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COPIES of all CORRESPONDENCE between Her Majesty's Government and the Provincial Government of *Canada*, in reference to the CONVEYANCE of MAILS between this Country and *British North America*; of an ADDRESS to Her Majesty on the same subject; and, of all CORRESPONDENCE between Her Majesty's Government and the British and North American Royal Mail Steam Packet Company on the subject of the Prolongation or Renewal of the Contract made with that Company for the CONVEYANCE of MAILS to and from *North America*.

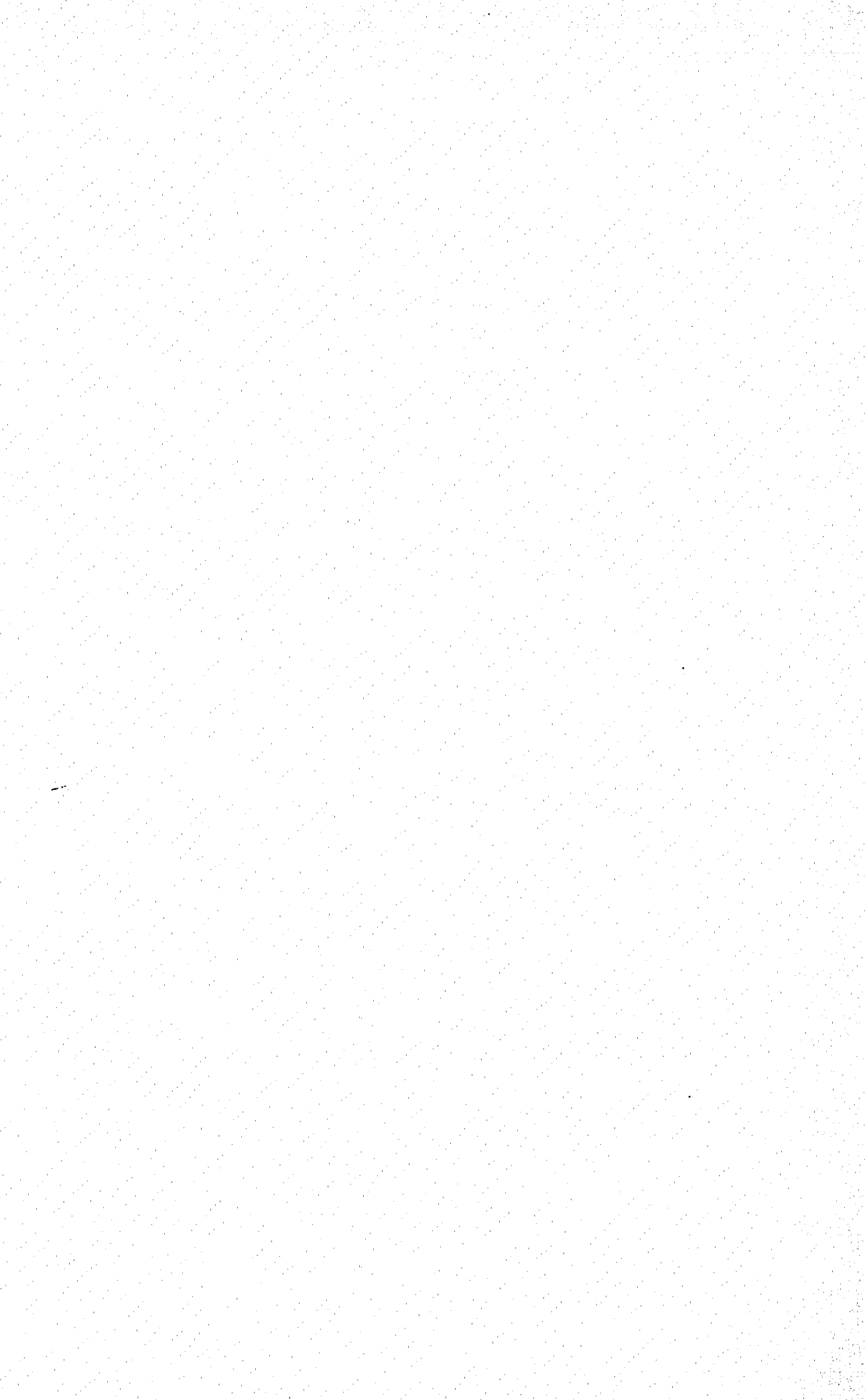
(*Mr. Jackson.*)

Ordered, by The House of Commons, to be Printed,
11 August 1859.

[*Price 9d.*]

184—Sess. 2.

Under 12 oz.



CONVEYANCE OF MAILS (NORTH AMERICA)

RETURN to an Address of the Honourable The House of Commons,
dated 7 July 1859;—for,

- “ COPIES of all CORRESPONDENCE between Her Majesty's Government and the Provincial Government of *Canada*, in reference to the CONVEYANCE of MAILS between this Country and *British North America* : ”
- “ Of an ADDRESS to Her Majesty, voted by the Parliament of *Canada*, on the same subject : ”
- “ And, of all CORRESPONDENCE between Her Majesty's Government and the British and North American Royal Mail Steam Packet Company or Sir *Samuel Cunard*, Baronet, on the subject of the Prolongation or Renewal of the Contract made with that Company for the CONVEYANCE of the MAILS to and from *North America*. ”

(*Mr. Jackson.*)

Ordered, by The House of Commons, to be Printed,
11 August 1859.

COPIES of all CORRESPONDENCE between Her Majesty's Government and the Provincial Government of *Canada*, in reference to the CONVEYANCE of MAILS between this Country and *British North America*:—And, of an ADDRESS to Her Majesty, voted by the Parliament of *Canada*, on the same subject.

Colonial Office, }
9 August 1859. }

C. F. FORTESCUE.

—No. 1.—

COPY of a DESPATCH from the Secretary of State to Governor
Sir Edmund Head, Bart.

(No. 53.)

Sir,

Downing-street, 5 November 1855.

I TRANSMIT herewith the copy of a letter from the Assistant Secretary to the Postmaster General, forwarding a notice, of which I also enclose a copy, announcing that unpaid letters to Canada will henceforward be sent by the British mail packet, unless otherwise directed, and prepaid letters by the route indicated.

I request that you will cause this announcement to be made known in Canada; and I have at the same time earnestly to commend to the consideration of your Council the observations in the accompanying letter from the General Post Office, on the subject of the loss sustained by that department in consequence of the mode of postal communication with this country, which is now adopted by the Government of Canada.

I have, &c.
(signed) *G. Grey.*

Enclosure in No. 1.

Sir,

General Post Office, 29 October 1855.

I AM directed by the Postmaster General to request that you will draw the attention of the Secretary of State for the Colonies to the following statement:—

The earnings of our mail packets between this country and North America, which were even before quite insufficient to defray the expense of the service, have of late been very much reduced.

One of the main causes of this unsatisfactory state of things is, that the correspondence between this country and Canada, which was formerly conveyed by British packets exclusively, except under special directions to the contrary, has of late been despatched both ways by the first packet, whether British or American.

This has arisen from the withdrawal in the alternate weeks of the British packets, which led the Canadian post-office, first to make use of the United States packets, *via* Liverpool, for its outward unpaid correspondence—a change made without any communication with this office; and shortly afterwards to press upon Viscount Canning to adopt the same course.

This alteration has withdrawn so many letters from the British packets, that the annual loss from this cause alone cannot be estimated at less than about 8,000*l.*; a loss, it must be observed, which falls entirely upon the British Government, since the Canadian Government makes no direct contribution to the support of the packets. The Canadian post-office, indeed, instead of sharing the loss, even derives some advantage from the change, since it receives one penny more for its inland rate in the one case than in the other.

The receivers of letters, however, in both countries suffer by the change, since the rate on letters conveyed by the United States packets is one shilling and two pence against eight-pence on those conveyed by British packets; the higher rate (except in the few cases in which it is prepaid) of course falling on the receiver of the letter. It is true, that the letter is thus despatched a week earlier, but this advantage was always open to the sender on his directing accordingly.

The higher rate has naturally excited especial dissatisfaction, when, as has of late been the practice of the Canadian post-office, unpaid letters have been sent by the United States packets, even though specially directed to be sent by British packets.

Under

No. 1.
Secretary of State
to Governor Sir
E. Head, Bart.
5 Nov. 1855.

29 Oct. 1855.

Encl. in No. 1.

Under these circumstances, Viscount Canning considers it indispensable to restore the former practice; viz. in the absence of evidence to the contrary, to assume that it was the desire of the correspondents to use the cheaper mode of conveyance.

His Lordship has accordingly directed the issue of a notice (of which I enclose a copy) in accordance with the above determination, and requests that, if the Secretary of State for the Colonies concur in the propriety of extending the injunction to Canada in respect of the mails sent to this country, he will have the kindness to communicate on the subject with the Colonial Government, at the same time drawing its attention to the fact, that as the mother country bears the whole expense of the packet service, and as the change made by the Canadian post-office not only withdrew a considerable sum from the returns, but also threw increased rates of postage on the British public, such change could not properly be made without reference to the Home Government.

Sub-Enclosure.

J. Ball, Esq., M.P., &c. &c. &c.,
Colonial Office.

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

Sub-Enclosure in No. 1.

By Command of the Postmaster General.

NOTICE to the Public, and Instructions to all Postmasters.

LETTERS FOR CANADA.

General Post Office, October 1855.

THE postage upon a letter, not exceeding half an ounce, addressed to Canada, and forwarded through the United States, is—

Eightpence when conveyed by British packet.

One shilling and two-pence when conveyed by United States packet; heavier letters being charged in proportion, according to the scale of weight applicable to inland letters.

Hereafter, unpaid letters will be sent by the cheaper route, unless specially addressed "By United States Packet." Prepaid letters will be forwarded by the route indicated by the postage paid thereon.

At present the British and United States packets leave Liverpool alternately on the Saturday.

Rowland Hill, Secretary.

— No. 2. —

COPY of a DESPATCH from the Right Honourable H. Labouchere to Governor Sir Edmund Head, Bart.

(No. 32.)

No. 2.
Right Hon. H.
Labouchere to
Governor Sir
E. Head, Bart.
6 Feb. 1856.

Sir,

With reference to my Despatch, No. 53, of the 5th of November last, I have to acquaint you that Her Majesty's Government propose to extend to Canada the principle laid down in the accompanying Treasury Minute of the 27th November last, by which, if adopted, the cost of the mail service will be borne in equal proportions by the Colony to which the Minute refers and the United Kingdom.

The principle of an equal division of expense appears to be perfectly just, and equally applicable to the Province of Canada as to other of Her Majesty's Colonial Possessions, and I have therefore to request that you will bring the subject under the consideration of your Council, and furnish me with a report upon it.

I have, &c.
(signed) H. Labouchere.

Enclosure in No. 2.

TREASURY MINUTE, dated 27 November 1855.

Encl. in No. 2.

My Lords have under their consideration various communications from the Colonial Office, giving cover to despatches from the colonies of New South Wales, Victoria, and South Australia, and reports from the Postmaster General, upon the subject of a postal communication between England and the Australian Colonies.

My Lords advert to the arrangement which they sanctioned some time ago for the purpose of securing a monthly postal communication with Australia by steam-boats. By that arrangement a mail was carried, *viâ* the Cape of Good Hope, by the General Screw Steam Navigation Company, and another by the Peninsular and Oriental Company, *viâ* Singapore, in every month alternately, so as to secure a monthly communication between the two. The former of these companies having found itself obliged to abandon the contract, and the latter, in consequence of the demand for their vessels for the purposes of the war, having been obliged to suspend the branch service from Singapore to Australia, my Lords deeply regret that for some months past, so far as steam-vessels are concerned, this important postal service has been interrupted.

As early as the month of February last, with a view of obviating this inconvenience, my Lords requested the Lords of the Admiralty to take steps to obtain a tender for a monthly conveyance of mails to Australia, but it is only within the last few weeks that that tender has been received by the Government; and it is one which, in its present shape, and in the position which the question has now assumed, my Lords are not prepared to accept. This tender, which has been received from the Peninsular and Oriental Company, is to convey a mail by steam once in every month between Ceylon and the Australian Colonies, in connexion with their India mail-boats, for the sum of 84,000*l.* a year. But as the present estimate of the postal revenue with Australia cannot be computed at more than 36,000*l.*, of which 24,000*l.* can only be taken as the portion applicable to the sea service, my Lords would not feel justified in imposing upon the Home Exchequer exclusively so large a loss (*viz.*, 60,000*l.* a year) as would attend the adoption of this tender.

It has been with great satisfaction that my Lords in the meantime have perused the Despatches received from Sir William Denison, Sir Charles Hotham, and Mr. Macdonald, as well as the proceedings of the respective public authorities of New South Wales, Victoria, and South Australia, upon the subject of postal communication. And my Lords have no doubt that when sufficient time shall have elapsed to enable the replies of the Governors of Van Diemen's Land, Western Australia, and New Zealand to the circular Despatch addressed to them by Sir William Denison of the 16th March, inviting their co-operation with the other Colonies and the mother country in order to place the postal communication upon a permanent and satisfactory basis, to reach this country, they will be found to coincide with the enlightened and public-spirited views expressed by those Colonies already referred to in reference to the subject of that Despatch.

The general tendency of all the correspondence upon this subject which has reached this Board shows that the different Colonies of Australia have become so impressed with the necessity of maintaining a permanent, certain, and rapid postal communication with England, that they are now prepared to share with this country any loss which it may be necessary to incur; but the offers of contribution, though made by those Colonies from which communications have been received in a spirit of earnestness upon which my Lords place the most implicit reliance, are yet either too vague or are accompanied by conditions too contradictory and inconsistent with each other to form at once the basis of an arrangement with regard to which it is most desirable there should be no possible misunderstanding. It may therefore be convenient that my Lords should here place on record the various proposals which have been made by the different Colonies, first and last, with respect to sharing in the expense of the postal service, and the conditions attached to those offers:

1. It appears that in 1846 the Legislative Council of New South Wales recommended that 6,000*l.* a year for three years should be placed at the disposal of the Home Government, in aid of steam communication *viâ* India. In 1852 this recommendation was confirmed, but on condition that the route should be by Torres Straits. In 1852 the Government offered a payment of 6,000*l.* for three years to the first steam company which should establish a monthly line of steamers performing the distance from Sydney to England and back in 120 days.

2. In 1849 the Governor of Van Diemen's Land reported that 2,000*l.* a year had been appropriated from the local revenue towards a line from Singapore *viâ* Sydney; that is, by the Eastern route through Torres Straits.

3. In 1847 the Legislative Council of South Australia reported in favour of a line by way of the Cape, and promised 3,000*l.* a year for three years, if the passage were accomplished within 70 days.

4. In 1853 the Governor of Western Australia reported that the Council would be willing to pay 1,000*l.* a year towards the expense of the line from Singapore to Sydney, provided the ships should call at Fremantle.

5. In the same year the authorities of Victoria, in expressing an anxious desire for a cheap postal communication with England, offered to contribute, so far as their own Colony was concerned, for the necessary expenditure; but it afterwards appeared that a misconception had arisen as to the intention of the Colonial authorities in this declaration.

6. In the present year an Act was passed by the Legislature of South Australia, authorising a payment of 500*l.* to each steam-vessel delivering direct mails, *viâ* the Red Sea, within 58 days, provided that such vessel had not touched at any port eastward of Adelaide, and that the mails were delivered direct from the same ship that brought them from the last point of land before reaching the Australian Colonies.

7. There remains to be stated the substance of the communications which have taken place between Sir William Denison and the other Governors in the present year. On the

16th of March Sir William Denison addressed the circular Despatch, already adverted to, to Sir Charles Hotham, the Governor of Victoria, and to the Governors of the other Australian Colonies, as well as to the Governor of New Zealand; in which, after dwelling in appropriate terms upon the necessity of restoring, as early as possible, a regular postal communication, he proposes that the whole of those Colonies should join in defraying a portion of the loss which, at least for some time to come, must attend the establishment of a monthly steam communication between them and England; in which circular Sir William Denison divides the subject into the following three points for consideration:

- 1st. What should be the maximum sum to be paid for such service?
- 2d. In what proportion this amount should be divided between the Colonies and the mother country.
- 3d. In what manner the contribution of the Colonies should be apportioned among them.

In discussing these points Sir William Denison assumes that the maximum cost of the service would be 100,000*L.*; and he expresses an opinion that of that sum 40,000*L.*, or two-fifths of the whole, should be contributed by the Colonies, and the remainder by the Home Government; and that so far as regards the distribution of the contribution among the different colonies, that should be determined by the proportion of letters which each Colony transmits by the mail, and should be revised annually. The views entertained by Sir William Denison appear to have been entirely adopted by the Executive Council of New South Wales, who passed a resolution that the Legislative Council should be invited to place the sum of 15,000*L.* annually at the disposal of the Government to carry out the arrangement; as yet, however, no information has been received that that has actually been done.

With regard to the Colony of Victoria, my Lords have before them several Despatches of Sir Charles Hotham, addressed to the Secretary of State and to Sir William Denison, by which it appears that the authorities entered warmly into the arrangement proposed; and it appears by Sir C. Hotham's Despatch to Sir William Denison of the 4th of May, that he had caused to be inserted in the "Post Office Act Amendment Bill," a clause pledging the Legislature to the expenditure of a sum not exceeding 50,000*L.* per annum for the maintenance of steam communication between Victoria and Great Britain, not less than once a month, and that the Legislative Council had given its sanction to the Act. But Sir Charles Hotham states, that any contribution on the part of Victoria must be subject to the following four conditions:

- 1st. That no contract should be made that does not provide for the delivery of the mail at Melbourne in a period not exceeding 55 days from the date of leaving London, the choice of route to rest with Her Majesty's Government.
- 2d. That if the overland route is adopted, the packet must proceed from Point de Galle *via* Cape Lewin and King George's Sound to Melbourne; she must touch at Kangaroo Island, but to avoid a loss of two or three days, she must not enter Port Adelaide, and that she shall proceed from Melbourne to Sydney.
- 3d. That in case the overland route is adopted, the packet would proceed to Sydney immediately after the delivery of the Melbourne mails; but that on her homeward voyage she must remain at least 48 hours in the port of Melbourne, exclusive of Sundays.
- 4th. That preference must be given to the passengers from the Colonies on the homeward route, over any passengers for a shorter distance.

With regard to the Colony of South Australia, my Lords have before them a Despatch of the Governor, Mr. Macdonnell, to the Secretary of State, giving cover to a copy of a Despatch addressed by Mr. Finnis, who administered the Government of the Colony prior to Mr. Macdonnell's arrival, in reply to Sir William Denison's circular letter; the substance of which is, that he had sufficiently ascertained the state of public feeling in the colony as to be able to say, with some degree of confidence, that the Legislature (which was not then in session) would give its support to any plan arranged by the Home Government with any steam company, by which an ocean steamer shall monthly call off Port Adelaide, outward and homeward, delivering the mails within the same time as under the late contract with the Peninsular and Oriental Company; remaining in the port only sufficient time to deliver the mails on the outward voyage, but remaining 24 hours on the homeward voyage; that to secure this advantage the Government would propose to the Legislative Council a Bill to pay on behalf of the Colony a contribution not exceeding 12,000*L.* a year. In respect to the cost of the whole service, the acting Governor of South Australia suggests that the Colonies should pay one half, and the Imperial Government the other.

My Lords have also read, with much satisfaction, the enlarged and liberal views taken of the proposal, as a whole, in the minutes of the Executive Council of the 17th of April, as well as in the reports of the Postmaster General of the Colony, of the Acting Colonial Secretary, the Advocate General and the Surveyor General.

Mr. Macdonnell in his Despatch states, that the letter of Mr. Finnis represents the views of members of the Legislature and of the general community, being in favour of steamers from Point de Galle, calling off Port Adelaide.

From the remaining three colonies, *viz.*, Van Diemen's Land, Western Australia and New Zealand, as yet no intimation of any reply to Sir William Denison's Despatch has reached this Board.

From this summary of the existing state of these negotiations, it is apparent that they have not yet assumed that clear and tangible position which would enable the Home Govern-

ment to make them the basis of an actual arrangement. The Executive Council of New South Wales has passed a resolution to invite the Legislative Council to appropriate a sum of 15,000 £ towards the service, but no advice has yet been received that this has been adopted. Sir William Denison has stipulated for no conditions which could embarrass the arrangement; but looking to the great preference hitherto shown and embodied in the Acts of the Legislature for the route by Torres Straits, by which the first arrival and the last departure would be from Sydney, it is possible the Legislature may attach such a condition to any grant it may make. In Victoria the Legislature has authorised a very liberal expenditure for the purpose, but Sir Charles Hotham has attached conditions which are inconsistent with the conditions contended for by South Australia, and, in part, such as it may be impossible to obtain. In South Australia the only Act that has really been passed offers a payment of 500 £ to every steamer which shall deliver a direct mail *via* Suez, and without first having called at any port eastward of Adelaide, that is, without having first touched at Melbourne. And the Governor now holds out hopes that the Legislative Council would vote 12,000 £ a year in aid of a plan by which the mail-packets on their outward and homeward voyages shall call at port Adelaide. The acquiescence therefore of the Colonies of Victoria and South Australia in the proposal of Sir William Denison is thus based upon contradictory conditions. With regard to the other three Colonies no engagement, as far as my Lords know, has yet been entered into, of any kind.

However, notwithstanding all the difficulties and conflicting views as exhibited in the various correspondence under consideration, my Lords are of opinion that the interests involved, both Imperial and Colonial, in a speedy restoration of a monthly postal communication between the United Kingdom and the Australian Colonies are so great that the time has now arrived when the Home Government should take the initiative, and propose for the adoption of the Colonies some great and comprehensive scheme, which shall upon mature consideration appear the best adapted for the interests of the whole, and pending a communication with the Colonies, in order to save time, to take such preliminary steps as shall secure its coming into operation as soon as possible. And my Lords are the more induced to arrive at this decision for the following reasons:

1. My Lords cannot, after all the discussions which have taken place upon this subject, be surprised that the different Colonies should view with favour and even insist upon plans which, from the geographical position of the Colonies, promise to confer peculiar advantages upon them, and that in this respect the requirements of some may be at variance with the interests of others or of the whole. And my Lords fear that a great delay would take place if they were to wait until these differences should be adjusted among the Colonies themselves.

2. My Lords are convinced, from the whole tenor of the correspondence now before them, that all the Colonies are now so much in earnest in their desire to see a permanent steam-postal communication established, that they will be ready to sink any minor differences of opinion, and to submit to slight disadvantages in order to secure the far greater benefits which will result from a well-considered general scheme.

3. My Lords are further induced confidently to believe that each Colony will accept a general plan, prepared by the Home Government after full consideration, in the full conviction that, as it is proposed without any bias or leaning in favour of any one Colony, it may be assumed as that which is the best calculated to meet the public wants.

The principle upon which the postal communication between England and the Australian Colonies has hitherto been conducted is, that a postage of 6 *d.* for a single letter has been charged, of which 4 *d.* was understood to represent the sea rate, 1 *d.* for collecting or delivering a single letter in any part of the United Kingdom, and the same in any part of the Colonies; so that the whole cost of sending a letter from any part of the United Kingdom to any part of the Australian Colonies, or *vice versa*, should not exceed 6 *d.*

As the whole cost of the packet service has hitherto been borne by the Imperial Government, the portion of the postage which represented the sea service has been accounted for to the Home post-office, so that of the 6 *d.* charged, 5 *d.* has been appropriated to England and 1 *d.* to the Colony receiving or despatching the letter, as the case might be.

My Lords have already adverted to the heavy charge which has hitherto been imposed upon the British Exchequer from the loss which has attended this arrangement, and to the circumstance that they would not feel justified in adopting the still heavier loss which would attend the improved service which the Colonial authorities think absolutely required for their present wants. But this difficulty is happily removed by the enlightened view taken by the Colonial authorities, and their willingness to defray a share of the loss which shall be incurred in securing a regular monthly steam communication. This loss, though it will be great at first, may fairly be expected rapidly to diminish by the increase of the postal revenue, consequent not alone upon an increasing population, but also upon the establishment of a more frequent and regular service. And it may also be hoped that, before many years shall pass, the increased communication may enable contracts for the conveyance of mails to be made upon considerably more favourable terms.

With a view to effect such an arrangement, there are two modes which might be adopted:

1. The present plan might be continued by which the Home authorities defray the whole cost of the sea service, receive the entire sea postage, and might then divide the net annual loss between the Home Government and the different Colonies in proportions to be fixed. Or,

2. It might be arranged, as has been suggested by Sir William Denison, that each Colony should receive the postage of all the letters forwarded by it to the United Kingdom or to either of the other Colonies, and that the Home post-office should receive the postage upon all letters outward, in which case the entire cost of the sea service would be divided in the proportions determined upon, in place of the balance of loss; but in the adoption of this plan it would be necessary to introduce the system of compulsory prepayment.

It appears to my Lords that the latter plan presents in many respects very important advantages. In the first place, as it may be reckoned that upon an average of the whole year about the same number of letters are sent to and received from each Colony, the plan would practically amount to an equal division of the postage between the Colonies and the United Kingdom, while the inter-colonial postage would go entirely to the Colonies. In the next place, the system of intricate accounts at present subsisting between the Home post-office and each of the Colonial offices, in order to show the amounts collected for and due to the former, might be entirely dispensed with. And in the last place, it would leave the Home Government and each Colonial Government free to regulate their rates of postage in any way they thought fit, within the terms of existing treaties, so far as regards foreign states. It would of course be stipulated that a letter from England should be delivered in any part of each of the Colonies for the payment charged in England, and *vice versa*, that any letter posted in the Colonies should be delivered in any part of the United Kingdom without any additional charge to that made in the Colony. My Lords are therefore prepared to adopt the suggestion made by the Australian authorities on this point to make prepayment necessary, and that each post-office should retain the postage collected by itself as its own proper share of the whole. It will, however, be necessary to make some provision in respect to letters which are posted in the Colonies for continental or other foreign countries, and which will pass through the English post-office. By this arrangement the sum to be divided between the Home Government and the Colonies will be the entire cost of the service, and not the net loss.

My Lords now come to consider the three points raised by Sir William Denison, viz.:—1st. What amount should be expended for the entire service. 2d. In what proportion that amount should be paid by the Home Government and the Colonies; and, 3d. In what proportion each Colony shall contribute to the share to be paid by the Colonies respectively.

1st. As to the cost of the service. As the only fair and satisfactory means of determining this point, my Lords propose to give instructions to the Admiralty immediately to ascertain by public competition the lowest rate at which it can be accomplished on the conditions and plans hereinafter defined.

2d. As to the proportion to be paid by the Home Government on the one hand, and by the Colonies collectively on the other. Sir William Denison suggests that three-fifths should be paid by the Home Government and two-fifths by the Colonies. The Executive Council of South Australia expresses an opinion that on the arrangement ceasing by which the Home Government receives five-sixths of the postage, which is now proposed as part of the new plan, the cost of the service should be borne equally between the mother country and the Colonies collectively. My Lords are of opinion that there are many sound reasons why this latter course should be adopted, namely, that one-half of the whole cost should be defrayed by the Home Government, and half by the Colonies collectively. In the first place, in making this arrangement, my Lords are desirous above all things that it should be based upon principles that will prove as permanent in their operation as possible, and that will be simple and self-adjusting in the natural changes which must in the course of time take place. It is to be expected that as the Australian Colonies become more and more developed, the net loss arising from a postal service will become less; but it may be laid down as a principle that the advantages derived from the conveyance of letters will always be equal to the people at home and to those of the Colonies, as it is presumed that the same number of letters will be sent and received at each end. This equality of advantages would therefore point to an equal division of the cost. In the next place, as it is proposed that each post-office shall retain the prepaid postage upon the whole of its own letters forwarded, and which will practically result in the Colonial post-offices receiving half of the entire postal revenue attached to the service, it is obviously fair that they should also bear half the cost. And, lastly, it appears to my Lords that in a mutual arrangement of this kind, which it is essential to place upon a permanent footing, it would not be desirable, even on the part of the Colonies, for the sake of the slight advantage it would confer upon them, to adopt a plan which had the characteristic of being in any degree one-sided. On the contrary, it is better for all parties that it should be perfectly fair and just. My Lords therefore propose that the Home Government shall in the first place defray the entire cost of the main service, and shall be reimbursed by the Colonies to the extent of one-half.

3d. As to the proportion of the moiety of the cost which shall be contributed by each Colony. It appears to my Lords that the plan proposed for this purpose by Sir William Denison, and acquiesced in by the authorities of the other Colonies, so far as their views have been expressed, is a perfectly fair and satisfactory one, viz.: that each Colony shall contribute in proportion to the number of letters despatched annually by the steamers. It is proposed that this proportion should be adjusted anew every year, but it appears to my Lords that this would lead to unnecessary trouble, and that if an adjustment took place every two years, it would be sufficiently accurate for all practical purposes.

