

arranged without delay, I am willing to perform this additional service in connexion with the Atlantic contract on the following terms, viz.:—To convey the Mails between New York and Nassau, once a month, by a steam ship of not less than 400 tons and 50-horse power, at the rate of 3,000 £ per annum, for five years. In the event of loss or accident to the steam ship, the mails to be conveyed by a sailing vessel until another steam ship can be provided, or the repairs made.

I remain, &c.
(signed) S. Cunard.

TREASURY MINUTE, dated 20 May 1858.

My Lords have before them an application addressed by Mr. Cunard to the Board of Admiralty, praying that his contract for the conveyance of Mails between England and North America may be extended for a further period of five years.

A strong recommendation is forwarded by the Lords of the Admiralty, and strong reasons are urged for complying with the request.

A similar application was brought before the late Board of Treasury, who expressed an opinion that it was somewhat premature to consider the question, stating, however, at the same time, their willingness to entertain favourably any application which Mr. Cunard might make when his present contract had advanced nearer to its termination.

After a careful consideration of the correspondence which has passed on this subject between this Board, the Board of Admiralty, and the Postmaster General, and especially of the recommendation now renewed by the Lords of the Admiralty, my Lords have arrived at the opinion that an extension of this contract may, without further delay, be conceded as a measure of great public importance.

My Lords are not insensible to the force of the arguments urged with so much ability in the letter of the Duke of Argyll, dated 14th November 1857, so far as they apply to ordinary postal contracts; but they consider that the case of this contract is precisely one of those alluded to in the Report of the Committee on Contract Packets of 1853, and quoted in Mr. Romaine's letter of 21st December last, in which it is stated that "regard must be had to the national interests, whether political, social, or commercial, which may be involved in the establishment or maintenance of a particular line;" and in this view the Board of Admiralty, in their present communication, appear fully to concur.

As regards the apprehension expressed by the late Postmaster General, that in the course of a few years a larger class of vessels may be required for the performance of the service than that which can at present be stipulated for, and the opinion expressed by him that "under such circumstances it seems inexpedient that the Government should be bound for a long period to pay a large sum to vessels which may soon be outstripped by others," my Lords are of opinion that a long experience of Mr. Cunard's career, as a contractor, during which he has in a great degree anticipated the improvements which have from time to time been made in ocean steamers, and has maintained upon his line vessels of a size and efficiency exceeding the requirements of his contract, affords a strong presumption that the service will not deteriorate in this respect. In addition to which, the stimulus of the competition which must necessarily exist in reference to such a service as that between this country and North America will be a further inducement to Mr. Cunard to keep up with the improvements of the age.

Mr. Cunard has offered, moreover, in consideration of an extension of his contract, to undertake a monthly service between New York and the Bahamas, in connexion with the main line, for an annual subsidy of 3,000 £ a year, although when tenders were recently called for, for the performance of this service, in compliance with the urgent representations of the Colony, and the recommendation of the Secretary of State for the Colonies, only one offer was received, owing to the unremunerative nature of the service, and small amount of subsidy available, and the sum demanded by the tenderer was 9,000 £.

Before, however, issuing any final directions in the matter, my Lords are desirous of ascertaining from the Postmaster General what modifications he would suggest, without materially affecting the basis of the present contract, with the view of making the subsidy bear a proportion to the amount of postage or weight of letters, if his Lordship should concur with his predecessors as to the expediency of such modification.