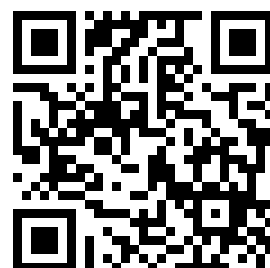
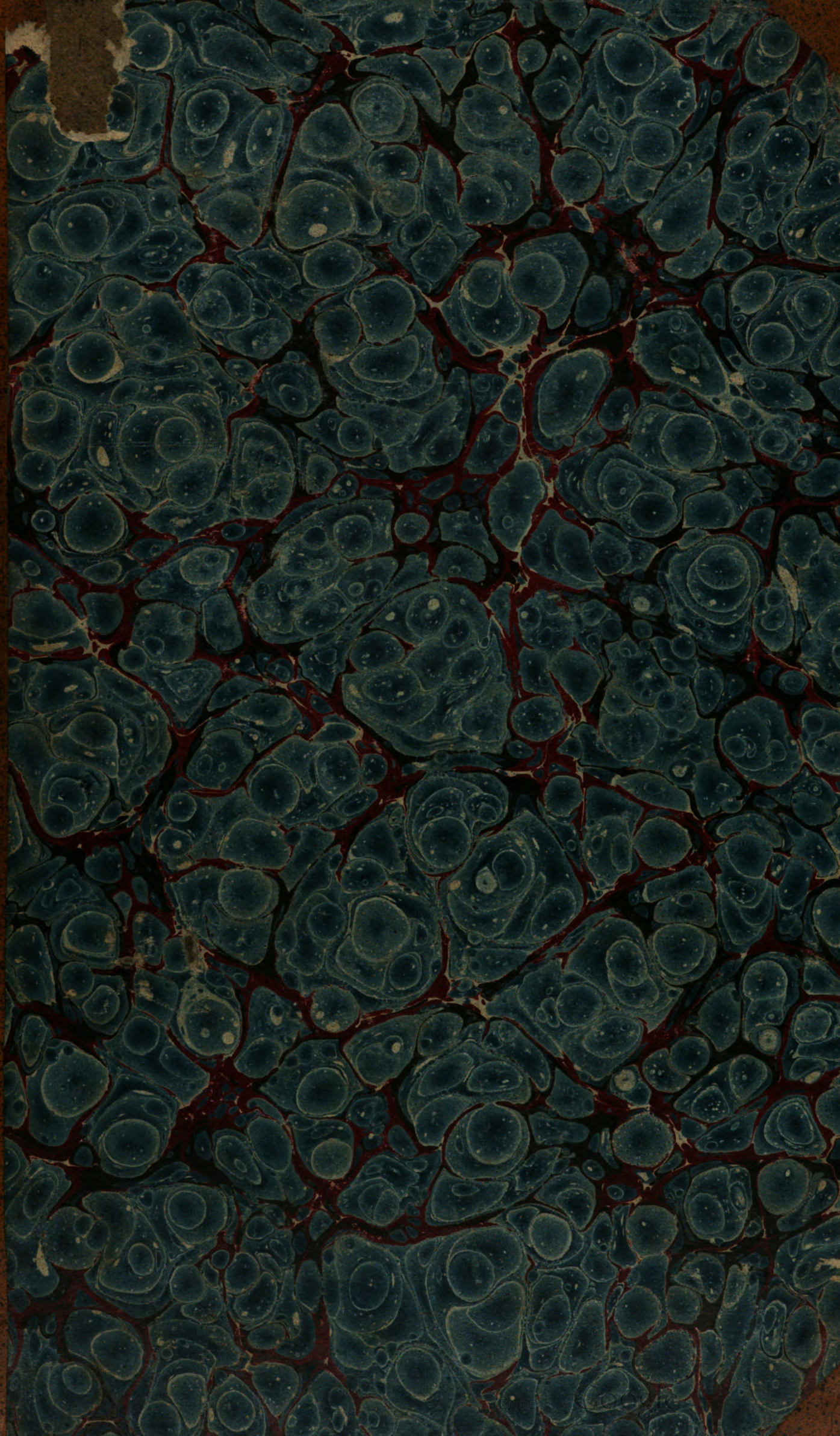

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P. Eng. $\frac{1859 \text{ (Sess. 2)}}{5}$

R E P O R T S
FROM
C O M M I T T E E S :

FIVE VOLUMES.

— (4.) —

PACKET AND TELEGRAPHIC CONTRACTS.

Session 2,
31 *May* — 15 *August* 1859.

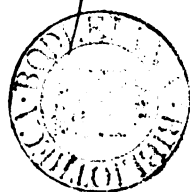
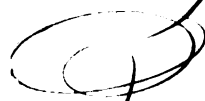
V O L. VI.

1859—Sess. 2.

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Bodleian Library
Oxford



1859



REPORTS FROM COMMITTEES:

1859—Sess. 2.

FIVE VOLUMES:—CONTENTS OF THE
FOURTH VOLUME.

N. B.—*THE* Figures at the beginning of the line, correspond with the N° at the foot of each Report; and the Figures at the end of the line, refer to the MS. Paging of the Volumes arranged for The House of Commons.

PACKET AND TELEGRAPHIC CONTRACTS:

180. FIRST REPORT from the Select Committee appointed to inquire into the Manner in which CONTRACTS extending over Periods of Years have been formed or modified by Government with STEAM PACKET COMPANIES for the CONVEYANCE of MAILS by SEA; and into Agreements adopted at the Public Charge, for TELEGRAPHIC COMMUNICATIONS beyond Sea, &c.; together with PROCEEDINGS of COMMITTEE, MINUTES of EVIDENCE, APPENDIX and INDEX - p. 1
-

PACKET AND TELEGRAPHIC CONTRACTS :

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R E P O R T

FROM THE

SELECT COMMITTEE

ON

**PACKET AND TELEGRAPHIC
CONTRACTS;**

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

APPENDIX, AND INDEX.

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

Jovis, 7° die Julii, 1859.

Ordered, THAT a Select Committee be appointed to inquire into the Manner in which Contracts, extending over Periods of Years have from time to time been formed or modified by Her Majesty's Government with various Steam Packet Companies for the Conveyance of the Mails by Sea ; and likewise into any Agreements or other Arrangements which have been adopted at the Public Charge, actual or prospective, for the purposes of Telegraphic Communications beyond Sea, and to Report their Opinion thereon to The House ; together with any Recommendations as to Rules to be observed hereafter by the Government in making Contracts for Services which have not yet been sanctioned by Parliament, or which extend over a series of years.

Ordered, THAT The Committee have power to Report from time to time to The House.

Martis, 12° die Julii, 1859.

Ordered, THAT the Committee do consist of Nineteen Members.

Committee nominated of—

Mr. Cobden.	Captain Gladstone.
Sir Francis Baring.	Lord Naas.
Sir Stafford Northcote.	Mr. Hubbard.
Lord John Manners.	Mr. Hope.
Mr. Corry.	Mr. Wilson.
Sir Henry Willoughby.	Mr. Laing.
Mr. Scholefield.	Mr. Henry Herbert.
Mr. Dunlop.	Mr. Crawford.
Mr. Baxter.	Mr. Bazley.
Mr. Leicester Vernon.	

Ordered, THAT the Committee have power to send for Persons, Papers and Records.

Ordered, THAT Five be the Quorum of the Committee.

Mercurii, 10° die Augusti, 1859.

Ordered, THAT the Committee have power to Report their Observations, together with the Minutes of Evidence taken before them, from time to time, to The House.

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R E P O R T.

THE SELECT COMMITTEE appointed to inquire into the manner in which **CONTRACTS** extending over periods of years have from time to time been formed or modified by Her Majesty's Government with various Steam Packet Companies for the **CONVEYANCE** of the **MAILS** by **SEA**; and likewise into any Agreements or other arrangements which have been adopted at the public charge, actual or prospective, for the purposes of **TELEGRAPHIC COMMUNICATIONS** beyond **SEA**, and to Report their opinion thereon to The House; together with any Recommendations as to rules to be observed hereafter by the Government in making Contracts for Services which have not yet been sanctioned by Parliament, or which extend over a series of years;" and who were empowered to Report their Observations from time to time; together with the Minutes of Evidence taken before them to the House:—**HAVE** made progress in the matters to them referred, and have agreed to the following **REPORT** :

THE attention of Your Committee, during the short time which has elapsed since they were appointed, has been chiefly directed to the Postal Packet Service for Dover.

A contract, dated 1st April 1854, to continue until 1st October 1858, was entered into with Messrs. Jenkins & Churchward (who had offered the lowest terms by public tender), for conveying the mails between Dover and Calais, and Dover and Ostend.

An agreement was signed on or about the 20th June 1855, substituting for the above contract another, extending the term from 1st October 1858 until the 20th June 1863; this extension, which was agreed to by the Admiralty, without previous consultation with the Treasury or the Post Office, does not appear, from the Evidence laid before Your Committee, to have been made with due care and consideration for the public interest.

On the 26th April 1859, an agreement was entered into, again substituting another contract, further extending the term until the 26th April 1870. Your Committee have failed to discover sufficient public grounds to justify this extension, which appears to have been conceded by the Treasury on the recommendation of the Admiralty, but in opposition to the views of the Postmaster-General, and, as appears to Your Committee, without sufficient inquiry into the grounds upon which the claim for the extension of the contract was preferred.

It is in evidence before Your Committee, that Mr. Churchward, one of the contractors, on the eve of the last general election, at the time when the extension of his contract was under consideration at the Treasury, volunteered his support, as an influential elector for Dover, to the Hon. Captain Carnegie, one of the Lords of the Admiralty, if he should become a candidate for that borough, on the expectation that his contract was to be extended, and expressed his intention, if required, to vote for two Government candidates for Dover. Your Committee think it right to add, that the renewal of the contract had been recommended by the Admiralty to the Treasury at least six weeks before the date of the conversation referred to. It further appears to Your Committee, that neither at the Admiralty nor the Treasury were the

officers with whom the decision rested influenced in granting the renewal of the contract by any corrupt or political motive. Your Committee consider that the conduct of Mr. Murray, the private Secretary of the First Lord of the Admiralty, was open to grave censure; but they have not sufficient evidence to show that any member of the Government was cognisant of the communications between Mr. Murray, Mr. Churchward, and Captain Carnegie.

Whilst most anxious for the fulfilment of all engagements entered into in good faith between the Government and individuals, the Committee submit for the consideration of the House whether Mr. Churchward, in having resorted to corrupt expedients, affecting injuriously the character of the representation of the people in Parliament, has not rendered it impossible for the House of Commons, with due regard to its honour and dignity, to vote the sums of money necessary to fulfil the agreement to extend his contract from the 20th June 1863 to the 26th April 1870.

Although some evidence has been taken respecting the general management of the postal packet service, the Committee abstain, in the present incomplete state of their inquiry, from offering any opinion on the subject, beyond the expression of a desire that the important matters referred for their investigation may be again brought under the notice of a Committee at the earliest opportunity.

10 *August* 1859.

PROCEEDINGS OF THE COMMITTEE.

Jovis, 14^o die Julii, 1859.

MEMBERS PRESENT :

Sir Francis Baring.	Captain Gladstone.
Sir Stafford Northcote.	Lord Naas.
Mr. Cobden.	Mr. Hope.
Sir Henry Willoughby.	Mr. Wilson.
Mr. Dunlop.	Mr. Laing.
Mr. Baxter.	Mr. Henry Herbert.

Motion made, and question, "That Mr. Cobden do take the chair" (Sir *Francis Baring*) put, and agreed to.

The Committee deliberated.

[Adjourned to Monday, at One o'clock.

Lunæ, 18^o die Julii, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Baxter.	Sir Henry Willoughby.
Mr. Dunlop.	Mr. Corry.
Mr. Crawford.	Sir Stafford Northcote.
Sir Francis Baring.	Mr. Bazley.
Mr. Laing.	Lord Naas.
Lord John Manners.	Mr. L. Vernon.
Mr. Wilson.	Mr. Hubbard.
Captain Gladstone.	

Mr. *Waller Clifton*, examined.

[Adjourned to Thursday, at Twelve o'clock.

Jovis, 21^o die Julii, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Baxter.	Mr. Hubbard.
Mr. Crawford.	Mr. L. Vernon.
Sir Francis Baring.	Mr. Wilson.
Mr. Laing.	Mr. Dunlop.
Lord John Manners.	Lord Naas.
Sir Henry Willoughby.	Mr. Bazley.
Mr. Corry.	Mr. Hope.
Sir Stafford Northcote.	

Committee deliberated.

Mr. *George A. Hamilton* and Mr. *William Stephenson*, examined.

[Adjourned to Monday, at One o'clock.

PROCEEDINGS OF THE SELECT COMMITTEE

Lunæ, 25^o die Julii, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Hope.
Mr. Crawford.
Sir Francis Baring.
Lord John Manners.
Mr. Wilson.
Sir Henry Willoughby.
Captain Gladstone.
Mr. Corry.
Sir Stafford Northcote.

Mr. Leicester Vernon.
Mr. Hubbard.
Mr. Scholefield.
Mr. Baxter.
Mr. Laing.
Mr. Bazley.
Mr. Dunlop.
Lord Naas.

Mr. *Joseph George Churchward*, examined.

[Adjourned to Thursday, at Twelve o'clock.]

Jovis, 28^o die Julii, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Baxter.
Mr. Crawford.
Sir Francis Baring.
Mr. Wilson.
Lord John Manners.
Mr. Corry.
Mr. Hope.
Mr. Leicester Vernon.
Sir Stafford Northcote.

Mr. Hubbard.
Sir Henry Willoughby.
Lord Naas.
Mr. Dunlop.
Captain Gladstone.
Mr. Scholefield.
Mr. Bazley.
Mr. Laing.

Captain *S. T. Carnegie*, R.N.; Mr. *Herbert Murray*; and Sir *John S. Pakington*, a Member of the House, examined.

Mr. *Joseph G. Churchward* and Captain *Carnegie*, further examined.

Produced two letters; put in, and read.

Committee deliberated.

Captain *Carnegie*, further examined.

Letter put in, and read.

Sir *John Pakington*, further examined.

[Adjourned to Monday, at Twelve o'clock.]

Lunæ, 1^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Scholefield.
Sir Francis Baring.
Mr. Hope.
Mr. Crawford.
Mr. Baxter.
Mr. Corry.
Sir Stafford Northcote.

Mr. Leicester Vernon.
Lord Naas.
Mr. Hubbard.
Lord John Manners.
Sir Henry Willoughby.
Mr. Bazley.

Mr. *Frederick Lygon*, a Member of the House, examined.

Mr. *Waller Clifton* and Mr. *William Stephenson*, further examined.

[Adjourned to Tuesday, at Twelve o'clock.]

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Martis, 2^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Bazley.

Mr. Hope.

Mr. Laing.

Mr. Baxter.

Sir Francis Baring.

Sir Henry Willoughby.

Lord John Manners.

Mr. Corry.

Sir Stafford Northcote.

Mr. Leicester Vernon.

Lord Naas.

Mr. Hubbard.

Mr. Crawford.

Mr. *W. Stephenson*, further examined.

Mr. *C. W. Eborall*, examined.

[Adjourned to To-morrow, at Twelve o'clock.]

Mercurii, 3^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Dunlop.

Mr. Hope.

Mr. Crawford

Mr. Baxter.

Mr. Corry.

Captain Gladstone.

Sir Stafford Northcote.

Sir Francis Baring.

Mr. Laing.

Lord Naas.

Sir Henry Willoughby.

Mr. Leicester Vernon.

Mr. Bazley.

Lord John Manners.

Mr. Hubbard.

Sir *Stafford Northcote*, a Member of the Committee, and Sir *William Hylton Jolliffe*, a Member of the House, examined.

Captain *S. T. Carnegie*, further examined.

Letter put in, and read.

Mr. *Herbert Murray*, further examined.

[Adjourned to To-morrow, at Twelve o'clock.]

Jovis, 4^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Hope.

Mr. Crawford.

Mr. Dunlop.

Mr. Baxter.

Sir Francis Baring.

Captain Gladstone.

Mr. Corry.

Sir Stafford Northcote.

Mr. Hubbard.

Lord Naas.

Mr. Leicester Vernon.

Sir Henry Willoughby.

Mr. Wilson.

Mr. Laing.

Mr. Bazley.

Mr. *C. W. Eborall*, further examined.

Captain *W. M'Ilwaine* and Mr. *William J. Page*, examined.

Mr. *J. G. Churchward*, further examined.

Sir *Henry Leake*, examined.

Mr. *Waller Clifton*, further examined.

Mr. *Frederick Hill*, examined

[Adjourned to To-morrow, at Twelve o'clock.]

PROCEEDINGS OF THE SELECT COMMITTEE

Veneris, 5^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Dunlop.	Mr. Leicester Vernon.
Mr. Bazley.	Mr. Baxter.
Mr. Crawford.	Mr. Hope.
Mr. Wilson.	Mr. Scholefield.
Lord John Manners.	Mr. Laing.
Mr. Corry.	Lord Naas.
Sir Stafford Northcote.	Sir Henry Willoughby.
Mr. Hubbard.	

Mr. *Thos. Phinn* and Mr. *R. Bernal Osborne*, examined.

Mr. *Waller Clifton*, further examined.

Right Hon. *H. T. L. Corry*, a Member of the Committee, and *Augustus F. M. Spalding*, examined.

Lord *Llanover*, examined.

[Adjourned to Monday, at Twelve o'clock.]

Lunæ, 8^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Dunlop.	Captain Gladstone.
Mr. Laing.	Mr. Corry.
Mr. Hope.	Sir Stafford Northcote.
Mr. Bazley.	Mr. Hubbard.
Mr. Crawford.	Mr. Leicester Vernon.
Mr. Baxter.	Mr. Wilson.
Sir Francis Baring.	Mr. Scholefield.
Lord John Manners.	Sir Henry Willoughby.

Sir *Charles Wood*, a Member of the House, examined.

Mr. *C. W. Eborall*, further examined.

Committee deliberated.

Mr. *Ralph Bernal Osborne*, further examined.

[Adjourned to To-morrow, at Two o'clock, to consider Report.]

Martis, 9^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Dunlop.	Lord John Manners.
Mr. Scholefield.	Captain Gladstone.
Mr. Laing.	Mr. Corry.
Mr. Hope.	Mr. Hubbard.
Mr. Bazley.	Mr. Leicester Vernon.
Mr. Crawford.	Mr. Wilson.
Mr. Baxter.	Lord Naas.
Sir Francis Baring.	Sir Henry Willoughby.

Letter from Sir *Stafford Northcote* to the Chairman, read.—Ordered to be printed in Appendix.

Motion made, and question, "That the draft Report, proposed by the Chairman, be now read," put, and agreed to.

Proposed Report read, as follows :

"1. The

ON PACKET AND TELEGRAPHIC CONTRACTS.

“1. The attention of your Committee, during the short time which has elapsed since they were appointed, has been chiefly directed to the postal packet service for Dover.

“2. A contract, dated 1st April 1854, to continue until 1st October 1858, was entered into with Messrs. Jenkings & Churchward (who offered the lowest terms by public tender), for conveying the mails between Dover and Calais, and Dover and Ostend.

“3. An agreement was signed on or about the 20th June 1855, for extending the term of the above contract from 1st October 1858 until the 20th June 1863; this extension, which was agreed to by the Admiralty, without previous consultation with the Treasury or the Post Office, does not appear, from the evidence laid before this Committee, to have been called for by due considerations of the public interest.

“4. On the 26th April 1859, an agreement was entered into, again extending the term of the contract until the 26th April 1870. Your Committee have failed to discover sufficient public grounds to justify this extension, which appears to have been conceded to the strenuous solicitations of the contractors, in opposition to the views of the Postmaster General, of Mr. Stephenson, the chief official in the postal service department of the Treasury, and contrary to the first intention of Sir Stafford Northcote, the Financial Secretary.

“5. It is in evidence before this Committee, that Mr. Churchward, one of the contractors, in pressing his claim for an extension of his contract, on the eve of the last general election, tendered his support, as an influential elector for Dover, to the Hon. Captain Carnegie, one of the Lords of the Admiralty, if he should become a candidate for that borough, on the understanding that his contract was to be extended, and expressed his intention, on the same condition, to vote for two Government candidates for Dover.

“6. Whilst most anxious for the fulfilment of all engagements entered into in good faith between the Government and individuals, the Committee submit for the consideration of The House whether Mr. Churchward, in having thus resorted to corrupt expedients affecting injuriously the character of the representation of the people in Parliament, has not rendered it impossible for the House of Commons, with due regard to its honour and dignity, to vote the sums of money necessary to fulfil the agreement to extend Messrs. Jenkings & Churchward's contract from the 20th June 1863 to the 26th April 1870.

“7. Although some evidence has been taken respecting the general management of the postal packet service, the Committee abstain, in the present incomplete state of their inquiry, from offering any opinion on the subject, beyond the expression of a desire that the important matters referred for their investigation may be again brought under the notice of a Committee at the earliest opportunity.”

Motion made, and question, “That the draft Report proposed by the Chairman be now read 2^o, and considered paragraph by paragraph,” put, and agreed to.

Paragraph 1, read and agreed to.

Paragraph 2, read and agreed to.

Paragraph 3, read, and amendments made:—

Amendment proposed, after the words “Post-office” to insert the words, “and contrary to the first intention of Sir Charles Wood, who was then First Lord of the Admiralty.”—(Mr. Hope).

Amendment, by leave, withdrawn.

Amendment proposed, “To leave out the words after the word ‘committee,’ and to insert the words, ‘to have secured any adequate advantage to the public service, or to have been preceded by the needful inquiry of how far the contractors had disqualified themselves for the due fulfilment of their engagements by the contract which they made in February 1855 with the French Government,’ instead thereof.”—(Mr. Hubbard).

Amendment, by leave, withdrawn.

Question, “That this paragraph, as amended, stand part of the proposed Report,”—put and agreed to.

Paragraph 4, read.

Amendment proposed, after the word “Again,” to insert the words, “substituting another contract further.”—(Mr. Crawford).

Question, “That those words be there inserted,” put, and agreed to.

Amendment proposed, “After the words, ‘1870,’ to insert the words, ‘allowing the contractor 2,500*l.* a year for certain extra services, and’ ”.

Amendment, by leave, withdrawn.

Amendment proposed, “After the word ‘conceded,’ to insert the words, ‘on the recommendation of the Admiralty, in accordance with the views of Mr. Clifton, the chief official in the Packet Department of the Admiralty, but’”—(Mr. Hope).

Amendment, by leave, withdrawn.

Amendment proposed, “To insert, after the word ‘conceded,’ the words, ‘by the Treasury, on the recommendation of the Admiralty, but’”—(Mr. Wilson).

PROCEEDINGS OF THE SELECT COMMITTEE

Question, "That those words be there inserted," put and agreed to.

Amendment proposed, "To insert after the words, 'Postmaster-General,' the words, 'and as appears to this Committee, without sufficient inquiry into the grounds upon which the claim for the extension of the contract was preferred.'"—(Mr. *Wilson*).

Question put, "That those words be there inserted."—The Committee divided :

<p>Ayes, 10. Sir Francis Baring. Mr. Scholefield. Mr. Dunlop. Mr. Baxter. Mr. Hubbard. Mr. Hope. Mr. Wilson. Mr. Laing. Mr. Crawford. Mr. Bazley.</p>	<p>Noes, 4. Lord J. Manners. Mr. Corry. Mr. L. Vernon. Captain Gladstone.</p>
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Further amendments made.

Question put, "That this paragraph, as amended, stand part of the proposed Report."—The Committee divided :

<p>Ayes, 11. Sir Francis Baring. Mr. Scholefield. Mr. Dunlop. Mr. Baxter. Captain Gladstone. Mr. Hubbard. Mr. Hope. Mr. Wilson. Mr. Laing. Mr. Crawford. Mr. Bazley.</p>	<p>Noes, 3. Lord J. Manners. Mr. Leicester Vernon. Lord Naas.</p>
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Paragraph 5, read.

Amendment proposed, "To leave out the words, 'in pressing his claim for an extension of his contract.'"—(Sir *H. Willoughby*).

Question, "That the words proposed to be left out stand part of the paragraph," put and negatived.

Amendment proposed, "To insert after the word 'election,' the words, 'at the time when the extension of his contract was under consideration at the Treasury.'"—(Mr. *Crawford*).

Question, "That those words be there inserted," put and agreed to.

Amendment proposed, "To leave out the word 'understanding,' and to insert, 'expectation' instead thereof."—(Mr. *Hope*).

Question, "That the word 'understanding' stand part of the paragraph," put and negatived.

Question, "That the word 'expectation' be there inserted," put and agreed to.

Amendment proposed, "To leave out the words, 'on the same condition,' and to insert the words, 'if required' instead thereof."—(Mr. *Hope*).

Question, "That the words proposed to be left out stand part of the paragraph," put and negatived.

Question, "That the words, 'if required,' be there inserted," put and agreed to.

Paragraph further amended, the words "on the same condition," omitted.

Amendment proposed, after the word "Dover," at the end of the paragraph to add the words, "Your Committee think it right to add that the renewal of the contract had been recommended by the Admiralty to the Treasury at least six weeks before the date of the conversation referred to; it further appears to your Committee that neither at the Admiralty nor the Treasury were the officers, with whom the decision rested, influenced in granting the renewal of the contract by any corrupt or political motive."—(Mr. *Hope*.)

Question, "That those words be there added," put, and agreed to.

Amendment proposed, "That the words, 'Your Committee consider that the conduct of Mr. Murray, the Private Secretary of the First Lord of the Admiralty, was open to grave censure; but they have not sufficient evidence to show that any Member of the Government was cognisant of the communications between Mr. Murray, Mr. Churchward, and Captain Carnegie' (Sir *F Baring*) be added at the end of the last Amendment."

Question

Question put, "That those words be there added."—The Committee divided:

Ayes, 9.
 Mr. F. Baring.
 Mr. Scholefield.
 Mr. Dunlop.
 Mr. Baxter.
 Mr. Hubbard.
 Mr. Hope.
 Mr. Wilson.
 Mr. Laing.
 Mr. Crawford.

Noes, 6.
 Lord J. Manners.
 Mr. Corry.
 Sir H. Willoughby.
 Mr. L. Vernon.
 Lord Naas.
 Mr. Bazley.

Amendment proposed, "At the end of the last amendment to add the words, 'It is also in evidence before your Committee that Mr. Churchward, who is said to have made that suggestion to Captain Carnegie and Mr. Herbert Murray, who was present when it is alleged to have been made, deny the accuracy of the above statement.'"—(Lord J. Manners).

Question put, "That those words be there added."—The Committee divided:

Ayes, 4.
 Lord John Manners.
 Mr. Leicester Vernon.
 Captain Gladstone.
 Lord Naas.

Noes, 11.
 Sir Francis Baring.
 Sir Henry Willoughby.
 Mr. Scholefield.
 Mr. Dunlop.
 Mr. Baxter.
 Mr. Hubbard.
 Mr. Hope.
 Mr. Wilson.
 Mr. Laing.
 Mr. Crawford.
 Mr. Bazley.

Question put, "That this paragraph, as amended, stand part of the proposed Report."—The Committee divided:

Ayes, 11.
 Sir Francis Baring.
 Sir Henry Willoughby.
 Mr. Scholefield.
 Mr. Dunlop.
 Mr. Baxter.
 Mr. Hubbard.
 Mr. Hope.
 Mr. Wilson.
 Mr. Laing.
 Mr. Crawford.
 Mr. Bazley.

Noes, 4.
 Lord John Manners.
 Mr. Leicester Vernon.
 Captain Gladstone.
 Lord Naas.

[Adjourned to To-morrow, at Twelve o'clock, further to consider Report.]

Mercurii, 10^o die Augusti, 1859.

MEMBERS PRESENT:

Mr. COBDEN in the Chair.

Mr. Dunlop.
 Mr. Hope.
 Mr. Baxter.
 Sir Francis Baring.
 Lord John Manners.
 Captain Gladstone.
 Mr. Corry.
 Mr. Bazley.

Mr. Leicester Vernon.
 Sir Henry Willoughby.
 Mr. Hubbard.
 Mr. Laing.
 Mr. Crawford.
 Mr. Scholefield.
 Mr. Wilson.
 Lord Naas.

Letter from Mr. Churchward read. Ordered to be printed in Appendix.

Paragraph 6 read. Amendment made.

Amendment proposed, "To leave out the words 'resorted to corrupt expedients,' for the purpose of inserting the words 'endeavoured to exercise an undue influence, as appears from his conversation with Captain Carnegie' (Sir Henry Willoughby) instead thereof."

PROCEEDINGS:—PACKET AND TELEGRAPHIC CONTRACTS.

Question put, "That the words proposed to be left out stand part of the paragraph."—
The Committee divided :

Ayes, 8.
Sir Francis Baring.
Mr. Scholefield.
Mr. Dunlop.
Mr. Baxter.
Mr. Wilson.
Mr. Laing.
Mr. Crawford.
Mr. Bazley.

Noes, 6.
Lord John Manners.
Mr. Corry.
Sir Henry Willoughby.
Mr. Leicester Vernon.
Captain Gladstone.
Mr. Hubbard.

Question put, "That this paragraph, as amended, stand part of the proposed Report."—
The Committee divided :

Ayes, 9.
Sir Francis Baring.
Sir Henry Willoughby.
Mr. Scholefield.
Mr. Dunlop.
Mr. Baxter.
Mr. Wilson.
Mr. Laing.
Mr. Crawford.
Mr. Bazley.

Noes, 4.
Lord John Manners.
Mr. Corry.
Captain Gladstone.
Mr. Hubbard.

Paragraph 7, read, considered, and agreed to.

Question, "That this proposed Report, as amended, be the Report to the House," put,
and agreed to.

Question, "That the Minutes of Evidence taken before this Committee, and Appendix, be
reported to the House," put, and agreed to.

Ordered to Report.

[Adjourned to To-morrow, at One o'clock.]

Jovis, 11^o die Augusti, 1859.

MEMBERS PRESENT :

Mr. COBDEN in the Chair.

Mr. Wilson.
Mr. Leicester Vernon.
Mr. Hope.

Sir Francis Baring.
Sir Henry Willoughby.
Mr. Bazley.

Mr. Wilson, a Member of the Committee, examined.

Mr. J. Rose, examined.

[Adjourned.]

EXPENSES OF WITNESSES.

NAME of WITNESS.	Profession or Condition.	From whence Summoned.	Number of Days absent from Home under Orders of Committee.	Expenses of Journey to London and back.	Allowance during Absence from Home.	TOTAL Expenses allowed to Witness.
Herbert Murray	Public Secretary	Essex	1	£. s. d. 1 4 -	£. s. d. 1 1 -	£. s. d. 2 5 -
J. G. Churchward	Packet Contractor	Dover	1	1 1 -	1 1 -	2 2 -
Captain Carnegie	Royal Navy	Hungerford (20 miles off.)	2	3 18 -	2 2 -	6 - -
Herbert Murray	Secretary	For detention	2	- - -	2 2 -	2 2 -
Captain M'Ilwaine	Admiralty Super- intendent.	Dover	1	2 - -	1 1 -	3 1 -
					£.	15 10 -

MINUTES OF EVIDENCE.

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Lunæ, 18^o die Julii, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Captain Gladstone.

Mr. Hubbard.
Mr. Laing.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Mr. Leicester Vernon.
Sir Henry Willoughby.
Mr. Wilson.

RICHARD COBDEN, Esq., IN THE CHAIR.

Waller Clifton, Esq., called in; and Examined.

1. YOU are from the Admiralty, are you not?—I am.
2. What office do you hold in the Admiralty?—I am a chief clerk in the Admiralty, and my branch is the Steam Machinery and Packet Department; the official designation of the department, which embraces the correspondence respecting not only machinery, but the harbours of refuge; the construction, repair, and hire of all ships; and machinery for the naval service, both on shore and afloat.
3. In one of the returns before the Committee the term “contract officer” is used; are you that officer?—No; that is a department at Somerset House. When the contracts are formed, they are formed on data furnished by the Admiralty, which data have been previously arranged by the Treasury, the Admiralty, and the Post Office.
4. Will you explain the mode in which these contracts are initiated, and how they are carried out, so far as your department is concerned?—It very much depends upon the line. Sometimes mercantile considerations lead to the proposition for the establishment of a given line; in other cases they are national, colonial, or postal considerations. The Australian, New Zealand, and Mauritius services emanated with the colonies as well as the Cape line; whilst the Brazil, Pacific, and China lines were urged on the Government on mercantile considerations. The first proposition for the establishment of a given service is referred by the Treasury to the Admiralty for consideration—for the general consideration, in fact, of the departments. The Admiralty reports upon the subject, and when it is determined by the Treasury in any case to enter into a contract, the terms of the invitation for tender are settled by the Treasury, and the Admiralty is called upon to issue those invitations, and on the receipt of those tenders (of late years), without in any way going into their comparative merits, they are simply sent to the Treasury for the decision of that department.
5. Then the Admiralty act simply as executives for the Treasury, and are not consulted as to the desirability of those contracts?—In some cases they would be, and are. In the last proposition, which was for the establishment of regulations of communication with Vancouver, the matter was particularly considered by the Admiralty with regard to the transmission of the naval despatches.

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6. As a general rule, it originates with the Treasury, and the Admiralty act merely in a ministerial capacity?—That is all, usually.

7. Will you be good enough to explain how the Admiralty goes to work after receiving an intimation from the Treasury that a certain line of postal communication is necessary?—It is usually the case that there is an investigation into the whole postal communication. Usually the hydrographer is consulted as to the best route to be adopted, as to the ports of call, the facilities of approaching and entering those ports, and so on; the question is maturely considered by the Packet Department of the Admiralty, and a report is made to the Treasury. If tenders are called for, as I mentioned before, the Treasury simply consider and decide which tender is to be accepted, and instruct the Admiralty as to the conditions under which it is to be accepted.

8. The Admiralty always put out the tenders for contracts?—Always.

9. Is that the invariable rule?—Always. The transmission of letters over sea is the province of the Admiralty, and the only exception to the rule, since 1837, that I am aware of, is that of the Dublin and Holyhead contract, which is a Post Office contract.

10. In case of a breach of contract or failure of contract, does it lie with the Admiralty to enforce the penalties?—Yes; and in some contracts there is no power for the Admiralty to remit the penalties.

11. With whom does the power rest?—With the Treasury alone. It then becomes a Government question entirely; but the department itself has no power, if it is so provided in the contract.

12. Can you tell the Committee how long ago it is that the Admiralty was first made the agent for making these contracts?—The marine postal contracts were turned over to the Admiralty from the Post Office in 1837.

13. What was the object in first transferring that business to the Admiralty?—In consequence of the proposition of establishing steam communication to various parts of the world, it became necessary for the Admiralty to investigate that question. In the first instance Sir Edward Parry, who had previously held the office of hydrographer, was appointed to consider the different routes and the schemes submitted to the Admiralty, which in fact I had been aiding in getting up; and I was appointed to act under Sir Edward Parry, to go into the whole question, in fact, of running steam communication to every part of the world, and embracing the whole world in one grand scheme, of which the present West Indies and the East Indies scheme formed a portion.

14. At that time did the Government steamers carry mails in many cases?—Only in one instance, and that was the West Indies; and it was done simply in consequence of the sudden termination of the Post Office contract for sailing vessels, the Government having sailing ships as far as Barbadoes, they went on to Jamaica, and then the Windward and Leeward Island mails, the Demerara mails, and the La Guayra mails, were carried on by sailing vessels under local contracts, upon hearing that Government took up the steam communication, and proposed the closing of the contract, and the Government postal service would have ceased; but I proposed to the Board a scheme by which, with the addition of merely one small steam vessel, we could carry on the then existing service at a very moderate cost, and that line for a year and a half worked admirably, although in opposition to the opinion of some naval officers at the time that it could not be worked; but it worked admirably.

15. Was it originally a part of the object of the Government, in transferring the management of the steam postal communications to the Admiralty, to enable the Admiralty to have a number of reserved ships of war by superintending the building of them?—That was contemplated, and formed a portion of one of our first contracts.

16. At the time that you first had that department transferred to you at the Admiralty, was it originally contemplated from the beginning?—Not by Sir Edward Parry; the vessels designed for rapid postal service were not calculated in any way to carry guns, and the proposition to construct them of sufficient strength to carry guns, was added at the time that the contracts were advertised for tender.

17. For the first contract?—Yes.

18. And ever since that they have been made with a view to their services as vessels of war?—No, not ever since that; the Committee of 1853 reported, that it would in all probability endanger the honour of the British flag, if any of the

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the vessels were employed in war, as proposed, and we have discarded the idea wholly from our late contracts.

19. Have you ceased altogether to look at these contract steamers as available in the case of war?—Yes, for war purposes; but we examine all the plans previously, and we try all the vessels before they go to sea, to see that they are equal to the performance of the service that they are contracted to perform.

20. You stated, did you not, that since 1853 the Government has abandoned the idea which they before entertained, of making those contract steamers available in case of war?—Yes, as armed vessels of war.

21. They are now no longer built with reference to that service?—No.

22. The Admiralty still superintend the building of vessels, do they not?—They do, so far as examining the plans before the vessels are laid down, in order to see that they are capable of performing the service contemplated in the contract.

23. But if the Government enters into a contract with a responsible company, which is bound by heavy penalties to fulfil their contract, might not the building of vessels be left to them?—Not by any means. The best companies omit particulars in the specifications, which are considered requisite, even in the case of Mr. Cunard, who builds the finest and strongest vessels to meet the stormy seas of the North Atlantic, when he has submitted vessels for survey, the Admiralty have sometimes had to insist upon many thousands of pounds of work being performed to a vessel before she goes to sea, with a view to rendering her in all respects efficient for the contract service.

24. Do you consider that it is necessary that the Admiralty should have that supervision over the construction of those vessels?—I am not a professional man, but the Admiralty surveyor considers it essential.

25. Practically, are not a good many contracts entered into by companies that have already got their vessels provided?—That was so in the case of the late Australian contract.

26. In such a case as that, do not you take the engagements of the company, if it is a wealthy and respectable company, as a sufficient guarantee, provided you have heavy penalties?—If we take it, the contract proves a failure, as in that case, for a variety of vessels that had been accepted, when they were examined by the Admiralty, were found to be totally incompetent. For instance, in the case of the "Oneida," she could not work her machinery up to its full power without breaking down. This was prejudged by our professional officer, and when the machinery was worked at the full power, it did break down, as he had predicted, and the same thing has happened with regard to other vessels.

27. Mr. Crawford.] When you say that she smashed down, what do you mean?—The whole of the machinery broke down. The engines were so constructed that it could scarcely be worked without undue power upon the bed-plate.

28. Chairman.] You stated, did you not, that the only reason why the contracts are now transferred from the Treasury to the Admiralty, is that the Admiralty may see that the vessels are constructed in a way that will be calculated to enable them to fulfil their contracts; it is no part of your duty whatever to provide that the vessels shall be strengthened so as to be suited for vessels of war?—Not in the late contracts.

29. That was considered originally as a most important part of your duty at the Admiralty in connexion with those contracts, was it not?—I am scarcely competent to give an opinion upon that point.

30. Was not it always considered a few years ago, that those contract packet vessels were a very powerful reserve as vessels of war in case of necessity?—I think there was such an idea, but the report of the Committee of 1853, totally dispelled it.

31. Can you explain to the Committee on what ground it was abandoned?—They were not sufficiently strong to carry the ordnance.

32. Was not it a part of the original plan, that the vessels should be strengthened and built so as to be able to carry guns?—If the vessel was sufficiently strong to carry cannon of the heaviest calibre, as specified in the contract, she would be no longer capable of performing the services that were contemplated. A long and narrow vessel must be proportionally strong in the centre, if she is to carry heavy guns of the large size, that was contemplated

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with regard to the first steam packets; when a vessel is built so heavily there is not sufficient displacement for coal, and the vessels on the long lines require an immense quantity of coal.

33. Are the Committee to understand that the main object for which the Admiralty now undertake the charge of making those contracts is, that you may see that the vessels are sufficiently well constructed to fulfil the service that they undertake?—That is certainly one of the provinces of the Admiralty, in regard to these contracts, but it is only one; the superintendence of the whole service also forms a part of their duties.

34. What superintendence do you refer to?—Carrying on the postal service. Upon most of our lines we have naval officers on board, who report to us the proceedings of every voyage.

35. Have you a naval officer on board those contract vessels performing any other function than that of having the charge of the mails?—He is in charge of the mails, but he reports to us the whole of the proceedings of the vessel, and he has power to alter her course, or to order her to proceed to sea, and so on; in fact, he is entrusted with the carrying out of the provisions of the contract.

36. Have you a naval officer on board all the steamers?—No, not all. The Post Office now place an officer of their own on the home portion of some of the lines, for the purpose of sorting the letters and facilitating the transmission of the letters on their arrival.

37. Have you a naval officer in charge of the mail bags on board the Cunard lines?—Not at the present moment. On the commencement of the present quarter the Post Office officers were embarked.

38. Supposing the packets fail as to time in performing their contracts, does not the complaint originate with the Post Office?—No, it is reported to us in the first instance by the superintending officer of the packet line. If it happens to be a Peninsular and Oriental Company's vessel, or a vessel belonging to one of the companies that start from Southampton, then the naval officer who has the superintendence of the packet service there reports every breach of contract; that is his duty. And so also at Liverpool; the commanding officer there, with regard to the Cunard line, reports any breach of contracts.

39. Would not that breach of contract be known, and would it not be felt as a grievance at the Post Office, even if there were no report from the superintending officer at the port?—Doubtless we should hear of it from that department. All irregularities with regard to the transmission of the mail bags, form special complaints from the Post Office to the Admiralty.

40. With regard to the West India packets, have they a naval officer on board?—Yes.

41. And is that the case also with regard to the Peninsular and Oriental Company's vessels?—All on the other side of Suez have a naval officer on board; but on this side, I believe now the last packet has come home with a naval officer.

42. How is it with regard to the Australian packet service?—On the south side of Suez there are naval officers, commanders.

43. You state that it is intended by the Post Office to have their own clerks on board the packets to sort the letters; in that case will you continue to send a naval officer in charge of the bags?—No; in every case they are withdrawn, and the Post Office officer, and his servant or messenger or clerk, are substituted for the naval officer and his servant.

44. That process is going on now, is it not?—The arrangement is being extended at the present moment.

45. And it will lead, will it not, to the substitution altogether, in the long lines, of a Post Office clerk for a naval officer?—I am not competent to express an opinion upon that; that is only known to the Government; but I do not presume myself that they will ever be withdrawn from the southern side of Suez; at least I trust not.

46. What would be the duty of a naval officer on board a vessel where the Post Office clerks had the sorting of the letters?—Chiefly looking after the vessel; that is to say, seeing that she is not improperly detained at any port at which she touches. Sometimes boats come alongside, and they take in quantities of merchandise, and you cannot get the captain to sea for many hours after his contract time, whereas the Post Office officer prevents anything of that sort.

47. Has

47. Has he power on board the vessel of interfering with the captain?—Yes; he orders the captain at his peril, and if he does not obey him, it is a breach of contract.

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48. Is that breach of contract definable in any other way than by the time at which the vessel arrives, or is it punishable in any other way than by penalties attaching to the late arrival of the vessel?—The contracts are not all time-contracts; the late Australian contract was a time-contract, and so is the present one to a certain extent; in such cases the vessels are to go to such and such ports, and we superadd to the contract from time to time a time-table, showing the period at which they are to arrive and stay at the different ports, and the hours at which they are to sail, but these details vary under the different contracts. The power of the naval officer varies; sometimes he has very great powers.

49. But you do not contemplate, at the Admiralty, sending a naval officer with these packet ships after the Post Office has adopted the plan of having clerks on board to sort the letters?—The naval officer is withdrawn in every case where there is a Post Office officer. In Mr. Cunard's line there was no naval officer; at his own personal request it was disallowed, and he submitted to a deduction from his subsidy, in consequence of his not carrying a naval officer; which was not thought of much importance, inasmuch as there were but one or two ports at which the vessels touched to drop the mails.

50. After that plan is adopted (take, for instance, the case of the Cunard line), in what way will the Admiralty superintend the performance of its duties by that company?—By the terms of the contract it is provided that whenever a naval officer is not on board, his duties shall be performed by the master of the vessel, and he is bound in every case to transmit the returns, to take charge of the mails, and to make the necessary arrangements, precisely the same as the naval officer would do.

51. You mean the master of the vessel in the employment of the company?—Yes.

52. Does he send a report for each voyage?—Yes, for each voyage; we have a complete log of the proceedings and an abstract, and the times are checked by the Post Office waybill (I believe), which is signed by the Post Office officer, and by our naval officer, and this document, which shows when the mail was embarked and landed, is transmitted to the Post Office on the arrival of the vessel. At the present moment we send to the Post Office as well, after we have done with it, an abstract of the voyage of each vessel, so that the service may be checked also in that department.

53. Is a copy of the log sent to you and to the Post Office?—An abstract of the log is. It comes to us, and as soon as we have done with it, we send it on to the Postmaster General. That was a suggestion of Mr. Hill's a short time since, and it has just been carried out.

54. What is the use that is contemplated from a copy of this log being sent to the Admiralty?—It enables us at once to see to the due performance of the service; so that we are not dependent only on the report of the superintending officer of the port, but we are enabled ourselves to look into each individual voyage; and in the event of any complaint arising, we are able to turn to those documents, as we do, and know the whole history of the circumstances.

55. Will the log be of any use except in case of a complaint, or in case of a claim for penalties?—We find it at times of great use. At present, we are having the average speed and mileage of each voyage added, so that it enables us to judge of the performances not only of different classes of vessels, but of different companies; and it facilitates the investigation of certain matters.

56. In the case of penalties accruing, do the Admiralty fill the position of arbitrators?—In cases where such power is given to the Board by the contract they do, but in certain contracts they are incapacitated from suspending any penalty that has been incurred.

57. Is that the case with the Cunard line, for instance?—No; in the Cunard contract it is provided that no penalty shall be inflicted unless arising from causes within the control of the contractor; so that any impediment occasioned by the weather, or casualty from the machinery, or casualty to the vessel as well, is not subject to a penalty.

58. Is not it practically the case with all contracts, that you only enforce penalties in cases where the delay has arisen from causes which might have

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been under the control of the contractors?—No; in the late Australian contract the penalty was to accrue when delay ensued, from whatever cause arising.

59. In that case are the parties not reclaiming the penalties?—Yes; they have made many applications for their remission.

60. Do they consider it a great injustice that the penalty should be inflicted?—They consider it a great injustice.

61. And, I presume, it is not acted upon generally in any other case at the present time?—Such a clause has not been usually introduced into the contracts. Usually it has been held, that where the delays are occasioned by what are termed properly “Acts of God,” delay arising from casualties that man cannot prevent, should not be subject to penalty; but in the late Australian contract, as I said before, penalty for delay was incurred from whatever cause arising.

62. Is there any information generally that you will be good enough to afford to the Committee as to the mode in which those contracts are made, beyond what you have had an opportunity of giving by the questions that have been put to you?—There is only one remark or suggestion that has often occurred to me, as I have felt in the department the inconvenience arising from the incompleteness of the system, and that is with regard to the meeting of the different departments to consider those contracts when they are first proposed. There is a difficulty, in fact, in the meeting of the officers of the different departments; and I conceive that it would be exceedingly desirable for the public service if some professional officers, nautical men, and others conversant with the working of the contract service met together, and maturely considered such questions.

63. Your suggestion has reference to the departments of the Post Office, the Treasury, and the Admiralty?—Yes.

64. *Mr. Corry.*] You state that at present you have no concert?—We have no concert.

65. *Chairman.*] Are the Committee to understand that at the Admiralty you do not take into account or regulate the postal service by the extent of commerce existing, or by the amount of postage likely to be received?—No, not in any way. These we consider questions entirely for the consideration of the Treasury and the Post Office.

66. Do not many of the reasons for which the Admiralty was originally called in to take part in these contracts cease to exist, by the discontinuance, in the first place, of the contemplated use of those vessels for war purposes, and in the next place by the Post Office clerks taking possession of the mail bags, for the purpose of sorting the letters, and thereby superseding the employment of a naval officer?—I think it is of the highest importance that a proper supervision is exercised over the construction of the ships and the machinery; and I conceive that, nautically, no officer is so capable of performing that duty as the professional officers of the Navy.

67. Do you exercise a superintendence over their machinery, or any inspection of the vessels after they are once settled?—The vessels are always tried under weigh before they proceed on the service.

68. I mean, after they have been once engaged do you continue from year to year to inspect them?—Yes; they are inspected every voyage, and the crews mustered.

69. By whom is that done?—By the superintending officer of the port from which the vessel starts; either Southampton, Liverpool, or Holyhead, or wherever it may be.

70. Is there an Admiralty officer stationed at each port?—Yes, at each packet port.

71. Is he appointed specially for the purpose of inspecting the contract steamers?—Specially for the superintendence of the packet service at the port.

72. Has he no other duties to perform?—In some cases other duties are superadded. At Holyhead, for instance, he is both harbour-master and superintendent of the harbour; and at Liverpool he exercises the office of agent of transports.

73. You have not sufficient faith in the mercantile principle of competition to trust to large and rich companies for keeping you supplied with good vessels without any inspection on the part of the Admiralty?—Certainly not, as far as I can judge. The experience derived from the transport service, during the late

late war, showed us that we had to strengthen a great many vessels for the purpose of merely conveying the stores.

74. Do you consider the transport service as an analogous case; is not there a provision necessary on board those vessels for feeding the troops?—Yes; but there is not a perpetuity in the transport service, whereas in the packet service, it continues for a period of years.

75. Assuming that there is not a necessity for the three departments being engaged in the arrangement of these contracts, to which you have just now referred, does not it tend rather to embarrass the proceedings, and weaken the responsibility of each party, by having three departments where you might have only one?—Assuming that the contracts are completed, the powers of the Admiralty are complete, and we have no difficulty in working the contracts. When once a contract is made, the Admiralty can easily superintend the carrying out of that contract; we have only to adhere to the provisions of the contract; but perhaps I did not understand the Honourable Member's question.

76. I understood you to say that the system did not work well, because the three departments, the Admiralty, the Post Office, and the Treasury, have not an opportunity of meeting together to confer; would it not be better if one of those departments could do the whole of the business rather than have three, provided the business could be done by one department?—The three questions involved are of a very distinct nature. First of all, there is the great Government question of the necessity of establishing such means of communication. When once that is decided upon (which I presume is not the province of the Admiralty), it is then for the Admiralty to say how it can be carried out, or how it should be carried out in the most advantageous way.

77. Could not the Post Office Department do that?—The question involves many nautical considerations. At the present moment there is the question of the Vancouver service, and the Admiralty has to determine the size and the tonnage of the vessels to be employed to perform the service with certainty, and due regard to economy.

78. Take the case of the Inland Postal communication; the Post Office makes arrangements with the North Western Railway Company for carrying the letter bags, and enters into a contract with that company to do the duty for a certain amount of money; do not you think that they could enter into contracts for carrying letters by sea, without the intervention of any other authority?—They can doubtless, but that is scarcely a question for the Admiralty, or for me to go into. It must be observed that some of the lines are not purely for the conveyance of the mails. I do not know, but I believe the line from Panama to Valparaiso is not a lucrative one as regards the Government directly, nor am I officially aware of the grounds upon which that was entered into, yet it is generally said to be one of the most advantageous in a national point of view.

79. Will you explain the way in which the tenders are put out for those contracts?—I have not the form with me, but we draw up a form containing all the points that the Government have definitively settled, and as soon as that is printed, and has been referred to the three different departments, the Treasury, the Admiralty, and the Post Office, and finally approved of, the tender is advertised for, and all parties are supplied with this form of tender, upon which they send in their tenders, and all the chief provisions of the contract are contained in that form of tender.

80. The tenders are sent in to the Admiralty in all cases, are they not?—Yes, direct to the Admiralty.

81. Does the Admiralty decide without again referring to the Post Office, or the Treasury?—No, the whole of the tenders, when they have been classified, are sent to the Treasury for their acceptance or not.

82. Are they accompanied by any recommendation from the Admiralty?—None of late years.

83. Then, of what assistance is the Admiralty to the Treasury, in forming a judgment upon the matter?—It is usual to have personal communications between the departments, when, I presume, the matter is considered and discussed.

84. Are there any communications otherwise than by correspondence?—Yes; with regard to this matter, personal communication is absolutely essential.

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85. On what points would those personal conferences arise?—With regard to the question of routes, and the description of vessels that may be tendered, and the general question in all its bearings.

86. Are there no minutes or records kept of those conferences?—In some cases. I can only speak with regard to myself, that whenever I have been ordered to attend them I have kept memoranda of what has passed.

87. With whom are those conferences held; who are the parties to them?—In some instances they are held at the Treasury, and in some instances at the Post Office.

88. Who are the parties at the Post Office or the Treasury; for instance, who would be the individuals who would meet?—The Secretary of the Treasury and the Secretary of the Post Office, and sometimes, on behalf of the Admiralty, some member of the Board, and a clerk from the Post Office, as well as myself, from the Admiralty.

89. Would the conference have reference to the terms of the contract?—The general terms of the contract; the general question.

90. The terms, I presume, do not bind you to take the lowest offer in any case?—No; there is a clause especially exonerating the Government from being bound to accept the lowest tender.

91. You spoke of a conference taking place; but that is not always the case, is it?—I scarcely know when it has not been so.

92. Did you not complain just now of the want of that personal communication?—Yes; but it is not a recognized rule, and it is not attended by what I should call the professional officers of the Admiralty, which I consider necessary, particularly with regard to vessels, and the means of performing a given service, which involves the question of steaming.

93. The Treasury is not bound, I presume, by the advice or decision of the Admiralty in the contract?—No; not in any way.

94. Practically, then, is it not the case that the advertisement for the tenders is put out by the Admiralty for the Treasury?—Yes.

95. Is there any other information that you would wish to furnish to the Committee upon that subject?—No, I am not aware of any other point at this moment. When any particular line come under the notice of the Committee, perhaps I may be allowed to make one or two suggestions, but I have none to offer on the general question.

96. Sir *Francis Baring*.] How long have you been at the head of the office that you now hold, that of head of the contract department?—Five or six years, I think.

97. Do you remember whether you were in the office at the time when the service was first transferred to the Admiralty?—Yes; I have been 30 years in the Admiralty.

98. Perhaps your recollection will enable you to say whether that was not done in consequence of the report of the Post Office Commission, who went into the question of the conduct of the packet service by the Post Office at that time?—Yes, that was so.

99. That Commission recommended, did they not, in consequence of the evidence given before them, that the transfer should take place?—Yes.

100. Was not that some time before those large lines of packets were created?—Yes, it was. It was my impression at the moment that it was stated, in consequence of its being contemplated by the Government to take up the steam communication to various parts of the world, that it was determined by the Government to place the whole matter in the hands of the Admiralty.

101. That was the point to which I wished to recal your recollection; are you quite sure that at that time the American lines, or the West Indian line, or the East Indian line, were at all contemplated?—I think it was as I stated; steaming matters had been a hobby of my own for some years; before it was in fact taken up by the Admiralty officially.