With regard to the entire cost of the main service, it is necessary to observe that if upon receiving the tenders which shall be made, it shall be decided to adopt the East Indian route,

an addition will have to be made to the amount paid for the service from Point de Galle to the Australian Colonies, as between them and the Home Government for the portion of the cost of the existing overland service, which would fairly represent the Australian postage; inasmuch as in an arrangement made between Her Majesty's Government and the East India Company for that service, a portion of the entire cost was calculated to be borne by the former in respect to those Colonies.

My Lords now come to consider the important question of the manner in which the service is to be performed, and the steps to be taken with a view to that end. Great difference of opinion has prevailed as to the route which should be adopted as the best, whether by the Cape, by Panama, or by the Indian overland route, although up to this time experience has shown that the latter is the preferable. My Lords are, however, desirous that a fair test should now be made of all these routes, and they are, therefore, of opinion that any tenders to be invited should be open to all alike, and that it will be for the Government to consider and decide which will be the most advantageous, taken as a whole. At present there is a contract existing with the Peninsular and Oriental Company, for the conveyance of a mail every two months, *viâ* Singapore, upon terms that may be considered favourable to the Government; that service has been suspended for some time past, in consequence of the vessels of the Company being required for the war, and my Lords have now to decide whether they will hold the Company to the contract, or release them from it. Looking to the circumstance that the new service to be provided for will be monthly, it appears to my Lords that any arrangement for that service which could be made, if it were to work in conjunction with this contract now existing for one-half of it, would be made under great disadvantage, and that the only way by which the best terms and arrangements could be secured would be to throw the whole open to competition. My Lords are therefore of opinion that the best course will be to relieve the Peninsular and Oriental Company from their contract for that portion of the service, and to enter upon the new plan unembarrassed by an existing partial arrangement.

My Lords have already adverted to the conflicting and irreconcilable views taken by the different Colonies as to the mode in which the service should be performed, and as to the route to be taken by the steamers employed; but there are two principles which are so obviously desirable to be observed, that my Lords cannot hesitate to lay them down as a rule which must be for the benefit of the whole: first, that each Colony shall have the benefit of an arrival and departure by each steamer monthly, and that the passage out and home together shall be made in the shortest possible time. Upon a very careful examination of the whole subject, and consideration of the correspondence which has taken place, my Lords are of opinion that these objects can be best attained by restricting the points at which the steamers of the main line should call to three, *viz.*, King George's Sound, Melbourne, and Sydney, and that all the other Colonies should be provided with branch services fitting into the arrangements of the main service. My Lords have carefully and especially considered the difference of views upon this subject entertained by the Colonies of Victoria and South Australia. The authorities of the latter Colony very naturally desire that the steamer shall call at Port Adelaide; but when it is considered that vessels of the size which must be employed in this service are unable to cross the bar of the port, and are obliged to bring up at a distance from the port of 15 miles, and from the land of five miles, and often in very bad weather, and that under any circumstances a small branch steamer must be employed; and when it is further considered that calling at Port Adelaide would cause considerable detention to the more important mails of Melbourne and Sydney if the Eastern route shall be adopted, as well as a loss of time also on the return voyage, and that, therefore, the entire voyage out and home would be lengthened, a disadvantage which would affect South Australia as well as the other Colonies, my Lords feel convinced that the inhabitants of that Colony will be satisfied, upon due consideration, that so far as the arrangement above proposed may be a concession on their part, it is one which the general interests of all concerned calls upon them to make, and that they will see that the saving of time in the outward and homeward services together so obtained will be an advantage to them as well as to others.

My Lords are, however, of opinion that, in the comprehensive scheme which they are now proposing, arrangements should be made at the common cost for the branch services required to convey the mails to and from Port Adelaide, Van Diemen's Land, and New Zealand; making Melbourne the common point of arrival and departure of those branch services. They therefore propose that arrangements shall be made on the spot for those services, and that the cost of the same shall be added to the cost of the main services, and divided in the same proportions as already indicated.

My Lords advert to a condition which Sir Charles Hotham attaches to his acquiescence in the proposals of Sir William Denison, namely, that in the event of the overland route being adopted, preference should be given to passengers from the Australian Colonies on the homeward route over any passengers for a shorter distance. With regard to this condition, my Lords entirely agree with the objection made by Sir William Denison in his Despatch to Sir Charles Hotham of the 18th of April, in which he urges that such a condition might be inconsistent with any arrangements which the Peninsular and Oriental Company could positively make, and that the effect of insisting upon it would be to exclude from the arrangement the advantage of the competition of that Company. Sir Charles Hotham states as a reason for insisting upon it, the fact that in the return voyages of the South American steamers, the passengers from the furthest point in the River Plate have the preference over those from Rio de Janeiro; but the circumstances are not the same. The Australian

Australian steamers, if that route were adopted, would join the Indian line at Point de Galle, and if that were the extreme point of the Indian service the cases would be parallel and the plan possible. But in place of this being so, Point de Galle is a station on the homeward route from Hong Kong, Singapore, and Calcutta, and it would obviously be impracticable to insist upon such a provision in favour of Australian passengers over those who may have come from those various points.

My Lords are of opinion that, in a purely postal arrangement, conditions in relation to passengers, however important the subject is in itself, should not be permitted to embarrass the more immediate question, and that all parties may rest satisfied that, in this respect, any company undertaking the service will, for its own interests and profit, make such arrangements as shall be most convenient to all parties.

The plan, therefore, which my Lords propose may be thus shortly summed up :

1. That they shall instruct the Admiralty to obtain tenders, by open competition, for a monthly postal service between this country and Australia, the vessels, outward and homeward, touching at King George's Sound, Melbourne, and Sydney, carrying the mails for the six Colonies of New South Wales, Victoria, South Australia, Western Australia, Van Diemen's Land, and New Zealand.

2. That branch services shall be established by open competition from Melbourne, as the central point, with Port Adelaide, Van-Diemen's Land, and New Zealand.

3. That all letters and newspapers shall be prepaid, and that each post-office shall retain its own receipts.

4. That the entire costs of the services described shall be divided equally between the Home Government and the Colonies collectively.

5. That each of the Colonies shall contribute to the moiety to be paid by them collectively in proportion to the number of letters despatched by each, to be ascertained every two years.

In the first place it will be necessary to obtain from each of the Colonies named a duly authorised legislative acquiescence in the arrangement proposed. For this purpose, let a copy of this minute be transmitted to the Colonial Office, and request that the Secretary of State will take the necessary steps with that view. But state that as some time must elapse before replies can be received from the different Colonies, and as my Lords are anxious that no time should be lost in re-establishing a monthly mail by steam, my Lords, relying upon the correspondence now before them from the Governors of New South Wales, Victoria, and South Australia, have decided to take immediate steps in order to secure a commencement of the service at the earliest possible time after the receipt of communications from the different Colonies acquiescing in the proposed arrangements.

Write to the Secretary of the Admiralty, and request that the Lords Commissioners of the Admiralty will take immediate steps to procure tenders for a monthly postal communication by steam with Australia, on the following conditions, and report to this Board before any contract is actually made :

1. The tenders to be delivered within two months of the date of the advertisement.

2. The tenders to specify the route and the maximum number of days between the departure of the mail from Southampton and its arrival at Melbourne and Sydney, and King George's Sound, respectively; and also the number of days on the homeward route.

3. That the service shall be performed under a penalty of 100% a day for delay in starting, and 30*L*. a day for any time consumed in the voyage beyond the allowed maximum.

4. The contractors to state in what time from the acceptance of their tender they will be prepared (under a penalty to be agreed upon) to commence the service.

5. The contractors to give such adequate security as to the Lords of the Admiralty may appear necessary for the payment of any penalties which may become due, and generally for the performance of the contract; which penalties in no case whatever shall be relinquished.

6. The contract to be for five years.

Transmit copy of this Minute to the Colonial Office, Admiralty, and the Post Office, for their information and guidance.

(signed) *James Wilson.*

— No. 3. —

COPY of a DESPATCH from Governor Sir *Edmund Head*, Bart., to the Right Honourable *H. Labouchere*, M.P.

(No. 49.)

Government House, Toronto,
12 March 1856.

(Received 1 April 1856.)

No. 3.
Governor Sir *E. Head*, Bart., to the Right Hon. *H. Labouchere*, M.P.
12 March 1856.

• Page 3.

5th March 1856.

Sir,
In reply to your Despatch of 6th February, No. 32, enclosing a Minute on the subject of the ocean postage, I have now the honour to forward a copy of a report of the Hon. Robert Spence, Postmaster General for Canada, which has been
0.24—Sess. 2. B

been concurred in by the Executive Council in a Minute, dated 7th of March 1856.

It appears to me that Mr. Spence's view is correct in one respect—the cases of Australia and Canada are not parallel. The relative demands on the Atlantic mail service, on account of the postage to the United States and the other British Colonies, would, he thinks, require to be considered and severally adjusted before a satisfactory arrangement could be made. The whole matter is further complicated, by the fact that the Canadian Government propose in the ensuing season to forward their mails, as far as practicable, by the steamers from the St. Lawrence, on account of which aid has been given from the Colonial funds.

I have, &c.
(signed) *Edmund Head.*

Encl. 1, in No. 3.

Enclosure 1, in No. 3.

To his Excellency the Governor General, &c. &c. &c.

Post Office Department, Toronto, 5 March 1856.

UPON the proposal contained in a Despatch from the Right Hon. H. Labouchere to His Excellency, dated 6th February 1856, that a principle should be extended to Canada, which had been under discussion as applicable to the postal intercourse between the United Kingdom and the Australian Colonies, as appears by Treasury Minute of 27th November last, by which the cost of mail sea service between England and Canada would be divided equally between the two countries, with such an approximation to an equal division of the sea postage as would be attained by the Imperial and Canada post-offices respectively, retaining the sea postage on the letters forwarded from either to the other (secured by compulsory prepayment):

The Postmaster General of Canada reports, that whilst appreciating the incidental convenience of abolishing postage accounts between the Canada and Imperial post offices, it does not appear that the principle laid down in the Treasury Minute could advantageously be applied to the postal intercourse between Canada and the United Kingdom, and for these reasons:—

That it is presumed that the Imperial Government, in speaking of sea mail service, restricts the term to the service performed by the steamers under contract to the Imperial post-office, and is not prepared to extend the operation of the principle to the ocean mail line of steamers under contract to the Canadian Government; it is true, that this Province has special interests in the latter undertaking, as it may be assumed the mother country has in the Cunard line supposed to be exclusively referred to by Mr. Labouchere; these special considerations have induced the country to subsidise to the reasonable extent of its means the Canada contract steamers, but it does not seem expedient to unite with the Imperial Government in a plan which, as understood from Mr. Labouchere's Despatch, would place this Province in the same relation to the Imperial steam-boat contractors, without promoting any special interest, and without obtaining comity of action from the Imperial Government, as regards the provincial sea line of steamers.

The Postmaster General further suggests that the chief mail service performed by the Imperial steamers is on the transport of correspondence between the United Kingdom and the United States; and that even if it were conceded that it would be proper that Canada should undertake to pay a share of the sum which the Imperial authorities may from time to time see fit to accord to these steamers, rather than as at present to pay a postage rate on such letters as Canada may send or receive by them; it would, he apprehends, be almost impossible to determine, to the satisfaction of the parties, what proportion of payment Canada should from time to time be rated at, relatively to the other provinces, and in view of the principal interest in the service to be apportioned, being applicable to the intercourse between England and a foreign country.

(signed) *Robert Spence, P.M.G.*

Encl. 2, in No. 3.

Enclosure 2, in No. 3.

COPY of a REPORT of a Committee of the Executive Council, dated 7 March 1856.

ON a Despatch, dated 6th ultimo, from the Right Honourable the Secretary of State for the Colonies, proposing to extend to Canada the principle laid down in an accompanying Treasury Minute of the 27th November last, by which, if adopted, the cost of the mail service would be borne in equal proportions by the Colony and the United Kingdom:

The Honourable the Postmaster General reports that whilst appreciating the incidental convenience of abolishing postage accounts between the Canada and Imperial post-offices,

it does not appear that the principle laid down in the Treasury Minute could advantageously be applied to the postal intercourse between Canada and the United Kingdom.

The Committee concur in opinion with the Postmaster General, and recommend that the same be communicated to the Secretary of State for the Colonies.

Approved by his Excellency the Governor General, in Council, 10th March 1856.

Certified.

(signed) *Wm. H. Lee, C.B.C.*

— No. 4. —

COPY of a DESPATCH from the Right Honourable *H. Labouchere*
to Governor Sir *Edmund Head*, Bart.

(Confidential.)

Sir,

Downing-street, 17 July 1856.

WITH reference to your Despatch, No. 49,* of the 12th of March last, I transmit for your consideration copies of a correspondence between my department and the Board of Treasury relative to the postal communications between Canada and this country, and I should be glad to be placed in possession of your opinion as to the course which it would be most advisable to pursue on this subject.

I have, &c.

(signed) *H. Labouchere.*

Enclosure 1, in No. 4.

Sir,

Treasury Chambers, 15 May 1856.

I AM commanded to transmit to you herewith a copy of a report from the Postmaster General, dated 6th instant, and I am to acquaint you, for the information of Mr. Secretary Labouchere, with reference to your letter of the 11th ultimo, that the Lords Commissioners of Her Majesty's Treasury concur in the opinions expressed by the Postmaster General in regard to the propriety of Canada paying part of the loss arising from the conveyance of mails between Great Britain and that Colony.

H. Merivale, Esq.

I remain, &c.

(signed) *C. E. Trevelyan.*

Sub-Enclosure.

COPY of REPORT from the Postmaster General to the Lords Commissioners of Her Majesty's Treasury, dated 6 May 1856.

I HAVE carefully considered the Despatch of the 12th ult. from the Governor of Canada to Mr. Labouchere, relative to the cost of the packet service, and referred to me by your Lordships for my observations.

It does not appear to me that any sufficient reason is given in this Despatch for non-compliance with the suggestion contained in my letter to your Lordships of the 15th January last, that Canada should share with the mother country in proportion to their correspondence the loss arising from the conveyance of the mails between that Colony and Great Britain. The Postmaster General of Canada, in a report approved of by the Governor General in Council, and accompanying the Governor's Despatch, suggests that if Canada were to pay part of the loss of the present British mail packets, it would be reasonable to expect that the United Kingdom should in turn pay part of the cost of the new line of mail steamers lately established by the Canadian Government, and referred to in my letter of the 15th January; but I cannot admit the justice of this view.

The establishment of these new steamers is very possibly a mere temporary arrangement, which may be suspended during the winter. Under any circumstances, however, it will afford no relief whatever to this country in the mail service; but, on the contrary, will add to the loss connected with that service, by withdrawing from the revenue the sea postage on a large number of letters.

If, at the end of the present contract with Messrs. Cunard, Burns & M'Ever, (which has still between five and six years to run,) the Canadian Government should undertake permanently to perform half the effective service, it might then fairly claim exemption from all share in the cost of the other half of the service, and claim a right also to apply the sea postage of the letters conveyed by their packet towards defraying the cost of such packets; but the Imperial Government can hardly admit as a claim upon it for further outlay the fact of an

No. 4
Right Hon. H.
Labouchere to
Governor Sir
E. Head, Bart.
17 July 1856.

• Page 9.

Treasury, 15 May
C. O., 30 May
Treasury, 4 July

Enci. 1, in No. 4

arrangement having been made by the Colony, which has no other effect than that of adding to the burden already borne exclusively by the mother country.

Mr. Spence further suggests that there will be great difficulty in determining the sum which, were the principle acceded to, Canada ought to be required to contribute towards the cost of the mail packets; but here again Mr. Spence appears to me to have fallen into error. For all practical purposes, a comparison of the number of letters conveyed by these packets to and from Canada, and to and from other parts of British North America, and the United States, a comparison which can readily be made, would indicate the share of the loss on these packets which Canada ought to defray. Thus, should it appear, for instance, that the Canadian correspondence forms one-tenth of the whole, then Canada would have to bear one-twentieth part of the total loss on the packets.

I have, &c.
(signed) *Argyll*.

Encl. 2, in No. 4.

Enclosure 2, in No. 4.

Sir,

Downing-street, 30 May 1856.

I HAVE laid before Mr. Secretary Labouchere your letter of the 15th instant, transmitting the copy of a report from the Postmaster General on the subject of requiring Canada to pay part of the loss arising from the conveyance of mails between Great Britain and that province, and I am directed to request you will state to the Lords Commissioners of the Treasury, that on more deliberate consideration of this proposal, Mr. Labouchere is unable to concur in the propriety of pressing it, in its present shape, upon the Provincial Government. Agreeing that it will be right to expect that Canada should be called upon to contribute its fair share of the expense of the ocean postage on the renewal, if it be renewed, of the present mail contract, or at any future convenient opportunity, Mr. Labouchere considers that, as Canada was not a party to the present contract with Mr. Cunard, it will be impossible for Her Majesty's Government, who are without the means of enforcing the proposed demand on the Province, to press it with any chance of success. If, however, the Postmaster General is of a different opinion, Mr. Labouchere would be glad to learn what steps he or their Lordships propose that Her Majesty's Government should take in case the Province continues to decline the liability sought to be imposed on it. Until the Postmaster General's views are explained on this point, Mr. Labouchere must be of opinion that it will be preferable to allow the present arrangement to subsist till the contract with Mr. Cunard has expired, and that then the General Post Office should make the best terms in its power with Canada for defraying proportionably the expense in the conveyance of the letters across the ocean.

Sir C. E. Trevelyan, K.C.B.

I am, &c.
(signed) *H. Merivale*.

Encl. 3, in No. 4.

Enclosure 3, in No. 4.

Sir,

Treasury Chambers, 4 July 1856.

THE Lords Commissioners of Her Majesty's Treasury having submitted your letter of the 30th ultimo upon the subject of the Canadian mail service to the Postmaster General, I am now directed to forward, for the information of the Secretary of State, a copy of his Grace's report thereon to my Lords; and I am to inform you that their Lordships request that, in considering what course it will be desirable to take in relation to the postal arrangements of Canada, Mr. Labouchere will have reference to the following observations respecting the existing state of matters, so prejudicial to this country, in consequence of the Canadian Government having availed themselves of a proposal of the Home Government in a manner and under circumstances never intended.

Some time ago Her Majesty's Government made a proposal to all the Colonies to establish a uniform rate of postage of 6*d.* for each single letter, which should be divided thus: 1*d.* to the Colony and 1*d.* to this country for the collection and distribution of the letters at each end, and 4*d.* to the party at whose expense the sea service should be performed.

Under this arrangement the Canadian postal service has been conducted, this country providing at a great cost the sea service weekly to Halifax, and for this being entitled to five-sixths of the postage charged. It now appears, that the Canadian Government has established a direct line of postal service by vessels of their own, which run to and from Liverpool once a fortnight in summer, and once a month in winter; and that according to the letter but not the spirit of the existing arrangements referred to, they will claim upon the letters conveyed thereby five-sixths of the postage; thus depriving the British Government of the fair proportion of the postage rate contemplated when the arrangement was made as some compensation for the heavy expense incurred for the weekly service still existing. It must be plain that in making that proposal my Lords contemplated that the Colonies should only be entitled to the four-sixths of the postage in respect to the sea service when they took upon themselves the entire cost of such service, and not in the event of their merely setting up a rival service without any relief to Imperial funds.

Under

Under these circumstances, should the Canadian Government continue to decline to enter upon some fair adjustment of the whole service, my Lords will feel compelled to reconsider the existing arrangement in respect to the apportionment of the postage as it at present stands.

H. Merivale, Esq.
&c. &c. &c.

I remain, &c.
(signed) *James Wilson.*

Sub-Enclosure.

To the Lords of the Treasury.

My Lords,

IN returning the enclosed letter from the Colonial Office, dated the 30th ultimo, referred to me by direction of your Lordships, on the subject of the proposal which has been made to the Government of Canada to bear a share of the loss incurred in maintaining the North American mail packets, I have the honour to state that the letter which I addressed to your Lordships on the 6th ultimo, and to which reference is made by Mr. Merivale, was intended principally as a reply to the observations of the Postmaster General of Canada in objecting to this proposal, and as such should, in my opinion, be forwarded for the consideration of the Government of Canada; but this is no doubt a question for the decision of the Secretary of State for the Colonies, who will also, I presume, determine how far it may be expedient to press my views on the Canadian Government.

It may be proper for me to state that the Government of Canada has recently established a line of colonial mail packets to run to and from Liverpool once a fortnight during the summer, and once a month during the winter; and that, upon all the letters conveyed by these packets, the Canadian post-office receives, according to the interpretation which has been put upon Mr. Wilson's letter, dated 4th March 1853, five-sixths of the postage, in consideration of the sea conveyance being provided by the Colony. I beg leave to suggest whether, in the event of the Canadian Government declining to adopt the arrangement which has been proposed as to sharing the loss on the British mail packets, it would not be advisable for your Lordships to reconsider the offer made in Mr. Wilson's letter above alluded to, to reverse the proportion "of the charges in all cases where the packet service shall be furnished by the Colonies;" and to restrict that offer, as I presume was originally intended, to cases where the Colonies shall furnish the entire packet service to the relief of the Imperial Government, and not, as in the present instance, where they set up a packet service over a line already amply served, and where the additional service, by withdrawing correspondence from the original packets, only throws an additional loss on the mother country.

General Post Office, 18 June 1856.

I am, &c.
(signed) *Argyll.*

— No. 5. —

COPY of a DESPATCH from Governor Sir *Edmund Head*, Bart., to the
Right Honourable *Henry Labouchere*, M.P.

(Confidential.)

Government House, Toronto, C. W.,
2 September 1856.

(Received, 27 September 1856.)

Sir,

I HAVE the honour to acknowledge your Despatch of 17th July, marked "Confidential," and to express my thanks to you for the information so conveyed. I thought myself justified in showing this Despatch to the Honourable R. Spence, Postmaster General of Canada, and I now venture to enclose a copy of his observations thereon.

2. I may perhaps be allowed to add, that there is a point of view in which a Canadian may look at the whole question somewhat different from that in which it has presented itself to the authorities at the General Post Office.

3. A Canadian may ask, "Why are we, Canada, obliged to pay a subsidy at all for a line of steamers running into the St. Lawrence to a British port by a route which we hold to be the most advantageous route? The merits of the route itself might make our subsidy unnecessary, were it not that Her Majesty's Government give a large bounty to a line running to Foreign Ports.

4. "It may be admitted that Canada was benefited by the rapid transmission of the mails through the United States, but she was no party to the arrangement as one which could never be revoked. Canada now thinks that she can arrange for the conveyance of her own mails to and fro by way of Quebec in summer, and Portland in winter, more rapidly and advantageously than by Boston and New York. Why should Her Majesty's Government discourage this new enterprise on the part of Her Majesty's subjects, and by a large subsidy drive the business only to the United States ports?"

No. 5.
Governor Sir E.
Head, Bart., to the
Right Hon. H.
Labouchere, M.P.
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5. "As a matter of course, we cannot ask for any breach of faith towards the present contractors; we cannot ask for a sudden termination to an arrangement of which we have had the full benefit; but we may surely ask that no renewal of that arrangement should be made without hearing what Canada has to say when the opportunity occurs. We may hope that no course will be pursued adverse to the principles of free trade by the continuance of a large bounty to the Boston and New York lines.

6. "Leave the natural advantages of the St. Lawrence and Portland route to find their own level in the market, and in the meantime do not use all the influence of the British Post-office, and the assumed meaning of the existing arrangement respecting the 6*d.* and 5*d.* postage, so as to bear as hardly as possible on the first effort of this Colony to open the St. Lawrence to a regular line of British steamers."

7. You will understand, sir, that I do not give these arguments as my own, but they express imperfectly the opinion of many Canadians, among whom are some members of my Council.

I have, &c.
(signed) Edmund Head.

Encl. in No. 5.

Enclosure in No. 5.

To His Excellency the Governor General, &c. &c. &c.

UPON the communication addressed to your Excellency by Mr. Secretary Labouchere, under date 17th July 1856, marked "Confidential," enclosing a correspondence between the Imperial Post-office Department and the Lords of the Treasury, on the subject of a demand on the Government of Canada for the payment of some part of the loss incurred by the Imperial Government in the maintenance of a line of mail steamers from Liverpool to Boston and New York *via* Halifax:

The Postmaster General has the honour to remark that he has failed to discover in this correspondence any new view of the case, or any stronger argument urged in support of the claim set up by the Lords of the Treasury since he had the honour to report to your Excellency on the Despatch of Mr. Secretary Labouchere, dated 6th February 1856, to which your Excellency's Despatch, No. 49 of the 12th March, refers.

It appears to have been entirely overlooked by the Lords of the Treasury that Canada was not a contracting party to the arrangement by which the subsidy to the Cunard line was granted, and it is of importance to note that throughout the negotiation between the British Government and Mr. Cunard there was no interference on the part of Canada, nor was her consent to such subsidy asked or obtained.

The Postmaster General cannot understand on what just principle the Lords of the Treasury claim from this Government a proportion of the loss incurred by the Imperial Government in the subsidizing a line of mail steamers, more especially as it has not been known that it was intended to make Canada a participator in profits, had the balance been the other way. Besides, there can be no better reason to seek relief of this kind from Canada than from the United States Government, although an application to the latter would have greater force, inasmuch as a very considerable portion of the correspondence between the United Kingdom and the United States is carried on by the Cunard line, and because the trips of the vessels of such line are made to and from Boston and New York, and in the conveyance of freight materially benefit the commercial interests of these ports.

It may also be urged that the Imperial Government had other views in subsidizing the Cunard line than merely the transmission of mail matter, in the same way that the Provincial Government in affording aid to the Canadian line were influenced by considerations entirely different from those of a mere postal character.

The Postmaster General observes with regret that Mr. Wilson, in his letter to Mr. Merivale, regards the employment of the Canadian steamers for postal purposes as an infraction of the arrangement of 1853. The contrary is the fact, as by that arrangement it is expressly provided by the Imperial authorities that "that portion of the correspondence which is conveyed *via* Halifax, or by a Canadian mail packet proceeding direct between Canada and England, will be charged 6*d.* In the former case 5*d.* will be brought to the account of the British; and 1*d.* to the account of the Canadian office; in the latter case these proportions to be reversed."

With this clearly expressed understanding of the conditions upon which the postal business of the two countries should be conducted, your Excellency will perceive that Mr. Wilson's impression, that the Canadian Government had availed themselves of a proposal of the Home Government in a manner and under circumstances never intended, is entirely erroneous. Nor can the suppositions of his Grace the Postmaster General of Great Britain, that the establishment of these new steamers is very possibly a mere temporary arrangement, be admitted. On the contrary, so eminently successful has been the Canadian line in establishing the superiority of the St. Lawrence route that the Boards of Trade of the leading

leading cities of the Province concurs in pressing on the Government the necessity of increasing the subsidy to an extent adequate to the establishment and permanent maintenance of a weekly line.

This opinion of the Boards of Trade is strongly supported by the most influential journals in the Province, and with so much confidence of the soundness of its policy, that application to Her Majesty's Imperial Government is strongly urged for any aid which may be necessary beyond the financial ability of the Provincial Government to extend.

It is to be regretted that Mr. Wil-on should regard the establishment of a Canadian line of mail steamers in the light of a "rival service," and the Government of this country as liable to the charge of violating the spirit of any postal arrangement with the mother country. The growing importance of this Province, politically and commercially, with the urgent necessity for protecting and extending its carrying trade by turning to account the great natural advantages which the St. Lawrence presents for a speedy communication with the mother country, rendered the establishment of a line of steamers a necessity; and the encouragement of the same by a subsidy an act of sound policy. By this line, British emigration will be directed to Canada, and merchandise be received by the importer much more speedily than by any other route.

Canada, justly proud that by her own means she has been enabled successfully to compete with long-established ocean steam lines for a share of the transatlantic passenger and freight trade, and confident of her ability to bring Chicago and the other rising American cities into direct communication with Great Britain, would regret that the efforts of her merchants, fostered by her Legislature and Government to demonstrate the great fact that the St. Lawrence opens to the Western States of the American Republic the shortest and cheapest route from Europe, should be regarded by the Home Government in the spirit of rivalry.

The success of the Canadian steam line helps to mark the rapid commercial progress of the Province, and its extension can neither be resisted nor long retarded; while the superior advantages it offers for emigration and commerce obviously point it out as the proper means for the transmission of mail matter.

