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Copy of a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council on the 8th April, 1865.

The Committee have had under consideration the annexed Report, dated 7th April 1865, from the Hon. the Postmaster General, submitting for the sanction of Your Excellency in Council the terms on which he proposes contracts should be entered into with the several Railway Companies for the performance of the Railway Postal Service in this Province, founded—as respects the Grand Trunk Railway—on a special agreement made between him, the Postmaster General, and the Manager of that Railway Company, as set forth in the said annexed Report, and as respects all other Railways in the Province,—on the recommendation contained in the Report of the Commissioners appointed under the Order in Council of the 15th November 1864, and the Committee respectfully advise that the several recommendations submitted in the said Report of the Postmaster General be approved and carried out, and that the necessary contract be entered into for giving effect to the same with the Grand Trunk Railway.

The Committee submit their concurrence in the opinion expressed by the Hon. the Postmaster General 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.

Certified, W. H. LEE,
C. E. C.

POST OFFICE DEPARTMENT,
Quebec, 7th April, 1865.

Upon the reference of the report dated the 29th ult., (with a supplementary note bearing date the following day), by the Commissioners appointed under the Order in Council of the 15th November, 1864, to enquire into matters connected with the Railway Postal Service, of the result of their investigation, the Postmaster General has the honor respectfully to submit to His Excellency the Governor General in Council that he has given this Report the careful consideration which the importance of the subject demands, and that he finds that the Commissioners state, with regard to the determination of a Postal rate in compensation for present and future Railway Mail Service, that they "entertain no doubt that 5 cents per train "mile would be a very fair compensation for the space required by the Post "Office, namely, one third of a car, equivalent to a weight of 3⅓ tons, upon "any of our Canadian Railways."

The Commissioners proceed to state that this 5 cents per train mile has been computed on the basis of *freight train* speed, and that they propose to add to make up rates for mail conveyance by "*quick* Passenger," or by "mixed trains" 60 per cent in the case of the former, and 20 per cent in the case of the latter description of trains, and that "they believe that the "amount thus arrived at, namely, 6 cents per train mile for mixed trains, "and 8 cents per train mile, for *quick* passenger trains, may be considered "a liberal compensation for the service at present required by the Post "Office on the ordinary Railroads of the Province.

The Commissioners state that for certain reasons given, they think the Grand Trunk and Great Western Railroads entitled to some advance upon these general rates, and recommend that the tariff of rates should stand thus: for the conveyance of mails with a space allotted to the Post Office "equal in length to one third of an ordinary Baggage Car, by the whole "width, fitted up under the direction of the Postmaster General, and com-"fortably heated and lighted to his satisfaction."

NOTE.—10 cents per train mile equal to		$62 60	per mile of Railway, per annum, for one daily service each way.	
9 cents	do	$56 34	do	do
8 cents	do	$50 08	do	do
6 cents	do	$37 56	do	do

	By "Quick Passenger" Trains.	By "Mixed" Trains.
For the Grand Trunk Road (including Champlain Road).....	10 cents Per train mile.	6 cents Per train mile.
For the Great Western.....	9 cents do.	6 cents do.
For all other Railways.....	8 cents do.	6 cents do.

When the Post Office has paid for a double service with Post Office car on any road, the Department to be entitled to send mail bags in charge of the Company's servants by any other train run over such road for the purposes of the Company, without further payment.

The Commissioners divide all trains carrying the mails in Post Office cars into two classes—1st "Quick Passenger Trains," and, 2nd. "Mixed Trains."

It is to be regretted that the definition of these classes had not been more clearly expressed, but the distinction appears to be entirely based on relative speed, and from the tenor of the evidence which the Commissioners had before them on this point, the Department understands the term "quick passenger trains," to comprehend such passenger trains as may perform their journeys at an average speed of not less than 20 miles an hour, including stoppages, leaving, therefore, all other passenger trains to fall within the class of "mixed" trains.

It appears to be very necessary that an authoritative construction of the meaning to be attached to this classification by the Commissioners, of the trains carrying mails, should accompany the tariff of rates as a guide to the Department in questions of payment.

