

authorise an advance on the Imperial contribution of 1,500 *l.* provided an advance at least equal to that of the Imperial Government shall be made from the colonial resources, and that the service shall be in other respects, except as regards the port of embarkation, as complete as that proposed upon the former occasion: the Treasury, however, leaving it for the Colony to determine to enter into the proposed arrangement with the Galway Company, or to throw the service open to public competition, or to deal with the present contractor, Mr. Cunard.

4. I lost no time in placing Lord Bury in communication with the executive Council, leaving them to discuss the question, having your Despatches in their possession, and an opportunity of hearing Lord Bury's explanations. The result of the interview was a unanimous resolution that the arrangement proposed by the Galway Company should be entered into, the Council recommending to the Governor, on his own responsibility, to sanction the additional subsidy of 1,500 *l.* by the Colony, to be confirmed by the Legislature when it meets; and I hope to forward by this mail a printed copy of the agreement, which is subject to the approval of Her Majesty's Government, and I hope will be confirmed.

5. I have only to add that, as Governor of the Colony, I am duly sensible of the trouble which the Imperial Government has taken in accomplishing an object so long sought for by the community here, and that the Lords of the Treasury so readily attended to the suggestion offered to them by the Galway Company, namely, to an increase of the grant, on the Colony being willing to offer also an additional contribution.

6. Lord Bury left St. John's on the evening of the 22d for New York, in the "*Pacific*," which ship, I believe, is to touch at St. John's on her return to England.

I have, &c.

(signed) *A. Bannerman*, Governor.

P.S.—Since writing the above the agreement has been printed, and I now beg to enclose you two certified copies of it.

---

Enclosure No. 2.

ARTICLES of AGREEMENT made this 22d day of October, A.D. 1858, between the Atlantic Royal Mail Steam Navigation Company (Limited), hereinafter designated the Contractors, of the one part, and the Honourable *John Kent*, Her Majesty's Colonial Secretary for the Island of *Newfoundland*, and on behalf of Her Majesty, Her heirs and successors, of the other part, as follows:

1. In consideration of the payment hereinafter stipulated to be made to the contractors, the contractors hereby covenant, promise, and agree to and with the said John Kent, that they shall and will, during the continuance of this contract, diligently, faithfully, and to the satisfaction of the Governor and Executive Council of Newfoundland, for the time being, and with all possible speed, convey Her Majesty's mails (in which designation all Despatches and bags of letters are agreed to be comprehended) which shall at any time or times, and from time to time, by the said Governor and Council, or of Her Majesty's Postmaster General, be required to be conveyed, as hereinafter stated, between Galway, Ireland, and St. John's, Newfoundland, and between Newfoundland and Portland, Boston, New York, or either of them, in a sufficient number of suitable, first-class, good, substantial, and efficient steam vessels, of sufficient capacity and power to perform the voyage between Galway and Newfoundland, and between Newfoundland and Galway, in seven days during the summer months, and eight days during the winter months; the words "summer months" to be considered to mean the months of April, May, June, July, August, September and October, and that the length of the voyage shall be computed on an average of all the voyages actually performed during each year.

2. That the contractors shall and will, at all times and at their own costs, provide and keep seaworthy, and in complete repair, during the continuance of this contract, a sufficient number of steam-vessels of the power aforesaid, and adequately provide and furnish all and every of the said vessels while employed in