

whole cost of the service, as is the case in this instance (though Mr. Cunard seems to suppose otherwise), I would strongly recommend that the payment be based on the amount of postage by making it equal to the postage, and a certain fraction of the postage in addition; or, if requisite, even to a multiple of the postage. Such a mode of payment would have the additional advantage of rendering simple any negotiation with a Colony (as with Canada, for example in this instance), for the payment of its share of the cost.

The Committee recommend that, in any new contract, all provisions which do not directly bear upon the efficiency of the postal service, such as requiring that the vessels shall be so constructed as to serve to some extent for men-of-war, and that troops and stores shall be conveyed at less than the ordinary charge, should be abandoned, and in this recommendation I entirely concur.

Another recommendation of the Committee, in which, also, I concur, is that a scale of penalties should be laid down for delay in sailing, or for over-time in the voyage, and that these penalties should be rigidly enforced; a provision which would be doubly important if the payment for the service were to be a fixed sum instead of depending on the amount of postage.

In every new, or renewed contract, it is important that provision should be made for sorting letters on board, or (when it is not deemed necessary for this, or for any other purpose, to send a Government officer), to require that the contractors shall be responsible, through their captain, for the safe custody of the mail-bags, and for their proper exchange at the various ports of call.

Having made these remarks on the general subject of contract packets, I abstain from offering any detailed observations upon Mr. Cunard's contract, until I learn from your Lordships whether you determine to renew that contract, or to allow the present term to expire, and then to throw the service open to general competition.

I have, &c.
(signed) *Argyll.*

TREASURY MINUTE, dated 15 December 1857.

TRANSMIT this Report to the Board of Admiralty, and request that the Lords Commissioners will favour my Lords with any observations they may have to make upon the points raised by the Postmaster General, so far as the system referred to has been tried.

The Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 21 December 1857.

I HAVE received and laid before my Lords Commissioners of the Admiralty your letter of the 16th instant, enclosing one from the Postmaster General, dated the 14th ultimo, relative to an application from Mr. Cunard for a renewal of his contract for the conveyance of mails to North America, and requesting my Lords to offer any observations they may have to make upon the points raised by his Grace, so far as the system referred to has been tried, and I am to request you will state to the Lords Commissioners of Her Majesty's Treasury that it appears to my Lords that the questions opened for discussion by your letter involve a consideration of the functions which must necessarily be performed by different departments of Government in the formation of contracts for the conveyance of letters by mail packets, and upon which it is neither possible, nor would it be fitting, that the Admiralty should give an opinion.

In coming to a decision upon the propriety of entering into or extending such contracts, Government must (to quote the words of the Report of the Committee on Contract Packets of 1853), "in the first place have regard to the national interests, whether political, social, or commercial, involved in the establishment or maintenance of each particular line." The Foreign Office, the Colonial Office, and the East India Company can give opinions supported by all the weight of the information which they possess with regard to political interests. The Board of Trade and the Post Office can state the social and commercial interests affected, while the latter department can calculate the probable revenue which may accrue from the postage of letters on the proposed line. The Board of Admiralty