The undersigned does not desire to be understood as agreeing fully with the Commissioners in the reasoning by which they state they have been influenced in arriving at the above results, but he is willing to advise the acceptance of their conclusions as to future rates as above detailed, and to recommend as regards all Railways, except the Grand Trunk, hereinafter specially provided for in accordance with a mutual agreement between the undersigned and Mr. Brydges, that this part of the suggestions of the Commissioners be adopted, to take effect from the 1st July, 1865, the commencement of the next fiscal year; and he is the more disposed to take this responsibility, inasmuch as he perceives that so far as the Commissioners have gone over the ground investigated by the late Postmaster General, the Honorable Mr. Mowat, in his report to Council of 12th August, 1863, the rates of compensation suggested in the above tariff do not materially differ from the rates* which that gentleman recommended should be applied to the Grand Trunk Railway, as the result of his enquiries into the subject.

In reference to the last paragraph of the Report of the Commissioners, and to their Special Report dated 22nd March last, in respect to a proposition made to them by Mr. Brydges to the following effect:

"Mr. Brydges proposes to enter into a contract with the Post "Office Department for a period of five years from the 31st inst.

"The service is to consist of a train between Sarnia and Quebec, "each way daily, Sundays excepted. These trains are to leave Sarnia "and Quebec, respectively, each evening, and are to run through con-"tinuously.

"There is to be in addition a night train between Montreal and "Toronto, each way daily, Sundays excepted. These trains are also "to run continuously in connection with a day train between Sarnia "and Toronto, so as give a second continuous service between Mon-"treal and Sarnia.

"The above trains are to stop at such stations as may be desig-"nated by the Post Office Department.

"Upon all branches one train at least is to be dispatched each "way daily, Sundays excepted, which is to stop at all stations.

"In addition to the above the Post Office Department is to have "the use of every other Passenger train which may be run by the "Company during the contract, and the Company obliges itself to "attach a Post Office car to each train, if required thereto by the "Post Office Department.

* 9¼ cents for Passenger Trains, 5 cents for Mixed Trains, Bag Service without Post Office Car, at 2 cents per 2 cwt. per train mile.

"The Post Office Compartment is to consist of a space of sixteen "feet long (instead of twelve feet as heretofore) by the width of the "car. These compartments are to be fitted up according to a specifi- "cation to be furnished by the Post Office Department, and are to be "comfortably heated and lighted.

"The Officers of the Post Office are to be carried in the Post Office "Compartment free of charge, and free passes are to be issued as here- "tofore.

"The price to be paid under this contract is to include the Ocean "Mail Service between Montreal and Quebec, and between Montreal "and the Boundary Line, as at present performed. This includes a "special train from Quebec to Montreal whenever the steamer arrives "more than five hours before the departure of the regular train. But "whenever special trains are run between Portland and Montreal by "direction of the Post Office, such trains are to be paid for between "Portland and the Boundary Line, as special trains at $1 per mile.

"All side service is to be performed by the Company. This "includes the carriage of the mails between all Stations, terminal or "otherwise, and the various Post Offices. It is to be performed under "the present classification and regulations of the Post Office Depart- "ment, unless altered with their consent.

"In consideration of the above service the Government of Canada "is to pay the Grand Trunk Railway Company the following sums "by equal quarterly payment, that is to say:

From April	1865	to	April	1866	$150 00	per mile.
"	1866	"		1867	$152 50	"
"	1867	"		1868	$155 00	"
"	1868	"		1869	$157 50	"
"	1869	"		1870	$160 00	"

"The rate to be paid for the service performed by the Grand "Trunk Railway Company since 1858 is to be calculated upon the "rate of $150 per mile, deducting therefrom the side service and the "special Ocean Service.

"It thus appears that the service proposed by Mr. Brydges is a "special service well adapted to the convenience of the public, and "the requirements of the Post Office Department; that the Post Office "Department is to have the use of all additional trains run by the "Company, which, although not necessary now, may be highly "important before the expiration of the contract; that the carriage "accommodation (which Mr. Griffin reports as insufficient even now "on many parts of the road) is to be increased by one fourth; that the "contract includes the bag service, which Mr. Mowat estimates at "$7,000 per annum on the Grand Trunk Railway; and that the "Company undertake the side service and the Ocean Mail Service, "which have hitherto cost the Department about $34,000 per annum.

