

considered packet mails) by this Company's vessels, and it is probable that the payment to the Company is even less, indeed much less, than the whole sea postage.

If I am right in this conjecture, and the course adopted by the United States Post Office should continue, the United States will have at least a large portion of their sea service performed at a much less cost than ourselves; since, at the present rate of payment, Mr. Cunard's service, instead of yielding to us a profit, is attended with an annual loss to the British Government of about 53,000 *l*.

In any contract which may be entered into with Mr. Cunard, it would of course be necessary to guard against the Postmaster General being debarred from sending letters, newspapers, &c., by other ships than his, or (with the consent of your Lordships) from altering the rates of postage.

In order to prevent contention, moreover, the decision as to what part of the postage ought fairly to be regarded as sea postage, should be left to the Postmaster General; although, for Mr. Cunard's security, should he desire it, there would be no objection to stipulating that in the two great classes of letters, viz., those which pass direct between this country and the United States, or between this country and British North America, two-thirds of the whole postage should, as at present, be considered as sea postage.

With respect to the safe custody of the mails, I am, after full consideration, satisfied that the present provision in Mr. Cunard's contract, that the commander of every vessel shall take due care of any of Her Majesty's mails which may be entrusted to him, is sufficient. Under this provision, the mails have for some years been placed in the sole charge of the captains of Mr. Cunard's packets, and the result has been very satisfactory.

As the provision forms part of the contract, its habitual or gross neglect would be a breach of covenant endangering the continuance of the whole contract.

As the present contract directs that accommodation shall be provided in the packets for "an officer in Her Majesty's navy, or any other person to be appointed by the said Commissioners, and also a servant of the said officer or other person as aforesaid, if required," it seems scarcely necessary to make any arrangement for the personal accommodation and board of the Post-office clerk and sorter, who would probably be sent in lieu of the naval officer and servant; although, to prevent misconception, it may be well to insert a few words with express reference to this object.

In addition a small room for sorting the mails will be necessary; and I would suggest that it be stipulated that, when required, such room shall be provided to the satisfaction of the Postmaster General; the fittings, however, to be furnished at the cost of the Department.

It would, I think, be convenient if the two existing contracts with Messrs. Cunard, Burns, & M'lvor for the service in question, were to merge into the new contract, so as to have only one document; but it should at all events be provided that I should have the power speedily to introduce the sorting of letters on board Mr. Cunard's packets.

When the draft contract with Messrs. Cunard, Burns, & M'lvor has been prepared, I request that I may have an opportunity of examining it.

I have, &c.
(signed) Colchester.