

themselves build new boats. It does not appear that this letter was laid before the Treasury; and next year, the Admiralty took upon themselves, without the sanction of the Treasury, which was essential as the only legitimate authority for such an act, to enter into a new contract, extending the period of endurance from four to eight years.

The practical result of this course of proceeding was, that the Government became bound to pay a yearly subsidy of 15,500*l.* to contractors, who in a separate letter, accompanying the original formal tender, had offered, for 12,000*l.* a year, to undertake the service, for the period ultimately given, with five efficient boats (amply sufficient for their purpose), to be provided by themselves, the Treasury not having been made aware of that lower offer, and not having authorised any contract for that period. Your Committee, also, in endeavouring to investigate the grounds on which the Dover contract was renewed in 1855, found that important papers were missing, and that the minute was not forthcoming stating the grounds of the renewal.

(Rep. 1850.)

4366.
4536.

Rep. 1859.

Q. 3378-80.
3463-7.

Q. 3399 et seq.,
3346 et seq., 3390
et seq.

Again, in reference to the extension of that contract in 1859, the Treasury proceeded on the assumption that the statements set forth in the contractors' application, addressed to the Admiralty, as the grounds on which an extension was sought, must have been inquired into, and ascertained to be correct, by the Admiralty, before giving their recommendation in its favour; while at the Admiralty ~~no such inquiry was made, it having been there held that any investigation was within the province not of the Admiralty, but of the Treasury.~~

Some material facts bearing on such inquiry were not considered within their province.

Between these two dates, namely, in 1857, an extension of two years in regard to the West India Contract was granted by the Treasury without consulting either the Admiralty or the Post Office; and while, in 1858, in reference to a contract entered into by the Colonial Government of Newfoundland, subject to the approval of the Home Government, by whom part of the subsidy was to be contributed, the Treasury refused its sanction, in consideration of a Report of the Admiralty, to whom a reference had been made, of the insufficiency of the vessels, they next year gave their sanction, limited, however, to one year, to a similar contract entered into by that Government, on the like condition, with another company, without requiring any report from the Admiralty.

Q. 1705 et seq.,
1771, 1968 et seq.,
1989.

The case, likewise, of the contract with the European and Australian Company, formed in 1857, strongly illustrates the defects of the existing system. That contract involved a yearly subsidy of 185,000*l.* of which one-half was to be paid by the Australian colonies, who had no opportunity of being consulted in the framing of the contract; so that special circumspection was required. The offerers preferred were a new company without previous experience, and who had no ships fit for the work. One of these, the "Oneida" which was reported against by the professional officer of the Admiralty, and had not the horse power or the tonnage required by the contract, broke down on her first voyage. Time was not kept, and although the colonies complained, no steps had been taken to insure the fulfilment of the contract with suitable vessels. The company in one year lost their capital (400,000*l.*); the service proved a complete failure, and great risk of an interruption of the postal communication was incurred.

Q. 40.

Q. 85.

Q. 83.

Q. 894.

Q. 862.

Q. 80.

Q. 90.

Q. 87-9.

Q. 93.

Q. 326. *Here* This contract had been entirely arranged by the Financial Secretary, whose acts, in such matters, according to the usage of the department, require no confirmation by any other authority.

Q. 375-6.
(Rep. 1859.)

Q. 4465-7.

Q. 4958.

Q. 5109, 10.

It is, however, in the cases of the renewal of the Cunard Contract in 1858, and the granting of the Galway Contract in 1859, that the defects above referred to, and the evils incident to the system of not submitting such contracts to Parliamentary consideration anterior to the time when the first money vote under them may be called for, have been most strikingly exhibited; and on this account, as well as on account of the character and importance of the proceedings themselves in regard to these contracts, Your Committee deem it essential to lay the facts before The House somewhat in detail.

The first Contract with Messrs. Cunard, Burns, & M'Ilvor for the conveyance of the mails between this country and the United States and North American Provinces was entered into in June 1840.

At