102. There was no steamer running in 1837 from America to England, was there?—No.

103. On the contrary, it was declared to be impossible at that time?—It was. It was steam communication with the Peninsula that was first organised in 1837.

104. With regard to the conduct of the business of the Admiralty, is it not the

the practice that each branch of the business is under the management of a superintending Lord?—It is. *W. Clifton, Esq.*

105. Is that the case with regard to the packet service?—Yes, it is. *18 July 1859.*

106. That is to say, the ordinary part of the business, not the more important part of the business, but the ordinary part of the business is under one particular Lord?—Yes.

107. Can you give the Committee the names of the Lords who have been superintending the packet service for the last four or five years?—First, Mr. Cowper, then Sir Robert Peel, then Mr. T. G. Baring, then Lord Lovaine, then Mr. Lygon, and at the present moment Mr. Whitbread.

108. Is there any general form of contract, or do you adapt the contracts to the particular services?—We have a general form of contract, but several of the more important clauses are modified by the three departments, according to the nature of the service.

109. With regard to the length of the contracts, have you any general principle or any general rule, or any approximation to a rule by which you are guided?—None whatever, that I am aware of.

110. That depended upon the discretion of the authorities at the time?—Yes.

111. With regard to the renewal before the termination of a contract, have you any principle upon which you act?—No, no precise rule, excepting that no contract has yet ever died out that I am aware of, but always some years previous to its termination, the parties have applied for a renewal. Most of our contracts are only terminable at the expiry of a given time; they do not cease at the time, but upon 12 months' notice from such fixed period.

112. You state that it is general to renew a contract before it rightly terminates?—Yes; we have terminated abruptly two or three, but I am not aware of any contract having died out.

113. Those that have been terminated have been for misconduct on the part of the contractors?—For the non-performance of the contract.

114. Do you mean to say that at any time whatever a contract might be renewed without reference to how long it has to run, or any ground of that kind?—Yes; I think if I had my memoranda with me I could show, with regard to the Cunard line, that we have renewed it from time to time, and always a long period before the termination.

115. And it has no reference to whether the contract was important as to the number of vessels employed, or the quantity of capital invested in it; is there no sort of rule or principle at all upon which you act in these cases?—Generally speaking the contractors have brought forward these points as grounds for their application.

116. What is the longest time before the termination of a contract which you have entered into?—I do not know. I think three years is the longest; or, perhaps, it may be longer than that.

117. Does the application for renewal come to the Admiralty or the Treasury?—To the Admiralty, always, as the contractee.

118. Sir *Henry Willoughby*.] Have you not some contracts for as long as 12 years?—I cannot, without reference to papers, answer that question.

119. Mr. *Corry*.] Is not that the case with the contract for the Irish mails, between Holyhead and Dublin?—That is not an Admiralty contract. From 10 to 12 years, I think, used to be the time for the long contracts, but of late it has been altered to five.

120. Sir *Stafford Northcote*.] Have you no memoranda by you as to the renewal of the contracts?—No.

121. With regard, for instance, to the line which you mentioned just now, from Panama to Valparaiso, do you remember whether that contract was renewed?—It has been lately renewed.

122. Do you remember when it was renewed?—The contract of the 23d September 1850, was not terminable before September 1858, and it was renewed on the 6th April 1858, for a period of six years.

123. Do you know when it was terminable at the time that it was renewed?—No, I cannot speak with accuracy; but I will put it in afterwards.

124. The Royal Mail contract was renewed in 1857, was it not?—Yes, it was extended for two years.

125. Sir *Henry Willoughby*.] Does that paper which you hold in your hand
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contain every renewal?—No, it is merely an abstract of the existing contracts at the present moment for the conveyance of the mails.

126. Is that an authentic document?—Yes, it is made out in the department.

127. Whose signature does it bear?—No one's signature; it is merely printed for the information of the department.

128. With regard to the tenders; by which department are they always put out?—By the Admiralty.

129. Is it entirely an Admiralty matter?—For shipping of all descriptions, whether for the conveyance of the mails or stores; it is all done by the Comptroller of the Transport service, who issues the tenders.

130. Are the pecuniary terms arranged by the Admiralty?—That is a matter of tender on the part of those who offer for the performance of the service.

131. But can you inform me whether that portion of the tender which relates to the financial arrangements is settled in any department at the Admiralty?—There is nothing stated in the form of a tender with regard to any money, excepting the amount of the penalties.

132. Is not the amount at which the contract is to be undertaken stated in the tender?—No, only the amount of the penalty.

133. Is that the only matter in which figures are given?—Yes.

134. *Mr. Wilson.*] Do you remember whether in the Report of 1853 there was any recommendation as to the duration of contracts?—Yes, there was.

135. What was the period which that Committee recommended for the duration of contracts?—No specified time, that I am aware of, on the first establishment of a new line; but, when fairly established, and when practicable, by annual or triennial contracts.

136. Did that Committee recommend to your department that no contract in future should be taken except by public tender?—Yes, they did.

137. You have stated that in 1857 there was an extension of the contract to the Panama and Valparaiso line; can you inform the Committee what the grounds for that extension were, why the extension was applied for, why it was granted, and whether the Post Office was consulted upon the matter?—I am not quite prepared to deal with that; I understood that different questions were going to be asked me to-day.

138. Can you state whether the three departments, the Post Office, the Admiralty, and the Treasury, concurred in the propriety of that extension?—No, I cannot state positively.

139. You only remember the fact?—Yes.

140. Can you tell the Committee why the Royal Mail Packet Contract was extended for two years?—Yes; for the purpose of accelerating the service; by entering into an engagement to build three large Transatlantic steamers, and one additional one for the Brazil route.

141. Was not it the case that for many years most serious complaints existed with regard to a portion of that contract from Rio to the River La Plata?—Yes.

142. Are you not aware, through your department, there came to the Treasury, year after year, representations of the great inconvenience which arose from the defective state of that part of the service?—Yes, certainly.

143. And that under the old contracts they were obliged to run to Rio a very small class of ships, which, in your opinion, was inadequate to perform the service properly?—Yes.

144. Was not it the fact that the two years were extended in order to put that portion of the service in a more effective condition, and in accordance with the views of the Admiralty?—Certainly, that was the object of the extension.

145. With regard to penalties, you have stated to the Committee that there have been two descriptions of penalties for breaches of contract in the mail service?—Yes.

146. The one class of penalties was discretionary with the Admiralty?—Yes.

147. And the other class was absolutely provided for in the contract without any contingency?—It was.

148. In those two cases the contract was made upon two different principles, was it not?—Yes, it was.

149. In the first case, when you had discretionary penalties, you were obliged to be guided in a great measure by the report of your naval officer on board, as to whether the fault lay with the ship or not?—Yes.

150. And

150. And therefore while you had discretionary penalties, you could hardly dispense with the naval authority on board?—Certainly not. *W. Clifton, Esq.*

151. Because everything must depend upon the state of the weather, or other accidental circumstances, of which a naval officer alone could be the judge?—Certainly. 18 July 1859.

152. Therefore, as long as you had that discretionary class of penalties, you would not be able to substitute a letter-sorter or clerk from the Post Office for the naval superintendent?—No, I would not go so far as that; for I conceive that the report of the master of the vessel may be entirely relied upon, as it is the log of the vessel; and we could have referred to the log that is furnished, under the Act of Parliament, to the Board of Trade, to show us the course of the wind and the sea, and judge by the speed and the consumption of fuel what had been done.

153. Would the log furnish you with all the information which you ought to have at the Admiralty, in order to say whether the company ought to suffer a penalty or not?—Yes, I think so.

154. Supposing there was a collision at sea between that vessel and another, would the log furnish you, for example, with the extent to which that collision disabled the Post Office arrangements?—Certainly it would.

155. You would rely upon the log as sufficient authority to enable you to judge whether the ship ought to suffer a penalty or not?—I think it would be sufficient.

156. In no case, therefore, would you require a naval officer on board?—No, I do not mean to infer that; with regard to the sailing or leaving the port, the log gives you little or no information.

157. But with regard to sailing, or leaving a port, is not that just one of the duties which the Post Office agents might perform; it being duties of a professional kind that a naval officer is required for?—No. There are several ports where delay might take place from the shipping of goods, under the pretext of nautical considerations, such as winds and tides and light.

158. Then what is the distinction that you would make as to the cases where a naval officer is required, and where a naval officer could be dispensed with?—I think that upon all the home lines a naval officer might be very safely dispensed with; but it is not only my own opinion, from observing the logs, and seeing the nature of the information given, but it is the opinion of the companies who have the vessels the other side of Suez, that it is a very great protection to them, in order to ensure the due performance of the contract. The Peninsular and Oriental Company are, we understand, exceedingly anxious to maintain the presence of a naval officer.

159. If the public companies are anxious to have a naval officer, in that case it would appear rather to be for their own satisfaction, as exercising a control over their own servants, or otherwise?—No doubt such is the case; although I do not mean to cast any reflection, of course, on their own officers.

160. When was the first contract made upon the principle of absolute penalties?—It was the case of the European and Australian Company.

161. You are, no doubt, aware that in that case the new principle was involved in the contract all through, as to the payment of the money?—Yes.

162. That was the first time that a joint contract was made on behalf of the Home Government and the Colonial Government, each paying half of the amount?—Yes; but that formed no part of the contract.

163. But it formed part of the account, did it not?—It formed part of the account, but not part of the contract.

164. Did you attend many of the conferences that were held at the Treasury previously to that contract being entered into?—I did.

165. And on that occasion the professional advisers of the Admiralty were also present, Captain Washington, and, I think, sometimes Mr. Lloyd, were they not?—Never when I was there.

166. You were not present when they were there?—I was not present at any meeting when they were there.

167. When a contract was taken with absolute penalties, are you aware that larger sums of money were paid for the service in consideration of the greater risks which the company undertook?—It was stated so.

168. But the tenders passed through your hands, did they not?—Yes, but there was nothing stated in the tenders to that effect.

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169. Are you not aware that the company that actually got this contract received some 40,000*l.* a year more than the Peninsular and Oriental Company were willing to take it for under the former system, simply on the ground that it was considered necessary to introduce the principle of absolute penalties when the Colonies and the Home Government were combined?—Yes, I know that their subsidy was based on that consideration; but I do not know what amount of that subsidy they reckoned necessary to meet the penalties.

170. The offers passed through your hands at the Admiralty on their way to the Treasury, did they not?—Yes, they did.

171. Therefore, you had an opportunity of knowing the rates at which the different companies offered to perform the service?—Yes.

172. Are you not aware that the Peninsular and Oriental Company once offered to perform it (but they refused to accept the new condition of penalties) at a much lower sum than the company did actually take it with that condition?—Yes.

173. Therefore, when the contract was made, it was made at a much higher price than that service might otherwise have been accepted for, on the distinct ground of the insurance as to time that was then given?—Yes.

174. Was it not always the practice at the Treasury to consult with the officers of the department of the Admiralty on the making of those tenders?—On the part of the Treasury, entirely so.

175. I think I have had the aid of your advice upon very numerous occasions?—Yes; but in those cases I have not come with authority.

176. With regard to the three departments, the Treasury, the Post Office, and the Admiralty, that are combined in this business, are not their functions very separate and distinct from each other?—Yes, entirely so.

177. The function of the Treasury is to decide, as the organ of the Government, as to the policy, after communicating with the Post Office, of undertaking particular services?—Certainly.

178. The function of the Admiralty is to carry out ministerially the objects of the Government with regard to getting the service performed?—Yes.

179. When once a contract is made with a company, the Admiralty have the sole control and management of it, have they not?—Entirely.

180. The Treasury and Post Office do not interfere unless it be for the purpose of forwarding representations that are made to them as to defective service or otherwise?—Certainly.

181. Therefore, it is only in the first formation of a contract that the three departments are involved?—Certainly.

182. Sir *Henry Willoughby*.] Does the Treasury make the contract?—The contract is made with the Admiralty.

183. What department arranges the contract?—The Treasury in communication with the Admiralty and Post Office.

184. What department is responsible for the contract?—I presume the Treasury is responsible.

185. Mr. *Wilson*.] Is it not the fact that the contract is prepared after the principles of the contract are agreed to; that the contract is prepared by the Admiralty, submitted to the solicitor of the Admiralty if necessary, and then forwarded to the Treasury for the approval of the Treasury, in order to see that it carries out the original views of the Government?—Yes; that is the course of proceeding; but the chief points of the contract are embodied, or rather a summary of them is given in the invitation of the tenders; it states the nature of the service and the penalties, in fact, all the chief clauses of the contract.

186. Mr. *Leicester Vernon*.] Do the Treasury always initiate the contract?—Yes.

187. Sir *Henry Willoughby*.] Supposing there is a contract for 100,000 *l.* for a certain line, which department originates that contract?—It would not arise as to a certain amount of money, but as to the means of communication. If it were thought advisable to establish a line to Japan, it would probably arise on a recommendation from the Foreign Office and the Board of Trade; and the Treasury would communicate to the Admiralty their intention to call for tenders for such service, by requiring the Admiralty to prepare a form of tender, and submit it to them for their approval; that would go to the Treasury, and if it met with the approval of the Treasury, the forms of tender would be printed and issued, and upon the receipt of those tenders, with the blanks filled in by the

the parties who offer, they would be submitted to the Treasury for their consideration.

188. Is it the Treasury alone which is responsible for the amount of the pecuniary engagement?—Certainly; entirely, I should say.

189. Entirely apart from the Post Office, the Admiralty, or any other department?—Certainly.

190. Mr. *Wilson*.] That is, it lies with the Treasury to say which of the tenders shall be accepted?—Yes.

191. The Treasury do not insert any sums of money whatever?—None whatever.

192. But they simply ask for the tenders for a certain service, and those tenders are submitted for approval?—Certainly.

193. Mr. *Leicester Vernon*.] Then the Treasury conclude the agreement?—I assume that a meeting has taken place between the different departments, and it is determined which tender is to be accepted; the Treasury order the Admiralty to accept the tender; the Admiralty takes the necessary steps for the preparation of the contract; and as soon as the contract is prepared, it is submitted to the Treasury for approval.

194. You state that the Treasury initiates the contract, and that the Treasury concludes the arrangement: are the Committee to understand from you that the Admiralty is only concerned in the intermediate transaction?—That is all.

195. Mr. *Wilson*.] You do not mean that the Treasury makes the contracts with the parties?—No.

196. It is the Admiralty, is it not, that makes the contracts with the parties?—Yes.

197. There is no other department a party to the contract?—No.

198. Sir *Stafford Northcote*.] All that the Admiralty has to do is to make sure that it is carrying out generally the wishes of the Treasury?—That is all.

199. But the details of the contract are left with the Admiralty to settle?—Yes, in communication with the Treasury. As I said before, the details are settled usually at meetings that take place between the Treasury, the Admiralty, and the Post Office. As soon as those services are embodied in the contract it is sent to the Treasury for final approval, and the Treasury submit it to the Postmaster General, to get his approval before returning it to the Admiralty for completion; and on receiving that contract, with the order from the Treasury to carry it out, the contract is executed.

200. Mr. *Leicester Vernon*.] In the first place the Admiralty calls for the tenders?—It does.

201. And the Admiralty receives the tenders?—Yes, the Admiralty receives the tenders.

202. Does the Admiralty accept the tenders?—They accept them on the authority of the Treasury.

203. Can the Admiralty accept a tender on its own authority, or must it go to the Treasury, and ask whether it be a tender which the Treasury will accept?—The Admiralty must go to the Treasury, inasmuch as it involves a matter of expenditure.

204. Then am I right in understanding that the Treasury concludes the arrangement?—It concludes it so far that it orders the Admiralty to complete the contract.

205. Sir *Stafford Northcote*.] But those contracts contain a great many stipulations, do they not, as to the size of vessels, and so forth?—Yes, a great many.

206. Those are points rather for the consideration of the Admiralty than of the Treasury?—Yes.

207. And upon these, in point of fact, the Admiralty decide, with the general concurrence of the Treasury?—Yes.

208. *Chairman*.] Are the Committee to understand you to say, that the contract is sent for the approval of the Post Office?—It is understood to be always sent to the Post Office by the Treasury. Formerly we sent it, first to the Post Office, and finally to the Treasury; but it was thought more expedient for the Treasury to communicate with the Postmaster General, and of late that course has been adopted.

209. Was it understood that in all cases the contracts had the approval of the Post Office before being entered into?—Always.

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210. Were no contracts ever entered into without the previous approval of the Post Office?—I know of no instance to the contrary.

211. Sir *Stafford Northcote*.] You are speaking, are you not, of new contracts made, when tenders are called for, and a new service is instituted?—Yes.

212. Do your remarks apply with the same strictness to the cases of extension of old contracts?—When it was the province of the Admiralty to consult the Post Office, I think there is no case in which such a course was omitted.

213. Is it invariably the case that the Admiralty have always sent to the Treasury every contract for the renewal of a service before it was actually terminated?—I know of no instance to the contrary.

214. Mr. *Wilson*.] You do not know of any instance where the Admiralty has renewed a contract on its own responsibility?—I do not.

215. Sir *Henry Willoughby*.] May I ask what you mean by the word "Treasury;" does that mean the Secretary of the Treasury?—The Lords Commissioners of the Treasury.

216. Who is the channel of communication in that case between the Admiralty and the Treasury?—Through all the public departments the Secretary is the organ of the Board.

217. Captain *Gludstone*.] Do the Treasury or the Admiralty decide the amount of penalties?—It is a matter for consultation between the three departments; the Post Office frequently have something to say on that point.

218. Mr. *Wilson*.] The principle of penalties is always laid down in the tender which is to be made public?—Yes.

219. And therefore when they make that tender, they know perfectly the condition with regard to penalties with which they have to comply?—Certainly.

220. In the case of a contract upon the new principle, where merchants undertake absolutely to perform a given service for a given sum of money, under absolute penalties, does it not tend to relieve the Government of a considerable degree of responsibility in looking after the service; for example, would it not be less necessary in such cases to have Admiralty agents or naval officers on board?—No. I do not think that such superintendence of naval officers should be dispensed with.

221. Any more in the one case than in the other?—Not more in the one case than in the other.

222. Would you be governed at all by the report of the naval officer in exercising your discretion as to whether you imposed the penalty or not, in the case of the extended time of a voyage?—Yes, I think so.

223. Then his advice and evidence would be necessary to enable you to exercise that wise discretion upon the matter?—Yes, I think so.

224. But if the penalty is absolute, and the payment of money for the service is made upon condition of an absolute penalty, you do not require to exercise that discretion?—No, not so much so.

225. So far, therefore, your naval officer would be of no use?—Yes; so far he would not.

226. Mr. *Leicester Vernon*.] Does not the naval officer at the end of each voyage hand over the log, or report to you?—Yes.

227. Are you not guided in a great degree by what the log states before you?—Yes, certainly.

228. Sir *Stafford Northcote*.] With regard to this question of absolute penalties, I think you state that, in the first instance, you believe it was adopted with regard to the Australian service?—Yes.

229. It was the case then, was it not, that the Peninsular and Oriental Company tendered for one sum, but refusing to be bound by the system of absolute penalties?—Yes.

230. And that the European and Australian Company tendered for a higher sum, accepting the system of absolute penalties?—Yes.

231. The tender of the Peninsular and Oriental Company for the lower sum was rejected?—Yes.

232. And the tender of the European and Australian Company for the higher sum was accepted?—Yes.

233. On the ground that they bound themselves to absolute penalties?—Yes.

234. How did the European and Australian Company perform the service?—

I am

I am not aware of their performing it according to the terms of the contract; they were always over time.

235. Are you aware that they did not perform the service according to the terms of the contract?—They were unable to keep their time.

236. They were unable to keep their time, but were they able to carry on the service in an efficient manner?—Certainly not.

237. Was their contract put an end to?—It was.

238. By whom was it put an end to?—By the Government.

239. By whom was the service afterwards carried on?—By the Royal Mail Company.

240. And after the Royal Mail Company's contract was put an end to, by whom was it carried on?—By the Peninsular and Oriental Company.

241. Was the service undertaken by the Peninsular and Oriental Company, in that second instance, on as favourable terms as they offered in the first instance?—No, the terms were considerably higher.

242. Did the Peninsular and Oriental Company, in the latter case, consent to this system of absolute penalties?—No, they would not.

243. Are you aware whether the European and Australian Company complained of the loss that they had incurred by the system of absolute penalties?—Yes, and they frequently applied for the remission of the penalties inflicted.

244. Was any portion granted to them in remission?—Not of the larger penalties; in one or two cases where there were extenuating circumstances, a portion was remitted, but only to a very small extent.

245. How did you ascertain what were the extenuating circumstances?—From the reports of our own officers on board.

246. By extenuating circumstances, do you mean cases of inevitable accident?—Yes.

247. Can you reliably ascertain those circumstances without the presence of officers of your own on board?—I have not considered it sufficient evidence, where large sums were at stake; it would not be satisfactory.

248. Was there not another service instituted on the system of absolute penalties?—Yes.

249. Which was that?—The Cape service.

250. By whom was the Cape service conducted?—By Mr. Dundas.

251. How was that service conducted?—Very badly.

252. Was that contract terminated by the Government?—It was.

253. Did the contractors in that case complain of the system of absolute penalties?—They did.

254. Did they apply for a remission of a part of those penalties?—They did.

255. Has any part of the penalties been remitted?—Yes.

256. Has the service now been given to another party?—It has.

257. And is that party bound to the system of absolute penalties?—Only as regards the time on the voyage. The great difference between the present and the previous contract is, however, that in the former the penalties were cumulative, and in the latter not.

258. Are there any other cases that you know of in which the system of absolute penalties has been practically had resort to?—No, there are no other cases.

259. In the case of the Cunard service, is that a service which is well or ill performed?—It is admirably performed.

260. Is there anything approaching to the system of absolute penalties in regard to that service?—No.

261. Are there any provisions in the Cunard contract binding them to perform the service within a specified time?—No, not within a specified time.

262. And yet that service is very efficiently conducted?—Yes.

263. Mr. Wilson.] How is the new service to the Cape performed?—It is admirably performed.

264. Has it been so ever since it was undertaken?—Yes, ever since it was undertaken.

265. Perhaps you will have the kindness to refer and see whether or not that service has been performed exactly upon the same principle as the preceding one?—Yes, I will do so.

266. Mr. Corry.] Is it your opinion that the system of absolute penalties

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can be carried out with advantage to the public service?—I do not see myself how it can.

267. You stated, did you not, that in those two cases in which there were absolute penalties an application was made to the Admiralty for a remission?—Yes.

268. In some instances their applications were entertained, and a remission was allowed?—In one case, in Mr. Dundas's contract, a payment was made.

269. And the Admiralty would not have the means of deciding on the propriety of those applications without having an Admiralty agent on board to report on the circumstances of the case?—We have no Admiralty agents employed on the Cape line.

270. Had you in the case of the European and Australian line?—We had.

271. The Admiralty agent reported, did he not, upon the question of those remissions, and in favour of them?—Yes, in one or two cases.

272. Mr. *Wilson*.] Are you aware that before the European and Australian line was erected, three or four different experiments had been made with regard to the Australian mails?—Yes.

273. Do you remember the Committee over which Lord Jocelyn presided?—Yes.

274. And do you remember the recommendations of that Committee as to the line which should be taken for the Australian service?—Yes.

275. Was not that the line round the Cape of Good Hope?—Yes.

276. Do you remember the result of that experiment?—Yes; the vessels broke down altogether.

277. At that time there was nothing but discretionary penalties, and no absolute penalties were imposed?—Yes; but the failure can scarcely be attributed in any way to the system of penalties, but to the insufficiency of the means adopted by the parties.

278. Do you remember that there were various other modes tried between the breaking down of that line and the establishment of the European and Australian line?—Yes; there was a service undertaken by the Peninsular and Oriental Company.

279. Are you aware that that, again, was very irregular, and gave rise to a great deal of complaint from the colonies?—Yes, it certainly did.

280. Are you aware that then there was a resort to what was then called the new system of special services and single voyages?—I do not know that officially.

281. That was done chiefly by the Post Office itself, was it not?—Yes, chiefly by the Post Office.

282. Is it within your knowledge that that system failed to give satisfaction to the colonies?—Yes.

283. Are you not aware that at the time that that contract was entered into, the colonists were in such a temper with regard to this matter, that they would not have anything to do with the payment unless they could be guaranteed as to the proper time of arrival of the ships?—I am aware of that.

284. Are you aware that they refused and expressed themselves in strong language to the effect that unless they could be guaranteed with regard to the arrival of the ships, the Home Government should have no discretion in giving penalties; they would have nothing to do with it?—I am aware of that.

285. Was not it the same with regard to the Cape, that when the Home Government offered to pay half that service, which we did not feel justified in taking alone, they required that a similar guarantee should be given to them as to the accuracy of the times of arrival?—I was not aware of that.

286. Are you aware that in consequence of the bad performance of that service by Mr. Dundas, there was a motion made in the Parliament of the Cape of Good Hope calling upon the Government at home to pay the whole, and declining to pay their portion?—I do remember that.

287. Therefore you have an abundance of services which have utterly failed, with discretionary penalties, and you have two services which have utterly failed, with absolute penalties?—Yes.

288. Sir *Francis Baring*.] Have you ever had any one that succeeded with absolute penalties?—No.

289. Mr. *Wilson*.] Whatever may be the character of the penalties with regard

regard to the Cape services since Mr. Dundas's company have given it up, and Mr. Mercer's company, of Southampton, have taken it up, it has been most satisfactorily performed?—Most admirably. Of course the Honourable Member is aware that the time is greatly prolonged as compared with Mr. Dundas's service.

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290. It was prolonged by six days, was it not?—Yes.
291. That was on a tender; it was not prolonged by any act of the Government?—No; it was by tender.
292. When Mr. Dundas's company broke down, the Government put out another offer for a tender, did they not?—Yes.
293. This tender of Mr. Mercer's that was taken was the best tender that could be taken at the time?—Yes.
294. It was done by public competition, was it not?—Yes.
295. And it was six days longer than the previous contract had been undertaken for?—Yes.
296. *Sir Stafford Northcote.*] Here is the contract (*handing a paper to the Witness*); will you read the clause with regard to the cases in which the company are not liable to penalties?—"The said company" (that is, the Cape of Good Hope Company) "shall not be liable to any penalties for delay in proceeding to sea on the day and at the hour fixed, if such delay be proved to the satisfaction of the said Commissioners to have arisen from circumstances over which the said company and their servants had not, and could not have had, any control."
297. *Mr. Wilson.*] That is with regard to the departure of the vessels?—It is about putting to sea.
298. Will you look with regard to the time for the performance of the contract?—Yes, but that is a most important element in the Australian contract, and was conditioned for.
299. But the contract was not unconditional if the governor of the colony or the home Government prevented them from starting at the proper time?—Just so, because you have a clause empowering them to alter the time; but if they did not proceed at the time fixed, upon which the penalty accrued, the Admiralty had no power of remission.
300. If one of the Australian vessels had been prevented from proceeding to sea, by any cause over which they had no control, such as the instructions of the Government here or the Government out there, it would not have been subject to penalty?—No.
301. The penalty had reference, had it not, to the time of performing the voyage after they had started?—Yes, that was their chief penalty.
302. Will you state, by a reference to that paper, whether that condition does not apply to the Cape contract also?—Yes, it does.
303. In those cases in which there is an absolute penalty for the longer period of time, there has also been, has there not, an additional sum paid for the shorter duration of time; so much for each day or hour saved in the voyage?—Yes.
304. Is there not generally a clause in the contracts that are made, which enables the Government to require that the service should be moved from one port to another?—Yes, in most of the contracts that power is taken.
305. *Sir Stafford Northcote.*] With regard to the question of absolute penalties, was not it possible that, under a contract of that kind, in case of a vessel being very much behind its time, the contractor, instead of receiving money from the Government, might have to pay money to the Government, and that the penalties might be in excess of the subsidy?—By the terms of the contract, the amount of the penalty in no case was to exceed the amount of the subsidy for such voyage.
306. By the terms of the contract, can it equal, in any case, the amount paid by the Government?—Yes, it can; the penalties in one voyage can amount to the proportion of the subsidy due for that voyage.
307. *Mr. Wilson.*] Was not it the case, with regard to the ships employed in the Cape service, which failed, that the Admiralty have since had to report on a number of those vessels for some other service, and that they have reported them as utterly unsuitable for that service?—Yes.
308. *Sir Stafford Northcote.*] Can you give the Committee, by-and-by, an

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account of the transactions between the Admiralty and those two companies, the amount of subsidies, and the amount of penalties incurred?—Yes.

309. Mr. *Laing*.] Are you aware that in the Australian case the Admiralty had written to the Treasury, recommending that the penalty should not be inflicted upon the parties?—Yes.

310. I presume from that that the Admiralty Department are consulted upon the question, both of the scale of the penalties and their remission?—Yes, the application for the remission of penalties with regard to the Australian service was made direct to the Admiralty, and was referred to the Board of Treasury for decision, inasmuch as the Board of Admiralty were precluded from adjudicating upon the matter by the terms of the contract, and the Treasury decided that no remission of the penalty should be made.

311. Are you aware whether, in some recent cases in which the penalties finally inserted by the Treasury were different from those recommended by the Post Office, the Admiralty were consulted upon the matter or not; take the Galway case, for instance?—No, I am not aware that they were.

312. Are you not aware that the Admiralty, in point of fact, consulted as to the subject of the penalties?—I am not aware of that.

313. With regard to renewals of contracts, would not your answers be slightly incorrect when you say that the Treasury always initiate contracts; but that if it be the renewal of an old contract, the Admiralty would initiate it?—I know of no instance in which the application has not been made in the first instance to the Admiralty.

314. Then it would come from the Admiralty with a recommendation to the Treasury?—Usually that is the course of proceeding.

315. Therefore the renewal of an existing contract would initiate from the Admiralty?—Yes, or rather it should do so, if it be the extension merely of an existing contract with their Lordships.

316. In the case of renewals, the principle of public tender does not apply?—It does not apply at all.

317. In the cases of the three last contracts, namely, the Cunard contract, the Galway contract and the Dover contract, there have not been tenders with regard to their renewal?—No.

318. Those are the three last instances?—Those are the three last instances, at least two of them have been renewals, and the other was a new service.

319. Two being renewals and the other being a new service, in these three cases the principle of tender has not been observed?—Just so.

320. You have stated to the Committee that the commission which reported in 1854, recommended the principle of tender, can you state whether with the exception of the two cases that have been referred to of the Royal Mail and the Valparaiso service, the principle of public tender has been observed since 1854, down to the period of the last three contracts?—In no case has the service been thrown open to the public competition, when a company has been performing the service properly and efficiently, and has merely applied for an extension of contract.

321. Perhaps by a reference to the printed list which you hold in your hand, you could state to the Committee how many contracts have been made in that interval, and how many of them have been by public tender, or not?—I presume the Honourable Member alludes to recent contracts, within the last few years.

322. Will you take from the date of the commission of the Report for 1853?—The Bombay and Suez will come first; that has been altered and amended, but the contract is not finally signed, though the service is being performed.

323. What is the date of that contract?—The Bombay and Suez contract is dated the 7th of July 1854.

324. Was that contract made with the Peninsular and Oriental Company?—Yes; with the Peninsular and Oriental Company.

325. That was in substitution for the service done by the Government vessels of the East India Company, was it not?—Yes.

326. Was it done by arrangement with the company, or by tender?—It was done by arrangement with the company without tenders, but the service has since been modified.

327. What would be your next contract in point of time?—On the breaking out of the Indian Mutiny, the Bombay service which was connected with Calcutta

cutta was separated, so as to make a weekly communication to and from India, instead of a semi-monthly, and to complete such service to Bombay (the contract only embracing a communication from Aden), it was necessary to enter into a contract with that company to run additional steamers from Aden, up the Red Sea to Suez, and to put on a steamer between Alexandria and Marseilles. Before that contract was signed, it was found essential to put on large steamers between Southampton and Alexandria, in connection with the Bombay line, for the sake of passengers.

328. That was a modification of the contract with the Peninsular and Oriental Company?—Yes.

329. What was the date of that modified contract?—The contracts have not been signed; but they have been acted on, and are being acted on, but they are none of them signed.

330. *Sir Stafford Northcote.*] What is the date of the arrangement?—It has been altered from time to time; the first arrangement was about a year and a half ago.

331. Was it in September 1857?—That was the first proposal for it, but it was modified almost immediately, and the contract is now unsigned.

332. *Mr. Laing.*] What was the next contract, in point of date, to that of July 1854; and were there any more made in the year 1854?—There was a small contract made with Mr. Cunard in July 1854.

333. What was that for?—For Halifax, Bermuda, and St. Thomas's, and Halifax and Newfoundland.

334. Was that done by tender, or by arrangement with Mr. Cunard?—I do not think it was thrown open to public competition.

335. What was the next contract in point of date?—There was a small contract in 1855 with the Orkney Islands.

336. Was it advertised for by tender?—I think it was merely the offer of one man, who was a resident there, and had a steamer; it was a little Post Office arrangement rather than a contract service; it was only the employment of one steam vessel.

337. What contract comes next?—Then comes the Dover and Calais, and the Dover and Ostend service, in 1855.

338. *Sir Stafford Northcote.*] Have you not omitted the first contract with regard to the Dover and Calais service?—That was Mr. Churchward's contract, in 1854; but the sheet before me only gives me what are now in existence. The first Dover contract was on the 1st of April 1854, and that was thrown open to public competition.

339. *Mr. Wilson.*] That was the original contract for the original service?—It was so.

340. It was not a continuance of an old one?—No; there was no contract service previously.

341. *Sir Henry Willoughby.*] Was not that contract altered on the 20th of June 1855?—It was.

342. Was it open to competition then?—No it was only a renewal.

343. *Mr. Wilson.*] What was the period the first contract was taken for?—Four years and six months.

344. How could there be a renewal in the following year?—Because it was not sufficiently long to enable the contractor to carry on the service properly.

345. *Sir Stafford Northcote.*] It was an extension rather than a renewal, was it not?—Yes, I meant to say an extension.

346. *Mr. Corry.*] How many years was Mr. Churchward's contract extended to in 1855?—It was extended eight years; it was, originally, from the 1st of April 1854 to October 1858, four years and six months; and on the 20th of June 1855 it was extended to 1863.

347. How many years extension was that?—Four years and eight months.

348. *Sir Stafford Northcote.*] How long had the contract to run when those five years were added to it?—Three years and four months.

349. *Mr. Crawford.*] In the case of the renewals of contracts, were they made upon the application of the parties, or were they referred to you from the Treasury?—I believe in every case they were made in the usual course, by the contractor applying to the Admiralty.

350. Does he apply in person or by letter?—By letter.

351. Are there no personal communications with him?—Occasionally there are.

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352. With whom are those personal communications carried on?—It depends very much on the nature of the subject on which he may be sent for.

353. In the case of a voluntary application for an extension of time on the part of a person who holds a contract, if he comes personally to the Admiralty, whom would he see there upon the subject?—He would write a letter, I presume, and he would take it to the Superintending Lord.

354. Are the opinions of the officers of the Admiralty recorded or reduced to writing; in the case of an application, made either personally or in writing, is the decision of the Board of Admiralty itself reduced to writing and placed on record in any form?—Yes; as a matter of office detail it comes to me to report on, and I make my report to the Board, and they act upon it or not, just as they think proper.

355. In what form is the opinion of the Board recorded?—In the shape of Minutes.

356. Is there any proposition or tender, either for any services or renewals, at present under consideration at the Admiralty?—There are tenders, but no applications for renewals under consideration at the present moment.

357. Has the opinion expressed by the Admiralty, in answer to references to the Treasury, ever been disregarded?—Not that I am aware of.

358. That is to say, the Treasury have not taken a course of their own independently of the opinion expressed by the Admiralty?—I am not aware of any such instance having occurred, except slightly modifying the recommendation of the Admiralty.

359. In the early part of your evidence you stated that the best companies were in the habit of omitting things included in their specifications, and you assign that as one of the reasons why the Admiralty has exercised a supervision in the building of ships which are intended to be used for mail purposes?—I think the Honourable Member misunderstood the word; I meant in the construction of vessels, not in the specification. I meant to say that they omitted certain particulars; the vessel might not be considered sufficiently strong. Such matters are introduced by the surveyor when he goes over the drawings and documents that the companies submit for approval.

360. But do you mean to say that the best companies were in the habit of intentionally omitting in the construction of a vessel certain things which had been included in the specification?—No, I do not mean to say that, but some companies consider as unnecessary that which the Admiralty officers consider essential, and they order them to be inserted in the specification.

361. What do you mean by some of the best companies?—I merely used that in general terms; very large companies, who are totally regardless of expense in the construction of their vessels, such as Cunard.

362. Do you mean such companies as the Peninsular and Oriental, or the Royal Mail Companies?—Yes, or Mr. Cunard.

363. Mr. Corry.] Has it frequently happened that the Admiralty surveyors have reported vessels as defective in some particulars?—Yes.

364. Sometimes the boiler requires renewal?—Yes.

365. And sometimes the scantling is insufficient?—Yes. In the case of the Etna and Jura, Mr. Cunard, who tendered those vessels for service under his contract, had to spend several thousands on each, in order to strengthen the scantlings.

366. Did the surveyor insist upon that?—Yes.

367. Do you regard it essential to the safety of the public that these vessels should be surveyed by the Admiralty surveyor, as the judge of the qualifications of the vessels?—I consider it so, unquestionably.

368. Sir Henry Willoughby.] I did not quite understand what you stated was the principle upon which no competition was resorted to, in case of the renewal of a contract?—I meant to say, in the case of an extension.

369. You state that in all cases of extension the principle of competition is never resorted to; can you state on what principle that is done?—Simply that if a man is in possession of a certain service, he is entitled to certain consideration, if he has performed the service well, and to the benefit of the Government. In point of fact, it has never been done. At the time of the extension of a contract, the question as to throwing it open to public competition cannot arise, inasmuch as the contract is still running.

370. Mr. Corry.] It would be impossible to have competition with regard to the

the extension?—Impossible, because there is still a period for the contract to run.

371. Sir *Stafford Northcote*.] Does not it sometimes happen that, a considerable time before a particular contract expires, a question arises as to improving the service, and that the contractor offers to make improvements, provided there is an extension of his time?—Certainly. Extension usually embraces mutual benefits.

372. And then the question which the Government has to decide is, whether they should go on with the service imperfectly to the end of the contract term, or whether they should make it perfect for a longer time?—That is exactly the principle.

373. Mr. *Crawford*.] Then, in point of fact, the public are shut out from any advantage that might arise to the service from competition?—Yes.

374. Mr. *Wilson*.] As I understand from your evidence, there are three descriptions of contracts; first, there are the contracts for new services altogether?—Yes.

375. In that case competition has always or generally been resorted to, has it not?—Yes, generally since 1853.

376. And you consider it the rule that it should be resorted to in such cases?—Yes.

377. Then the next case is that of the renewals of simply existing contracts, whether the old contract be nearly run out or not?—Yes.

378. Then, in the third case, there would be modifications of the existing current service, for the convenience of the Government?—Yes.

379. Such, for example, as the two modifications of the Peninsular and Oriental Company's service, to which you have referred?—Yes.

380. The first of those modifications was in 1854, when an arrangement took place between the Home Government and the East India Company, to discontinue the carrying of the mails by men-of-war from Suez to Bombay?—Yes.

381. It was then necessary to fill up that link in the connexion by extending the existing contract with the Peninsular and Oriental Company?—It was.

382. Therefore, that was a modification of an existing contract, which could not be made the subject of open competition, because it must be taken in connexion with the existing current service?—Yes.

383. Again, with regard to the contract at the breaking out of the mutiny, it was thought desirable, by a modification of the existing system, to have a weekly mail to India, one *via* Bombay and another direct to Calcutta, with the view of having more frequent communications?—Yes.

384. That modification could only be made with the existing company, and therefore it was impossible to make it subject to competition?—Yes.

385. Then there are three kinds of contracts, original contracts, existing contracts, the period of which has been extended, and the modifications of existing contracts, with a view to the convenience of the Government?—Yes.

386. Sir *Francis Baring*.] You have alluded to the Report of the Committee of 1853-4; was that Report ever adopted by the Treasury?—I am not aware that it was.

387. Having the conduct of the department, did you ever know whether that Report was considered as one by which you guided yourself, and by which the department guided itself; did you consider it as an authority, or simply as a Report?—It was very little known; we scarcely knew of it till two years ago.

388. Was there no communication from the Treasury to the Admiralty founded upon that Report?—I am not aware that there was.

389. Do you remember that at all?—No, I do not.

390. Perhaps you will have the goodness to look at the matter, and supply that information to the Committee?—Yes, I will.

391. Lord *John Manners*.] You stated, did you not, that after the first break down of the contract with unconditional penalties in the Australian case, the contract was given to the Royal Mail Company?—Yes, the Royal Mail Company.

392. You did not tell the Committee whether that contract was with unconditional penalties or not; do you remember how that was?—It was not unconditional; that is to say, the penalties were not to be enforced if the breach of contract arose from circumstances over which the company had no control. But we have as yet acted on the contracts as if the remission of them was

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unconditional, because we have exacted all at present; and the Government is bound to make good the losses of the contractors to the extent of 6,000*l.* a voyage.

393. You stated, did you not, that they had the contract only for a short time, and that then it was granted to some other company?—Yes; but the accounts are not wound up at present. The last packet is but just come home, and therefore we have not had the certificates of the performance of the service.

394. *Sir Stafford Northcote.*] When the contract was given to the Royal Mail Company, was it given by competition?—No, it was not; it was in consequence of the break down of the previous company, those parties stepping in and simply taking up their contract.

395. *Lord John Manners.*] They took up the original contract, did they not?—Yes, they took up the original contract for so many voyages; they would not do more, and they undertook to do it under certain conditions.

396. They stepping into the place of the original company, how was it that their contract came to an end?—They only engaged to perform so many voyages, and they would not perform any more.

397. When that time came to an end, did they offer to renew, or did they enter into any competition for the purpose of renewing?—No; the Government arranged with them to make two additional voyages, but very much, I believe, against their inclination.

398. Then was the service thrown open to competition at that time?—Yes.

399. And they did not compete?—I really do not know whether they tendered or not.

400. *Mr. Wilson.*] In point of fact, when the European and Australian Company broke down, the Royal Mail Company was actually performing the service for them by an agreement with them?—Yes, I believe they were; we did not know that officially.

401. Was not it intended to amalgamate the two companies, with the view of carrying on the service permanently, if it had been practicable?—Yes.

402. The Royal Mail Company, therefore, did not step in and take it as an original contract, but you found them performing the service when the other company broke down?—They had their boats, in fact.

403. They did not hold it as an independent contract or service, with the view of continuing it at that time?—Certainly not, with a view of continuing it.

404. *Mr. Crawford.*] Did they break down in the performance of it?—The service had not been well performed; all the vessels have been more or less after time.

405. When you say that they broke down, do you mean that they broke down in their performance of the duty?—Yes; it was not what we call an absolute break down; but they could not perform the precise provisions of the contract. They never could do the service within the time; they had the same vessels.

406. The service was beyond their power?—Yes.

407. Did that arise from the vessels being inefficient, or from any other cause?—I do not think it is possible for them to perform such a service with the regularity of clock-work. The Peninsular and Oriental Company, with their magnificent new ships, are not doing it at all more regularly.

408. *Mr. Wilson.*] You have stated that you have been obliged to pay the Peninsular and Oriental Company a larger sum of money on their new contract than had been offered for the contract originally, and also that was paid to the European and Australian Company; is it not the case that the service is a totally different one from that which the Peninsular and Oriental Company originally offered for the original service, which they offered for 1855 or 1856; was not that for the service from Suez only by way of Point de Galle to Australia?—Yes, it was.

409. The service which they have taken now, includes the Mauritius service as well as the Australian service?—It does.

410. Had you not a separate contract for the Mauritius service before?—No. The contract was under consideration; but it was not, and is not as yet signed.

411. There

411. There was one, I believe, with the colony?—Yes, it was so intended; but the company declined to execute the contract if the Australian service was introduced.

412. Does the new service of the Peninsula and Oriental Company include the through service from Southampton, or does it go only from Suez to Australia?—The through service from Southampton.

413. Therefore the service which they have now undertaken at larger terms, includes carrying the Mauritius and Australian mails from Southampton to Alexandria; and then again from Suez by way of the Mauritius, which the old tender did not include?—Yes, certainly.

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Jovis, 21^o die Julii, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Mr. Hope.

Mr. Hubbard.
Mr. Laing.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Captain Leicester Vernon.
Sir Henry Willoughby.
Mr. Wilson.

RICHARD COBDEN, Esq., IN THE CHAIR.

William Stephenson, Esq., and George Alexander Hamilton, Esq., called in; and Examined.

414. *Chairman.*] (To Mr. *Hamilton.*) WILL you be good enough to state what office you hold in the Treasury?—I was Financial Secretary in 1852, and I was Financial Secretary under Lord Derby's Government up to the 21st of January 1859, when I became Assistant Secretary.

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Esq.
G. A. Hamilton,
Esq.*

415. (To Mr. *Stephenson.*) Will you also state your position in the Treasury?—I am the Principal Clerk of the department charged with the Correspondence connected with the Postal Contracts.

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416. (To Mr. *Hamilton.*) Would you be good enough to explain to the Committee the way in which these Post Office contracts for the conveyance of mails are entered into by the Treasury, how they are initiated, and in what way they are carried out?—Generally speaking, the first communication which the Treasury receives is from some other department, either the Post Office, or it may be from the Colonial Office, or it may be from the Admiralty, in regard to a particular service. The Treasury then usually refers to whatever department they consider it desirable to refer to, in order to obtain the best information upon the subject; it then remains for the Treasury to determine whether it is desirable that the service should be established, and the means and conditions of establishing it.

417. In the inquiries which you instituted, do you consider whether the postage will bear any proportion to the expense of the undertaking?—That forms one of the subjects of consideration.

418. Do you consider how far the enterprise will pay?—We consider that, but we do not regard it as conclusive with regard to establishing or not establishing the service.

419. What are the elements that you take into consideration, beyond that involved in the paying principle of the undertaking?—Of course there are a great many general considerations, political considerations, and commercial considerations.

420. Will you explain what you mean by political considerations?—I will take the case of the Australian service, which probably will illustrate the matter as well as any other branch of the service that I could suggest. If the Committee will allow me to suggest, possibly they will understand the course by

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allowing me to go through the steps which the Treasury took last year in regard to the Australian service. It seems to me to comprise almost every consideration which usually presents itself to the Treasury. I have all the original papers, and I have made an abstract here; of course the Committee can see the original papers if they wish it, and can institute any inquiries that they think proper. On the 27th of February 1858, just at the time of the change of Government, there was an application made by the Colonial Office to the Treasury, complaining of the irregularity of the service by the then contractors. My predecessor, who had established that service by, I may venture to say, a very able and a very elaborate minute, commented upon this complaint of the Colonial Office in a minute which I can show to the Committee, in which he deprecated the irregularity, and stated the reasons which the Government had at the time for hesitating to annul the contract, the application being a strong complaint from the colony on the ground of the irregularity of the contractors. The reasons which it states against annulling the contract are these: first, that, generally speaking, the services are unsatisfactorily performed at first, and that it requires a little time to establish a service satisfactorily: secondly, that the annulling of the contract would unsettle all the arrangements which have been very elaborately and with great difficulty made: and, in the third place, that arrangements were at that time in progress by the contractors with another company to effect an amalgamation. That was the state of things when I assumed the office of Financial Secretary. On the 26th of February 1858 there was another complaint from New South Wales, forwarded to the Treasury from the Colonial Office. There was no immediate action taken upon that. On the 26th of March there was another complaint forwarded by the Colonial Office, with a petition from the Chamber of Commerce at Sydney, requiring in very strong terms that the contract should be annulled. And on the 27th of March there was another complaint forwarded to the same effect by the Colonial Office. During the whole of this time we were aware at the Treasury that this company, the European and Australian Company, were engaged in negotiations with the Royal Mail Company; and seeing that that service had been established, after considerable difficulty by my predecessor, and having regard to the great importance of that service, it appeared to me that the proper policy was, as far as possible, to prop up those contractors, in order to give them a fair opportunity of working out the experiments that they were making, and accordingly I felt at that time, as Financial Secretary, that the Government ought to be very slow in annulling the contract. But those complaints having come so frequently and being so urgent, it became necessary at last to notice them. On the 12th of April, a communication reached the Treasury from the Post Office, and the minute which the Treasury prepared in consequence of that communication from the Post Office was, that we had reason to believe that the negotiations with the other company, the Royal Mail Company, had been broken off; it had reached us not officially, but we knew it, and therefore we thought it necessary to apprise the Post Office that we were apprehensive that the European and Australian Company would not be able to fulfil their contract. Soon after, on the 19th of April, the Admiralty writes, enclosing a letter from the European and Australian Company, suggesting an extension and modification of their contract, setting forth the grounds for the demand, and recapitulating the whole of their case. Now, the minute which was made at the Treasury upon that was to this effect, informing the Admiralty that the negotiations which the Company had been engaged in had been broken off; that in the opinion of the Treasury the prospects of the Company should be ascertained; and that no modification of the existing contract could be entertained, until some satisfactory information was obtained with regard to the probability of the Company being able to conduct the service. The next communication which the Treasury received was on the 27th of March. A deputation of the General Association of the Australian Colonies, headed by Sir Charles Nicholson, I think, waited on me, as the Financial Secretary of the Treasury, and they represented very strongly the complaints of the colonists in reference to the irregularity of the service. I requested that they would draw up a written statement, which written statement came from Sir Charles Nicholson on the following day. It was to this effect, that the service was unsatisfactorily performed; that the Company was incompetent to carry out the contract; that they approved of the amalgamation of the European and Australian and Royal

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Mail Companies. They also recommended an extension of the contract, and that a preliminary test should be established with the view of ascertaining the capability of the vessels, and that there should be six vessels, instead of three or four, on the outward service between Suez and Australia. On the 26th of April there was another complaint forwarded from the Colony of Victoria. On the 1st of May we received an answer from the Admiralty to the communication which we had addressed to them on the 19th of April, with remarks upon the observations which we had made; if the Committee desire it, I can present those remarks to them; about the same time, a gentleman connected with the European and Australian Company, Mr. Ewing, called at the Treasury, and he brought with him Mr. Cunard, and he stated that negotiations having ceased with the Royal Mail Company, he was in communication with Mr. Cunard, with a view to see how far, by some arrangement with him, the service could be put upon an efficient footing; and, on the 12th of May following, a letter was received by the Treasury, from Mr. Cunard and Mr. Ewing, making a proposal for the service; proposing six steamers; proposing an alteration of the contract, with regard to the service; proposing that the term of the contract should be extended for 10 years; proposing that the penalties should be modified; that the absolute penalties should be abandoned, and that a penalty similar to those in operation with regard to the Cunard contract, should be substituted; that the subsidy should be 200,000 *l.* a year, instead of 180,000 *l.* a year; that the time should be increased by 48 hours, and that Liverpool should be made the port. The Treasury, upon that, made a minute, recapitulating the history of the matter, stating the proposed modifications, and referring the whole to the Admiralty and the Post Office for their observations.

421. Could you state generally the result after that?—The result was, that the Admiralty expressed an opinion in reply to this, that the modification of the terms appeared to them to be so inconsistent with the original arrangement, that it was not desirable that it should be acceded to. Still the Treasury was very anxious to prevent, if possible, the probable unpleasant effects of annulling the contract, which might have had the effect of stopping the whole postal communication with Australia; and we did not decide upon annulling the contract till a meeting was held of the shareholders of this Company in Scotland, at Glasgow, in which steps were taken to liquidate the Company; and having ascertained that the Company was insolvent, I then felt that it was the duty of the Treasury immediately to annul the contract. Accordingly we referred the contract to our solicitor to report what steps should be taken to annul it; and instructions were accordingly given to the Admiralty, and the contract was annulled. Concurrently with the annulling of the contract, we took into consideration the conditions upon which we should invite new tenders; we had a good deal of discussion with all the departments interested in that subject at the Admiralty, and the Post Office, which is contained in these papers which I hold in my hand. At last it was resolved to invite tenders for the new service by public advertisement, on terms which were set forth in a communication addressed to the Admiralty. If the Committee desire it, I can point out the nature of the conditions; the result was that there were three offers which were referred, as a matter of course to the Post Office, and to the Admiralty; the Admiralty reported, that in their opinion, the tender of the Peninsular and Oriental Company ought to be accepted, and it was accepted accordingly, certain modifications having been agreed upon, partly in the conference at the Post Office, I think, first, and subsequently at the Treasury, in reference to some of the details. The contract was then directed to be framed, and it was ultimately agreed upon, although I believe, up to the present moment, it is not signed.

422. The Committee would wish to hear, in as brief terms as possible, what is the mode of proceeding in reference to any new contracts for the conveyance of mails, or the renewals of contracts; how far the responsibility rests with the Post Office, the Treasury, or the Admiralty; and they wish to learn generally how the thing is carried out. A gentleman who has been examined from the Admiralty, expresses his opinion that there is a defect in the system, in consequence of there not being greater opportunities of personal conference between the representatives of the three departments, the Post Office, the Admiralty, and the Treasury; do you concur in that opinion?—Not altogether; in the first place, with regard to the responsibility, I consider that the Treasury is the department responsible for all these contracts.

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423. Do you consider it necessary to consult the Post Office in all cases as to the probable remuneration that would be derived from the postal service, or do you act altogether irrespectively of the paying principle in the transaction?—Not altogether irrespectively of the paying principle; in this Australian service, for instance, we know very well, that the receipts from the Post Office would not pay the expense of the service, but still, in dealing with a new case, no doubt the consideration of payment is an important one.

424. Are the authorities of the Post Office always consulted before any new contract is entered into?—I think so.

425. Their opinion is taken, is it not?—I think so; I am not aware of any case in which it is not taken.

426. Does the Treasury consider itself bound to act in accordance with the advice of the Post Office, or independently of it?—I think they act independently of it, paying, of course, the consideration which is due to the opinion of the Post Office; but we may suppose that the Post Office confines itself simply to the mere postal question; the other questions, of course, whether they have referent to the colonies or to our foreign relations, come under the consideration of the Treasury, and not of the Post Office.

427. But is there any principle acted upon in the Treasury as to the proportion which the postage ought in all cases to bear to the expense of carrying the mails?—No, I think not.

428. Then there is nothing to prevent the Treasury entering into a contract for carrying the mail bags, and paying 100,000 *l.* a year for it, even though the postage did not amount to 10,000 *l.*?—Nothing but the responsibility which the Treasury, of course, feels under to the Government and the public.

429. When an application is made to the Treasury for a new line of postal communications, to whom is the application in the first instance made?—Generally, I think, wherever the application comes from, it is sent, in the first instance, to the Post Office.