Under these circumstances the Postmaster General respectfully submits that the Provincial Government ought not to be called on to pay any part of the loss which Great Britain has incurred in the subsidizing a line of steamers from Liverpool to Boston and New York, but (adopting the liberal opinion of Mr. Secretary Labouchere) that an arrangement entered into without Canada being a party to it should be allowed to subsist till the contract with Mr. Cunard has expired.

Post-office Department, 1 September 1856.

(signed) *Robert Spence,*
Postmaster General.

— No. 6. —

COPY of a DESPATCH from the Right Honourable *H. Labouchere*, M. P., to Governor Sir *Edmund Head*, Bart.

(No. 177.)

Sir,

Downing-street, 3 December 1856.

HAVING communicated your Despatch, marked "Confidential," of the 2d September, to the Lords Commissioners of the Treasury, their Lordships have apprized me that the existing arrangement with respect to the Canadian mail service will continue until the expiration of Mr. Cunard's contract, when they hope an arrangement may be effected more in conformity with what they would regard as an equitable consideration for the finances of this country.

I have, &c.

(signed) *H. Labouchere.*

No. 6.
Right Hon. *H. Labouchere*, M. P.
to Governor Sir *E. Head*, Bart.
3 December 1856.

— No. 7. —

COPY of a DESPATCH from the Right Honourable Sir *E. B. Lytton*, Bart., to the Right Honourable Sir *Edmund Head*, Bart.

(No. 13.)

Sir,

Downing-street, 15 March 1858.

I TRANSMIT herewith the copy of a letter from the General Post Office on subjects connected with the postal communication with Canada, and I have to request that you will take such steps as may appear to you to be necessary for complying with the wishes of the Postmaster General.

I have, &c.

(signed) *E. B. Lytton.*

No. 7.
Right Hon. Sir *E. B. Lytton*, Bart.
to the Right Hon. Sir *E. Head*, Bart.
15 March 1858.

10 March 1858.

Encl. in No. 7.

Enclosure in No. 7.

Sir,

General Post Office, 10 March 1858.

I AM directed by the Postmaster General to request that you will bring under the notice of Lord Stanley the following circumstances:

On the 29th May 1857, a letter was written to the Post-office of Canada, by direction of the Postmaster General, stating that the Postmaster General of the United States had expressed a desire that mails should be exchanged between Liverpool and Portland by means of the Canadian packets, which, during the winter months, land and embark the Canadian mails to and from this country at Portland. The Postmaster General of Canada was requested to state what rate should be charged for sea postage on the contents of such mails, and how such postage should be brought to account with Canada, to whom it would belong.

No reply to this letter having been received up to the 2d October last, a second letter was addressed on that date to the Postmaster General of Canada, pressing for an answer, and again, on the 20th January last (no reply having arrived) a further letter was written to him on this subject, pointing out that the winter was rapidly passing away without any steps having been taken for carrying out a measure which would be equally serviceable to this country and the United States, and also calling attention to the fact that it had come to the knowledge of the Postmaster General that, in the absence of a regular mail communication, shippers of goods were forwarding their bills of lading through the agents of the packets instead of through the post-office, to the injury of the revenue.

Up to the present time the letters on this subject remain unnoticed.

On the 26th April 1855, in consequence of a communication from the Canadian Post-office, stating that the delivery of letters forwarded from this country addressed to the district of Gaspé, in Canada, would be greatly accelerated if they were sent in the mails for New Brunswick, a letter was written to the Postmaster General of Canada, inquiring in what manner the postage due to Canada on letters so forwarded could be brought to account, as it would be necessary that this point should be settled before any arrangement for the transmission of letters in the mails for another Province could be adopted.

This question still remains unanswered, although, in consequence of complaint having been made by the public of their correspondence for Gaspé being sent by the circuitous route of Quebec, further letters were addressed to the Canadian Post-office on this subject on the 14th October last; and again on the 8th January last.

The Postmaster General, finding that he cannot obtain any reply from the Canadian Post-office on these two questions, feels himself under the necessity of requesting Lord Stanley to be good enough to communicate with the Governor General of Canada on the subject, and to direct him to call upon the Post-office authorities in Canada to furnish this department with replies to these two questions without further delay.

Herman Merivale, Esq.,
&c. &c. &c.

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

— No. 8. —

No. 8.
Governor Sir E.
Head, Bart., to the
Right Hon. Lord
Stanley, M.P.
12 April 1858.

COPY of a DESPATCH from Governor Sir E. Head, Bart., to the Right Honourable Lord Stanley, M.P.

(No. 44.)

Government House, Toronto, C. W.
12 April 1858.

My Lord,

(Received 26 April 1858.)

IN reply to your Despatch of the 15th of March, No. 13, respecting the postal communication between England and this Province, I have now the honour to enclose a copy of a minute of the Executive Council, approved by myself, together with copies of two letters from the Deputy Postmaster General of Canada, relating to the points noticed in the enclosure to your Lordship's Despatch.

I have, &c.
(signed) *Edmund Head*.

Encl. 1, in No. 8.

Enclosure 1, in No. 8.

COPY of a Report of a Committee of the Honourable the Executive Council, dated 10th April 1858. Approved by his Excellency the Governor General.

ON a memorandum, dated 6th April 1858 from the Honourable the Postmaster General, having reference to a proposition made by the Imperial authorities (with, it is understood, the concurrence of the United States Post-office), that there should be an interchange of mails

mails between Portland and Liverpool by the Canadian ocean steamers in their winter voyages between those ports.

The Postmaster General submits that it is unquestionably very desirable that the Canadian mail-packets should become a medium for the transmission of correspondence between the United States and Great Britain, and provision was made for this object in the new contract for a weekly service, to take effect in the spring of 1859, but that the arrangement should be of a more comprehensive character than is indicated by the Imperial proposal; and in view of the superior facilities which the railway route through Canada, from Chicago and Detroit to Quebec, affords to the communication between the North-Western States and the seaboard, that the scheme should be so framed as to leave the channel of transmission by the Canadian packets to and from Europe open throughout the year for such correspondence as the British and the American public might, on either side, desire to forward by these steamers.

That during winter an exchange of mails between Portland and Liverpool may possibly be conveniently made to include correspondence to and from the whole of the United States, but during summer to give effect to the general arrangement suggested by him, it would be necessary to name other places in the United States as points of exchange; that Detroit, Chicago, and Buffalo would probably be the most suitable places on the western frontier, and that the Postmaster General of the United States would, no doubt, be able to select convenient points for the accommodation of the correspondence of the eastern sections of the Union.

The Postmaster General recommends that Canada should take on letters to and from the United States at the same rate of sea-postage as on Canadian letters, viz., 4*d.* sterling per $\frac{1}{2}$ oz., and on newspapers 2 cents each.

That the postage revenue thus accruing to Canada on the mail exchanges between England and the United States, should be brought by the Imperial Post Office to the credit of Canada in the account now kept between the Imperial and Canadian post offices, as it would be desirable to avoid the creation of an account of this nature with the United States, dependent as it would be on the adjustment of items between the Liverpool and American offices.

The Committee concur in the suggestions of the Postmaster General, and respectfully recommend his report for adoption.

Certified,

W. H. Lee, C. S. C.

Enclosure 2, in No. 8.

Encl. 2, in No. 8

Sir, Post Office Department, Toronto, 3 April 1858.

I HAVE the honour, by the direction of the Postmaster General, to acknowledge the receipt by him of your letter of the 1st instant, with a copy of a Despatch from the Right Honourable the Secretary of State for the Colonies, transmitting a letter from the General Post Office, London.

The matters referred to in this correspondence have not been brought under the Postmaster General's notice since his appointment to office, save through an informal communication from the Grand Trunk Railway authorities, which led to a correspondence with the proprietor of the Canadian steam-ships, with a view to coming to some decision on the subject.

Mr. Allan, the contractor, is to be in Toronto in the course of a few days, and, until an interview has been had with him, it will not be possible to arrive at any definitive conclusion without risking injury to the public interests; but I am directed to state, very respectfully, for the information of his Excellency the Governor General, that no time will be lost by the Postmaster General in taking up and disposing of the matter in obedience to his Excellency's wishes.

I have, &c.

(signed) W. H. Griffin,

Deputy Postmaster General.

R. T. Pennefather,
Governor's Secretary, &c. &c.

Enclosure 3, in No. 8.

Encl. 3, in No. 8

Sir, Post Office Department, Toronto, 10 April 1858.

I HAVE the honour to state, in reply to your note of yesterday, that no time was lost by the Postmaster General after receiving his Excellency's intimation of the Despatch from Lord Stanley, in submitting to Council a report upon the subjects referred to, for it needed the authority of Council to enable him to deal with them; and I may take this opportunity of observing, that the necessity for deferring to this authority in a matter which appeared to go beyond the legitimate boundary of mere departmental action, had in fact been the main cause of the delay complained of by the Imperial authorities.

In this I speak of the important subject of the transmission of the United States mail by the Canada Government steam-packets, for, as regards the trivial matter of how the colonial penny a letter upon letters sent from England to the district of Gaspé, *via* New Brunswick,

should

should be apportioned; there has been some misunderstanding, for the Department was under the impression that the Imperial Post Office was aware that it was at perfect liberty to deal with the question as it thought fit; and no recent letters upon the subject, as quoted, have been received. A letter to this effect has been addressed to the General Post Office, London.

R. T. Pennefather, Esq.,
Governor's Secretary.

I have, &c.
(signed) *W. H. Griffin*,
Deputy Postmaster General.

— No. 9. —

No. 9.
Right Hon. Lord
Stanley, M. P., to
Right Hon. Sir
E. Head, Bart.
15 May 1858.

(No. 46.)

COPY of a DESPATCH from the Right Honourable Lord *Stanley*, M. P., to
the Right Honourable Sir *Edmund Head*, Bart.

Sir,

Downing-street, 15 May 1858.

HAVING submitted for the consideration of the Postmaster General, your Despatch, No. 44, of the 12th ultimo, relative to the postal communication between this country, Canada, and the United States, I now transmit for your information, the copy of a letter from his Lordship's Secretary; and I have to request that the information therein required may be supplied to me for the purpose of being communicated to his Lordship.

7 May 1858.

I have, &c.
(signed) *Stanley*.

Encl. in No. 9.

Enclosure in No. 9.

Sir,

General Post Office, 7 May 1858.

HAVING laid before the Postmaster General your letter of the 30th ultimo, enclosing the copy of a Despatch from the Governor of Canada, relative to the proposed despatch of mails between Liverpool and Portland, by the line of mail packets maintained at the cost of the Canadian Government, I am directed by his Lordship to acquaint you, for the information of Lord Stanley, that, so far as this department is concerned, there is no objection to the further proposal for the transmission of letters to and from the United States, during the summer, by way of Canada, when the writers desire that their correspondence should be forwarded by that route.

A suggestion to that effect had already been under the consideration of the Postmaster General; and, in letters dated the 20th ultimo, the views of the United States and Canadian Post Offices respecting it were requested by his Lordship.

The concurrence of the United States in this part of the arrangement is alone wanting to enable the measure to be carried into effect.

The Canadian Government agree to accept a rate of 4 *d.* the half-ounce as the postage for the sea conveyance of United States letters by their packets, but no reference is made in the Governor's Despatch to the further rate which will be chargeable for the inland conveyance in the Colony of letters sent in summer *viâ* Canada. On this point, therefore, further inquiry is necessary.

In the scheme for a new postal treaty, submitted by this department more than a year since to the United States Post Office, it was proposed that the transit rate to be paid by the British Office to the United States Office on letters sent through the United States, and by the United States Post Office to the British Office on letters sent through the United Kingdom, should be uniformly 1 *d.* per letter, not exceeding the half-ounce, or 4 *d.* per ounce on letters weighed in bulk, at the option of the paying country; and the Postmaster General is of opinion that the Canadian transit rate on the correspondence between the United Kingdom and the United States may very properly be placed upon the same footing.

As, according to the wish expressed by the Canadian Government, the settlement of the account for the transit is to be left to this office, and England would, therefore, be the paying country, the Postmaster General names 1 *d.* per half-ounce letter as the transit rate to be fixed. Canada would, consequently, be entitled to 4 *d.* for every half-ounce letter conveyed by its packets to and from Portland, and to 5 *d.* for every half-ounce letter conveyed by its packets between Liverpool and Quebec, and across the Canadian territory, to or from the United States.

By the existing postal treaty with the United States, inland rates of 2½ *d.* in the United States, and 1½ *d.* in the United Kingdom, are established for letters exchanged between the two countries; and although the treaty does not apply to letters conveyed by other than
British

British or United States mail-packets, letters conveyed by a Canadian mail-packet would, of course, be charged with like inland rates, so long as this treaty continues in force.

The total amount thus calculated would be:

In winter, when the packets go to Portland—

	<i>d.</i>
British inland rate - - - - -	1½
Canadian sea rate - - - - -	4
United States inland rate - - - - -	2½
Total - - - - -	8

In summer, when the packets go to Quebec—

	<i>d.</i>
British inland rate - - - - -	1½
Canadian sea rate - - - - -	4
Canadian transit rate - - - - -	1
United States inland rate - - - - -	2½
Total - - - - -	9

As already stated, proposals for a new treaty were made some time since to the United States Post-office, and it may be hoped that, before long, an arrangement reducing considerably the present rates of postage may be concluded; but until that desirable object be attained, it would obviously be inconvenient and objectionable to levy from the public on letters sent to and from the United States by Canadian packets a rate different from that levied on letters conveyed by the packets subsidised by the British and United States Governments, and, consequently, it will be requisite to make the charge uniformly 1 s. per half-ounce for letters conveyed by any one of the three lines of packets.

This will leave the sum of 4*d.* on letters conveyed to or from Portland, and the sum of 3*d.* on letters conveyed to or from Quebec, to be appropriated; and the Postmaster General proposes, as an arrangement which can hardly fail to be considered equitable towards all parties, that, pending the negotiation for a reduction in the total rate, these sums of 3*d.* and 4*d.* respectively, shall be equally divided between the British, the United States, and the Canadian Offices.

I am to request that Lord Stanley will have the goodness to ascertain as early as possible whether the Government of Canada agrees to the foregoing suggestions, in which case the Postmaster General will at once communicate with the Postmaster General of the United States, and invite his concurrence.

H. Merivale, Esq., &c. &c. &c.
Colonial Office.

I have, &c.
(signed) Rowland Hill.

— No. 10. —

(No. 83.)

COPY of a DESPATCH from Governor Sir E. Head, Bart., to the Right Honourable Sir E. Bulwer-Lytton, Bart. M. P.

Government House, Toronto, 25 June 1858.

(Received, 12 July 1858.)

Sir,

I HAVE the honour to enclose a copy of a letter from the Postmaster General, in reply to Lord Stanley's Despatch (No. 46) of the 15th May last, relative to certain points connected with the transmission of United States letters by the Canadian mail packets.

I have, &c.
(signed) Edmund Head.

No. 10.
Governor Sir E. Head, Bart. to Right Hon. Sir E. B. Lytton, Bart. M. P.
25 June 1858.

19 June

Enclosure in No. 10.

Encl. in No. 10

Sir, Post Office Department, Toronto, 19 June 1858.

REFERRING to your letter of the 7th instant, enclosing the copy of a Despatch and Enclosure from the Secretary of State relative to postal communication between Great Britain, Canada, and the United States, I have the honour to recommend that an assent be given to the suggestion of the Imperial Post Office that one penny sterling be taken as the Canadian inland rate per half-ounce letter on United States letters in transit.

With regard to the second proposition in Mr. Rowland Hill's letter, that the charge on a letter between the United States and Great Britain, via Canadian steamers, should be,

not the simple aggregate of the amounts representing the United States inland, Canada inland, Canada packet, and British inland rates, namely, *viâ* Canada, in summer, 9 *d.*, and *viâ* Portland, in winter, 8 *d.* sterling per half-ounce, but an arbitrary rate of 1 *s.* per half-ounce, the excess being added to raise the total charge to the level of the rate by other channels, I have the honour to state that I should very reluctantly concur in the propriety of demanding from the public a higher charge than the actual postage rates agreed upon, and that I should prefer to solicit the Imperial authorities not to press this proposition.

However, should the British Post Office be unwilling to yield the point, the excess of charge, being relatively upon the sea portion of the conveyance, should at all events be placed entirely to the credit of Canada, as the party furnishing the sea conveyance.

In other words, the Imperial proposition is that Canada, instead of carrying out her intention of charging British and United States letters like her own, 4 *d.* per half-ounce as a sea rate, should charge for the sea conveyance 7 *d.* per half-ounce in summer, and 8 *d.* in winter, and, whilst desirous of adhering to the proffer of the lower rate, it is not obvious on what possible grounds, if the higher sea rate be insisted on, any portion of it could be assumed to belong to the post-offices of either Great Britain or the United States.

R. T. Pennefather, Esq.,
Governor's Secretary, Toronto.

I have, &c.
(signed) Sidney Smith,
Postmaster General.

— No. 11. —

(No. 37.)

No. 11.

COPY of a DESPATCH from the Right Hon. Sir E. B. Lytton, Bart. M. P. to
the Right Hon. Sir Edmund Head, Bart.

Right Hon. Sir E.
B. Lytton, Bart. M. P.
to Sir E. Head,
Bart.

Sir,

Downing-street, 10 August 1858.

WITH reference to your Despatch, No. 83, of the 25th June, I transmit the copy of a letter from the General Post Office, relating to subjects connected with the transmission of correspondence between England and the United States *viâ* Canada.

I have to express my hope that the contents of this letter will receive the careful consideration of the Provincial Government.

I have, &c.
(signed) E. B. Lytton.

Encl. in No. 11.

Enclosure in No. 11.

Sir,

General Post Office, 30 July 1858.

HAVING laid before Lord Colchester your letter of the 21st instant, enclosing the copy of a Despatch from the Governor of Canada, and of a letter from the Postmaster General of that Colony, I am directed by his Lordship to request that you will submit to Secretary Sir E. Bulwer Lytton the following observations upon those papers.

I am, in the first place, to state that, since the Despatch of my letter to you of the 7th May last, a communication has been received from the Postmaster General of the United States, by which it appears that, although anxious for an exchange of mails between Liverpool and Portland by means of the Canadian mail packets, when not conflicting with the regular British and United States mail packets, he is not prepared to enter into any arrangement for the transmission of correspondence between the two countries during the summer by way of Canada.

With regard to the mails between Liverpool and Portland, the Postmaster General of the United States observes, that the correspondence so transmitted should be "accounted for between the two offices under the provisions of the existing postal treaty, and the sea postage adjusted in such manner as will be mutually satisfactory to each department."

Lord Colchester is of opinion that the arrangement proposed in my letter of the 7th May last is the only one calculated to fulfil these conditions.

As explained in that letter, proposals have been made to the United States Post Office for the conclusion of a new treaty, and if, as his Lordship confidently expects, the reduction desired by Lord Colchester can be obtained, a total rate of 6 *d.*, of which 4 *d.* will represent the sea postage, will be established for all the correspondence exchanged between the United Kingdom and the United States by the mail packets of either country.

Under such circumstances, his Lordship will gladly consent to apply the reduced rate to letters conveyed by the Canadian mail packets. But so long as the existing total rate of 1 *s.* for letters conveyed by British or United States packets remains in force, he could not propose to the United States Post Office, or himself agree to, a lower rate for the letters that may be sent by the Canadian packets.

Such an arrangement would be objectionable on account of the inconvenience always resulting from varying rates; and further, because it would undoubtedly tend to divert to the

the Canadian line of packets letters that would, with a uniform charge advantageously be forwarded by the packets maintained by the British and United States Governments.

It must be borne in mind that the contract for the North American mail service (and which has just been renewed at a very heavy cost) imposes upon this country a considerable loss; and, on this account, it would not be right to adopt any arrangement by which letters would be withdrawn from the British packets, not because their delivery would be accelerated by such a course, but solely through the competition produced by a lower rate of postage in one case than in the other.

Seeing, therefore, that neither the British nor the United States Governments could be expected to consent to the charge on letters carried between the United Kingdom and the United States by Canadian mail packets being fixed, at present, at a lower sum than 1 s. per letter not exceeding half-an-ounce, Lord Colchester trusts that this point will not be urged by the Government of Canada.

With respect to the appropriation of this postage, his Lordship cannot admit that the Canadian Post Office has any claim to more than its sea rate, added to one-third of the additional sum proposed to be charged for the sake of maintaining uniformity, and he could not consent either to adopt himself, or to propose to the United States Post Office any other division of the postage. I am to express, therefore, his Lordship's hope that Sir Edward Lytton will concur in this view, and will use his best exertions to induce the Government of Canada to agree to the proposal made in my letter of the 7th May, above referred to.

And as the time is drawing near when the packets will recommence the service between Liverpool and Portland, his Lordship will be glad if an early decision can be arrived at, so as to enable him to communicate with the Postmaster General of the United States before that period.

H. Merivale, Esq., &c., &c., &c.
Colonial Office.

I have, &c.
(signed) J. Tilley.

— No. 12. —

(No. 86.)

COPY of a DESPATCH from Governor Sir E. Head, Bart., to the
Right Hon. Sir E. B. Lytton, Bart., M. P.

Government House, Toronto,
30 June 1858.

(Received 17 July 1858.)

No. 12.
Governor Sir E.
Head, Bart. to
Right Hon. E. B.
Lytton, Bart. M. P.
30 June 1858.

Sir,

I HAVE the honour to enclose copies of a correspondence which has taken place between myself and the Earl of Mulgrave, the Lieutenant Governor of Nova Scotia, with reference to the cost of conveyance of the Canadian mails through that Province. I also enclose a report of the Postmaster General of Canada, and a Minute of the Executive Council of Canada on such report.

I confess I think that the ground taken by the Canadian Government in this matter is in itself reasonable, although I regret the difference of opinion with one of our sister Colonies. It is obvious that, if the claim is a fair one on the part of Nova Scotia, it is equally admissible on behalf of New Brunswick. Now the delay in conveying the English mail, or any portion of it through Nova Scotia and New Brunswick, is such as often more than doubles the time ordinarily taken in conveying any packet from Liverpool to Toronto by Quebec, Portland, Boston, or New York. That the inconvenience should be acquiesced in as a necessary part of Post Office arrangements made in England is one thing, but that Canada should be required to pay extra on account of such inconvenience is another. In addition to the question of delay, I can myself confirm the statement made by the Postmaster General to the effect that the mails conveyed by this route are often damaged. I have in my own possession one or two books forwarded to me by post by my bookseller in London which have been so much stained by wet and exposure as to be spoiled.

I am clearly, therefore, of opinion that it would be most desirable for Canada in time of peace that all the mail bags from England addressed to this Colony should be sent altogether by the ordinary Cunard steamers to Boston and New York, or by the Canadian mail steamers to Quebec or Portland, according to the season of the year.

If this cannot be done consistently with the present postal arrangements respecting books, &c., at any rate, I conceive that there will naturally be great reluctance on the part of Canada to pay the Government of Nova Scotia or New

Lord Mulgrave,
12 June 1858.
Sir E. Head,
30 June 1858.

Brunswick solely on account of the maintenance of a postal route which is a positive source of delay and inconvenience rather than an accommodation to the people of this Province.

I have, &c.
(signed) *Edmund Head.*

Encl. 1, in No. 12.

Enclosure 1, in No. 12.

The Earl of *Mulgrave* to Sir *Edmund Head.*

Government House, Halifax, N.S.,
12 June 1858.

Sir,

I HAVE the honour to enclose a copy of a Minute of Council of which I have approved, and to request that you will have the goodness to call the immediate attention of the Post Master General of Canada to the subject to which it relates.

I find that, in consequence of a similar recommendation from the Postal Committee of the House of Assembly in 1856, this subject was then brought under the notice of the Canadian Government, but no steps have since been taken to meet the difficulty, and the Post Office Committee having again recommended that those portions of the English and Canadian mails which pass through this Province should not be forwarded after the 1st of August next, unless some satisfactory arrangement can be arrived at, my Government will feel constrained, however reluctantly, to give effect to this recommendation.

I beg, at the same time, to assure you that they will be most anxious in every way to facilitate a settlement of this question, and that it would cause them the deepest regret to interfere in any way with the postal arrangements between Canada and England.

The contractors, however, having refused to convey these mails without further remuneration, and the Assembly having declined to provide the requisite funds, your Excellency will at once see that they have no alternative left, unless the Canadian Government will agree to make some allowance for that purpose.

I trust that you will find it convenient to inform me, as soon as possible, of the decision of your Government, in order that the result may be communicated to the Home Authorities.

I have, &c.
(signed) *Mulgrave.*

At a Council held at Halifax, 29 May 1858.

Present:—The Right Honourable the Earl of *Mulgrave*, Lieutenant Governor,
&c. &c. &c.

READ a letter, dated 26th May instant, addressed to the Provincial Secretary by the Postmaster General, calling attention to an extract from the Report of the Post Office Committee of the last Session of the Legislative Assembly, in which it is recommended "that immediate measures be adopted by this Government to obtain certain amounts due to Messrs. Archibald and Hyde for the carriage of the English and Canada mails, and also to effect an arrangement for the future payment of that service, or that otherwise the Postmaster General be ordered not to forward such mails after 1st August next."

Reference being had to the previous correspondence on this subject, it is the opinion of the Lieutenant Governor and Council that the Government of Canada should have their attention again called to the subject, and be requested to make the provision and arrangement indicated in the report, and that it be respectfully intimated that in the event of the omission by the Canadian Government to meet the views of the Legislative Assembly in this respect before the 1st August next, this Government will feel constrained to give effect to the recommendation of the Committee of the House of Assembly, by directing the Postmaster General at Halifax not to forward the English mails to Canada after that date.

Certified to be a true copy from the Minutes.

Wm. H. Keating, D.C.C.

Encl. 2, in No. 12.

Enclosure 2, in No. 12.

Sir *Edmund Head* to the Earl of *Mulgrave.*

My Lord,

Government House, Toronto, 30 June 1858.

I HAVE had the honour of receiving your Lordship's Despatch of the 12th instant with the Minute of Council which it enclosed.

It is with regret that I have to inform your Lordship that the Executive Council here entirely decline to advise me to authorise any such payment as that which is desired on the part of Nova Scotia, and I enclose a copy of a report from the Postmaster General of Canada on this subject, together with a copy of the Minute of the Council, approved by myself.

The

The maintenance of the postal route to Canada through Nova Scotia and New Brunswick is no accommodation to this Colony; on the contrary, the delay in the transmission of the mails, and the damage from wet and exposure to which books are exposed in the course of such transit, make the continuance of this system an inconvenience rather than a benefit to us.

Your Lordship will readily see that it is one thing to submit to this inconvenience as a part of existing postal arrangements with the mother country; but it is a different matter altogether to pay a special consideration for its continuance as if it were a benefit to Canada.

I have communicated to Her Majesty's Government a copy of this correspondence with your Lordship, as well as a copy of the Minute of Council, and the Report of the Postmaster General, and I will take care that a similar communication is made to his Excellency the Lieutenant Governor of New Brunswick, as the principle of indemnity, if admitted by us, is equally applicable to that Province also.

I have, &c.
(signed) *Edmund Head.*

Sub-Enclosure 1, in Enclosure 2.

Post Office Department, Toronto, 19 June 1858.

THE Postmaster General has the honour to report for the consideration of his Excellency the Governor General in Council upon the accompanying Despatch enclosed to him on the 18th instant, that a communication was addressed to the Imperial Post Office authorities, on the 18th day of May last, calling their attention to the expediency of restricting the Despatch of the book post and all other matter ordinarily sent from England to Canada *viâ* Halifax, during summer at least, to the mails made up for the Canadian mail steamers. As an instance of the disadvantages attending the overland route, it was cited that book post matter, post marked London, 29th March, and sent from England *viâ* Halifax, by Cunard packet of 10th April, had only on the 18th May reached Toronto, and in the most deplorable condition from wet and friction, in passing over the 700 miles of waggon road from Halifax to Quebec, whilst the Canadian steamer which left Liverpool on the 21st April would have landed that very book post at Quebec on the 2d May, in as perfect order as when it left England. It was stated, moreover, that advice had just been received that the mails by the Canadian steamer "North American," with Liverpool dates to the 6th of May, would reach Toronto that day (18th May), thus arriving as soon as the Liverpool book mail of the 10th April, *viâ* Halifax and Quebec, or in about 13 days from London to the city of Toronto, with the essential advantage of delivering all printed matter in as good condition as when despatched from London; whereas *viâ* Halifax, 30 days, or as in the case instanced, 38 days, may be occupied, and after all, the matter sent be vexatiously injured, and not unfrequently destroyed. It was finally intimated that this department would gladly concur in the entire cessation of all transmission between Canada and England *viâ* Halifax.

