

and the Company had not then supplied the vast accommodation to the postal service of the Country afforded by the construction of the Victoria Bridge at Montreal.

Whilst, therefore, the Railway was incomplete, and before the Company had had any experience as to the cost which would be incurred in conducting the postal service, they were prepared to accept, as an experiment, a rate of \$110 a mile. That rate was fixed upon because it happened to be the rate at that time paid by the American Government for carrying their local mails on the line between Portland and Island Pond in the United States. Nothing was carried on that line for the American Government but the local mail of the district; and nothing more is carried for them now, but it is an important fact that this Company is *now* receiving from the American Government more than it did in 1853, showing that even the natural increase of a mere local mail, in the opinion of other Governments, demands, after a lapse of 10 years, increased remuneration.

Applying the same principle to the vastly increased service now rendered by the Grand Trunk Company for foreign as well as local mails, what should be the rate of payment to us now?

Acting upon the views I have explained, and with a desire to meet in the most liberal manner the requirements of the Government service, the rate of \$110 a mile was asked by this Company in 1853—paid by the Government without demur—and treated by all parties as a mere interim arrangement, to be revised and reviewed when the whole of the Railway and its advantages to the public service were brought into practical operation.

Up to 5th October, 1858, the Company was paid at the rate of \$110, and as the line at that time was not opened throughout, it is not proposed to disturb the settlement to the above date.

The Directors of this Company must, however, entirely demur to the conclusion at which you appear to have arrived, that from October, 1858, to October, 1861, the Company must be taken to have acquiesced in the Government fixing the rate at \$70 a mile, and for the best of all reasons, viz:—that they were never notified of any such proposal. As regards official or documentary evidence, I assert unhesitatingly that there is not one single record to show that the action which it now appears was taken by the Government in September, 1858, was ever communicated to the Company until the early part of the year 1861.

In reply to a letter from the Assistant-Secretary of this Company, enclosing an account for postal services at the rate of \$110 per mile of railway, the Deputy Postmaster-General wrote on the 13th November, 1858, remitting the sum of \$50,000 as a payment on account, and added that he would shortly write again with reference to the rates to be paid for Railway mail service in future.

As is stated in your Report, no subsequent communication was ever received by this Company. I may further remind you of a fact, which the records of your Department will distinctly show, that for a period of nearly three years after the date of the letter of the Deputy Postmaster-General of 13th Nov., 1858, this Company continued regularly to send in accounts for the conveyance of mails at the rate of \$110 a mile, without receiving any intimation that there was any objection whatever to such rate.

I must entirely dissent from the view taken in your report, that although there was no official communication to the Company as to the rate which had been proposed by the Executive Council, yet the fact was well known to the Company, because its President, the Hon. John Ross, was, at the time, President, and the Company's Solicitor, the Hon. Geo. E. Cartier, was also a member of the Council. I am not, of course, so well versed as yourself in the responsibilities of a Cabinet Minister; but I believe it is generally understood that any individual member of a Government would be breaking his oath as an Executive Councillor if he revealed discussions which had taken place in the Council Chamber, or anticipated the action of the proper department of the Government in communicating any decision that had been come to. That the proper Department in this case, did not look upon the question as settled, is abundantly proved by the fact that they never communicated any decision to the Company, and for all practical purposes therefore the order in Council of September, 1858, was in effect a dead letter.

The Directors of this Company submit further, that the fact of one of its Directors being a member of the Council which proposed a certain rate of payment (although there is no evidence given to show that he was present when that order was made) cannot, for a moment, be permitted to take the place of an official communication.

The Directors of this Company think it may fairly be presumed that the President of this Company would naturally feel, from his position as a Director, that it would be undesirable for him to interfere in a matter in which he was placed in a double capacity, and as regards the Solicitor of this Company, it must be perfectly plain that that gentleman, who is not an Executive officer of the Company, would not feel that, as a member of the Government, he had any right whatever to let his legal connection with the Company operate in any way whatever in the discussion. The natural inference would much rather be that those two gentlemen interfered in no way whatever in the matter, but that the Report of the Hon. the Postmaster General was passed, as a matter of course, entirely upon his own responsibility, especially as from the Company being kept in ignorance that the subject was under consideration, they had not laid their case before the Postmaster General or the Government, and had had no opportunity of ever being heard upon the question.

Leaving, however, this point, the fact remains undisputed that no official communication whatever was made by the Government to the Company that the rate of \$110 had been altered—that the Com-