430. (To Mr. Stephenson.) Does it come accompanied by any recommendation?—Those applications would occasionally be addressed by individuals promoting their own objects in carrying the mails; sometimes they might come from the colonies, recommended by the Colonial Office; and sometimes they might be sent by the Admiralty; but they come from different sources, according to the different circumstances of each case.

431. In all cases is the opinion of the Post Office taken?—Invariably.

432. But is it not considered absolutely necessary that you should follow the advice of the Post Office?—No. The postage would be only one element. In considering the general question of the large postal contracts with the Australian contracts, for example, there would be many considerations which the Treasury would have under their view which the Post Office would not be competent to enter into.

433. What would those considerations be?—Political considerations, for instance; the necessity for keeping up a rapid and constant intercourse with the colonies, and perhaps also naval considerations, and perhaps the necessity of keeping as much as possible matters of that kind, in English hands; but those are things which, of course, more concern the higher officers of state than those who carry out the details of the department.

434. Are the Committee to understand that there are political considerations which lead to the establishment of a line of communication with a colony, for instance?—I presume so; of course I am not privy to what may actuate the Government in deciding these questions; but I apprehend that, in many cases, such a consideration would enter into the calculation.

435. Supposing that a new line was established, would there not generally be some supposed motive in the postage to be received?—Unquestionably.

436. Then you suppose that there are other considerations?—Yes.

437. Would not the advantage of the postal service, after all, be measured by the amount to which the commerce of the world availed itself of it?—As a postal question, no doubt.

438. Then to whom personally is the application addressed from the Post Office to the Treasury?—The application would be addressed, in point of form, in all probability, to the Secretary of the Treasury. I was going to mention the course that the application would take, come from whence it might: it would first come to me, as the principal clerk of the department; I should
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make any observation or suggestion that I thought right, and send it down to the Assistant Secretary, and he would pass it on to the Financial Secretary, who would be the principal organ of the Government in acting upon it, under, of course, the orders and directions of the Chancellor of the Exchequer and the First Lord of the Treasury.

439. Ultimately the decision rests with the Chancellor of the Exchequer and the First Lord of the Treasury?—Undoubtedly.

440. (To Mr. *Hamilton*.) Have you found any inconvenience from that want of concert which Mr. Clifton in his examination alluded to?—During the progress of this Australian arrangement we had several conferences with the Admiralty, and with the Post Office authorities. There was a difficulty at one time made at the Admiralty with regard to allowing their subordinate officers to come to the Treasury, and it was suggested, I think, by the Admiralty, that it would be desirable that a Lord of the Admiralty should attend; and possibly it might have been that to which Mr. Clifton alluded as a difficulty, but practically, I think, we have found none.

441. Mr. Clifton states that there is no concert between the Admiralty, the Post Office, and the Treasury; is that the case?—We met at the Post Office with, I think, a gentleman from the Admiralty, and discussed this question there. There were subsequently two meetings at the Treasury, at which Mr. Hill attended on the part of the Post Office, and Mr. Clifton at one time and Lord Lovaine at another, on the part of the Admiralty, and we discussed the subject fully, and we arrived at an opinion in which I believe the three departments concurred.

442. In answer to a question put to him, Mr. Clifton stated that the Admiralty did not take into account the amount of postage likely to be received, but that he considered that a question for the consideration of the Treasury and the Post Office. In any new postal contract, do you consult with the Post Office as to the probable amount of remuneration which the letters will yield?—We generally do confer with the Post Office.

443. You do not profess to be guided by their opinion or statement in the matter?—Not necessarily so.

444. Then if you are not guided by the prospects of remuneration from the letters, what are the grounds upon which you decide; can you state any public grounds on which you proceed?—First of all, to a certain extent, mercantile considerations may operate; in the second place, political considerations may operate to a certain extent; and colonial feelings may operate also, and the probability of the postal service, although it may not be remunerative at first, developing the trade generally of the colony, and being ultimately, perhaps, remunerative.

445. When you speak of political considerations in connexion with the Colonies, are the Committee to understand that you think it necessary to conciliate the Colonies by giving them postal facilities greater than would be required upon the mere mercantile principle of supply and demand?—Not to conciliate in that sense of the word, but I think that there is an amount of consideration due to any important interests, what I should call a political consideration, due to all interests like the colonial interests. A colony might reasonably complain if it was deprived of the advantages of postal communication, simply because that postal communication might not be remunerative; and that is what I mean by political consideration.

446. But if you pursue the opposite principle of disregarding the question of remuneration, are you not in danger of entailing a very great expenditure upon the mother country?—The view which I myself entertain is this, and in expressing it, of course, I mean that it should be regulated by a proper consideration for economy; but the view that I take is this: a certain amount is levied as Post Office revenue, and I think the first charge upon that revenue is, to supply reasonably all portions of Her Majesty's dominions with postal communication. I do not regard the Post Office revenue as merely a question of revenue.

447. When you speak of supplying all parts of Her Majesty's empire, do you mean all our Colonies?—Certainly I do.

448. Has that been the principle which has been acted upon in the Treasury?—I do not say invariably. In many cases the Treasury would require a subsidy from the Colony; but I am enunciating what appears to me to be the general principle of the postal revenue, that the first charge on the postal revenue is to reasonably supply postal accommodation.

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449. Could not the same principle be acted upon in reference to our foreign postal service that is adopted at home in regard to our railway subsidies; that of paying according to the amount of service done, and looking to the amount of postage likely to be received?—I do not know that that rule is invariably adopted, even at home; I mean, that even at home I should question whether, in every case, postal communication is withheld because the amount of postage would not pay.

450. You would consider that a necessary element in the calculation, would you not?—Certainly; it would be an important element, but not an absolutely essential one.

451. After the Treasury has decided that there shall be a postal service in some particular direction, what are the steps which are taken to obtain the necessary contracts with the owners of vessels?—Generally, I think, the conditions of the service are arranged by the Treasury, in communication with the Post Office and the Admiralty, and then tenders are invited.

452. Does the Treasury consult with the Admiralty as to the terms of the tender?—Yes, as to the conditions, but not the money terms.

453. Then the tender is advertised by the Admiralty, is it not?—Yes, by the Admiralty.

454. Is it your rule invariably to resort to the principle of public competition by tender?—Not invariably; but I think it is the more general rule.

455. What are the exceptions to that rule?—The exceptions to that rule would be, in the first place, cases of extension, to which, of course, inviting tenders publicly would not be applicable.

456. Do you mean branches?—I mean the extension of the times of some of the contracts; and in the second place, possibly, the claims of the parties who have been conducting the service up to the time of the expiration of the contract. I do not recollect in my time, excepting the one I have alluded to, an instance in which a contract has terminated. In that case we advertised publicly, and invited tenders.

457. As a rule, do you not invite competition at the termination of a contract?—As a rule, I can hardly speak as to that; but in the case of the Australian Company, which came before me with regard to the termination of a contract, we did so.

458. That termination arose from the failure of the parties to fulfil their contract; but when a contract ceases by efflux of time, is it not the principle of the Treasury to invite a renewed competition?—I should say that it was the principle of the Treasury to invite a renewed competition by public tender. I am very much in favour of introducing as large an amount of competition as possible.

459. You do not follow that rule invariably?—I imagine not.

460. What is the reason for departing from that wholesome principle?—The only case that I recollect of what may be called a new service established without competition, is the case of Galway and New York.

461. That is the case of a new service?—It may be considered a new service, it was a new service to New York, and in that case it was determined without inviting public tenders.

462. That is with regard to a new contract; but with regard to the renewal of an old contract, why, in the case of a contract expiring by efflux of time, do you not invite a renewal of competition?—If the contract had expired, it would be for the Treasury to consider that question; but, generally speaking, applications are made by the contractors some time before the expiration, and then the question is, not whether tenders should be invited, but whether the extension is to be granted.

463. Would there be any motive for renewing the contract of the old contractor before it expired?—In many cases I think there would.

464. Would it not be better for the Treasury to take advantage of circumstances that might arise, and to invite fresh competition at the close of a contract, rather than to anticipate themselves in that way?—In many cases, I think, it would not. The primary object is, to have the service very efficiently performed; and I do not know that, if the service is very efficiently performed, and upon terms which are considered reasonable, it is desirable or for the advantage of the public service to await the termination of the contract, and then
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to invite public tenders, rather than to deal with the parties and see whether an arrangement could not be made for the public advantage by an extension of the contract.

465. What guarantee would you have that you would be doing the best for the public interest unless you put up the renewed contract to competition?—The terms of the contract are generally pretty well known by those who are conversant with the matter, and if the terms are considered reasonable, and the service very efficiently performed (and in many cases a large outlay of money required, in order to conduct the service efficiently to the termination of it), then it might be for the public interest, in my opinion, to extend the contract rather than to let it expire.

466. As a rule, are not all bargains entered into by the Government or by public bodies made by public competition through advertisement?—Probably that is the more general rule.

467. Has not that been done partly with a view to protect the public against any collusive transactions between the public servants and the contractors?—No doubt the Government is bound to guard as effectually as they can against any collusion; but I am assuming that the Government is acting honestly in the matter, and that there is no supposed collusion; it is the duty of the Government to ascertain that the terms are fair.

468. Is it not one of the safeguards that the public have now against the Government that the Government in all its dealings puts out advertisements for public tenders?—Yes.

469. Is not that, therefore, a motive for not departing from that rule in the interests of the public; I mean as regards the conduct and character of its public men?—I am quite ready to admit that it is better as a rule that resort should be had to public competition.

470. (To Mr. Stephenson.) Do you generally concur in the evidence which Mr. Hamilton has given?—As regards the contracts, my own feeling is in favour of having all contracts of that nature thrown open to public tender.

471. Do you mean not only original contracts, but the renewals of contracts?—I do not know many circumstances in which I would renew a contract with the same contractor before the time of its expiration; I had rather let the contract run out, and invite tenders for the new service.

472. You have a strong opinion that it would be better in all cases?—Yes; there may be exceptional cases, but as a general rule that certainly is my opinion.

473. Are the exceptional cases that you have in your mind, such as you would wish to state to the Committee?—I should certainly have hesitated before I refused to renew a contract of the character of that which Mr. Cunard has had for many years, because I think it was undertaken under many disadvantages, and it has been carried out most admirably. There is no doubt that he went to a very great expense to perform that contract in a proper manner; and I should be very much disposed, I confess, to have shown favour to him, but I do not know that even in that case I would have departed from the principle; but that is one of the exceptional cases that I have in my mind.

474. Mr. Cunard having already organized a service, through his well-appointed steamers, would he not have had a great advantage in competition with any new company, if you put up the contract again to public tender?—I think he would; but still we know how ready people are to tender for these services, without having the means really to carry them out, and if you accept tenders from persons not in a condition to fulfil them, you will find that they will break down, and leave you with no service at all.

475. You spoke of the case of Mr. Cunard as an illustration of the way in which a company may be entitled to some favour from the Government; is it not considered that Mr. Cunard's company has been very successful with their postal contracts with the Government?—Yes, I believe so; and I hope that they have been so; but I think that Mr. Cunard did a great many services to the Government that were not within the four corners of his contract; he assisted the Government greatly, I believe, during the war; he had a very large fleet of steamers, which were very useful to the Government.

476. He was paid a very high rate of freight for them, was he not?—I suppose he was.

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477. Are you aware what the value of the shares in that company is?—I do not know that.

478. You are aware, are you not, that it has been a very successful and remunerative enterprise?—I have no doubt that it has been so.

479. That being the case, does it establish any claim for the future for a renewed contract beyond the mere chance of competition with the rest of the world?—I am not prepared to say it does; but I mention it as one of the exceptional cases that might have made a difference, but if I have not the whole circumstances before me, I could scarcely give a fair judgment; my own opinion is, as stated before, that, as a general principle, it is far better to allow those contracts to be subjected to public competition.

480. Is there any other point upon which you would wish to offer an opinion, having heard Mr. Hamilton's evidence?—No; except as regards the department dealing with these questions, I cannot think that any department is in a better position than the Treasury, considering its immediate and direct communication with the Chancellor of the Exchequer and the First Lord of the Treasury, and having regard to financial considerations, which, after all, are the most important in dealing with those matters, at the Treasury you have the means of collecting the opinions of all the different departments that you require, and of getting into your hands all the threads which enable you to deal with them in a comprehensive spirit. I really do not see that any department is in a better position than the Treasury to deal with them.

481. Mr. Hamilton stated, did he not, that applications are frequently made from individuals and from the Colonies to the Treasury for postal services?—Yes.

482. Is not political influence brought to bear sometimes to effect objects of that kind?—That I am scarcely in a position to tell you. I should merely see the application as it officially came to me. I only know how it is officially dealt with.

483. You think that the Post Office could not manage its own contracts as well as they could be entered into by the Treasury?—I think if the postal contracts were to be mere postal contracts, and if we were never to enter into any contract of that kind except where the contract is a paying contract, then, perhaps, the Post Office might deal with them as well as any other department; but I am supposing that that is not the case, and that other motives actuate you in entering into those very large undertakings.

484. You mean political motives?—They may be political, commercial, or naval, if you please, because I assume that all those enter into the consideration.

485. You are aware, are you not, that the Post Office packets are no longer considered available as vessels of war?—In that respect I know they are not; but there may be other circumstances which may render it desirable to keep up a very rapid and regular communication with the various parts of the empire.

486. You think that if the only consideration was the probable remuneration of the undertaking, I mean in a postal sense, that the Post Office would be the best party to make the contract?—They would still have to act under the control of the Treasury, because the Post Office could not undertake any great expense of that kind without the sanction of the Treasury.

487. Take the case of the Post Office contract with the London and North Western Railway Company; supposing they pay to that company 50,000*l.* a year for the conveyance of the letters, is the intervention of the Treasury sought in that bargain?—Yes, undoubtedly. I take it that the whole of that was carried on through, and in great measure, by the Treasury.

488. Are the Committee to understand that the Post Office makes this contract?—Yes, the Post Office did make that contract; it was rather a departmental arrangement, but all the terms were settled at the Treasury.

489. I am not speaking of carrying the letters across the sea at all, but merely of the inland conveyance of letters; is it not the fact that the department of the Treasury do not interfere at all in the contracts made by the Post Office with railroads for carrying letters from London to Glasgow, for instance?—Yes, I think we do; and if it involved any new question of expenditure, I apprehend

apprehend that the Postmaster General would not incur it without communicating previously with the Treasury.

490. (To Mr. *Hamilton*.)] You must of necessity know whether that be so or not?—The only case that occurs to my mind at the present moment (and it is a mixed service, no doubt), is the Dublin and London communication; but even with regard to the land portion of that, it was discussed, I am aware, at the Treasury, although it happened before my time.

491. The question has reference solely to the carrying the letters inland; say, from London to Glasgow, or London to Edinburgh?—I do not recollect a case coming before the Treasury; but my strong impressions, as Mr. *Stephenson* states, that it would come before the Treasury from the Post Office.

492. Mr. *Wilson*.] (To Mr. *Stephenson*.) Is not the course pursued with regard to inland postage by railway regulated by Act of Parliament; is there not an Act of Parliament which determines that the Post Office may employ any railway in the kingdom for carrying those letters, and call upon it to carry its letters, subject to remuneration, which shall be determined by arbitration?—Yes, that is so.

493. And therefore the Treasury has no discretion in the amount to be paid, or in the financial question involved in those contracts?—No, not in the ordinary contracts.

494. You are aware, are you not, that when those arbitrations are concluded, the Post Office formally (by little more than a matter of form) send the conclusion to the Treasury for their formal approval?—Quite so.

495. But the fact of its being dependent on the Act of Parliament and by arbitration, leaves the Treasury with nothing, in fact, but the mere formal approval?—Just so, but I was speaking rather of exceptional cases. The Honourable Chairman mentioned the London and North Western case, in which part of it was a land service, and in that case it was a matter of general arrangement made at the Treasury.

496. You are aware that in that case it was one complete contract from London to Dublin, and that the Treasury thought it was absolutely necessary to make it a complete contract, in order to involve a single responsibility for the whole of the service?—Yes.

497. Are you aware that an Act of Parliament was passed, by which the two railway companies have power to facilitate an arrangement of that kind together with the sea packet service?—Just so; that was a special case.

498. *Chairman*.] Are the Committee to understand that in all cases where letters are carried across the sea, the Treasury and the Admiralty interfere to arrange the contract?—Yes.

499. But in cases where the letters are carried inland, they only give a formal approval of what the Post Office does, and they never interfere with the arrangements of the contract?—Just so; it is as the Honourable Member for Devonport stated, those things are settled by Act of Parliament; and all that the Treasury in these ordinary cases has to do is to see the effect of the ultimate arbitration.

500. But in all cases where letters are carried across the sea, however small the amount of remuneration may be, the Post Office refers the matter to the Treasury and the Admiralty to arrange the contract?—Yes.

501. That is to say, the Post Office, by Act of Parliament, can arrange for 50,000*l.* to the London and North Western Railway Company; but there is no Act of Parliament by which it can arrange a 30,000*l.* subsidy with any company carrying letters across the sea?—No.

502. Have you been sufficiently long in the Treasury to remember the time when the Post Office did manage the postal service across the sea, as it now does inland?—Yes, I remember the transaction; I was not then connected with the department, but I recollect some of the circumstances.

503. It was transferred from the Post Office to the Admiralty; was it not at the instance of the Admiralty?—That I do not know; I remember the circumstance at the time, but I think it was in consequence of the Report of the Committee in 1836; that Committee reported, I think, and the Treasury, I think, took action upon that Report.

504. Mr. *Wilson*.] (To Mr. *Stephenson*.) You are probably aware that the difficulty that was found with regard to the Post Office managing those con-

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tracts had reference to naval questions which were constantly before them?—
Yes, I believe that was so.

505. Are you aware that the Post Office, at that time, had no sea service excepting the Channel Islands, the Isle of Man, the Irish Sea, and the Channel Service?—Yes.

506. Therefore it was a very limited service?—Yes.

507. The Post Office were then obliged to have naval officers as part of their establishment?—Yes.

508. The ground upon which the Committee recommended that was that the Post Office had not such facilities for deciding upon naval considerations as the Admiralty had?—Yes; there was another, I think, beyond that, which was, that at that time, I think, it was considered desirable to make those packets available for war purposes.

509. That was before there was any distant over-sea service established, was it not?—Yes, it was.

510. That change was made, while yet the sea service was confined to the limited area I have named?—Yes, it was before the great steam communication commenced across the ocean.

511. Before that question arose as to making those large vessels applicable to purposes of war?—Yes.

512. Would there not be a great inconvenience and difficulty in the Post Office, making those contracts for the over sea service, for instance, with regard to a very great number of naval and nautical questions which those contracts involved?—I have no doubt there would.

513. And the contracts, though made at the Admiralty, are invariably submitted to the Post Office for their observation or approval or otherwise?—Invariably.

514. Therefore you have the advantage of all the assistance of postal considerations by referring the contract before it is completed to the Post Office?—Yes, I think you have.

515. Is not the Treasury the only department that has free communication with all the other departments?—I think so; I think they have better means of communication with all the departments of the Government than any other single department.

516. Therefore where there are services that have to be completed by different departments, the Admiralty, the Post Office, the Colonial Office, and the Foreign Office in some cases, it is the one central department which has communication with all the others?—Yes.

517. And through which communications are made frequently, and generally, in point of fact, from one department to another?—Yes.

518. Therefore being, in point of fact, not only the most convenient but almost the only department that could conveniently carry out a negotiation of this kind, in which a number of departments are interested?—I think so.

519. With regard to the renewal of contracts, you have expressed a general opinion that not only original but also renewed contracts should be open to competition as a general principle; are there not sometimes contracts renewed, or rather extended, which have reference only to the convenience of the Government at the moment, with regard to some new or modified service, which alone could be undertaken by a company holding an existing contract?—That may very well be; but at this moment I have not in my mind any particular instance of it.

520. Take, for example, the extension of the Indian mail last year, when the mutiny broke out; there was a change made whereby a weekly mail was established instead of a fortnightly mail, and that could only have been made with an existing company?—No doubt.

521. Therefore the extended contract was nothing more than a modification of the existing contract?—Yes.

522. And it was not made the subject of competition?—No.

523. With regard to Mr. Cunard's extended contract for that, when he undertook the Bermuda Branch, that was again a branch of an existing contract which could not well have been made the subject of open competition, because it must have been taken in connexion with an existing contract?—Yes; I think you could hardly have subjected that to competition.

524. Where contracts are renewed, and where no such considerations prevail
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at all, do you see any good ground why they should not be exposed to open competition?—No, I do not.

525. You have mentioned Mr. Cunard's case as an exception to that rule; I take it that Mr. Cunard's contract, from what I know of it or see by the papers, was simply an extension of an existing contract?—Yes.

526. Without any new service at all?—No. It was an extension of his main contract, but it included a new service to the Bahamas.

527. That had already been made the subject of open competition and public advertisement some months before?—That I do not know; my connexion with the postal department is very recent, and I am not aware how that was.

528. An objection has been urged to exposing the renewal of those contracts to competition, on the ground that if they were allowed to expire, the public interest might be exposed to inconvenience by the lapse of the service; but might not that be avoided by opening the competition, say 18 months or two years before the contract had expired; so that either any new party, or the existing party, might have plenty of time to go on with the contract when it had actually expired?—Yes, I suppose that might be done; I do not know that there would be any objection to that.

529. It would not do to allow the contract to expire and then depend upon competition, because the effect would be that no one would be able to undertake it but those already in the service?—Yes; you must take some means for carrying on the service before the contract actually expires.

530. Do you see any objection, in a case like Mr. Cunard's, where the contract had run on for a great number of years, and had been most successful both with regard to the public and individuals, that that contract should have been allowed to run on till within two years of its termination, and then be put up to public tender?—Certainly not; so long as it is put up to public tender, I do not see any inconvenience in putting it up two years or one year before it expires.

531. Are you aware of any rule at all at the Treasury with regard to the length of time for which contracts shall be allowed to be made?—There is no positive rule about it; the length of those contracts varies in many cases.

532. Are you aware whether the Committee of 1853 recommended any time?—They recommended, I think, that contracts should not exceed five years, and I think we have generally endeavoured to limit them where we could.

533. The contracts have been made upon two distinct principles, have they not, one where the Imperial Exchequer has borne the whole amount of charge, and another where that charge has been divided between the Imperial Exchequer and the Colonial Exchequer to which the services apply?—Yes.

534. How many contracts of that latter character have been made?—There is the Australian contract; indeed, I do not know any where it is divided, except the Australian contract.

535. Is it not so with regard to the Cape contracts?—I forget at this moment, but I think the Cape contract is so. In the Mauritius contract they pay the whole. The contract from Galway to Newfoundland is paid partly by the Government, who pay 4,500 *l.* out of the 13,000 *l.*

536. Are you not aware that the Cape contract was made upon that principle?—The contract was entered into upon the principle of the colony repaying one-half of the cost; but, so far as I am aware, it has not been ratified by the colony, a sum of 5,000 *l.* only having been voted for the purpose, whilst the actual cost is 33,000 *l.*

537. In renewing the Australian contract was that principle adhered to?—Yes.

538. The Australian colonies pay half, as they proposed to do in the first contract?—Yes.

539. Sir *Stafford Northcote.*] (To Mr. *Stephenson.*) You were asked just now whether the Contract Packet Committee of 1853 recommended a particular period which the contracts should not exceed, and you stated that five years was that period; will you be good enough to read to the Committee a passage which I have marked at page 7 in the Report of that Committee (*handing the same to the Witness*)?—“There still remain, however, some cases in which there exists no private communication sufficient to render such a mode of proceeding practicable. Where this is so, and where a communication has to be created, it will be necessary that contracts of longer duration should be made, for it is unreasonable to expect that any person or association of persons should

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incur the expense and risk of building vessels, forming costly establishments, and opening a new line of communication at a heavy outlay of capital, without some security that they will be allowed to continue the service long enough to reap some benefit from their undertaking. 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. It is, then, fair that on the first opening of a new line contracts should be made for such a length of time as may encourage the building of ships for the purpose, by affording a prospect of their employment for a considerable number of years. But we see no sufficient reason for continually renewing such contracts for periods equally long after the object has once been attained. A company which has received a liberal subsidy for 10 or 12 of the first years of its existence ought to provide for 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 hazard, to continue the service by fresh contracts entered into, either from year to year, or for a period not exceeding three years."

540. Having read that, you would rather modify, would you not, the broad statement which you have made that the Contract Committee of 1853 recommended that no contract should be made for a period of more than five years?—Undoubtedly. I did not mean to express a positive opinion.

541. Mr. Wilson.] You meant as a general principle?—Yes.

542. What your attention has now been called to is an exceptional case?—Yes. Perhaps those are the longest services that we should have, which would be our great ocean services.

543. It is at all events an assumed exceptional case?—Yes.

544. It is a case similar to the contract that was made with the Irish Packet Service with regard to the Holyhead line?—Yes, that would occur there, but still more strongly with regard to Australia; indeed all our great oceanic contracts would come under that principle.

545. Sir Stafford Northcote.] If that passage which you have read from the Report refers only to exceptional cases, is there anything whatever in the Report of 1853 which refers to other cases, and which limits the time for which contracts should be made?—It is a long time since I have seen the Report, but I had an impression upon my mind that there was that general recommendation. In all probability I have made a mistake in saying so, but that was the impression upon my mind.

546. It has been stated by one or two persons, by Mr. Clifton and yourself, that there was some recommendation in the Committee of 1853, that contracts should not exceed five years. Is that founded upon the recollection of the passage which you have just read, and which refers to three years?—I cannot undertake to say, but I think very likely it was so.

547. With regard to what you stated as to the political considerations as affecting the services to the colonies, are you aware whether, in the Report of 1853, any reference was made to the political considerations which should guide the Government in forming the contracts?—At page 38, I see there is this paragraph: "The value of the services thus rendered to the State cannot, we think, be measured by a mere reference to the amount of the postal revenue, or even by the commercial advantages accruing from it. It is undoubtedly startling at first sight to perceive that the immediate pecuniary result of the packet system is a loss to the revenue of about 325,000 *l.* a year; but although this circumstance shows the necessity for a careful revision of the service, and although we believe that much may be done to make that service self-supporting, we do not consider that the money thus expended is to be regarded, even from a fiscal point of view, as a national loss. If the greatness of this country depends in any degree upon the maintenance of her colonial empire and the command of the sea, it is obvious that she must be prepared to expend considerable sums upon the defence of her distant possessions. The total amount which will be required for this purpose must, to a great extent, depend upon the ease and rapidity with which the force we possess can be made available at any place where it may be wanted at a short notice. A system of communication which supplies regular and early intelligence of all that is going forward in each quarter of the globe, and which enables orders to be rapidly sent out and rapidly executed, necessarily tends to economy

economy of military expenditure, because it tends to the concentration of military force, and also enables the Government by timely action to avert the necessity for the employment of such force at all."

548. Casting your eye further on, do you not find those considerations urged, that as long as the colonies are in any way subject to the interference of the Imperial Government in their affairs, it is desirable that there should be rapid communication, in order to prevent delay in communicating with them upon political subjects?—Clearly these are circumstances which we must consider.

549. Casting your eye a little further down the page, do not you find a passage in which it is said that, whatever might be the expense of those great lines to our American and Indian possessions, they ought to be maintained even at a dead loss?—Yes.

550. Lord *Naas*.] Can you inform the Committee what the revenue is which arises from the Indian, Australian, West Indian, and American lines, distinguishing them from one another?—I could obtain the information, but I cannot give it at this moment.

551. Does that revenue, in any of those cases, amount to the sums granted to each of those lines?—I should think not in any of those cases.

552. Take the American postage: in round numbers the revenue arising from that is something under 100,000 *l.* a year, is it not?—I should say, in round numbers, that it is about 120,000 *l.* a year, and the sum granted now and voted by Parliament for the conveyance of those mails, is 176,000 *l.*

553. Supposing that the principle was adopted of merely granting to that line, for the conveyance of the American mails, a sum equal to that derived from the postage; what would be the effect upon the line?—I think you would have no line at all.

554. In fact, that great service could not be conducted under any circumstances?—I would not say, under any circumstances, because we might find ships to carry our mails; but the service would not be conducted in a manner in which one would desire it to be done.

555. Would it not have the effect of throwing the conveyance of the letters between our American colonies and the United States, into the hands and ships of contractors belonging to other countries?—To a very great extent it would; but of course they, in their turn, would require to be supported by subsidies from their countries; they would not be in a better condition as to carrying the mails than we should be without support.

556. Still the service could not be conducted with anything like the speed, regularity, and convenience, which is necessary for the commercial and mercantile interests of this country, for the sum derivable from the postal revenue?—If you want constant, rapid and regular communication with the colonies, I apprehend you must pay for it over and above what the postage would yield.

557. *Chairman*.] Will you explain your opinion, that for 100,000 *l.* a year you could not have as rapid and punctual a line of communication with America as you now have by Cunard's line; on what data do you form that opinion?—I am very much actuated by the struggle which we know went on for years between the Collins' and the Cunard lines, which were both well supported by large subsidies for the purpose of obtaining that very rapid and regular communication, and in spite of the support of the heavy payments which were made by the United States Government, the Collins' line ceased.

558. You are aware that it ceased because the American Government withdrew the subsidy?—Yes; but I am also aware that you could not get the service performed without paying the subsidy.

559. It is not a question about something or nothing, but the question is, whether for 100,000 *l.* a year you can or cannot have weekly communication as rapid as that of the Cunard line between America and Europe; you are aware of the fact that there is, at this time, a regular line of steamers between Liverpool and Quebec, which are the quickest in communicating between the two countries of any now existing, and that they get no subsidy from the English Government, and that they only get about 35,000 *l.* from the Canadian Government?—I was not aware that they were the quickest. I know that there is a line there.

560. How could you tell that for 100,000 *l.* a year the postal service could not be carried on between Europe and America, seeing that there has been no public advertisement offering a chance of competition to other shipowners?—

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One can only tell, of course, by inviting tenders for what sum you could get it done. I was merely asked my general opinion, and that was my notion of it. I answered that I expected that you would have to pay very largely if you wanted to keep up the same rapid and regular communication that you now have.

561. No tenders having been invited, you have had no opportunity of knowing what competition would have done for you, and now you express an opinion that it could not have been done for 100,000*l.* a year if you had invited competition?—That is merely a matter of opinion.

562. Are you aware that at the present moment there are a great number of steamers passing to and from Europe and America, which have no subsidies at all?—I have no doubt that there must be a great many.

563. Are you aware that their passage is, on the average, very little inferior in point of time to that of the Cunard line?—No, I was not aware of that.

564. Are you aware that the Southampton line and the line of steamers from Liverpool run, on the average, within a day or two of the Cunard line all the year through?—I was not aware of that.

565. Mr. Crawford.] Those vessels are not obliged to leave at particular hours, I believe?—No, I think not.

566. Lord Naas.] Could the mere acceptance of tenders, in a case of this kind, prove the sum for which such a great service could actually be performed; would it not require the experience of a great number of years to show whether the lines undertaken now would really be able to perform the service in the same satisfactory manner that Mr. Cunard's line does?—No doubt you must have experience to test the results.

567. So that the mere putting up of a line to competition, and acceptance of tenders, would hardly be sufficient to prove that the work could be satisfactorily done for a certain sum?—No, it might break down altogether.

568. Has it not been the case that, with regard to those lines from various parts of the world, after tenders had been accepted and contracts made, they have broken down, and the parties have been totally unable to perform the service?—Yes.

569. Mr. Corry.] Are you aware whether those vessels which cross the Atlantic without a subsidy are in the habit of running at certain stated intervals?—I am not, but I should apprehend that they are not tied to time, and to actual hours of starting and arriving, in the same manner as the postal steamers are; but I should like to know whether they run during the winter and in all states of the weather.

570. Are you aware whether they perform the service regularly during the winter months?—No, and that is why I asked the question, because it makes a great difference of course in the service.

571. You stated, did you not, that you would rather that the practice should prevail of allowing contracts always to run out; but if that were the invariable rule, might not it operate to the detriment of the public in this way, that the contractors, towards the end of their contracts, would probably not be in a financial position to take advantage of the improvements in steam navigation, and that, towards the latter years of the contract, the service would be performed by inferior vessels?—They would be under the same obligation to perform their service as before, and they would be subject to all the penalties to be exacted from them for imperfect performance of the service.

572. Supposing that improvements had taken place in navigation, and supposing that vessels which formerly could go only 12 knots an hour, could be made to go 14 knots an hour, the contractor might not be in a position to invest his money in building a vessel that would go 14 knots an hour, in consequence of the shortness of the period that his contract would have to run?—He would be upon the same terms as any man who would tender against him.

573. You are aware that Mr. Cunard, in consequence of the extension of his contract, has put on vessels far more powerful than any other vessels on the line?—Yes.

574. Then in all cases of contract for the conveyance of mails across the sea, are there not questions of postal consideration, of nautical consideration, and of financial consideration?—Yes.

575. And is it your opinion that the three departments, the Treasury, the Admiralty, and the Post Office must be consulted?—Yes.

576. It

576. It would not do to leave it entirely in the hands of the Post Office, nor entirely in the hands of the Admiralty, nor entirely in the hands of the Treasury?—No.

577. Mr. Laing.] Would not the case for competition be very different, where you have a number of lines of steamers already traversing the ocean, from the case where you would have to establish a new line by way of experiment?—I do not see why that should make any difference in the competition.

578. A question was put to you whether you could depend upon competition to give you an efficient service, as well as you could upon private arrangement; will you state whether the probability of getting an effective service by public tender, and competition would not be much greater where you have several lines of ocean steamers already traversing the line than where you have to establish a new experiment?—The question is, whether the competition would or would not be less effective, where you have a line of steamers established, or where you have a new service.

579. No; would you not be more likely to get by public tender an efficient service, between England and America, for instance, than between England and Australia?—You would then be able better to see the nature of the offers that were made, because you would know whether the parties who were tendering were in a position to perform the service. The great difficulty is that you are liable to have offers made by persons with regard to whom it is difficult to find out what their ability to carry out their tenders may be. In the case of existing lines, of course you would have that in your favour.

580. You say that you recommend tenders as a general rule, but there may be exceptional cases; I suppose an exceptional case would be where the amount of capital required was so large, that there was no prospect of getting an effective competition from *bonâ fide* parties?—Yes, that would be a case in which it might, I may say, of necessity happen that there would be no competition to go to.

581. That would not apply to a case like the mail service across the Atlantic to New York, where there are already several lines of packets crossing the ocean?—Certainly not.

582. You would consider that a stronger case for tender by competition than either the case of the Indian or the China service?—Certainly as strong an one; but I can conceive no reason why it should not be subject to competition.

583. You have stated, have you not, that the Post Office is invariably consulted by the Treasury before those contracts are decided upon finally?—So far as I know, it is invariably the case.

584. It appears, from the printed papers, that in the last three cases of contracts that were made, the advice of the Post Office was over-ruled; can you state, from your experience, whether the advice of the Post Office has been equally over-ruled in any former communications?—We apply to the Post Office for advice, but of course the Treasury are not bound to take that advice if they have reasons to over-rule it. I cannot tell what may have happened in other cases, but it would really be the Post Office advising upon one point out of many that would have to be considered in arranging a service of that nature.

585. Can you recollect any previous case of importance, prior to those last three cases, in which the recommendations of the Post Office have been over-ruled?—I do not at this moment remember, but I should think there must be many cases in which differences of opinion have occurred between the Post Office and the Treasury, perhaps not so strong as that, but in many matters connected with that department.

586. With regard to the question that has been put to you, as to the length of period for which those contracts should now be entered into, has your intention been called to a passage in page 2 of the Report of the Commissioners, in which they recommend that, in future, "it will not be necessary to extend the duration of the contracts for so long a period as has hitherto been generally considered necessary"?—I remember that passage, now that my attention is called to it.

587. Mr. Crawford.] Is it not the general practice to make those large contracts terminable, not at a certain specified date, but terminable upon notice to be given after a certain date?—That is sometimes the case.

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588. Is it not the general practice?—I am not quite sure that it is introduced into all, but there is notice to be given in some.

589. Is there not a great advantage in that, inasmuch as it gives Parliament the power of interfering for the first time in the matter, and it affords the public an opportunity of inquiring into the contracts, and placing the matter before Parliament by representations?—I think there is a great advantage in that course.

590. In the case of the last contract that has been entered into with the Peninsular and Oriental Company for the Indian and Australian services, I see that the contract will not come under consideration until the 1st of January 1861; do you think that it would be a very desirable thing to give the public an opportunity of making fresh tenders for the performance of those large services, considering how long ago it is since those contracts were entered into?—Does the Honourable Member mean that the public should be invited now?

591. I mean at a reasonable time before the termination of the contract, which will be on the 1st of January 1861?—Yes; I think it would be a good plan to invite those tenders before the expiry of the contract.

592. During the course of time since this contract was entered into circumstances may have become very much modified, and the public have certainly a right to have the opportunity given to them of sending in tenders for this service?—No doubt; I think that that is one of the main objects of having public tenders.

593. Sir *Stafford Northcote*.] In the case of your calling for tenders a year or 18 months, or two years before the expiration of a contract, if the contract were granted prospectively to any other party than the person actually holding it, what do you think would be the effect upon the contractor during the residue of his term; do you think that he would perform the service equally as well?—Yes; I think that the penalties would be as effective upon them with regard to that as any other part of the contract.

594. The penalties would have the effect of keeping the contractor to his regular bargain, but do you think that he would perform it with the same zeal and efficiency?—I do not think that he can help himself; you run him pretty hard as it is, in many instances, and you make him do the service as well as he can, and as long as he is bound by heavy penalties to perform the service that you require of him, I do not see much danger of any laxity occurring in the short interval before the expiry of his contract.

595. In such a case as that of Mr. Cunard, I believe there are no penalties requiring him to perform the service in a fixed time?—No, I think not.

596. Therefore that argument would not apply to a contract taken in that way?—No, it would not apply to his contract.

597. Mr. *Baxter*.] I believe that the Government no longer insist upon the Post Office packets being built strong enough so carry guns?—That is the case.

598. Is there any reason why the Admiralty should be connected with those contract arrangements at all?—Yes; I think there is no department which has such means at its disposal of seeing that the vessels are in every way efficient, and properly fitted up. I do not know any other department that we could safely leave that responsibility to.

599. Could you not leave it to the companies who take the contracts?—No; the companies of course would tell you that they had got vessels that were perfectly good in every way, but you would have no security. I think Mr. Clifton mentioned the other day, that even in dealing with some of the very best companies they had found it necessary to introduce some improvements into their vessels which would not otherwise have been thought of.

600. You agree with Mr. Clifton in that respect?—I do entirely.

601. Does the Treasury Act generally, or in all particulars, upon this Report of the Contract Committee of 1853?—I can really hardly tell you that.

602. You do not take it in the Treasury as a guide?—To whatever extent that Report is acted upon, it must have been done at the time by Treasury Minutes that were then passed; we should not refer to that Report now with regard to any regulations that have been made in consequence of it.

603. Are you aware of any Treasury Minute affecting this passage in page 2 of this Report, which contains this sentence: "When, however, provision has to be made for the conveyance of mails in cases where steamers employed for passengers and commerce are available, and there is effective competition, it is not

not necessary, as in the former case, 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, and compensate for the prescribed punctuality of departure and arrival, and for any increase of speed that may be agreed upon"—I can scarcely tell to what extent that may have been acted upon by the Treasury authorities, but I have no doubt that it has been attended to, so far as they thought it could be done.

604. Are you, or not, aware that effective competition has already arisen on the American line, and that there are at present seven lines of steamers between this country and North America?—I am aware that there are several lines of steamers.

605. Would you not consider that effective competition?—No doubt there are means of inviting competition there for performing the public service.

606. So as to carry out this recommendation of the Committee with which we are treating, and dispensing with those subsidies altogether in cases where there are several competing lines of steamers?—Of course, by inviting tenders you will ascertain the lowest point to which you could carry your subsidies; but how far it would enable you to go on without subsidies the result only would show.

607. Are you, or not, aware that for a considerable time past the postal service of the line between Liverpool and Quebec has been carried on as rapidly and as efficiently as the Cunard service?—That appears to have been stated before; but at the same time, probably, if the Liverpool and Quebec service were placed under the same obligations as the Cunard service, that is performed at all times of the year, and in all seasons and all weathers, to start at particular hours, and arrive at particular hours, I think you might find that they would occasionally subject themselves to considerable penalties.

608. Are you not aware of the fact that they have always kept their day?—I am not aware of that.

609. Have you not heard that, at the present moment, merchants of this country are directing their letters to be sent specially by those ships?—I am not aware of that.

610. Mr. *Wilson*.] Your attention has been called to the second paragraph in page 7, in which it is stated that, "it is fair that on the first opening of a new line, contracts should be made for such a length of time as may encourage the building of ships for the purpose, by affording a prospect of their employment for a considerable number of years." That has reference entirely, has it not, to the commencement of new lines, and where traffic has not existed much before?—Yes, I presume so; it speaks of the opening of a new line.

611. Will you turn to the paragraph at the bottom of page 6, where you find, "The mode in which such contracts should be made, so as to secure the greatest advantage to the public, must vary according to circumstances. Where frequent and rapid communication already exists, it is only necessary for the Government to secure from time to time the services of vessels already engaged in private traffic. In such case, public competition for the conveyance of the mails can hardly be too frequently or too openly invited. The terms of competition may be either as regards price or as regards time, or both." And then it goes on further, at the top of the next page, to say, "Such contracts may be entered into either for each voyage or for short periods." If there is any service in the world to which that is applicable, is it not applicable to the service between this country and North America, where there is a greater amount of steam communication than any other over-sea place in the world?—Certainly.

612. Therefore you would say that if there is any part of the world to which that is applicable it would be the United States?—I think so.

613. Do you happen to know the total amount of subsidy which we now pay for the whole of this service across the Atlantic. Mr. Cunard's contract is 191,000*l.*, is it not?—Yes, 191,400*l.*

614. Then beside that, there is the new contract from Galway, 78,000*l.*?—Yes, there is 4,500*l.* for the Galway and Newfoundland contract. That is all, because I think the subsidiary services are included in the 191,400*l.*

615. Canada pays beside that, 50,000*l.* currency for the Canadian letters?—Yes.

616. That makes how much?—£. 320,000.

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617. £. 320,000 is the amount which is now paid by this country and the colony for transatlantic postage, including the Galway line, under existing obligations?—Yes.

618. And in the face of these increasing subsidies, the American Government have altogether relinquished the practice of subsidising their vessels; and their vessels of course have been driven off the passage?—Yes. I am not quite sure whether they have altogether relinquished the practice of subsidising their vessels, but I know that they have withdrawn it from the Collins' line.

619. You have been asked a question with regard to the effect of allowing a contract to expire upon the way in which the service would be performed; is it not the case that in all those established lines of packets the postal portion is only a part, and not the most important part, of the object in carrying on the service?—Yes.

620. With regard to the Cunard line it is very extensively used for passengers and also for goods, is it not?—Yes.

621. If, therefore, there were a competition subsisting in a line of this kind, and you allowed the contract to expire during the last two years, the proprietors would still have a general motive in keeping up their service in consequence of passengers and goods?—Yes.

622. Will you have the kindness to refer to the paragraph, the next above the one that you have just been referred to at page 6, where the Committee wind up by saying, "We are accordingly of opinion that all future contracts should be of as simple a character as possible, and should be confined to stipulations for the performance of the service within a given time, in a satisfactory manner, for a stipulated price, and under prescribed penalties, which should be rigidly enforced for every breach"?—Yes.

623. Has that principle been acted upon, and to what extent, of trusting to prescribed penalties rigidly enforced?—Upon the whole, I should think it has been so. I am aware that there have been remissions of penalties in two cases, I think, to a small extent; and those were both under some peculiar circumstances.

624. There are two principles in regard to penalties. In the one case it is discretionary on the part of the Admiralty to enforce them (in the Cunard contract there are no penalties at all), and then there are some cases in which those prescribed penalties have been rigidly enforced?—Yes.

625. Have you formed any opinion as to whether the recommendation of the Committee should be followed in this matter, or whether the practice of the Admiralty should be adhered to?—My own opinion is, that you should have severe penalties, which should be in all cases rigidly enforced, except in those cases where anything has occurred beyond human control, which, I believe, is the expression made use of in the Admiralty contracts; and for this reason, that I think that wherever you can ensure a man's doing everything that vigilance on his part can do, those penalties do not operate in increasing the amount of his contract; but if you put upon him a responsibility which he cannot guard himself against, he will cover it by putting an increased price upon his tender.

626. Of course he is entitled to a large sum for the risk?—Yes.

627. That seems by way of insurance against accidents?—Yes; but it ends in point of fact in the Government paying the penalties.

628. It ends in the Government paying a larger sum regularly for the service to be performed, but having greater security that the service shall be performed?—It seems to me that the security is ample if you guard against anything that man's vigilance and foresight can possibly ensure.

629. Lord John Manners.] The Secretary to the Treasury asked you whether you were aware of any instances in which advice tendered by the Post Office had been disregarded by the Treasury with respect to those contracts, with the exception of three cases, and you stated, did you not, that you could not remember any?—I have no recollection of any particular instance; but, as I said, we apply for advice to the Post Office, but we are not necessarily bound by their opinions.

630. You have also stated that it is the custom of the Treasury in those cases to confer with the Colonial or with the Foreign Office, and especially with the Admiralty?—With every department that we think have any concern in the matter.

631. Can you call to mind any instance in which the advice tendered by any one of those departments has been disregarded by the Treasury?—I have no doubt that cases will be found in which there has been a conflict of opinion. If you have the Post Office, the Admiralty, the Colonial Office, and perhaps the Foreign Office, all to consult, you could hardly expect that they could all take the same view; there might be a difference of opinion, and then the Treasury must decide.

632. When different departments are consulted, and they give different advice, it follows that the Treasury must disregard the advice tendered by one or other of the departments?—Clearly.

633. Are you of opinion that it is the bounden duty of the Treasury in those cases to abide by the advice given by one department rather than the other?—No, I think not; you must take everything that you receive, and form the best judgment you can upon a general consideration of all the opinions and circumstances that are brought under your notice.

634. You have stated to the Committee that there are certain contracts in which the colonies pay a portion of the subsidy, and the mother country the other part?—Yes.

635. Are there cases in which the colonies pay the major part of the subsidy?—The general principle with our Australian colonies is, that the mother country pays one-half, and the colony the other half, which is divided, *pro rata*, amongst the colonies, according to the amount of their postage.

636. Are there any cases in which a colony or the colonies pay the major part?—There is a case in which the colony pays the whole; the Mauritius, for example, pays the whole, and Newfoundland pays the larger share of its postal contract.

637. Supposing that there are cases in which the colony pays either the whole or the major part of the subsidy, how, in those cases, would you apply the principle of competition here, in the mother country?—If the colony pays the whole of the postage, we should then attend to the wishes of the colony; it would be their contract, carried on, for their convenience, through the medium of the Treasury, who would make the contract for the colony; but the contract, in point of fact, would be theirs, and not ours.

638. In the event of the colony paying, not the whole, but the major part of the subsidy, how would the principle be applied?—In that case we, of course, should consult their views; we could not act against the wishes of the colony, but then it would be a matter of arrangement between the Home Government and the colony. Some difference of opinion might possibly occur, which we should have to reconcile.

639. You stated, did you not, that when a contract was about expiring, as a general rule, you thought that competition ought to be had recourse to?—I think so.

640. In the event of a contract being about to expire, competition being had recourse to, is there any danger that the tenders, under those circumstances, might be made either from ignorance on the part of the contractor as to the actual costs and risks which he would encounter, or from a desire to obtaining, at any price, the contract upon terms which would result unfavourably to himself, or even prejudicially to the public requirements?—That is a danger that you are always liable to; and one of the conditions of all our tenders is, that we are not bound to accept the lowest tender. The Admiralty never bind themselves to accept the lowest tender in any case, because you may find out, and you may have certain information that it would be impossible for the parties to perform the service; they may not be responsible contractors, and therefore there is always a reservation that you will consider the circumstances of the tender, and that you are not bound to accept the lowest; but there is that danger.

641. Therefore when you talk of having recourse to competition, you mean a competition the terms of which shall be inquired into hereafter by the responsible department?—Clearly.

642. Sir *Stafford Northcote*.] With regard to the answer that you gave just now to the Honourable Member for Wick, that you did not remember any other cases than those three in which the opinions of the Post Office have been disregarded; do you remember the circumstances of the extension of the Royal Mail Contract?—I do not.

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643. Perhaps you would have the goodness to refer to those papers, and ascertain whether it was not the case that the matter was decided, or practically decided, before the opinion of the Post Office was asked, and whether they did not reply that they did not therefore feel at liberty to offer any observations with respect to the expediency of making such a concession?—

644. Would you also refer to the case of the extension of the Pacific contract, and ascertain whether that was granted with the approval of the Post Office?— I will.

645. Sir Henry Willoughby.] (To Mr. Hamilton.) You stated, did you not, that the Treasury was responsible for the contracts?— Yes. I consider that the Financial Secretary of the Treasury is responsible immediately to the Government, and through the Government to the public, for all the contracts which he sanctions.

646. Having previously consulted the other departments?— Yes; it is his duty to consult, I conceive, with the other departments.

647. To which departments do you refer?— To the Post Office, the Colonial Office, the Admiralty, and, it may be, the Foreign Office.

648. Those contracts involve very large sums of money, do they not?— Yes, many of them.

649. Take the case of the West Indies, Gulf of Mexico, and Brazils contract; that involves a subsidy of 270,000 *l.* a year, and that for a period of 12 years; is not that so?— Yes.

650. That would involve a sum of public money amounting to 3,240,000 *l.*?— Yes.

651. Are the Committee to understand that the Treasury, on its own authority, would sanction that contract?— This proposition having been brought before the Treasury in the first instance, I take it for granted the Treasury would have recourse to the ordinary means of satisfying itself; the Treasury, of course, acting upon its own responsibility to the Government, would be the official organ of sanctioning this contract, the Admiralty being the parties to execute it.

652. The Treasury having satisfied themselves as to the terms of the contract, would they sanction that subsidy of 270,000 *l.* a year for 12 years?— Yes.

653. Would there be any reference to Parliament in any shape?— Not in the first instance.

654. Would it come before Parliament in any way for its sanction?— Not excepting in the application in the Estimates for a vote.

655. Would the contracts have been entered into previously to that vote being given?— They might be entered into, and probably were entered into before the vote.

656. Then are the Committee to understand that the Treasury would sanction of its own authority an outlay, in that case, of 270,000 *l.* a year?— I say, yes; meaning thereby, that the subject has been considered by the Government.

657. Am I right in supposing that a contract, involving this outlay of 270,000 *l.* a year of the public money, would be entered upon and considered binding, without any reference to any other authority but that of the Treasury?— No, not without reference to other authorities, because, as I said before, in the first instance, the other branches of the Government, the Admiralty, and so on, would be consulted; and the Chancellor of the Exchequer, and the First Lord of the Treasury, would, no doubt, be consulted; but all those preliminary steps being taken, and the Government having decided to sanction the service, the contract would be executed, subject, in all cases, to the vote being passed in the House of Commons.

658. Subject to the consideration of the various departments of the Government, the contract would be entered into, and would be considered as valid, and would be carried out?— Certainly; it would be the action of the Executive Government, subject, as in all those matters, to the possibility of Parliament taking a different view.

659. Are there no words in the contract that the pecuniary part of the arrangement shall be subject to be ratified by Parliament?— I think not; in the old contracts certainly not. There was a question recently, as probably the Honourable Member is aware, on that subject; and I think the Treasury have agreed to introduce the words, "payable out of the monies voted by Parliament."

660. Would there, in your opinion, be any objection to inserting in such contracts

contracts that they should be subject to ratification by Parliament?—I think that entering into those contracts is a part of the proper functions of the Executive Government, and the Executive Government, no doubt, is responsible to Parliament; but I think the responsibility is the general one of the Executive Government to Parliament: and I think that it would be objectionable if the Government, in entering into a contract of this kind, were to make it an express stipulation that it was not to be valid unless it received the sanction of Parliament.

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661. Where would be the objection?—In the first place the practice in regard to all other contracts is different. I apprehend that it would not be suggested that the Treasury or War Department should not enter into a contract for anything else without the consent of Parliament; and I do not know that the difference between those and other contracts is very material, except as regards the amount; and it appears to me that the understanding that those contracts, before the accounts can be paid, require a vote of Parliament brings the Government itself under the control of the House of Commons in making them.

662. If the contracts are made and binding, what power have the House of Commons, if they do object to the vote, of refusing the money?—I am not prepared to say, if the House of Commons refused to vote the money, to what extent the Government of the country would be held responsible; the case has never occurred.

663. Have you any doubt in your mind that the contract is absolutely binding?—If the House of Commons were to refuse a vote, I very much doubt whether the parties would have redress from the Government.

664. Can you state the entire amount of subsidies paid to those various companies?—I think that something about 900,000*l.* a year is the sum voted for the purpose.

665. Has that sum of public money been engaged to be paid on the authority of the Executive, without any reference to Parliament, so far as regards the making of contracts?—Primarily, I presume, they were. Of course, in many of those cases they were laid upon the table of the House of Commons, and the House of Commons has had knowledge of them, as in the case of the Dublin line they had knowledge of the transaction before the arrangements were completed; but I should think that in many cases the contracts were entered into by the Government at the time without any previous notification to Parliament, but the contracts have been subsequently affirmed by votes of Parliament for the amount.

666. When you state that the contracts have been affirmed, would you state how the House of Commons could upset an agreement that was already made and existing, any contract executed by the Executive Government and completed?—I am not prepared to say, but I should think that the parties who have expended their money upon the faith of the contract might have redress against the government of the country.

667. Captain *Leicester Vernon*.] (To Mr. Stephenson.) Do you recollect that there was a Committee in 1851 to consider the postal communication with India?—I have no particular recollection of it.

668. Are you not aware that it was decided that if, at any time, there should be two lines of postal communication with India, they should not be given to the same company?—I am not aware of that.

669. Have you no information at all with respect to the postal communications with India?—As far as regards that report, I have none.

670. Are you aware that there was one line worked by the Peninsular and Oriental Company to India?—Yes, the Peninsular and Oriental Company are working that line now.

671. Are you aware that at one time there was one line worked by that Company, previously to its getting another line given to it?—No; I have no particular knowledge beyond what the existing contracts with the Peninsular and Oriental Company are.

672. Are you aware that at one time the Peninsular and Oriental Company had all the postal communication with India, excepting a small line working from Aden to Bombay, which the East India Company worked by its own vessels?—Yes, I believe they had.

673. Are you aware whether when the East India Company gave up working that small line any application was made by any parties to take up that line?—

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No, I am not. I had no connexion with the Post Office contracts at that time, nor for some years afterwards.

674. Are you aware that now the communication from Aden to Bombay is worked by the Peninsular and Oriental Company?—Yes.

675. Then, in point of fact, the Peninsular and Oriental Company has the whole monopoly of the postal communication with India?—It has the whole of the Indian mail service.

676. Are you not aware that it was proposed by that Committee that the line should not at any time be in one hand?—No, I am not.