The Postmaster General begs further to state that a communication had been previously received from the Postmaster General of New Brunswick, bearing on the same subject to which the Despatch from the Lieutenant Governor of Nova Scotia relates; that to this communication a reply was returned on the 17th of May ultimo.

The proposition from the Postmaster General of New Brunswick was that Canada should in some shape give an equivalent to his department for the following transit services performed by New Brunswick:

- 1st. In conveying over the River St. John Valley route mails passing between England and Canada.
- 2d. In conveying similar matter over the Gulf route between England and Gaspé.
- 3d. In carrying mails between Canada and Nova Scotia.

The answer from this department explained that the transmission of Canadian mail matter from and to England *viâ* the Lower Provinces, is an Imperial rather than a Provincial arrangement, and only takes place in obedience to regulations of the General Post Office, England, to which Canada with reluctance conforms.

In view of the foregoing considerations, the Postmaster General respectfully submits to his Excellency that no advantage whatever is secured, but rather injury sustained, in time of peace, by Canada, from the transmission of mails through the Provinces of Nova Scotia and New Brunswick.

That in the event of a war with the United States, the Canadian Government would expect, as a matter of course, to enjoy the right of carrying their mails, at their own expense, through British territory.

That he cannot recommend that any payment should be made for the transport of the mails through Nova Scotia or New Brunswick in time of peace.

That he recommends that the suggestion contained in the concluding paragraph of the departmental communication first above referred to should be adopted, and that Her Majesty's Government should be requested to forward all Canadian mails, either by the

Canadian mail packets to Quebec or Portland, or by the Cunard line to Boston or New York, as the case may be, and that intimation of such decision be given to the Provinces of Nova Scotia and New Brunswick.

(signed) *Sidney Smith,*
Postmaster General.

Sub-Enclosure 2, in Enclosure 2.

COPY of a REPORT of a Committee of the Honourable the Executive Council, approved by His Excellency the Governor General the 30th June 1858.

THE Committee have had before them a Report, dated 19th June 1858, from the Honourable the Postmaster General, on a Despatch of the 12th of the same month from the Lieutenant Governor of Nova Scotia, enclosing copy of an Order in Council (29th May 1858), on the subject of the cost of transport of the English and Canadian mails through that Province, and intimating that unless arrangements be made by Canada before the 1st August next to defray that expense, the English mails to Canada will not be forwarded after that date.

The Postmaster General reports that a communication was addressed to the Imperial Post Office authorities on the 18th day of May last, calling their attention to the expediency of restricting the despatch of the book post, and all other matter ordinarily sent from England to Canada *via* Halifax, during summer at least, to the mails made up for the Canadian mail steamers, on account of the delay and other disadvantages he describes as attending the transmission of postal matter by the overland route; that a communication had been previously received from the Postmaster General of New Brunswick, to the effect that Canada should, in some shape, give an equivalent to his department for the following transit services performed by New Brunswick:

1st. In conveying over the River St. John Valley route mails passing between England and Canada.

2d. In carrying similar matter over the Gulf route between England and Gaspé.

3d. In carrying mails between Canada and Nova Scotia.

That the answer from that department explained that the transmission of Canadian mail matter from and to England *via* the Lower Provinces, is an Imperial rather than a Provincial arrangement, and only takes place in obedience to regulations of the General Post Office, England, to which Canada with reluctance conforms.

In view of the foregoing considerations, the Postmaster General submits that no advantage whatever is secured, but rather injury sustained, in time of peace, by Canada, from the transmission of mails through the Provinces of Nova Scotia and New Brunswick.

That in the event of a war with the United States, the Canadian Government would expect as a matter of course to enjoy the right of carrying their mails, at their own expense, through British territory.

That he cannot recommend that any payment should be made for the transport of the mails through Nova Scotia or New Brunswick, in time of peace.

He finally recommends that it be intimated to the authorities of Nova Scotia and New Brunswick, that this Government will gladly concur in the entire cessation of all transmission between Canada and England *via* Halifax, and that Her Majesty's Government be requested to forward all Canadian mails, either by the Canadian mail packets to Quebec or Portland, or by the Cunard line to Boston or New York, as the case may be.

The Committee submit the recommendations and suggestions of the Postmaster General for approval.

Certified.

(signed) *W. H. Lee, C. E. C.*

— No. 13. —

No. 13.
Secretary Sir E. B.
Lytton, Bart. M. P.
to Governor Sir E.
Head, Bart.
20 August 1858.

(No. 44.)

COPY of a DESPATCH from Secretary Sir *E. B. Lytton*, Bart. M. P., to Governor Sir *Edmund Head*, Bart.

Sir,

Downing-street, 20 August 1858.

I HAVE to acknowledge your Despatch, No. 86, of the 30th June, enclosing copies of a correspondence with the Lieutenant Governor of Nova Scotia, relative to the cost and inconvenience of sending the English mails for Canada through Nova Scotia.

Having referred your Despatch for the consideration of the Postmaster General, I enclose, for your information, the copy of a letter which I have received

12 August 1858.

received from one of his Lordship's secretaries on the subject, together with a notice, notifying the discontinuance of the practice of sending newspapers and books addressed to Canada *viâ* Halifax.

I am, &c.
(signed) *E. B. Lytton.*

Enclosure in No. 13.

Encl. in No. 13.

My Lord,

General Post Office, 12 August 1858.

WITH reference to your Lordship's letter of the 5th instant, covering the copy of a Despatch and of its Enclosures from the Governor of Canada, on the subject of the transmission of mails for Canada by way of Nova Scotia, I am directed by the Postmaster General to acquaint you, for the information of Secretary Sir Edward Bulwer Lytton, that in June last, in consequence of a communication which was received from the Postmaster General of Canada, his Lordship gave directions that no newspapers or book packets for Canada should thenceforward be sent *viâ* Halifax, so that, at present, letters only are dispatched by that route. I enclose a copy of the notice to the public which was issued, on the occasion referred to, by this department.

The Postmaster General desires me to add that, under the steps that have now been taken by the Legislature of Nova Scotia, and the opinion expressed by the Governor of Canada, he proposes to issue a further notice, pointing out that no mails for Canada will be forwarded *viâ* Halifax, and that consequently letters can only be sent through the United States or by Canadian mail packet.

I have, &c.
(signed) *J. Tilley.*

The Earl of Carnarvon, &c. &c. &c.
Colonial Office.

Sub-Enclosure in No. 13.

MAILS FOR CANADA.

THE Postmaster General of Canada having represented that great difficulty and delay is experienced in the conveyance through Nova Scotia and New Brunswick of newspapers and book packets addressed to Canada, and marked "*viâ* Halifax," and having strongly urged that their transmission by that route should, in future, be discontinued, newspapers for Canada will henceforth be forwarded either by way of the United States, or by Canadian mail packets.

As book packets for Canada cannot be transmitted by way of the United States, except at the letter-rates of postage, such printed matter will only be forwarded by Canadian mail packet.

By command of the Postmaster General.

Rowland Hill, Secretary.

General Post Office, 17 June 1858.

— No. 14. —

(No. 119.)

COPY of a DESPATCH from Governor Sir *E. Head, Bart.* to the Right Honourable Sir *E. B. Lytton, Bart. M. P.*

Quebec, 11 September 1858.

(Received, 27 September 1858.)

Sir,

I HAVE the honour to enclose a copy of a Minute of the Executive Council of Canada, approved by myself, on the subject of a postal subsidy to the Quebec line of steamers, similar to that now existing to New York.

I have, &c.
(signed) *Edmund Head.*

No. 14.
Governor Sir *E. Head, Bart.* to
Right Hon. Sir *E. B. Lytton, Bart.*
M. P.
11 September 1858

6 September 1858

Enclosure in No. 14.

Encl. in No. 14.

COPY of a REPORT of a Committee of the Honourable the Executive Council, dated 6th September 1858, approved by his Excellency the Governor General.

ON a letter from the Honourable *W. H. Merritt, M. P. P.*, enclosing a Report of the Select Committee of the Legislative Assembly on Home and Foreign Trade; also, a copy of the names of the members of the Legislative Council and Assembly, showing the unanimous

mous feeling in favour of a joint Address to Her Majesty for a like postal subsidy to Quebec as now exists to New York; which Address was recommended by the Select Committee, whose report was not printed in time; and trusting that your Excellency and Council will deem it of sufficient importance to call the attention of the Colonial Secretary to the subject:

The Committee of Council respectfully recommend that Messrs. Cartier and Gatt be requested, when in England, to put themselves in communication with Her Majesty's Government on the subject of the postal subsidy referred to, and on the subject of the Atlantic mail service generally.

Certified,

Wm. H. Lee, C. E. C.

— No. 15. —

No. 15.

(No. 65.)

Secretary Sir E.
B. Lytton, Bart.
M.P. to Governor
Sir E. Head, Bart.
30 Sept. 1858.

COPY of a DESPATCH from Secretary Sir *E. B. Lytton*, Bart. M. P. to Governor
Sir *E. Head*, Bart.

Sir,

Downing-street, 30 September 1858.

I HAVE to acknowledge the receipt of your Despatch, No. 119 of the 11th September, enclosing a minute of the Executive Council of Canada, on the subject of a postal subsidy to the Quebec line of steamers, similar to that now existing to New York.

I am, &c.

(signed) *E. B. Lytton*.

— No. 16. —

No. 16.

(No. 88.)

Right Hon. Sir E.
B. Lytton, Bart. to
Right Hon. Sir E.
Head, Bart.
26 Nov. 1858.

COPY of a DESPATCH from Right Honourable Sir *E. B. Lytton*, Bart. M. P.
to Right Honourable Sir *E. Head*, Bart.

Sir,

Downing-street, 26 November 1858.

In reference to previous correspondence which has passed on the subject of postal arrangements between this country, Canada, and the United States, and particularly with regard to your Despatch of the 25th of June, and a letter from the General Post Office of the 30th July, enclosed in my Despatch to you of the 10th August, I now forward copies of a letter addressed to this office by Mr. Galt, the Inspector General of Canada, and of the answer which I have received from Lord Colchester on the subject, I will only add that I feel much satisfaction in forwarding a communication which will, as I hope, meet the wishes of your Government, and evince to the Colony the sincere desire entertained by Her Majesty's Government to afford all possible support and protection to Canadian interests.

I have, &c.

(signed) *E. B. Lytton*.

*Mr. Galt, 11 Nov.
P. O. 23 Nov.*

Encl. 1. in No. 16.

Enclosure 1, in No. 16.

3 Charles-street, St. James's, London,
11 November 1858.

My Lord,

REFERRING to the interview which I had the honour to have with your Lordship on the subject of the postal arrangements between the United Kingdom and Canada, and in obedience to the instructions which I hold from the Government of Canada, I beg to submit, for the consideration of Her Majesty's Government, certain points in which the interests of that Province are most seriously affected.

The efforts and resources of Canada have been for many years studiously directed to developing the trade of the St. Lawrence, which is the natural outlet, not only of the Province, but also of the American States bordering on the great lakes. Almost our whole direct public debt, amounting to 7,000,000 *l.* sterling, has been created in view of this object, and we have confidently looked forward to the completion of our canal and railway systems for obtaining such

such a share of this commerce as might render our Provincial works productive, and relieve our revenue of the very heavy charges upon it for interest on this expenditure. By the outlay referred to, we have succeeded in reducing the charges for inland freight from the great lakes to Montreal and Quebec nearly one-half less than to New York; but the ocean freight from these respective ports to Liverpool is in a still greater proportion in favour of New York, and, consequently, the trade continues to seek that channel. The aim of the Canadian Government has, therefore, been turned to the best mode of reducing the ocean freight to a par with that from New York; and it has been conclusively shown by the evidence taken before Parliamentary Committees in Canada, that the large subsidies paid by the British and United States Governments to their respective lines of steamships have operated as a direct bounty to the ports of New York and Boston, reducing freights to and from these cities, and so far defeating the object of Canada, and drawing the Provincial trade mainly into American channels.

In the initiation of the mail service to America, there were no doubt cogent reasons why the United States' ports should be the ultimate destination of the British steamships, and Canada never complained of her interests being neglected in these original arrangements. But of late years it has become painfully manifest to the whole public of the Province, that the continued operation of the large subsidy to vessels plying to New York and Boston was exceedingly detrimental to them; and far overbalanced the convenience of the mail service. So strong did this feeling become, that the Government of Canada felt compelled to undertake a direct mail service with Liverpool, from the St. Lawrence, fortnightly in summer, and monthly to Portland (U. S.), the terminus of the Grand Trunk Railway, in winter. This line has been in successful operation for two years, and has proved so satisfactory that the Government have contracted for a weekly service during the entire year, at a very heavy cost, 55,000*l.* annually. These facts are, no doubt, already within the knowledge of Her Majesty's Government.

The operation of the Canadian line of steamships has conclusively shown that the St. Lawrence is the best and most direct route to Canada and the Western States. And it certainly was the confident expectation of Canada that when the period arrived for considering the continuance of the contract for the mail service performed by the Cunard line, communication would have been had with the Colony on the subject, especially as it had been shown by our acts that the existing arrangements were not satisfactory, either for the mail service or the commerce of that important Dependency of the Empire. It was also considered that in view of Canada having established a direct line, at a heavy expense (although only about one-fourth of that paid for a similar service to the Cunard line by the British Government), no renewal of the contract could take place without negotiations to which Canada might be a party.

The Canadian public will therefore learn with much feeling and profound regret, that it has pleased Her Majesty's Government to renew the contract referred to till 1867, without any opportunity having been afforded to the Government of Canada to urge such arrangements as would have been conducive to the prosperity of the Colony. The line now subsidised by the British Government, although touching fortnightly at Halifax, is essentially an American line, and directly prejudicial to Canada. It is, in fact, wholly devoted to the trade between the United Kingdom and the United States, offering a direct bounty to the United States' ports of New York and Boston against the British Colonial ports in the St. Lawrence, thus placing the mother country in the invidious position of fostering foreign interests in preference to those of our own Colonial subjects.

Even if the grant were made distinctly for the conveyance of the United States' correspondence, Canada would have been prepared to show that the St. Lawrence forms the best and most rapid means of transmitting these mails; but it is now to be feared, for several years longer, such representations must be fruitless. In connexion with this subject, however, and directly bearing upon the question, whether the St. Lawrence route is really the most speedy for the United States' correspondence, a point has arisen in which it is still in the power of the British Government to afford relief to Canada, which it is not doubted will be gladly given.

A correspondence has taken place between the Provincial Government and Her Majesty's Principal Secretary of State for the Colonies on the subject of the transmission, by the Canadian steam packets, of letters to and from the United States. It appears, that the Postmaster General will only assent to such mails being made up on two conditions:—first, that the rate charged shall be made equal to that of the Imperial Post Office, while Canada had proposed to carry the letters for 4*d.* per half-ounce less; and, secondly, that the additional 4*d.* so charged to the public shall be divided equally between Great Britain, the United States, and Canada, although the service is wholly performed by us.

The Provincial Government have reluctantly consented to the first condition, in view of the statement that negotiations are pending for a general reduction of the ocean rate to America. But they are wholly unable to recognise any principle of justice in the demand of the Imperial Post Office for a portion of the sea rate on letters conveyed by the Canadian packets at the sole expense of Canada. The claim is the more objectionable as it is made, not only for the Imperial Post Office, but also for that of the United States, who have not, it is believed, attached any such stipulation to their consent to send mails by the Canadian line.

Canada asks only to be put on the same footing as Great Britain and the United States, each of which retains the ocean rate earned by their respective ships. And it certainly

appears to be both onerous and unfair towards Canada, that not only do the British Government, by their policy, compel her to pay a very large sum annually in maintaining a steamship line to the St. Lawrence, to protect her trade from the injurious effect of the heavily subsidised Imperial line to the United States; but, by the present proposal, will subtract a large portion of the means whereby Canada hopes to maintain her vessels.

The Canadian Government cannot believe that Her Majesty's Government have given due consideration to all the circumstances affecting the question. They have not doubted that, even if Imperial interests appeared to require the adoption of a policy more advantageous to the United States than to Canada, at all events this Province might rely with implicit confidence on the desire of the mother country to afford every reasonable protection to her; and that instead of such a course being adopted as must reduce the returns from the Canadian steamships to a minimum, the aid of the Imperial authorities would be cheerfully given in any negotiations with the United States which might tend to increase the fair returns from the Canadian enterprises. The Canadian Government feel assured that in this respect they cannot be mistaken, and they therefore beg that Her Majesty's Government will be pleased to reconsider the decision conveyed in the Despatch from Sir E. B. Lytton to the Governor General of Canada, dated 10th August 1858.

I venture, also, to request that I may be favoured with a copy of the contract now renewed with the Cunard Company, as it is still my hope that its conditions may be such as to enable me, on behalf of Canada, to suggest some course by which its injurious effects may be lessened.

The Earl of Carnarvon,
Under Secretary of State for the Colonies,
&c. &c. &c.

I have, &c.
(signed) *A. T. Galt*,
Inspector General of Canada.

Encl. 2, in No. 16.

Enclosure 2, in No. 16.

My Lord,

General Post Office, 23 November 1858.

I AM directed by the Postmaster General to return to you the accompanying copy of a letter, addressed to your Lordship by Mr. Galt, the Inspector General of Canada, on the 11th instant, on the subject of the sea-rate to be paid to the Canadian Post Office, upon letters forwarded between England and the United States by Canadian mail packets.

Although Lord Colchester sees no reason to change the opinion which was conveyed in my letters of the 7th May and 30th July last, with respect to the division of the postage to be charged upon the correspondence referred to, he desires me to state that, as he understands that it is the wish of Sir Edward Bulwer Lytton that the claim of the Canadian Government to receive the whole of the sea-rate of 8*d.* per half-ounce letter should be conceded, he will offer no further objection to the arrangement, which, however, must be subject to the acquiescence of the Postmaster General of the United States.

I am to add, that it was agreed upon some time since that the days of sailing of the Canadian mail packets should be settled by mutual arrangement between the British and Canadian Post Offices, and Lord Colchester relies upon this understanding being strictly observed.

The Earl of Carnarvon,
&c. &c. &c.

I have, &c.
(signed) *F. Hill*.

No. 17.

Right Hon. Sir
E. B. Lytton, Bart.
to the Right Hon.
Sir E. Head, Bart.
23 December 1858.

— No. 17. —

COPY of a DESPATCH from the Right Honourable Sir *E. B. Lytton*, Bart., M.P.,
to the Right Honourable Sir *E. Head*, Bart.

(No. 104.)

Sir,

Downing-street, 23 December 1858.

WITH reference to my Despatch, No. 88, of the 26th November, relative to the conveyance of mails between Great Britain and the United States by Canadian mail packets, I transmit for your information the copy of a further letter on this subject, which I have received from the Postmaster General.

I have, &c.
(signed) *E. B. Lytton*.

17 December.

Enclosure in No. 17.

Encl. in No. 17.

My Lord,

General Post Office, 17 December 1858.

WITH reference to my letter of the 23d ultimo, in which I informed you that, subject to the acquiescence of the United States Post Office, the Postmaster General would consent to the sea-postage of 8d. per half-ounce letter, chargeable upon the correspondence conveyed between the United Kingdom and the United States by Canadian mail-packets, being paid over to the Canadian Post Office, I am now directed by Lord Colchester to transmit to you, to be laid before Secretary Sir Edward Bulwer Lytton, the copy of a letter which reached this office on the 15th instant, from the Postmaster General of the United States; by which it appears that the proprietors of the Canadian mail packets, alleging their full authority to make such an arrangement, have submitted to him a formal proposal to carry mails between Liverpool and Portland, during the winter season, on consideration of the sea-postage chargeable on those mails being paid to the proprietors by the United States Post Office.

The Postmaster General further states, that he has accepted the proposal, and that the mails forwarded by those vessels must, therefore, be treated as mails conveyed by United States mail packets.

Although this statement of the proprietors of the Canadian mail packets, with respect to their power to undertake, on their own behalf, and for their own pecuniary advantage, the conveyance of United States' mails, is not altogether in accordance with the information which had reached this office from Canada, Lord Colchester has not felt himself justified in offering any opposition to an arrangement actually concluded by the United States Post Office; and he has, therefore, given directions that so far as relates to the transmission of mails from Liverpool to Portland, that arrangement may be acted upon, leaving the question whether the proprietors of those packets had the right to undertake this service, for a settlement hereafter between the Canadian Government and the Government of the United States.

I am further directed to enclose a copy of a notice, which the Postmaster General has caused to be issued, on the subject of the transmission of United States' mails by Canadian mail packets; and I am to request that Sir Edward Lytton will inform the Governor General of Canada, as early as possible, of what has been done.

The Earl of Carnarvon,
Colonial Office, s.w.

I have, &c. -
(signed) *F. Hill.*

Sub-Enclosure, 1.

Post Office Department, Washington,
3 December 1858.

Sir,

I HAVE the honour, by direction of the Postmaster General, to acknowledge the receipt of your communication of the 12th ultimo, informing him that instructions have been given for the despatch of mails throughout the winter from Liverpool to Portland, by the Canadian mail packets, commencing with the steamer leaving Liverpool on 17th November last; the correspondence to be treated as if forwarded by British packet.

With reference to the employment of this line of packets in the regular service, I have to inform you that the proprietors, who allege their full authority to make the arrangement, have made a formal proposal to this department to convey the mails between the above-mentioned ports five round trips during the winter season, for the sea-rate upon the mails transported; and, inasmuch as they propose to adopt United States sailing days, unoccupied by other lines of United States' mail packets to Europe, the Postmaster General has consented to accept their proposition for this winter, provided Portland is constituted an exchange office for United States and British mails.

It is the intention of this department to maintain a regular weekly departure of mails by United States' mail packets on Saturdays, securing, in connexion with an equal number of trips by British mail packets on Wednesdays, a semi-weekly mail communication with Europe; and if the Canadian mail packets are to occupy United States sailing days, they should properly be under the control of this department, and the correspondence transmitted treated in the same manner as if forwarded by United States' mail packet. While this department, in its steamship arrangements, has no intention of interfering with the schedule days appointed for the British mail packets, it is at the same time unwilling that any of the regular United States sailing days shall be occupied by steamships other than those employed as United States' mail packets.

In view of the fact, that the owners of this line of Canadian packets proposed to convey mails for this department, representing that they are fully authorised to make the arrangement, there would seem to be no necessity for negotiations between your department and the Canada office relative to the division of the sea-rate, &c.; and I, therefore, beg leave respectfully to suggest that the proposition to make Portland an office of exchange be carried out, in order that the mails may be transmitted by means of these packets, as proposed by the proprietors to this department.

The Postmaster General, &c. &c.
London.

I am, &c.
(signed) *Horatio King.*

Sub-Enclosure, 2.

MAILS for the United States by Canadian Mail Packets.

In accordance with arrangements made by the United States Post Office, the line of Canadian mail packets plying between Liverpool and Portland will, on each occasion of leaving Liverpool, take the place of United States' mail packets during the winter season, and all letters, &c., addressed to the United States, which are posted at or reach Liverpool previous to the departure of those packets, and which are not directed to be otherwise sent, will be forwarded by the Canadian mail packets.

The days appointed for the departure of the Canadian mail packets from Liverpool during the present winter, are —

Wednesday, 22d December.
 „ 26th January.

Wednesday, 23d February.
 „ 23d March.

General Post Office,
 December 1858.

By command of the Postmaster General,
 (signed) Rowland Hill, Secretary.

— No. 18. —

No. 18.

(No. 31.)

Right Hon. Sir E.
 Head, Bart., to
 Right Hon. Sir E. B.
 Lytton, Bart. M.P.
 4 March 1859.

COPY of a DESPATCH from Governor General Right Honourable Sir E. Head,
 Bart., to the Right Honourable Sir E. B. Lytton, Bart., M.P.

Government House, Toronto, 4 March 1859.
 (Received, 22 March 1859.)

Sir,

I HAVE the honour to transmit herewith a joint Address from the Legislative Council and Assembly of Canada to Her Majesty the Queen on the subject of a postal subsidy to ocean steamers, which I request may be laid at the foot of the Throne.

I have, &c.
 (signed) Edmund Head.

Encl. in No. 18.

Enclosure in No. 18.

To the Queen's Most Excellent Majesty.

Most Gracious Sovereign,

WE, your Majesty's dutiful and loyal subjects, the Legislative Council and Commons of Canada, in Provincial Parliament assembled, humbly approach your Majesty for the purpose of representing—

That the efforts and resources of Canada have been, for many years, studiously directed to developing the trade of the St. Lawrence, which is the natural outlet not only of the Province, but also of the American States bordering on the great lakes.

That almost the whole direct public debt, amounting to 7,000,000 £., has been created in view of this object, and the people of this Province have confidently looked forward to the completion of our canal and railway system for obtaining such a share of that commerce as might render our Provincial works productive, and relieve our revenue of the very heavy charges upon it for interest on this expenditure.

That by the outlay referred to, the charge for inland freight from the great lakes to Montreal and Quebec has been reduced to nearly one-half less than to New York, but the ocean freight from these respective ports to Liverpool is in a still greater proportion in favour of New York, and consequently the trade continues to seek that channel.

That consequently the aim of the Canadian Government has been directed to the best mode of reducing the ocean freight to a par with that from New York, and it has been conclusively shown, by the evidence taken before a Committee of the Legislative Assembly, that the large subsidies paid by the British Government to the Cunard line of steamships have operated as a direct bounty to the ports of New York and Boston, reducing freights to and from these cities, and so far defeating the objects and interests of Canada, and drawing Provincial trade largely into American channels.

That on the initiation of the steam mail service to America, there were no doubt cogent reasons why the United States ports should be the ultimate destination of the British steamships, and Canada never complained of her interests being overlooked in these original arrangements; but of late years it has become painfully manifest to the whole public of the Province,

Province, that the continued operation of the large subsidy to vessels plying to New York and Boston was exceedingly detrimental to Canada, and far overbalanced the convenience of the mail service; and so strong did the feeling become, that the Provincial Government felt compelled to undertake a direct mail service with Liverpool from the St. Lawrence, fortnightly in summer, and monthly to Portland (United States), the terminus of the Grand Trunk Railway, in winter.

That this line of steamers has been in successful operation for three years, and has proved so satisfactory that the Canadian Government has contracted for a weekly service during the entire year, at the heavy cost of 55,000 *l.* currency annually.

That the operation of the Canadian line has conclusively shown that the St. Lawrence is the shortest and most direct route to Canada and the Western States; and it was the confident expectation of Canada that, when the period arrived for considering the continuance of the contract for the mail service performed by the Cunard line, communication would have been had with this Colony on the subject, especially as it had been shown by our acts that the existing arrangements were not satisfactory either for the mail service or commerce of this important Dependency of the Empire; and that, in view of Canada's having established a direct line at a heavy expense (although only about one-fourth of the amount paid for a similar service to the Cunard line by the British Government), and in view of the fact that the British Government has, in regard to all other Colonial Dependencies of the Empire, evidenced a desire to foster and protect their interest by granting large subsidies to lines of steamers established partly with a view to the extension of their commerce, and partly for the purpose of facilitating postal communication, no renewal of the contract would have taken place without negotiations to which Canada might be a party.

That we learn, with much regret, that it has pleased your Majesty's Government to renew the contract with the Cunard Company till 1867, without any opportunity having been afforded to the Government of Canada to urge such arrangements as would have been conducive to the prosperity of the Colony.

That the British Government has granted subsidies to the following lines, viz.:

The line to the West Indies	-	-	-	-	-	£. 270,000
The line to the Mediterranean	-	-	-	-	-	244,000
The line to the Australian	-	-	-	-	-	185,000
The line to the South American	-	-	-	-	-	25,000

That the Cunard line now subsidised by the British Government, although touching fortnightly at Halifax, is essentially a line to the United States, and prejudicial to Canada, the overland route *via* Quebec and Halifax having, for a length of time, been partially and being now entirely abandoned as a channel of communication between Great Britain and Canada.

That the said line is, in fact, wholly devoted to the trade between the United Kingdom and the United States ports of New York and Boston, in opposition to the British Colonial ports of the St. Lawrence; thus placing the mother country in the invidious position of fostering foreign interests in preference to those of her own Colonies; and that even if the grant were made distinctly for the conveyance of the United States' correspondence, Canada is prepared to show that the St. Lawrence forms the best and most rapid means of transmitting these mails in summer, and that the most expeditious route in winter is by Portland, and will be so until the intercolonial railway between Halifax and Quebec is constructed.

