

As compared with the proposition submitted through the Commissioners and recommended for acceptance by them, the above agreement, as respects the future, provides for the whole of the special service as well between Montreal and Portland, as between Montreal and Quebec, and reduces the price to be paid for the whole contract to \$150 per mile per annum, whilst the amount of accommodation for the ordinary mail service placed at the disposal of the Department remains practically the same.

With respect to a settlement for past years the first proposition would have given a rate from 6th October, 1858, of \$150 a mile per annum, deducting therefrom side service and special Ocean Service, and the agreement substitutes for that, a rate of \$110 per mile per annum with an allowance of \$16,000 a year for special Ocean Mail Service, and stipulates that all sums accruing previous to the date of the Arrangements Act, 9th June 1862, are to be applied in reduction of the indebtedness of the Grand Trunk to the Province.

It is estimated that the payments for the services provided for by this agreement would, at the rates of the Order in Council of the 12th August, 1863, for the regular train service, and at ordinary rates of charge for existing special and side services, amount to \$137,000 per annum, independent of the material advantages secured by the agreement of, 1st. The very necessary enlargement of the car space to be given to the Post Office; 2nd. Of continuity in the second daily service between Montreal and St. Marys; 3rd. Of a certain control over the selection of the stations at which to exchange mails by each train; 4th. Of the use for mail purposes of all passenger trains running on the Grand Trunk Railway in addition to those specified; and 5th. Of the consent of the Grand Trunk Company to enter into a contract upon the terms of the agreement.

Viewing, therefore, this agreement as a satisfactory termination of the difficulties which have attended any final arrangement of the Postal question with the Grand Trunk Company, the undersigned desires to submit the agreement for the approval of Council, but at the same time to recommend that no payment in excess of the former rates be made, under such agreement, until the same shall have been laid before Parliament.

This agreement provides that the Grand Trunk Company will enter into a contract for the performance of the stipulated service, and the undersigned in conclusion begs to express his conviction, that it would be for the interest, both of the public and of the Railways, that all Postal Railway service should be performed and paid for under definite contracts.

The whole nevertheless respectfully submitted.

W. P. HOWLAND,
Postmaster General.