"Upon the ground above stated, and keeping in view the special "claims of the Grand Trunk Railway Company, to be mentioned in "their General Report, and considering the whole matter in the light "of the evidence laid before them, the Commissioners are of opinion "that a contract based upon the proposition of Mr. Brydges would be "advantageous to the Public service."

The undersigned respectfully submits that he was not consulted as to the terms of the said proposition, nor was he called upon by the Commissioners to produce evidence or to give his own views in reference thereto, and he has not considered it to be his duty to take any action thereon until he was in possession of the whole of the evidence to be obtained by the Commissioners and of their final Report thereon.

Subsequent to the reception of the final Report from the Commissioners, dated 29th March last, an agreement was arrived at between Mr. Brydges and the undersigned, on the basis of the former's proposition to the Commissioners, but modifying its terms.

This agreement is contained in the following stipulations:

1. The Grand Trunk Railway Company to enter into a contract for a period of three years from the 1st August, 1865, to perform Mail Service as follows upon a Railway mileage counted thus—

Sarnia to Toronto	168¼
Toronto to Montreal	333
Montreal to Quebec	172½
Richmond to Boundary Line	55
Montreal to St. Johns	27
St. Marys to London	22¼
Quebec to Rivière du Loup	126
Arthabaska to Three Rivers	35½
Montreal to Province Line (Hemmingford)	40
St. Johns to Rouse's Point	23
Miles	1002½

2. The service to consist of a train between Sarnia and Quebec, each way daily, (Sundays excepted) to leave Sarnia and Quebec respectively each evening, and to run through continuously.

In addition, a night train between Montreal and Toronto, each way daily, (Sundays excepted) to run continuously in connection with a day train between Toronto and St. Marys, so as to give a second continuous service between Montreal and St. Marys.

The above trains to stop at such Stations as may be designated by the Post Office.

3. Upon all branches one train at least is to be run each way daily, (Sundays excepted) stopping at all Stations.

4. In addition to the above, the Post Office to have the use of every other Passenger train which may be run by the Company during the contract, and the Company to attach a Post Office car to each train, if required thereto by the Post Office.

5. The Post Office Compartment to consist of a space of sixteen feet long by the width of the car, to be fitted up according to a specification to be furnished by the Post Office, and comfortably heated and lighted.

6. The Officers of the Post Office to be carried in the Post Office Compartment free of charge, and free passes to be issued as heretofore.

7. The special Ocean Mail Service as at present performed between Montreal and Quebec, and between Montreal and Portland, to be comprised, including a special train from Quebec to Montreal, whenever the Steamship arrives more than five hours before the departure of the regular train.

8. All side service to be performed by the Company including the carriage of the Mails between all Stations, terminal or otherwise, and the various Post Offices, and is to be performed under the present classification and regulations of the Post Office, unless altered with the consent of the Postmaster General.

9. The rate to be paid for the above described services to be a rate of one hundred and fifty dollars per mile of Railway per annum, equivalent upon the Railway Mileage on which the agreement is based to $150,375 a year. Payments to be made quarterly at Post Office quarterly periods.

10. As a settlement of all claims by the Grand Trunk Railway up to commencement of this described contract on 1st August, 1865, a rate to be allowed from 5th October, 1858, when a settlement of accounts was arrived at, of one hundred and ten dollars a mile per annum of the Grand Trunk Railway, actually in operation in each year, with an addition of $16,000 per annum as an allowance for special service, as estimated by the Hon. Mr. Moffatt in 1862.

The account upon this basis to be made up from the 6th October, 1858, to 9th June, 1862, the date of the passing of the Arrangements Act, and whatever may be due thereon to the Company to be applied in payment of the indebtedness of the Company to the Government.

The amount accruing from the 9th June, 1862, up to 31st July, 1865, to be paid in cash, less whatever sums have been paid on account.

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.