That we cannot conceive it possible that the British Government desires to create any invidious distinction between this country and the other Colonies of the Empire; and as there appear no other means by which impartial justice can be afforded to Canada than by extending assistance to the line of steamers plying to the St. Lawrence ports, to which line the Province has already contributed as liberally as its revenues warrant, and there exist very grave doubts whether the St. Lawrence steamers will be able to continue their services against the advantages obtained through the subsidy to the Cunard line of steamers, we humbly pray that no renewal of the Cunard contract be made; that no subsidy be granted to any other trans-atlantic line, until Canada shall have had an opportunity of urging such arrangements as will conduce to its prosperity; and that your Majesty will be graciously pleased to extend to the Canadian steamers such assistance, by way of subsidy, as will place them upon an equal footing with other lines of steamers plying between British and Colonial ports.

Legislative Council Chamber, Canada,
Toronto, Wednesday, 2 March 1859.

(signed) *N. Y. Belleau,*
Speaker, L. C.

Legislative Assembly Hall, Canada,
Toronto, Friday, 25 February 1859.

(signed) *Henry Smith, Jun.,*
Speaker.

— No. 19. —

No. 19.

(No 54.)

Right Hon. Sir E.
B. Lytton, Bart.
M.P. to the Right
Hon. Sir E. Head,
Bart.

COPY of a DESPATCH from the Right Hon. Sir E. B. Lytton, Bart., M.P.,
to the Right Hon. Sir E. Head, Bart.

Sir,

Downing-street, 13 April 1859.

I TRANSMIT to you herewith, for your information, the copies of a correspondence which has passed between the Treasury and this Department, relative to a proposal by the North Western Navigation and Railway Company of Canada, to undertake, on certain conditions, the conveyance of mails through Canada and British Columbia to the Pacific.

I have, &c.

(signed) Carnarvon,

(In the absence of the Secretary of State.)

13 April 1859.
Treasury, 12 Feb.
Colonial Office,
7 March.
Treasury,
30 March.
Colonial Office,
13 April.

Encl. 1, in No. 19.

Enclosure 1, in No. 19.

Sir,

Treasury Chambers, 12 February 1859.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of Secretary Sir E. B. Lytton, the enclosed copy of a letter from the North West Navigation and Railway Company of Canada, and its enclosures, submitting a proposal for the conveyance of mails through Canada and British Columbia to the Pacific, and I am to request that my Lords may be favoured with any observations which Sir E. B. Lytton may have to offer thereon.

I am, &c.

(signed) Geo. A. Hamilton.

H. Merivale, Esq.
&c. &c. &c.

Sub-Enclosure 1, to Enclosure No. 1.

To the Right Honourable the Lords Commissioners of Her Majesty's Treasury.
The Memorial of the North West Navigation and Railway Company of Canada.

Sheweth,

THAT your memorialists are desirous of submitting to Her Majesty's Government a proposal for carrying the mail to British Columbia and Vancouver's Island, through the lakes and rivers of North America, entirely within British territory.

That your memorialists have for some time past been carrying Her Majesty's mail under contract with the Canadian Government, from Toronto and Collingwood to Red River, a service which they have so far performed with success, and to the satisfaction of the Government of Canada, and now propose, by the aid of an extended contract with Her Majesty's Government, and by associating themselves with English capitalists, to place steam-bunts on the navigable waters of the interior, and construct carriage (or waggon) roads to connect the separate reaches of navigation; and by this means they offer to carry the mail from Toronto to Fort Langley in the short space of 14 days.

That so much importance does the Government of the United States attach to being able to command the routes across the American continent by having them entirely in their own hands, that while they have almost yielded the Atlantic to Great Britain, they are now paying enormous subsidies for the avowed purpose of acquiring a permanent ascendancy on the Pacific. The mail line from New York to Aspinwall receives \$290,000,00 per annum; thence across to Panama, the Railway Company receives for carrying the mails 48 miles, \$100,000,00;* and the line up the Pacific to San Francisco receives \$348,250,00.* The Overland route receives \$600,000,00,* making in all \$1,338,250,00* for the mail service to the Pacific, (excepting a branch line between Havana and New Orleans, included in the first of the above, and not separately stated).

* Sic in orig.

That in opening a route, therefore, by which the mail can be carried entirely through British territory in from 10 to 15 days less time than it can be done by any route through, or in any way under the control of the United States, your memorialists appeal with confidence to Her Majesty's Ministers for that countenance without which it would be impossible for them at present to raise the capital required to ensure that speedy opening of the line which would put it immediately in advance of any other, and which is so desirable, not only on account of the present importance of the service to be performed, but also in consideration

sideration of the influence the possession of the quickest transit route across the continent will exercise upon the future.

That this countenance your memorialists only ask, however, in the shape of a contract for carrying the mail, not entirely based upon the present amount of mail matter sent to British Columbia and Vancouver's Island, but on its prospective increase, and the contingent advantages of opening the communication.

That one such advantage will be, to determine the superior facilities for a Pacific railroad on British territory, which British capital will otherwise ultimately be sunk in constructing under greater disadvantages through a foreign State.

That the amount to be received for carrying the mail will, in a great measure, of course, affect the speed with which it can be done; for although the company will not depend upon the mail contract alone for their profits, but also on passengers, &c., the degree of importance attached to the service by the Government will affect the raising of a greater or less capital; and, according to the amount judiciously expended, the time will be greater or less; as, in fact, it depends entirely (within a certain limit) upon the class of roads to be constructed, and the power of the steam-boats to be used.

That your memorialists would, therefore, be willing to take the contract at certain rates, with increase or deduction, according to the time occupied.

That the period required to prepare for carrying out the service would be something over a year, say the first through trip to be made in July or August 1860; weekly trips would then be maintained during the season of navigation.

That the mail would also be carried in winter, but not within the same time; nor could it be undertaken with effect until a year later. Your memorialists are desirous of laying nothing before the Government but what they have fully calculated with sufficient data, and could not, therefore, as yet stipulate as to the time in which a winter mail could be delivered; but they believe it can be done at least within the time occupied by the United States mails. If encouraged by Her Majesty's Government, however, the preparations for the service now tendered for will put your memorialists in a position to make careful estimates, which they will submit to the Government at the earliest moment possible, with a view to continuing the service through the winter.

That your memorialists will be in a position hereafter to undertake the construction of a telegraph line across the continent at a less cost than it could otherwise be done, but as such a work could not be looked upon as, commercially, a paying investment at present, they do not now intend to proceed with it unless it were deemed of such general importance as to induce the Government to give substantial aid to the undertaking in some shape.

That in tendering, therefore, for the mail service from Toronto to Fort Langley (or from any other point the Government may select for the transfer of the mail bags from the Atlantic steamers) during, for the present, the season of navigation on the American lakes and rivers, it may be observed that 26 weekly trips, the distance to be traversed being about 2,600 miles, at the rate formerly paid by the United States to the Collins' line on the Atlantic, would amount to 470,828,00* dollars, being 6 dollars 53 cents per mile per trip; and at the rate paid by the British Government to the Cunard line, to 74,994 l., being 17. 2s. 2½d. per mile per trip: the rate paid by the United States Government from Aspinwall to Panama is so much beyond all precedent that no estimate need be based upon it.

* Sic in orig.

That, with these facts in view, your memorialists propose to carry the mail from Toronto to Fort Langley and back, as follows:

26 weekly trips during the season of navigation, if effected within	£.
12 days, the sum of - - - - -	50,000
The same, if effected within fourteen days, the sum of - - - - -	40,000

The service to be continued for seven or seven and a half months, when the season permits, without extra charge, but no deductions to be made for failure in time after the 26 trips.

To be continued also in winter as soon as possible, upon estimates of time and expense to be hereafter made.

That the line would of course be continued to Victoria if the Government prefer it, and should an effective mail service be then established from thence to San Francisco, which your memorialists would gladly use their best efforts to promote (and when the present route is established will, if desired, on fair terms undertake), this would, it will be observed, at once reverse upon the United States the present advantage they possess, by supplying their mails instead of getting the British mails through them, as now.

That your memorialists have at present a Canadian charter, and as, apart from the question of right to the disputed territories on the Saskatchewan, &c., Canada has undisputed jurisdiction to the confines of British Columbia, they would only ask of Her Majesty's Government at present to extend their chartered rights and limited liability to the latter Colony, with grants for stations and right of way through unconceded lands, and to be considered in any future disposition of the former, should such be made in a way to disconnect it from Canada.

It may be stated in conclusion, in reference to interested reports, long and industriously circulated against the proposed line of transit, that many of the directors of this company are among the most practical men in Canada, who have created for themselves the wealth and influence they possess, and who have made this route, the facilities and difficulties it

presents, and the climate of the regions through which it passes, a special study; while some of them have actually traversed the whole of it, and spent years on both sides of the Rocky Mountains.

The Government may therefore be assured, that, besides their desire to see the rich prairies laid open to settlement, and facilities created for the more rapid development of British Columbia, which is capable of being made one of the noblest Colonies of the British Empire, the directors have coolly, carefully, and practically calculated the results of the project in which they have embarked, and know exactly the nature of the service they propose to perform.

Your memorialists would therefore beg your Lordships' favourable consideration of a proposal for a mail contract through Canada and British Columbia to the Pacific.

And your memorialists will ever pray, &c.

62, Gresham House, Old Broad-street,
London, 2 February 1859.

(signed)

Wm. M. D. Dawson,
President, N. W. N. & R. Co.

Sub-Enclosure 2 to Enclosure No. 19.

Directors:

Wm. M. D. Dawson, Esq., M. P., President.
Lewis Moffatt, Esq., Vice-President.

Viscount Bury.
Sir Allan M. Nab, Bart.
Allan M. Donell, Esq.
John M. Murrich, Esq.
George Munroe, Esq.
Wm. M. Master, Esq.
E. T. Richardson, Esq.
Angus D. M. Donell, Esq.
Thomas Dick, Esq.
J. G. Brown, Esq.
Adam Wilson, Esq.

J. C. Chapais, Esq., M. P.
G. H. Simard, Esq., M. P.
John M. Leod, Esq., M. P.
Ignace Gill, Esq., M. P.
George Michie, Esq.
W. P. Howland, Esq., M. P.
J. E. Turcotte, Esq., M. P.
George Gladman, Esq.
Clark Ross, Esq.
Wm. Kennedy, Esq.

(To be reduced to 10 after the First General Meeting of Stockholders.)

Secretary—Angus D. M. Donnell, Esq.

Solicitor—Adam Wilson, Esq.

Bankers—The Bank of Upper Canada.

Capital stock, for trade, transport, and improvement of route, 100,000 £.

With power to increase the same, for the above purposes, to 200,000 £.

And further power of increase for railway purposes, at the rate of 7,500 £. for every mile (after five miles) of railway constructed westward from Lake Superior.

Divided into 5 £. shares.

Liability limited.

Sub-Enclosure 3 to Enclosure No. 19.

ANNO VICESIMO SECUNDO VICTORIÆ REGINÆ.

CAP. CXXII.

AN ACT to incorporate the North West Transportation, Navigation, and Railway Company.

[Received Royal Assent, 16th August 1858.]

Sect. I. Company incorporated. Corporate powers.

II. Governor may (on Report of Commissioner of Crown Lands) authorise the company to enter upon lands of the Crown, for their works, &c., and to make roads, railways, &c., and improve navigable waters between Lake Superior and the interior, and to purchase such lands. Plans of their works to be submitted for approval of Governor in Council, with Report of Commissioner of Crown Lands thereon. Such works must be in a continuous line westward from Lake Superior.

III. Power to enter upon lands, north or west of Lake Superior, and to lay out roads, railways, canals, &c.; also to run boats and steam-vessels on Lakes Huron and Superior, and the rivers north and west of Lake Superior.

IV. Capital stock to be 100,000 £., in 5 £. shares, with power to increase (by a vote representing two thirds of the capital stock) to 200,000 £. Provision for a further increase on construction of certain lengths of railway.

V. Liability

- V. Liability of shareholders limited to amount of their subscribed shares.
- VI. Operations not to commence until 50,000 l. shall have been subscribed, and 10 per cent paid thereon.
- VII. Any company or corporation may hold shares.
- VIII. Ten directors to be elected annually. Qualification. President and vice-president to be chosen. Vacancies. Quorum of directors. Powers of directors to make by-laws with respect to calls, forfeiture of stock, common seal, appointment, &c., of officers and servants. By-laws to be submitted to a general meeting. Copies of by-laws, duly attested, to be *primé facie* evidence thereof.
- IX. General meeting to be held in May 1859, and in each year thereafter on the same day unless otherwise provided for; directors to be elected thereat. Retiring directors may be re-elected. Shareholders may vote by proxy.
- X. Provisional directors named. To choose a president and vice-president at their first meeting. May open offices, and appoint agents in England and the United States, and open books of subscription there, and make instalments payable at such offices respectively.
- XI. Any one of the directors may call a meeting for election of president and vice-president.
- XII. Share to be assignable by delivery of the share certificate, and on any conditions to be prescribed by by-law.
- XIII. Power to take timber and materials from Crown lands, under regulations to be made by the Governor in Council.
- XIV. Roads, canals, and other works of the company to be of free access on payment of the tolls approved of by the Governor in Council. Rates of toll to be published. Government may take possession of all the works (except wharves and store-houses) on paying the cost thereof, with interest at six per cent.
- XV. Corporation not to be dissolved by failure to elect directors. Another time may be appointed for such election.
- XVI. Survey and operations to be commenced within two years, and works to be completed within eight. Any other company may be incorporated for similar purposes. No exclusive right of trading, &c., conferred.
- XVII. Public Act.

WHEREAS William H. Boulton, Thomas Clarkson, Allan Macdonell, John M'Murrich, George Monro, Thomas Hutchinson, Esquires, and others, of the city of Toronto, have presented a petition to the Legislature of this Province, praying that an Act might be passed to authorise them to establish communications within the northern and the western limits of Canada: therefore, Her Majesty, by and with the advice and consent of the Legislative Council and Assembly of Canada, enacts as follows:

1. William Henry Boulton, Thomas Clarkson, Allan Macdonell, John M'Murrich, George Monro, John Hutchinson, Esquires, and others, together with such person or persons as shall, under the provisions of this Act, become shareholders of the company hereinafter mentioned, shall be, and are hereby ordained, constituted and declared to be a body corporate, in fact and in name, by the name of the "North-West Transportation, Navigation and Railway Company," and by that name they and their successors shall and may have continued succession, and by such name shall be capable of contracting and being contracted with, of suing and being sued, pleading and being impleaded, answering and being answered unto in all courts of law and places whatsoever, in all manner of actions, suits, complaints, matters and causes whatsoever, and they and their successors shall and may have a common seal, and may change and alter the same at their will and pleasure; and, also, they and their successors, by the same name of the "North-West Transportation, Navigation and Railway Company," shall be in law capable of purchasing and holding to them and their successors, any personal estate or property whatever, and such real estate as may be necessary for their use and occupation, and for carrying into effect the powers hereby vested in them, and of letting, selling, conveying or otherwise departing therewith for the benefit and on the account of the said company, from time to time, as they shall deem expedient or necessary.

2. It shall be lawful for the Governor in Council, upon the report of the Commissioner of Crown Lands, to authorise the said company to enter upon any ungranted lands of the Crown, and to make and establish facilities for the purposes of transportation, traffic and trade; and for such purposes, to build roads, tramways, railways or canals between navigable waters, and to improve or render navigable watercourses or channels of water communication, from any place or places on the shores of Lake Superior, to any point in the interior, or between any navigable waters within the limits of Canada, and to build wharves, erect warehouses, stores and other buildings, or any other works wherever the same may be deemed expedient, and to sell or grant to the said company the lands necessary for these purposes; Provided always, that the company shall first lay before the Commissioner of Crown Lands detailed plans of any works so contemplated, to be submitted by the said Commissioner, with his report, for the information and approval of the Governor in Council, and shall not deviate from the said plans without being thereunto authorised by the Governor in Council; and provided further, that the Governor in Council shall only authorise such works in one single continuous line of communication extending westward from Lake Superior.

3. For the purposes aforesaid, the said company, their deputies, servants, agents and workmen, are hereby authorised and empowered to enter into and upon any of the lands of the Queen's most Excellent Majesty, of any other person or persons, bodies politic or corporate, or communities whatsoever, lying to the northward or westward, or within the shores of Lake Superior, and being within the limits of Canada, and to survey and take levels of the same, or any part thereof, and to set out or ascertain such parts thereof as they shall think necessary and proper for the making of roads, railways, tramways, canals, and the improving and rendering navigable watercourses and channels of water communications, and so forth, and all such other works, matters and conveniences as they shall think proper and necessary for making, effecting, preserving, improving and maintaining all and every the works contemplated by this Act; and it shall and may be lawful for the said company to construct, acquire, charter, navigate and maintain boats, vessels and steam-vessels, for carrying on trade and conveying goods and other traffic and passengers on Lakes Huron and Superior, and on the lakes and rivers lying to the northward and to the westward of Lake Superior, and being within the limits of Canada, and *vice versa*, and steam and other vessels for all business and purposes connected therewith, and the profitable prosecution thereof, and shall have power to buy and sell and trade, as may be deemed expedient, and to make contracts and agreements with any person or persons whatsoever, for the purposes aforesaid or otherwise, for the benefit of the Company.

4. The capital stock of the said corporation shall be 100,000*l.*, and the same is hereby declared to be divided into 20,000 shares of the value of 5*l.* each; and if the said sum of 100,000*l.* be found insufficient for the purposes of this Act, then and in such case it shall and may be lawful for the said company, by a vote representing two-thirds of the capital stock aforesaid, at any general meeting to be called for that purpose, to increase the capital stock of the corporation, either by the addition of new subscribers to the said undertaking or otherwise, to a sum not exceeding in all the sum of 200,000*l.*, and the capital so to be raised by the creation of new shares shall be in all respects part of the capital stock of the said corporation, and every holder of the new stock shall be a member of said corporation; Provided always, that if the construction of any greater length than five miles of railway between navigable waters, in any one place, shall be authorised by the Governor in Council, then the capital stock of the said company may be further increased at the rate of 7,500*l.* for every additional mile of railway so to be constructed.

5. No shareholder in the said corporation shall be in any manner liable to be charged with the payment of any debt or demand due by the said corporation, beyond the amount of his, her or their subscribed share or shares in the capital stock of said corporation.

6. It shall not be lawful for the said company to proceed with their operations under this Act, until 50,000*l.* of the capital stock shall have been subscribed, and 10 per centum shall have been paid thereon.

7. Any joint stock company, community, or body corporate, may take shares in the said company.

8. For the management of the affairs of the said corporation there shall be elected by the shareholders of the said corporation, at a general meeting of them to be holden annually, 10 directors, each one being a proprietor of not less than 20 shares of the capital stock of the corporation, the majority of whom shall elect from among themselves a president and a vice-president, one of whom shall preside at the general Board meetings and otherwise discharge the duties pertaining to such offices; and whenever a vacancy shall happen in the Board of Directors by death or resignation, or by reason of any director declining or neglecting to act for a period of three months after his election, such vacancy may be filled up by the majority of directors for the time being appointing some shareholder to supply the vacancy so accruing; nevertheless, any acts done by the surviving directors, or the majority of the acting directors, without having the vacancy filled up, shall not be deemed invalid; and six directors shall form a quorum of the Board, and may exercise all the powers of the directors; and the directors shall have power to dispose of such part of the stock of the said corporation as may remain to be disposed of, or may from time to time be added to or fall to the general stock, either by forfeiture or otherwise, on such terms and conditions and to such parties as they may think most likely to promote the interests of the said corporation; and they shall have full power to make such calls for money from the several shareholders for the time being, as may be provided by any by-law, rule or regulation of the said corporation, and to sue for, recover and get in all calls, whether already made or to be made by them, and to cause and declare the said shares to be forfeited to the company in case of non-payment, on such terms and in such way as shall be prescribed by any by-law of the company; and to maintain an action for the recovery of calls, it shall be sufficient to prove by any one witness, that at the time of making such call the defendant was a shareholder in the number of shares alleged, and that the calls sued for were made and notice given in conformity with the by-laws of the said corporation, and it shall not be necessary to prove the appointment of directors, nor any other matter whatsoever. The said directors shall and may use and affix or cause to be used and affixed the common seal of the said corporation to any document which in their judgment may require the same, and any act or deed bearing such seal, and signed by the president or the vice-president, and countersigned by the secretary, shall be held to be the act and deed of the corporation. The president and vice-president and directors shall have power to appoint or discharge all and every officer and servant of the company, and to make by-laws for the government and control of the officers and servants of the company; and appointing the salary or allowance to be made to them respectively; and shall have power to make and

frame all other by-laws, rules and regulations for the management of the affairs of the company in all its details and particulars, also for establishing the rule of voting for directors of the company, and the same also to change at any time, modify or repeal; which by-laws, rules and regulations shall be submitted for approval, rejection or alteration by the shareholders at the next general meeting, or at a special meeting to be called by the said directors for such special purpose, and in conformity with any by-law providing for such special meeting; and any copy of the by-laws of the said corporation, or of any of them, purporting to be under the hand of the clerk, secretary or other officer of the said company, and having the seal of the said corporation affixed to it, shall be received as *prima facie* evidence of such by-law in all courts in this Province.

9. The first general meeting of shareholders for the election of directors shall be holden at the office of said corporation, in the city of Toronto, on the first Monday in May, in the year of our Lord 1859, and unless otherwise provided for by some by-law, to be made and sanctioned by the corporation, the general meeting for the election of directors shall take place in each succeeding year thereafter, on the like day of the year and at the like place; the directors so elected at such general meetings shall be elected to serve for the year then ensuing, and at the expiration thereof, each and every director may be re-elected by the shareholders; and at all such general meetings the shareholders of the said company may vote by proxy, every such proxy being appointed by an instrument in writing, under the hand of the shareholder appointing him.

10. Until such first general meeting as aforesaid, and election of directors, the directors of the said corporation are hereby declared to be, Thomas Clarkson, Allan Macdonell, John McMurrich, George Monro, William McMaster, E. T. Richardson, Angus D. Macdonell, Thomas Dick, William McDonnell Dawson, J. Brown, Adam Wilson, Clark Ross, Jean Charles Chapais, George Honoré Simard, John McLeod and Ignace Gill, with power to add to their numbers until the first general meeting; and they, or the survivors of them, shall be and are hereby constituted to be directors of the said corporation, and shall have and exercise all and every the powers, and shall be subject to all and every the clauses and conditions imposed on directors to be chosen under this Act; provided, that at the first meeting of the directors to be holden after the passing of this Act, the said directors shall choose and elect from among themselves a president and a vice-president. The said president, vice-president and directors shall have power and authority to establish for certain purposes, and have a place of business or office or offices, and appoint agents and offices in England and in the United States of America; and to open books of subscription in all and every place of business so established, and to receive subscriptions for the stock of the said corporation, transferable there respectively; and to make all such instalments called thereon and dividends declared thereon payable there respectively.

11. Any one of the directors aforesaid may call a meeting for the election of president and vice-president.

12. The shares of the said company shall and may be assignable by the delivery of the certificate to be issued to the holder of such share or shares respectively, and by assignment, in some convenient form, and on conditions to be prescribed by any by-law of the said corporation.

13. The company may, if it be found necessary for the construction of any works or purposes connected with such works as are contemplated by this Act, cut timber, procure stone, fuel and other materials from any unsold lands of the Crown, lying beyond the limits of lands acquired by the company, as hereinbefore provided, under such regulations as may be made by the Governor in Council.

14. The said roads, railways, tramways, canals, and all improvements so made by the said company, shall be of free access to all passengers, traffic and trade, upon payment of such tolls or charges thereon as shall be made in accordance with such regulations as may be made by the company, with the approval of the Governor in Council, and such tolls and charges may be raised and altered at any time by the Governor in Council, and such tolls and charges shall be published at the expense of the company; and provided further, that the Government, if deemed expedient for public purposes, may take possession of all the works so constructed by the company, excepting wharves or storehouses, upon repaying to the company the sums of money expended thereon, with interest at the rate of six per cent.

15. If at any time it shall happen that an election of directors shall not be made or take effect on the day fixed by this Act, the corporation hereby constituted shall not be deemed or taken to be thereby dissolved, but it shall be lawful at any subsequent time to make such election at a general meeting of the shareholders to be duly called by the president or secretary for that purpose.

16. The said Company shall commence operations and the survey and location of the line within two years, and shall execute and complete their works and improvements within eight years after the passing of this Act; provided always, that nothing in this Act contained shall be held to prevent another Act or other Acts of incorporation being passed, incorporating another company or other companies for similar purposes; and provided also, that nothing in this Act shall be held or construed to give any exclusive right of trading, or to prevent any person to trade in the said territory, or to establish communications within the said northern and western limits of Canada.

17. This Act shall be deemed a Public Act.

Encl. 2, in No. 19.

Enclosure 2, in No. 19.

Sir,

Downing-street, 7 March 1859.

I HAVE laid before Secretary Sir Edward Bulwer Lytton your letter of the 12th ultimo, transmitting copy of a proposal from the North Western Navigation and Railway Company of Canada to undertake, on certain conditions, the conveyance of mails through Canada and British Columbia to the Pacific.

Sir E. B. Lytton requests you will inform the Lords Commissioners of the Treasury that he admits, in the fullest sense, the great importance to British interests, whether Governmental or commercial, of establishing an early and secure postal communication to the Pacific, and that it would afford him the highest satisfaction if an arrangement, on reasonable terms, could be effected with this company; which seems, from the statements in its proposal, to have carefully weighed the difficulties of the undertaking. Sir Edward calls the attention of their Lordships to the possibility to which the projectors advert, that if a mail were thus established through British territory, the letters of the United States for San Francisco might be conveyed by this route instead of by the existing one across the Isthmus of Panama. This idea, if realised, would undoubtedly add materially to the success of the scheme; a scheme, indeed, of which, at the present moment, it is not easy to calculate the extent of its expansion, and the benefits accruing therefrom. At present, however, Sir Edward can do little more than express his approval of the project. The means by which it may be accomplished are chiefly financial; and the Lords Commissioners of the Treasury will be much better able than himself to judge whether Parliament could be applied to with any prospect of success for a subsidy; and also as to the proper amount of such subsidy.

Sir Edward Lytton would be content, on this point, that the mails should be conveyed to Fort Langley in 14 and not 12 days, which it is stated would probably diminish the expense by 10,000*l.*

I am to add, that if their Lordships think it advisable, Sir Edward Lytton will be happy to communicate with the Governor General of British North America on this subject; but that as the company already have some concession from the Provincial Government for the conveyance of the mails from Toronto to the Red River, he fears that Government will not be ready to come forward with much, if any, additional pecuniary assistance for the extension of the mail to British Columbia.

G. A. Hamilton, Esq.
&c. &c. &c.

I have, &c.
(signed) *H. Merivale.*

Encl. 3, in No. 19.

Enclosure 3, in No 19.

Sir,

Treasury Chambers, 30 March 1859.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of Secretary Sir E. B. Lytton, with reference to your letter of the 7th instant, the enclosed copy of a Report from the Postmaster General, on the proposal made by the North-West Navigation and Railway Company of Canada to carry the mails through Canada and British Columbia to the Pacific; and I am to request that you will move Secretary Sir E. B. Lytton to cause my Lords to be favoured with any observations on the report in question which he may wish to offer.

H. Merivale, Esq. C.B.
&c. &c. &c.

I am, &c.
(signed) *Geo. A. Hamilton.*

Sub-Enclosure to Enclosure 3.

My Lords,

General Post Office, 8 March 1859.

I HAVE to acknowledge the receipt of your Lordships' letter of the 14th ultimo, enclosing a copy of a letter from the North West-Navigation and Railway Company of Canada, containing a proposal for a mail service through Canada and British Columbia to the Pacific, and asking for any observations I may wish to offer thereon.

The amount of correspondence, whether present or prospective, which the company would convey for this office is so very far from yielding the sum demanded that, as a postal question, I could not, under any circumstances, recommend that the offer be accepted.

Independently, however, of this consideration, I would suggest that such an agreement as that proposed might lead to misunderstanding and difficulties between the Imperial and Canadian Governments; and it appears to me, therefore, that any agreement which may be entered into should be with the Canadian Government itself, and not with a private company.

Should the route described by the memorialists be ultimately formed, and should it prove advantageous for the conveyance of our mails, but expensive as compared with the amount of traffic, there would be good ground for paying the Canadian Government a high transit rate on correspondence between this country and British Columbia conveyed by this route, or, perhaps, a fixed and liberal sum for a certain number of years, but, so far as postal interests are concerned, I cannot advise more than this.

Although

Although the other reasons I have mentioned appear to me sufficient to show the inexpediency of entering into the contract in question, I would call your Lordships' attention in addition to the great drawback from the nature of the scheme caused by the circumstances that the contemplated advantages, so far as they are guaranteed, are confined to the summer, the company not being prepared to fix any number of days for the conveyance of mails in winter.