677. Supposing that there had been such a Committee, and supposing that that Committee had decided that that line should not be worked by one Company, would the present arrangement be at variance with the recommendation of that Committee, supposing that that had been its recommendation?—As the Honourable Member stated it, clearly it would.

678. Mr. Wilson.] Are you aware that, in pursuance of the recommendation of that Committee, a contract was made with a Company to go round the Cape of Good Hope to India?—I was not aware that it was in consequence of that recommendation.

679. Are you aware that there was a postal service round the Cape of Good Hope to India?—Yes.

680. Are you aware that that entirely broke down and failed?—I am.

681. Are you aware that subsequently to that we made a second contract with Mr. Dundas for another line to India *via* the Cape and the Mauritius?—Yes, I know that.

682. Are you aware that that also entirely broke down?—Yes.

683. That was only about a year and a half ago?—Yes.

684. So that two attempts have been made during that period to give effect to the recommendation which has been alluded to, and both have entirely failed?—Yes.

685. Did you say that the Mauritius pay for their postal service now?—They pay for the postal service between Aden and the Mauritius.

686. Is that not included in the new Australian service?—No, it is not. There is a question whether it should be, but at present it is a distinct engagement.

687. Then the contract that was mooted two years ago, and was carried out, was a local contract?—Yes, and it is being carried out now between Aden and Mauritius.

688. But the Australian mails go in that direction *via* Mauritius?—Yes; they took the same route to Aden, and from Aden, where the postal service began.

689. Is there a double service now from Aden to Mauritius?—There is not.

690. Then the two services work into one?—Yes.

691. The Australian service is taken up at Mauritius?—The Australian service is a complete service from England throughout, *via* Mauritius. But it was an understanding with the contractor that the Australian and Mauritius services might be performed in the same vessels.

692. Who has the service from England to the Mauritius?—The Peninsular and Oriental Company.

693. They have one contract from England to Mauritius, and a second contract from Mauritius to Australia, have they not?—The Mauritius contract is merely for a service from Aden, their mails being brought to that point in the vessels performing the India service. It is still open to consideration whether the Mauritius contract shall be merged into the Australian.

694. If the Mauritius are to pay for their share entirely, the English Government in that case, I suppose, would pay to Aden?—Yes; they carry the mails for the Mauritius Government as far as Aden by the regular Indian communication with the Bombay and Calcutta mails.

695. Then that branch of the service from Aden to Mauritius is paid by the Mauritius people themselves?—Yes.

696. Then it is a continuation of that service to Australia, which constitutes the Australian contract?—No; as I before explained, the Australian contract includes the entire service.

697. If that be so, what is the 200,000*l.* paid for, that is said to be paid for the new Australian service?—The tender for the new Australian service is to do that service for 180,000*l.*, conditional upon their being allowed to make use

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of the Mauritius service; the Mauritius service is 24,000*l.* a year, but the whole is paid by the Mauritius Government; therefore the whole of the Australian service is 180,000*l.* a year.

698. We have been told that it was a through service from England to Australia?—It is not a branch service as far as the obligations are concerned to carry the mails through; but we allow them to make use of the Mauritius service, provided it does not interfere with the regular performance of the Australian service.

699. It was made a great point that they should have a direct service from England to Australia for passengers as well as letters; as I understand it, now the proposition is that there should be separate and distinct vessels employed from England to Australia, including the branch from Australia to Mauritius; then the Peninsular and Oriental Company may carry the Australian mails in India in their vessels as far as Aden, and then branch off to Mauritius?—Yes; of course the outside service is taken up from Suez.

700. In point of fact, there is not a distinct service to Australia at all; it is a branch of the Indian service?—Up to Suez it is, and so it always was.

701. Are you not aware that when the Australian Company started their vessels direct from Southampton, they went to Alexandria, and had vessels waiting at Suez to go on direct to Australia, so that passengers could book through the whole way without interruption?—The Peninsular and Oriental Company make use of their existing services as far as the Mauritius, but the same facilities exist as before for carrying mails and passengers direct from Southampton to Australia.

702. Then so far as the payment of the subsidy is concerned, this 180,000*l.* is paid for the service from the Mauritius to Australia?—So far as the service that the company have to do is concerned, their expense is merely from the Mauritius to Australia.

703. They using the existing vessels for which they are paid otherwise as far as Aden?—Yes; but they must have a very large increase, of course.

704. Is it not the case that very great value is attached by steam-boat companies, carrying passengers and goods, to the fact of their being mailboats as well?—Yes, I think that is so.

705. As giving to the public a security for punctuality in the departure and arrival of the vessels?—Yes, certainly.

706. Therefore it is regarded, on the part of trading vessels and passenger vessels, as a very great recommendation to the ship to be carrying mails?—Yes.

707. If you have from Liverpool a number of companies competing for the Atlantic service, it would undoubtedly be a great advantage, upon that principle, for that company that carried the mails?—Yes.

708. Altogether independent of the subsidy that they receive for so doing?—I think so.

709. Is not that a very strong reason, where there are existing competing companies for passengers and goods, that upon the lapse of a contract the whole shall be thrown open again to those companies already established and competing with each other, in order to see what amount of value they attach to that advantage?—I think it is, certainly.

710. For example, in the case of the Cunard line you have a number of companies going now from Glasgow, from Liverpool, and from Southampton to the United States, and there is only one that has the advantage which the public attach to its being a mail service; supposing that contract was within a couple of years of expiring, would it not be perfectly practicable, without risk to the public service, to throw open to competition the future mail service two years or 18 months before the expiry of the contract, in order to see, in the case of those companies which are already established, and therefore affording some kind of security for their ability to perform the service, what value they attach to the advantage, and thereby test the lowest price at which the public service could be performed?—I should answer the Committee, that I am as anxious to carry out that principle as any Honourable Member may be. My opinion is as much in favour of that as any one's.

711. That of itself does form a very large element in throwing open the contracts to competition?—Yes.

712. Mr. Dundop.] Are you aware that the mail is carried between the Clyde
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and Belfast for no money consideration at all, but merely for the character of having the mails?—I am not aware of that.

713. Mr. *Baxter*.] (To Mr. *Stephenson*.) You have spoken of Mr. Cunard's contract, and the manner in which he has carried on his service?—Yes.

714. You are aware that that has been carried on with almost unexampled punctuality and rapidity?—Yes.

715. Did not Sir Samuel Cunard write a letter, offering to conduct a fortnightly service between England and the United States for 15,000 *l.* a year?—Recently Sir Samuel Cunard wrote to the Treasury in consequence of a communication by some people connected with Cork, suggesting that his steamers should call at Cork, and I think, if I recollect rightly, he proposed first to charge 26,000 *l.* a year, and I think it was subsequently modified to 13,000 *l.* a year; that was the only official offer that has been made to the Treasury.

716. *Chairman*.] Can you furnish the Committee with a copy of that letter?—Yes; I think that no action has been taken upon it to the present time.

717. Captain *Leicester Vernon*.] (To Mr. *Stephenson*.) With regard to the second line to India, the line from Aden to Bombay, which is now worked by the Peninsular and Oriental Company, was the contract obtained by them upon competitive tender?—I cannot answer that question whether there was any competition or not; it would be very easy to ascertain that, of course.

718. Lord *Naas*.] Was the proposal made by Sir Samuel Cunard, and which has been alluded to by the Honourable Member for Montrose, that his vessels should call at Cork, or merely depart from Cork?—I will read his letter: "Beech-hill, Edmonton, 4th June 1859. Sir,—I have been requested to make an offer to call at Queenstown on the outward and homeward passages of the mail steamers to America, for the purpose of receiving and landing the mails; this service I am willing to perform fortnightly for the sum of 13,000 *l.* per annum, being one-sixth part of the amount to be paid for the like services, embracing the same number of passages, from and to Galway. It is generally admitted that the accommodation which would be thus afforded to the commercial and other interests of Ireland will be far greater than can be rendered by the line from Galway. I beg to say that I am prepared to carry out this proposal immediately." This letter is addressed to Mr. Hamilton.

719. *Chairman*.] (To Mr. *Hamilton*.) Have you any other observation which you wish to make to the Committee?—I should like to observe, with regard to some questions which have been put to Mr. Stephenson, as regards the Admiralty, in my opinion it would be very difficult and objectionable to take the immediate control of those contracts from the Admiralty. I think, considering the nature of those contracts, that it would be almost impossible for the Post Office to acquire the information which would be necessary to secure the service being properly performed with regard to those oceanic services.

720. Mr. *Baxter*.] Was not the original reason for transferring a part of this business to the Admiralty, that it was thought proper to adapt those ships for carrying guns?—I do not know, but I can give one or two instances which will illustrate what I say. When the Australian service was thrown open, the Treasury had to consider what conditions they would attach to the tenders, and whether it was expedient, in advertising for tenders, to describe the size and power of the vessels, and various matters of that kind; and the colonies, being anxious, I presume, to combine the advantages of passenger communication with the advantages of postal communication, pressed very strongly upon the Treasury, through a deputation, that no parties should be allowed to tender without offering a very large tonnage of vessels. The question which the Treasury had to consider was, first, how far that element of passengers was to be admitted as a legitimate and proper element; and, secondly, they had to consider (in regard to which they had to consult the Admiralty) whether it was really necessary that any power, or that any size of vessel should be prescribed; and the course which the Treasury pursued ultimately was, adopting, so far the recommendation of the Committee of 1853, that they made their forms of tender as simple as possible. They determined to leave the question of the route quite open; it was simply from England to Sydney, leaving it to the public and the tenderers to determine in which mode they would elect to go. In the second place, we omitted all mention of the particular size of the vessels. The colonists argued that the service could not be performed unless the vessels were of a certain size, and no doubt a feeling, with regard to the passengers'

sengers' convenience, might have operated upon their minds in leading them to that conclusion, yet, after much consideration, we thought it unnecessary to prescribe a particular size or power. Then we thought that, instead of our prescribing a uniform size, they should be tested by the Admiralty with regard to their means, and with regard to their construction. All these points required nautical knowledge. I hardly think that the Post Office could have had the means of satisfying themselves unless through the Admiralty.

721. Mr. *Dunlop*.] You stated that the Treasury was the only department that could communicate with all the other departments; is there any insuperable obstacle to prevent the other departments from communicating in general, such as the Post Office and the Admiralty?—I imagine there is no insuperable departmental objection, but still the question, in its financial bearing, must come to the Treasury, and the Treasury being the central part of the Government, it appears more desirable that those questions should emanate from the Treasury in the first instance.

722. Lord *John Manners*.] From the answer that you gave to the Honourable Member for Montrose, it would seem that if the Post Office is to have again the sole superintendence and control of these contracts, it would be necessary to supplement that department by a naval organisation of some sort or other?—The Post Office in that case, I imagine, would have necessarily to communicate with the Admiralty. But the Post Office is responsible for the service in one point of view; but in another point of view, it appears to me that it would be rather departing from the functions of the Post Office, in deciding upon a service, if they were to take into account anything but the postal question.

723. Supposing there was to be no communication hereafter between the Post Office and the Admiralty, would it not be necessary for some naval department to be created at the Post Office?—I think it would be indispensable.

724. Mr. *Baxter*.] You consider it important that the Treasury should exercise a check upon any expenditure recommended by the other departments, which in their opinion is extravagant?—Yes.

725. That is one of the principal duties of the Treasury with regard to the public?—Yes. I recollect at the present moment another instance involving the necessity of Admiralty control. There was a preliminary contract entered into some time ago by one of the Colonies, and it was submitted to the approval of the Treasury at once. When it came to the Treasury, it was referred to the Admiralty; and the Admiralty immediately stated, without the least hesitation, that the vessels which it was intended to employ were not capable of performing the service. That was admitted, and the contract, consequently, was not sanctioned.

726. Lord *Nais*.] If that communication with the Admiralty were stopped, there would be no opportunity afforded to the Treasury of finding out as to whether those vessels were really capable of performing the service?—No. The Committee will bear in mind that in all services of this kind, involving most important considerations, take, for instance, the communication with America or Australia, it would be no answer to the public if the communication should break down, that the Admiralty had not been consulted, and the amount of public dissatisfaction would be very great. I am afraid that no excuse would be received for the Government, if the Government had neglected to use every possible means for securing the efficiency of the service.

727. Mr. *Corry*.] I presume there is no one in the Post Office department competent to pronounce upon the efficiency of the vessels and the power of the machinery?—I should imagine not.

728. Lord *John Manners*.] In former times there used to be some such organisation?—I do not know.

729. Mr. *Wilson*.] I observe in the abstract which you have handed in to the Committee there are some of the other contracts; there is the American line, and the West Indian line, which are limited, here, to steamers of wood; that limitation was originally inserted, was it not, for the purpose of rendering them capable of carrying guns?—I presume it was.

730. What I want to know is this, in the recent contracts there is no limit at all as to building with wood, and one of the reasons for dispensing with the old character of those postal steamers, was in order to enable them to use iron, and

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to adapt themselves to greater speed than they could do if they were limited in the way in which they used to be limited?—Yes.

731. Does this limitation still continue?—I think not; my impression is that there has been no limitation latterly.

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732. Mr. *Baxter.*] Are you aware that some of the new boats on both lines are now built of iron and wood?—Yes, my impression is that there is no limitation now; I think that the policy of the Treasury, subject, of course, to advice from the Admiralty, has been to leave those things as open as possible. The only other point to which I wish to refer, by way of explanation, is this: I stated that I regarded the postal revenue as primarily responsible for the public accommodation in postal matters, and I meant to convey this. Some years ago, when the new system of reducing the postage was established, there was a sort of principle or policy, I think, laid down with regard to the great public advantage of increasing and facilitating postal communication in every way. It was the foundation of the new postal system, became a general principle, and in order to have that principle carried out at home, the Government most wisely, in my humble judgment, consented at once to abandon the very large revenue which they had previously enjoyed from the Post Office. There was a sudden fall in the revenue in 1840 to a very large amount, and for some time the Post Office did not recover itself; but in consequence of the immense advantages, and the enormous increase of letters following from that reduction, the revenue has gradually worked itself up, until it produces nearly the same net sum now as it produced previously to the establishment of the penny postal system. With regard to these oceanic lines, we are now adopting a somewhat similar experiment. It appears to me now, with reference to our Colonies, that the same advantages present themselves and the same reasons exist for facilitating postal communication with our Colonies and with foreign countries now, since the establishment of ocean steamers, as existed with regard to the extension of our home postal system in 1839. If you establish a service, though in the first instance that service should not pay, yet by the way in which you develop commerce, and increase, after a time, the number of letters, that which was unremunerative at first will, in all probability, become remunerative, whilst an enormous advantage will arise to the country commercially and socially, in proportion to the facilities which you afford. The increase in the number of letters posted since 1840 is something prodigious. In the year 1839, the year before the reduction of the postage, the number of letters was 75,908,000; the year after the reduction of the postage it was 168,768,000. It has now increased to 504,221,000, independently of newspapers, under the penny postage system; that is to say, under a system by which facilities were given for the dissemination of letters through the country. And I think that the same principle applies, in a great degree, to colonial and foreign intercourse all over the world.

733. Mr. *Crawford.*] The same principle of land postage might be applied to over-sea letters, might it not?—Yes; that is already so, to a great extent. But what I would call attention to is the immense extent of the reduction in 1841, reducing the net Post Office revenue from 1,639,509 *l.* in 1839, the year before the penny postage system came into operation, to 500,000 *l.*, which was the amount in the year 1841, the year after, and which appeared to be a very large sacrifice on the part of the public. But see what have been the results: the number of letters, which were at that period 75,908,000, had increased up to 504,221,000 in 1857; which, in my humble judgment, involves advantages hardly to be estimated, both commercially and socially, and in every other point of view; whilst the net revenue, which in 1841 was 500,789 *l.*, has been gradually increasing, until it has arrived, in 1857, to 1,314,898 *l.*, or very nearly equal to what it was before the reduction of the postage.

734. Sir *Stafford Northcote.*] Has not the extension of the packet system over sea been attended with a considerable reduction in the rates of transoceanic postage?—Yes.

735. Mr. *Crawford.*] If the effect has been such as you have described, of the reduction of the varying rates to one uniform rate of one penny, is it not fair to presume that there would be a very large increase of ocean postage, if it were reduced from the varying rates to one uniform low standard?—They have been reduced, but I am unable to say to what extent.

736. *Chairman.*] (To Mr. *Stephenson.*) Have you any further observation which you would like to make to the Committee?—I should like to supply an
answer

answer about the Bombay and Aden service. There was no open tender for that; it was a means of converting the fortnightly mail communication with India into weekly mails. We have done it, and we accomplished it through the only people that have the power of doing it, the Peninsular and Oriental Steam Packet Company; there was no open tender for it.

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Lunæ, 25^o die Julii, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden,
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Captain Gladstone.
Mr. Hope.

Mr. Laing.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Captain Leicester Vernon.
Sir Henry Willoughby.
Mr. Wilson.
Mr. Scholefield.
Mr. Hubbard.

RICHARD COBDEN, Esq., IN THE CHAIR.

Joseph George Churchward, Esq. called in; and Examined.

737. *Chairman.*] YOU are the contractor for the conveyance of the Post Office mails from Dover to Calais, are you not?—Yes.

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738. For how long have you been so?—Since the 1st of April 1854.

739. For what length of time was the first contract?—Four years and a half, expiring in October 1858.

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740. When was the renewed contract entered into?—It was dated June 1855.

741. For how long was it?—Until June 20th, I think, 1863. I have not the contract with me.

742. When was it renewed?—It was renewed under date the 26th day of April 1859.

743. How long previous to the expiry of the former contract was the renewal entered into?—The second contract was to 1863; the last one, I think, is to the 26th of April 1870.

744. The renewal of this last contract was four years previous to the expiry of the old one?—Yes, four years and two months.

745. Has it been customary with contractors for the conveyance of mails to look so long a period in advance with a view to obtaining a renewal of their contracts?—I have had no experience with respect to other contracts; but I have heard that it has been done. This was my first contract for Dover; it was done by the Government before I took it.

746. You state in your letter of the 14th of February 1859, the grounds on which you look for favourable consideration from the Government?—Yes.

747. You give there a narrative of your losses and other disadvantages in the course of the execution of your contract; and you state, "I have had a total loss of two vessels"?—Yes.

748. Are you not in the habit of insuring your vessels?—Yes, but not to the full amount; for instance, the vessels which I lost were the vessels I purchased from the Government, which cost about 4,000*l.* a piece; but as I had to pay 14,000*l.* to replace one of those vessels, there is a difference remaining of 10,000*l.*; The vessel which I lost was well adapted for all purposes; but to replace that vessel it cost me 14,000*l.*

749. Are you not in the habit of insuring to the full amount of your property?—No, I cannot get an insuring to the full amount of my property.

750. Cannot you get underwriters to take the risk of your small vessels?—I have been refused more than once, and then it has been taken on consideration that I shall be half insurer myself.

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751. Cannot

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751. Cannot you effect an insurance at Lloyds for the full amount?—I have my vessels insured at the Exchange and the Indemnity, which I believe are most respectable insurance offices.

752. Did you ever try at Lloyds?—No.

753. Is not that the place where most people go?—I have never tried at Lloyds. For the general service I believe it is; but this is a special service, and they charge special rates.

754. Will not they take any risk at Lloyds if you pay them corresponding premiums?—I have never applied to them.

755. Then you take your own risk for that part which is uninsured?—Yes.

756. Do not you take that risk into account in the calculation of your profits?—Yes, of course I do.

757. And the same principle applies, does it not, in the purchasing of the old packets from the Government, and fitting them up for your purpose; you took that into account when you made the contract, did you not?—Yes, the data upon which to form the calculations were very uncertain indeed; that new service was an experiment, and scarcely anything more than an experiment.

758. You state that you have had to provide four sets of new boilers; did not they come into the calculation when you made the contract?—Yes; but I did not suppose that we should wear out the boilers in that service in so short a time, I supposed that the boilers would last from five to six years, but I have to renew them every $3\frac{1}{2}$ years or four years.

759. Are they badly made?—No; they are a very first-rate make, but the nature of the service is such as to wear them out quickly.

760. Is it the water that wears them out?—Yes, and the being continually under steam, and the speed at which I am obliged to drive the vessels, and the pressure at which I am obliged to work them, with such a limited tonnage, and at great power; all these contribute to wear them out.

761. You allude to a new pair of costly engines that you have had to provide; that must have come into calculation when you made the contract, did not it?—I did not calculate on losing two vessels.

762. You mention here, as a ground for favourable consideration from the Government, that your vessels “were used in embarking troops on board the men-of-war for the Baltic;” were you paid for that service?—Yes, I was paid for it.

763. What rate of freight?—I forget now; I think they were charged per voyage or per tide.

764. You also state, “when the recruiting for the German Legion was all but a failure, my agents and my packets were employed in raising and conveying the German and Swiss recruits to this country;” did you do that gratuitously?—No. I did it at a low rate.

765. You were paid by the Government the regular rate of freight, were you not?—I was not paid by the Government; I was paid by the contractor.

766. The freights were very high, were they not?—No, they were very low; I charged only 3 s. a passenger, instead of 8 s. a passenger.

767. Did you charge lower than other people?—Yes, much less.

768. The freights were generally very high in the Crimean War, were they not?—The freights would not affect my packets, whether they were high or low.

769. You state that “when no vessels could be got to perform the work, my vessels were employed in disbanding that legion in the most expeditious manner, at Hamburgh, Rotterdam, Ostend, &c,” were you not paid for that service?—Yes; I was paid for that service by the War Department, but not at all in a way to meet the requirements of the Government, or the damage to my vessels.

770. Why were you induced, if freights were low, and vessels not scarce, to enter into the service and contract with our Government?—I had been instrumental in raising between 3,000 and 4,000 of the Legion, and they applied to me to send them back again.

771. Could not vessels have been got elsewhere?—I think they applied elsewhere, and could not get them, and they applied to me.

772. Does not the fact of the freights being low, argue that there was an abundance of ships?—It was a special service, and it was not everybody who could carry out that service, or to whom the Government would entrust that service.

773. You state that you have “set up expensive machinery, and have erected a steam factory at Dover for engine repairs;” is that done in connexion with
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your own vessels?—In connexion with the packet service, which is entirely a special service, and I hoped thus to secure the efficiency of the service; my vessels require constant repairing.

774. Is that establishment going on now?—It is.

775. Where?—At Dover.

776. Have you any establishment there large enough to effect repairs for the Government vessels?—I have done so, and shall be fully capable when I have completed it, of doing all the repairs for the fleets in the Downs or at Dover. I have done this at a large expense; in fact I have laid out 4,000 *l.* in buildings alone.

777. Will you refer to your letter of the 10th of June 1859?—Yes.

778. You allude there to the long interval that elapsed between your application to the Government, and the time at which you renewed your application?—Yes.

779. You state that you had been engaged for some time in negotiations with the French and Belgian authorities, in endeavouring to carry out certain improvements in the continental mail service?—Yes, I had.

780. Will you explain what those negotiations were?—When I took the contract for the English mails I took it at a very low rate, as compared with other tenders or with other estimates, with the hope of securing also the Belgian portion of the service; the Belgian Government now performs one-half of the service, between Ostend and Dover, and my object was, in securing the English contract, to secure the other contract in order to make the thing pay; for I was afraid that this being an experiment, and taking it at so much lower rate than it cost the Admiralty to perform it, I could only look to increased traffic, or to some improvement in the service, or some arrangement with the Belgians, to make it answer; and from the time that I took the English contract, up to the present moment, I have been in constant correspondence with the Belgian authorities. I had also been in correspondence with the French authorities, and I succeeded in 1855 in obtaining a concession for the conveyance of the French mails. I then discovered that the French mail service was scarcely, if any, use whatever to the provincial towns of England, and also to the provincial towns of France, and I drew up a statement for improving that service, which statement I submitted to the French Government, and also to the English Post Office; and I submitted that statement also to every Chamber of Commerce, the Chambers of Commerce of Manchester, Birmingham, Leeds, and other Chambers of Commerce, some of whom entertained it, and memorialized in its favour; but in the course of my negotiations with the Belgian and French Governments, they referred to the short space of time that my English contract had to run, year by year; when they came to understand the state of the case, they rather objected to entering into an arrangement with me, on account of the short time of my English contract; and it was generally, I may say, with a view of succeeding in carrying out the suggestions of those improvements, that I thought it due to myself and my service to make all the efforts I could to secure an extension of the English contract, equal to that of the French contract; for the French had made it a condition with me that I should take the French contract for 15 years; I only wanted to take it for 10, but the Minister insisted upon my taking it for 15.

781. From what date?—For 15 years, from February 1855. I was continually urging it upon the French Government, I suppose every two months, myself or Captain Smithett, who was associated with me. We went to France and to Brussels, and had interviews with the Ministers, and so we continued up to the beginning of the present year. On all those occasions the Belgian agent, the French agent sometimes, but the Belgian agent more particularly, alluded to the shortness of the time of my contracts, and that if I had it for an enlarged time, they thought there would be less difficulty in coming to an arrangement. I find that I have a letter here from Paris, dated the 16th of February 1859, addressed to me from Captain Smithett, in which he states, "If we get the Admiralty extension there will be more certainty here, as they have said before what are they to do if the English service is given up." This was continually repeated to me as the objection by my agent, who had interviews with the French Government; also in January or February he saw the Belgian Minister, who entertained, for the first time, more favourably than on any other previous occasion, my proposition to perform the Belgian service; when he also said, "The objection is this, that if we give it to you for 10 years (we should not like to enter into an

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arrangement under 10 years)—but if we give it to you for 10 years, what guarantee have we that you may have the English service continued to you.” Because, from the low sum at which I had tendered to take the contract, they thought I could not perform the service unless I had all the services to perform. I find also a letter from Paris, dated the 19th of February, from which it appears that I had communicated to Captain Smithett the hopes that I had. (I had known then that the Admiralty had recommended the Treasury to extend my contract), and he says, “I am pleased to hear such good news from the Admiralty, and also there is every chance of its being successful at the Treasury; there will be nothing to fear then. It will be a good security, I shall tell M. Sturme to-morrow, for the French service.” M. Sturme is the Director General of the Post Office of France.

782. Was the fact of those negotiations alleged, in your correspondence with the English Government, with a view to obtain the renewal of your contract?—I think so; I think in two or three letters I mentioned them; I think they are mentioned in the letter of 23d May 1855, a copy of which I supplied to the Admiralty on Saturday.

783. What has been the result of your negotiations with the French and Belgian Governments?—With the Belgian Government I have done nothing up to the present moment; the matter, I believe, is now still in negotiation with the Belgian post office, with a view of carrying out my suggestion of turning the Belgian and German night service into a day service; I should say, with a view of sending the present night-mails to Germany *via* France by the same boat that takes the English mail service, and taking advantage of the second boat—instead of sending it at the same time, sending it by day to Ostend and to Germany. At the present moment the two vessels start from Dover at the same time, and you may send your luggage by one vessel to Calais, and the mails by the other vessel to Ostend, and then meet at Malines; and I have pointed out the loss of service by that arrangement.

784. Would not it have been better for the English Government and the Post Office to have waited, before renewing any contract, until these anomalous circumstances had been corrected?—They may wait almost for ever; there is no telling when any of these matters will be brought to a close; I have been trying for four years now.

785. Your contract with the Government has not enabled you to complete those arrangements which you contemplate?—It has not; I have had more favourable hopes since I have had the extension. With respect to the French contract, I had a communication only yesterday from the directors of the Northern of France, stating that they had had an interview with the postmaster general, with a view of improving and accelerating the day-mail to France; that is, instead of sending away from here by half-past one at mid-day, and arriving at Paris at four, the object is to send it away by half-past seven in the morning, taking directly all the letters from the provincial towns, and sending them to Paris, so that they shall reach Paris in time that evening to be sent out to all the provincial parts of France. I believe the Post Office have entered into all the conditions, on this side of the water, for accelerating that service, and they have addressed the postmaster general of France upon the subject, and he has referred the matter to the Northern Railway of France as to the prospect of their running trains *via* Boulogne. I have some matters of detail to settle between myself and the South Eastern Railway, and then, I have reason to believe, the object will be entirely accomplished, and by the 1st of October arrangements will be made to commence this new service.

786. You stated that you have made an arrangement with the French Government for 15 years?—Yes.

787. Do you contemplate this new arrangement superseding that contract?—No; I continue my contract; it is a continuation of the contract, only at different hours and to a different part.

788. Will that modification of time give rise to any new arrangement as to remuneration with the French Government?—Yes, certainly; I shall be paid, or I hope to be paid, according to the mileage rate of the difference between Calais and Boulogne, so much per kilometre.

789. Have you any provisions in that contract for making those fresh arrangements?—No; it is entirely at the discretion of the French Government.

790. With regard to the new contract with our Government, may not some of the

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the arrangements that you may have to make with the Belgian and French Governments involve the necessity of a change in your arrangements with our own Government?—No, not as regards the French Government, because this is the French service; but with regard to the Belgian service, it is a question with the Belgian Government whether they will give their service to me or still perform their portion of the service, but agreeing to the suggestion of the Post Office and the commercial towns of England as to the times of departure of their mails.

791. Have you read the Postmaster General's letter to the Lords of the Treasury, dated the 10th of March 1859?—I only saw it when this document was published the other day.

792. Have you read it?—I have read it.

793. You observe that the Postmaster General expresses a decided opinion that the "extension of your contract would be objectionable, as it might probably fetter the Post Office in its negotiations with foreign countries, and increase the difficulty already experienced in improving the continental postal arrangements"?—I cannot see any ground for this statement whatever, because I am at the command of the Post Office, and any arrangement that they make must be beneficial to me: it cannot be worse than it is at the present moment.

794. The Postmaster General goes on to say, "The number of extra trips required may be much increased or diminished by a change of circumstances quite unforeseen at present; if much increased, the contractor would probably apply for an additional allowance, or he would perform the service unwillingly." Do you not concur in that?—No; the additional money that I have obtained I have considered will cover all that is at present or possibly can be required of me.

795. Had you reason to complain formerly of the great increase in the number of mails that you have had to carry, owing to the great growth of the Australian and Indian commerce, which has almost doubled?—Yes.

796. If there should be a similar increase in the next two or three years, would you not be placed in the same difficulty, and would it not occasion the same complaint?—No, I think not. I should be satisfied with any arrangements outwards in future. As the Honourable Chairman has remarked, the Indian mails have doubled since I took the first contract; that is, they are sent once a week, instead of once a fortnight; in addition to that, a heavy Australian mail service has been sent, *via* Marseilles, by my boats, and I am content to have no additional remuneration for all this work, and for the additional conveyance of those mails, which is now provided for under my new contract; I have commuted for a particular sum the whole service I do, or may be called upon to do, outwards.

797. Did you enter into that arrangement without reference to the work that you may have to do?—The work is doubled at the present moment outward, and I should say that the spirit of that arrangement was, that if the work should increase outward, that is, if it should be once every other day, or every three days, outwards, instead of once a week, I do not think that I should have any reason to demand anything from the Government for such an arrangement.

798. You would perform all that additional work, as the Postmaster General says, unwillingly?—No, not under the present circumstances; I should if it had been imposed upon me without additional payment.

799. Do you say that, with the additional payment now secured, you would be willing to run an extra mail once a day?—No, not once a day; but any extra mails to be put on board.

800. Not to run extra vessels for the Indian mails?—If I have 170 boxes now of the Australian and Indian mails, and if that were increased to 220 or 250, it would be impossible to take those mails in a passenger ship. Then I think I am bound, under my contract, to provide a special boat, independently of the passengers, to convey those mails, for which I should not charge.

801. The Postmaster General further says, "I think therefore that the payment should be regulated according to the work performed." Has not that been the principle that you laid down in your correspondence with the Treasury?—I have hitherto been paid for the special trips inwards, but I have been paid nothing for the additional service outwards.

802. You complained of that in your correspondence?—Yes; I complained of it in my correspondence; but I have taken, for this commuted sum of 2,500 £, any work that I may be called upon to perform outwards, specially; and I have

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made so large a margin for the irregular passages inwards, that I think the Government is the gainer in every respect by the bargain, and I am satisfied.

803. Referring to Lord Colchester's letter, he says, "Various changes in the existing arrangements may become desirable: for instance, the Ostend mail service may be changed from a night to a day service, or the Belgian Government may make an advantageous offer for performing the whole instead of half the service, or the packets may be altogether withdrawn?—I should be very glad indeed if they were withdrawn.

804. Assuming that these contingencies arise which the Postmaster General there refers to, would not that interfere with the demands of your contract, and would not your contract be an embarrassment in those new regulations?—I think it is only a change from a night to a day service. The Government have the power to order me to go at any hour; therefore there could not be any objection to it on the part of the Post Office; I must go when they tell me to go; and as to this change from night to day service, I have been struggling for many years to attain that object. With respect to the Belgian Government making an advantageous offer for performing the whole instead of half the service, that is impossible; they cannot do it at the price that I am offering to do their service for, as I have ascertained by negotiations.

805. Supposing a government chose to incur heavy losses, in order to do their own postal service; and supposing the Belgian Government were to choose to incur that loss, would not that interfere with your arrangements?—Yes, it would in some degree interfere with them; but I apprehend that the Belgian Government is not so liberal a government as to suggest anything of that kind.

806. Or the packets might be altogether withdrawn, might they not?—Yes; and in that case I think I should be glad to come to an arrangement for withdrawing the packets from Ostend, because it is the worst paying and least profitable service that we have.

807. That is a part of your contract, is it not?—Yes.

808. Would not that withdrawal involve the rupture of the whole contract?—I think not; we might come to an arrangement with the Government or the Post Office as to the amount to be deducted from my contract.

809. When do you think the Belgian Government will come to a decision upon that arrangement?—I think the last letter was about a month or six weeks since, when the communication was suddenly stopped on account of the French Government charging a higher rate of postage for going through France *via* Calais than the English Post Office was disposed to pay; and so the matter stands at present.

810. When do you expect that a final and definitive arrangement will be come to with the Belgian Government?—I have no idea whatever; it depends upon the English Post Office; if they were to push the thing according to the memorials which they have received from the various Chambers of Commerce, they could effect it much sooner than I could.

811. I concluded, from your letter of the 10th of June, that you considered that if armed with a new contract with our Government, you would be able to effect some changes?—I have been suffering too much from ill-health to be able to push that matter; and I have so recently got this contract, that I have scarcely had time to turn round; but as soon as I can I shall be in Brussels, and I shall push this matter to an issue.

812. Then you secured your contract with our Government, did you not, irrespectively of that?—Yes, irrespectively of that.

813. Should the Belgian Government make any great changes in their postal service, you would still hold our Government to their contract with you, and any disadvantage to this country consequent on those changes would fall upon the Government, and not upon you; is not that so?—If I did not run boats to Ostend, I should not be so unreasonable as to expect to be paid for running them. I should come to some advantageous arrangement with the Government; because the passengers must go some way; and if I had them to go by way of Calais, instead of Ostend, I should be satisfied.

814. I presume that you have a legal right under this contract to your subsidy, whatever changes may take place?—Yes, I think I have a legal right; but I do not think I have an equitable right.

815. Would not it have placed the Government in a better position if, having
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all those possible changes in contemplation with the Belgian and French post-offices, they had delayed the renewal of your contract; of course I am only speaking now of the interest of the Government, and not of your own private interest?—I scarcely think that I should have brought the French negotiations to the stage at which they are at present, if I had not been armed with the authority to state that my contract was complete for 10 years.

816. Have you any facts to offer to the Committee, to show what progress you have made with the French Government?—I have a letter from Paris, dated the 4th of July, from Captain Smithett, to this effect: "M. Sturme told us he had received the proposal from the English Post Office; that he is now waiting an answer from the Northern of France, to know if they can do their portion of the work, and the time, &c. they require officially. As soon as he gets their answer, it will be put into a regular form, as it must all go through the proper channel; and we shall be applied to, if they entertain it, after all the details are got in."

817. Are not the Committee to understand from that letter that negotiations are being carried on, not between you and the French Government, but between the French Post Office and the English Post Office?—Just so; but I have been the moving spring in the matter to persuade the two Governments to enter into those arrangements.

818. You have been prompting Mr. Rowland Hill or the present Postmaster General of England, and the Postmaster General of France, to do their duty?—I have been continually at Mr. Frederick Hill on the subject.

819. Do you think that he requires prompting?—I would rather not give an opinion upon that question.

820. Seeing that the negotiation is going on between the two Governments, and not between you and the French Government, I cannot understand what benefit you bring to the negotiation as a consequence of your having secured your own contract?—These improvements could not be carried out without my permission; I might refuse to go to Boulogne; I might still stick to Calais.

821. That is, you might do it for this renewed term of seven years. You might during the whole period of your contract offer obstructions to the arrangement, if you pleased?—Yes, just so.

822. Does not it appear to you that that is placing our Government at a disadvantage in negotiating with the French Government?—I think not, because it is my interest not to do so; therefore it is mutually the interest of all parties to effect this arrangement, as all parties would be benefited by it.

823. Would not our Government have stood in a better position if, instead of having renewed your contract, that contract expired by notice in 1862, than by giving you a renewal of the contract?—There is another thing to be considered: the advantage of renewing that contract enables me to look forward for seven, or eight, or nine years; and that is a very different thing from being under an uncertainty as to the renewal of the contract at the end of four or five years.

824. My question had reference to the interest of the British Government, and of the British public, in the matter?—I do not see how the British public is injured or worsened by extending to me this contract, and by those negotiations.

825. Your contract, before it was renewed, would have expired in 1862; notice was required to be given you of the expiry in 1862, and up to that time you would have had the power to exercise a vote in any new arrangements between the English and French and Belgian Governments?—Yes.

826. Would it not have been an advantage to the English Government, and to the English public, if, in 1862, it had been in the power of the Government to have escaped from your power of interfering with those arrangements?—But the French would not have it, and I apprehend that if I had not this contract for 10 years the French Government would not have carried out those improvements.

827. Have you any facts to confirm that statement?—Only conversations, and the continuous negotiations which have been going on.

828. Would you not have carried out any necessary improvements on any other conditions than the renewal of your contract?—No, I should not have built a new boat; I have ordered a new boat subsequently to this new contract, and it will cost me 14,000 *l*.

829. You were under contract to perform certain services up to 1862, were you not?—Just so; and my old boats would have run up to that time.

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830. Down to 1862, therefore, you would have been in the field ready to make any alterations, or arrangements of your service, to meet the requirements of the English Government, provided it was made worth your while by sufficient remuneration?—Yes; but the time is too short to turn round in.

831. Then in that case, you, being a contractor up to 1862 under the original contract, would not you prevent any beneficial changes being arranged between the English and French Governments, or the English and Belgian Governments, as to carrying the mails?—Yes; I most certainly should have objected to altering the arrangements for so short a time. In carrying out those arrangements, I should say that it would be worth while to make those changes for 10 years, but not for 4½ years, with a doubt as to my getting my contract renewed at that time, and having competitors in the field.

832. Taking the changes that you have effected at the present time, are there any of them that you would not have made for a sufficient remuneration, without the condition of the precise renewal of your contract at the end of 1862?—Yes; that would have been merely a question of the amount of remuneration; but I should not have laid out much money; I should not have increased my capital.

833. The Postmaster General says that he thinks it would have been better, that, instead of the renewal of the contracts, you should have been paid for the work done; and he says, "I think, therefore, that the payment should be regulated according to the work performed; it is very easy to reckon the cost per mile or per trip, and pay accordingly"?—Yes; that is with respect to the special services, the increased services; but it is not so easy to me, for this reason, that paying me a mere mileage rate according to the contract mileage rate would not pay me, because I am obliged to meet those special services without carrying passengers, and carrying passengers would be of course additional to the mileage rate. Therefore it would not be a paying matter for me to have to do all those special services for the mere mileage rate.

834. You have undertaken to do all those special services for the sum that you contracted for?—Yes.

835. What is that sum?—£. 2,500.

836. For 2,500 *l.* per annum, you undertake to do all the special service?—Yes, for 2,500 *l.* per annum I undertake to do those services, and also to relieve the Admiralty of all those quarterly payments which they made in addition to my subsidy, the costs and dues at Calais.

837. And for the 2,500 *l.* you are quite willing to take the risk of any possible growth or increase in the intercourse between this country and India or Australia?—Yes.

838. And to meet any possible requirements of the service?—Yes, by my ordinary packets.

839. Would it not have been very easy for the Government to have paid you for what had been done, and to have had everything done that they thought it likely that they would require for 2,500 *l.*, for the next two years, till 1862?—Yes; but I should not have liked to enter into any such arrangements.

840. Supposing that the contract had not been renewed, and that the Government still held the power to renew it in 1862, and supposing that they wanted these accommodations, and offered to pay you for the extra work done, would you have refused it?—No, I should not have refused it; but having a doubt of the renewal of the contract, there is always an uncertainty; I should not have spent the 18,000 *l.* that I have laid out with the view of keeping up and maintaining the efficiency of the service.

841. Would you not have been compelled by your contract to keep up the efficiency of the service?—Yes; I should have kept up my boats; but I should not have incurred any new expense, which I have done since I have had this extension.

842. I am only now speaking with regard to the interests of the English public in this case; but, keeping that in view, do you think there would have been any difficulty on the part of our Government in finding vessels to do this extra service, and if it was necessary even to have hired extra vessels at the expense to which you now put the Government for the service of the year?—I can only repeat my answer, that I should not have felt satisfied in doing it, nor so certain nor so secure, nor should I have looked to the permanent efficiency of the service as I do now under the circumstances.

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843. You would have been in the hope and expectation, if you performed your service well, of having a renewal in 1862, would you not?—Yes, but I would rather be sure of a thing than hope for a thing.

844. Is not it customary for contractors, as a general rule, to perform their services better at the conclusion of their contract than at the beginning?—I think not.

845. Not if they expect a renewal?—I only know for myself; I may be different from other contractors, but it has been my object, day by day, to perform my service with equal efficiency day after day.

846. I observe that a long interval elapsed between the date of your correspondence with the Government and the renewal of your correspondence?—Yes, that is so.

847. You sent a letter to the Secretary of the Admiralty on the 10th of June, explaining the reason why you had not continued your correspondence with the Government, but had allowed so long an interval to elapse after your correspondence had ceased, namely, between the 4th of June 1857 to the 11th of January 1859?—I was in continuous correspondence with the Government from the 6th of January; but, in the meantime, I had been to Brussels, or Captain Smithett had been to France, continually, every six or eight weeks. Either he or I had been there, to move the Government to carry out those suggestions for the improvement of the services. Moreover, I believe the Belgian Government sent over the Postmaster of Brussels here, and he had some interviews with the Post Office, with a view of accelerating or altering the Ostend service. In that interval they proposed to the Government of England to contract to take the English service, but the Government refused to negotiate with them for the English service. Then they proposed to carry out the double service, night and day, which I declined to do, except under certain conditions. The whole thing was under negotiation all the time. I do not think that a fortnight or a month elapsed without some communication, personal or by letter, taking place.

848. Were you urging the Government of France to come to some arrangement with the Government of England?—Yes.

849. It had no reference to their arrangements with you, but merely as between the Governments?—Yes, it was between the Governments.

850. Was Captain Smithett in Paris from month to month on that business?—Yes, almost from month to month, urging the French Government to make arrangements with the English Government.

851. Would not that business have been more properly done by our Postmaster General?—Yes, just so; but we had to come home and communicate with the Postmaster General or the Assistant Secretary the result of our mission to France. Then it was that he communicated with the French Government, and a great many letters then passed between the English and French Post Offices on the subject.

852. Is not that doing the work of the English Post Office?—I was doing my own at the same time, and therefore I had an interest in doing it.

853. But, during your negotiations with the French Government, has your own agreement with the English Government come into question as a part of your negotiation?—Yes, the short term of my contract was the objection on the part of the French Government.

854. Do you know that that objection has been made to the English Post Office?—I do not know. I will not be certain, but I think I had mentioned it more than once.

855. Was any direct communication made from the French to the English Post Office, to the effect that the short period of your contract was an obstacle to your carrying out the arrangements with their Government?—No. I was in this position; the French Government could not take any proposition from me, as a private individual, but they would only entertain propositions formally and seriously as they came from the English Government, and it was with that view that we consulted the French Government as to the course they would pursue. First, we consulted with the French Government, and they said, "It is for your English Government to make the proposition, and then we will consider it."

856. In your letter of the 10th of June, you state, "I had been engaged for some time in negotiations with the French and Belgian authorities;" were you, or Captain Smithett, your partner, empowered by the English Post Office to

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negotiate in this matter?—No; it was a matter of my own suggestion, my own doing.

857. Is “negotiation” the proper word to use, because I understood you to say that you were merely prompting the French Government to negotiate with the English Government?—I was contracting with the French Government, and therefore I was interested in the matter, to take the mails to Boulogne, instead of Calais, and I was interested in improving the service, for this reason, that in that service I carry scarcely any passengers; to-day, for instance, the packet has come across without a single passenger; whereas, in the new service to Boulogne I should get a greater passenger traffic than even if it were altered to a day service to Calais. I should have a greater chance of getting more passenger traffic; that is my reason.

858. You were constantly in communication with the French Government during this long interval, from the time of your letter to the Admiralty, of the 4th of June 1857, down to the spring of 1859; had you any communications with the English Government or English Post Office during that time?—Yes, frequently with Mr. Frederick Hill, the Assistant Secretary.

859. Had you any communication with the English Government?—No, not with the English Government; merely with the Post Office.

860. There is no correspondence but what appears in these papers?—There are one or two previous letters that I have not seen; these are all the correspondence, I think, subsequently.

861. What are those letters which you refer to, that you do not see there; what is the date of them?—There is a letter, a copy of which I gave on Saturday, which I do not see there.

862. You had no other communication with the English Government, personally or by letter, during the interval, except by what appears in the correspondence?—No public official correspondence; but I had written several explanatory letters. Here is a letter I wrote on 4th April 1859, explaining many things.

863. To whom is that letter addressed?—It is addressed to Mr. Hamilton, the Secretary of the Treasury; it was a private letter, but I have permission to make use of it.

864. You could not call it a private letter on a public subject?—It was explanatory of the public letter, and entered into more details than the public letter did.

865. It is more essentially a public letter, is it not?—It is at the service of the Committee, if they wish to see it.

866. Was it marked “private”?—Yes.

867. Have you any other letter besides that?—There was a letter dated the 28th of January this year, but this was a private letter, which I received in answer to a letter of mine, a copy of which I did not keep.

868. Lord *John Manners*.] What was the date of your letter to which that was a reply?—My letter was a few days before.

869. Was it that which you alluded to just now as a letter written on the 9th or 10th of January?—No.

870. *Chairman*.] You allude in this paper to two or three letters there?—Yes.

871. Have you other letters that have not been made public that you have received?—Yes; letters in answer to mine watching the progress of my negotiations with the Government for the extension of the contract.

872. Are those letters marked “private” to you?—Two are marked “private,” from Mr. Hamilton; one is the 18th of January and the other the 28th.

873. Have you those letters there?—Yes, I have; they are answers to letters which I wrote during the progress of the negotiations.

874. Had you much private correspondence relating to this contract?—No, this is all that I have received.

875. Had you any occasion to have personal interviews with any member of the Government in relation to your negotiations with the French, or on any other subject?—I had several interviews upon the general subject with Mr. Hamilton of the Treasury, when he was Secretary to the Treasury.

876. Have you any minutes of those interviews?—No; it was merely to inquire as to the progress of my correspondence from stage to stage, from the Admiralty to the Treasury.

877. You had occasion to see Mr. Frederick Hill at the Post Office, and Mr. Hamilton at the Treasury?—Yes.

878. Did

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878. Did you have any other personal interviews with other parties?—I think at the Admiralty I asked how matters were progressing there.

879. Whom did you see?—I have asked for the superintending Lord, but I have found him out on many occasions when I have been there.

880. Who was he?—Lord Lovaine was superintending at that time, but I did not see him; I had no interview with him.

881. Had you any interview with any Lord of the Admiralty on the subject?—I do not remember, with the exception that I might have spoken of it to Sir Alexander Milne, one of the Naval Lords of the Admiralty, telling him what I was doing; but I spoke with no other Lord of the Admiralty on the subject.

882. Sir *Stafford Northcote*.] You had an interview with me at the Treasury, had you not?—Yes.

883. There was a thing which was not quite understood just now; you were asked about those arrangements with the French Government, and you stated that your consent was required to those changes; your consent was required, was it not, in consequence of your having a contract with the French Government?—Yes, just so.

884. It had nothing to do directly with the contract which you had with the English Government?—Nothing whatever.

885. So that if the French Government and the English Government had come to an agreement to make any of those changes, they could not have been carried into effect without your consent?—No, I consider they could not.

886. Even after 1862, supposing that the contract had been allowed to expire by the English Government, your consent would still have been required to carry out the changes which were in contemplation in the French service?—Yes.

887. It was in the French service that the changes were chiefly to be made?—Entirely so; the English arrangement was merely an acceleration, but the French was a change.

888. You stated that the matter was entirely a question as to the amount of remuneration; did not you say in one of those letters to Mr. Hamilton that you thought that no additional amount of remuneration would meet the case?—Yes, I did say so.

889. That was in answer to the suggestion made to you by Mr. Hamilton, that it might be arranged in some other way?—Yes.

890. I think that would appear if you would read that letter which you addressed to Mr. Hamilton?—"56, Lombard-street, London, 4th April 1859. Dear Mr. Hamilton; No compensation whatever could be offered me equivalent to the extension of my contract that I have prayed for. The extension is the pivot on which every department of my business turns. With the extension I have hopes of the ultimate success of my enterprise, and the recovery of my losses; without it I shall have no hope but that of winding up; for I must let my present boats and plant run out. If the late Government had not extended my former contract, when I had some years to run, I should have been utterly ruined at the end of the first contract (October last), as it was upon the consideration of my losses and claims they enabled me to make such arrangements that my engagements were so extended that I had a chance of working round. But there are stronger reasons now why I should have the extension. In addition to my losses large sums of money have to be expended on the ships (vessels adapted for no other service) that would be so much loss without the guarantee of an extended period of service; the extension would not only be absolutely essential for my security, but it would be the best security for the efficiency of the public service. Moreover, in my negotiations with the French and Belgian Governments they have always pointed to the short period of my contract as an objection to improving the services, or consolidating them. And now I am placed in this position. From the encouragement I have received, and the hopes held out to me, I have felt justified in telling the French Government that they may count as an additional required security for their service, on the extension of my contract to the term of my engagement with them, and it is upon these grounds that the French Government are now prepared to improve their portion of the Channel mail service to meet the wishes of the British commercial community, and are disposed to work cordially and reciprocally with the English service. With the belief that there would be no difficulty in obtaining the extension of my contract, especially as I have no competitor with vessels and powers capable of performing the mail services, except the Admiralty,

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I have spent money and laid outworks at Dover, that without the extension cannot be completed or carried on; and so the natural and commercial advantages of such an establishment would be lost. In fact, it is as impossible for me to go on with the improvements and renewals of my vessels and works as it would have been for the Dublin and Holyhead Company to have undertaken their great task, unless they had an extension of their contract to 14 years, at 27*s.* a mile. I venture therefore to feel assured that it will be deemed just and equitable towards me to extend my contract of 13 knots, with shorter distances, at the rate of 9*s.* 6*d.* a mile, especially when it is proved that I have saved the country so many thousands per annum by my engagement."

891. That letter was written in consequence of a communication from Mr. Hamilton?—That letter was written in consequence of a letter I had received, desiring me to "call upon Mr. Hamilton in the course of to-morrow afternoon, upon the subject of my application for increased subsidy in respect of the Indian and Australian mails."

892. In that conversation, did Mr. Hamilton make any suggestions for meeting the case in any other way?—Mr. Hamilton had suggested that I should receive money; that it would be better to have a money payment, instead of an extension of the contract. He put it to me whether I would prefer that, whether it would not meet my wishes. The result of that conversation was, that I told him I would write him a letter, which is the letter I have just read.

893. Subsequently to your reading that letter, had you an interview with me at the Treasury?—Subsequently I had.

894. Who were present at that interview?—Mr. Stephenson, I think, and Mr. George Hamilton; and in that interview we discussed the subject.

895. Can you give me the date of that interview?—It was the first week in April.

896. I think that it was the 13th; I have no memorandum, but I feel pretty sure that it was the 13th?—It was either the 13th or the 14th.

897. Did you afterwards receive a note from me?—I did.

898. Will you read that note, if you have it there?—"Treasury, April 15th, 1859.—Dear Sir; I have spoken to the Chancellor of the Exchequer on the subject of the revision and extension of your contract, and he agrees with me in thinking that it is desirable that the contract should be made to coincide, in point of duration, with your contract with the French Government. We have, therefore, given instructions for a letter to the Admiralty, and also to the Post Office, authorising the extension of the contract for seven more years. I do not think we can grant the house as part of the bargain" (that is the Admiralty premises at Dover.) "It is objectionable to mix up a matter of this sort with the postal contract. I think we may fairly ask you not to enter into any further contract with the French, or any foreign Government, during the continuance of your contract with the British Government, without our assent."

899. I think the contract, as finally executed, does not contain any stipulation that you should not enter into any further contract with the French, or any other foreign Government, without the assent of the British Government?—It does not.

900. Has your attention been called to that difference?—My attention was called to it, and I wrote a letter consistently with the terms that you offered me, saying, that though it was not in the contract, I considered that I was precluded, without the consent of the Treasury, from entering into any arrangement with a foreign Government, that should exceed the duration of the present contract which I have with the English Government.

901. Sir *Francis Baring*.] What was the date of that letter?—I have not the date; but it was about a fortnight since that I wrote that letter.

902. Mr. *Corry*.] You stated that the Indian mail service has been doubled since your first contract, in 1854?—Yes.

903. Has not the Indian mail been doubled since the extension in 1855?—Yes, since the extension in 1855.

904. In addition to that, is it not the fact that there has been an arrangement, between the English and French Governments since 1857, whereby the Indian mails are despatched at once from Marseilles immediately after the arrival?—Yes; in the very last instance the mail was sent on by special train from Marseilles.

905. What effect has that upon your service at Calais?—That I must always have a boat ready to bring on that mail as soon as it arrives.

906. Under

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906. Under the old contract, before those arrangements between the English and French Governments, the Indian mail from Marseilles was usually forwarded by the ordinary mail train?—Yes; in some instances; but when there was a possibility of gaining any time on the road, they used a special train from Paris, but that was rarely the case.

907. Have you generally a special boat ready for the Indian mails?—I have a boat always ready.

908. Under the present arrangement, the Indian mails almost invariably arrive at different and irregular times?—They have been so in three cases out of five, with the exception of the last month; it is very uncertain.

909. Sir *Francis Baring*.] The Belgian service is done by boats belonging to the Belgian Government, is it, not?—Yes.

910. Can you tell the Committee how many they keep?—They keep three packets.

911. Are they employed entirely in performing that service?—They do nothing else; that is, except that they run about occasionally with the King, and attend upon him when he goes anywhere.

