

can only observe upon the value of the service as facilitating communication with Her Majesty's ships and officers serving under its orders. These considerations determine whether it is desirable or not that the service should be performed.

It is obvious, however, that its cost must be an important element in arriving at a final decision, and on this point the Board of Admiralty are better able than any other department to give an opinion, both as to the best manner of executing a particular service as regards the number and the class of vessels to be employed, and they can also inform the Treasury what the probable cost of the service will be. With this information before them it must rest with the Treasury to decide whether a contract for any particular service is to be entered into or extended.

When this question has been decided by the Treasury, they will give their directions to the Admiralty, and it appears to my Lords that when they have received from the Treasury general instructions as to the nature of the service to be performed, and the limits of the payment proposed to be paid for it, the Board of Admiralty should, in communication with the Post Office, be entrusted with the entire duty of carrying the decision into effect by advertising for tenders, entering into the contracts, and superintending the manner in which they are performed.

This my Lords believe used to be the universal practice, but it has been recently changed so far that in the formation of some existing contracts my Lords have not been requested to give their opinion upon matters clearly for their decision, such as the fitness of vessels, &c. prior to the Treasury deciding upon the question.

The particular case upon which the observations of the Postmaster General are founded, and upon which the opinion of the Board of Admiralty is requested, involves two distinct questions; first, whether it is expedient to extend the contract with Mr. Cunard; secondly, what the terms of the extension should be.

Upon the first point their Lordships can only refer to the opinion contained in their letter to the Treasury of the 26th of October last, and they will further refer to the following extract from the report of the Committee of 1853. "The contractors," the Committee state, "attach great importance to a long and undisturbed term of contract, as alone enabling them to incur the expenses necessary for a successful competition with their rivals; and the manner in which they have fulfilled its stipulations is such as fairly to entitle them to all the benefit which may attach to a strict adherence to the present agreement for its full term." The further experience of four years has only added to the weight of this testimony, and their Lordships consider Mr. Cunard to be entitled to every confidence on the part of the Government and of the public.

Their Lordships must also observe, that, although the subsidy is large, the receipts from postage upon this line are very considerable. It appears from returns framed in 1853 that the subsidy paid for the three lines contracted for by Mr. Cunard was 188,040 £, the gross postage 160,069 £, the net receipts 126,398 £, leaving a balance paid by the public of 61,642 £, which is but one-third of the sum paid by the public for the West Indian mail service. The Postmaster General does not state whether the postal receipts have increased or diminished since the year 1853.

Their Lordships will now advert to the observations of the Postmaster General upon the terms of the contract, if it should be extended. They agree with him that it is inexpedient to insist upon those clauses with regard to the construction of contract packets, which were intended for the purpose of rendering them available for war purposes, but they consider that further consideration in communication with the War Office is necessary before the provisions as to the conveyance of passengers and stores are omitted; my Lords are of opinion that it is desirable to retain them, at any rate so far as regards sending officers or men by these vessels.

They believe that the experience of the past, and the stimulus of competition, are sufficient guarantees that Mr. Cunard will, if his contract is extended, continue as heretofore to improve his vessels along with, if not in advance of, the improvements which from time to time may be made by others in ocean steamers; but in the event of a failure in this respect, their Lordships would have power to compel him to do so.

With respect to a rigid enforcement of penalties, my Lords do not consider that it would be advisable to introduce a clause into the contract laying down a scale of penalties which should in no case be remitted. In long voyages accidents must occasionally occur, which it is not in the contractor's power to avert, and where the Board of Admiralty should be able to exercise discretion as to the remission of penalties,