The Lords Commissioners of the
Treasury.

I have, &c.
(signed) Colchester.

Enclosure 4, in No. 19.

Encl. 4, in No. 19.

Sir,

Downing-street, 13 April 1859.

I AM directed by Secretary Sir E. B. Lytton to acknowledge receipt of your letter of the 30th ultimo, enclosing the copy of a report from the Postmaster General on the proposal made by the North-West Navigation and Railway Company of Canada to carry the mails through Canada and British Columbia to the Pacific; and I am to request that you will state to their Lordships, that Sir Edward is unable to add anything to his letter of the 7th ultimo on this subject.

G. A. Hamilton, Esq.
&c. &c. &c.

I am, &c.
(signed) H. Merivale.

— No. 20. —

(No. 76.)

Copy of a DESPATCH from the Right Honourable Sir E. Head, Bart., to the
Right Honourable Sir E. B. Lytton, Bart., M.P., &c. &c.

Government House, Toronto, C. W.,
13 June 1859.

Received 30th June 1859.

Sir,

WITH reference to your Despatch of 13th April, No. 54, I have the honour to enclose a copy of a recommendation of the Executive Council, and a copy of a report from the Postmaster General of Canada, on the subject of the proposal to carry the mails from Great Britain through Canada to the Pacific.

I should see with very great pleasure the completion of any arrangement for the performance of this service, and I am persuaded that the Canadian Government will be at all times desirous of doing what can be done to give effect to such arrangement.

I have, &c.
(signed) Edmund Head.

Enclosure 1, in No. 20.

Encl. 1, in No. 20.

Copy of a Report of a Committee of the Honourable the Executive Council, dated the 13th June 1859; approved by his Excellency the Governor General in Council on the same day.

THE Committee have had under consideration a petition, dated 26 May 1859, from W. M. D. Dawson, Esq., president of the "North-West Transit Company," and Hugh Allan, Esq., acting on behalf of the Montreal and Liverpool Ocean Steam Ship Company, stating their belief that the Imperial Government will be prepared to enter into a contract for the conveyance of the mails from the United Kingdom to British Columbia, and that the former company have been invited to tender for the performance of that service.

That that company, in tendering therefor, will require the assistance of some established line of ocean steamers for the mail service across the Atlantic, and that the Montreal and Liverpool Company are prepared to co-operate with the North-West Transit Company in the undertaking, upon receiving the consent of the Canadian Government for that purpose, and praying that such consent be given, and that the acceptance of the tender be urged by your Excellency on the Imperial authorities, by pressing upon their consideration the preference due to an enterprise involving such important interests, both Imperial and Colonial.

They also state that the present intention of the Home Government might thus be made the means not only of promoting an enterprise so desirable for the interests of this country, but also of obtaining that additional aid to the Canadian line of ocean steamers, without which it is impossible the line can be permanently sustained against the other heavily subsidised lines which compete for the same traffic.

No. 20.
Right Hon. Sir E.
Head, Bart., to
Right Hon. Sir E. B.
Lytton, Bart., M.P.
13 June 1859.

Min. of Council,
13 June 1859.
Report of Post-
master General,
11 June 1859.

The Honourable the Postmaster General reports that the contract with Mr. Allan obliges the steamers to carry all mails delivered to him under the authority of the Postmaster General of this Province, which provision covers that section of the proposed route which lies between Liverpool and Canada; that that section, extending from the sea-board, and the furthest westerly point reached by Canadian mails, is covered by the internal mail service of the Province.

That with regard to the third section, viz., from the point last mentioned to British Columbia, it would manifestly be inexpedient that any interference by this Province should take place with respect to a postal service not its own, and beyond its limits, he however recommends that the Canadian Government express its readiness to acquiesce in any arrangement which the Transit Company may be able to effect with the Imperial Government for the performance of that portion of the service in question, which is not already provided for, and that an assurance be given that these mails will be conveyed by the Provincial Government over the other portions of the route whenever such service may be required.

The Committee recommend that the applicants be informed that the Canadian Government are willing, in the event of the British Government deciding to send the mails by way of Canada to the Pacific, to place at their disposal, or at that of the parties who may contract with the Imperial Government for the delivery of the said mails, the present Ocean Steamship and Inland Mail Service of Canada, from Liverpool to Red River, upon receiving from the Imperial Government a subsidy of 30,000*l.* sterling per annum for such service, provided that the arrangements of the contractors with the Imperial Government for the service through Canada are approved by the Canadian Government.

Certified,

W. A. C. Ainsworth,
Acting C. E. C.

To the Governor General's Secretary,
&c. &c. &c.

Encl. 2, in No. 20.

Enclosure 2, in No. 20.

Post Office Department, Toronto,
11 June 1859.

THE undersigned has the honour to report, for the consideration of his Excellency the Governor General, that he has given his careful attention to the documents referred to him on the 9th of June instant, comprising an application from Mr. Wm. M^d. Dawson, President of the North West Transit Company, and from Mr. Hugh Allan, together with certain despatches and communications on the subject of the transport of the mails between Great Britain and British Columbia; and the undersigned now respectfully submits—

Firstly, That the proposition of Messrs. Dawson, as president, and Mr. Allan, is for the transport of the mails between the points above named.

Secondly, That the Imperial Government is of opinion that the Canadian Government should be applied to, and its consent secured before any proposition of the nature in question can be entertained.

Thirdly, The Postmaster General of Great Britain, by his report, expresses his opinion that the contract for the conveyance of these mails should be effected by the Provincial, rather than by the Imperial Government.

The proposed service is properly divided into three parts.

1. That section between Liverpool and Canada.
2. That between the seaboard and the farthest westerly point reached by the Canadian Mail Service, and—
3. From such point last indicated to British Columbia.

Mr. Allan, one of the gentlemen above named, is already, under his contract with the Canadian Government, obliged to carry in his steamers between Liverpool and Quebec, all mails which may be delivered to him, under the authority of the Postmaster General of this Province. The first section of the entire route is therefore covered by existing arrangements.

The second section indicated is of course also covered by the internal mail service of the country.

It therefore only remains to consider what course should be adopted by this Government to provide for the service of the third section.

The undersigned cannot suppose that the Postmaster General of Great Britain intended in his report to convey the idea that it would be proper for the Government of this country to contract for the transport of mails, not its own, beyond the limits of the Province; such a course would be manifestly inexpedient, and cannot be recommended for adoption.

The requirements of the service between Great Britain and the westerly part of the Province being already supplied by the Canadian Government, it only remains for the Government to accord or withhold its assent to that portion of the proposal from Mr. Dawson, in behalf of the Transit Company, made to the Imperial Government, for the transport of the mails from the western extremity reached by the internal mail service of Canada to the Pacific.

The course about to be recommended by the undersigned, will leave the Imperial Government free to make any arrangement that may be considered advisable with the
Transit

Transit Company, for the unprovided portion of the proposed service, and will at the same time preclude any possibility of difficulty with Mr. Allan (the contractor for the ocean service), or with any other interests.

The remuneration to be received by the Canadian Government for the transport of mails for the Pacific coast across the Atlantic, and through Canada, is doubtless a matter of much importance, but is not a question in the adjustment of which any difficulty can be anticipated.

The undersigned therefore respectfully recommends that the Canadian Government do express its readiness to acquiesce in any arrangements which the Transit Company may be able to effect with the Imperial Government for the performance of that portion of the service in question which is not already provided for; and that an assurance be given that these mails will be conveyed by the Provincial Government over the other portions of the route whenever such service may be required, at such rate of remuneration for the service as His Excellency may determine.

(signed) *Sidney Smith, P. M. G.*

— No. 21. —

(No. 88.)

Copy of a DESPATCH from the Right Honourable Sir *Edmund Head*, Bart., to the Duke of *Newcastle*.

Government House, Toronto, C. W., 23 July 1859.

(Received, 8 August 1859.)

My Lord Duke,

With reference to previous correspondence, and more especially to the Address to Her Majesty from the Provincial Legislature on the subject of a subsidy to the Canadian line of ocean steamers, I have now the honour to enclose a copy of a Minute of my Executive Council, approved by myself.

I have, &c.

(signed) *Edmund Head*.

Enclosure in No. 21.

Copy of a Report of a Committee of the Executive Council, dated 18th July 1859, approved by His Excellency the Governor General.

The Committee have had before them a Report, dated 18th July 1859, from the Honourable the Postmaster General, submitting that immediate action should be taken to press urgently upon the Imperial Government the necessity for a subsidy by the Imperial Government to the Canadian line of Atlantic steamers, as prayed for in the Address of both branches of the Provincial Legislature during last Session, and also referred to in the Order in Council of the 13th June last on the subject of the transport of the mails between Great Britain and British Columbia through this Province, that it would be well that some member of the Provincial Government should, without delay, proceed to England for that purpose; and he recommends that the Honourable Mr. Rose be requested and authorised to undertake the mission.

The Committee submit the above suggestion for your Excellency's approval, and that Mr. Rose be also instructed to urge strongly upon the Imperial Government the very great injustice with which Canada conceives she is treated by the continuation of the subsidy to the Cunard line, and the additional injustice with which she is threatened by the proposed subsidy to a rival line of steamers, known as the Galway line, and whose interests are associated with a foreign country, and in direct hostility to those of Canada, and to the line of steamers she is endeavouring to sustain.

That any Member of the Council who may happen to be in England be associated with Mr. Rose in this duty.

(Certified.)

(signed) *Wm. H. Lee, C. E. C.*

No. 22.
Right Hon. Sir *E. Head*, Bart. to the Duke of *Newcastle*.
23 July 1859.

Enclosure.

Encl. in No. 21.

COPIES of all CORRESPONDENCE between Her Majesty's Government and the British and North American Royal Mail Steam Packet Company or Sir *Samuel Cunard*, Bart., on the subject of the Prolongation or Renewal of the Contract made with that Company for the Conveyance of the Mails to and from *North America*.

Treasury Chambers, }
27 July 1859. }

S. LAING.

S. Cunard, Esq., to the Secretary to the Treasury.

Sir,

Bush Hill, Edmonton, 19 October 1857.

WITH reference to the verbal communications I have had with you, respecting the Mail Service between this country and North America,—

I beg to state that it is absolutely necessary to provide ships of greater size and power to compete successfully with the Americans, who are building most powerful ships, under the patronage of their Government.

Our contract requires us to furnish ships of 400-horse power, of about 1,200 tons burthen; the last ship built by us, "The Persia," is near 4,000 tons and 1,000-horse power: the Americans are building still larger ships, and unless we do so likewise, they will carry all the letters: the fastest ships will command both letters and passengers.

To build ships of the dimensions and power required, will cost nearly 200,000 *l.* each. We cannot venture to incur such an additional expenditure under our present waning contract; but if the Lords of the Treasury will be pleased to grant us an extension of five years beyond the termination of our present contract, we will build ships that will maintain the position that our ships have hitherto held on the Atlantic, and will maintain the credit of the British flag. I believe that the amount of the postage received from letters by our steamers is equal to the sum paid to us under the contract, so that this country has the advantage of a regular and safe weekly communication, to and from America, without any cost; but if it did even cost the country a small annual sum, the money would be well expended, by the great facility afforded to commerce and by maintaining the supremacy of British ships on the Atlantic; if we are driven off the line, the whole postal service will fall into the hands of the American Government.

If I could at once give notice of our intention to build immediately a most powerful steam ship, it would check the Americans, and I am sure it would give general satisfaction in this country. I am not without some claim upon the Government for having originated and carried out this very important public service, at great risk and responsibility, when no other party could be found to undertake it; and it may be remembered that this service is in substitution of the old sailing packets, by which many lives were annually lost; they were commonly known by the designation of "coffins," and they cost the Government about 40,000 *l.* a year.

Such powerful and expensive ships as are required for this service are totally valueless at the termination of the mail contract; they are too expensive to be used for any other purpose.

The "Persia" consumes upwards of 160 tons of coal per day. In a passage of nine days from New York to Liverpool she consumed 1,584 tons; the wear and tear and other things are expensive in the like proportion. No other employment would support such frightful expenditure.

I hope and trust that their Lordships may be pleased to grant my request, which will enable me to commence building a powerful ship without loss of time.

I am, &c.
(signed) *S. Cunard*.

Treasury Minute, dated 22 October 1857.

TRANSMIT copies of this communication to the Secretary of the Admiralty and to the Postmaster General for their observations thereon before any Lord can come to any decision in respect to it. In doing so, state that Mr. Cunard has offered, in the event of this application being complied with, to include in the subsidy now paid, a new service from Bahamas to New York, at this time so much required by that colony.

The Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 26 October 1857.

WITH reference to your letter of the 24th instant, transmitting the copy of a letter from Mr. Cunard, in which he requests an extension of five years beyond the termination of the present contract for the conveyance of the mails between this country and North America, in order that he may build ships large enough to compete with the Americans; and stating that Mr. Cunard has offered, in the event of this application being complied with, to include in the subsidy now paid, a new service from Bahamas to New York. I am commanded by my Lords Commissioners of the Admiralty to request you will state to the Lords Commissioners of Her Majesty's Treasury, that my Lords believe that the best course for insuring a satisfactory performance of the service between this country and North America, will be by prolonging the contract with Messrs. Cunard & Co., who have hitherto executed it with greater success than has attended most undertakings of a similar description, and who of course cannot be expected to incur the heavy expense necessary for providing vessels of a superior description on a very short tenure of the contract. A further advantage will accrue to the public from their undertaking the conveyance of the mails to the Bahamas. It appears to my Lords, however, that it might be advisable to stipulate for the performance of the service to North America in vessels not less than those now employed, instead of 400-horse power only.

I am, &c.

(signed) *W. G. Romaine.*

The Postmaster General to the Lords of the Treasury.

My Lords,

General Post Office, 14 November 1857.

THE request of Mr. Cunard for an extension of five years beyond the term of his present contract, is one which raises the whole question referred by your Lordships in 1853 to the consideration of a Committee which was presided over by my predecessor, Lord Canning, and which reported most fully and ably upon the subject. In the principles laid down in that report I entirely concur, and they suggest, in my opinion, the gravest doubt whether the application of Mr. Cunard ought to be complied with.

One main principle laid down by the Committee is, that Parliamentary grants may be requisite in "establishing new lines of communication or introducing new methods of conveyance;" "but that this having been once done, and sufficient time having been allowed for the experiment, the further continuance of the service, unless required for political reasons, of adequate importance, should be made to depend upon the extent to which the parties interested avail themselves of it, and upon its tendency to become self-supporting."

The Committee proceed to instance this very contract as a case in point: "The heavy expense and serious risk of loss attending the introduction of ocean steamers might probably have prevented the experiment being tried." "Now, however, that success has been attained, it becomes important to consider whether the lines which have been opened cannot be made self-supporting, that is to say, whether they cannot be so carried on as to produce a postal revenue sufficient to cover the expense involved in their maintenance;" and, again, in a subsequent paragraph, the Committee observe with reference to the same point, "We see no sufficient reason for continually renewing such contracts for periods equally long after the object has been once attained. A company which has received a liberal subsidy for ten or twelve of the first years of its existence, ought to provide, by the establishment of a sinking fund, for the maintenance of its fleet of vessels, and may be fairly expected, after having been compensated for the original hazards, to continue the

the service by fresh contracts entered into either from year to year, or for a period not exceeding three years." The existing contract with Mr. Cunard does not expire until 1862.

It appears then that Mr. Cunard has still remaining of his present contract a term longer than the maximum period for which, in the opinion of the Committee, any new contract should be made.

I would also direct your Lordships' attention to another point of importance arising out of the application of the principles laid down by the Committee to this particular case. One ground on which large Government subsidies are defended in certain cases is, that the conditions of the service require a class of vessel which would not be required for ordinary traffic. "The vessels now under contract with the Government are, however, for the most part, required to maintain high rates of speed. The contractors are also subject to a variety of conditions, designed partly to secure the efficiency of the postal service, and partly to render their vessels available for other national purposes, wholly unconnected with that service. In return, they are in the receipt of subsidies largely in excess of the amount of revenue derived from the mails they carry." And again, "It must be borne in mind, that the expensive vessels built for the conveyance of the mails at a high rate of speed, are not in demand for the purposes of ordinary traffic, and cannot, therefore, be withdrawn and applied to another service at short notice." But this is a condition which no longer applies to the American line of packets. So far from the requirements of the contract exceeding those which arise out of the ordinary traffic, the demands of that traffic are such as to justify and secure the establishment of vessels far more powerful than those contemplated by the Government. The superiority of his vessels to those stipulated for in the contract is referred to by Mr. Cunard himself, and is a fact which clearly indicates that the ordinary traffic now thoroughly established, is such as to leave far behind the mere requirements of the contract, and, consequently, that no excess of subsidy can be defended on the ground referred to by the Committee.

I would submit, therefore, to your Lordships that, on the contrary, the present is a case such as that specifically mentioned in another paragraph of the same report, viz., a case in which frequent and rapid communication already exists, and where, consequently, "it is not necessary for the Government to subsidise the contractors by contributing a considerable portion of their receipts, since it may fairly expect to get the service done for a payment which will cover the freight of the mail bags." In such cases, the Committee emphatically observe that "public competition for the conveyance of the mails can hardly be too frequently or too openly invited."

I need hardly remind your Lordships that the requirements of the traffic to America are now such as to lead to entirely new projects of navigation; and it seems more than probable, in the course of a very few years, under no other stimulus than that of ordinary commercial enterprise, the ocean will be traversed by vessels of extraordinary speed and power. Under such circumstances, it seems to me 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.

Should a much greater speed be attained, the demand of the public for the employment of superior ships for postal purposes, even if not anticipated by Government, would probably become irresistible; indeed, as every person is at liberty to direct his letters to be sent by what ship he pleases, the postal revenue which may be considered applicable towards defraying the packet service, would, under such circumstances, be greatly diminished, even if the inferior packets were continued.

This latter consideration, the dependence of the postal revenue derived from any particular packets on the character of those packets for speed and regularity, affords additional weight to an opinion of the Committee, stated at page 7; viz., that "In some cases the conveyance of the mails might be advantageously provided for by a payment bearing a certain proportion to the estimated amount of the postage received, or based upon the actual weight of the bags carried."

Such an arrangement would, I think, do much more to secure improvements, from time to time, in the sea service than the ordinary stipulation, that the contractors shall make such alterations in the construction and machinery of their vessels "as the advanced state of science may suggest," and as the Admiralty may direct.

Even, therefore, where the postage received may be insufficient to defray the whole

whole cost of the service, as is the case in this instance (though Mr. Cunard seems to suppose otherwise), I would strongly recommend that the payment be based on the amount of postage by making it equal to the postage, and a certain fraction of the postage in addition; or, if requisite, even to a multiple of the postage. Such a mode of payment would have the additional advantage of rendering simple any negotiation with a Colony (as with Canada, for example in this instance), for the payment of its share of the cost.

The Committee recommend that, in any new contract, all provisions which do not directly bear upon the efficiency of the postal service, such as requiring that the vessels shall be so constructed as to serve to some extent for men-of-war, and that troops and stores shall be 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.*

TREASURY MINUTE, dated 15 December 1857.

TRANSMIT this Report to the Board of Admiralty, and request that the Lords Commissioners will favour my Lords with any observations they may have to make upon the points raised by the Postmaster General, so far as the system referred to has been tried.

The Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 21 December 1857.

I HAVE received and laid before my Lords Commissioners of the Admiralty your letter of the 16th instant, enclosing one from the Postmaster General, dated the 14th ultimo, relative to an application from Mr. Cunard for a renewal of his contract for the conveyance of mails to North America, and requesting my Lords to offer any observations they may have to make upon the points raised by his Grace, so far as the system referred to has been tried, and I am to request you will state to the Lords Commissioners of Her Majesty's Treasury that it appears to my Lords that the questions opened for discussion by your letter involve a consideration of the functions which must necessarily be performed by different departments of Government in the formation of contracts for the conveyance of letters by mail packets, and upon which it is neither possible, nor would it be fitting, that the Admiralty should give an opinion.

In coming to a decision upon the propriety of entering into or extending such contracts, Government must (to quote the words of the Report of the Committee on Contract Packets of 1853), "in the first place have regard to the national interests, whether political, social, or commercial, involved in the establishment or maintenance of each particular line." The Foreign Office, the Colonial Office, and the East India Company can give opinions, supported by all the weight of the information which they possess with regard to political interests. The Board of Trade and the Post Office can state the social and commercial interests affected, while the latter department can calculate the probable revenue which may accrue from the postage of letters on the proposed line. The Board of Admiralty

can only observe upon the value of the service as facilitating communication with Her Majesty's ships and officers serving under its orders. These considerations determine whether it is desirable or not that the service should be performed.

It is obvious, however, that its cost must be an important element in arriving at a final decision, and on this point the Board of Admiralty are better able than any other department to give an opinion, both as to the best manner of executing a particular service as regards the number and the class of vessels to be employed, and they can also inform the Treasury what the probable cost of the service will be. With this information before them it must rest with the Treasury to decide whether a contract for any particular service is to be entered into or extended.

When this question has been decided by the Treasury, they will give their directions to the Admiralty, and it appears to my Lords that when they have received from the Treasury general instructions as to the nature of the service to be performed, and the limits of the payment proposed to be paid for it, the Board of Admiralty should, in communication with the Post Office, be entrusted with the entire duty of carrying the decision into effect by advertising for tenders, entering into the contracts, and superintending the manner in which they are performed.

This my Lords believe used to be the universal practice, but it has been recently changed so far that in the formation of some existing contracts my Lords have not been requested to give their opinion upon matters clearly for their decision, such as the fitness of vessels, &c. prior to the Treasury deciding upon the question.

The particular case upon which the observations of the Postmaster General are founded, and upon which the opinion of the Board of Admiralty is requested, involves two distinct questions; first, whether it is expedient to extend the contract with Mr. Cunard; secondly, what the terms of the extension should be.

Upon the first point their Lordships can only refer to the opinion contained in their letter to the Treasury of the 26th of October last, and they will further refer to the following extract from the report of the Committee of 1853. "The contractors," the Committee state, "attach great importance to a long and undisturbed term of contract, as alone enabling them to incur the expenses necessary for a successful competition with their rivals; and the manner in which they have fulfilled its stipulations is such as fairly to entitle them to all the benefit which may attach to a strict adherence to the present agreement for its full term." The further experience of four years has only added to the weight of this testimony, and their Lordships consider Mr. Cunard to be entitled to every confidence on the part of the Government and of the public.

Their Lordships must also observe, that, although the subsidy is large, the receipts from postage upon this line are very considerable. It appears from returns framed in 1853 that the subsidy paid for the three lines contracted for by Mr. Cunard was 188,040 *l.*, the gross postage 160,069 *l.*, the net receipts 126,398 *l.* leaving a balance paid by the public of 61,642 *l.* which is but one-third of the sum paid by the public for the West Indian mail service. The Postmaster General does not state whether the postal receipts have increased or diminished since the year 1853.

Their Lordships will now advert to the observations of the Postmaster General upon the terms of the contract, if it should be extended. They agree with him that it is inexpedient to insist upon those clauses with regard to the construction of contract packets, which were intended for the purpose of rendering them available for war purposes, but they consider that further consideration in communication with the War Office is necessary before the provisions as to the conveyance of passengers and stores are omitted; my Lords are of opinion that it is desirable to retain them, at any rate so far as regards sending officers or men by these vessels.

They believe that the experience of the past, and the stimulus of competition, are sufficient guarantees that Mr. Cunard will, if his contract is extended, continue as heretofore to improve his vessels along with, if not in advance of, the improvements which from time to time may be made by others in ocean steamers; but in the event of a failure in this respect, their Lordships would have power to compel him to do so.

With respect to a rigid enforcement of penalties, my Lords do not consider that it would be advisable to introduce a clause into the contract laying down a scale of penalties which should in no case be remitted. In long voyages accidents must occasionally occur, which it is not in the contractor's power to avert, and where the Board of Admiralty should be able to exercise discretion as to the remission of penalties,

penalties, which nevertheless they are prepared to enforce in all cases where the default has arisen from the neglect or mismanagement of the contractors.

My Lords have no objections to offer to the suggestions of the Postmaster General as to making the contractors responsible for the safe custody of the mail bags, or for requiring provision to be made for sorting letters on board, but this must be a subject of negotiation with the contractor, who cannot be expected to give up a portion of the space allotted to passengers without some compensation for the loss which it might entail upon him.

I am, &c.
(signed) *W. G. Romaine.*

S. Cunard, Esq., to the Secretary to the Treasury.

Sir,

Bush Hill, Edmonton, 7 January 1858.

I BEG to enclose the Report of the Postmaster General of the United States, by which it will appear that our mail packets carried during the last year between this country and the United States, a very much greater number of letters and newspapers than all the American mail packets together, viz.—

	Letters.	Newspapers.
By the Cunard mail packets	- 2,658,343	- 2,143,423
By the American mail packets	- 1,220,733	- 1,178,629

The Postmaster General further reports as follows: "Nearly two-thirds of the transatlantic mails have been conveyed by the Cunard line, and nearly four-fifths of the postage goes to the British Government, saying nothing of the still greater proportion it receives on mails so conveyed for countries beyond England." The American packets are frequently withdrawn during the stormy weather in the winter, when there is great wear and tear and little traffic. The last American packet departed from Liverpool on the 23d December, the next is advertised in the Post Office list for the 3d February; there is neither freight nor passengers at present.

If we were to follow this irregular system, what would become of the important correspondence between the two countries?

For 18 years we have never in any one instance failed to depart with the mails at the appointed time; no description of weather has delayed the sailing for a single hour; it is this regularity that has brought the great portion of the letters to our packets, and I think should entitle us to the continued protection and support of the Government. For several months past we have not received as much money for freight and passage as would pay for the coals consumed, but we have not hesitated to do our duty, nor have we asked for any remission of the service in consequence of bad weather, or want of freight or passengers.

It will be seen by the Postmaster General's Report, that the Americans are extending their mail service over almost every navigable part of the world, and will, in many places, have the entire monopoly. They would have had it on the Atlantic long since, if I had not, at great risk and danger, taken up the decided position I did, and I hope and trust, if I am supported by the Government, that I shall be enabled to retain for Great Britain, the good position on the Atlantic which I have established with such unwearied perseverance, and without much, if any cost, to the country. To enable me to do so, I must produce vessels which shall meet the last ships built by the Americans, and I am now losing much valuable time which should be earnestly devoted to that object.

I therefore entreat the Lords of the Treasury to comply with my application for an extension of the term of my contract, as prayed for in my former letters. I am very differently situated from all other mail contractors in this country; they have no competition; I have the greatest opposition, and from a quarter the most to be dreaded. Unless, therefore, I build powerful ships, the whole mail service on the Atlantic will fall into the hands of the Americans.

I am sure that I can appeal with confidence to the Lords of the Admiralty, and to the country at large, for an expression of approbation of the manner in which I have performed this duty for nearly 18 years, besides claiming, perhaps, some merit for having originated this service when no other parties could be found to undertake it.

I have &c.
(signed) *Cunard.*

CORRESPONDENCE RELATING TO THE

S. Cunard, Esq., to the Secretary to the Treasury.

Sir,

Bush Hill, Edmonton, 9 January 1858.

WITH reference to a Report made by a Committee on Postal Service in the year 1853, in which it is stated that there was a loss by our mail steamers of about 60,000 *l.* per annum—(I have not the Report by me to refer to)—I was much disappointed by this statement, and on mentioning it to Lord Canning, he gave me permission to refer to the accounts at the Post Office, and Mr. Rowland Hill afforded me every facility I required. I found that the gross receipts by our steamers was there stated at 181,000 *l.*, but as the estimate was formed from an account taken in the month of December preceding, when there were but four departures, it was not exactly a correct statement; it should be—

	<i>£.</i>
If 48 departures in the year give - - - -	181,000
Four additional will give - - - -	15,000
	196,000
The contract is for - - - -	173,000
	17,000
Showing a balance in favour of contract of - -	17,000

I ascertained that only two-thirds of the postage was carried to the credit of the account, the other third being deducted to cover charges; the rate of postage was then 1 *s.*, of which 8 *d.* only was carried to the credit of the account.

One of the charges was 2½ *d.* per letter allowed to the American Government, by agreement, on the letters carried by our steam ships; under the same agreement 25,155 *l.* was received from the American Government for letters carried by their packets; this was a clear profit, earned by our ships, and should have been placed to their credit; if we are charged with the amount paid to the American Government, we should have credit for the money received from the same source. There was also a charge of 22,804 *l.* per annum for extra expenses in England, being at the rate of 1½ *d.* per letter.