912. You stated that the French have great difficulties in entering into arrangements with you in consequence of the shortness of your contract?—Yes.

913. I may have taken the dates down wrongly; but am I not correct that they gave you the contract in February 1855?—Yes.

914. But you then had a very short contract indeed, had you not?—Yes.

915. In point of fact, your contract was not extended till after you had made a fresh arrangement with the French Government?—No.

916. Was the difficulty about the shortness of the contract urged then?—No, it was not urged then, because I could not suppose but what, on my application and persevering in that application, the Admiralty would do me the justice to get the contract extended; and I told the French Government so at the time, that I had every confidence that that short contract must be extended.

917. How many boats do you keep under the French contract?—Three.

918. What boats are they?—The “Empress,” the “Queen,” and the “Alliance.”

919. How many do you keep under the English contract?—Three, and a spare one; and the new one that I am building.

920. What are the names of those?—The “Vivid,” the “Prince Frederick William,” the “Undine,” and the spare one is the “Jupiter.”

921. But by the English contract how many are you bound to keep?—Six.

922. What are the six that you do keep under the English contract?—I work the whole of them with the English and French service.

923. Are the Committee to understand that the “Empress,” the “Queen,” and the “Alliance” are worked under the English contract?—Yes, they are available for carrying the English mails.

924. And under the French contract too?—Yes.

925. Have you got the French contract with you?—No.

926. Perhaps you would furnish the Committee with a copy?—Yes, I will do so.

927. In the French contract are you bound in any shape to keep three steamers for the French service specially?—Yes, specially for the French service; but there is a general permission for me to use those steamers for the service; it is considered a reciprocal service.

928. In the French contract you are bound to keep three packets specially for the French service?—Yes, three packets specially for the French service.

929. Do you recollect at all the specific words that the contract contains; is it that you are not to use them for any other service?—I am to use them in the service, I think.

930. Specifically for the French service?—Specifically for the French service.

931. In point of fact, is it not so that, in reality, the “Empress,” the “Queen,” and the “Alliance,” are used for both services?—Yes, for both services.

932. Under the contract, in point of fact, you are under engagement to the two Governments to keep nine steamers, and you keep six?—No, I do not see it in that way. I am to allow six vessels, and there are the six vessels to do the service for the English Government whenever they are wanted. I was only bound to supply six vessels, and there are the vessels. Three have the French flag, and the others the English flag; and they work the service intimately with each other.

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933. When the contract was made in 1854 was there any understanding that you were to apply those vessels to the French as well as to the English service?— I have always understood so.

934. I ask you whether that bargain was made?—I must at that time have stated that I took the contract low on account of my hope of getting the Belgian service.

935. We have not the papers, but was there any communication stating that you intended to use them for some other service?—I considered from the commencement of my contract, as it existed, that I was perfectly at liberty to use my vessels for any service after I had fulfilled my conditions with the English Government.

936. I observe that there is a clause inserted in your new contract which does not exist in the former one?—Yes.

937. By that condition, then, you have the right to use them for any service you please?—Yes.

938. That is the last contract, is it not?—Yes.

939. Supposing you had not the French contract, how many steamers could you do the service with?—I must get three others; if the three French packets were put out of the number, I should certainly be bound to furnish three others.

940. What I want to know is this, are not six steamers more than you require merely for the English and Belgian service?—Yes, much more.

941. Have you ever offered to do it with less?—Yes, I did at the commencement with a less number of vessels.

942. And for a smaller sum of money?—Yes, for a smaller sum of money.

943. Do you recollect what it was?—I think it was 13,000 *l.* a year; but, as I said before, it was purely an experiment, and the facts had to be ascertained upon actual working, because I could not suppose that I could save 10,000 *l.* a year to the English Government without I had some additional work to do to what the English Admiralty packets did.

944. I take it for granted that in 1855, the last contract, the circumstance of your using those vessels for the French contract was perfectly known?—I think so; it must have been so; from the very time that I commenced the French service it was perfectly well known.

945. Were the Government in 1859 aware that for the French contract you were using the steamers of the British contract, and that you were engaged to do the French service with those steamers which you held under your English contract?—They must have been aware of it.

946. Sir *Henry Willoughby.*] Why must they have known it?—I think it is stated so in my correspondence. I think there is a Parliamentary return respecting the French vessels and the English vessels, and how they are manned.

947. Sir *Francis Baring.*] You stated that you have had communications with Sir Stafford Northcote and Mr. Hamilton, at the Treasury?—Yes.

948. Was that minute which appears in the printed papers, and upon which a letter was written afterwards to the Admiralty, ever communicated to you?—No, not a copy of that letter; merely the letter which I have read from Sir Stafford Northcote. That was all that I had seen until these papers were printed.

949. You were not aware of that Treasury minute at all?—Only so far as Sir Stafford Northcote's letter is concerned, which I have just read.

950. He has not stated that it was done by minute?—He said that instructions would be given to the Admiralty and the Post Office accordingly.

951. You signed the contract, did not you?—I signed the contract.

952. In reading it over, did it not strike you that the condition which Sir Stafford Northcote mentioned in his letter had been omitted?—It did not strike me at all at the time; I thought it was one of those sort of things that was understood, and scarcely worth while to be put into the contract.

953. You stated that you had seen parties at the Admiralty; with whom were you in the habit of communicating at the Admiralty with regard to the contract?—With the superintending Lord I have said; Lord Lovaine I did not see, but before him I saw Mr. Baring.

954. Did you see the senior clerk?—Yes, and I had many times been sent for on matters requiring explanation.

955. I am speaking of the last contract, of the application which you made when Mr. Baring was Lord, and which was refused?—The application for the extra services was refused, I think, at that time; but if I had persisted in it, I think

think that Mr. Baring would have taken the same view of it as I have done ; I have reason to suppose so. J. G. Churchward,
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956. You had no further communication which led you to suppose that the Admiralty had changed their mind?—No, I had not answered the letter ; I had reserved it for a future opportunity. 25 July 1859.

957. You state that you did not see Lord Lovaine ; did you see Mr. Clifton?—Yes ; when I could not see Lord Lovaine, I called to see Mr. Clifton.

958. You said that you saw Sir Alexander Milne?—Yes.

959. Did you see any one else?—Not upon the contract.

960. Did you see them, and converse about the contract, though not actually on contract business?—No ; I may have mentioned what progress I was making in my matters casually ; I might have mentioned it to many persons at the Admiralty.

961. Did you ever casually mention it to any of the Lords of the Admiralty that you might have happened to see?—Only to Sir Alexander Milne.

962. Did you ever see Captain Carnegie on the subject?—No.

963. Do you remember whether, in the course of your interview with him, the word “ contract ” was mentioned?—No, never.

964. Did you ever see him with Mr. Murray?—Yes, once.

965. Who is Mr. Murray?—He was private secretary to Sir John Pakington.

966. How came you and Mr. Murray and Captain Carnegie together?—I had heard that a deputation had been sent from Dover to Captain Carnegie to stand for Dover. I was at the Admiralty, and I saw Captain Carnegie go into Mr. Murray’s room. I had not been introduced to Captain Carnegie before, but on that occasion Mr. Murray introduced me to him ; and I said to Captain Carnegie, “ I understand that there is a memorial or a requisition for you to stand for Dover ; if you go down to Dover I think that you will have every chance of success, and it will cost you very little ; at any rate, I shall be very glad to give you any interest that I can use for Dover ; ” but I said, “ there is one very great matter that you will have to consider, and that is, you will have to fight an opponent that has got a very long tongue ; but all that you have to do, Captain Carnegie, is to take no notice of Mr. Bernal Osborne’s long 32-pound jaw.” That was what I told him. I said, “ You will not be a stranger at Dover. I think you will have another supporter. I think that you are well known to Captain Smithett, who will, I am sure, do his best to support you.” I then said, “ May I ask you whether you are going down to-night ? ” “ No,” he said, “ I think not to-night.” He then left the room, and that was all the conversation that took place.

967. The word “ contract ” never was used?—No, not at all, and my recollection of the circumstance is perfect.

968. Sir *Henry Willoughby*.] When was that?—It was about the first week in April that this conversation took place. I never spoke to Captain Carnegie before, nor have I spoken to him since. I have never been in his company since.

969. Mr. *Wilson*.] Had you any conversation at that time with Mr. Murray upon the subject of the contract?—No, it was never mentioned at the time.

970. Sir *Francis Baring*.] Were you in the habit of communicating with Mr. Murray upon the contract?—Not on the contract.

971. Mr. *Crawford*.] Did you vote at the previous election for Dover?—Yes.

972. For whom did you vote?—For the Secretary of the Admiralty, Mr. Bernal Osborne.

973. Then you voted for the gentleman with the long tongue?—Yes, I voted for the gentleman with the long tongue ; I voted for Mr. Osborne.

974. Did you vote for him from political considerations?—No, not at all. I distinctly stated that I did not support him on political considerations, but because I thought that as he was the Secretary of the Admiralty, and there was a chance of the harbour being turned over to the Admiralty, and that they were likely to buy it—I thought that Mr. Bernal Osborne could serve the interest of Dover, and also my interest better than any one else.

975. Is it your principle to vote always for a member of the Government, and the Secretary of the Admiralty?—I have never had an opportunity before.

976. Were you a voter at Plymouth formerly?—No, not a voter.

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977. You resided at Plymouth, did you not?—No, not at Plymouth; I resided in the neighbourhood.

978. You interested yourself very much on account of Mr. Mare's election?—Yes, I did; I went down with him.

979. You took a very active part, did you not, with him in the affairs of the election?—A very active part.

980. Are you the gentleman named Churchward, whose name is referred to in the proceedings of the Plymouth Election Committee?—Yes.

981. Are you the gentleman as to whom the Committee stated that you had bribed certain voters with promises of places?—Yes, I am the person; but I think it was very unfairly stated.

982. How did you first become connected with the Dover contract; what led you first of all to take this contract up?—For seven years previously, and during the time that Sir Francis Baring was First Lord of the Admiralty, I was making inquiries about it.

983. Did you answer any advertisement for public tenders?—Yes.

984. Had Mr. Mare anything to do with the Dover contract?—Only as a surety for me and Mr. Jenkins, my partner.

985. You tendered upon an advertisement, which appeared openly in the papers, inviting all persons to make tenders?—Yes. I had been before urging upon the Government to put that contract out to tender, because I thought that I and my friends could do it cheaper than the Government.

986. Had you been connected with shipping?—Yes, I was naval editor of the *Morning Herald* for 10 years; I was naval editor of the *United Service Gazette* for some years, and also of the *Nautical Standard*.

987. Had you been practically connected with shipping in any way?—My whole life has been devoted to shipping.

988. Had you held shipping?—No.

989. You had no direct interest in shipping?—No direct interest in shipping.

990. It was wholly a matter of speculation that you answered the invitation for tenders for this Dover contract service in 1854?—It was what I had worked for for years; I had myself an immense amount of information, and had accumulated it for many years; my object being for years to obtain that contract.

991. That had reference to the Dover contract particularly?—Yes, to the Dover contract particularly.

992. You stated that you could not insure your ships to the full amount?—Yes.

993. What parties did you resort to for the purpose of insuring your ships?—Merely to the Exchange and the Indemnity Offices. The last insurance I had for the "*Prince Frederick William*," was for half the amount of her value.

994. Did you do it in person, or through a broker?—Through a broker.

995. Are the Committee to understand that your broker never made application to Lloyd's for the purpose of effecting an insurance?—I do not know whether he did or did not; he did it on his own responsibility where he could.

996. Have you been at any time anxious to insure the whole of your ships to the full amount?—Yes, at the commencement I did so; I was obliged by the Admiralty to insure them at two-thirds of their value.

997. You stated that you found it impossible to insure them to the full amount?—I should rather say that with respect to the new ships at the present time on account of the losses that I have sustained.

998. Is it then only a question of terms?—I may repeat the observation of the manager of the Indemnity Office last April, at the time of the accident to the "*Prince Frederick William*," who said we should not have insured this vessel at all if the owners had not run half the risk.

999. Do you pay a very high premium?—Yes, eight guineas per annum.

1000. If you were to pay a higher premium than eight guineas, do you suppose that you would be able to insure them fully?—I do not know.

1001. Did you ever offer to pay eight guineas at Lloyd's?—I do not know; it is entirely in the hands of my broker.

1002. In consequence of your not having insured those vessels to the whole amount, and you having lost one of them, you think that you are entitled to some consideration at the hands of the Government in respect of a renewal of your contract?—For this reason; I had insured the vessel that was lost, to its full value

value, and that vessel was for all my purposes efficient; but to replace that vessel I had to incur an expense of 14,000 *l.* That vessel which was lost, namely, the "Violet," was insured to her full value.

1003. You lost nothing by the "Violet"?—No; I lost nothing by the "Violet," but I had to replace her by a new vessel.

1004. But still you had value received?—Just so, but I had to find that new vessel.

1005. But you sustained no loss, as you had value received?—I hope I shall not, ultimately.

1006. In point of fact there is no ground for your appeal for consideration, excepting that you have had to lay out a large amount of money for the purpose of keeping up your contract?—Yes, and to lay out large sums of money, also at Dover, in buildings and machinery.

1007. You state that you have erected some engineering works at Dover; are they connected with the Government property that you hold there?—Some of it is Government property, but the Government property is too small for the purposes for which I have required it, and I have been obliged to purchase property.

1008. The Government property is that on the side of the harbour; north of the Ship Hotel, is it not?—Yes; a little further up is my place where I meet the cliff; I am excavating the cliff.

1009. What do you consider the annual value of the Government property at Dover, if it were put up to be let?—It has been valued lately, and it was valued, I believe, at 80 *l.* a year; that is all the premises, storehouses, houses, and everything.

1010. Mr. Corry.] Should you have been in a financial position to lay out so large a sum of money as 14,000 *l.* on the new vessel if you had not any extension of the contract?—I should not have thought of it.

1011. With regard to the conversation between yourself and Captain Carnegie, and Mr. Murray, at the Admiralty; about what time did that conversation take place?—It must have been about the first week in April.

1012. What was the date of the letter from the Secretary of the Admiralty to the Secretary of the Treasury, recommending an extension of your contract, on the terms proposed by yourself?—The 23^d of February was the date.

1013. It was therefore between five and six weeks before that conversation, that the Admiralty recommended the extension of your contract?—Yes.

1014. Your contract was finally concluded almost in the identical terms of that letter, was it not?—Just so.

1015. I believe that in respect of conditions, they were not quite as favourable to yourself as you proposed, that is, that you were not allowed to occupy premises rent free?—Yes, I was not allowed to occupy the premises rent free; I have to pay 30 *l.* a year rent.

1016. The only alteration was therefore against yourself?—Yes, against myself.

1017. Lord John Manners.] You have been asked about the Plymouth election; in what year was that election?—In 1852.

1018. Can you tell what was the date of the report of the Committee?—It must have been somewhere about February or March 1853.

1019. I suppose you may assume that whatever was contained in that report was known to the Admiralty in the year 1855?—Yes. I hope that the Committee will allow me to explain that; I insisted upon being examined upon that first Committee, on the first meeting of the Committee to try the petition; but I was not allowed to be examined. The report therefore to The House was an *ex parte* report, in the absence of my having an opportunity to defend myself. Subsequently a further inquiry took place, when I was examined at length, and had an opportunity of meeting all the charges that were brought against me; and I think the result of the labours of that Committee will go very far, if not completely, to obliterate the report of the previous Committee.

1020. Can you give the Committee the date of that second report?—I have not the date, but I think it must have been about a month or two months subsequently in the same year.

1021. Then the proceedings before both those Committees were public, and known to the public departments, in the year 1855?—Yes, they were matters publicly known.

1022. You have also been asked about your reasons for supporting Mr. Bernal

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Osborne upon one occasion and opposing him upon another; may I ask whether you made those reasons public in your speeches that you delivered at Dover?—Yes; I may say this, that I should not have opposed Mr. Bernal Osborne in any active way whatever, if he had not made an attack upon my service.

1023. You stated the reasons, in private or in public, upon which you supported Mr. Bernal Osborne?—Publicly at the meeting.

1024. What was the date when you supported Mr. Bernal Osborne, and gave your reasons in public?—That was some time in 1857.

1025. When you opposed Mr. Bernal Osborne, and gave your reasons in public, what was the date of that?—It must have been in April 1859.

1026. Since the time that you have had the French and English contracts and you have been employing your six or seven boats for those two contracts, have you had any objections raised upon the part of the English Government for your occasional use, if there has been an occasional use, of your French boats in the English service?—No objections that I remember on the part of our Government; I have had objections raised as to their performing any special service.

1027. But no objection to their being occasionally used in the French service?—No.

1028. Have you told the Committee when you had occasion to resume the negotiations with the English Government on the subject of the renewal of your contract?—The 6th of January 1859, I think, is the date of my letter.

1029. Have you brought any document with you connected with that date?—No, I have not; but there must be another letter somewhere.

1030. Do you think it was about the 6th of January that you resumed negotiations?—Yes. I know that I wrote the letter from Hastings at the same time as I wrote to the Belgian Government; the last application I wrote to the Belgian Government, I wrote the same night, I remember.

1031. Your attention has been directed to the letter of the Postmaster General of the 10th of March, and to that paragraph which begins "I think therefore that the payment should be regulated according to the work performed." Is it your opinion that in that paragraph the Postmaster General had exclusive reference to the postal services, and did not take into consideration the importance of the passenger traffic?—Merely the postal service. It did not take at all into consideration the passenger traffic; and that has never been taken into consideration.

1032. *Chairman.*] The Postmaster General uses the word "trip;" he says "it is very easy to reckon the cost per mile or per trip, and pay accordingly." Does not that mean that if you have to put on an extra vessel for an extra trip, it is easy to assess the payment for it?—Yes; but I have only charged the mileage rate, 9s. 6d., without regard to passengers at all in all my charges.

1033. The Postmaster General implies that it is possible to arrange for an extra trip as well as the postal service?—He means the mere mail, or trip in carrying the Indian mails.

1034. *Mr. Crawford.*] Are your vessels registered and manned and navigated as British ships?—No; three of them are manned and navigated as French ships.

1035. Does your contract with the French Government require you to use French ships?—Yes.

1036. Does your contract with the English Government require that?—No.

1037. It would allow you, would it not, to use any ship, whether English or foreign?—Yes, I can use any ship; because it would be in accordance with the alteration of the navigation laws.

1038. What would be your consumption of coal in one voyage across from Dover to Calais?—It varies; for we have sometimes to go four hours before starting with the mails from Dover Harbour into the roads, on account of Dover being a tidal harbour; but our ordinary consumption is from six to seven tons; going direct from point to point.

1039. What is the average price of coal at Dover?—Twenty-one shillings a ton; to put it on board it costs me that for north country, and more for Welsh coal.

1040. Which do you use?—I use both; I mix them.

1041. Are you able to make any appreciable calculation of the wear and tear of one single voyage going across?—No, I think not; we are subject to so many casualties; floating wrecks and running by night; we have five times as many casualties by night as by day.

1042. There

1042. There is no other expenditure that you can calculate, except the consumption of fuel?—No other that we can calculate, except oil and tallow. *J. G. Churchward, Esq.*

1043. The wages of the master and the crew go on, whether the vessel is at sea or not?—Yes, just so; wages and fuel are the certain expense. *25 July 1859.*

1044. Sir *Henry Willoughby*.] Have you entered into three contracts with the English Government?—Yes, in 1854, 1855, and 1859.

1045. Have you any account to show what amount is derived from the conveyance of passengers and goods?—We do not carry merchandise, merely parcels; but I could give the Committee the amount.

1046. Will you have the kindness to put in an account of the sums received annually from that branch?—Yes, certainly.

1047. It is an important item in any calculation of the whole transaction?—Yes, a most important item.

1048. Previously to making the contract, either in 1854, or 1855, or 1859, was a statement of that account delivered in?—No, I think not.

1049. Was not it called for?—No, it was not called for; it is a very fluctuating traffic. For instance, last year, on account of the restrictions as to passports, there was a great falling off, and this year there has been a greater falling off; in fact, the receipts of this year have averaged from 80 *l.* to 120 *l.* a week less than last year, which was also a bad year for passengers.

1050. *Chairman*.] How do you account for that?—It was owing to the war, and last year the passport restrictions had a great deal to do with it; and the number of passengers this year crossing the Channel have very much decreased the last three or four weeks; our packet came across this morning without one single passenger.

1051. Sir *Henry Willoughby*.] Was there a competition in 1854?—Yes, a very severe one.

1052. Do you happen to know how many tenders were sent in?—I am told that there were two besides my own.

1053. Sir *Francis Baring*.] You state that it was a severe competition; were they near your tender at all?—No; I think one was 4,000 *l.* above, and the other, I am told, was 20,000 *l.* for Calais only, because that competitor had not any charter to go to Ostend.

1054. Captain *Leicester Vernon*.] You stated that you had total loss of two vessels?—Yes.

1055. In what year was that?—One was in May 1855, and the other in January 1857.

1056. When you say there was a total loss, you mean that the vessel was totally lost, but that you recovered part of your expense by the insurance?—Yes.

1057. You also stated that you thought you had some claim upon the Government because your engines, which were of a costly nature, were worn out sooner than you had calculated upon?—Yes.

1058. Were they worn out in consequence of the extra speed at which you had to carry the mail?—Yes.

1059. That extra pace was contemplated when you took the contract, was it not?—Yes.

1060. Therefore you had a right to calculate upon that loss?—Yes; but, as I said before, it was an experiment.

1061. You mentioned that you took the German Legion at a low rate of freight?—Yes.

1062. And I think you were asked a question by the Honourable Chairman, whether the freights were not high at that time; I presume that the freights that were high at that time were freights for the long sea voyages, and not merely for the short passages across the Channel?—Yes, just so; no other vessels could be adapted for that service but my own.

1063. You have erected an establishment for the repair of your vessels which cost 4,000 *l.*?—Yes, in buildings and in land.

1064. And at that establishment repairs for the Government vessels could be carried on?—They have been; I have done repairs for this Government, and for the Russian Government also.

1065. When you undertook that expense of 4,000 *l.*, did you or did you not calculate upon spreading the expense over a large space of years?—I did, or I would not have incurred it; I would not have laid out 4,000 *l.* upon a contract for a short period.

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1066. You

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1066. You were the first person, were you not, who carried the mails after the Admiralty gave them up?—Yes.

1067. You also stated, did you not, that you carried them at a saving to the country?—Yes.

1068. Could you give the Committee any idea of what that saving was?—Yes; I can produce, I think, a copy of a return of the expense of the English service given to the Admiralty in 1852, in which the service is made out, I believe, to have cost 25,000 *l.* a year, and in that account three per cent. only is allowed for insurance, instead of eight guineas; and many other charges are omitted which my own experience has made me sufficiently conversant with.

1069. When you were speaking of the negotiations that you were carrying on with foreign governments, were the Committee to understand from you that the Belgian contract was to depend upon the English contract, and not the English contract upon the Belgian?—The improvement of the service between England and Belgium depended upon the consent of both Governments, and not upon the carrying out of the English service.

1070. Then the Belgian contract did not enter into the calculation at all?—I had always contemplated at some time or other securing the Belgian contract; that was in my original calculation.

1071. Then the Belgian contract will depend upon the English contract?—Yes.

1072. It is based upon that, is it not?—Just so.

1073. You stated just now that the late Government extended your contract for you, under the consideration of your previous losses; which Government did you allude to when you said that?—I meant the Government of Lord Aberdeen.

1074. That was the Government that extended the contract to you, under consideration of your previous losses?—Yes.

1075. With regard to the vote that you gave at Dover, you gave it entirely upon personal grounds as concerned yourself, and without reference to the contract?—On personal grounds certainly; but it did enter into my consideration at the time, that inasmuch as I had received at the hands of the Government an extension of my contract, it would be unbecoming in me to oppose the Government.

1076. Then it was in consequence of your having received it, and your feeling of gratitude for what was done, and not what you expected to have done, that you voted as you did?—Most certainly.

1077. Mr. *Wilson.*] Has that contract been signed?—Yes, and I have received a portion of the money under the contract.

1078. Sir *Francis Baring.*] You state that you received a portion of money under your new contract; when did that take place?—On the 1st of July I received two months' pay under the new contract from the 26th of April; I have been paid under the new contract from that date.

1079. Mr. *Wilson.*] That is, for the two months?—Yes, for two months.

1080. Was not there a portion of that which represented the old unexpired contract?—One month of the old unexpired contract down to the 26th of April; and from the 26th of April to the 30th of June I have been paid under the new contract.

1081. That is, you were paid for the quarter?—Yes; one month representing the old contract, and two months representing the new contract.

1082. What was the first intimation that you received from the Government that they had decided to give you this contract?—The first official intimation was the letter which I have read, from Sir Stafford Northcote.

1083. That is a private note, is it not?—No, not a private note; it is not marked "private."

1084. Did you regard that as a communication from the Treasury?—Yes.

1085. Had you been in the habit of communicating with the Treasury directly on this matter?—I had various interviews with the Treasury.

1086. Had you been in the habit of officially communicating with the Treasury directly upon this matter?—I may call it officially.

1087. When you use the word "officially," do you mean any private correspondence which passed, or any communication which passed verbally?—Officially and semi-officially; not formally.

1088. Sir *Stafford Northcote.*] You had an interview with me on the 13th of April, had you not?—Yes.

1089. In

1089. In which this subject was discussed?—Yes; it was discussed for an hour.

1090. At the end of that discussion do you remember what I said to you?—I left you with the impression that your views were entirely in accordance with my own.

1091. Did I say to you that I would communicate with you?—Yes; you said that you would communicate with me, which you did. I considered that for all the purposes of my contract, the contract was granted to me, at the time that the Admiralty had recommended it to the Treasury. I considered that that justified me in believing and acting upon the extension of my contract.

1092. Mr. Wilson.] Was that on the 23d of February?—Yes, it was on the 23d of February.

1093. The Admiralty in that letter state what your demands are, and they conclude simply by recommending the offer to the favourable consideration of the Treasury; is not that so?—Yes; recommending my offer to the favourable consideration of the Treasury.

1094. After all the experience that you have had in contracts, and all the communication that you have had with the Admiralty and the Treasury, did you consider yourself justified, from those words, in considering your contract concluded?—No, I could not consider my contract concluded; but for all the purposes of my subsequent expenditure, I considered that I was justified in incurring it upon the faith of this recommendation to the Treasury.

1095. From the 23d of February you were satisfied that you might incur any expenditure that you chose, upon the certainty of getting it in future?—Yes, I did think so.

1096. Had you any communication with the Treasury between the 13th of February, when you saw Sir Stafford Northcote, and the 15th, when you received his letter?—None.

1097. Had you any communication with any one at the Admiralty during that period?—I think not.

1098. Neither personally nor by letter?—I think not.

1099. You have had three contracts for these services?—Yes.

1100. The first was made in 1854, was it not?—Yes.

1101. The second was made in 1855, and the third in 1859?—Yes.

1102. Referring to your letter of the 14th of February, this year, you state that *one* of your reasons for favourable consideration is the loss of two vessels?—Yes.

1103. Will you state the dates on which those two vessels were lost?—In May 1855 and January 1857.

1104. In May 1855; was that before the first contract was renewed?—Yes.

1105. Therefore, one of those losses was before the first contract was renewed?—Yes.

1106. You allude to three lamentable collisions; when did they take place?—In August 1855 was one; the other was last year; and one was previously, in 1854.

1107. Was the one in 1855 before or after the contract was renewed?—After.

1108. That was renewed in June, was it not?—Yes.

1109. Therefore, one of the collisions took place before the contract was renewed, and two of them subsequently?—Yes.

1110. Were you not covered by the insurance for the loss by those collisions?—No, not for that collision of 1855.

1111. You state that you took this service upon the outbreak of the war?—Yes.

1112. That was in 1854, was it not?—Yes.

1113. After the war had continued more than a year, your second contract was made?—Yes.

1114. Therefore, your second contract was made in reference to the facts which you knew were existing during the war?—Yes.

1115. You have stated that you have not been called upon to go any quicker than you had originally contracted for?—No; I think it is impossible upon that station to go quicker.

1116. Therefore, the losses that you have referred to upon those boilers and engines have simply been a matter of miscalculation on your part?—Yes; I think it was a matter that I could scarcely have calculated upon with any degree of certainty, it being a matter of experiment.

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1117. Sir *Henry Willoughby*.] You do not admit that it was a miscalculation?—No, it was an experiment.

1118. Mr. *Wilson*.] Those who competed with you in 1854 were subject to the same risk, were they not?—Yes.

1119. Do you consider that when you competed with a person in 1854 to perform the service under certain conditions, you were entitled to be compensated for any miscalculation or any unexpected loss of this kind?—No; but I think I am entitled to the first consideration, in consequence of carrying out that experiment successfully, and saving the country some 8,000 *l.* or 10,000 *l.* a year by it.

1120. Was that a matter of consideration between you and your competitors in 1854?—No; but they were so much beyond me, and beyond what I am paid now.

1121. Did not your competitors in 1854 tender to the Government on distinct conditions, which were then presented to the public?—Yes.

1122. And you did the same?—I did the same.

1123. Therefore you all alike took that risk?—Yes.

1124. Do you think it is just for you to require compensation for the risk which you clearly undertook and your competitors also tendered for?—I think that they would ask for it under similar circumstances.

1125. You stated that you have put up most expensive machinery and a steam factory at Dover for engine repairs?—Yes.

1126. Where was that put up?—I have been putting it up all along; but I have lately very much increased it. I began it when I began the contract in 1854.

1127. Therefore you had made progress with it in 1855, when your contract was renewed?—Very small progress.

1128. Was there any condition that you were to put up this machinery in 1855, when your contract was renewed?—No; I have put it up entirely of my own accord.

1129. On what principle do you consider that a ground for compensation now?—In the first instance, another claim that I had was by taking that contract at the time when all the Government vessels were nearly worn out, thereby relieving Woolwich dockyard from an immense pressure in the engineering department for the repairs of those engines.

1130. Did you make any condition of that?—No.

1131. Did the Government ever make any condition of it?—No.

1132. Did anything pass about it?—I stated it to the Government.

1133. When you first took the contract did you state that?—Just subsequently to my contract being taken. Originally, the time for taking the contract was in October 1854, but I anticipated the Government's wishes and requirements by six months, by commencing it in April 1854, in order to relieve the Government from the expense for the time of repairing the engines.

1134. Were you asked by the Government to do that?—No; it was my own proposal, for the advantage of the country.

1135. It was your own voluntary act?—Yes.

1136. What did you propose to the Government?—To take it six months earlier, with a view to relieving Woolwich Dockyard of the inconvenience of having packets there to be repaired in the engineering department.

1137. We are speaking now of repairs; and you state that during the last four years you have put up this engine-house for repairing the engines: were you required by the Government to do that?—No, I was not required by the Government to do that; but I put it up with the view that, if it should be required, it should be available for the Government service.

1138. That was not done as part of your duty?—No, it was not part of my duty.

1139. You had no obligation to Government to do that?—No obligation to Government.

1140. You may decline to do any work for the Government at any day?—Just so. I had, at my own expense, to do that at Dover which was done for the packet service at Holyhead, at the expense of the Government.

1141. You did it for your own packet service?—Yes, for my own packet service.

1142. That is, you did it as a duty to yourself?—I had not the advantage at
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Dover which the packet service at Holyhead had, for carrying out the Government service at Holyhead. I have been obliged to create it at my own expense.

1143. When you applied for your renewal of contract, in 1855, on what ground did you apply?—On the ground of the short time of the contract, that I could not see any hope of working that contract in the short time to any profit; on the contrary, I foresaw that it would have been a dead loss to me, unless I had the advantage of a further extension.

1144. You had already then made a contract with the French Government for 15 years, previously to your application for the second contract?—Yes.

1145. When you applied for a renewal of the contract, did you tell the English Government that you had this contract with the French Government?—They might have known it.

1146. What reason have you to think that they knew it?—I think it must have been in one of my letters; in the letter of May 23d, 1855.

1147. Did not the English Government contract for six vessels to be sent out, as in the former contract?—Yes.

1148. Were not the Admiralty to have the entire control, or at least to superintend, the manning, and otherwise have control over the management of those vessels?—Not over the management of those vessels; they were to see that they were properly manned; that is all the control the Admiralty had over the vessels.

1149. Did you say that three of those vessels carried the French flag and three the English flag?—Yes.

1150. And yet the English Admiralty have the control over the whole six?—They have no control; I have the control, subject to their approval.

1151. The vessels were to be subject to the approval of the Admiralty in your first contract?—Yes.

1152. And that was continued similarly in your second contract, was not it?—Yes.

1153. Your French contract was made in the beginning of 1855, for 15 years?—Yes.

1154. When you applied for the renewal of your contract in 1857, on what ground did you apply then?—I did not apply for a renewal in 1857.

1155. You applied for an extension, did you not?—No, not for an extension; I only applied to compound for one single sum; those small sums that were paid quarterly.

1156. What sum did you propose?—£. 1,500.

1157. What sum do you receive now?—£. 2,000.

1158. Mr. Corry.] Were these two sums for the same services?—Yes, for the same and other services.

1159. Are the services that you are to perform in 1859 for 2,500*l.* the same as those you proposed to perform in 1857 for 1,500*l.*?—I undertook, under the present contract, to perform additional services and to put a small steamer on at my own expense.

1160. Have not the Indian mails been doubled since 1857?—Since 1857.

1161. But since 1857 have they not been despatched from Marseilles by special trains?—Yes, doubly since 1858, I think.

1162. Mr. Wilson.] Did not your contract in 1855 provide that, whenever the Indian mails shall arrive at Calais too late for the ordinary packet, the contractor shall provide for the immediate conveyance of the same to Dover in one of the steam-vessels to be employed under this contract, or by some other means satisfactory to the Government?—Yes; and I always have a vessel for that purpose.

1163. You have told the Committee that they very frequently do so arrive?—Yes, frequently.

1164. Therefore it was part of your amended contract, in 1855, to keep special vessels ready for the Marseilles mails, at whatever hour they arrive?—Yes.

1165. There is nothing new in that respect?—No, nothing; only that they come more frequently; I could not go twice for the same money; they might come every day.

1166. I ask you whether you made any stipulation in your contract for the number of times?—I considered that the mails were regularly established once a fortnight, and that they could not be increased without giving me some remuneration for performing the additional work.

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1167. Was there any such stipulation in your contract of 1855?—There was no such stipulation.

1168. Were those regarded as special services, or as part of the contract?—As special services.

1169. For which you were specially paid?—For which I was specially paid.

1170. And they formed no part of your remuneration under your first contract?—They formed no part of the remuneration of the 15,500*l.* under the first contract.

1171. Therefore whatever the number of times they come, whether once a week or once a month, you would be paid in proportion for the special service?—Just so.

1172. There is no difference under the first contract as to whether they came frequently or infrequently?—No difference. But I have only charged the mileage rate; there is the difference. I could not afford to do at mere mileage-rate those special services continually, or for such an increased number of times.

1173. With regard to the Indian mail; that goes now once a week, does not it, instead of once a fortnight?—Yes.

1174. When did that change take place?—I think it was in 1858.

1175. Did you urge that change upon the Government in 1857, as one of your reasons for giving you a larger amount?—Yes, for the Australian mail; that was one of my chief grounds of application.

1176. Your vessels go regularly every night under your contract, do they not?—Yes.

1177. Does it make any difference to you whether the Indian mail is divided into two or goes all in one?—Yes, there is more labour, and there is less room for passengers; I should put on a special vessel. The Indian mail has been so bulky, that I have been obliged to put on a special vessel, to take the passengers in one vessel and the mails in another.

1178. Then it would be a convenience to you to have the Indian mails divided?—Yes.

1179. Has not the change that has been made only been to divide the Indian mails?—They have been increased as well; they go now weekly, whereas they used to go fortnightly.

1180. Supposing that no miscalculation had been made, you would have had the increased Indian mail to carry?—Yes; the increase is one of the grounds of my application.

1181. Are you not aware that you had contracted to carry the Indian mail from Dover to Calais?—Yes, but I did not consider that four tons of boxes could be considered as “all despatches and bags of letters.”

1182. Did not the Indian mail go in boxes when you made that contract?—Yes, but to a very small extent compared with what they are now.

1183. In 1855 did the Indian mail go in boxes?—Yes, in 1855; but it was very small compared with what it is at present; I should say that the Australian boxes are treble the weight, and they are added also.

1184. I am speaking at present of the Indian mails; you complain that it would be a very great inconvenience for you to carry a very large quantity by your vessels?—Yes.

1185. Are you not aware that the only change that has been made in the Indian mail since 1855 has been that the mail has been divided into two, going at twice instead of at once?—I think you will find that the Indian mail has increased in proportion.

1186. We are not speaking about the increase, but we are speaking about the double mails; it is in consequence of the double mails, that you lay that claim, in consequence of so many Indian mails in a year; are you not aware that the only change has been to divide the Indian mail into two?—No; they are carried on two occasions, but I cannot see that the only change that has been made has been to divide them into two. They are additional mails; not the same mails; they are not simply divided into two. If the Honourable Member means to say that they are collected now once a week instead of once a fortnight, that is so.

1187. Did not your contract in 1855 provide for the natural increase that might arise in the Indian mails?—Yes, I may say so.

1188. If you come to divide that natural increase into two departures instead of one, you say it is a convenience to you?—Yes, but the increase has been to the extent of doubling the number of boxes.

1189. Keeping

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1189. Keeping the matter of increase distinct from the number of the mails, it is upon the ground of the number of the mails that you demand an increased subsidy?—I have more to embark in the ship, and more work and more labour with those Indian mails if they come once a week instead of once a fortnight.

1190. I thought you stated that it was a great convenience for you to have a light mail instead of a heavy mail when you might require to send an extra vessel?—Yes, just so; so it is.

1191. Will you state whether you would now consider it more easy for you to carry the whole of the Indian mail at once, or to have it divided, as it is at the present time?—I should certainly prefer to have it divided if it were to be carried by one vessel.

1192. I see that in the corrected statement which you put in on June the 10th, you claim 1,002 *l.* for 48 Indian mails?—Yes.

1193. Is that for the repeated departures of those mails?—No, I mean inwards, supposing they were to come every week specially.

1194. That is a computation of your special services?—Yes.

1195. That has nothing to do with your outward services at all?—Nothing at all.

1196. That, in point of fact, is what you had been paid extra for before, is it not?—Yes.

1197. Then you have got the Australian mails outward and inward?—No, only outward.

1198. That is also for special services, is it not?—No; that outward mail is to go by the regular boat if there is room for it; or, if required, I am to provide a special boat to carry those mails.

1199. You would calculate that once a week, nearly all the year round, as a special service?—Yes.

1200. Has it been the case in your experience that you have been paid in that way?—Not once a week.

1201. It is nearly once a week?—Twenty-four is the number.

1202. I am speaking about the inward mails?—I have charged 24; that is, once a fortnight, coming from Marseilles.

1203. Does that mean 24 for each of the services?—I have computed them once a week inwards; that is, from Marseilles homewards, and I have taken the estimate as if they were to go once a week, by special vessel.

1204. Can you tell the Committee how many times they came last year by special vessel?—I think three out of five times.

1205. A little more than a half?—Yes, three-fifths.

1206. On what ground do you claim upon the outward mails, as the outward mails all go by the regular mails at night?—Where they are too large, and I put an additional vessel on. I agree, if required, to send those mails specially outward, and bring them specially inward.

1207. You never have special outward mails?—Yes, I have.

1208. How often has that been the case?—Once.

1209. Do you know the circumstances?—There was an immense mass of mails and passengers.

1210. When you speak of a special mail outward, you mean a mail that required another boat?—I mean that instead of putting the passengers and mails into one boat, there were so many mails to go by that boat that I put the mails in one boat, and the passengers in another.

1211. Had you any special service at that time going at a different time?—No, not outwards.

1212. Do you not consider that that is all included in your contract?—No, I do not; and that is the application which I made, on the ground that I did not consider the addition of the Indian mail, weekly, instead of fortnightly, was within my contract; and that I was entitled to be paid for that addition.

1213. You made the contract, subject to the condition of things then; but supposing that next year the Indian mails are larger than they are now, would you consider yourself entitled to apply for a further subsidy?—No; because I agree to have an additional boat if it be required. The Government may require, to-morrow, to send those mails specially for which I should have two boats to start to-morrow at 11 o'clock instead of one boat.

1214. Mr. Corry.] Is not that specified in the contract?—If required, I think it is.

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1215. Mr. *Wilson*.] Is not your present as well as your former contract to carry all the Continental mails, whatever they may be?—Yes.

1216. Whether they require one boat or two boats, your contract still is the same?—No; I do not think it would be fair to ask me to put on two boats every night to carry the mails; that was never contemplated; it is said, as will be seen by the contract, "A boat shall start."

1217. It is your duty first to carry the mails instead of passengers, is it not?—It says, "That one of such vessels, so equipped and manned as aforesaid, shall leave Dover every weekday."

1218. Have you ever had so large a mail that one vessel could not carry it?—I had once.

1219. Had you not then to take two vessels?—Yes, but I took no passengers in one of them; but the consideration of the contractor always contemplated a certain revenue from passengers, or else the expense could not be paid.

1220. The contract was silent upon that, and you made no condition upon it?—No; but that was the condition that I understood, or else it is impossible to carry on the service.

1221. Did you in the year 1855, when you applied for an extension of your time, state any ground for that extension, in connexion with your negotiations with the Belgian and French Governments?—I think not.

1222. You have to-day principally based the necessity for this extension upon the existing contract with the French Government, and your negotiations for a contract with the Belgian Government?—And my losses.

1223. You have chiefly based it upon the two former points?—No; I thought, independently of that, I was entitled, and that I had a good ground for asking this favour.

1224. You have stated those as important reasons?—Yes, they are all important reasons.

1225. Did you not write a letter to Mr. Hamilton, in which you state that no arrangement would suit your purpose which would give you an amount of money, but did not extend your contract, because that would enable you to carry out your negotiations with the Belgian and French Governments?—Yes.

1226. Did you name that in 1855, when your contract was extended?—I think not.

1227. Is there any mention made of that in your correspondence with the Admiralty this year, when you applied for the extension which you now have?—I think there is.

1228. It is the letter of the 14th of February, at page 11, is it not?—Yes; I have mentioned it here in the second paragraph on the twelfth page.

1229. You simply ask for an extension for the same time for which you hold the French contract?—Yes.

1230. But you do not state that as any ground for granting it?—No; but it is in my other letter to Mr. Hamilton, which I have read, in which I go into that matter.

1231. That was a long time afterwards, was it not?—Yes, it was the 6th of April.

1232. You have said a great deal about your contract with the French Government, depending upon the extension of your contract with the English Government; did you not make your contract with the French Government in February 1855, and is it not still existing?—Yes.

1233. Then what connexion can there be between your French contract which does not expire till 1870, and the renewal of your contract by the English Government now?—It is only the objection that the French Government had made in my conferences with them.

1234. Did the French Government make that objection in 1855, when the contract was made?—No; because I had reason to hope that I should have an extension of the English contract at that time.

1235. How can the French Government make any objection to the length of your English contract now, when your contract with the French Government is formed, and is running?—Because I have urged them to change the port of departure to Boulogne, with a view of carrying out the day service; the French Government would prefer to allow the thing to remain at Calais, as before; and I urged them to change the port from Calais to Boulogne, and to enter into a new arrangement with me.

1236. Which

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1236. Which would have changed your service, would it not, or have modified the existing contract?—Just so; the French Government say, we would not feel disposed to make any alteration or carry out those suggestions, unless we have a security from your Government that you have a longer time.

1237. Can you put in any communication with the French Government bearing upon that subject?—I have no written communications, but Captain Smithett can speak to that.

1238. Were you desirous to put an end to the contract with the French Government?—I was not particularly desirous of continuing it.

1239. You had entered into that contract, and you were bound to perform it?—Yes.

1240. Did you make any applications to put an end to or modify your French contract?—I have made several applications.

1241. Could you produce copies of those applications?—They are of that nature, that I think I would rather not produce them, if they are not pressed.

1242. Have you got their answers?—Yes.

1243. Are they official?—Yes.

1244. Is there any objection to your producing them?—I should not like to do so, unless it were made a particular object with the Committee.

1245. Is this a contract that you are working together with the French Government and the English Government, though disconnected with each?—Yes.

1246. Supposing that the English Government were to alter your hours of sailing, and that it did not suit your contract with the French Government, what arrangement would you make then; would you consider that you had any claim upon the English Government?—No, certainly not upon the English Government; they have power to order me to go now when they please.

1247. You have talked about negotiations between the English Post Office and the French Post Office, and yourself and the French Post Office; have they been negotiations which have been of the same nature, with the same views and with the same ends?—Yes.

1248. When did those negotiations begin?—I should suppose that they have been going on for two or three years.

1249. You have stated that that was the reason why you discontinued your correspondence with the Admiralty in 1857?—Yes, because I had hoped to bring the negotiations with the French Government to a satisfactory conclusion before this.

1250. They were then pending?—Yes.

1251. And the negotiations with the Belgian Government also?—Yes.

1252. And you had hoped to bring them to a satisfactory conclusion?—Yes.

1253. When you renewed your communications with the Treasury this year, you state that you suspended your communication with the Treasury in 1857, because you hoped to bring to a satisfactory conclusion your negotiations with the French and Belgian Governments, and you wished to do that before you renewed your communications with the English Government; had you done so in the present year, when you did so renew your communications?—The Postmaster General of Belgium came over and had a conference with the Postmaster General of England upon this subject.

1254. Were you a party to that conference?—I was told by the Postmaster General of Brussels —.

1255. Were you a party to that conference?—No; but they could not have done it without me.

1256. They could not have carried it out without your consent; but were you a party to the negotiations?—No. I was consulted; it could not have been arranged without.

1257. Was any arrangement come to?—No.

1258. And none has been come to, to this day?—No.

1259. No arrangement has been come to with the English Government to this day?—No, but it is all in progress; it is all in train; and it is further advanced than it ever has been.

1260. It was in progress in 1857, was it not?—Yes; but not so near completion as it is now.

1261. What security have you that it is near completion at all?—The answer of the French Postmaster General to the representations of Captain Smithett, about
a fortnight

J. G. Churchward, a fortnight or three weeks since, and a conference which I had on Saturday week last with the Directors of the Northern of France Railway.

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1262. In the month that we are speaking about, the month of January, when you resumed this communication with the English Admiralty, you state that you left off your communication in 1857, and did not answer the Admiralty letters because you wished to bring those negotiations to a conclusion before you answered it?—I wrote another letter to the Belgian Government, in January 1859, this year.

1263. If you considered it necessary in 1857 to postpone further communication with the English Government because those negotiations had not been brought to a close, did not the same reasons exist in 1859?—The reasons in 1859 were greater, inasmuch as I had further communications with the Governments both of France and England on the subject.

1264. Was there anything definitely settled with either Government that would enable you to make a definite contract with the English Government?—No.

1265. Before you addressed that letter to the Admiralty, in January 1859, had you any personal communication with any one?—Yes; I was in communication with the Admiralty with respect to the payment for the extra Indian mail services.

1266. Your application had reference only to the single subject of commuting your special services and accidental services into a fixed payment?—Yes.

1267. It had no reference to the extension of time?—No; but I always had it in contemplation to make an application for an extension on the first opportunity, and I awaited the result of that application to the Treasury for the payment of the Indian mail services to make the proposition which I made on the 14th of February.

1268. The application of the 14th of February was on your mind?—Yes; the one that I made for an extension.

1269. Then to this day you have concluded no arrangement whatever, either with the Belgian or the French Government?—No; it depends now upon an arrangement between myself and the Northern of France, and with the South Eastern Railway.

1270. Are you in negotiation with the English Government now upon that subject?—No, not upon that subject.

1271. You have not engaged that you would not undertake any service with the French or Belgians without the consent of the English Government?—I have, but it is not with regard to any matter connected with the contract, but it is for the change of hours, and the improvement of the day service.

1272. Your proposed change of hours would necessarily involve an alteration of our hours?—Yes, just so; but it would be no additional contract.

1273. Have you not undertaken, in your new contract, not to enter into any new contract with the French or Belgian Government without the consent of the English Government?—Yes; this would not be any new contract; it would be merely altering the hours, and the port of departure.

1274. Do you consider that that would not prevent your making any new arrangement with the French Government?—It must be the act of the English Government, not mine; the matter has regard merely to the railway and steamboats.

1275. By whom?—The French Government. The English Government have applied to the French Government, and the French Government consulted the railway and steamboat authorities as to the practicability of a change in the service.

1276. It is not you that have had communication with the French Government at all?—The French Government have not applied to me yet upon the subject. I have read a letter, I think, where M. Sturme says that he awaits a communication from the Northern of France Railway to communicate with me on the subject.

1277. Have you been consulted at all with regard to this change by either Government?—Yes, I have been consulted by the General Post Office; my scheme has been before them, and I have had frequent interviews with Mr. Frederick Hill on the subject.

1278. You have told the Committee that the Post Office in England cannot carry out any improvements without your consent?—They cannot carry out any improvements

improvements without my consent. What I have suggested is a change of the port and of the hours of departure. *J. G. Churchward, Esq.*

1279. I mean any improvements not contemplated in your contract?—Just so.

1280. Would not that apply now till 1870?—Just so; I have the French contract, and the English Government have no authority over the French contract.

1281. You have got an English contract till the French contract expires; will not the English Post Office be under the same disability, not being able to carry out any new service different from your contract excepting with your consent?—They can alter my hours when they please.

1282. I know that, but I meant that they cannot make any alteration not provided for in the contract?—They must have my consent to it.

1283. Whereas if that was an inconvenience which the Post Office had to suffer, that they were not able to do it before, till 1863, it is now an inconvenience that they will not be able to do it till 1870; you have told the Committee that the English Government could not carry out any change without your consent, because you have a contract?—Yes.

1284. That disability on the part of the English Government extended to 1863 under your old contract, did it not?—It was continuous; it extended to the time of the termination of my contract with the French Government.

1285. The English Government were not bound by your French contract?—Just so; but I say that under the English contract the Government have full power to do what they please.

1286. They were bound to you before till 1863, and now they are bound to you till 1870?—Just so.

1287. Will you just explain to the Committee in what way you felt yourself fettered in the new arrangements that you made with the French Government, in consequence of the shortness of your English contract, seeing that you had a contract with them which already extended to 1870?—In this way: as I have before stated, that in reply to our applications to the French Government, the French Minister had stated that he saw an objection to carrying out the arrangement which I had proposed, with regard to changing the port and improving the services, on account of the short time of my contract, and that there would be better security if that contract were extended to the time for which I held the French contract.

1288. The French Government have contracts with you till 1870, and you are bound by them?—Yes.

1289. *Lord John Manners.*] That objection was raised by the French Government subsequently to the suspension of your negotiations with the English Government in 1857?—Yes, subsequently to that.

1290. *Mr. Wilson.*] Seeing that this correspondence between yourself and the French Government bears so vitally upon the motives which you had in insisting upon the extension of the English contract, do you still object to produce that correspondence in which that comes out?—In the correspondence that I have had with the French Government I have not made the proposal directly and officially to the French Government to change the service, and for this reason, that the French Government could not take my proposal to change the service; the French Government could only deal with the English Government, and those were oral communications to my agent.

1291. In what form did the objection come to you, that the French Government decline to deal with you in the way in which you wished in consequence of the shortness of the English contract, while their own contract lasted till 1870?—By a personal conference; not by any written document, but by conference with the agent who represented me on the occasion, as shown in the letter which I read an hour ago, in which he says, "If we get the Admiralty extension, there will be more certainty here; as they have said before, what are they to do if the English service is given up?" that letter was written on the 16th of February 1859.

1292. But if the English service were given up, you would still have a contract with the French Government until 1870?—Yes; but it is in this position, that I cannot work the one or the other contract singly to advantage.

1293. Do you mean, that if the English contract had been put an end to in 1863, you must have broken your contract with the French Government?—Yes, I must have done so if I had not had an extension of the English contract, for the French contract would not have paid me.

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1294. Have you the power of breaking the French contract; were not you bound?—I have given security, and I should only have done it by arrangement; by asking the French Government to let me off.

1295. When you renewed your contract in 1855, did the same necessity not exist; you renewed then until 1863, and were you not just as well aware, when you renewed the contract in 1855, that if the English contract had terminated in 1863 you must have terminated the French contract?—Quite so.

1296. Why must you have terminated your French contract?—Because there was a longer period for me to work it.

1297. In point of fact, you made that French contract while your contract with the English Government had only 3 ½ years to run?—Yes.

1298. And when you came to renew your English contract, you did not think it necessary to apply for that extension to make it correspond with the French contract?—No; because the suggestion had not then been raised as to the change of the port, and the hours of departure.

1299. You say that you could not have carried on the one without the other?—No.

1300. You took that contract with the French Government knowing that you could not have carried it on without the English contract, and knowing that the English contract would expire at the end of three years and a half; and you renewed that contract which would be expiring in 1862, still knowing that you could not carry on the French contract without it; but still you said nothing about it?—I have always hoped to carry out that service so efficiently that there would be no difficulty in getting an extension.

1301. You have stated to the Committee that you have always hoped; did that hope fail you in January last?—No. I had a reasonable hope of getting an extension where there were no competitors.

1302. Did you not state that there was a very severe competition?—Yes, in the first instance; but the small amount for which I took the contract, distanced all my competitors.

1303. Was this hope or probability any less in January last than it was in 1857?—Yes; because there were new arrangements, there were new parties coming into the field, and a new railway had been developed.

1304. Captain *Leicester Vernon*.] You took the chance of the two contracts going together in the ordinary course of business?—Yes.

1305. *Chairman*.] Have you any objection to produce that correspondence with the French Government?—I will look over it, and see.

1306. Mr. *Wilson*.] At present you are working two contracts with the vessels which you are bound to provide under the English contract?—Yes.

1307. And those vessels you are bound to provide under your English contract?—Yes. I am working them with the acquiescence of both Governments.

1308. Captain *Leicester Vernon*.] You could not do that unless the service were suited to it?—No.

1309. If the services did not suit, you would have to increase your fleet, would you not?—Yes.

1310. Mr. *Baxter*.] Have you been in the habit of sending your steamers on pleasure excursions to Ramsgate?—Yes.

1311. Have the Government objected to that?—Yes, and I have a correspondence on the subject.

1312. Did Mr. Baring send word to you from the Admiralty that was not legal?—He said that it was not legal.

1313. In the contract of 1859 clauses have been inserted, have they not, permitting you to do so?—Yes, I had permission previously to do that.

1314. From whom?—From the Admiralty.

1315. At what date?—It was not directly sent to me, but to the officer at Dover.

1316. Can you give us the date of that communication?—I can ascertain by referring; I must send to Dover for the information.

1317. You stated that you had not seen Lord Lovaine with reference to this contract; did you see Mr. Lygon?—Yes, subsequently on many occasions.

