

The only explanation on this point that has yet been furnished to this office, is contained in a memorandum addressed to the Postmaster of Galway, and signed by the purser of the ship, and which simply states that the "Connaught" arrived off St. John's at 8 a. m. on the 11th August, and that, owing to the disabled state of the engines and a dense fog, the ship sailed for Galway at 9.30 p. m. on the 12th, without landing mails.

As however the Governor states in his Despatch that, on reference to the shipping lists, he finds that on the 10th, 11th, 12th and 13th August, no less than 32 sailing vessels entered the port from all parts of the world (several of them from the United States), and also the mail steamer from Halifax, it appears to the Postmaster General that the explanation given by the purser is by no means satisfactory; and I am to request, therefore, that you will furnish me, for the information of his Lordship, with full particulars of the circumstances under which the "Connaught" failed to land the mails for Newfoundland, and to embark the mails for England on the 11th August last.

A. Boate, Esq.,

I am, &c.
(signed) F. Hill.

Atlantic Royal Mail Steam Navigation Company.

— No. 3. —

Mr. *Arbutnot* to the Postmaster General.

My Lord,

Treasury Chambers, 13 September 1860.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for your Lordship's information, the enclosed copies of two letters addressed to this Board on behalf of the Atlantic Royal Mail Steam Navigation Company, and I am to state that the contract for the Galway service having now been affirmed by a vote of Parliament, it ceases to be of a provisional character, and must be dealt with on the same principles as other existing mail contracts.

The supervision over these contracts is now vested by Act of Parliament in the Postmaster General, and it rests with him, in the first instance, to decide whether the conditions have been fulfilled, and what temporary modifications may be properly admitted. References will continue to be made to this Board in cases of difficulty involving the existence of the contract, or any serious alteration of its terms, as regards either the pecuniary liabilities of the public or the amount of service to be performed, and their Lordships will be ready to consider any representations made by parties questioning the decision of the Postmaster General.

Subject to this general control, it would be inexpedient that their Lordships should interfere with the executive functions of the Postmaster General, who is immediately responsible for the arrangements for giving due effect to postal contracts after they have received the sanction of Parliament. My Lords, therefore, will refrain from expressing any opinion on the applications of the Company until they shall have been considered by your Lordship, further than to observe that the same principles will apply to this as to other mail contracts; viz., that while, on the one hand, undue advantage should not be taken of contractors who have been prevented by unavoidable circumstances from the literal fulfilment of their engagements as regards time, on the other hand, that an indefinite or very protracted delay in commencing the complete service with proper vessels would not be consistent with the fair spirit of the contract, and would constitute a ground, not only for fines, but for its avoidance altogether.

In case, therefore, your Lordship should be of opinion that the proposal now made by the Company (No. 8 in Messrs. Vallance's letter of the 6th instant), for a monthly service for a period not exceeding six months—such service, however, to be performed by vessels coming strictly within the terms of the contract—may properly be accepted, it would seem desirable, in order to avoid possible difficulties hereafter, that, as a condition of acceding to this or any other temporary arrangement, a distinct clause should be inserted avoiding the whole contract, without any claim for damages, at the end of such period as may be fixed, if the Company are then unable to fulfil its conditions strictly according to their fair intent and meaning.