

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.*

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The Postmaster General to the Lords of the Treasury.

My Lords,

General Post Office, 4 June 1858.

WITH reference to Sir Charles Trevelyan's letter of the 22d ultimo, I have the honour to state, that I concur with my predecessor in the expediency, under ordinary circumstances, of making any subsidy which may be granted for a packet service, bear a proportion to the amount of postage received.

Should your Lordships be indisposed, in the case of Mr. Cunard's contract, to make the whole subsidy depend upon the amount of sea postage, the principle might still be adopted in part, by paying over to Mr. Cunard a portion of this postage, say one-half, and a fixed sum in addition; or by giving him the whole sea postage and a smaller fixed sum.

The estimated amount of sea postage last year obtained by the service in question was about 120,000 *l.*; and, if this be taken as an average, one-half the sea postage, together with a fixed yearly sum of 110,000 *l.*, or the whole sea postage, together with a yearly fixed sum of 50,000 *l.*, would place Mr. Cunard in nearly the same position as at present, provided that no reduction be made in the rates of postage (unless compensated by an increase in the number of letters); that, upon the whole, the speed and regularity of Mr. Cunard's ships, as compared with other ships, continue about the same; and that no material change take place in the relative numbers of fast sailing vessels starting on fixed days.

As regards the rate of postage, your Lordships are aware that an offer has been made to the Post Office of the United States to reduce the rate between the two countries from 1 *s.* the half-ounce letter to 6 *d.*; and, if this offer should be accepted, the immediate effect would no doubt be a large falling off in the amount of postage.

Judging by experience, however, in other similar reductions, it may be assumed that much of the decrease would soon be made good by an augmentation of the number of letters; and if to this increase a further addition be made for the general tendency to a larger correspondence between this country and the United States and British North America, I think it probable that, so far as the matter depends on the rates of postage, the estimate of 120,000 *l.* may prove a fair average of the amount of sea postage in each year of the contract, and that the actual amount will be as likely to exceed that sum as to fall short of it.

With regard to the number of rival packets, it is impossible to speak with any degree of certainty.

We know that there will soon be more Canadian packets on the line, but what course may be adopted by the Government of the United States, I cannot foretell. The Collins' line of steamers has been discontinued, and the United States Post Office is at present sending mails apparently under a series of special contracts, each for a single trip; but it may be presumed that this arrangement is only temporary.

Such uncertainties as these form one great objection to contracts for long periods.

On the general subject of remuneration it may be remarked, that the present payment to Mr. Cunard is at a higher rate than for any other service, being equal to 11 *s.* 4½ *d.* per mile; while the payment for the West Indian service is 10 *s.* 10½ *d.* per mile, that for the East Indian service, 6 *s.* 2 *d.*, and that for the Brazilian, 3 *s.* 10½ *d.*

It should also be stated that the Liverpool, New York, and Philadelphia Steam Ship Company, whose vessels, according to the register kept at Lloyd's, make their voyages at a speed not much inferior to Mr. Cunard's (although the Company, having had no subsidy from Government, have been subject to no penalties for delay), lately offered, on the discontinuance of the Collins' steamers, to carry our mails to and from New York for the amount of postage, by which was understood the amount of sea postage.

As no official information had been received from the United States of the withdrawal of their packets, or of their general intentions on the subject, it was not at that time thought courteous towards the United States Post Office to accept this offer; but since then the United States Post Office has itself, on several occasions, sent mails (which it claims to be considered