I observed also a charge of 5,535 *l.* for dead letters returned; I ascertained that we got credit originally at 8 *d.*, but when re-charged, it was at the full rate of 1 *s.* each; the difference being 1,845 *l.* I believe that the amount of the contract for conveying the mails to Bermuda, St. Thomas, and Newfoundland, was charged in the Report to the debit of this account, but it should not have been; it is quite a separate contract, and never was expected to produce any return in the shape of postage; the arrangement was made chiefly with the view of keeping up the communication with the West Indies and North American stations; the sum of 14,000 *l.* should, therefore, not have been charged to this account.

I am aware that it is of no consequence how the proceeds are appropriated, and it may be considered that I am taking a liberty in making comments on the accounts; but I know by former official published returns that the postage received by our steam ships far exceeded the sum paid to us, and I was surprised to learn that so great a change had suddenly taken place: I addressed a letter to Lord Canning at the time, containing the substance of this communication.

I believe this postal line, embracing as it does the correspondence between Europe and America, including the British Colonies, is considered to be the most important line of communication, and I also believe it to be the only self-sustaining postal line; but if its receipts were even not equal to the cost, I still think the Government would not allow it to be discontinued.

I have, &c.
(signed) *S. Cunard.*

S. Cunard, Esq., to the Secretary to the Treasury.

Sir,

Bush Hill, Edmonton, 20 February 1858.

I BEG to enclose copy of my letter to you, dated the 9th January, which you did not recollect to have read, when I last waited on you.

I hope and trust that you will grant my request, by giving me the extension that I have been soliciting, and not hand me over to other persons; time is of much consequence to me.

I am sure it will give great satisfaction to the Lords of the Admiralty, who have recommended it to be granted.

I am willing to perform the service between Liverpool and Newfoundland, as proposed in my former communication to you, or, if you prefer it, I will put on a small steamer between Nassau and New York.

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

Treasury Minute, dated 2 March 1858.

WRITE to Mr. Cunard, that upon full consideration of his application, my Lords are of opinion that his present contract is yet too far from its termination to justify a renewal or extension; at the same time, state that my Lords are in every way satisfied with the manner in which he has performed the service, and they will be prepared to consider favourably any application he may make when his present contract has advanced nearer to a termination.

S. Cunard, Esq., to the Secretary to the Admiralty.

Sir,

Bush Hill, Edmonton, 20 March 1858.

I HAVE been, for some time past, most anxious to obtain an extension to the period of my present mail contract, which would enable me to build ships of a size to compete successfully with the American mail contract vessels.

The late Lords of the Admiralty were pleased to recommend my application to the Lords of the Treasury, who were also favourably disposed to my application for a short time; time is, however, of the greatest consequence to me, for the following reasons:

The late unfavourable state of mercantile affairs in this country and the United States have caused much derangement among the American mail contract steam ships. There have been neither passengers nor freight for several months past; and the owners of these ships were unwilling to send them across the Atlantic, at the most inclement season of the year, at a certain heavy loss, and they withdrew them accordingly, notwithstanding their obligations to their Government to carry the mails. They have also found that their expenses far exceeded their income, although they have received from their Government double the amount of subsidy paid to me by our Government. Their mail ships are now in the hands of the sheriffs.

This is therefore the time for me to come forward and show that I am not deterred by the unfavourable state of affairs, or by opposition, but intend to prosecute the service with vigour, by building other large and powerful ships, which may be the means of preventing the establishment of another American company for some time, the last company having lost a frightful sum. I, however, think that the American Government will never be satisfied to let the whole of the postal service fall into our hands.

If I had followed the example of the American mail packets, the postal service between this country and America would have been suspended during the winter, but I have not failed to perform the service with the same uniform regularity during the winter (when there was very little freight or passengers) as at all other times.

In consequence of the well-established character of our ships for regularity throughout the year, the greater portion of the letters and papers are conveyed by them. The Postmaster General of the United States, in his annual report (which I herewith enclose) states, that "our ships carry four-fifths of the whole Atlantic postage." I believe that the amount of postage received by our vessels is quite equal to the sum paid to me by the British Government, and that this regular and most important postal communication is kept up without cost to the country, which would otherwise fall into the hands of the Americans. This is too important

important a service to be permitted to pass into the hands of foreigners, even if it did cost some money to support it.

Our ships were also of great and essential service during the late Russian war.

We should at once proceed to build a ship of the dimensions of the "Persia," or perhaps larger. I myself am not afraid to take the responsibility of doing so, as I feel confident of the continued support of Her Majesty's Government. I originated this service, and have performed the duty faithfully, giving satisfaction to every branch of the Government and to the country at large. I therefore feel confident that I shall be sustained; but my partners in Glasgow are cautious men, and, without the certainty of an extension of the term of the contract, will not venture to lay down a ship which will cost nearly 200,000*l.*, and that cannot be ready for sea in much less than three years, which would be near the termination of our present contract.

I have, therefore, to solicit their Lordships to grant me the extension of five years beyond the termination of our present contract.

The French Government have just now entered into contracts for a period of 20 years, granting very large subsidies for the establishment of two lines of postal steamers between France and America.

I have, &c.
(signed) *S. Cunard.*

I beg also to enclose, for your information, copies of my letters to Mr. Wilson, dated 7th and 9th January last.

The Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 29 March 1858.

I AM commanded by my Lords Commissioners of the Admiralty to request you will lay before the Lords Commissioners of Her Majesty's Treasury the enclosed copy of a letter, dated the 20th instant, from Mr. Cunard, and that you will, at the same time, direct their attention to the letters from this Board, dated the 26th of October and the 21st of December last.

My Lords consider it to be most important that the superiority of the Royal Packet Line should be maintained; and they therefore strongly recommend this application to the favourable consideration of the Lords of the Treasury.

To maintain regularity and speed in navigating the Northern Atlantic, more especially in the winter months, it is essential that vessels of the largest class, with machinery of the best construction, should be employed, and as the necessities of trade do not require the employment of ships of so costly a description, it is not to be supposed that on the expiration of the present term of Mr. Cunard's contract any other private enterprise could be found to afford an adequate substitute for the large steam ships constructed specially for the service, which they have performed with so much safety, regularity, and despatch.

Mr. Cunard proposes, in return for the prolongation of his contract for five years, to build another vessel at least equal to the "Persia," the largest and most powerful vessel now on the line; and my Lords are of opinion that by accepting this proposal great advantage, without any additional cost, will be secured to the public.

I am, &c.
(signed) *H. Corry.*

S. Cunard, Esq., to the Secretary to the Treasury.

Sir,

Bush Hill, Edmonton, 29 April 1858.

IN reply to your request to be informed upon what terms a monthly mail communication could be carried on between New York and Nassau, New Providence; this service could not be performed for less than 11,000*l.* or 12,000*l.* per annum; but as I am anxious to get the extension to my Atlantic Mail Contract arranged

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 *l.* 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 *l.* 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 *l.*

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;

modification; as also of rendering the contractor responsible for the safe custody of the mail bags, and providing accommodation on board for the sorting of letters.

Transmit copy of this Minute to the Postmaster General, and request that he will communicate to their Lordships his views upon the points alluded to with as little delay as practicable.

Transmit copy to Admiralty, and state that my Lords will communicate with the Lords Commissioners further on the subject as soon as they shall have received an answer to their letter to the Postmaster General.

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, and 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 Lloyds, make their voyages

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 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, and McIver, 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, and McIver, has been prepared, I request that I may have an opportunity of examining it.

I have, &c.

(signed) Colchester.

S. Cunard, Esq., to the Secretary to the Treasury.

Bush Hill, Edmonton, 11 June 1848.

In the Treasury letter to the Admiralty, on the subject of the extension of my Atlantic contract, reference is made to a communication from the Post-office.

You mentioned to me that you had received the reply from the Post-office; the Admiralty is waiting for this communication; will you be so good as to cause it to be sent to the Admiralty?

I hope the Post-office may not suggest the imposition of any extra duty. I have already agreed to perform the additional service between New York and Nassau, by which I shall lose a large sum annually, and I hope and trust that you will not admit of any further increase to the service.

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

Treasury Minute, dated 14 June 1858.

TRANSMIT to the Secretary of the Admiralty Mr. Cunard's letter of 29th April, together with the letter of the Postmaster General of June 4. State that in extending the contract for five years, it appears to my Lords that it would be desirable, in the event of the amount of postage received or the weight of letters carried being considerably reduced, that after the expiration of the term of the present contract there should be a deduction from the subsidy having some proportion to such reduction of weight or amount of postage.

A stipulation such as this would obviate, in a great degree, the objection suggested by the Postmaster General to the extension of the contract by reason of the uncertainty of the service.

My Lords have also to request the attention of the Lords of the Admiralty to the Postmaster's suggestion as to the power being reserved of sending letters, newspapers, &c., by other ships, of altering the rates of postage, and of leaving it to the Postmaster General to decide what part of the postage ought fairly to be regarded as sea-postage.

The other matters referred to by the Postmaster General will no doubt receive the consideration of the Lords of the Admiralty. Request that the Secretary of the Admiralty will inform this Board of the arrangements which the Admiralty may be enabled to make with Mr. Cunard on the points above referred to, before the contract is finally prepared.

State also that provision must be made, if it does not already exist, that the Admiralty should have the power, when Holyhead Harbour is completed, of making it the port of departure, if they shall deem it expedient; and it may also be a question whether a power might not be reserved of declaring any other harbour (Galway, for example), at any subsequent period the port of departure, provided such harbour shall be ascertained to be safe and commodious.

The Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 19 June 1858.

I HAVE received and laid before my Lords Commissioners of the Admiralty your letter of the 14th instant, transmitting a letter, dated the 29th April last, from Mr. Cunard, offering to undertake a monthly communication to and from New York and Nassau, by means of an auxiliary steam ship, of not less than 400 tons, for the sum of 3,000*l.* per annum, for a period of five years, in consideration of an extension of five years to the term of his existing contract for the North American mail service.

My Lords have at the same time taken into consideration the Postmaster General's letter of the 4th of this month, in which his Lordship submits that the two existing contracts for the North American Mail Service be merged into the new contract, so as to have only one document, and that the amount of subsidy should be partly dependent on the amount of postage, whilst a power should be retained by the Post-office to despatch the mails by other than the contract packets, and to reduce the charge of postage.

My Lords have to observe, that the present contracts by which the weekly communication with North America is maintained, are not terminable (excepting on default) till the 1st of January 1862, and that the ostensible object of the contractors, in their application at this early date for an extension of the period, is to enable them, on the security so afforded of the continuance of the Government subsidy, to embark additional capital in the construction of still more powerful steam

steam ships, by which to outstrip all competitors, and maintain the superiority of the British line. This object appears to my Lords of national importance; and in the maintenance of this line considerations of greater moment than those of a postal nature must have weight, when it is borne in mind that it is the connecting link between this country and her vast possessions across the Atlantic; and that in the event of the withdrawal of adequate support, the British line will be supplanted by foreign competitors, whose Government would probably again grant to them larger subsidies than those paid by this country.

My Lords again revert to these considerations, as it appears that the Postmaster General confines his view exclusively to the pecuniary question of postage, one of minor importance in regard to this service. It is right moreover to add, that the proposition to make the amount of subsidy dependent on the amount of postage, appears to my Lords objectionable in principle, whilst the reservation of power to the Postmaster General to vary the amount by reduction of charge and diversion of the mails, under a contract with this department, would introduce uncertainty, and would, as my Lords conceive, be at variance alike with practice, with reason, and with equity. My Lords have ascertained from the contractors that they are not prepared to undertake the service on such conditions. It will therefore be for the Lords of the Treasury to determine whether the advantages of maintaining the Royal Packet line will not justify the Government in granting an extension of the contract for five years, under the conditions offered by Mr. Cunard.

I am, &c.
(signed) *H. Corry.*

Treasury Minute, dated 21 June 1858.

WRITE to the Secretary of the Admiralty, that, for the reasons given by the Lords of the Admiralty, my Lords are not disposed to press further the modifications urged by the Postmaster General as regards making the subsidy, after the expiration of the present contract, bear some proportion to the number of letters or amount of postage. Having reference to the very important considerations involved in this service, and which, as stated by the Lords of the Admiralty, are national, rather than merely postal, my Lords approve of the extension of the contract for five years, in conformity with their Minute of 20 May last, and authorise the Lords of the Admiralty to prepare the same, and submit it to this Board for approval.

S. Cunard, Esq., to the Secretary of the Admiralty.

Sir,

52, Old Bond-street, 7 July 1858.

I BEG to enclose a copy of my letter to the Secretary of the Admiralty, of the 10th September 1851, respecting the rates for Government contract passengers, with a copy of Mr. Hamilton's reply, 2d October; and I propose, if it meets with their Lordships' approval, to substitute, in the new contract, these reduced rates (a schedule of which accompanies this letter) for the higher ones in the present contracts.

I have, &c.
(signed) *S. Cunard.*

Enclosure, No. 1, to Mr. *Cunard's* Letter, dated 7 July 1858.

Sir,

Burlington Hotel, Cork-street,
10 September 1851.

I TAKE the liberty to bring under the notice of the Admiralty the rates of passage charged for Government passengers by the mail packets, which in some instances exceed the rates now charged for private passengers, and which, without explanation, might appear to be improper and inconsistent.

Circumstances have compelled us from time to time to reduce the rate of private passengers, and we may still have to make further reductions, or even for a time to take passengers without charge; but we have the power of advancing the price even beyond the original rates. It is different with the Government passengers. We cannot charge more than the price agreed upon under the contract; and I do not think their Lordships would expect us to take less. The Government is not

injured by the reduction we may be compelled to make to others. We are bound to take the Government passengers, whether it may put us to inconvenience or not. We can take or reject private passengers to suit our own convenience, and in the event of war, or other circumstances, we are at liberty to fix such rates as we may think right.

With this explanation, which I hope may be deemed satisfactory, I now beg to suggest reductions in some of the rates, as I do not like the appearance of charging Government anything that may be considered objectionable.

This proposal not to be construed as affecting permanently the rates established under the contract, which we are to have the privilege of resuming in the event of war or other circumstances justifying it.

The Secretary of the
Admiralty.

I have, &c.
(signed) *S. Cunard.*

Enclosure, No. 2, to Mr. *Cunard's* Letter of 7 July 1858.

Sir,

Admiralty, 2 October 1851.

HAVING laid before my Lords Commissioners of the Admiralty your letter of the 10th September, proposing certain reductions, from the 1st of January 1852, in the rates of passage-money charged for Government passengers by your contract steam vessels, I am commanded by their Lordships to inform you that they are sensible of your liberality in proposing these reductions, and that they accept your offer, agreeing that the alteration is not to affect your right of reverting, at a future time, to the rates specified in the existing contracts.

S. Cunard, Esq.,
&c. &c. &c.

I am, &c.
(signed) *W. B. Hamilton.*

Vide page 66.

Admiralty, 10 July 1859.
REDUCED SCALE of RATES for Government Passengers inserted in the Contract now preparing.

The Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 17 July 1858.

WITH reference to your letter of the 22d ultimo, I am commanded by my Lords Commissioners of the Admiralty to transmit to you, for the consideration and approval of the Lords Commissioners of Her Majesty's Treasury, the accompanying draft contract, for extending the present contract with Messrs. Cunard, Burns, and McIver to the 1st January 1867.

I am, &c.
(signed) *H. Corry.*

Treasury Minute, dated 20 July 1858.

TRANSMIT the draft contract to the Postmaster General, and request that he will cause it to be returned to this office, with any observations he may have to offer, at his earliest convenience.

Vide Contract,
page 61.

The Postmaster General to the Lords of the Treasury.

My Lords,

General Post-office, 28 July 1858.

WITH reference to Sir Charles Trevelyan's letter of the 20th instant, enclosing the draft of a new contract proposed to be entered into with Messrs. Cunard, Burns, and Mclver, for the conveyance of the mails, between this country and America, I beg to call your Lordships' attention to the fact that the suggestions in my letter of the 4th ultimo, for making part, at least, of the payment to the contractors depend on the amount of postage received, and for requiring them to provide a suitable room in each of their vessels for sorting letters, have not been embodied in the draft contract.

With respect to the clause requiring the contractors to receive on board each of their vessels an officer in charge of the mails, I observe that in folios 12, 16, and 17, powers are proposed to be given to this officer, and duties imposed upon him, which would only be proper in the event of his being an officer in Her Majesty's Navy, and I beg leave to suggest that the draft should be altered in this respect, and a clause introduced similar to one in the late contract for the Australian Mail Service, providing that when any officer in the service of Her Majesty's Post-office has the charge of the mails, his duties shall be confined to Post-office business.

I have also to remark, that the draft contract provides no penalty for delay in starting from New York, Boston, or Halifax (such as is covenanted for in the case of Liverpool), and that no time is prescribed within which the voyage must be performed, or penalty for excess of time.

At folio 33 of the draft contract, question is raised in the margin which of two paragraphs (both taken from the present contracts) should be retained. I strongly recommend the selection of the second paragraph, viz., that which enables either party to terminate the contract on simply giving a notice of twelve months. If, however, this cannot be arranged, I would advise that the Admiralty take power, such as is given in the first paragraph to the contractors, to terminate the contract on the payment of a sum of money in addition to giving a certain notice.

I have, &c.
(signed) Colchester.

Treasury Minute, dated 4 August 1858.

RETURN the draft contract to the Admiralty, and state that it has been considered desirable by the Postmaster General that a clause should be added requiring the contractors to provide a suitable room in each of their vessels for sorting letters. Mr. Cunard has represented to their Lordships that great inconvenience is likely to be incurred by the adoption of an arrangement which would necessitate the frequent opening of the hatches for the purpose of transferring the mail-bags to and from the sorting-room, a process which he states would be attended with great difficulty during the stormy weather of the winter season. My Lords request, therefore, that in carrying out the wishes of the Postmaster General, the Lords of the Admiralty will communicate with Mr. Cunard with a view of devising some plan to obviate the inconvenience which he apprehends.

With respect to the clause requiring the contractor to receive on board each of their vessels an officer in charge of the mails, the Postmaster General has suggested the introduction of a clause limiting the duties of any post-office officer who may have the charge of the mails, strictly to post-office business. My Lords see no objection to the insertion of such a clause; at the same time they consider that no alteration should be made in the clauses which empower the Admiralty to send a naval officer in charge of the mails. Should the case at any time arise of an Admiralty agent being sent in addition to the Post-office sorting clerk, a reasonable sum should be paid to the contractor for the passage money of the Post-office clerk. At folio 33 of the draft contract a question is raised in the margin, which of two paragraphs should be retained; the first paragraph gives to the contractor absolute power of terminating the contract at 12 months' notice, and upon payment of a sum of 20,000*l.*; the second enables either party to terminate upon giving 12 months' notice.

It is to be remarked, that the former clause forms part of the contract of 1850, and that the latter occurs in that of 1852.

The Postmaster General urges the adoption of the second paragraph; but Mr. Cunard represents that the power which is conceded to the Admiralty in the con-

tract of 1852, of terminating the agreement, was only applicable to the additional winter services, which formed the subject of that contract, and was inserted by the Admiralty, and assented to by him solely with a view to putting a stop to these extra voyages, should it be found that they were not absolutely required; whereas the clause in the contract of 1850, which gives to the contractor the sole power of terminating the contract, was inserted at Mr. Cunard's own request, to guard himself against the ruinous loss which might possibly be entailed upon him by a forced performance of his larger service at that period in a great degree experimental. He states now, that, contemplating a very large expenditure in building new and powerful vessels, he could not undertake to sign a contract for the entire service, subject to a power on the part of the Admiralty to terminate his engagement at a year's notice, even though accompanied by a stipulation (as has been suggested by the Postmaster General) of a payment being made to him, in such a case, of a sum of money as compensation.

My Lords consider it not unreasonable that Mr. Cunard should hesitate to employ a very large amount of capital in an undertaking with the contingency of a sudden and unforeseen termination of his engagement, especially as, from the size and peculiar construction of his vessels, he might find no means of disposing of them, and would thus almost certainly incur large losses; and they are inclined, therefore, to authorise the omission of both the clauses in the new contract, an arrangement which, while it will avert from the contractor the possibility of such a contingency as above alluded to, will guard the public against the abandonment of the service by Mr. Cunard himself.

The only other clause in which my Lords are desirous of inserting an alteration, is that relating to the duration of the Nassau portion of the service, which it has been decided shall be for a period contemporaneous with the main contract, an alteration in which Mr. Cunard has signified his acquiescence.

Transmit copy of this minute to the Postmaster General, and, with reference to the other points alluded to in his letter of the 28th ultimo, state, in the first place, that, after mature consideration of his Lordship's recommendation, my Lords are not prepared, in the case of Mr. Cunard's contract, to adopt the principle of making the subsidy proportionate to the amount of postage. For many reasons of great importance, both political and social, my Lords are of opinion that an efficient performance of the postal service between this country and the United States of America is a matter deserving the utmost consideration of Her Majesty's Government, and they are unwilling in any way to withdraw the encouragement which they have hitherto afforded to it, and which has been attended with such satisfactory results. With regard to the only other points not alluded to in the instructions sent to the Admiralty, viz., the omission of penalty clauses for delay in starting from the American side, or for excess of time, and of a clause fixing a time for the performance of the voyage, &c., state that they have been fully considered by their Lordships, but that my Lords are not prepared to authorise any alteration in these respects in the draft contract. The confidence which a long experience enables them to repose in Mr. Cunard, added to the terms of the contract itself, which empowers the Admiralty to terminate it abruptly if its provisions are not complied with, appear to warrant the belief that no additional security need be taken to insure the satisfactory working of the service.

The Secretary to the Admiralty to *S. Cunard*, Esq.

Sir,

Admiralty, 6 August 1859.

THE Lords Commissioners of Her Majesty's Treasury have communicated to this Department that you have represented that great inconvenience is likely to arise by the adoption, on board of the North American contract packets, of the system of sorting letters on the passage, and that the opening of the hatches in stormy weather, for the purpose of transferring the mail bags from the sorting room, would be an operation attended with considerable difficulty and risk. I am commanded by my Lords Commissioners of the Admiralty to request you will state whether you are prepared to suggest some plan to obviate the inconvenience you apprehend.

I am, &c.

(signed) *W. G. Romaine*.

S. Cunard, Esq., to the Secretary to the Admiralty.

Bush-hill, Edmonton,
9 August 1858.

Sir,

I HAVE the honour to acknowledge the receipt of your letter of the 6th August (S), with reference to the sorting of letters on board of the contract mail steamers, between the United States and England.

Their Lordships will not, I trust, think that I have any desire of making difficulties in carrying out their Lordships' wishes, or any suggestion which may be made for the benefit of the public service, but I submit for their Lordships' consideration, the reasons why I think that this plan, which may work well in the Mediterranean or in mild latitudes, cannot be adopted with safety on the North Atlantic. Our ships have no spare decks, and the mails, which are in large bags, are locked up in the mail-room under hatches; if the sorting had to be done on board, the hatches would have to be opened at least every morning and evening to bring mails on deck, and to return them; but we frequently make a passage when it would be impossible to open the hatches on any one day without incurring great risk from shipping a sea; and if a room were provided below, it would require the use of lights, which we strongly object to. I may, perhaps, be allowed to add the following reasons for their Lordships' consideration why this plan should not be adopted. In every mail from America, there is, irrespective of bills of exchange amounting from half a million to a million sterling, which to a certain extent would be protected by requiring an endorsement to make them negotiable (though that might be forged), a large amount of State and railway bonds and securities, which are payable to bearer, and which require no endorsements; and I think that the placing all these for ten or twelve days under the entire control of a clerk, would be to incur a serious risk, and to subject him to a temptation which might prove too strong; and I also think, that the Americans would view such an arrangement with great jealousy, and that it might lead to angry and unpleasant discussions.

The risks to be incurred appear to me more than commensurate with the advantages sought, and I am unable to suggest any plan to obviate the difficulties I have stated.

I have, &c.
(signed) *S. Cunard.*

The Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 10 August 1858.

WITH reference to your letter of the 4th instant, in which you state that the Postmaster General considers it desirable that a clause should be added to the contract for the North American Mail service, on the occasion of the extension of the period of its duration, requiring the contractors to provide a suitable room in each of the packets for sorting letters, I am commanded by my Lords Commissioners of the Admiralty to request you will state to the Lords Commissioners of Her Majesty's Treasury, that in accordance with their desire my Lords have communicated with Mr. Cunard, with a view of devising some plan to obviate the inconvenience he apprehends in carrying out the wishes of the Postmaster General, and I am now to transmit to you a copy of the reply from Mr. Cunard, pointing out that the plan cannot be adopted with safety on board the North Atlantic packets; an opinion in which my Lords fully concur.

I am, &c.
(signed) *W. G. Romane.*

Treasury Minute, dated 12 August 1858.

TRANSMIT copies of this letter and of its enclosure to the Postmaster General, for his information.

The Postmaster General to the Lords of the Treasury.

My Lords,

General Post Office, 16 August 1858.

WITH reference to Mr. Stephenson's letter of the 13th instant, enclosing copies of letters from the Admiralty and from Mr. Cunard respecting the proposal for inserting a clause in the contract for the North American mail service, requiring the contractors to provide a suitable room in each of the packets for sorting letters during the voyage, I have the honour to observe, that notwithstanding the objections made to that proposal, I am of opinion that the clause suggested should be introduced into the contract, leaving the question how far it may be desirable or expedient to make use of the power to be thus obtained for future determination.

Your Lordships may be quite sure that the Post Office department will not recommend the adoption of any scheme by which the safety of the correspondence, or of the vessels conveying it, will be endangered.

The statement of Mr. Cunard, that "a passage is frequently made when it would be impossible to open the hatches on any one day without incurring great risk from shipping a sea," is one more especially for the consideration of the Admiralty; but I beg to observe, that even admitting the full force of this objection, it might still be found practicable to have a communication between the proposed sorting-room and the mail-room without opening the hatches, although a necessity might arise, in order to effect that object, for altering the position of the room in which the mails are deposited.

The observations of Mr. Cunard respecting the risk to which railway bonds and similar securities may be exposed if the mails be sorted on board, and the probability that the measure would not be favourably regarded by the United States Government, appear to me to be rather out of place in the present inquiry, which is simply whether the contractors shall be bound to provide the necessary space for sorting letters, if required by the Board of Admiralty; such objections will, of course, be duly weighed before the arrangement is actually carried into effect.

I think it right, however, to remark, that no attempt will ever be made to sort the United States correspondence during the voyage without the full concurrence of the United States Post Office; and further, that it may hereafter be deemed expedient to sort the letters, &c. to and from the North American Provinces, and to leave the United States mails undisturbed.

I have, &c.
(signed) Colchester.

 Treasury Minute, dated 21 August 1858.

WRITE to the Postmaster General, that after the decided expression of opinion by the Board of Admiralty as to the danger which would be incurred by the adoption of the plan proposed for sorting the letters on board the North American mail steamers, my Lords feel that they should not be justified in insisting upon the insertion in the contract of the clause suggested by the Postmaster General.

My Lords feel confident, however, that Messrs. Cunard will readily afford every facility for the advantage of the public service in this or in any other respect which can be adopted with safety.

Acquaint Admiralty.

NORTH AMERICA AND BAHAMA MAILS.

ARTICLES OF AGREEMENT made the 24th day of June in the Year of our Lord 1858 between the Commissioners for executing the Office of Lord High Admiral of the United Kingdom of Great Britain and Ireland (for and on behalf of Her Majesty) of the one part and Samuel Cunard of Bush Hill Edmonton in the County of Middlesex Merchant George Burns of Glasgow in that part of Great Britain called Scotland Merchant and Charles McIver of Liverpool in the County Palatine of Lancaster Merchant hereinafter designated "The Contractors" of the other part.

WHEREAS by articles of agreement bearing date on or about the 1st day of April 1850 between the said Commissioners for and on behalf of Her Majesty of the one part and the said Samuel Cunard and George Burns and Charles McIver of the other part for the conveyance of Her Majesty's mails between England and North America the said Samuel Cunard George Burns and Charles McIver did covenant and agree with the said Commissioners that they would convey the said mails as therein mentioned. And whereas by other articles of agreement bearing date on or about the 1st day of January 1852 and made between the said Commissioners for and on behalf of Her Majesty of the one part and the said Samuel Cunard George Burns and Charles McIver of the other part the said contractors did for the consideration therein mentioned enter into further arrangements for conveying the said mails between England and North America as in such last mentioned articles of agreement is mentioned.