1318. Did you converse with Mr. Lygon with regard to the Dover election, as well as the contract?—No.

1319. You have stated something about the second Report of the election
Committee

Committee which sat in 1853; do you mean that that Report exonerated you from the charge of bribery which was made in the first Report?—Yes; I consider so, because I was there to give a full explanation. *J. G. Churchward, Esq.*

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1320. Did not the Committee say that you had asked for 40 places, and had got 25 of them from the Government of the day for your friends?—I had got them for different parties, and I justified that before the Committee, by stating that those situations were obtained after the parties had pledged themselves to vote for the candidates, and those situations were distributed in the usual way to the applicants.

1321. *Mr. Carry.*] You have been asked whether the division of the mails has not been an advantage to yourself; is it not a fact that the duplication of the Indian mails, and the alteration in the mode of despatching them from Marseilles, have added very much to your charges in conducting the service?—Not very much.

1322. In your statement of the extra charges, you put down for “forty-eight India, China, and Australian mails, inwards, Calais to Dover, by special packets, mileage rate, 1,002 *l.* ;” is not that an extra charge?—That is extra.

1323. Then the amount of that 1,002 *l.* for the transmission of those mails was an extra charge?—Yes.

1324. If the Government had refused to compound for the extra services for the sum of 2,500 *l.*, would your claim against the Admiralty for those special services have been more or less?—More; I should have asked more, because I should have required to be paid as if I had taken passengers as well as mails.

1325. So that, irrespective of the extension of the contract, the public have gained, in a pecuniary point of view, by compounding for those services?—I think so.

1326. *Sir Francis Baring.*] You state that money has been paid you under your present contract; where did you get that money from, and by whose authority was it paid you?—In the ordinary way, by the Accountant General of the Navy.

1327. Where did you receive your money?—At Somerset House.

1328. Will you have the goodness to give the date at which you received it?—On the 1st of July.

1329. You did not receive it at the Paymaster’s Office, did you?—No; I received it in the ordinary way at the Bill Office of the Admiralty, at Somerset House.

1330. Where did you receive the money from?—The money was paid into my banker’s, and was received from the Paymaster General.

1331. You stated that you must apply to the officer at Dover for certain information; whom did you mean by the officer at Dover?—I think the superintending officer at Dover.

1332. Who is the superintending officer at Dover?—Captain Triscott.

1333. What is his duty?—To inspect the packets, and report daily their arrival and departure.

1334. Is he any relation of that Mr. Triscott at Devonport?—Yes.

1335. Was not that Mr. Triscott of Devonport unfortunate also in the Report of a Committee?—I do not know.

1336. Lord Seymour’s Committee made an observation upon his being rather over-zealous, did they not?—I have heard so, but I have not read the Report.

1337. You mentioned that as soon as it was understood that the Admiralty favourably recommended your proposal to the Treasury, you considered that you were so far safe as to act upon it?—Yes.

1338. How did you conceive that the Admiralty had recommended your proposal favourably to the Treasury?—I think Mr. Hamilton told me at the Treasury.

1339. *Mr. Wilson.*] You stated, did you not, that you received a note from Mr. Hamilton about the 17th of February?—Yes.

1340. That was the same day that the Admiralty addressed the Treasury, was it not?—No, the 23d.

1341. What was the dates of Mr. Hamilton’s two letters that you have mentioned this morning?—The 1st of April, and the 28th of January; there were two letters in January and one in April.

1342. What was the purport of the letters in January, what had they regard to?—The letter of the 28th of January says, “It was necessary to refer your application to the Post Office in the ordinary routine of business; I mean the Admiralty letter: the Post Office has not yet returned it; it shall not be delayed here.”

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1343. Was that in answer to an application from you?—Yes.
1344. What was the letter of the 18th?—"I am about to move into the office of Permanent Secretary of the Treasury; I shall not therefore be in a position to deal with your application when you make it to the Treasury, as I might in my present capacity; but I see no reason why you should not apply to the Treasury or the Admiralty, whichever are the proper parties, as you did in 1855."
- 1344*. Then you had a communication, had you not, with Mr. Hamilton, before you made any communication to the Admiralty at all?—Yes.
1345. Was it in consequence of a suggestion from Mr. Hamilton that you applied to the Admiralty?—On January the 6th, as I said before, I wrote a letter to Mr. Hamilton.
1346. Is that letter of his an answer to yours?—The letter of the 18th must be in answer to it.
1347. Were not there more communications with regard to that contract business with the Admiralty?—Yes, with the Admiralty; and I had been in communication with Mr. Hamilton in 1852 about this very contract.
1348. This contract was made in 1854, was it not?—Yes, before that time I had made offers to the Admiralty.
1349. Have all your official communications been with the Admiralty?—Yes; the Honourable Member will see that Mr. Hamilton suggests to me to make them to the Admiralty.
1350. You made your contracts with the Admiralty; you were in communication with the Admiralty about the service, and received your money from the Admiralty: did you not know perfectly well that any alteration made in your contract must be made through and by the Admiralty?—Yes; but I had known Mr. Hamilton for many years, being in the position of Secretary to the Treasury; I mentioned the matter to him, and wrote to him on the subject.
1351. Have you a copy of that letter of the 6th?—Yes, and I will produce it; it is similar in effect to the one which I subsequently wrote officially, of the 14th of February.
1352. To whom was that letter of the 14th of February written?—To the Admiralty.
1353. You first applied to the Secretary to the Treasury, and the Secretary to the Treasury advised you to apply to the Admiralty?—Yes.
1354. Mr. *Crawford*.] In your letter of the 14th of February you state that your mail-passenger receipts, instead of increasing, have diminished within these last two years, and more especially in 1858, to a serious extent, in consequence of the passport restrictions?—Yes.
1355. Are the Committee to understand that you mean that the number of passengers both ways has very much fallen off?—Yes.
1356. Have you any objection to give a monthly return of the number of passengers that you have carried each way?—Not at all.
1357. Does that statement in your letter apply to Folkestone?—No, only to Dover.
1358. Was the falling-off in the passengers both ways?—Yes, both ways.
1359. In the same letter you state, "I had the honour to receive from several Members of Parliament a testimonial to the efficiency of my service." Have you that testimonial?—Yes, but I have not it with me.
1360. Did you apply to those Members of Parliament for that testimonial?—No; it was spontaneously given to me; I brought them home from Cherbourg, in the "Prince Frederick William."
1361. That was only as to the efficiency of your service to Cherbourg?—It had nothing to do with the mail service specially.
1362. Mr. *Wilson*.] That was not the mail service, but the Cherbourg service?—Yes; only they were themselves witnesses of the efficiency of my vessel.
1363. Mr. *Corry*.] You did not think that it was very likely it would have any weight with the Admiralty?—No, I do not think they did.
1364. Lord *John Manners*.] You have been asked a great many questions as to the reason which induced you to suspend your communications with the Admiralty in 1857, and to renew them in 1859. Did I rightly understand you to say that you suspended your communications in 1857 because you were at that time negotiating with the French and Belgian Governments upon certain improvements which you wished to make in the postal services?—Yes.

1365. And

1365. And you, finding in the course of those negotiations that the shortness of your contract with the English Government was objected to by the French Government, then resumed your original communication with the English Government?—That is so.

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1366. Sir *Francis Baring*.] When was the day of the election at Dover?—

Jovis, 28^o die Julii, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Captain Gladstone.
Mr. Hope.

Mr. Hubbard.
Mr. Laing.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Captain Leicester Vernon.
Sir Henry Willoughby.
Mr. Wilson.
Mr. Scholefield.

RICHARD COBDEN, Esq., IN THE CHAIR.

The Honourable Captain *Swynfen Thomas Carnegie*, R.N., called in; and Examined.

1367. *Chairman*.] YOU were one of the Lords of the Admiralty in the late Government?—I was, for a short period.

1368. Were you in any way conversant with the transactions attending the contract for the Dover and Calais mail service?—Not officially, in any way.

1369. Had you occasion to see Mr. Churchward, relating to that contract, officially?—No, I had not.

1370. Did you meet him on any occasion at the Admiralty when that matter was the subject of conversation?—Yes, I did.

1371. On what occasion was that?—I met Mr. Churchward once, without any previous arrangement, in one of the rooms at the Admiralty.

1372. In whose room did you meet him?—It was in the room of the private secretary of the First Lord.

1373. What was his name?—Mr. Murray.

1374. Would you state to the Committee what passed relating to the contract for the Dover packet service on that occasion?—Mr. Churchward spoke to me on the subject of the pending election for Dover, and having volunteered his support, and promised me his assistance in general terms, he made an allusion to his anxiety to obtain the renewal of his contract; and he said that they were anxious to defer signing the renewal of his contract until after the election was over, but he felt that that would be too hard upon him, and that he would rather prefer voting for Mr. Bernal Osborne and for myself, inasmuch as he would have a friend in power, whoever was in office. He also added, that he thought they wanted him to return two Government Members for Dover; and if they did so, he should be obliged to comply with it.

1375. In using the word “they,” to whom did he refer?—I do not know; the word had no antecedent, and I did not ask the question.

1376. To whom did you understand him to allude?—I do not know; the word I well remember.

1377. Did anything further take place on that occasion?—Nothing of any consequence, except general conversation.

1378. Did you follow up the conversation with regard to Dover?—No; I studiously avoided saying anything more.

1379. Was anything said by Mr. Murray in continuation of the conversation?—I think not.

1380. Was any other conversation carried on between you and any one in the Government, or connected with the Government, relating to this contract?—With no one officially connected with the Government, that I am aware of.

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1381. With any one connected at all with the Government?—Unless you consider the private secretary of the First Lord an officer connected with the Government, I know of no one.

1382. Do you allude to Mr. Murray?—Yes.

1383. Had you any conversation relating to the Dover contract with Mr. Murray?—Yes, general conversations I had with him previously to this communication with Mr. Churchward.

1384. Had your conversation reference to the desirability of your standing for Dover as a candidate at the election?—Yes, generally it was so.

1385. And had it reference to Mr. Churchward's influence in returning a member for Dover?—Occasionally the conversation turned upon that subject.

1386. Did your conversation with Mr. Murray lead you to suppose that the Government contract with Mr. Churchward was in some way contingent upon or relating to the election for Dover?—It gave me that impression.

1387. Was it your impression Mr. Churchward's influence would be used for you, provided the contract was entered into?—That it would be used for the Government candidate; some person or another; not for me personally; but it would be used for the Government.

1388. Had you any conversation with Mr. Murray more than once upon the subject?—I think it was very frequently mentioned; it arose from speaking of other matters. The subject turned to Dover and the pending election, and the influence which Mr. Churchward might bring to bear.

1389. Have you not the precise words in your recollection of what passed, as you have in the case of the conversation with Mr. Churchward, in Mr. Murray's room?—No, I have not.

1390. You stated in a published letter, at the beginning of April, that you declined to become a candidate for Dover because you felt that you would have to resort to means to insure success which were incompatible with your feelings of honour, or something to that effect?—Yes.

1391. Did you refer in that letter to the case of the Dover packet service?—If you insist upon my answering that question, which I with great deference would ask you not to press, I will give an answer.

1392. You understand that the Committee seek for no information excepting that which has reference to the Dover contract service, in connexion with the election at Dover; but so far as your letter had reference to that, the Committee will require all the information that you have it in your power to give them?—If you put the question to me, I must answer it; it had reference to that.

1393. Will you be good enough to explain to the Committee what the means were to which you felt a repugnance, so far always as they had reference to the contract with Mr. Churchward for the Dover packet service?—I felt this repugnance, that, as a Lord of the Admiralty, I must be a party in some sense or other to the renewal of a contract, or the granting of a contract, which passed through the Board of which I was a member; and therefore I thought that if the support of Mr. Churchward was to be given to me at Dover upon any consideration of that sort, I was a most improper person to stand for Dover, inasmuch as I must be, or be supposed to be, at all events, cognisant of a transaction which I did not think a proper one.

1394. I take it that your letter must have had reference to more specific communications with regard to Mr. Churchward's promised support than you have yet given the Committee; would you tax your memory, and relate any communication that passed between you and Mr. Murray, or anything else with regard to the part which Mr. Churchward was to take in your election for Dover?—From Mr. Churchward I heard nothing more than what I have already stated to the Committee. I heard prior to those statements of Mr. Churchward's that he was willing to support the Government candidates for Dover, and the renewal of the contract was so invariably mentioned in connexion with this, that the two seemed to me to be in close juxtaposition.

1395. Was that the case in your communications with Mr. Murray?—Yes.

1396. And with whom besides?—With no one else; at least I do not think I had any communication with any other party upon the subject.

1397. Whom did you consider Mr. Murray to represent in his conversations with you?—I did not look behind Mr. Murray at that time.

1398. Did you consider him to represent the Admiralty or the Government?—No; I had no reason to believe that he represented anybody.

1399. But

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1399. But Mr. Murray in his private capacity could not have had any power to negotiate with regard to your standing for Dover?—I believe I am not doing Mr. Murray any injustice when I say that I think he was a member of a committee which were sitting for a long time, making arrangements for the forthcoming elections; but I do not know that positively.

1400. Was anything said which made Mr. Murray the representative of the First Lord in those communications?—No. I cannot say that he ever used the name of the First Lord.

1401. Have you a very distinct recollection of what passed in the interview which Mr. Churchward had with you?—I have a very distinct recollection of it.

1402. In the evidence which Mr. Churchward has given on this case, he is asked at question 962, "Did you ever see Captain Carnegie on the subject? No.—Do you remember whether in the course of your interview with him the word 'contract' was mentioned? No, never.—Did you ever see him with Mr. Murray? Yes, once.—Who is Mr. Murray? He was private secretary to Sir John Pakington.—How came you and Mr. Murray and Captain Carnegie together? I had heard that a deputation had been sent from Dover to Captain Carnegie to stand for Dover. I was at the Admiralty, and I saw Captain Carnegie go into Mr. Murray's room. I had not been introduced to Captain Carnegie before, but on that occasion Mr. Murray introduced me to him, and I said to Captain Carnegie, 'I understand that there is a memorial or a requisition for you to stand for Dover; if you go down to Dover, I think that you will have every chance of success, and it will cost you very little; at any rate, I shall be very glad to give you any interest that I can use for Dover;' but I said, 'There is one very great matter that you will have to consider, and that is, you will have to fight an opponent that has got a very long tongue, but all that you have got to do, Captain Carnegie, is to take no notice of Mr. Bernal Osborne's long 32-pound jaw.' That was what I told him. I said, 'You will not be a stranger at Dover; I think you will have another supporter; I think that you are well known to Captain Smithett, who will, I am sure, do his best to support you.' I then said, 'May I ask you whether you are going down to-night.' 'No,' he said, 'I think not to-night.' He then left the room; and that was all the conversation that took place." He is then asked this question, "The word 'contract' never was used?" and his answer is, "No, not at all; and my recollection of the circumstance is perfect." What have you to say to that evidence of Mr. Churchward's as to what passed?—I recollect a great portion of that which he is reported to have said took place. I do not recollect any allusions to such subjects as "32-pound jaw," or anything of that sort. I confess that I do not remember that; but I differ from Mr. Churchward altogether in one point, namely, that no allusion was made to the contract; he spoke most freely and openly to me upon the subject of the contract.

1403. Have you a very clear and distinct recollection of what passed regarding the contract?—Most distinct recollection. I thought it the most imprudent and incautious speech that ever came from a man's mouth, and it made so great an impression upon me, that I recollect every word of it.

1404. You left the room, did you not?—I left the room.

1405. When you say that you thought it a most imprudent and incautious remark, in what sense do you consider it so?—In giving me the information that he looked upon the contract as a sort of reason for supporting me in the presumed election for Dover.

1406. Was this remark about the contract addressed to you or to Mr. Murray?—It was addressed to me.

1407. Did it seem to be intended to influence you as a Lord of the Admiralty, or Mr. Murray?—I do not think it was addressed to Mr. Murray at all.

1408. The words used conveyed the impression to your mind, did they not, that there was a negotiation going on; on the one side Mr. Churchward, insisting on having the contract signed before the election, and on the other side the party insisting that the support should be given to the two candidates before the election came off; was that the impression upon your mind?—Yes, precisely.

1409. You have a distinct recollection as to what passed, and you give a decided contradiction to Mr. Churchward's evidence?—So far as that portion of his evidence goes, I can give a decided contradiction to it.

1410. Lord *John Manners*.] You have mentioned one particular interview,
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and have given, with some detail, what you remember to have passed upon that occasion; you have also alluded in general terms to conversations which you had on several occasions with Mr. Murray; can you give the Committee any more specific information as to any one of those conversations which you may have had with Mr. Murray?—No; I can give no more specific information; the conversations were generally upon the subject of the forthcoming election, and had reference to the chances of success which I should meet with at Dover.

1411. Will you state whether upon those occasions, any third person was present, or whether those conversations were between yourself and Mr. Murray alone?—I think they were generally speaking between ourselves alone.

1412. Will you also state whether the subject of the contracts came before you as a Lord of the Admiralty, or was that subject one which came under the cognisance of some other branch of the Admiralty?—No, it did not come before me. In the allotment of the duties to the different Lords of the Admiralty, the postal and the packet arrangements fall to the lot of the person whom we call the civil Lord of the Admiralty; may I also add, in explanation of the previous question that your Lordship asked me, that the communications which I had with Mr. Murray on this subject were of the most friendly and confidential nature, and they partook entirely of that character and tone.

1413. Did I understand you rightly to say, that your repugnance to standing for Dover, had reference to your being a Lord of the Admiralty, by which department this contract was to be determined?—Yes, that is so.

1414. Mr. Corry.] You mentioned, did you not, that Mr. Murray was the only person at the Admiralty with whom you had any conversation with respect to this contract?—Yes; I think he was the only person, to the best of my recollection.

1415. In your opinion was Mr. Herbert Murray in a position, at the Admiralty, to enable him to speak with any authority as to the views and intentions of the Admiralty, with regard to the Dover contract, or with regard to any other public question under the consideration of the Board?—Certainly not; I should consider that his duties did not admit of that.

1416. Therefore, any thing that fell from Mr. Murray would only be deserving of weight inasmuch as it might be supposed to be the sentiment of the First Lord of the Admiralty, to whom he was the private secretary?—I have said before that I did not look behind Mr. Murray; I look upon him as the person who gave me those private and confidential reasons.

1417. It was only from Mr. Churchward that you heard that it was desired that the signing of the contract should be deferred until after the election?—From Mr. Churchward only.

1418. You heard it from no official person?—From no official person.

1419. Sir *Stafford Northcote*.] Did you understand Mr. Churchward to say that it had been agreed to renew the contract, but that it was intended to defer signing it until after the election?—I do not think that I understood that; I simply understood that some parties wished to defer the signing of the renewal of this contract until after the election was over.

1420. You cannot say what parties?—No, I cannot; I do not know what parties are referred to.

1421. You state that Mr. Churchward alluded to his anxiety to obtain a renewal of the contract; can you remember in what terms he expressed himself?—No; I think that he used the word “anxiety.”

1422. Did you understand, from Mr. Churchward, that it was a question whether the contract was to be renewed or not; or that it was a question whether the renewal was to be executed before or after the election?—That it was to be executed before the election, I understood.

1423. You do not seem quite to apprehend my question; you understood Mr. Churchward to be anxious upon some point, did you not?—Yes.

1424. What was the point upon which he was anxious?—He appeared to me to be anxious that his contract should be renewed prior to the election.

1425. Sir *Henry Willoughby*.] Did he apply to you to aid him in that object?—No, he did not.

1426. Sir *Stafford Northcote*.] Then he went on to say that it would be too hard upon him?—Yes.

1427. Did he give any reasons for saying so?—He merely said that.

1428. And

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1428. And he said that he would prefer voting for Mr. Osborne and yourself?
—Yes.

1429. Did he say, that if the contract was not renewed before the election, he should prefer voting for Mr. Osborne and yourself; or did he say, that in any case he should prefer voting for Mr. Osborne and yourself?—In any case; I understood him to mean so.

1430. Do you remember the date of this conversation?—I am not able to fix it precisely, but it was between the 4th and the 9th of April. It was the first week in April. I possibly may be able to fix it precisely if I may refer to documents at home.

1431. Mr. *Corry*.] You stated, did you not, that one of the reasons why you did not think proper to stand for Dover was, that the renewal of this contract must pass through the Admiralty, of which you were a member. Are you aware that, at the time of this conversation, in the first week in April, the question had passed out of the hands of the Admiralty, and was entirely in the hands of the Treasury?—No, I was not aware of that.

1432. Are you aware that, about six weeks before that conversation, the Admiralty had written to the Treasury, recommending the renewal of Mr. Churchward's contract on the very terms proposed by himself?—No; I was not aware of that.

1433. Mr. *Wilson*.] You have stated, have you not, that in the conversations which you had with Mr. Churchward, he used the term "they"?—Yes.

1434. Using that term, did you understand that he meant the persons connected with the Government, in whose hands the contract then rested?—I think I have already answered that question by saying that I had no idea to whom Mr. Churchward referred when he used that expression.

1435. You had no idea of the individual persons?—I had none.

1436. Had you any other understanding than that Mr. Churchward intended to refer to those with whom the conclusion of the contract necessarily rested?—I did not take any trouble to inquire as to what the antecedent was to which he referred.

1437. What is the relation of the private secretary of the First Lord to the general office of the Admiralty; is he not in any communication with any officer of the department, in his capacity of private secretary, considered as a confidential officer connected with the First Lord?—I should imagine so.

1438. Is the private Secretary considered to be the medium of communication between the First Lord and persons who come to the Admiralty on business?—Yes, I have no doubt that he is.

1439. You have stated that you felt a repugnance against standing for Dover, on the ground that this contract was about to be given, as you thought, in some relation with the Dover election?—I did not say so; it presented itself to me in that shape.

1440. The repugnance that you felt was because you felt that there was this association between the two things, as I understand you?—The association was so apparently clear to me, that I should never have expected that anybody would have been able to have disconnected them.

1441. Had you any communication whatever with any one upon the subject of this contract, which had been pending before the Admiralty and the Treasury then for two months, prior to the time when it was suggested that you should become a candidate for Dover?—None.

1442. It was not until that suggestion was made to you with regard to your standing for Dover that you think that communication was made?—Not until that.

1443. Sir *Francis Baring*.]—There was a conversation which you had with the First Lord of the Admiralty, and which has come before Parliament. Was that conversation before or after this conversation with Mr. Churchward?—It was so very nearly at the same period, that I am almost unable to say; it must have been within 24 hours.

1444. I do not ask the particulars of it; but that conversation was with relation to you standing for Dover, was it not?—Yes.

1445. Mr. *Baxter*.] Though not strictly in your department, were you conversant with the circumstances under which it was proposed to renew this contract?—No, it did not fall under my department.

1446. Had you formed any opinion as to whether this renewal would or would

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not be advantageous to the public service?—No, I had not formed any opinion; that had not come under my notice.

1447. Captain *Leicester Vernon*.] In the conversations of a strictly confidential character which you declare yourself to have had with Mr. Murray, was there anything in the shape of a negotiation going forward?—I must answer that question by asking another; between whom does the Honourable Member mean?

1448. Between yourself and Mr. Murray?—None whatever.

1449. You stated that Mr. Murray was connected, in some sort of way, with a Committee then sitting in respect to elections; can you say what that Committee was?—Only from hearsay.

1450. It had nothing to do with your office at the Admiralty?—Nothing whatever.

1451. You stated that Mr. Churchward explained to you that his wish was to vote for Mr Osborne and yourself; did he give you to understand that his object was that in any case he should have a friend at court?—Yes.

1452. Supposing Mr. Osborne to have been Secretary to the Admiralty, would he have had any power to have assisted Mr. Churchward in obtaining what he required in the shape of a contract?—I am unable to answer that question.

1453. Had you yourself any personal control over the matter from your position in the Admiralty?—None.

1454. Sir *Henry Willoughby*.] With respect to the Dover contract, whom did you understand to have the power of settling that contract; in what department of the State?—I believe the postal and packet contracts are mixed up with three different departments of the State, the Treasury, the Post Office, and the Admiralty if it is a naval service; and I am unable to state to the Committee precisely which of these departments is the one that exercises the most influence, but I should think the Treasury would be the department, simply because they have the means in their power.

1455. Do you not know that it is the function of the Treasury to decide finally on those contracts?—Yes, I know that.

1456. Had you the opinion that the Admiralty had the power of deciding upon those contracts at any time?—Not an absolute power of decision; I said that it rests, I believe, with the Treasury, but I have no doubt that the Admiralty's recommendation would go far with the Treasury in their opinions.

1457. Are you aware that it is the habit of the Treasury to refer to the Post Office Department, and to the Admiralty Department, and to the Colonial Department, according as they require information?—I believe that to be so. I have no doubt that it is so.

1458. Then you have no doubt that the Treasury, in the final resort, does decide upon those contracts?—I cannot say so of my own knowledge; but I have every reason to believe that it is so.

1459. You were in no way connected with the Treasury at the time?—Not in any way.

1460. Lord *John Manners*.] At the time this conversation took place, were you under the impression that the renewal of the Dover contract was still pending in the Admiralty?—It was pending somewhere. I do not know that it was pending in the Admiralty.

1461. Did you know whether the opinion of the Admiralty upon the renewal of the Dover contract had been already finally expressed some six weeks?—I did not.

1462. If you had been aware of that fact, would your feeling of repugnance to become a candidate for Dover have been so great, as you have just told the Committee it was, under the circumstances?—No, certainly not.

1463. Mr. *Hope*.] When you state that you declined to become a candidate on account of the pendency of the Dover contract, are the Committee to understand that your objection was, not that you knew the contract to be bad, and that you would be called upon to sanction that which you knew was bad, but that you felt that you would not be able to exercise an independent judgment in deciding whether it was good or bad?—I should not have been called upon, in all probability, to have exercised any judgment of any description in the matter; but I felt that a contract of this description, which was to pass through the hands of the Admiralty, must be associated with any member of that Board who stood for Dover, having been informed, as I was, that Mr. Churchward's influence and

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and support would be given to the Government, as I understood, for that reason.

1464. Therefore it was from no special knowledge or opinion that you had formed upon the individual contract?—None whatever. The contract might have been most favourable for the Government or most unfavourable, that had nothing to do with my decision.

1465. You have stated that you had never heard of the contract until the suggestion to stand for Dover: are the Committee to understand that the contract was mentioned to you when it was suggested to you to stand for Dover, or that you first heard of the subject in the conversations that you have detailed?—I heard of the subject of the support that Mr. Churchward was likely to give shortly after I was mentioned in the papers as likely to stand for Dover.

1466. Mr. *Crawford*.] You stated that you were told that Mr. Churchward's support would be given to the Government candidate: by whom were you told that?—By himself.

1467. Mr. *Corry*.] You have been asked as to the position of the private secretary of the First Lord of the Admiralty. Is it not the fact that the duties of the private secretary to the First Lord of the Admiralty are strictly confined to the conduct of the private correspondence of the First Lord, in matters relating to the exercise of his own private patronage, and to advising him upon that patronage?—I believe so.

1468. Do you imagine that the private secretary to the First Lord can give any instruction of a public character to any department in the Admiralty, or that if he did so, the slightest attention would be paid to his instruction?—I have no reason to believe so.

1469. You stated to the Committee, did you not, that Mr. Churchward's support was contingent upon the renewal of his contract?—I said that it presented itself to me in that light.

1470. I understood your answer to be that Mr. Churchward's support would be given to you for the reason of the contract having been renewed; was that your meaning in giving that answer?—Yes, clearly.

1471. From whom did you receive that information?—From Mr. Churchward himself.

1472. Sir *Stafford Northcote*.] In what terms did you receive that information from Mr. Churchward?—I understood him to say clearly, in so many words, when he spoke to me upon the subject of standing for Dover, that he would support me upon the understanding that this contract was to be renewed.

1473. Did he say, "upon the understanding that this contract was to be renewed"?—No, I do not think he did.

1474. Did he say anything to that effect?—He led me to that belief.

1475. Mr. *Wilson*.] Did not he say that he would prefer to vote for you and Mr. Osborne?—Yes.

1476. Did not he add, that if compelled or pressed by the Government, he must vote for the two Government candidates?—Yes, he did.

1477. Did you understand, from the tenor of your conversation, that that compulsion arose in relation to his contract?—It presented itself in that shape to me.

1478. *Chairman*.] Recurring to the evidence which you have given as to the way in which the contracts were entered into, as I understand it, the Treasury settles the main points of the contract, and then the contract itself with its details is arranged in the Admiralty department; is not that the case?—I would rather that the Honourable Chairman would be kind enough to ask somebody more cognisant of these matters than I am. I am scarcely able to answer that question with satisfaction to myself, or so as to throw much light upon the subject; but to the best of my belief the Treasury call upon the Admiralty to arrange the details.

1479. After the contract is entered into, is not the contractor in some degree under the superintendence of the superintendent of the packet service at the port?—Generally speaking, he is.

1480. Who appoints that superintendent; is he appointed by the Admiralty, or by the Treasury?—Generally he is appointed by the Admiralty, I believe.

1481. The duty of the superintendent appointed by the Admiralty is to see that the contract is properly carried out by the contractor, is it not?—Yes, principally with regard to the punctual starting of the packets, I believe.

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1482. And he has to report to the Admiralty, has he not, in case of any irregularity or failure in the performance of the service?—He would do so, certainly.

1483. And the Admiralty, in such a case, has to enforce penalties, has it not?—Wishing to be correct in my answer, I am not sure whether it is the Treasury or the Admiralty that enforce the penalties.

1484. You must have had it in your mind that the Admiralty had some power to exercise in relation to this contract, or why had you special scruples about being mixed up with this election as a Lord of the Admiralty?—I understood at the time that the contract was still pending.

1485. Do you mean pending with the Treasury, or the Admiralty?—I cannot say whether it was pending with the Treasury or the Admiralty, or the Post Office; it was pending with the Government.

1486. At the time that you stated in your letter that you would be required to resort to means, as a candidate for Dover, which were repugnant to your feelings, by whom were those means suggested to you?—They were first of all suggested to me in conversations, which I do not wish more particularly to allude to, because they were of a confidential nature; but they were confirmed by Mr. Churchward himself.

1487. You have taken a public step, and given a public reason for that step; and so far as that reason had reference to this contract packet service at Dover, the Committee wish to have all the information that you have to give upon that subject, but they do not wish to have information with regard to anything else connected with the election; you do not appear to have assigned sufficient reason why you took that step, and you have not given the Committee the sources of your information upon which you determined to take that step?—I think I might put it into as few words as I can, by saying that the impression upon my mind was, that Mr. Churchward was to give the Government, or the Government candidate, his support and influence at Dover, if he could obtain the renewal of his contract.

1488. That impression was gathered, was it not, from what passed between you and Mr. Churchward, and what passed between you and Mr. Murray?—Precisely.

1489. Then, in speaking to Mr. Murray, it would appear that you must have regarded him as the representative of some one else?—I looked upon Mr. Murray as the private secretary to the First Lord of the Admiralty, and I had reason to believe that Mr. Murray was cognisant of a good deal of what was going on in the election camp.

1490. Practically, are the Committee to understand that you considered Mr. Murray as the representative of the Government?—I should rather leave that to your decision.

1491. Sir *Francis Baring*.] You did not consider that Mr. Murray was acting entirely on his own account?—No, I did not.

1492. Sir *Henry Willoughby*.] What ground had you for thinking otherwise?—Because he asked me to attend him once, to accompany him once to a meeting of a committee which was sitting in Victoria-street, and which I knew at that period to be engaged on electioneering business.

1493. Did you attend that committee?—I did.

1494. Had that any relation to the Dover contract?—It had no relation to the contract; it had reference to the election, if you can disconnect the two.

1495. Mr. *Hope*.] Did I rightly understand you as stating that you understood that Mr. Churchward was going to vote for the two Government candidates, instead of one, solely in consequence of his having, or expecting to have, his contract renewed?—I did not say that, or mean to say that. He said to me that if the pressure were put upon him, he should be obliged to vote for both Government candidates.

1496. Did that pressure, as you understood it, refer to the renewal of this individual contract, or to the general influence of the Government over him as one of their contractors?—I gathered at the time that it was for the renewal of the contract that he was willing to give his support and assistance to the Government.

1497. Then are the Committee to understand you that you imagined him to say, that if he did not get the renewal of his contract, he would vote one and one?—No, I do not say that. He said he would rather, if left to himself, return Mr.

Ralph

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Ralph Osborne and myself for Dover, inasmuch as he would have a friend at court whoever was in power.

1498. Are you aware whether it was Mr. Churchward's practice usually to vote one and one, or to vote for both the Government candidates?—I do not know.

1499. Sir *Stafford Northcote*.] Had you heard anything of Mr. Churchward's political opinions?—Yes, I had.

1500. What had you heard with regard to them?—I had heard that he had supported Mr. Osborne two years prior to this last election.

1501. Was that all that you had heard of his opinions?—I had heard it mentioned that he was willing to transfer his vote and support to the Conservative side for certain reasons which I have stated; that was the impression left upon my mind.

1502. Had you ever heard that he had been a Conservative before?—I had heard a great deal of Mr. Churchward before, from various sources.

1503. Mr. *Corry*.] Did you ever hear that he was connected with a Conservative newspaper?—Yes, I believe he was; indeed I know that he was.

1504. If you entertained any doubts as to the propriety of the conduct of the Admiralty with regard to the renewal of Mr. Churchward's contract, did it ever occur to you to have some conversation with the superintending Lord on the subject, or with some other person officially connected with the Admiralty?—No; I thought it too delicate a subject to enter upon.

1505. You considered it too delicate to enter upon with the First Lord?—Yes.

1506. Mr. *Crawford*.] Did your unwillingness to become a candidate for Dover, on account of the renewal of this contract with Mr. Churchward ever form the subject of a special communication between yourself and any Lord of the Admiralty?—No.

1507. Mr. *Hope*.] You stated that you were aware that Mr. Churchward voted for Mr. Bernal Osborne at the previous election; did you know who the second candidate was for whom he voted?—No, I did not.

1508. Mr. *Baxter*.] Had you any conversation with Admiral Milne in reference to this contract?—None whatever.

1509. Sir *Henry Willoughby*.] Do you happen to know that the Admiralty always have a certain influence in seaports?—Yes, certainly.

1510. That is inevitable, is it not?—Yes, I should suspect so.

1511. Sir *Stafford Northcote*.] With regard to what you have stated as to pressure being possibly put upon Mr. Churchward by the Admiralty, is it within your knowledge that the Admiralty have other means of influencing the contractors for the packet service besides the renewal of the contracts?—If inclined to influence the contractors, I have no doubt that they might put the screw on in endless ways; but I do not know any particular mode that I could describe.

1512. For instance, could not they exercise an influence by being more or less severe in exacting penalties?—Yes, certainly, that would be one mode.

1513. Therefore that expression which you have used might have had reference to other matters besides the renewal of contracts?—Yes.

1514. Sir *Francis Baring*.] Who was the Civil Lord of the Admiralty at the time?—There were two during my time, Lord Lovaine and Mr. Frederick Lygon; the one followed the other.

1515. When this took place who was the Civil Lord?—It must have been Mr. Lygon, I think.

1516. Sir *Henry Willoughby*.] Had you ever any conversation with Mr. Lygon on the subject of the Dover contract?—None.

1517. Nor with Lord Lovaine?—Nor with Lord Lovaine.

Herbert Murray, Esq., Examined.

1518. *Chairman*.] YOU were the Private Secretary to the First Lord of the Admiralty under the late Government, were you not?—Yes. *H. Murray, Esq.*

1519. Have you heard the evidence which has been given by Captain Carnegie?—Yes.

1520. Have you heard the statement which he has made respecting the interview between him, yourself, and Mr. Churchward, on a certain occasion?—Yes.

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1521. Have you a distinct recollection of what passed on that occasion?—My recollection agrees with the statement which Mr. Churchward has made, and, to the best of my recollection, nothing was said about the contract on that occasion.

1522. Did you hear that part of Mr. Churchward's evidence which was read to Captain Carnegie?—Yes; I heard the statement that you read from Mr. Churchward's evidence, and also what Captain Carnegie has just said.

1523. With what object did Mr. Churchward visit your room on that occasion?—I do not know; he said that he saw Captain Carnegie come into my room, and I suppose that he wished to be introduced to him.

1524. Were he and you on terms of intimacy?—Yes, I constantly saw him for some time; perhaps not exactly on terms of intimacy, but I saw Mr. Churchward very often.

1525. Had he free access to your room upon all occasions?—No, not without being first announced.

1526. Did he come into your room with Captain Carnegie?—No; he came in afterwards.

1527. And he found you and Captain Carnegie together, did he not?—Yes; Captain Carnegie had been in the room a short time.

1528. Did you hear any of the conversation that passed between him and Captain Carnegie?—I was standing by, and I thought I heard it all.

1529. Did you hear his remarks regarding Mr. Osborne and his long tongue?—He said something about it; I cannot say the exact words that he used, but he said something about his being rather a formidable antagonist.

1530. How long did the interview last?—I should think about five minutes, not more, when all three were in the room.

1531. Did Captain Carnegie leave you and Mr. Churchward in the room?—Yes.

1532. What was his business in remaining with you?—I could not say what he came about that day.

1533. What passed after Captain Carnegie had left the room?—I think we were talking about the number of votes at Dover, if I recollect rightly, and how they were balanced as to the state of the parties.

1534. Did nothing pass between you and him on that occasion, when you were present regarding the contract?—Nothing whatever, to my recollection.

1535. Are you prepared to affirm positively that during the five minutes that he and Captain Carnegie were together, nothing of the purport stated by Captain Carnegie with regard to the contract passed?—I have a very distinct recollection of what did pass, and I do not think that the contract was ever mentioned.

1536. Do you think that that has been altogether a fabrication on the part of Captain Carnegie?—No; because I had several conversations with Captain Carnegie; and my impression is, that he is confusing some conversations with me separately with the conversation which he and Mr. Churchward had with me in my room.

1537. Had you and Captain Carnegie some conversation about the contract on that occasion?—No, nothing at all.

1538. You think that he is confusing some remarks that were made on some other occasion?—I think so. I think that I did make remarks of the nature which Captain Carnegie has described in conversation with him; but I am quite sure that Mr. Churchward never said those words to Captain Carnegie in my presence.

1539. Had you conversations with Mr. Churchward on other occasions relating to this contract?—Very seldom indeed with reference to this contract.

1540. But you had communications with him with regard to it?—Yes, I had communications with him with regard to it.

1541. In what way did the question of the contract come before you?—The question of the contract never came before me. I think my first acquaintance with Mr. Churchward began from his asking me whether I could do anything to assist him with the Treasury, with regard to its being passed through that office more rapidly than usual?—He asked me whether I could assist him, as, generally speaking, if anything was done there, it hung fire rather.

1542. Were you at that time in any way connected with the Treasury?—No, not at all.

1543. Had you not been a clerk in the Treasury?—Yes, I had been.

1544. Was

1544. Was it in consequence of your having previously been a clerk in the Treasury that Mr. Churchward wished you to interfere?—I conclude so.

1545. Had you had any previous connexion with that department of the Treasury in which contracts are settled?—No, none at all.

1546. In what way had Mr. Churchward any claim upon you to interfere with the Treasury to obtain better terms than usual for his contract?—He had no claim upon me; but many persons came to ask me to do things for them, and to assist them in different ways.

1547. Do you mean contractors?—Not contractors specially.

1548. Had you communications with Mr. Churchward upon the subject of this contract previously to that interview in which Captain Carnegie was present?—Not with respect to the terms of his contract in any way.

1549. Did he ever apply to you, as the representative of the Government, to assist him to obtain the settlement of his contract?—No, never once.

1550. He merely wished you as a private individual to interfere?—That is all.

1551. How often do you suppose that he had applied to you at your office in connexion with the contract?—He only applied the first time that he came; afterwards I do not think that the contract was ever mentioned between us scarcely, except to inquire how it was going on.

1552. Did he come to you on any other business than the contract?—Yes; on other business, but not official business.

1553. Have you any objection to say on what business he applied to you at your office in the Admiralty?—It was on a variety of subjects; I do not think I could enumerate them; it was nothing to further his own purposes at all.

1554. Was it private business?—Private business.

1555. Were you on terms of private intimacy with Mr. Churchward?—No. I mean that it had not any reference to his contract, when I say that it was private business.

1556. Had it any reference to the election at Dover?—Very often.

1557. Had Mr. Churchward any connexion whatever with the Admiralty except his contract?—No, not that I am aware of.

1558. Could you separate his character as a contractor from his character as a voter having large influence in Dover?—I had nothing to do with him as a contractor at all.

1559. I ask you whether he had any other business on which to approach the Admiralty but as a contractor?—Not that I am aware of.

1560. Then if you saw him in the Admiralty only in your public capacity, and not as a personal friend, how could you have seen him in any other capacity than as a contractor?—It is difficult to say in what position I saw him. I was not officially connected with the Admiralty, and I was not there exactly as a private individual.

1561. You were there solely as the First Lord's private secretary?—Yes.

1562. And if a person did not call upon you as a personal friend, he called upon public business?—Yes.

1563. Mr. Churchward came there as a public contractor, did he not?—Yes.

1564. And if he spoke to you on the election at Dover, he spoke to you only as a contractor?—No; I do not think he spoke as a contractor then.

1565. He only approached you as a contractor?—When he spoke about his contract, he spoke as a contractor.

1566. Had you any personal relations or intimacy with Mr. Churchward?—None at all; I knew him first as a contractor with the Admiralty.

1567. Then your relations in your intercourse with him were those of secretary to the First Lord and a contractor?—Not exactly; because there were many things in which I had communication with him which had no reference to his contract.

1568. It had reference to the election for Dover?—Sometimes it had.

1569. Have you any objection to state what the business was which you had with him in reference to the election at Dover?—It was simply as to the state of parties in the town, and as to the probable success of the Government candidates.

1570. At the time when he saw you in that way, was the renewal of his contract signed?—No.

1571. Was he not at that time pressing for a renewal of his contract?—It was under consideration at the Treasury.

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1572. Did I rightly understand you to say that he had applied to you to expedite the signing of that renewed contract?—It was not to expedite the signing of the renewed contract in particular, but to expedite the business altogether, whatever the decision might be.

1573. Was not his object to get the renewed contract signed?—That was his object.

1574. And you stated, did you not, that he applied to you to expedite that object?—He asked me to expedite it, and that whatever decision might be made at the Treasury, he should know of it as soon as he could.

1575. His object being to have the contract renewed?—Or, that he should have the earliest information of whatever the decision might be.

1576. And it was during the time that he was applying to you to serve him in that way at the Treasury, that the conversation took place regarding the Dover election?—Yes.

1577. Have you any objection to say what were the immediate topics of conversation regarding the election at Dover; was there anything relating to the candidates for Dover?—Sometimes that, and sometimes whether there should be two candidates, and as to the general chances of the election.

1578. As to whether there should be one or two candidates?—Yes; and a variety of questions regarding it.

1579. Is it true, as stated by Captain Carnegie to have been alleged by Mr. Churchward, that the Government wished him to support two candidates?—I do not know; there were two candidates, eventually, sent by the Government.

1580. In your conversations with him, was it understood that he should support both the candidates?—There was no agreement made that he should support the two candidates, but of himself he said that he should do so; that he should support the Government candidates.

1581. Do you remember at what time the contract was signed?—No; I cannot say when the contract was signed, but I believe it was some time about Easter.

1582. Did you apply to the Treasury, at the request of Mr. Churchward, to have his business expedited?—I wrote to a friend of mine there, asking him to expedite the matter.

1583. To whom did you write?—To Mr. Ryan.

1584. Is he in the Contract Department?—No; he was private secretary then to Sir Stafford Northcote, I think; that was in January.

1585. Did your interviews continue with him up to the time that Captain Carnegie met him at your office in April?—I do not think I saw him very often during February; I saw him towards the end of February; I could not say accurately as to that.

1586. You heard Captain Carnegie's evidence, in which he stated that he had many conversations with you upon the subject of the Dover election, in which he understood that Mr. Churchward's support was to be given to the two candidates, on condition that his contract was renewed?—I am quite sure that I never made use of any such expression as that, that Mr. Churchward's support was conditional.

1587. That was the understanding, was not it?—No, it was not.

1588. You had not that impression?—Not at all.

1589. When Mr. Churchward came to you at the Admiralty, were you under the impression that he would have supported the Government candidates, whether his contract was renewed or not?—In January, when he first came to me, there was no question at all about the general election.

1590. At what time did you write to Mr. Ryan, urging him to expedite this contract?—I should think it was about the end of January; I cannot speak exactly, but it was somewhere about that time.

1591. Are you quite clear as to the date at which you wrote to the Treasury?—Quite; because I saw Mr. Churchward a few days after my return from the country in the winter, and that was about the 10th of January. I wrote about a fortnight afterwards, and I should say that that was about the time, to the best of my recollection; I know that I did not write till a fortnight after Mr. Churchward asked me to do so.

1592. Did you see the letter written by Captain Carnegie in the month of April, in which he stated that he withdrew from the Government, because he could

could not agree to the means by which it was proposed that he should carry his election at Dover?—Yes.

1593. Have you heard his explanation of that letter?—Yes.

1594. Are the Committee to understand that there was nothing in the conversation that you had with Captain Carnegie to justify the belief that he was to avail himself of Mr. Churchward's assistance as the price of the renewal of his contract?—Certainly not, as the price of the renewal of his contract.

1595. Not upon the understanding that his contract was to be renewed?—Not upon the understanding that his contract was to be renewed; that was not the condition; there was no condition that I am aware of.

1596. You think that Captain Carnegie is entirely under a delusion as to what passed between you and him?—I think he was mistaken.

1597. In what capacity did you have these conversations with Captain Carnegie relating to the election?—I saw Captain Carnegie perhaps half a dozen times every day. I was on intimate terms with him.

1598. He states that he had certain impressions derived from his interviews with you as to the terms on which this election was to be carried on at Dover; you had such conversations with him, had you not?—I do not quite understand the question, when you say "the terms" on which the election was to be carried.

1599. As to the means by which the election at Dover was to be gained?—I told Captain Carnegie that his chance was good, because Mr. Churchward meant to support the Government candidates.

1600. Did you speak to him on those occasions as the representative of the Government, of the First Lord, or of the election committee?—I was requested by a personal friend of mine to ask Captain Carnegie whether he would stand for Dover.

1601. Was that friend connected with the Government?—Not in that capacity; certainly not. He was a member of the election committee.

1602. Was not it stated in the House of Commons by the First Lord that it was expected that Captain Carnegie would stand for Dover, or some other borough, as the Government candidate?—It was understood that he would do so, and there was a requisition for him so to do.

1603. When you urged him, as you did, to stand for Dover, on whose behalf were you acting?—I was acting on behalf of a friend of mine.

1604. Have you any objection to mention who that friend was?—I would rather not give his name.

1605. Was not Captain Carnegie the Government candidate for Dover?—Yes.

1606. Was it at the instance of that private friend of yours that he was named as a candidate?—This private friend was a member of the election committee.

1607. Mr. Corry.] Was the friend to whom you have referred the First Lord of the Admiralty?—No.

1608. Mr. Baxter.] You state that you understood Mr. Churchward intended to support both the Government candidates for Dover quite irrespective of the contract?—Yes.

1609. Are you not aware that Mr. Churchward stated that he would prefer to vote for Mr. Osborne and Captain Carnegie?—He stated so to me; moreover, it was his interest to have one on each side a member for Dover, and that it had never been his habit to support one on each side, but he had always gone with the Government of the day, and he wished to do the same.

1610. Are you aware what was his reason for this conduct, first of all to support one Government candidate, and then to support both Government candidates?—I cannot say.

1611. Sir Henry Willoughby.] Is your recollection quite distinct that nothing passed between Mr. Churchward and Captain Carnegie about the contract?—I am quite sure of it.

1612. Mr. Hope.] Did I rightly understand you to say that Mr. Churchward expressed his intention at the Admiralty to vote one and one, or that in conversation he said that he would prefer to do it, but that his practice was to vote for both the Government candidates?—His interest was that there should be a member for Dover on both sides of the House, but that his practice had been to vote for the candidates of the Government of the day.

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1613. Did he or did he not express any intention, in the first instance, to vote for one on each side, and then depart from his intention, in consequence of anything that passed with you?—No, nothing of the kind.

1614. Mr. *Crawford*.] Were you specially commissioned by the committee, of which you were a member, and which sat in Victoria-street, to inquire into the chances of the success of the Government candidate at Dover?—No; I was not a member of the committee. I was merely requested to express to Captain Carnegie the wish of that committee that he should stand for Dover.

1615. *Chairman*.] You conferred with Mr. Churchward about that, did you not?—No; I did not before I spoke to Captain Carnegie.

1616. Had you communications with Mr. Churchward with respect to the probable success of the Government candidate?—Yes.

1617. Do you recollect when it was that you first had those communications with him?—I think it was towards the end of February, but I cannot recollect the day.

1618. Do you remember when you were first commissioned by that committee to make inquiry about it?—Not till April.

1619. Sir *Henry Willoughby*.] Can you refer to the date of that letter to Mr. Ryan?—I am afraid I could not. I can only say that it was about a fortnight or three weeks after my first interview with Mr. Churchward, and if that was about the 10th of January, it would make the letter the 25th.

1620. Mr. *Wilson*.] Had your first interview anything to do with the election?—Nothing whatever; there was no election coming off then.

1621. It had no relation to the representation of Dover?—None whatever.

1622. In what state did you understand the contract to be when your services were asked for by Mr. Churchward: was the matter before the Treasury?—I think he told me then that it had just been forwarded by the Admiralty, or was going to be forwarded by the Admiralty—I forget exactly which it was; it was quite at the early commencement.

1623. Because there appeared to be some little difference between those dates and the dates that you mentioned. It appears from those papers that the Admiralty letter, containing Mr. Churchward's proposal, was not sent until the 23d of February?—So I understand.

1624. Lord *John Manners*.] Is there not in the printed paper a previous letter from Mr. Churchward to the Admiralty, dated the 11th of January 1859, which raises the question?—I cannot say, for I have not seen the correspondence; I never saw this letter.

1625. Sir *Stafford Northcote*.] The correspondence with Mr. Churchward commenced in January, did it not (*handing some papers to the Witness*)?—I cannot say, for I never saw the correspondence.

1626. Lord *John Manners*.] Having now seen the correspondence, do you think that your answer to the previous question was correct, namely, that it was about the middle of January that Mr. Churchward first communicated with you in respect to his application?—I am almost sure that it was in January.

1627. Sir *Stafford Northcote*.] Having the correspondence before you, you see there was a letter from the Secretary of the Admiralty to the Secretary of the Treasury, dated the 17th of January?—Yes.

1628. With regard to your writing to Mr. Ryan, are you aware how the business is done at the Treasury generally?—Yes.

1629. Do you sometimes find that papers are laid aside, and not taken up, for a considerable time?—Yes; they lie by, and they may be discussed for some time before any decisive settlement is made.

1630. Are you aware that it is the frequent habit to call attention to papers which press?—Yes.

1631. Had you ever asked Mr. Ryan to call my attention to other papers?—Yes.

1632. Mr. *Curry*.] In the conversations respecting the Dover election which Mr. Churchward had with you, shortly before the dissolution of Parliament, do you suppose that he spoke to you as private secretary of the First Lord of the Admiralty, or as a member of that election committee in Victoria-street?—If he spoke to me in any capacity at all, he spoke to me as connected with that committee.

1633. Sir *Francis Baring*.] Were you a member of that committee?—I was not a member of it, but I was a good deal there.

1634. In

1634. In what capacity did you attend that committee; did you attend it as private secretary of the First Lord?—No, in my private capacity.

1635. Had you any communication from any member of the Government, requesting your attendance?—No.

1636. At whose invitation did you come?—It was through a private friend of mine, who was on the committee.

1637. It was the same private friend probably that recommended Mr. Churchward to apply to Captain Carnegie?—Yes.

1638. You stated, did you not, that you had complied with a very common practice, and that you wrote to Mr. Ryan to bring the papers before Sir Stafford Northcote?—No; the object of my writing to him was rather to expedite it in the official communication to the Admiralty, after the decision had been made, because sometimes papers do lie by for a week, perhaps.

1639. After the minute is made?—Yes, they will not always be executed directly; they may be delayed for a day or two, unless the matter is marked "immediate"; my object was only to make it an "immediate" paper.

1640. It was not at all to bring it before Sir Stafford Northcote?—No; it was more with relation to its detention in the office after a decision had been come to.

1641. Did you ever make any other communication to an officer at the Treasury to hasten the affair?—I wrote to Mr. Whitmore.

1642. Is he in the packet department?—No; he is one of the Lords of the Treasury.

1643. Was that with the view of hastening the affair?—I asked him what state it was in.

1644. With the view of bringing it on for consideration?—With the view of bringing it on for consideration.

1645. When was that?—I should think either the end of March or the beginning of April.

1646. You state that your first communication with Mr. Churchward was upon the subject of the contract?—Yes.

1647. About when was that?—I should say that it was about the 15th of January: I am only giving these dates at random. I cannot say for certain, but it was somewhere about that time, to the best of my recollection.

1648. From that time you had several communications with him from time to time?—Yes.

1649. Have you had communications upon the subject of the contract?—Very seldom; scarcely ever.

1650. When did the conversations begin to turn up in the elections at Dover?—I do not know the exact date, but I should think it was about the middle of March.

1651. When did you begin to converse with Captain Carnegie about the election?—It was in April.

1652. At that time did anything pass with Captain Carnegie with regard to the contract?—Nothing that I know of.

1653. It was not mentioned at all?—Yes, I had mentioned the contract to Captain Carnegie, and the fact that Mr. Churchward, the contractor, meant to support the Government candidate.

1654. Was that all?—That was all.

1655. You mentioned merely casually that he was a contractor?—I do not think it was merely casually mentioned, because it was very often repeated.

1656. Will you have the kindness to recollect and tell us the words that you used upon that occasion?—I could not do so.

1657. Was it that Mr. Churchward, the contractor, intended to support him, or was there any question about the contract itself?—There was no question about the contract at all.

1658. It was never mentioned at all that the contract was then pending before the Treasury?—Yes, it was mentioned.

1659. Why was it mentioned?—We were talking of the Dover contract, and then it naturally would be mentioned.

1660. You say, that when talking of the election, the pending of the contract would naturally be mentioned; why was that?—If I were asked who Mr. Churchward was, I should naturally say that he was the contractor at Dover.

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1661. And you would also naturally say that his contract was pending?—Yes, that would be a natural thing to arise in conversation.

1662. Do you mean to say that Captain Carnegie, or any other sensible man, would not have some notions in his mind in consequence of such an accidental communication?—I cannot say what notions Captain Carnegie might have in his mind.

1663. Was it intended to state to him that the contract was pending at the time?—It was known to be pending; there was no doubt about the fact of its being pending.

1664. But why was it mentioned to Captain Carnegie if he knew it?—If he did not know it before, I certainly told him so.

1665. This was the time when you were trying to persuade him to stand for Dover?—Yes.

1666. You mentioned that circumstance to him?—Yes.

1667. Was there any further communication or conversation that took place with regard to Captain Carnegie in which the contract was mentioned, and that the contract was pending?—Not that I am aware of; that was the general tenor of the conversations; I had several conversations with Captain Carnegie about it; I do not specify any particular communication, but that was the general tenor of our conversations.

