the Dominion, and having, in view of the importance of establishing a basis on which such union can be effected, carefully considered the question under its financial aspect, they have come to the conclusion that the following proposals, which they submit for the concurrence of the Council, should form the financial basis of such union, viz :

1st. The Dominion Government will assume and defray all the charges for the following services, viz :

(A.) The salary of the Lieutenant Governor.

(B.) The salaries of the Judges of the Supreme Court and District or County Courts, when established.

(C.) The charges in respect of the department of Customs.

(D.) The Postal Department.

(E.) The protection of the Fisheries.

(F.) The provision for the Militia.

(G.) The Light Houses, Shipwrecked Crews, Quarantine and Marine Hospitals.

(H.) The Geological Survey.

(I.) The Penitentiary.

(J.) Efficient Steam Service for the conveyance of Mails and Passengers, to be established and maintained between the Island and the Dominion, winter and summer, thus placing the Island in continuous communication with the Intercolonial Railway and the Railway system of the Dominion; and such other charges as may be incident to and connected with the services, which, by the B. N. A. Act, 1867, appertain to the General Government, and as are, or may be, allowed to the other Provinces.

2d. Canada to be charged with the debts and liabilities of the Island existing at the time of the union.

3d. That the Island not having incurred debts equal to those of the other Provinces now constituting the Dominion, shall be entitled to receive, by half-yearly payments, in advance, from the General Government, Interest at the rate of five per cent. per annum, on the difference between the actual amount of its indebtedness and the indebtedness per head of the population, at which Nova Scotia and New Brunswick are now allowed in the Union, or the payment of such difference, in five per cent. Government Bonds, payable in London, as the Island Government may elect, taking the population of the Island in 1861 as the basis of the calculation.

4th. The Dominion Government to pay \$25,000 per annum to the Island to meet the expenses of the Local Government and Legislature.

5th. An annual payment to be made to the Island Government equal to 80 cents per head of the population, to be augmented in proportion to the increase of the population as may be shewn by each Decennial Census, until the population amounts to 400,000, at which rate such Grant shall thereafter remain, it being understood, that the First Census shall be taken in the year 1871.

They submit that much discontent has for many years existed amongst the inhabitants of the Island, arising from the fact that the Lands of the Colony had been granted by the Imperial Government in large blocks, and chiefly to persons resident abroad, thus leaving the Government of the Island no lands, the proceeds of the sale of which could, as in the other British Colonies, be appropriated towards Local improvements and the maintenance of the Government.

That this discontent has been increased from the fact, that many of the settlers in the Island can only obtain land on lease, instead of the pur-