

Art. 3. The fortnightly service provided for by the said contract shall continue to be performed to and from the Port of Galway, and shall be worked for the benefit of the people of Ireland in all respects as provided by that contract.

The alternate weekly boat shall call at Londonderry, so as to give Ireland a weekly communication.

Art. 4. Quebec in summer, and Portland in winter, shall be substituted for New York and Boston.

Art. 5. The days of sailing shall be fixed by mutual consent of the Postmasters General of England and Canada, or in default of such arrangement, each party will retain the right of fixing the days of sailing on its own side.

Art. 6. The time for the sea voyage from port to port to be fixed at not less than 24 hours less than the average time of the sea voyages of the steamers of the Cunard line for the year 1859 from port to port, taken on the average of in and out voyages, and of summer and winter services respectively.

Art. 7. The British Government will endeavour to procure for Canada the subsidy heretofore paid for the Newfoundland Mail Service, and in the event of failing to obtain that subsidy, the Canadian Government shall not be required to deliver mails at St. John's, Newfoundland.

If the Canadian Government shall have a line of telegraph constructed to Belleisle, at which telegraphic messages may be delivered in as short a time as at Newfoundland, the British Government shall allow Belleisle to be substituted for St. John's, as the place of call for such messages.

If such telegraph be constructed, the British Government may have the use of it for Government messages, free, with priority over all other messages, except those of the Canadian Government, for a payment of 2,000 *l.* a year.

Art. 8. The service shall be performed by the Canadian line of steamers, and under and in accordance with the terms of the contract between the Postmaster General of Canada and Hugh Allan, Esq., proprietor of that line, so far as consistent with this Convention, the Canadian Government being responsible to the British Government for the due execution of the terms of the Convention.

Art. 9. Until some other arrangement can be made with the United States, one cent to be taken from the 16 cents on United States' letters carried through Canada, and allowed to Canada towards inland postage before the division of the ocean postage.

Art. 10. Sea postage upon newspapers sent from Europe shall be taken into account at the rate of one cent each.

Art. 11. The net sea postage earned by the weekly Canada line shall be divided equally between the Imperial and Canadian Governments.

Art. 12. This Convention shall continue in force unless modified by mutual consent, for the same term as the contract with the Atlantic Royal Mail Steam Packet Company, viz., until June 1867.

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The Postmaster General of Canada to the Lords of the Treasury.

My Lords,

London, 30 May 1860.

THE Committee of the House of Commons on Packet Contracts having made its Report, it is now my duty to bring under your Lordships' notice the subject referred to in the communication of the Honourable John Rose, dated 16th August last, a copy of which I beg leave to enclose herewith.

Since the date of that communication, the position of matters referred to therein, has materially changed. The proprietor of the Canadian line of steamers, finding that he could not sustain the line upon the subsidy provided by the contract with the Canadian Government, applied for additional assistance, and an arrangement was made to give, in addition to that subsidy, an amount equal to the