1668. I ask you whether the contract was named in that first communication which you had with Captain Carnegie, in which you made that communication to him from your private friend on that committee asking him to stand for Dover?—I could not say that I did name it then, but most likely I did.

1669. And the circumstance that the contract was pending was named?—Probably it was.

1670. And are the Committee to understand that that was the general tenor of your communications to him afterwards?—I cannot say about the general tenor, but the conversations referred to his chances at the election; and I told him that his chances were very good, because Mr. Churchward intended to support the candidates.

1671. And did you tell him that Mr. Churchward's contract was pending?—I probably told him that at the commencement.

1672. That was not lost sight of in the subsequent communications with him?—I do not know; I do not suppose that I repeated it, because there would be no occasion to repeat it.

1673. Mr. *Baxter*.] When did you first make the acquaintance of Mr. Churchward?—In 1859, when he called officially.

1674. Without any introduction?—Without any introduction.

1675. Would it not have been more regular that he should have applied to some one officially connected with the Admiralty to have his contract renewed, and were you not surprised at his application to you?—No, not when I saw what his request was.

1676. Would it not have been more regular for him to have applied to some one connected officially with the Admiralty?—He had applied before to some one officially.

1677. Would not an application to some one officially connected with the contract department have been more regular?—Yes, certainly.

1678. Lord *John Manners*.] Does it not appear from this printed paper that previously to Mr. Churchward coming to you, some time in the middle of January, he had officially communicated his wishes to the Admiralty?—It appears so from that paper.

1679. You were asked some questions about your using your influence at the Treasury to obtain better terms for Mr. Churchward; did Mr. Churchward ever ask you to use your influence at the Treasury to obtain better terms?—Not better terms; I understood his application to refer merely to expediting the matter.

1680. Sir *Stafford Northcote*.] Did you ever, in point of fact, make any communication to the Treasury, except for the purpose of expediting the matter?—No.

1681. Sir *Henry Willoughby*.] Had you anything to do with the settling of the contract?—Nothing.

1682. Sir *Stafford Northcote*.] Had you any knowledge of the view that was taken of the matter by the Treasury?—None whatever, not until quite lately.

1683. Were

1683. Were you aware that the Admiralty had recommended it to the Treasury? *H. Murray, Esq.*
 —Yes, I understood that from Mr. Churchward.
1684. You were not aware of the view which the Treasury took of it?—No. *28 July 1859.*
1685. But you knew that it had been some time before the Treasury?—Yes.
1686. And you were asked to expedite it?—I was asked to expedite it before I wrote to the Treasury,
1687. *Mr. Baxter.*] You wrote this private letter to Mr. Ryan, in January, asking him to expedite it without any previous knowledge of Mr. Churchward?
 —Yes.
1688. *Mr. Crawford.*] Had you any communication with Captain Carnegie after he had declined to go down to Dover as a candidate?—No. I have seen him personally since, but not with relation to that.
1689. Did he assign any reason to you for not going to Dover as a candidate?
 —He did not like to do so, because he thought he should be beaten; and one of his main reasons was, that he was in treaty for two other boroughs.
1690. Did he on any occasion refer to this matter of Mr. Churchward's contract, as a reason for not going to Dover?—No.
1691. *Mr. Wilson.*] Had you any answer from Mr. Whitmore to the letter which you wrote about the beginning of April?—No. I think I saw him personally in the evening, and he told me that the matter was still under consideration, and he gave me a verbal answer.
1692. Captain Carnegie has stated that in his frequent communications with you, allusion was made to the existence of this pending contract; you agree to that statement, do you not?—Yes.

The Right Honourable Sir *John Somerset Pakington*, Baronet, G. C. B., a Member of the House; Examined.

1693. *Chairman.*] YOU were the First Lord of the Admiralty under the late Government?—Yes.

Right Hon.
 Sir *J. S. Pakington*,
 Bart., G. C. B., M. P.

1694. You have heard the evidence given by Mr. Murray, your private secretary; would you wish to make any statement to the Committee with regard to that evidence?—In consequence of having been in this room during the evidence lately given by Mr. Murray, I took the liberty of placing in your hands, as Chairman of the Committee, a note, expressing my desire to be examined by the Committee, and my reason for expressing that desire was, having heard what Mr. Murray said with respect to an interview at which I understood that Mr. Murray, Captain Carnegie, and Mr. Churchward were present, and also respecting some other conversations which he held with Mr. Churchward and with Captain Carnegie; and, considering my very close connexion with Mr. Murray, my double connexion, I may say, he having been my private secretary, and also being my very near relation, I was desirous of stating to this Committee that any such conversations held by Mr. Murray, either with Mr. Churchward or with Captain Carnegie, were held by him without my authority and without my knowledge.

1695. You were not aware that an interview did take place between those three gentlemen on the occasion referred to?—I never heard of that interview until it came out in evidence before this Committee. I wish to guard myself in one way which the Committee will understand; of course I am speaking to the best of my recollection, because these transactions occurred some time ago, and at a moment when I believe none of the parties to them had any idea that any particular public interest would afterwards attach to them, and therefore I only speak to the best of my recollection.

1696. Have you in your recollection a letter that was published by Captain Carnegie in the beginning of April addressed to yourself?—Yes, I recollect it.

1697. In that letter he makes reference to the cause of his retirement from the Admiralty, and puts it on the ground of his having been required to contest Dover, and resort to means which were not compatible with his honour. I presume you were not at all yourself a party to any conversations with him, or any of the occurrences that led to that decision?—I can only say that I am extremely glad to have that question put to me; and I say that nothing whatever passed between Captain Carnegie and myself upon which he or any reasonable man could by possibility put any such construction.

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1698. You are aware that Captain Carnegie has alleged that conversations had taken place between your private secretary and him on that subject?—I can hardly say that I am aware of it. I did not hear Captain Carnegie's evidence to-day; I was not in the room when he was examined.

1699. He has made that allegation, and Mr. Murray has confirmed it, so far as general conversations go; but are the Committee to understand that you were not cognizant of those interviews and negotiations in any way?—Not the least in the world. I have already said, and I beg to repeat it most distinctly, that I have no recollection whatever of ever having authorised any communications whatever between Mr. Murray, as my private secretary, and Captain Carnegie. Certain communications took place between Captain Carnegie and myself, but they were personal in conversation, and they were the only ones that I ever had with him on the subject. I never wrote to him on the subject, if I recollect rightly; and certainly I never authorised anybody else to communicate with him, that I remember.

1700. You stated in your place in the House of Commons that it was expected that Captain Carnegie should stand for some borough?—It was.

1701. Were you aware that Dover had been mentioned in connexion with his name?—I suggested Dover to him myself in conversation.

1702. Was that the first time that it was suggested?—That I cannot tell. I do not know what suggestions he may have received from other persons without my knowledge.

1703. Were you aware of the state of political feeling in Dover at that time?—Not the least; I know nothing about Dover.

1704. What was your motive for suggesting to Captain Carnegie to contest Dover?—My reason for selecting Dover, rather than any other place was, because I believed, and I had been led to suppose, from what had passed under other Governments, and from matters known to everybody, that that was one of the boroughs where all Governments had a certain degree of influence, and I had heard—I cannot tell exactly from whom, but at the moment when, of course, the Committee are aware that everybody and all parties were talking of the Government elections—I had heard that the Government of that day were very likely to succeed in any contest at Dover.

1705. Was Mr. Murray, your private secretary, aware that you had suggested Dover to Captain Carnegie?—That I really cannot tell; I think it is very likely that I might have mentioned it to him in conversation; but I have no recollection of it at this moment; I think it is more probably not; it was at a time when I was very much occupied, and I think that really it was not so.

1706. Did any conversation take place between you and Captain Carnegie as to the means by which the Dover election was likely to be carried?—I have no recollection whatever; I should say certainly not, because I had no knowledge of those means.

1707. Had you no special knowledge with regard to Dover when you suggested that?—Not beyond what I have already stated in my former answer; a general belief that that and some few other places were places where all Governments exercise a certain degree of influence.

1708. Did you know Mr. Churchward, the gentleman who has such influence at Dover, and whose name has been mentioned in connexion with the Dover contract?—Not at that time; I had never seen him; I am not aware that I ever saw Mr. Churchward till I went down to Dover some short time since, subsequently to the elections, when I was introduced to him. I believe that I did see him once in Mr. Murray's room, but I did not speak to him; I asked who it was, and I was told that it was Mr. Churchward.

1709. Sir *Henry Willoughby*.] Your general impression was, that in certain sea-ports all Admiralties had exercised a certain influence?—Yes, I had that general impression; and I had already heard in this case, to the best of my recollection, that the Government candidates were likely to succeed at Dover; and therefore, following up the understanding upon which Captain Carnegie had accepted office, I suggested to him that to stand for Dover would be an eligible and desirable mode in which he might fulfil that understanding.

1710. Did you not know that Government candidates at such places have good chances of election?—I confess that I never did. I have heard, of course, like every body else, of the advantages which Government candidates are supposed to have where there are dockyards, but I did not know any reason, and I never could clearly

clearly understand why it was that the Government candidates at Dover, where there is no dockyard, should have any better chance than any one else.

1711. Mr. *Wilson*.] You stated, did you not, that your general impression was, that the Government candidates had usually a good chance at Dover, but that you had also been given to understand that, upon this occasion, they were likely to succeed; was there any particular ground upon which that understanding was conveyed to your mind?—No. I do not remember stating, as a general impression, that the Government candidates had a good chance at Dover, because I think that I have just stated that I did not see any very clear reason why they had a good chance at Dover; but I had heard that, in this instance, the Government candidates for Dover, be they who they might, were likely to succeed.

1712. Was there any ground stated for that?—I do not remember hearing any particular ground stated.

1713. You merely have a general impression that that was conveyed to your mind?—I beg pardon; I do remember hearing one reason, which I think was mentioned from time to time, namely, that Mr. Churchward was a person of considerable influence at Dover, from the fact of his having a Government contract for the conveyance of the mails, and that he had exercised that influence in favour of the Government of the day in 1857, and he was equally willing to exercise his influence in favour of the Government of the day in 1859, and that was one of the elements in our favour.

1714. Therefore it was Mr. Churchward's contract which was the special ground that was stated to you as a reason for the probable success of the Government candidates on this occasion?—If the Honourable Member means by "Mr. Churchward's contract" any new contract then pending and unsettled, I should say No, because I really had no knowledge about it; but if the Honourable Member means by the expression "Mr. Churchward's contract" the fact that he was a contractor conveying mails for the Government, then I say Yes, because that is just the reason which I have lately assigned.

1715. Sir *Francis Baring*.] You have stated that your private secretary, Mr. Murray, acted entirely without any authority from you?—Yes, in those conversations he did.

1716. I did not quite understand whether you were aware or not of those conversations; had you any reason to suppose that Mr. Murray was in communication with Captain Carnegie?—No; I have no recollection at this distance of time; and, referring to conversations of that casual kind, I should be very sorry to commit myself to the incautious declaration that I never did hear of them; but I have no recollection of them, and I do not believe that I ever did hear of them.

1717. Will you allow me to ask you whether the Dover contract ever was brought before you?—I never remember to have heard of the Dover contract after the time that it came before the Admiralty; and then it came very casually before the Admiralty, at a time when no political interest could attach to it, because there was no idea of a dissolution of Parliament in the month of February; and when it did come formally before the Board, nobody knows better than the Honourable Baronet himself the mode of transacting the business at the Board, and he knows well that it is a matter of discretion with the various Lords of the Admiralty in their respective departments what items of business are or are not of sufficient importance for them to bring under the general consideration of the Board; and I really do not very clearly recollect whether that Dover contract was brought under the consideration of the Board, or whether it was settled by the superintending Lord; but if it was brought before the Board, it was a matter that I acted upon on the advice of the superintending Lord at the moment, and treated only as a matter of ordinary business.

1718. But in this case a concession was made, which I think had been refused by a previous Board; was not it a question which was brought before you privately, in your own room; did the superintending Lord never consult you upon it?—No; I certainly never was consulted upon it.

1719. The decision may have been made by you, and you may have been present at the Board at the time when the decision was made, but you never satisfied yourself by inquiry as to the expediency, or otherwise, of extending the contract?—No; I have not a very clear recollection whether it was brought before the Board or not; but if it was, it was brought forward in the ordinary routine of business, and recommended for adoption by the superintending Lord;

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and adopted at the time by the Board; but the records of the Board will of course show that.

1720. The records of the Board will not show any private conversation, if it was brought before you in your room for your opinion?—No; but I am certain that that was not the case.

1721. *Chairman.*] Is there anything that you wish to add to the evidence which you have already given?—No, I do not think there is.

1722. *Mr. Baxley.*] Were you acquainted with the terms of the contract between Mr. Churchward and the Government?—I suppose I was formally acquainted with them, but I have no very distinct knowledge of them, because they went to the Treasury, and I have already explained to Sir Francis Baring that the matter came before me as a matter of ordinary business before the Admiralty, but I considered that in that arrangement, as in all other contracts, the really important decision upon them rests with the Treasury: the Admiralty are merely the advisers of the Treasury.

1723. Were you or were you not aware, that in that postal arrangement Mr. Churchward engaged to use six vessels as a part of his contract with the English Government?—No, I was not aware of that.

1724. *Sir Henry Willoughby.*] You consider that the substantial power of settling contracts of that kind finally rests with the Treasury?—I consider that the final settlement, and the real responsibility for the terms of those contracts, rests with the Treasury.

1725. The Admiralty, as a department, having previously expressed their opinion?—Having previously expressed their opinion upon such portions of the contract as come within their knowledge and judgment.

Joseph George Churchward, Esq., called in; and further Examined.

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1726. *Mr. Wilson.*] WILL you turn to the copy of your letter which you wrote on the 10th of June; in the second paragraph of that letter you are endeavouring to account for the reason why you allowed that long cessation of your correspondence between 1857 and 1859, and you state, as a ground for your not answering the Admiralty letter of 1857, that you had certain negotiations pending with the French and Belgian Governments, with regard to the Continental mail services?—Yes.

1727. And you conclude the passage by saying, “I deemed it advisable to postpone my reply to the Admiralty Letter of the 13th of August 1857 until I could make some proposition to their Lordships under some new arrangements.” Will you state to the Committee whether, when you renewed your correspondence in January 1859, you accompanied it by any definite proposition for new arrangements?—No, because I had not made the arrangements with the Belgian Government, which I hoped to have made.

1728. You will observe that you wrote this letter several months after that, and you distinctly state as a reason for postponing your answer, that you did so until you could make some definite communication with regard to those arrangements?—I have a mass of correspondence which took place in 1858, showing what I was doing to effect those arrangements.

1729. I ask you whether, when you did resume that correspondence, that condition which you gave for having suspended it had arrived; whether you were enabled then to make any distinct proposal to the Government as to a definite arrangement with regard to the continental service?—I know of no other than what my letter states.

1730. So far, then, this letter is not correct?—It is correct; I do not see any incorrectness in it.

1731. You state that you postponed any reply to the Admiralty letter of the 13th of August 1857 until you could make some proposition to their Lordships under some new arrangements. Remember, in the month of June you are speaking of what took place in the month of January; will you tell the Committee what those new arrangements were?—The correspondence which I have will speak for itself.

1732. You state in the month of June with regard to what you did in the month of January, that you had postponed any further application to the Admiralty until you were prepared to make some further proposition to their Lordships,
under

under some new arrangements. I want to know what that new proposition was, or whether it existed at all?—It was a renewal of the old proposition.

1733. Was this the new proposition with regard to the continental mails, with the Belgian and French Governments?—I had not concluded it at the time.

1734. Therefore you did not make any distinct proposition to the Admiralty, with regard to that service, at the time?—Not with regard to the Belgian or French service, any more than this, that the arrangements had progressed further at that time than they had at the previous time.

1735. Then this statement is not correct, as you did not make any distinct proposition?—The only proposition that I have made is contained in my letter.

1736. This was a proposition for the extension of your then contract?—Yes.

1737. Sir *Stafford Northcote*.] In this letter of the 10th of June, you were explaining why you did not reply to a letter from the Admiralty in August 1857?—Yes.

1738. And I understand you to say that the reason why you did not reply immediately to the letter of August 1857 was, that at that time you thought it desirable to wait until you could make some proposition to their Lordships, under some new arrangements?—Just so.

1739. That was what you felt in 1857?—Just so.

1740. But I understand, from the latter part of this letter, that you say that you found that your negotiations were impeded by the fact that your contract with the British Government was of short duration?—Yes, that was the great objection.

1741. Having found that that circumstance impeded your negotiations, did you then think it right to take up the subject which you had allowed to stand over to 1857, in the hope of being able to make some new arrangements?—Yes, just so; and my correspondence in 1858, with the French Government, and with the Belgians, and with the Post Office, which I have here, will show that.

1742. And your letter of the 10th of June 1859 does not, in any way, state that you did, in the beginning of this year, make any proposition under new arrangements?—It does not.

1743. Mr. *Crawford*.] You were a member of the firm of Henry Jenkins & Co.?—Yes.

1744. Did not that firm tender to the Government, in answer to the first invitation of tenders for the performance of the postal service between Dover and Calais and Ostend by public contract?—Yes.

1745. I see by the report that was made by the Admiralty to the Treasury, that you tendered to construct for this service five new vessels of 100 horse power each, and 100 tons register each?—Yes.

1746. You did not construct those vessels, did you?—No; the whole thing was modified subsequently.

1747. You sent in a letter along with that tender, did you not?—Yes.

1748. Did that letter which you sent in along with that tender convey a modified tender?—Yes.

1749. Will you state what you estimated to be the cost that those five vessels would have stood you in?—I can scarcely say, at the moment; I should say that, at that time, it would be about 10,000 *l.* each.

1750. How would you estimate the cost now, in your own mind; so much per ton register for building, and so much per horse power for machinery?—No; so much per ton builder's measurement, not register.

1751. In the tender it is spoken of as tons register?—That is all a mistake altogether.

1752. Were the vessels to be constructed of iron?—I do not know whether it was mentioned that they shall be of iron or not.

1753. Whom were they to be constructed by?—I had not made an arrangement for constructing more than two at that time.

1754. You had not made arrangements for constructing them, but the Admiralty report that they are to be constructed by Mare & Co. at Blackwall?—Yes; perhaps if there were any to be constructed, they were to be constructed by Mare & Co.

1755. There were five to be constructed by Mare & Co., at a cost of 10,000 *l.* each?—Originally we proposed a small class of vessels.

1756. But you tendered to the Admiralty five vessels of 100 tons register each?—Yes; but the whole of that tender was modified.

1757. You tendered to the Admiralty, who accepted the tender, and, therefore,

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fore, held you bound by the tender to construct five vessels of 100 horse power each?—Yes.

1758. What would each of those vessels have stood you in?—The vessels which we contemplated building at that time would have stood us in about 10,000*l.* each.

1759. You also stated that you were in possession of the “Ondine” at the time?—Yes.

1760. What had that vessel cost you?—That vessel cost 5,000*l.*

1761. Then the capital for the first cost of those vessels for the performance of this service, would have been about 55,000*l.*?—Yes.

1762. You subsequently sent in a separate tender under which you became possessed of three Government vessels?—My original tender was accompanied with that proposition.

1763. Did you not pay for those three Government vessels by deductions from the service money?—Yes.

1764. Then, in point of fact, no capital was required by your firm for the purchase of those vessels?—No; no capital for the purchase of those vessels, but credit, which is just the same; capital was only required for the large repairs that were necessary, and two new vessels that were built.

1765. Those five vessels were to have been built for you by Mr. Mare?—Two at least were to have been built by him.

1766. At what time did Mr. Mare fail in business?—In 1855:

1767. In the year subsequent to this?—In the year subsequent to this.

1768. Had Mr. Mare's circumstances anything to do with the alteration of the tender?—No.

1769. Mr. Mare was your surety to the Government for the fulfilment of your contract, was he not?—Yes, he was.

1770. It was stated in the evidence the other day, that you had six vessels for the performance of the English contract, and that you had three vessels for the performance of the French contract, but that three of the vessels engaged in the performance of the English contract were engaged also in the performance of the French contract?—That is, they do other work besides the English contract.

1771. I see it is a part of your first contract and of your second contract that those vessels should be manned by competent officers, with appropriate certificates, granted pursuant to the 13 & 14 Vict. c. 93; you stated the other day that those vessels were commanded now by Frenchmen?—Yes, and an English master as well, with a master's certificate.

1772. Do you consider that a vessel sailing as a French vessel, commanded by a Frenchman, and manned for the most part by Frenchmen, comes within the specifications of this clause of your contract?—Most certainly, after the repeal of the Navigation Laws.

1773. But your contract binds you to employ ships manned with competent officers with appropriate certificates?—They are competent officers with appropriate certificates. Each man has a certificate, each English master has a certificate, and each English mate has a certificate.

1774. Is that pursuant to the 13 & 14 Vict. c. 93?—Those vessels are so small, that there are only two officers in each.

1775. Have they the certificates that are prescribed by the contract?—The English officers certainly have; the master in each ship has.

1776. Have the French officers those certificates?—Not the French officers.

1777. In the vessels navigated by French sailors, have they French officers?—One French officer.

1778. How many English officers are there?—Two.

1779. What are they?—I can hardly call them two officers; they only take two officers altogether, but one is an English officer.

1780. Do you consider that your ships are manned and navigated in accordance with the strict interpretation of your contract with the Admiralty?—I think so; I have never had any complaint of it at the port.

1781. Have you made the Admiralty aware of it?—It is so stated in the Parliamentary papers.

1782. Did you communicate it to the Admiralty?—It was in the Parliamentary papers, and it was inserted there from my communication.

1783. Did you communicate it to the Admiralty?—Not directly.

1784. Did you communicate it at all?—No, certainly not; I thought there was no necessity for doing so.

1785. Must

1785. Must it not be considered an evasion of the terms of your contract?— I think not; my contract was to perform the service; if the letter of any contract was strictly carried out instead of the spirit, I am afraid most contractors would be very much at fault.

1786. What do you consider to be the meaning which the Treasury attaches to the navigation of ships as English ships pursuant to the Act of Parliament?—As I have had no complaint of it, and as it was known, I presume there was no wrong suffered by it, and that it was all right.

1787. Do you not consider that the meaning attached to it was, that those ships sailed under English laws, and subject to English control?—No; any ship, even if it were a Chinese ship, and she were fit to perform the voyage and all the duties, I consider is an eligible ship to be employed in these services.

1788. You stated that you have two commanders, one English and the other French; who is the captain?—The French captain when he carries the French mail, and the English captain when he carries the English mail.

1789. Is the Englishman captain from Dover to Calais?—Yes, from Dover to Calais.

1790. When is the French master the captain?—When he takes the French mail.

1791. You mean coming from Calais to England?—Yes, coming from Calais to England with a French mail.

1792. Has the French master any control in the passage from Dover to Calais?—Yes; the whole thing works together very well; Frenchmen with Englishmen and Englishmen with Frenchmen, and I have had no complaint.

1793. Who is responsible for the mails?—The English commander when he is in command of the English mails, and the French when he is in command of the French mails.

1794. Who is the commander of the vessel for the purposes of navigation?—The French commander when the French mails are on board.

1795. When are the French mails on board?—Once a day.

1796. What time of day?—Leaving Dover at half-past four, and leaving Calais at half-past 10.

1797. Why do you call those the French mails?—Because the French pay for the service.

1798. Are not the mails made up in London?—They have always been.

1799. So that really it is only a question of designation?—That is all; there is no difference.

1800. The English mails in which large and important British interests are concerned, are despatched from Dover occasionally under the charge of a foreigner, who may take any course that he pleases with respect to the mails he has on board?—Yes; and it has been so for years before I took the contract under the French Government; and the Indian mail is conveyed by French vessels.

1801. Have you Frenchmen in command of your ship?—Yes.

1802. Have you French seamen on board?—Yes, and English seamen.

1803. How many English seamen?—I think the proportion is one to four.

1804. How many men do you carry on board?—Sixteen.

1805. There are four Englishmen and 12 Frenchmen?—Yes.

1806. And a French commander?—And an English commander.

1807. Who is in command?—Each party is responsible for his own service.

1808. How can that be possible?—It is a matter of arrangement between themselves, and I have found no difficulty or no danger up to the present moment as to responsibility.

1809. It is not a question of difficulty or of danger, but there are other questions concerned in this. Is there anything to prevent the French master and the French crew from carrying that ship to some other port than Calais?—Yes; the operation of the English and French Convention.

1810. What has the French master to do with the Convention if he chooses to do it?—But the Englishman might do the same.

1811. I say what is to prevent a vessel, commanded by a Frenchman and navigated by Frenchmen in the proportion of three to one, taking the ship out of her course, and carrying her to some other port, after leaving Dover?—There is nothing to prevent them any more than there would be to prevent a French ship in the Mediterranean going with the mails to any other port than Marseilles.

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1812. In the event of some communication of public importance being despatched from this country through France, and with respect to which the policy of the French Government would be to cause delay, and the French Government knowing that this despatch was coming, might instruct these men to delay the vessel, and not to go to Calais, but to go to Dunkirk or to Boulogne or some foreign port?—They might do so; but no English despatch would go of any importance, unless accompanied by an English officer, an English messenger.

1813. You do not know that?—There is always with the English mails an English mail master on board, sent by the Post Office, and paid by the Post Office, who has special charge of the mails.

1814. This English messenger would have no physical control over a crew so superior in numbers?—No, if it was put in that way, certainly not.

1815. Therefore it is evident that there was a meaning and a reason in the English Government's requiring you under your contract to sail your ships under the provision of the Act of the 13 & 14 Vict. c. 93?—I should not think that it ever came under the contemplation of any Government in making that contract.

1816. Captain *Leicester Vernon*.] Would not a Frenchman running away with the ship under those circumstances be guilty of barratry, and therefore liable to be tried for that crime, as a crime committed upon the high seas?—No doubt of it.

1817. Sir *Stafford Northcote*.] Are the Committee to understand you to say, that the English mails are carried by vessels commanded by English officers?—Yes.

1818. Have you three vessels employed by you under the French flag?—Yes.

1819. You are prohibited, are you not, by the French Government from using those vessels for any other service?—Except under the permission of the Minister of Finance.

1820. Under your contract with the French Government are you, or are you not, precluded from employing those vessels in any other service?—I do not think so.

1821. Have you any objection to produce that contract?—I have not the contract with me; I have written for it, and before the Committee have finished their sittings on this subject, I hope to place a copy in their hands.

1822. Mr. *Wilson*.] Have not you a copy of that contract in this country?—I have not; I have looked for it; and it must be with my French partner in Paris.

1823. Are you prohibited from using those French ships in any other service, except with the permission of the Minister of Finance?—I have a letter from the Director General of the Customs in Paris, to the Director of the Customs at Boulogne, dated the 1st of May 1855, in which he states that M. Stourm informs him that "he cannot positively state whether the English and French companies have agreed to amalgamate their interests, but he knows that the same vessels and the same agents are employed sometimes without distinction for the two services, from which it may be inferred that they are both carried on by one company, and the Director General of the Post Office is of opinion that tonnage dues should not be charged on the vessels when they bring mails, whether the packet employed belongs to the one company or the other."

1824. Mr. *Baxter*.] Are you not aware that that is in direct contravention with one of the articles of your agreement with the French Government?—It is the Minister, who made the contract with me, that gives me that permission.

1825. Are you, or are you not aware, that that is in direct contravention with one of the articles of your agreement with the French Government?—I never thought so, and I never acted upon that suggestion.

1826. Have you read that contract?—I have.

1827. You do not recollect that there is any such clause in it?—It is that the vessel shall not be diverted from such a service. "The service," I consider, is the mail service, generally; that mail service which is performed reciprocally by convention, between England and France, and in which they are bound to help and assist each other.

1828. In this contract with the French Government there is no clause, you say, prohibiting you from employing those vessels in any service, but that of carrying the French mails?—It does not say so, as I read it.

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1829. Lord *John Manners*.] You put in that document in proof that your interpretation of that clause is approved by the French authorities?—Yes, I do.

1830. Mr. *Wilson*.] What is the date of it?—The 1st of May 1855; that is two months after I commenced the service.

1831. What has that to do with Boulogne?—Boulogne is the head of the department, and all communications with Paris would come through the customs of Boulogne.

1832. Sir *Francis Baring*.] There is a clause in your contract as to the contractor employing vessels to his own advantage; when was that introduced into the contract?—In drawing up the details of the contract.

1833. That was introduced at the Admiralty, was not it?—Yes; at the Admiralty, on representations of mine.

1834. Do you remember the date when this took place?—I think the correspondence will show that it must have been about the month of May.

1835. Who was present at that time?—Mr. Lygon; and I had a long discussion with him about it.

1836. Was Mr. Clifton present also?—Yes; Mr. Clifton was present upon one occasion; Mr. Lygon sent for him into his room.

1837. Mr. *Crawford*.] Your first and second contract are made for a term of years, and terminable after that upon 12 calendar months' notice being given?—Yes.

1838. It does not follow as a matter of course that those contracts could necessarily have terminated?—I should think so.

1839. Why should you think so, when in the contract it is expressly stated that it shall then determine, if either of the parties shall have given the other these 12 calendar months' previous notice in writing?—I do not think that any man would run the risk of carrying on a contract of that kind from year to year, therefore he would prefer terminating it to taking notice.

1840. Sir *Stafford Northcote*.] You were asked, on the occasion of your last examination, whether the Government were aware that you had a contract with the French Government. Looking back to your letter on the 23d of May 1855, when the question of renewing your contract was under consideration, do you find a passage which shows that you informed the Admiralty of it?—Yes; this is the letter which I alluded to in my last examination, dated the 23d of May 1855. It is the last paragraph on the 5th page: "The French Government have made a contract with us, and when we only required 10 years, they preferred to extend it to 15 years; when we fixed so low a price as in our tender, we based our calculations on having both Belgian services, or we could not have undertaken the work at so cheap a rate. We have succeeded in obtaining the French contract, and are in negotiation with the Belgians; but if their Lordships do not concede to us what we believe to be an act of justice that we are soliciting at their hands, we shall suffer great inconvenience and great pecuniary disadvantages; in fact, we shall scarcely know how to proceed with our English service."

1841. That was at the time that you were applying to the former Government to extend your contract?—Yes.

1842. Mr. *Wilson*.] That was urged as a reason for the extension of your contract, was it not?—Yes.

1843. And that contract was extended?—Yes.

1844. You have urged the same reason now, have you not, for a further extension?—I have endeavoured, throughout the negotiation, to make the best bargain I could, and I used the best reasons that I could.

1845. Sir *Francis Baring*.] The letter does not state that you employed any of your six vessels in performing the French contract?—But it was notorious the French flag was flying; and both the officers at the port, Captain Herrick and Captain M'Ilwaine, knew the fact, and the Parliamentary paper shows it.

1846. You have made some mistake, I think, about that; you said it was in the month of May that that clause was introduced in arranging the details of your contract; the contract was signed on the 26th of April, was it not?—No, it was not signed on the 26th of April; it commences from the date of the minute granting the extension, but the contract was not complete until the month of May; and that part of the contract relating to the premises at Dover was absolutely executed by the present Board of Admiralty.

J. G. Churchward,
Esq.

28 July 1859.

1847. Mr. *Crawford*.] Have you been subject to any penalties?—No, I think I have never incurred any.

1848. Have any complaints been made to you of irregularity in performing your contract?—Yes, on one occasion, and I explained the matter to the satisfaction of the Admiralty.

1849. Captain *Leicester Vernon*.] You stated, if I understood you rightly, that the understanding was that your vessels were not to be diverted from the packet service?—Yes.

1850. By that you meant that they were not to be employed, either for trading purposes, or any purposes unconnected with the carriage of the mails?—For any purposes unconnected with the carriage of the mails. I considered that I had free permission to use them in the mail service, whatever those services might be.

1851. Mr. *Wilson*.] Do you run your boats now every day in the week?—Twice a day.

1852. Including Sundays?—Once every Sunday night.

1853. Once each way?—Yes, once each way.

1854. Is that the 104 trips for which you stipulated when you had your renewal in 1855?—Yes, it was to keep up a continual daily communication.

1855. In your contract of 1855 you provided for 12 special services in the year, at the rate of 6*l.* a service?—Yes.

1856. Was it 12 or 24?—Twenty-four; that is, 12 one way and 12 the other.

1857. And that was for the Indian mail?—Yes; or for carrying distinguished persons, such as ambassadors.

1858. In the allowance that you have had made to you this year of 2,500*l.*, there are “24 India and China, including 12 Australian mails outwards (Dover to Calais not established at date of contract), at 20*l.* 18*s.* per trip;” is that the same trip?—That is calculated at the mileage rate of 9*s.* 6*d.* per mile.

1859. Then you get 20*l.* 18*s.* for each of those trips, whereas you charged 6*l.* for 24 trips?—Not 6*l.*; 6*l.* there and 6*l.* back make 12*l.*; I mean 12 trips there and 12 trips back; we call two trips a voyage.

1860. You were only to be paid for the double trip if the double trip were required?—It was always required; the vessel must come back to her station.

1861. If you brought the mail from Calais to Dover, you receive for that 6*l.*?—I receive 12*l.* because the vessel must go back in ballast to take her station again, or else I should have to send her back at my own expense.

1862. Was not that your bargain?—No, it was always required for the public service that the vessel should return to the port from which she started.

1863. Lord *John Manners*.] From 1854, when your first contract commenced, has it been your practice to use your vessels in the way you have described, sometimes for what is called the French service, and sometimes for the English service?—Yes, invariably.

1864. And to have them manned in the way you have described?—Yes; and there has been a great advantage in it. It has created a good feeling between the English and French seamen, which did not exist at the time when the two Governments carried their own mails in separate vessels and under separate flags.

1865. That having been your practice from the commencement of your original contract, were any objections taken by the Government superintendent at Dover in that respect previously to your application for the renewal in 1855?—No.

1866. Were any objections raised when you proposed the renewal of your contract, on the part of the Admiralty or the Treasury, in 1855?—No.

1867. Is there any officer on the French side who fulfils duties on behalf of the French Government analogous to those of the superintendent of Dover?—It is done by a commission, consisting of the postmaster, the engineer, and another officer.

1868. Did they ever raise any complaint that you were violating the letter or the spirit of the French contract by the course which you have described?—They have expressed their anxiety, when accidents have occurred, for the French vessels, if possible, to do the French work, but they have permitted the English vessels to carry the French mails on those occasions.

1869. Mr. *Wilson*.] Is not this your contract, that you shall perform 24 voyages from port to port, and that “the contractors shall be paid the following sums, in addition to the consideration hereinafter mentioned; that is to say, 6*l.* for a voyage between Dover and Calais, and the like sum in addition for the return voyage,

voyage, if such return voyage be ordered by the said commissioners, or be necessary for the public service"?—Yes. The question was placed before the Admiralty, the very first claim, in 1855, and the Admiralty decided that I was entitled to be paid for the return voyage for both ways, except in this instance, that that sum should not be charged if the vessel took passengers, or if the vessel was employed for any other service, and not in ballast, that then I was not entitled to be paid.

1870. Have you established a steamer at Calais under your new contract?—It is being built, and I hope that in six weeks time it will be on the station.

1871. Have you received payment for it?—Yes, because I have made no charge for the landing and embarking of the mails.

1872. You charge for that steamer 1,200 *l.* a year, whereas, in the former contract the charge was 300 *l.*?—Yes.

1873. Therefore you are receiving 1,200 *l.* for service for which you previously charged 300 *l.*?—I receive that payment under the present contract.

1874. Though the vessel is not ready?—She is not ready, and will not be for six weeks.

1875. By your contract you stipulate to put it on immediately?—As soon as I can get it done.

1876. Have not the Admiralty made any deduction in consequence of that?—No. I would beg to hand in a Return of passengers conveyed by the mail packets between the ports of Dover and Calais, which some Honourable Member asked me for (*delivering in the same*); also a copy of the letter which I was asked to produce, addressed to Mr. George Hamilton, of the Treasury, on the 6th of January last (*delivering in the same*).

1877. *Chairman.*] Will you put in that correspondence, which you were asked to do on your previous examination, and which you said you would consider about?—I cannot produce any correspondence with the French authorities without the permission of my partner, and I am sure that he will not grant it. I have here a copy of a letter from the Minister of Public Works at Brussels, together with several other letters, which I will beg to hand in (*delivering in the same*).

1878. *Lord John Manners.*] You have heard, have you not, the evidence given to-day by Captain Carnegie, with respect to an interview that took place between you, himself, and Mr. Murray, at the Admiralty?—I have.

1879. Having heard that evidence, do you adhere to the version which you gave to this Committee the other day?—I repeat that at that interview, in the presence of Mr. Murray, not one word was mentioned respecting the contract, or my anxiety to obtain the signing of the contract. I should not have dreamt of doing so imprudent a thing.

1880. *Captain Leicester Vernon.*] Did you not know that Captain Carnegie was in a different department of the Admiralty from that which concerned your contract?—Yes, I knew that he could not have anything to do with my contract, except as a member of the Board when the matter came before the Board, or any question with regard to it came before the Board.

1881. Therefore, personally, you could expect no assistance from him?—Personally I could expect none.

1882. *Mr. Corry.*] Had you ever given Captain Carnegie reason to imagine that your support of him at Dover, if he stood for that place, would depend upon the Government renewing your contract?—Certainly not, neither Captain Carnegie nor any one else. I should explain that I intended only, in the first instance, to oppose Sir William Russell at Dover, on account of his having left the borough, and not resigning his seat as he had promised to do; and I had intended to have taken no active part against Mr. Bernal Osborne, and that was openly known. I was thrown into active opposition to him by his public attack upon my establishment at Dover, imputing that the Admiralty screw had been put on, and that my people were slaves.

1883. *Chairman.*] What number of voters have you in connexion with your establishment?—I think there are about 52 belonging to my establishment who have votes.

1884. *Sir Francis Baring.*] Did they all vote right?—I think they did. I do not think that I had one traitor.

Captain the Honourable *Swynfen Thomas Carnegie*, R. N., further Examined.

Hon. Capt.
S. T. Carnegie,
R. N.

28 July 1859.

1885. *Chairman.*] YOU have requested to be recalled; have you any further evidence that you would wish to give to the Committee?—None, except with regard to what I thought I heard stated by Sir John Pakington, and which I ask the Committee, first of all, to decide whether I did hear or not. I understood him to say that he never had authorised his private secretary to enter into any communication with me with regard to the elections; and if I am right in my impression, I could not allow it to go forth to the public without contradicting it, inasmuch as I have a letter from Mr. Murray, acquainting me with Sir John Pakington's wishes.

1886. Have you that letter with you?—Yes. The letter is one which I think I had better read; it is dated, the Admiralty, the 6th of April 1859, and it says, "My dear Carnegie; Sir John has just come back from the House, and wishes me to write at once to you, that our interests are already seriously injured by the indecision of the last two days; and that Lord Derby especially wishes you to be at Dover to-morrow morning. Taylor will communicate with you to-night. Yours, *H. Murray.*"

1887. Have you any other communication on that subject?—No, none. It was simply from having heard that statement that I produced that letter.

1888. You have heard Mr. Murray's statement, and the direct contradiction which he has given to your statement as to what passed in his room. Have you anything to add to your former statement?—No, I have nothing to add or to withdraw.

1889. *Sir Francis Baring.*] Was that letter received by you before the conversation took place between you, Mr. Murray, and Mr. Churchward?—I am unable to answer that question.

1890. *Chairman.*] Have you any other written communications with Mr. Murray upon the subject?—Yes.

1891. Have you any other letters from him on the subject now in your possession?—Yes.

1892. To what do they refer?—They refer to Dover and to electioneering business.

1893. What are the dates of those letters?—The first week in April.

1894. Will you produce them to the Committee?—I would much rather not produce them.

1895. They have no reference to Mr. Churchward probably?—Yes, they have.

1896. Does the letter that you refer to relate to the subject-matter under inquiry in this Committee to-day?—No, I do not think it does.

1897. *Mr. Wilson.*] Do the letters which you possess refer to anything that has been stated in the course of the inquiry before the Committee to-day that you have heard; do they bear upon any statement that you have heard made?—Scarcely, I should think.

1898. *Mr. Crawford.*] Will the production of the letters serve to clear up the discrepancy which exists between what has been stated in your evidence and the evidence of any other witnesses?—It might do so. I should leave that for the Committee to decide.

1899. *Lord John Manners.*] Do you refer in that answer to any one particular letter that you have, or to several letters?—I refer to one particular letter, in which Mr. Churchward's name is mentioned.

1900. Do you wish, in justice to yourself, to put that letter in?—No, I have no particular wish to put it in.

1901. *Mr. Crawford.*] Certain statements have been made to the Committee by yourself and other witnesses, in which it appears that you are at variance with those witnesses; have you any documentary evidence in your possession which will enable the Committee to form an opinion as to the value of the evidence on either side?—I do not know that I have any evidence which would influence the Committee in any way. I produced this last letter, which I have just read to the Committee, in order to prove that the memory of one of the witnesses, namely, of Sir John Pakington, was not correct upon that point; and as this question is assuming

assuming one of credibility, it is necessary for me to fortify my evidence by as much documentary testimony as I can bring.

1902. Mr. *Wilson*.] Will the remaining letters in your possession enable you to fortify your evidence, or enable the Committee to clear up any of the doubts that you have heard expressed before the Committee to-day?—No. If I understand the Honourable Member's question aright, it refers to the direct contradiction which has been given to my evidence by Mr. Murray and Mr. Churchward.

1903. No. You have been in the room all day, and you have heard the evidence given by all the witnesses; are the letters in your possession of that nature that they are calculated to throw light upon the subjects which have been discussed before the Committee to-day?—Yes.

1904. *Chairman*.] In that case, will you produce those letters?—Yes (*producing the same*). Here is a letter, which I will read; it is dated the 5th of April 1859: "My dear Carnegie; Sir William Jolliffe is very anxious to see you this morning at the committee-room at 6, Victoria-street. They say they must get you to stand either for Dover or Devonport, both of which must be fought by Admiralty men. I am inclined to think you would have the best chance at Devonport. I don't like Dover much. The enthusiasts think they can turn out Russell; I told them they might turn out Osborne, but had no chance with Russell; and, in fact, I believe the latter would pull through the former. I will send for Churchward, and ask him what the chances are; but I think, as a friend, you will have to stand for one of these two places. I also think, from what I hear, that you are misinformed as to Youghal; sanguine as these men are, one offered to bet 100 to 1 you did not come in there. Yours, *H. Murray*."

1905. Lord *John Manners*.] Will you explain in what way you think that the letter which you have just read throws light upon the subject of the inquiry in this committee-room?—Merely that the name of Mr. Churchward is mentioned in it.

1906. He is there referred to as an authority on electioneering matters in the borough of Dover?—Yes.

1907. *Chairman*.] Have you any other letters which have any reference to Mr. Churchward in this case?—No, I do not think I have any in which his name is mentioned.

The Right Honourable Sir *John Somerset Pakington*, Baronet, G. C. B.,
a Member of the House; further Examined.

1908. *Chairman*.] DO you wish to add anything to your previous statement?—I merely wish to add a few words in explanation (and I am indebted to the Honourable Chairman for giving me the opportunity), in consequence of the letter which has just been read by Captain Carnegie. I am sure the Committee will at once see that I must have forgotten the fact of having directed that letter to be written; and I expressed a desire this morning to offer my evidence in consequence of hearing Mr. Murray speak of several conversations, some of them with Mr. Churchward and some of them with Captain Carnegie; and I was desirous to state to the Committee, as I did, that those conversations were entirely without my authority, and without my knowledge. I subsequently stated, I think, that I had had no communication, and that I had authorised no communication, with Captain Carnegie upon the subject of his standing for Dover, excepting in the conversations which I had myself with him. I had two conversations with Captain Carnegie on the same day, and I presume, now that I have heard that letter read, that I instructed that note to be written on the same evening, apprehending, from the nature of those conversations, that Captain Carnegie would decline to fulfil the understanding upon which he had taken office, and that I instructed my secretary to write that note, pressing him to carry out that arrangement. But my principal anxiety is, to assure the Committee that I had, of course, forgotten the fact that I had instructed that note to be written.

Hon. Capt.
S. T. Carnegie,
R. N.

28 July 1859.

Right Hon.
Sir *J. S. Pakington*,
Bart., G. C. B.

Lunæ, 1^o die Augusti, 1859.

MEMBERS PRESENT :

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Hope.

Mr. Hubbard.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Mr. Scholefield.
Captain Leicester Vernon.
Sir Henry Willoughby.

RICHARD COBDEN, Esq., IN THE CHAIR.

The Honourable *Frederick Lygon*, a Member of the House ; Examined.

Hon. *F. Lygon*,
M. P.

1 August 1859.

1909. *Chairman.*] YOU were one of the Lords of the Admiralty under the late Government, were you not?—Yes, from the 11th of March, or within a day or two (that is to say, the date of my patent) until the end of June.

1910. Does the business of the contract packet service come peculiarly under the care of the Civil Lord of the Admiralty?—Yes.

1911. You were one of the Civil Lords, were you not?—Yes, I was the Civil Lord; there is only one Civil Lord.

1912. Have you any recollection of the circumstances attending the contract with Mr. Churchward for the Dover Packet Service?—When I joined the Board of Admiralty, the recommendation with regard to the contract had been already sent from the Admiralty to the Treasury. There were various details which I had to consider during the greater part of the time between March and the signing of the contract; partly before the contract came back from the Treasury, but the greater part of them after.

1913. Had you an opportunity of seeing the process through which the contracts went in your department in the course of their completion?—I can scarcely speak except as to this particular contract, because it was almost the only one that came under my notice; I cannot speak to the general practice as regards the making or renewing of contracts; questions as to details, the penalties, and so on, were constantly arising.

1914. The Admiralty settle all those details, do they not?—Yes, entirely.

1915. Had the Treasury then determined upon the renewal of this contract to Mr. Churchward before you joined the Admiralty?—The recommendation had been sent from the Admiralty to the Treasury before I joined the Board.

1916. Was it in favour of the renewal?—Yes, as will be found in the papers before Parliament; therefore I was not a party to the original discussions as to the policy or impolicy of renewing the contract.

1917. Through whose hands as your permanent official at the Admiralty do these contracts pass through, the hands of what clerk?—Through Mr. Clifton.

1918. Do the details pass through his hands?—All the details; on a matter of this sort the ordinary practice is for the superintending Lord to write a Minute "Branch to report," which goes down to Mr. Clifton's Branch, and the Branch then report for the decision of the superintending Lord, and he takes measures accordingly.

1919. Then it rests with Mr. Clifton to carry through the business of the contract?—Yes. I apprehend that the Civil Lord is responsible, but that the business is arranged very much by Mr. Clifton.

1920. Do the contractors who come to arrange the details of their contracts see Mr. Clifton?—Yes, and they see the superintending Lord too.

1921. They see Mr. Clifton and the Civil Lord, is that so?—Yes.

1922. Do they see any one else?—There is no necessity for them to see any one else; they may see the Secretary to the Admiralty.

1923. What is the business of the private secretary of the First Lord; what are his functions?—I can hardly explain them; he has nothing to do with the public

public business of the Admiralty, except so far as relates to instructions which he may receive from the First Lord.

1924. It appears from this evidence that Mr. Churchward, the contractor for this Dover contract, was in the habit of having interviews with Mr. Murray, the private secretary of the First Lord; was it customary in these contracts for the private secretary of the First Lord to take part in those negotiations?—My connexion with the Admiralty was so short that I cannot speak to any practice beyond what went on when I was there.

1925. You are not aware of any duties that the private secretary of the First Lord has in connexion with any contracts?—Certainly he has none.

1926. The First Lord does not intervene in these matters, does he?—He would decide on the general question; but he would, of course, not interfere in the details, unless they were brought before the Board.

1927. He would only interfere at the Board, I presume?—At the Board only.

1928. He would not interfere individually, or through his private secretary?—No; he might request his private secretary to convey his views to the superintending Lord, as he might make the private secretary the organ of any other communication.

1929. But the private secretary could have no communication to make to the contractor from the First Lord?—No.

1930. In the case of Mr. Churchward's contract, have you any recollection as to the details that were altered, or that were pending when you came into office?—The chief question, of course, was the extension for the period of time, and the commuting certain extra payments for one general sum.

1931. Had the Admiralty recommended that the contract should be extended to the time that it was afterwards agreed to extend it to, at the time you came into office?—Yes.

1932. The general policy was arranged at such a date as to enable the Secretary to the Admiralty to write to the Treasury on the 23d of February?—Yes.

1933. On the 23d of February, a communication was made, was there not, from the Admiralty to the Treasury, recommending the extension of the time of the contract?—Yes.

1934. What are the Committee to understand were the details which were still pending in your department when you came into office?—There were details with regard to the precise amount of the mileage rate. There was a question, for instance, with regard to the back voyages. Mr. Churchward being bound to convey the mails from Dover to Calais, a question arose as to the rate of remuneration which he should receive for the back voyage from Calais to Dover, in the event of his conveying the mails by a special boat.

1935. Mr. Corry.] In case of the boat returning in ballast?—Yes.

1936. Chairman.] Did that come under your consideration after you came into office?—Yes, I had to settle that.

1937. Had you communication yourself with Mr. Churchward, and did you see him personally, in reference to that matter?—I am not quite certain whether I saw Mr. Churchward on that point or not; the matter was some time under consideration, and I was, at first, of opinion that the same principle might be adopted by water as by land; that the half rate should be charged for the back passage; however, on inquiry into the matter, I found that Mr. Churchward's expenses were the same both ways, and I thought it was but fair to pay him the full rate for the journeys both ways; but whether that was settled at a personal interview with Mr. Churchward, or in discussing the matter with Mr. Clifton, who had interviews with Mr. Churchward, I cannot positively say.

1938. Do you recollect whether you had any personal interviews with him at all?—Yes; a great many.

1939. Were they with regard to that point?—Not with regard to that point.

1940. What other points did you discuss?—We discussed the clause which will be found in the contract at page 5 of the Parliamentary Papers, with regard to the contractor's employing the vessels to his own advantage.

1941. Had that clause to be arranged between you and him?—Yes.

1942. Was it a novel clause to be introduced into contracts?—Perhaps. I explain the circumstances as they came before me: on the 26th of May the Board of Admiralty went down to inspect the pier at Dover, and they also visited

Hon. *F. Lygon*,
M. P.

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the dockyard at Deal; Mr. Churchward conveyed us from Dover to Deal in one of his packets, and in the course of conversation he explained to me that he had been put to considerable annoyance by persons writing to inform against him for certain excursion trips which his boats had made, and a few days afterwards he came to me at the Admiralty, and brought a clause to give him the power of using his vessels. He said (and I found, on inquiry in the office, that his statement was borne out by the facts of the case) that there was nothing in the way of his contract definitely to forbid it, and that the practice had been tacitly acknowledged by the Admiralty; and he brought me a clause, to the wording of which I rather objected, and drew up another clause, to which he at first demurred, but, on reconsideration, he accepted my clause, and it was then brought before the Board of Admiralty, and sent to the solicitor to the Admiralty to report upon.

1943. Had you occasion to see him frequently upon this clause?—Yes, on that clause, and Mr. Churchward came to inquire whether the contract was progressing. There was another clause which occasioned some discussion between us; namely, the clause at the bottom of the first pages with regard to the wording of it; the discussion arose from the introduction of the Indian service into the clause, rendering it necessary to make a distinction between the extraordinary services which Mr. Churchward was liable to perform, when called upon, between Dover and Calais, and the services between Dover and Ostend. There was some discussion with regard to that clause.

1944. You stated, did you not, that you had no voice whatever in the renewal of the contract, and that that was done before you took office?—That was done before I took office.

1945. There seems to have been some delay at the Treasury in completing the renewal of the contract; are you aware whether it was so or not?—I believe there was.

1946. Is it not customary, after a contract has been finally recommended for renewal by the Admiralty, that any application for expediting the business should be made to the Treasury, and not to the Admiralty?—It is always very difficult for a person not absolutely in the public offices to trace any matter to the exact point where it may be delayed; Mr. Churchward's communications were with the Admiralty, and he applied to the Admiralty to expedite the matter.

1947. Did he ever ask you, as the responsible head of that department, to assist him in expediting his business at the Treasury?—Mr. Churchward was very anxious that there should be no unnecessary delay, as he was desirous of placing his financial affairs upon a satisfactory footing.

1948. Did he apply to you to forward the matter at the Treasury?—He did, certainly.

1949. At what time did he do so?—I had very little personal communication with Mr. Churchward until the middle of May, and afterwards; I had very few interviews with him until the middle of May.

1950. Did you have any conversation with him, in those interviews, respecting the pending Dover election?—The Dover election was not pending in May, but I had some conversation with Mr. Churchward before the Dover election; in fact, he was very anxious that I should become a candidate for Dover when Captain Carnegie declined.

1951. Did he offer you his interest?—I do not know that he made me a formal offer, but of course, by his asking me, I supposed that he meant to give me his interest.

1952. You say "after Captain Carnegie declined;" were you at all cognisant of the reasons why Captain Carnegie declined to stand for Dover?—Not at all. I happened to be out of town, to the best of my recollection, at the time that Captain Carnegie declined to stand for Dover; when I came to town, I found that he had declined, and the circumstance was very soon afterwards brought before the House of Commons.

1953. Were you in communication with Captain Carnegie at all relating to the candidature for Dover?—No, I do not think I ever had any conversation with him upon the subject; I may have exchanged one or two observations with him, but certainly not more than that; just before the Board met, or after the Board separated.

1954. Were you aware that Mr. Herbert Murray, the private secretary to the First Lord of the Admiralty, was interesting himself in that contract?—I can hardly

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hardly say whether he was interesting himself in that contract; he asked me occasionally how the contract was going on, but beyond that I do not remember that he did interest himself very much as regards the contract.

1955. Were you aware that he was communicating with the Treasury with a view to expedite the signing of the contract?—I am not aware that I was.

1956. You do not remember having been aware of it?—No, I cannot say that I do; but at the same time I cannot say positively that I was not aware of it.

1957. Mr. *Baxter*.] You state that the practice of Mr. Churchward's sending his boats to Deal and Margate, and other places, was tacitly acknowledged by the Admiralty; can you state the grounds on which you make that assertion?—There had never been any formal complaint made at the Admiralty, though he had been threatened with annoyance.

1958. Are you quite sure that no formal complaint had been made to the Admiralty?—If any formal complaint had been made to the Admiralty, I am quite certain that no penalty had been enforced.

1959. You did not happen to be aware that, in 1857, the Admiralty sent for Mr. Churchward, and expressly prohibited him from employing his boats on those special trips?—I was not aware of that, certainly.

1960. Mr. *Crawford*.] Were any steps taken at the Admiralty to ascertain by inquiry whether there were any other parties fitting or desirous to offer to take the Dover contract?—That was a question which had been settled before I came to the Board.