And whereas the said Commissioners on the part of Her Majesty have determined to enter into this further contract with the said contractors. Now these presents witness that in consideration of the payments hereinafter stipulated to be made to the contractors the contractors do for themselves their heirs executors and administrators and each and every of them for himself his heirs executors and administrators doth hereby covenant promise and agree to and with the said Commissioners that they the contractors their executors and administrators shall and will during the continuance of this contract diligently faithfully and to the satisfaction of the said Commissioners for the time being and with all possible speed convey Her Majesty's mails (in which designation all despatches and bags of letters are agreed to be comprehended) which shall at any time or times and from time to time by the said Commissioners or Her Majesty's Postmaster General or any of the officers or agents of the said Commissioners or Postmaster General be required to be conveyed between England and North America and between New York in the United States of America and Nassau in the Island of New Providence Bahamas as hereinafter mentioned by means of a sufficient number of good substantial and efficient steam vessels.

That the contractors their executors or administrators shall and will for the performance of the services between England and North America at all times at their own cost provide and keep seaworthy and in complete repair from the day of the date hereof and during the continuance of this contract a sufficient number (not less than eight) of good substantial and efficient steam vessels of not less than 400-horse power each and for the service between New York and Nassau aforesaid a good substantial and efficient steam vessel of not less than 100 tons measurement and 50-horse power and at the like cost adequately provide and furnish all and every the vessels to be and while employed in the performance of this contract with all necessary and proper tackle stores oil tallow fuel provisions machinery engines anchors cables two efficient boats fire pumps and all other proper and requisite means for extinguishing fire lightning conductors on Sir Snow Harris's principle charts chronometers proper nautical instruments and all other furniture and apparel and whatsoever else may be requisite and necessary for equipping the said vessels and rendering them constantly efficient for the said services.

And that each and every of the said vessels shall also at the like cost be manned with competent officers with appropriate certificates granted pursuant to the Act 17th and 18th Vict. cap. 104 or to the Act or Acts in force for the time being relative to the granting certificates to officers in the merchant-service and also

Recital of contract of 1st April 1850.

Recital of contract of 1st January 1852.

Contractors to convey mails.

Not less than eight steam vessels between England and North America of not less than 400-horse power each and one steam vessel between New York and Nassau of not less than 50-horse power.

Vessels to be furnished with machinery, tackle, &c.

And manned with certificated officers &c.

and a medical
officer, &c.

Vessels and crew
subject to Admiralty
approval.

When vessel to
leave Liverpool for
Halifax and Boston.

When vessel to
leave Boston for
Halifax and Liver-
pool.

When vessel to
leave Liverpool for
New York.

When vessel to
leave New York for
Liverpool.

Vessels to call at
Holyhead if re-
quired by Admiralty.

Where mails may
be landed if vessel
cannot fetch Liver-
pool, &c.

Vessel once each
way every calendar
month between New
York and Nassau.

If vessel be lost, &c.
contractors to re-
place same.

And in the mean-
time mails to be
conveyed in sailing
vessels.

Admiralty at liberty
to change the port of
embarkation and
disembarkation in
the United King-
dom.

with a competent surgeon and engineers and a sufficient crew of able seamen and other men to be in all respects as to vessels engines equipments and crew subject at all times and from time to time to the approval of the said Commissioners or such other person or persons as they shall from time to time appoint for that purpose and the surgeons to be also subject to the approval of the Director General of the Medical Department of the Navy.

And that from and after the date of this contract one of such vessels of not less than 400-horse power so equipped and manned and with Her Majesty's mails on board shall on every alternate Saturday during each and every month in every year at such hour as the said Commissioners shall at any time or from time to time appoint proceed from Liverpool aforesaid without loss of time direct to Halifax in Nova Scotia and thence direct to Boston in the United States of America and one of such vessels shall also on every alternate Wednesday during each and every month in every year at such hour as the said Commissioners shall at any time or from time to time appoint proceed without loss of time direct from Boston to Halifax and thence without loss of time direct to Liverpool aforesaid with Her Majesty's mails on board.

That from and after the date of this contract one other of such vessels so equipped and manned with Her Majesty's mails on board shall on every Saturday alternate with the Saturday on which the vessel is to leave Liverpool for Halifax and Boston in the performance of this contract during each and every month in every year at such hour as the said Commissioners shall appoint proceed from Liverpool aforesaid without loss of time to New York in the said United States either direct or by way of Halifax as the said Commissioners or Postmaster-General shall at any time or from time to time determine and another of such vessels with Her Majesty's mails on board shall also on every other alternate Wednesday during each and every month in every year at such hour as the said Commissioners shall at any time or from time to time appoint proceed direct from New York aforesaid or if so required at any time or from time to time by the said Commissioners from New York by way of Halifax to Liverpool aforesaid.

That each of the said vessels proceeding from or returning to Liverpool shall call and receive and deliver mails at Holyhead in the Irish Channel if required by the said Commissioners in writing under the hand of the Secretary of the Admiralty.

That if at any time from stress of weather or other unavoidable circumstances the vessel conveying the said mails from Halifax or New York aforesaid shall not in the opinion of the naval officer or other person duly authorised by the said Commissioners to have the charge of the mails on board be able to fetch the River Mersey at Liverpool aforesaid or the port or place in the United Kingdom where the mails have to be disembarked without considerable loss of time then and in every such case Her Majesty's mails with the officer or person having the charge thereof shall be landed at any of the undermentioned places at the discretion of such naval officer or other person so authorised as aforesaid namely Bristol Falmouth Plymouth Southampton Portsmouth Dover or Deal.

That the vessel of not less than 50-horse power to be employed in the conveyance of Her Majesty's mails once each way every calendar month between New York and Nassau aforesaid shall commence the said service at the earliest possible period but not later than the 1st day of April 1859 and in case the said vessel shall during the continuance of this contract be lost or destroyed by fire tempest or any other casualty or shall require repair, then and in every such case the contractors shall without any unnecessary and unavoidable delay and within such reasonable time as may be required by the naval Commander in Chief or senior naval officer on the North American Station have the said vessel replaced by another of similar power and description and in the meantime the said mails shall be carried and conveyed in good and sufficient sailing vessels to be provided by and at the cost of the contractors of not less than 120 tons burthen each (old measurement) and in such way and manner as shall be approved of by the naval Commander in Chief or senior naval officer on the North American Station.

That the said Commissioners for the time being shall be at liberty and have full power from time to time to substitute for Liverpool as the port of embarkation and disembarkation of the mails in the United Kingdom any other port in the United Kingdom of Great Britain or Ireland without making any compensation to the

the contractors and also to alter the day and hour for the said vessels leaving all and every or any of the said places from whence the said mails are to be conveyed on giving three months' notice in writing under their hands or the hand of their secretary to the contractors their executors or administrators. It being nevertheless expressly understood that the said Commissioners or any of their officers or agents shall be at liberty and have full power at any time during the continuance of this contract to direct that any one or more of such vessels so conveying Her Majesty's mails from any of the said ports or places shall delay her or their departure for any period not exceeding 24 hours beyond the period which may have been previously fixed for the departure of such vessel or vessels and a letter addressed to the commander of the vessel so to be delayed shall be a sufficient authority for such detention.

And to alter times of departure.

And to delay departure of vessel from port for any period not exceeding 24 hours.

That the contractors their executors or administrators shall receive and allow to remain on board all and each of the vessels to be employed in the performance of this contract while they are so employed and also while remaining at any of the said ports or places for return mails 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 and that every such officer or other person shall be recognised and considered by the contractors their executors and administrators and their officers agents and seamen as the agent of the said Commissioners in charge of Her Majesty's mails and as having full authority in all cases to require a due and strict execution of the conditions of this contract on the part of the contractors their executors and administrators their officers servants and agents and to determine every question whenever arising relative to proceeding to sea or putting into harbour or to the necessity of stopping to assist any vessel in distress or to save human life and that the decision of such officer or other person as aforesaid shall in each and every of such cases be final and binding on the contractors their executors and administrators unless the said Commissioners on appeal from the contractors their executors or administrators shall think proper to decide otherwise.

Officer appointed by Admiralty and servant to be received on board, and former considered as agent of Admiralty, with authority to require due execution of contract, and determine as to proceeding to sea or putting into harbour, or assisting vessel in distress, &c.

Decision of officer to be final, unless Admiralty on appeal decide otherwise.

That a suitable first-rate cabin with appropriate bed bedding and furniture shall at the cost of the contractors their executors and administrators be provided and appropriated by the contractors for and to the exclusive use and for the sole accommodation of each and every of such naval officers or other persons authorised as aforesaid and also a proper and convenient place of deposit on board under lock and key for Her Majesty's mails and that each and every of the said officers or other persons as aforesaid shall be victualled by the contractors their executors and administrators as a chief cabin passenger is to be victualled without any charge being made either for his passage or victualling and that should all or any of such officers or other persons require a servant such servant shall be also provided with a proper and suitable berth and be victualled by and at the cost of the contractors their executors and administrators without any charge being made for the same.

First-rate cabin, &c. to be provided for officer, with place for deposit of mails.

Officer to be victualled and his servant be provided for by contractors.

And that if the said Commissioners shall at any time during the continuance of this contract think fit to entrust the charge and custody of Her Majesty's mails to the commander or commanders of all or any of the vessels to be employed in the performance of this contract that such commander or commanders shall take due care thereof and shall make the usual declarations required or which may hereafter from time to time or at any time be required by Her Majesty's Postmaster General in such or similar cases and such commander or commanders having the charge of such mails shall immediately on the arrival at any of the said ports and places of any vessel so conveying the said mails himself deliver Her Majesty's mails into the hands of the postmaster of the port or place where such mails are to be delivered or into the hands of such other person as the said Commissioners shall authorise and direct to receive the same.

Admiralty may entrust mails to commander of vessel, who is to make usual declaration, and receive and deliver mails, &c.

That at each and every of the said ports or places where any of the said vessels are to proceed the said naval officer or such other person having or authorised to have the charge of the said mails shall whenever and as often as deemed by him practicable or necessary be conveyed on shore and also from the shore to the steam-vessel employed for the time being in the performance of this contract together with or (if the duty of such officer or person renders it necessary) without

At all places to which vessel proceeds, officer to be conveyed to and from the shore and directions of officer obeyed as to mode of receiving and delivering mails.

Her Majesty's mails in a suitable boat of not less than four oars to be provided and properly manned and equipped by the contractors and that the directions of the said naval officer or of such other person having or authorised to have the charge of the said mails shall in all cases be obeyed as to the mode of receipt and delivery of the said mails.

Penalties for deviating, delaying departure, &c.

That if any vessel having Her Majesty's mails on board shall stop linger or deviate from the direct course on her voyage or shall delay starting at exact time or shall put back into port after starting without the sanction in each and every case of such officer or other person authorised to have the charge of the said mails as aforesaid or when so sanctioned to put back into port shall not again start and proceed direct in performance of the service hereby contracted for when and so soon as required by the said officer or other person authorised to have the charge of the said mails then and in each and every of such cases and as often as the same shall happen the contractors their executors and administrators shall and will pay unto Her Majesty Her heirs and successors the sum of 100*l.* and that if a vessel which ought to leave Liverpool for Halifax Boston or New York in the performance of this contract shall not proceed on her voyage for 12 hours after the proper and appointed time the contractors their executors and administrators shall and will so often as any such omission shall happen pay unto Her Majesty Her heirs and successors the sum of 500*l.* and also the further sum of 500*l.* for every successive period of 12 hours which shall elapse until such vessel shall proceed on her voyage in the performance of this contract.

Contractors to make improvements in the construction, &c. of vessels.

That the contractors their executors and administrators shall and will from time to time and at all times during the continuance of this contract make such alterations or improvements in the construction equipments or machinery of each and every of the said vessels which shall be used by them in the performance of this contract as the advanced state of science may suggest and the said Commissioners may direct.

Naval officer in charge of mails may survey vessel, &c., and deficiency to be remedied under penalty of 100*l.*

That any naval officer or other person authorised to have the charge of Her Majesty's mails shall either alone or with such other persons as he may consider necessary have full power and authority whenever and as often as he may deem it requisite to examine and survey in such manner as he may think proper all and every or any of the vessels employed or to be employed in the performance of this contract and the hulls and machinery and equipments thereof on his giving notice in writing to the commander for the time being of the vessel about to be examined of such his intention and if any defect or deficiency be ascertained and notice thereof in writing be given to the master or commander of the vessel in which such deficiency or defect may be found and if the said master or commander shall not immediately or as soon as possible thereupon remedy replace or effectively repair the same they the contractors their executors or administrators shall in every such case pay to Her Majesty Her heirs and successors the sum of 100*l.* but the payment of such penalties shall not in anywise release or discharge the contractors their executors or administrators from remedying replacing or effectively repairing such deficiency or defect.

Admiralty by agents may survey vessels, &c., and if vessel, &c., be unseaworthy, or alterations required, not to be employed until alterations, &c., made to satisfaction of Admiralty.

And the said Commissioners shall also have full power and be at liberty whenever and as often as they may deem it requisite to survey by any other of their officers or agents all and every the vessels employed and to be employed in the performance of this contract and of the hulls thereof and of the engines machinery furniture tackle apparel stores and equipments of every such vessel and if any such vessel or any part thereof or any engines machinery furniture tackle apparel boats stores or equipments shall on any such survey be declared by any of such officers or agents unseaworthy or not adapted to the service of this contract or if such officers or agents shall deem it necessary or expedient that any alteration or improvement shall be made therein or any part thereof in order to keep pace with the more advanced state of science the vessel which shall be disapproved of or in which such deficiency defect or want of improvement shall appear shall be deemed inefficient for any service hereby contracted to be performed and shall not be employed again in the conveyance of Her Majesty's mails until such defect or deficiency shall have been repaired or supplied or the alterations or improvements as the case may be shall have been made to the satisfaction of the said Commissioners.

That

That the contractors and all commanding and other officers of the vessels to be employed in the performance of this contract and all agents seamen and servants of the contractors shall at all times during the continuance of this contract punctually attend to the orders and directions of the said Commissioners or of any of their officers or agents as to the landing delivering and receiving Her Majesty's mails.

Contractors and their agents, &c., to attend to orders of Admiralty or officers as to landing, &c. mails.

That all and every the sums of money hereby stipulated to be paid by the contractors their executors or administrators unto Her Majesty Her heirs and successors shall be considered as stipulated or ascertained damages and should the same or any of them become payable and not be discharged forthwith on the application of the said Commissioners or their agents each and every of such sums of money may be deducted and retained by the said Commissioners out of the monies payable to the contractors their executors or administrators under this contract or the payment thereof enforced with full costs of suit at the discretion of the said Commissioners.

Sums to be paid by contractors to be considered stipulated damages.

That the contractors shall and will when asked in writing they or the masters of their respective vessels shall be required so to do by the said Commissioners or by such naval or other officers or agents acting under their authority (such writing to specify the rank or description of the person or persons to be conveyed and the accommodation to be provided for him or them) receive provide for victual and convey on board each and every or any of the vessels to be employed in the performance of this contract (in addition to the naval officer or other person authorised to have the charge of the said mails) any officers in the navy army or civil service of Her Majesty not exceeding four in any one ship as chief-cabin passengers with their wives and families and any persons not exceeding four in any one ship as fore-cabin passengers with their wives and families together with servants of both chief and fore-cabin passengers and any number of seamen marines soldiers or artificers not exceeding ten in any one ship with their wives and families as deck passengers to be always provided with adequate protection from rain sun and bad weather and not exposed on deck without such competent shelter as long notice as practicable being given to the contractors when accommodation shall be required for the wives or children of such officers or other persons.

On requirement by Admiralty, &c., a limited number of officers in the navy army, or civil service, with wives, &c. to be received on board as chief cabin passengers.

That commissioned officers their wives and families be considered as chief-cabin passengers non-commissioned officers their wives and families as fore-cabin passengers and seamen marines private soldiers artificers and their wives and families as deck passengers and the said servants (in respect of accommodation) as the servants of chief-cabin passengers.

And of fore-cabin passengers with wives, &c. and servants. And of seamen, marines, soldiers, or artificers, &c. as deck passengers, with effectual protection from rain, &c.

What class of passengers they are to be considered.

That each field officer and every naval officer of equal or superior rank shall be allowed 90 cubic feet of space in measurement for baggage provided (except in the case of the Royal Engineers) such allowance shall not exceed 18 cwt. in weight and all other officers in Her Majesty's naval and military service and officers in the civil service 60 cubic feet each and that (except in the case of the Royal Engineers) such allowance shall not exceed 12 cwt. in weight.

Baggage space for officers (except Royal Engineers).

That the Royal Engineers shall be allowed the same measurement but to extend in weight to 27 cwt. for field officers and 18 cwt. for every other officer of the Royal Engineers.

Baggage space for Royal Engineers.

That soldiers of the Royal Artillery and Sappers and Miners and their wives shall be allowed 6 cubic feet each for baggage and all married officers when accompanied by their wives or families a further allowance not exceeding one half of that before mentioned according to their rank and corps.

Baggage space for Royal Artillery, &c. and married officers.

That for every company of the Royal Artillery embarked there shall be conveyed free of all charge the proper proportion of light field pieces if required and that any hammocks and bedding which may be sent out for the use of the troops or other persons embarked shall be placed in charge of the officer authorised to have charge of Her Majesty's mails and be brought back to England if required free of any charge for freight.

Conveyance of field pieces and hammocks.

That the victualling of officers their wives and families conveyed as chief-cabin passengers shall be the same as is usually allowed by the contractors to chief-cabin passengers their wives and families the victualling of non-commissioned officers their wives and families conveyed as fore-cabin passengers shall be the same

As to victualling of Admiralty passengers.

same as is allowed to the boatswain and carpenter of the contractors' steamships and the victualling of seamen marines soldiers and artificers their wives and families conveyed as deck-passengers shall be the same as is allowed to the seamen of the contractors' steam ships and the victualling of the servants of officers whether chief or fore-cabin passengers shall be the same as the servants of other chief and fore-cabin passengers.

Rates of passage-money which is to be in full for mess wines, &c., and what the mess is to include.

That the passage-money shall be paid (in full of all charges for mess including a pint of port or good foreign white wine and one bottle of malt liquor per day) for each officer conveyed as a chief-cabin passenger and one gill of spirits for each non-commissioned officer seamen marine soldier artificer and servant conveyed as a fore-cabin or a deck passenger at and after the rates mentioned in the following table:—

TABLE OF RATES OF PASSAGE.

	Chief-Cabin Passengers.				Fore-Cabin Passengers.				Deck Passengers.			
	Officer.	Lady.	Children between 8 and 12 Years.	Children between 3 and 8 Years.	Man.	Woman.	Children between 8 and 12 Years.	Children between 3 and 8 Years.	Man.	Woman.	Children between 8 and 12 Years.	Children between 3 and 8 Years.
	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.
Rate from Liverpool to Halifax - - -	30 -	25 -	12 10	6 5	15 -	15 -	7 10	3 15	4 -	4 -	2 -	1 -
Rate from Halifax to Liverpool - - -	24 -	24 -	12 -	6 -	12 -	12 -	6 -	3 -	4 -	4 -	2 -	1 -
Rate between Halifax and Boston or New York -	4 -	2 -	1 -	- 10	3 -	2 -	1 -	- 10	2 -	1 -	- 10	- 5
Rate from Liverpool to New York or Boston direct, or <i>via</i> Halifax -	30 -	25 -	12 10	6 5	15 -	15 -	7 10	3 15	5 -	5 -	2 10	1 5
Rate from New York or Boston to Liverpool -	24 -	24 -	12	6 -	12 -	12 -	6 -	3 -	5 -	5 -	2 10	1 5
New York to Nassau or Nassau to New York -	7 10	7 10	4 -	2 -	5 -	5 -	3 -	2 -	4 -	4 -	2 -	2 -

Mem.—Children under 3 years of age to be carried free, and Male Servants to be charged one-half, and Female Servants two-thirds of the rates charged for their employers.

Certificate for passage-money.

That the payment of the passage ordered at the expense of the public for any person shall only be made on the production of the order for the passage and of a certificate from the person in the following form namely

“ I hereby certify that on the _____ I embarked at _____ as a passenger on board the mail steam packet _____ for a passage to _____ and landed at _____ on the _____ ”

To this certificate the following addition is to be made in every case of a male cabin passenger namely

“ I further certify that the first dinner meal taken on board was on the _____ and the last dinner meal on the _____ ”

“ Dated this _____ day of _____ ”

And the correctness of the dates must be corroborated by the master of the packet adding underneath the passenger's signature.

“ The dates inserted in this certificate are correct.

“ (Signature) Master of the Packet.”

Passage-money for families and wives of officers to be paid by officers, and what the rate is to be.

Passengers, exclusive of men, under 11 Geo. 4, c. 20.

That the passage money for the families and wives of officers shall be paid to the contractors by the officers themselves at rates never exceeding those contained in the before-mentioned table.

That the passengers hereinbefore mentioned or referred to are to be exclusive of any men to be sent home under the provisions of the Act 11 Geo. 4, c. 20 the rate of passage for whom is to be and to be paid for in accordance with the provisions of that Act.

That

That whenever the contractors shall convey any soldiers as deck passengers other than those specially provided for by this contract the contractors shall provide them with adequate protection from rain sun and bad weather and they shall not be exposed on deck without such competent shelter.

Soldiers, as deck passengers, to have adequate protection from rain, &c.

That the contractors their executors or administrators shall and will receive on board each and every of the said vessels employed in the performance of this contract any number of small packages containing astronomical instruments charts medicines wearing apparel or other articles and convey the same to and from and between all or any of the said ports or places to or from which Her Majesty's mails are to be conveyed in the performance of this contract when and as often as directed by the said Commissioners or their secretary or agents duly authorised free from all costs and charges. And also shall and will receive on board each and every of the said vessels and convey to and from and between all or any of the same ports or places any naval or other stores not exceeding five tons in weight at any time at the usual rate of freight charged by the contractors for private goods (but which shall never be more than after the rate of 5 l. per ton) on receiving from the said Commissioners or their secretary for the time being or any of their officers or agents two days' previous notice of its being their intention to have such stores so conveyed.

Small packages to be received on board as Admiralty, &c., may direct.

Limited quantity of stores to be conveyed and delivered at rates as for private goods on two days' notice.

And the said Commissioners in consideration of the premises and of the contractors their executors and administrators and their officers servants and agents at all times during the continuance of this contract strictly and punctually performing the services hereinbefore contracted to be performed and the covenants and agreements hereby entered into by them the contractors do for and on behalf of Her Majesty Her heirs and successors agree with the contractors their executors and administrators that the said Commissioners on behalf of Her Majesty will pay or cause to be paid to the contractors their executors and administrators by bills payable by Her Majesty's Paymaster General in seven days from and after the respective dates thereof a sum after the rate of 173,340 l. per annum for the performance of the services between Liverpool and Halifax and between Halifax and Boston and for the performance of the services between Liverpool and New York (either direct or by the way of Halifax as may be required as aforesaid) and a sum after the rate of 3,000 l. per annum for the performance of the service between New York and Nassau aforesaid by quarterly payments and with a proportionate part of those respective sums should such respective services terminate on any other day than a day of quarterly payment the first quarterly payment for and as respects the performance of the services between England and North America to become due on the 1st day of October 1858 and the first quarterly payment for and as respects the performance of the service between New York and Nassau aforesaid on the termination of three calendar months from the day on which the said vessel for such service shall commence her first voyage from New York or Nassau as the case may be in the performance of this contract.

Payments to contractors for services.

And it is hereby agreed and declared that this contract shall commence on the day of the date hereof and shall continue in force until the 1st day of January 1867 and thenceforward until 12 calendar months' notice in writing shall be given by either of the said parties to the other of them that such services shall determine and at the expiration of such notice which may expire at any period of the year this contract shall determine accordingly but not so as to prevent either of the said parties availing themselves of this contract for recovering any sum or sums of money or damages should there have been any breach of this contract previously to such determination.

This contract to commence on 24th June 1858.

And it is hereby agreed that any submission which may be made to arbitration in pursuance of this contract shall be made a rule of Her Majesty's Court of Exchequer pursuant to the statute in that case made and provided and that any witnesses examined upon any reference may be examined upon oath.

Submission to arbitration may be made a rule of the Court of Exchequer.

And it is hereby agreed that if at any time and so long as the contractors shall make it appear to the satisfaction of the Commissioners of Her Majesty's Treasury for the time being (but not otherwise) that from any change in the relations between this kingdom and any foreign state or from war or other causes distinctly of a public and national character to be judged of by the same Commissioners the rate of insurance for steam-vessels and the freight payable by the contractors

When additional sum of money is to be paid for insurance and freight.

for coals which may be used in the performance of this contract and the rate of insurance on such coals shall have been raised above the rates actually payable for the same at the date of this contract the contractors shall be paid an additional sum of money according to the increase of the said rates but the said additional sum of money for freight shall be paid in respect of 40,000 tons of coal per annum and no more and the amount of any additional sum of money to be paid in any case or under any circumstances either for insurance and freight or otherwise shall not exceed the rate of 40,000*l.* per annum but in no case whatever shall any additional sum be paid unless it shall have been proved to the satisfaction of the said Commissioners that such additional expenses equal to the amount claimed have been actually and *bonâ fide* incurred and paid by the contractors.

Contract not to be assigned, &c.

In case of assignment, &c. or breach, Admiralty may determine contract without previous notice or compensation.

And it is hereby further agreed and provided that the contractors their executors or administrators shall not assign underlet or otherwise dispose of this contract or any part thereof and that in case of the same or any part thereof being assigned underlet or otherwise disposed of or of any breach of this contract on the part of the contractors their executors or administrators it shall be lawful for the Commissioners for executing the office of Lord High Admiral for the time being if they think fit and notwithstanding there may or may not have been any former breach of this contract by writing under their hands or under the hand of their secretary for the time being to determine this contract without any previous notice to the contractors their executors or administrators or their agents nor shall the contractors their executors or administrators be entitled to any compensation in consequence of such determination but even if this contract be so determined the payment of the sum of money hereinafter agreed to be made shall be enforced should the same be not duly paid by the contractors.

As to services of notices.

And it is also agreed that the notices or directions which the Commissioners for executing the office of Lord High Admiral or their secretary officers or other persons are hereby authorised and empowered to give to the contractors their executors or administrators officers servants or agents may at the option of the same Commissioners or their secretary officers agents or other persons be either delivered to the master or commander or other officer agent or servant of the contractors their executors or administrators in the charge or management of any vessel to be or while employed in the performance of this contract or be left at the last-known place of business or abode in England or Scotland either of the said Samuel Cunard or George Burns or Charles McIver their executors or administrators And any notices or directions so given or left shall be as binding on the said Samuel Cunard George Burns and Charles McIver their executors or administrators as if duly served upon or left with them.

If when this contract terminates, any vessel shall have started, or should start, voyage to be continued free of charge, as if contract remained in force. Recited contracts annulled.

And it is hereby agreed that if when this contract or any part thereof terminates any vessel or vessels should have started or should start with the mails in conformity with this contract such voyage or voyages shall be continued and performed and the mails be delivered and received during the same as if this contract remained in force with regard to any such vessels and services but the contractors shall not be entitled to any payment or compensation for the same.

And it is hereby agreed that the hereinbefore recited contracts bearing date respectively the 1st day of April 1850 and the 1st day of January 1852 shall be deemed and be considered to be and are hereby terminated and annulled.

No Member of Parliament entitled to any share of contract.

And in pursuance of the directions contained in a certain Act of Parliament made and passed in the 22d year of the reign of King George III. intituled "An Act for restraining any person concerned in any contract commission or agreement made for the public service from being elected or sitting and voting as a Member of the House or Commons" it is hereby expressly declared and agreed and these presents are upon this express condition and the contractors do covenant for themselves their heirs executors and administrators that no Member of the House of Commons shall be admitted to any share or part of this contract or agreement or to any benefit to arise therefrom.

Contractors bound in 36,000 *l.* for due performance of contract.

And lastly for the due and faithful performance of all and singular the covenants conditions provisoes clauses articles and agreements hereinbefore contained which on the part and behalf of the contractors their heirs executors and administrators are or ought to be observed performed fulfilled or kept the said Samuel Cunard George Burns and Charles McIver do hereby bind themselves their heirs executors and

and administrators and each of them doth hereby bind himself his heirs executors and administrators unto our Sovereign Lady the Queen in the sum of 36,000*l.* of lawful British money to be paid to our said Lady the Queen Her heirs and successors by way of stipulated or ascertained damages agreed upon between the said Commissioners for executing the said office of Lord High Admiral and the said Samuel Cunard George Burns and Charles McIver (over and above any other sum or sums if any which may be payable) in case of the failure of the said Samuel Cunard George Burns and Charles McIver their heirs executors or administrators in the due execution of this contract or any part thereof.

In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Alexr. Milne (L.S.)

Lovaine (L.S.)

S. Cunard (L.S.)

G. Burns (L.S.)

Chas. MacIver (L.S.)

Signed, sealed, and delivered in the presence of

Jno. Doutry.
