

TOP SECRET

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During the past year, revenue from the carriage of mail during the winter service had been \$1,650. It was understood that the Post Office Department would now carry mail destined to Ile-aux-Grues by air. The resulting loss of revenue would make it impossible to continue the winter service for the carriage of passenger and freight without loss.

It was pointed out that the island produced large quantities of potatoes, cheese, bacon and other farm products and the winter service was essential to its economy and needs. After investigating the winter service, the Canadian Maritime Commission had recommended that a subsidy of \$1,700 be provided towards its maintenance.

An explanatory memorandum had been circulated.

(Minister's memorandum, Dec. 2, 1954-
Cab. Doc. 265-54).

20. In the course of discussion it was suggested that there seemed little logic in having the Post Office Department change over from a waterborne to an airborne mail service for Ile-aux-Grues when the changeover would result in the necessity of providing federal assistance to the existing passenger and freight service between Ile-aux-Grues and Montmagny. The relatively small population of Ile-aux-Grues now received mail three times a week in winter, which seemed to be adequate service if the special geographic position of the community were taken into consideration. Furthermore, it seemed doubtful that a satisfactory airmail service could be given to the island for \$1,650 during the five winter months. In the circumstances, it was suggested that the Post Office might review the situation with a view to ascertaining whether the suggested change from waterborne to airborne mail service was truly in the best interests not only of the community concerned but of the country as a whole.

21. The Cabinet,-

(a) deferred decision on a proposed subsidy of \$1,700 per season to ensure continuance of the water-and ice-borne passenger and freight service operated during the winter months between Ile-aux-Grues and Montmagny, P.Q.; and,

(b) agreed that the Postmaster General review and report on the desirability of replacing the present waterborne mail service to Ile-aux-Grues by an airborne service.

RG 2, A5a,
Vol. 2656

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