1961. Were the Admiralty aware that Mr. Churchward had placed under the French flag three of his vessels that were employed under the contract with the Treasury?—Mr. Churchward mentioned it to me on the occasion I have referred to, on my visit to Dover and Deal.

1962. Do you consider that the placing of those vessels under the French flag was acting in compliance with his contract?—I think, if it was a matter of grievance to any one, it was more a grievance to the French Government than to ourselves.

1963. Do you think that there was not policy on the part of the Treasury in inserting such a clause in the contract; that the whole of Mr. Churchward's vessels were to be navigated, sailed, commanded and officered by persons having certificates under the Act of Parliament?—I suppose there is reason for every provision inserted in the contract.

1964. Do you think that there was some special reason for that, as giving the Treasury power over the vessels so employed, which they could not have had if they were registered, sailed, commanded, and officered as foreign vessels?—But I apprehend that the Admiralty has the power over those vessels which the Honourable Member refers to.

1965. Has the Admiralty that power over the French vessels?—Yes, over those vessels.

1966. Have they the same supposed control over the vessels which are sailed as foreign ships, as they have over the three that are not sailed as foreign ships?—But those ships which are sailed as foreign ships also sail as English ships.

1967. Is it possible that a vessel can be at the same time a foreign ship and an English ship?—If there is a grievance, I think it will be found that the grievance lies on the part of the French, instead of the English Government.

1968. Is it a grievance at all to any one?—If there is any policy with regard to the navigation of the ships by crews of one country rather than of the other, you would find that the grievance rather lies on the part of the French Government than the British Government.

1969. Where we have a contract under which a contractor is bound to furnish six vessels, sailing under the provisions of the Act of Parliament, surely there is better control exercised over those vessels, is there not, than could possibly be the case in the instance of vessels which are sailed under foreign flags?—I apprehend that if Mr. Churchward were to fail in producing those vessels, or affording them for any service for which they were required by the Admiralty, he would be bound by the terms of his contract precisely the same, whether those ships had been navigated under the French flag or under the English flag.

1970. Was the mode in which Mr. Churchward performed his existing contract at all inquired into before the contract was renewed?—That would have been before I joined the Board.

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1971. And for the same reason, you are unable to state whether any steps were taken to test the fairness of the terms on which Mr. Churchward proposed to renew his contract?—I can give no opinion at all upon that question.

1972. You took up the business just as you found it?—Yes, I took up the business just as I found it.

1973. Sir *Francis Baring*.] When it came to be a question whether you should give Mr. Churchward the same sum of money for the vessels which were entirely yours as for vessels which he employed in other purposes, does not it strike you that it would be a matter for consideration whether the terms might be reduced, or any alteration made under such circumstances?—I think it will be found that Mr. Churchward having had this power, and having exercised this power, it was a question certainly whether the contract should be reduced; and I think it would be found quite impossible to do so. Mr. Churchward would never have acceded to such a reduction.

1974. When you decided upon this clause being inserted, allowing Mr. Churchward to use his vessels as he pleased for his own purposes, that was, I apprehend, without any previous decision by the Admiralty; but had you the previous papers before you?—No; I had conversations with Mr. Clifton.

1975. Was it stated to you by Mr. Clifton that the question had been pressed upon the Admiralty, and that the Admiralty had refused it; had you before you the original proposal of Mr. Churchward when he made the original offer, and the letter accompanying his original tender?—I was aware of the original terms of the contract, but I had not the contract precisely before me when I was discussing this matter.

1976. My question did not refer to the contract, but to a letter written by Mr. Churchward, which was subsequently alluded to in the papers, in which he offered, if he might be allowed to keep fewer steamers, that he would do the service for a much lower rate than that at which he did it before. When Mr. Churchward made the original tender, in 1853, his tender was accompanied by a letter, which is not published; do you remember that letter?—I do not remember that letter having been laid before me.

1977. Are you not aware that Mr. Churchward at the time offered that if he were permitted to keep five steamers, or even fewer, he would lower his terms, and perform the service at a lower rate?—I certainly had no knowledge of that letter.

1978. You inserted a clause in page 5, permitting him to use the vessels for his own profit; you were asked by the Honourable Chairman whether you were aware that that was a new or uncommon clause; did you state in answer that you knew that it was a new clause?—I knew that it was a new clause.

1979. It never was introduced in any contract before, was it?—No.

1980. Are the Committee to understand that you consulted with Mr. Clifton and the gentlemen of the department who had the superintendence of that matter before you inserted that clause?—Yes, and the Solicitor of the Admiralty reported on that clause.

1981. With regard to the expediency of the insertion of the clause, the Solicitor to the Admiralty is not exactly the authority you would consult on that matter?—No.

1982. Did you consult with the subordinate officers superintending that particular branch of the service?—Yes.

1983. And was it with their advice and concurrence that you did it?—I believe Mr. Clifton saw no objection to it.

1984. My impression is that Mr. Churchward stated that there was some one else present at the time; do you know whether any other officer connected with the department was present?—I think not.

1985. Did you bring that question before the First Lord or the Board of Admiralty?—I brought it before the Board.

1986. Did you bring before them that particular clause?—Yes.

1987. And did the Board assent to it?—Yes.

1988. And the First Lord also?—I suppose the First Lord was there. That will be found on reference to the Board minutes.

1989. Mr. *Corry*.] Is not the clause which provides that Mr. Churchward shall not be deprived of the advantage of employing his steam vessels to his own profit so drawn up, that if he so employs them he must do it at his own risk?—Entirely at his own risk.

1990. If

1990. If he employ them to the prejudice of the public service, he will suffer for it?—Yes.

1991. There is a clause drawn up by the solicitor, with the express purpose of meeting that object, is there not?—Yes.

1992. Can you state whether it was not practically well known that three vessels were employed in the French service at the time that the contract was extended in 1855?—I believe it to have been a matter of common notoriety.

1993. Had you any conversation with Mr. Churchward respecting the renewal of his contract previously to the election?—I think I had none at all as regards the renewal of his contract.

1994. It must have been nearly a month after the election, must it not, when he first proposed to you to employ the vessels to his own advantage, or rather not to deprive him of the power of so employing them?—Yes.

1995. You have stated that Mr. Churchward asked you to become a candidate for Dover. Can you state whether, when he made that proposal, he said anything about the renewal of the contract, or whether any corrupt motive was implied as the condition of it?—Most assuredly not, or I should have felt it necessary to have taken other steps.

1996. Lord *Naas*.] Do you know whether Mr. Churchward was in the habit of employing his vessels for those excursion trips before this contract was made?—I believe he had done so; he stated that he had.

1997. You did not know to what extent?—No, I apprehend that he could not use them to any very great extent, because he had no object in putting those vessels which were to be used for excursions, under the contract, if he could employ them profitably without. Those six vessels are supposed to be necessary for carrying on the contract service, and they are bound to be forthcoming at any moment.

1998. The opinion of the Solicitor of the Admiralty was taken, was it not, upon this clause, as to whether this clause could in any way interfere with the due performance of his contract?—I should say that he was to report upon the clause generally; and I think specially whether it would fulfil the object for which it was drawn up, leaving the question of the contractors employing those vessels very much where it was left before, but imposing stringent penalties, if in consequence of any such employment of his vessels, they were not forthcoming when required by the Admiralty.

1999. In fact, this clause does not interfere in any way with the other provisions of the contract?—No.

2000. Sir *Francis Baring*.] You stated that it was well known before the contract of 1855 was entered into, that French vessels were employed?—Perhaps I should not say before the contract of 1855; but when I was at Dover, I understood that it was a matter well known to almost anybody who was going between Dover and Calais.

2001. A very short time elapsed between the signing of the French contract and the extension of the English contract in 1855; do you happen to know whether it was known at the Admiralty that those vessels were employed when the second contract was entered into?—I cannot speak positively as to any knowledge of it at the Admiralty.

2002. Did you know whether that service was performed by Mr. Churchward before that time?—I did not know.

2003. Subsequently it was known, was it not?—Subsequently it was known.

2004. Captain *Leicester Vernon*.] Was it known to the Government department concerned, that the fleet of Mr. Churchward was of a mixed English and French character?—I apprehend that it was known that those vessels bore a double character; that Mr. Churchward was in the habit of exchanging the English flag for the French flag, and *vice versa*.

2005. Do you know whether any public inconvenience has arisen from the mixed character of Mr. Churchward's fleet?—None at all. I believe there is but one opinion as to the manner in which the service has been performed.

2006. If Mr. Churchward had failed in carrying out the service which he undertook, for want of strength in his fleet, arising out of its mixed character, or any other circumstance, would he not have suffered a penalty on that account?—He would have suffered all the penalties provided in the contract.

2007. Lord *Naas*.] You mean that the character of the fleet, in your opinion, would

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would not enable Mr. Churchward to evade any of the provisions of his contract with the English Government?—Not in the least.

2008. Sir *Stafford Northcote*.] On referring to the Treasury Minute of the 15th of April, at page 15 in the printed papers, you will see that the Treasury assented to the extension of the contract upon certain conditions; of which one was, that Mr. Churchward should engage to make no fresh contract with the French Government without the sanction of the Treasury; and another condition related to the case of the special services falling below the present number; can you state whether those terms were communicated to the Admiralty in the letter received from the Treasury?—No; the communication made from the Treasury to the Admiralty was based upon the statement in the latter part of the Treasury Minute, and those two conditions were not brought under the notice of the Admiralty at all.

2009. Sir *Francis Baring*.] The Treasury letter did not state the conditions?—No; the Treasury letter inaccurately represented the minute.

2010. Is it the practice of the department that the contract itself should be sent back to the Treasury?—I believe not on the renewal; when a contract is renewed or extended, I believe it is not the practice to send it to the Treasury.

2011. The Treasury, therefore, were perfectly unaware of the new clause being inserted?—Yes; the object of the Treasury is simply to decide upon the general question, but the whole of the details are left to the Admiralty.

2012. If the contract had been forwarded to the Treasury and examined by the Treasury, they would have found that it was a contract to which they had never given their consent?—No; those two conditions had been admitted by the authority of the Treasury, and not by the authority of the Admiralty.

2013. There was a mistake, you say, in the communication; but if it had been sent back to the Treasury, they would have discovered that there was an incorrectness in the contract?—The mistake was in the communication made by the Treasury.

2014. Mr. *Baxter*.] You state that you believe that there is but one opinion as to the manner in which the service has been conducted; have no representations been received at the Admiralty complaining of the inefficiency of the present service?—None that I am aware of.

2015. Did not Mr. Churchward call upon you with regard to this clause at page 5, allowing him to employ the vessels to his own advantage, and did he not state to you that the Admiralty on former occasions had objected to this practice of his?—No, certainly not.

2016. You made no investigation into the matter?—I discussed the matter with Mr. Clifton.

2017. You accepted Mr. Churchward's statement in regard to that, did you not; that he merely wished to be quit of certain complaints or threats to inform against him at Dover?—I accepted his statement.

2018. And Mr. Clifton did not inform you that that practice had been objected to by former Boards?—Quite so.

2019. You consulted Mr. Clifton, and you also referred the clause to the solicitor to the Admiralty?—Yes.

2020. Mr. *Hope*.] In answer to a question which was put to you early in your examination, you stated that you were not aware of any of the duties that the private secretary of the First Lord of the Admiralty had to discharge in connexion with granting contracts; is it not usual in public offices that parties who have any business to transact, are in the habit of applying to the private secretaries of the heads of the different departments, without reference to any particular department?—I suppose so, undoubtedly; but what I meant was, that the private secretary of the First Lord of the Admiralty has no official connexion with the contracts.

2021. But there will be nothing improper, merely on that account, in a person's applying to the secretary of the First Lord of the Admiralty to have his business expedited?—Certainly not, nor to any person in the office.

2022. Lord *Naas*.] It is the ordinary practice, is it not?—I think so.

2023. Captain *Leicester Vernon*.] With respect to the insertion of that clause, did I understand you distinctly to say that you did not accept Mr. Churchward's statement without due conference with Mr. Clifton, in whose department this specially lay?—Yes. I ought to say also that Mr. Churchward brought me a clause which he was anxious to have inserted, and that clause distinctly gave Mr. Churchward

Churchward the power of using his vessels for his own purposes. I declined to insert that clause, and framed the present one, which I consider very much more stringent upon Mr. Churchward, and relieves him from no penalties at all for the non-fulfilment of his contract, in consequence of the employment of his vessels for any such excursion trips.

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2024. Lord Naas.] Then the first clause submitted to you, directly gave Mr. Churchward power to do so, did it not?—Quite so, without mentioning the obligation which would lie upon Mr. Churchward to fulfil the other penalties provided in the contract.

2025. You refused to sanction that clause, did you not?—I did.

2026. Mr. Corry.] Was not the clause which was afterwards drawn up so worded as to mean that it should not deprive Mr. Churchward of the liberty of so using his vessels?—Yes.

2027. Lord Naas.] It appeared to assume that the liberty had existed before?—Yes.

2028. Sir Francis Baring.] The clause was inserted by the solicitor, was it not?—No; Mr. Churchward brought me a clause, to which I objected. I then framed a clause myself, which was then brought before the Board, and sent to the solicitor to report upon; and the solicitor amended it, and made an addition at the end.

2029. Captain Leicester Vernon.] Was that after conference with Mr. Clifton?—Yes, so far as I was concerned. I think, perhaps, I ought to state that when Mr. Churchward asked me to stand for Dover, he made no allusion whatever to the renewal of the contract; the matter was not at all mentioned.

2030. Sir Francis Baring.] Was he with you at the time about the contract?—No, I think I met him in Mr. Murray's room.

2031. The contract did not come into the conversation at all at that time?—No.

2032. Chairman.] Is there anything that you would wish to add to your evidence?—No; I think that I have nothing further to add.

Waller Clifton, Esq., called in, and further Examined.

2033. Mr. Corry.] CAN you explain to the Committee the circumstances under which the question of extending the time of Mr. Churchward's contract arose?—In the autumn of last year Mr. Churchward preferred his claim for extraordinary and special services. That claim was sent to the Accountant General; but there was a difficulty in passing it through the department in the usual course; in fact, it could not be passed in the face of that clause of the contract, in regard to the conveyance of Indian mails, without a special order from Board, and the solicitor was of the same opinion; but as it was considered by the Packet Department that he had an equitable claim, the case was referred *in extenso* to the Board, and the Board of Admiralty concurred in the opinion that he had an equitable right to the payment of his claim.

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2034. When was that?—It was in January of the present year that the claim, as appears by the published correspondence, was referred to the Treasury, and that department consulted the Post Office; and both concurred in the opinion of the Board of Admiralty, that the claim was equitable, and that he was entitled to payment. The Treasury suggested that some permanent arrangement should be entered into to settle such claims in future; upon which, Mr. Churchward was invited to make an offer; and he engaged, as the contract would then be open, to undertake the additional service for the payment of 2,500 *l.* a year, on condition of the contract being extended.

2035. On the receipt of Mr. Churchward's letter, offering to commute the extraordinary charges to a fixed payment of 2,500 *l.* a year, on condition that his contract should be extended, what steps were taken at the Admiralty?—It was referred, in the usual course, to the department for report.

2036. That was to yourself?—Yes.

2037. And did you make a report in favour of Mr. Churchward's proposals?—I did.

2038. Is it the case that the recommendation to accept the terms proposed by Mr. Churchward originated, not from any political member of the Board of Admiralty, but from yourself, the permanent head of the branch?—Certainly.

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2039. Can you state upon what grounds you thought it advisable to recommend the Board to adopt Mr. Churchward's proposals?—They appeared to me to be very fair and reasonable. I can state to the Committee the grounds on which I estimated the saving that it would ultimately effect to the Government.

2040. That was with regard to the extraordinary charges?—Yes; in reporting, I found that it was necessary to ascertain whether the claim was fair and reasonable. First of all, I took the number of voyages that he offered to perform by special packets, conveying the India, China, Mauritius, and Australian mails, inwards and outwards, on all occasions when necessary. I was fully aware that the full number of 96 he would, in fact, not be called upon to perform: by the contract of 1855, he might, by a strict interpretation of the clause, be called on to provide special packets for the conveyance of the India mail from Calais; and I excluded at once those 12. I considered it would only occasionally happen that special packets would be required for the outward mail, and I took, therefore, two-thirds of the remainder, viz. 48 voyages, which, at 22*l.* 18*s.*, amount to 1,099*l.* I then took 24 voyages for the conveyance of the Australian mails (which was not contemplated when he first entered into the contract), at the mileage rate of the Australian contract; I thought that a very fair way of estimating the service, and it amounted to 549*l.*; those two sums give me 1,648*l.* I then took the port dues and the boat-hire, and the dues now paid by the Admiralty, which were stated at about 840*l.* He also engaged to provide, without extra charge, for 12 passages, which were estimated to cost 168*l.* a year; so that, altogether, the Government, under any circumstances, would save 150*l.* a year, when the special trains through France came fully into operation. That was totally putting aside the advantage to be derived from the small steamer that was to be provided in order to land the mails at Calais, and the expenses attending the providing of a first-rate new packet for the improvement of the service.

2041. You are of opinion, therefore, are you not, that the Government was a gainer, to the extent of several hundred pounds, by commuting for the extraordinary services at the annual cost of 2,500*l.* a year?—Certainly, ultimately; and a very great permanent improvement of the service was effected, which met all the contingencies which might arise in the conveyance of heavy mails to the East.

2042. You have hitherto adverted only to the question of extraordinary charges; can you state on what ground you recommended that the contract should be renewed to the year 1870, as proposed by Mr. Churchward?—Merely to enable him to invest more capital in providing a new vessel, and also that it was the general practice in the Treasury; in the letter of the 8th of October 1857 it is stated to be the invariable practice, and manifestly it is a good one, as it procures for the public an improved service generally, without additional cost.

2043. It was only on the condition of the contract being renewed, that Mr. Churchward was willing to undertake the extra service at the commuted sum of 2,500*l.*?—Certainly; it was part and parcel of his offer.

2044. Had you any means of knowing, about that time, whether the contract was remunerative to Mr. Churchward?—Yes; I knew that the English contract was not remunerative.

2045. How were you enabled to ascertain that?—Through private sources of information.

2046. Have you any objection to state them to the Committee?—A gentleman who was employed in copying accounts for a suit in the Court of Chancery informed me privately, to my surprise, that it was not remunerative, and that the expenses were very great.

2047. Did not Mr. Churchward rest his application for the extension of his contract in a great measure on the ground of the losses that he had sustained in the performance of the service subsequently to the extension which he obtained in 1855?—Yes, he did so.

2048. Was not the extension in 1855 conceded upon grounds very similar, if not precisely similar, to those on which the extension in 1859 was conceded?—Yes.

2049. In both cases it was in consideration, was it not, of losses sustained by himself in the execution of his contract?—Yes, and on the understanding that the service would be improved by the extension.

2050. The object being to afford him facilities to carry on the service more advantageously to the public?—Certainly.

2051. Can you state whether the extension of the contract of 1855 was con-
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ceded on any conditions, as in the last case, or was it done unconditionally?—It was unconditionally, ultimately.

2052. That is to say, there was no extraordinary service to be required from him?—None.

2053. In the present case what extraordinary service was required?—He is to provide a steamboat for landing and embarking the mails at Calais; he is to convey the India, China, Australia, and Mauritius mails by special boats whenever required, inwards and outwards, weekly. He is to perform, gratis, 12 passages for the conveyance of persons of distinction; and he has undertaken to build a new steam packet, so as to separate the French and English services.

2054. Are you aware whether that extension in 1855 was conceded by the Admiralty after communication with the Treasury?—Not that I am aware of.

2055. Was it conceded entirely on the authority of the Admiralty?—Entirely, I believe.

2056. Was the matter referred to the Post Office, so far as you know?—Not until after the extension had been definitively settled.

2057. In 1857 when the Admiralty refused to compound for the extraordinary services then proposed to be performed for 1,500 *l.*, was that refusal made after communication with the Treasury?—No.

2058. Was it made by the Admiralty without reference to the Treasury?—Yes, without reference to the Treasury.

2059. It has been stated in evidence before this Committee that it was possible that political considerations might have much weight with the Admiralty in the infliction or remission of penalties; can you state whether any such instances have ever come to your knowledge?—Certainly not.

2060. Those remissions or inflictions have been generally determined by the Admiralty, in conformity with your recommendations, have they not?—Yes.

2061. Have they ever refused to comply with your recommendation with regard to the question of penalties?—In no case.

2062. Have you any reason for supposing, or was such a thing ever whispered at the office, that any member of the Board of Admiralty or the Government was at all influenced by political considerations with regard to the extension of this contract?—None whatever.

2063. Did you hear any rumour of the sort?—No; the question was virtually settled before any change of Government was contemplated.

2064. Did you ever see Mr. Herbert Murray upon the subject of the contract?—Never.

2065. Did he ever make any confidential communication to you in writing on the subject?—Never.

2066. Did he do so on behalf of the First Lord?—Never.

2067. Would his position at the Admiralty have invested him with any authority to interfere with the Dover contract, or any other contract at the Admiralty?—No, certainly not.

2068. It appears that Mr. Churchward has received a portion of his quarterly payment under the increased subsidy, notwithstanding that the small boat at Calais is not yet put on, which formed a part of the conditions of the contract; do you think that that was a regular or an irregular course?—I do not see that it could be otherwise than regular. There was no provision in the contract that would enable the Board to withhold any part of the amount.

2069. Can you state what the clause in the contract provides with respect to that boat?—Simply that he shall invest an amount not less than 2,000 *l.*; "that he shall provide and keep in readiness at Calais a small steam vessel, to be approved of by the said Commissioners, and such vessel shall cost not less than 2,000 *l.*"

2070. The clause says that "he shall provide," and "it shall cost," and you think that, under the wording of that clause, there is no alternative but his receiving the full amount of his contract?—Certainly; there was no part of the additional payment, namely, 2,500 *l.*, that was set apart specially for that purpose.

2071. You stated in your former examination that it was the invariable practice at the Admiralty to refer the draft contracts back for the approval of the Treasury before final execution; has that been invariably the practice?—No. I find that it has not been the invariable practice. It has been the rule with regard to what we have called the Treasury contracts; those which were time contracts; and the clauses of which were drawn up more especially at the Treasury.

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surely than at the Admiralty; for instance, the Australian contract and the Cape contract.

2072. What number of vessels were required under Mr. Churchward's first contract in 1854, for the performance of the Dover service?—Six.

2073. Was it supposed that that number of vessels would be necessary for the performance of the service, or was there any other reason for that number being specified?—It was always understood that six were named, to enable the Admiralty to dispose of their old vessels to the successful tenderer. An intimation was issued at the time that the tenders were sent out, that any offer for the purchase of those vessels would be taken into consideration. Instead, therefore, of stating in the contract, as we usually do, the minimum number of vessels, we specified six; but three are sufficient to perform the Dover mail service.

2074. Under the English contract?—Yes.

2075. The number "six" was specified, was it not, merely because the Admiralty wished the contractor to purchase their old vessels?—Yes; of course, ultimately the contract must have had more, and he would have got up to the number six. At present he has eight, or he will shortly have eight; but usually we state in contract the minimum number required, so as to ensure the due performance of the service at first.

2076. Are you of opinion that the employment of three of the vessels in the conveyance of the French mails under a contract with the French Government, is any infringement of the terms of Mr. Churchward's contract with the English Government?—Certainly not; not a bit more so than carrying passengers or carrying bullion, which they may do under contract, if they choose.

2077. Mr. Baxter.] Do you mean an infringement of the present or of the former contract?—The clauses which bear on the question are the same in both contracts, though there is nothing that touches the question directly.

2078. Mr. Corry.] There has been no alteration made in that respect since 1854, has there?—None.

2079. Were the Admiralty aware, in 1855, when the contract was renewed, that some of Mr. Churchward's vessels were employed in the conveyance of the French mails?—Certainly not officially; it was understood that the question should be officially ignored; that the two Governments should not be mixed up in the contract; but it was perfectly well known.

2080. Are there any other contract mail companies having a contract with the English Government and also with foreign Governments?—Yes; the Peninsular and Oriental Company has a contract with the French Government for conveying the mails from Réunion; the Pacific Company is under contract with all the Governments along the south-western coast of South America, and they receive the postages as well, though the bags are carried in British bottoms.

2081. With respect to the amendments in the clauses which were made at the Admiralty, after the draft contract was returned from the Treasury, do you know when those clauses were first proposed by Mr. Churchward?—Yes, about the end of May or the beginning of June.

2082. It would therefore be impossible, from the date that you have mentioned, that the decision of the Admiralty with reference to those clauses could have been in any way influenced by political considerations with reference to the Dover election?—Certainly not.

2083. Are you of opinion that the clause declaring that the contractor shall not be deprived of the liberty of employing his steam-vessels for his own purposes is an objectionable clause?—No, far otherwise; I think that it is very desirable; it saves a great deal of public correspondence on the point, and in no way affects the Admiralty.

2084. Will you state your reason for saying that?—Other companies are allowed to employ their vessels, even under contract, and with Mr. Churchward, under certain circumstances, it is really an advantage; for it may be that the vessels are tide-bound in the harbour of Dover, when if they were only employed running as they do between Ramsgate and Dover, the vessels would be more ready of access than even in Dover Harbour; no difficulty has ever arisen as yet.

2085. Do you imagine that Mr. Churchward's ships are manned and navigated in strict accordance with the interpretation of his contract with the Admiralty?—Yes, else they could not be passed by the superintending officer.

2086. Can you state whether there are any circumstances peculiar to that station which render the Dover service a very expensive service to the contractor?

—Yes,

—Yes, I have a memorandum here, which shows in the first place that “The work is all by night. The public expect the mails to be carried when passengers do not like to go. The harbours are all tidal; whilst the passage is only two hours to Calais every alternate week, steam has to be got up six or seven hours before the mails arrive, and to be kept up six or seven hours after the mails have been landed. One voyage is often equal to three. Frequently mails only can be embarked, and the advantage of carrying passengers is lost. Wear and tear is most extensive and expensive, running by night; pieces of drifting wreck cannot be seen; consequently the floating pieces come frequently in contact with the wheels of the packets, smashing floats, and breaking paddle arms and radius rods weekly; more than a dozen paddle arms and floats have been broken and carried away during the last five weeks. The services are in the direct and narrow tracks of the channel. To maintain the imperative regularity, the packets are obliged to run full speed in breezes and fogs. Fishing boats and other craft are always in the way, and constant damage is incurred. The mail packet ‘Vivid’ ran over a French fishing boat last month. On an arbitration inquiry, the ‘Vivid’ was acquitted of all blame, but the contractor had to pay above 300 *l.* for loss of life.” “Only three vessels can be used at sea with the mails at any one time; five, therefore are amply sufficient for the security of the service, regular and extra.”

2087. Mr. *Scholefield.*] What is the paper that you are reading from?—A memorandum which was drawn up, in communication with Captain Smithett, in the early part of the negotiation; it had no connexion with this inquiry at all.

2088. Mr. *Corry.*] Can you inform the Committee whether in any instance contracts for the packet mail services have been allowed to expire, or whether they have been renewed in all instances previously to their expiration, excepting in those cases where the contracts have broken down?—No contract has been allowed to expire; they have always been renewed before their expiry.

2089. Is it, in your opinion, a good policy or a bad policy?—I think it is greatly to the advantage of the public, and I do not see how it can be otherwise; the service would be badly performed as the contract drew towards its termination, as of course it would be the object of the contractors to run out their old vessels; whereas, on the other hand, it is the object of the Government always to progress, and to get better and larger, and swifter vessels, which they do; the companies in no way confine themselves within the dimensions or the speed stipulated by the contract; but in the course of years they all improve their vessels.

2090. Do you think that in consequence of the measures which have been adopted by Mr. Churchward in consideration of the renewal of the contract in 1859, the service will be performed much more efficiently down to the year 1863, when the old contract would have expired, than it would have been if the contract had not been renewed beyond that period?—Yes; inasmuch as he will have a finer and a better vessel, he will have additional means of raising money if he requires it.

2091. And building better boats?—Yes, building better boats.

2092. If the contract had been allowed to run on, and had been offered to public competition in 1863, would not Mr. Churchward, from being in possession of the French contract, have come into the market with great advantage over any other bidder?—Yes, I presume so; certainly.

2093. The chances are that he would have obtained the new contract then; and in the meantime, you think the service will be more efficiently performed in consequence of the extension now?—Yes.

2094. Mr. Churchward was asked, at Question 1872, “You charge for that steamer 1,200 *l.* a year, whereas in the former contract the charge was 300 *l.*?” His answer is, “Yes.” He is then asked, “Therefore you are receiving 1,200 *l.* for service for which you previously charged 300 *l.*?” To which he replies, “I receive that payment under the present contract.” Can you offer any explanation upon that subject?—No; I am not aware that he offered that steam-vessel at 300 *l.* a year.

2095. Is it not a mistake, as you will see, if you look back, and that the 300 *l.* was for a totally distinct service?—Yes.

2096. In the 4th paragraph of the “Special Services,” page 7, it is mentioned, “To perform all special services in the conveyance of ambassadors and distinguished personages to and from Calais, for any number of trips not exceeding 2 in any one year (average cost per annum for the last three years, 300 *l.*)?”—I presume it is a mistake.

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2097. There is no sum mentioned at all against the cost of the steamer at Calais?—That is so.

2098. You think that that answer was given in mistake?—I presume it to have been so.

2099. The question was asked this morning whether, in 1853, Mr. Churchward had not offered to perform his service at a much lower rate, if he was permitted to keep fewer vessels; that was with regard to employing a vessel for his own advantage, was it not?—I am afraid I can give no information at the present moment on that point.

2100. *Sir Stafford Northcote.*] You referred just now, did you not, to the Treasury letter of October the 8th, 1857?—Yes.

2101. What letter was that?—It was on the subject of the extension of the contract with the Royal Mail Company, in which the Treasury made use of the expression, that it was according to invariable practice: "The practice has been followed in regard to all other mail companies, to grant the short extension now asked for."

2102. That was an extension of a contract which the Royal Mail Company had with the Government, and which had still several years to run?—Yes.

2103. You consider, on the whole, that the terms which Mr. Churchward offered were favourable to the Government?—I think so indeed.

2104. I mean the terms of commutation?—Yes, I think so.

2105. He made the extension of his contract a part of that offer, did he not?—Certainly.

2106. Do you consider that it was open to the Government to have accepted the terms of the commutation, without accepting the extension of the contract?—Certainly not, it was all one offer.

2107. You stated just now, did you not, that you thought that there was no disadvantage, but, on the contrary, an advantage, in allowing the contractor to employ his vessels on other services, provided that he did not neglect the mail service?—Yes.

2108. Are you aware that Mr. Churchward did employ his vessels for the purpose of conveying the German Legion, and for other purposes, at the time of the war?—Yes.

2109. That was done for the purpose of a contract, was it not?—Yes.

2110. It was a private contract, not with the Admiralty, but with the Secretary at War?—Yes.

2111. If a strict construction had been put upon that contract, and it had been held that he was violating his contract by performing that service, he might have been altogether deprived of the service, or he might have incurred a heavy penalty for so doing, might he not?—The contract could have only touched the case, inasmuch as it required the withdrawal from Dover of some of the six boats.

2112. You do not quite understand my question. Mr. Churchward was of opinion, when he brought this subject before the Admiralty, that he was liable to penalties, or he might be held liable to penalties, for employing his vessels on other than postal service; was he not?—There is no specific penalty for not keeping six vessels.

2113. Was it not with that impression that he asked for this clause to be introduced?—No; it was to enable him to use some of his spare vessels without complaints of infringement of contract. Usually under contracts, when you state the minimum number of vessels, instead of the maximum, of course no question can arise as to the right of the contractors to employ the vessels not being actually used for the contract.

2114. But would he have required this clause if he had thought it was perfectly clear that he could have used his vessels as he pleased?—No, he would not.

2115. Therefore he thought, at all events, that it was possible that for performing such a service as that of conveying the German Legion he might have been subject to penalties?—Yes; there was no penalty attaching to it, but he might have been stopped.

2116. You state, that amongst the other advantages that were to be derived from the renewal of the contract, was one that Mr. Churchward was expected to build a new packet?—Yes.

2117. And you stated that that was with a view to separate the French and English services; was that point brought forward?—In one of his letters to the Admiralty he stated that such would be the case; there was no provision to that effect

effect in the contract, because we wholly ignore the question, and we have always been instructed so to do for many years, and not to mention it in public documents.

2118. Privately, it was mentioned that it would enable him to do so?—Yes, if any question arose again.

2119. Do you know whether he has commenced the building of the new packet?—Yes, I do.

2120. Mr. Corry.] Is she not to be a vessel of remarkable speed and adaptation to the service?—Yes; so I understand from Mr. Rolt, who, in conjunction with Mr. Penn, is going to build the swiftest boat that ever was built.

2121. If the contract had not been renewed, that vessel would not be built?—Certainly not; the moment that the question was decided, Mr. Churchward gave the order for her, I am informed.

2122. Lord Naas.] The department at the Admiralty in which the contract business is carried on, is entirely under the control of the Civil Lord, is it not?—To a great extent.

2123. To what extent is it the practice for the other members of the Board to interfere in those questions of contract?—I am the servant of the Board; and any member of the Board may send for me, and make any inquiries or any minute.

2124. Is it the practice of the Admiralty that these questions are generally decided by the Civil Lord?—Yes.

2125. Mr. Corry.] It is the case at the Admiralty, is it not, that there are superintending Lords to each department?—Yes.

2126. Lord Naas.] In recommending a contract on the ground of expediency, is it supposed that the Admiralty have done with it, so far as the expediency of the contract is concerned, when they recommend it to the Treasury?—Yes, entirely.

2127. When a contract comes back from the Treasury, and has not been approved of, it is understood that the question of the expediency of granting the contract, or the renewal of the contract is decided?—Entirely decided.

2128. But that the question as to the renewal of a contract is supposed to be at an end when the Board of Admiralty recommend it to the Treasury?—No, I am not prepared to assert that.

2129. Which is the document in the printed correspondence which may be taken to show the opinion of the Admiralty as to the expediency of the renewal of the contract?—The letter from the Board of Admiralty of the 23d of February, in which their Lordships state that the extension of the contract appears to them not an unreasonable proposition, and they recommend the offer to the favourable consideration of the Treasury.

2130. Then that letter having been written, it would be impossible that any question, other than a question of detail, would come under the supervision of the Admiralty?—Certainly.

2131. Or of any member of the Board?—Or of any member of the Board.

2132. Then the fact is, that the opinion of the Board of Admiralty as to the expediency of the renewal of this contract was finally given on the 23d of February, was it not?—It was.

2133. Captain Leicester Vernon.] Having tested the value of the service by the first tender, are you not in a condition to ascertain the average market value of that service?—Yes.

2134. Would not the course of the working of the contract enable you to judge decidedly as to the price at which the contract had been accepted?—Yes.

2135. Therefore, in deciding on granting a renewal, you would have some grounds to go upon, would you not?—Certainly.

2136. The market value of such a service as the Contract Packet Service, will not fluctuate, as in the case of long sea freight?—With regard to this contract, it is so exposed to accident from the night service, and from the great speed of the vessels, that it is impossible to judge really as to its remunerative value, or, in fact, as to what is its value.

2137. You are aware that in the ordinary course of navigation, freights fluctuate very much in value?—Yes.

2138. That is with regard to the ordinary long sea freights; but you do not conceive that this short packet and particular service would fluctuate in the same

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way as if it were operated upon by trade, as is the case with regard to the long sea freights?—Certainly not.

2139. Mr. Baxter.] Mr. Churchward's proposals to have this contract extended, in 1859, were founded, were they not, upon certain calculations of the losses which he had sustained; and he has stated also that the contract had been unremunerative. Were these calculations, upon which his proposals were founded, referred to the Accountant General of the Navy?—Yes, in some instances they were, where we wanted information; for instance, as to the total amount expended in the extra and special services, the amounts paid in harbour dues, and so on.

2140. Were they so referred, before the Board of Admiralty agreed to recommend the extension of the contract in 1859?—Yes.

2141. Have you the report of the officer?—I have got a memorandum of his that we made out together, on Saturday, of what was paid up to the present moment, in the last 12 months.

2142. My question did not refer to any document made out recently; but have you the Report of the Accountant General of the Navy, with regard to Mr. Churchward's calculations?—No, I have not.

2143. Is there any such report in existence?—No. It contains a great many points upon which the Accountant General can offer no opinion.

2144. But you stated that you had referred the question of Mr. Churchward's calculations to the Accountant General, before recommending the extension of the contract, in 1859?—I must have misunderstood the Honourable Member's question.

2145. I will put it again. Mr. Churchward founds his proposal to have this contract renewed in 1859, upon certain calculations, does he not?—Yes.

2146. Were those calculations referred to the Accountant General of the Navy?—No, they were not.

2147. Has not it been the practice in the Admiralty hitherto to refer to the Accountant General all such statements made by contractors, with regard to pecuniary losses which they have sustained, and all their reasons in detail for seeking the renewal of their contracts?—No, I am not aware that it has.

2148. Have instances not arisen in respect to other companies; for instance, the Peninsular and Oriental and the West India, or any other of those large companies, in which they have made certain representations; and have not instances arisen in which those statements of other companies have been referred to the Accountant General?—Yes, certainly; there have been instances of that.

2149. Can you inform the Committee why this precaution was not taken in the case of the Dover contract?—It was one involving so many points besides pecuniary calculations that it was competent for the Admiralty to deal with it without referring to the Accountant General.

2150. Were you not competent to deal with the other cases?—No; they required the investigation of accounts.

2151. You did not consider that Mr. Churchward's statement required any investigation of the accounts?—No; we alone could have supplied the data to the Accountant General to make the calculations.

2152. The only check upon Mr. Churchward's statement is that to which you have referred; namely, the private information which you received from a friend with regard to the service not having been remunerative?—There was no investigation of Mr. Churchward's circumstances, or whether the contract was remunerative; nor am I aware that such a step was ever adopted, excepting in the case of the Peninsular and Oriental Company, where they courted the inquiry.

2153. There are various calculations in those papers which have lately been delivered to the Committee, with regard to the losses which Mr. Churchward had sustained in regard to this service; in what manner did you satisfy yourself with regard to the correctness of Mr. Churchward's calculations?—We were pretty well able to estimate the loss where it was a total loss like the "Violet;" but in checking his calculation of the expenses that he undertook to relieve the Government of, and the expenses that he would be put to in providing a new boat; those were matters of calculation which fall within the province of the Admiralty to calculate, and not the Accountant General.

2154. Had those matters never hitherto been referred to the Accountant General?—No; I have been in the habit, for years past, of making all the calculations and estimates with regard to the expenses of packet steaming.

2155. What

2155. What are the principal matters that have been referred to the Accountant General in connexion with the other companies?—In the Report of 1854 the honourable Member will find that the accounts of the Peninsular and Oriental Company were investigated with reference to an additional payment, which they wanted for the eastern service.

2156. Was not that a very similar case to this of the Dover and Calais service?—No, I think not.

2157. Mr. Churchward asked an additional payment here, did he not?—Yes; but he gave us the elements for making the calculation.

2158. And you trusted, did you not, to his statement of those elements?—No, I took my own mode of calculating it, and I did not make the amount the same as his, which showed that I did not follow simply what he stated.

2159. Did Mr. Churchward apply for an extension of his contract in 1857?—No.

2160. Did he merely apply for an alteration in the terms?—Yes, just so.

2161. Were you consulted at that time?—I cannot speak positively; I do not recollect.

2162. With regard to that clause giving Mr. Churchward liberty to employ his vessels in pleasure trips; in your opinion, he never had been liable to penalties for doing so?—Certainly not specific penalties.

2163. Is it not the case that he had been stopped by previous Boards of Admiralty from doing so?—It was attempted.

2164. Were they not successful?—No; he went on afterwards, and the Admiralty knew it.

2165. Was it found that the Admiralty had no power to stop him?—I do not know that the Admiralty have any direct power; the only way we can stop it is by an indirect proceeding; by ordering the superintending officer at the port to see that six vessels are employed in an efficient state; so many actually en route, and others lying idle in Dover Harbour.

2166. Was that ever done?—I think it was for a short time.

2167. Then Mr. Lygon is correct, is he not, in stating that afterwards it was tacitly acknowledged by the Admiralty?—Yes, we knew that it was done.

2168. Mr. Corry.] There was no penalty enforced, was there?—No.

2169. Lord Naas.] Do you recollect how it had been tacitly acknowledged?—By the Board of Admiralty taking no further steps in the matter.

2170. Mr. Baxter.] Was there any particular reason for attempting to stop it at one time?—I do not know the reason.

2171. Lord Naas.] Mr. Churchward has been in the habit of employing those vessels ever since he signed the contract, has he not?—Yes, and there would be no more reason for stopping him than for stopping the Peninsular and Oriental Company's vessels from running to Cherbourg.

2172. Mr. Baxter.] Are you aware of the circumstances attending the Admiralty's interference, and not granting the application?—Yes, it passed through my branch.

2173. Can you state the reason for the interference of the Admiralty at the time when they declined to sanction it?—No; it depended upon the decision of the Admiralty for the time being, and what view they took of this matter.

2174. You personally were not privy to this matter?—Certainly not.

2175. Mr. Lygon stated that there was but one opinion with regard to the efficiency of the service?—Yes.

2176. Are you aware of any representations having been received at the Admiralty to a contrary effect?—Yes, anonymous communications.

2177. Are the Committee to understand that no letters have been received at the Admiralty, signed by responsible parties?—Yes, certainly, by responsible parties; there have been complaints from residents at Dover.

2178. Do you recollect the names of any of the parties who have made such representations against the service?—Yes.

2179. Could you state them to the Committee?—Of course, if the Committee wish me to state them, I can do so.

2180. Mr. Lygon has stated that there is but one opinion with regard to the efficiency of the service, and I have understood that that is not so; that representations to the contrary effect have been received. Will you state to the Committee whether those representations are such as the Committee would be disposed to

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attach any importance to?—Legal proceedings were threatened in one case, a complaint from a gentleman of the name of Norfor.

2181. Who is Mr. Norfor?—I know nothing of him personally, but he was continually in communication with the Admiralty on the subject of the contract.

2182. Is he a naval officer?—I think he was a retired captain in the merchant service.

2183. Was he resident at Dover?—Yes, he was resident at Dover.

2184. Have you any objection to put in any of those letters from Mr. Norfor?—I have not got them here.

2185. Lord *Naas*.] When were those complaints, on the part of Mr. Norfor, made?—I scarcely know; I have not got the letters out. I did not think that I should be examined with regard to that point.

2186. Mr. *Baxter*.] Were those complaints ever formally investigated by the Board of Admiralty?—Yes, they were inquired into by the First Lord, Sir Charles Wood.

2187. Did he express any opinion in regard to them, and is there any minute upon record?—I have not got out the correspondence, therefore I am not prepared to state.

2188. Lord *Naas*.] No steps were taken with regard to Mr. Churchward, in consequence of those complaints, were there?—I think the first step that was taken by the Board in preventing the running of packets on excursion trips, was in consequence of a complaint from Mr. Norfor, but I speak under correction.

2189. Mr. *Baxter*.] To the best of your recollection, that was the only step that was taken by the Board, in consequence of Mr. Norfor's representation, namely, to stop those pleasure trips?—I think so.

2190. Are you aware of other parties having complained to the Board of Admiralty in regard to the efficiency of the present service?—Not at this moment. The Post Office and other departments can furnish testimony to the good performance of this service.

2191. A part of this grant is for a service from Dover to Ostend, is it not?—Yes.

2192. Why should there be a service to Ostend. There is a railroad now from Ostend to Calais, is there not?—Yes.

2193. Are the Dover letters expedited by having a direct service to Ostend?—No; the Belgian Government, I fancy, are most anxious to keep up the existing service, but that is a matter of Post Office detail, which, at the Admiralty, we know very little about.

2194. You believe that that depends upon the Belgian Government?—Yes; they are most anxious to keep it up. They have three or four vessels.

2195. Being cognizant of all the circumstances of the case, could the mails, in your opinion, be quite as well carried on *via* Calais?—Far better; they would get there, I believe, earlier; I believe that it would really expedite the service; but the Belgian Government are anxious, as I understand, to maintain their small naval force, namely, those packets.

2196. So that, in your opinion, it would conduce to the public service to withdraw that portion of the service which goes to Ostend?—Yes; I believe that that would be the case.

2197. But both the extensions of Mr. Churchward's contract have prevented this subject from being entertained, as the contracts, both to Calais and to Ostend, have been extended?—I do not know that the extension would add much to the difficulty of such an arrangement.

2198. It is so, is it not, that the Ostend contract has been extended, as well as the contract to Calais?—Yes, but it never has been contemplated really to drop the Ostend service; only to turn it into a day service.

2199. Mr. *Corry*.] Is the Ostend service a remunerative one?—I do not know; that is a Post Office question.

2200. Captain *Leicester Vernon*.] The interests of the Belgian Government will have to enter into the consideration then, will they not?—Yes.

2201. Are not the Belgian Government anxious to keep up a postal communication of their own to the Netherlands?—We understand so.

2202. Mr. *Corry*.] You were asked whether Mr. Churchward's claims were referred to the Accountant General to report upon; is it not a fact that the additional subsidy of 2,500*l.* was granted, not in consideration of any losses sustained

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sustained by him in the execution of the service, but in consideration of the extra services which he was to perform?—Certainly.

2203. Were you not as competent, and even more so, than the Accountant General to estimate the value of those services?—I think so; it is the usual course, at any rate.

2204. You have stated to the Committee, have you not, the data upon which you arrived at the conclusion that the public would save by compounding for the sum of 2,500*l.*?—Yes.

2205. Captain *Leicester Vernon*.] The calculations which you gave to the Committee with regard to the 2,500*l.* commutation, were actually based upon your own information, were they not?—Yes.

2206. You required no information or account from Mr. Churchward to get at the profit which you made out, as accruing to the public by that arrangement?—Certainly not.

2207. *Chairman*.] Are the Committee to understand that all applications relating to the formation of contracts, or the renewal of contracts, come before you, in the first instance, at the Admiralty?—If they apply to the mail packet service, they do, and are referred to me for my personal opinion by the Board, or superintending Lord.

2208. That is to say the Parliamentary secretary, in all instances, refers those cases to you, in the first place?—They come as a matter of course to the department, generally speaking.

2209. Practically they fall into your hands to negotiate with the contractors, or to impose terms and conditions?—No; merely to make a memorandum or report for the consideration of the secretary, or of the Board.

2210. Is that a report simply of the contents of the communications, or is it a report of your opinion as to the steps that should be taken?—Sometimes it contains recommendations; at other times it is merely an explanation, leaving the whole decision to the Board.

2211. Are you not in the habit, before forming an opinion as to the eligibility of any offer, of seeing the parties themselves personally?—Occasionally I see the parties themselves personally.

2212. In all cases do you do that?—They generally call upon me.

2213. Are they in communication with the Parliamentary secretary as well, or do they only see you as a rule?—As a rule, I think they only see me; and if there are any questions which require immediate decision, I take them to the superintending Lord; that is the usual course; but the contractors call upon me more frequently at my desire than on their own account.

2214. It seems that the first communication that you had with Mr. Churchward was in reference to the additional claims which he made for extra services; was it not so?—Yes.

2215. And with regard to those claims, there seemed to be no difference of opinion between your department and those of the Post Office and the Treasury?—No; because we looked at it simply in an equitable point of view. According to the strict letter of the contract, his claim was barred, and it could not have passed through the Accountant General's Department.

2216. The letter from Mr. Churchward, with reference to these extra claims, appears to have been written on the 11th of January 1859. And with regard to that letter, there is a communication from the Postmaster General, of the 28th of January, is there not, in which the Postmaster General concurs in the fairness of this claim?—Yes.

2217. Then there is a communication from Mr. Churchward, of the 14th of February 1859, at page 11 in these papers, in which he opens up entirely new ground as to his losses. Do you know whether any communication had been had with him between the dates of those two letters, or had you seen Mr. Churchward?—Yes, I think I saw him on several occasions; for he was pressing for the settlement of his special service claims, which amounted to large sums, as the accounts could not be passed.

2218. Had you any communication with him in those interviews, as to the fresh claim which he set up for your consideration on the 14th of February?—None whatever. The Committee will see that we never anticipated that, until the receipt of the Treasury letter, inviting the offer of Mr. Churchward.

2219. Was the letter of the 14th of February, addressed to the Secretary of the Admiralty from Mr. Churchward, referred to you?—Yes, it was.

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2220. Then

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2220. Then in that letter, for the first time, Mr. Churchward speaks of the renewal of his contract, instead of an indemnity for his losses?—Yes, he does so.

2221. Had you no communication with him previously upon that subject?—No, I think not; I think I had none whatever.

2222. The contract entered in 1855 terminated in 1863 by a year's notice, did it not?—Yes; it was terminable then.

2223. When Mr. Churchward wrote this letter, asking for the renewal of his contract, on the ground of the losses which he had incurred, was there any discussion held with him as to any other mode of remunerating him for his losses, if he had a right to claim any recompense?—No; he only mentions that to induce a favourable consideration, but the subsidy is in no way put as a remuneration for the losses sustained, but for services to be performed.

2224. *Mr. Corry.*] For extra services?—Yes, for extra services.

2225. *Chairman.*] But it was to be a new contract, was it not, in which those extra services were to be included?—Yes.

2226. Had you at that time settled any mode by which you would pay the back charges, or by which you would estimate them?—We could only judge, and could only arrive at a partial estimate, from the payments that we made for those special services, by the sanction of the Treasury, for the previous year.

2227. Could not you have included the extra charge in the existing contract without renewing the contract?—Yes; but that was the offer of Mr. Churchward, and as it appeared very beneficial, the public getting the advantage of the improved services, and commuting certain payments for a fixed amount, there was no reason why we should not entertain it.

2228. You stated, did you not, in answer to a question put to you, that you renewed the contract in consequence of the losses which Mr. Churchward had sustained?—I stated that he pleaded that as a ground for a renewal of the contract.

2229. Then in this offer of the 14th of February did you take those losses into consideration?—Not in making our calculations.

2230. But before the recommendation of the renewal of the contract as an indemnity for those losses, did not you take into consideration what the losses were?—Not in the least.

2231. You stated, did you not, in answer to a question put to you by an Honourable Member just now, that you thought that the contract ought to be renewed in consequence of the losses that the contractor had sustained, according to his letter of the 14th of February?—I think I stated that he pleaded his losses as a ground for claiming the consideration of the Government in the extension of the contract.

2232. Did you recognise that plea?—I think it is a ground for consideration, if a man has lost in the execution of the public service a large sum of money.

2233. Did you take those losses into consideration?—No, I did not in any way.

2234. How could you take them into account in a bargain for the public, if you did not take them into consideration, and weigh their value?—But there is no bargain, so far as I believe, with regard to the extension of the contract.

2235. Did not Mr. Churchward plead for the extension of his contract, as a recompense for those losses?—Yes, he did; but I do not know how we could enter into that.

2236. You stated, did you not, in answer to a question that was put to you, that the extension was granted on the ground of this plea, of the losses sustained by Mr. Churchward?—Yes.

2237. Did you take those losses into account, and examine them, before you renewed his contract?—No.

2238. Did not you, in that case, omit to do what you would do in your own case; if a claim was made upon you upon certain grounds, would you not examine into the validity of that claim, by examining into those grounds?—That is a matter of opinion; I undoubtedly should.

2239. For instance, he says in this letter, "I have had a total loss of three vessels, and three lamentable collisions." Did you estimate the validity of his claim on that ground?—No.

2240. Then he says that he purchased the old packets at a heavy price, and had

had to expend thousands of pounds upon them, to keep them going until he could get some new vessels; and that he had the misfortune to lose one of those vessels in 1855. Did you take that into account?—I took it indirectly into account, that he paid the Government a large sum of money for those old obsolete vessels; that formed one of the elements entitling him to a favourable consideration.

2241. Did you, then, recommend the renewal of his contract on the ground of the losses which he had sustained?—No; I did not directly, or on that ground.

2242. Did you consider the claims set forth in the letter of the 14th of February as groundless?—No; it was the whole tender that was recommended as a favourable offer for the Government to accept. The extension formed a part of that offer, it is true.

2243. Then the Committee are to understand that you considered that the offer which he made was so good, that it was desirable to secure it until 1870, instead of leaving yourself a door open to alter it in 1863?—That was for the consideration entirely of the Treasury.

2244. But the question came, did it not, in the first instance, before you, and you gave your recommendation on the matter?—Yes, so far as my opinion went, which is not much, I certainly thought it a very favourable offer for the Government.

2245. You thought it a favourable offer to the Government to renew the contract until the year 1870, instead of allowing yourself the option to cancel it in 1863?—Yes.

2246. Did you in that case, before renewing this contract, nearly four years before there was any necessity to do it, consult anybody engaged in commerce, or in shipping, as to what the prospects were of renewing that contract by public tender in a better way?—I am not prepared to say that I did consult anyone connected with commerce.

2247. Did you take counsel from anybody as to the advisability of that course?—Such questions are often discussed by me with men who are connected with the shipping interest of the country, and my opinions are formed on the information I may receive.

2248. Will you confine your recollection to this particular case, which is not six months old. Did you, before recommending the renewal of this contract, consult with anyone?—Certainly I did not.

2249. You state that you did not take into consideration the grounds alleged in the contractor's letter of the 14th of February; will you state on what grounds you came to the decision to recommend the renewal of his contract in 1859 for seven years after 1863, when it would expire?—Simply that it enabled him to invest more capital in the concern, of which the Government derived the benefit in the improved service.

2250. Was he not already bound by his contract to fulfil his postal service until 1863?—Yes, at what we considered was a high state of efficiency in 1853 or 1854.

2251. You found that what was a high state of efficiency in 1854 was not a high state of efficiency in 1859?—Yes; that is to say, the contractors always go on improving their contracts, and they will do so if they have a prospect of renewal.

2252. Did not the thought occur to you in 1859, in renewing the contract till 1870, that that which would be a very good service now, might not be a very good service then?—I think we have a clause to meet that; he is bound to maintain his vessels up to the fullest state of efficiency.

2253. Is he not bound to do that by his contract in 1855?—Yes; but you could not compel the contractor to provide, for instance, a new vessel, so long as the existing vessels were sufficient to perform the service.

2254. But have you not the speed laid down in your contract, and does not that mention 13 knots an hour as the speed at which the vessels are to go?—Yes, it does an average to that extent.

2255. Would you not be able to enforce the fulfilment of that condition?—Yes, up to 13 knots, certainly.

2256. What is the speed at which you have secured this contract till 1870?—I do not know what will be the speed of the new boat.

2257. Did you not take that into consideration?—We had no means of arriving at any estimate.

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2258. Did not you take it into consideration?—No.
2259. Are you not aware actually of what the terms of the contract are which you have recommended?—Yes, certainly.
2260. Are you aware that 13 knots are inserted in the contract?—Yes, certainly.
2261. Then what advantage have you gained for the public in extending the time to 1870, still only entitling yourself to the same amount of speed?—Such a provision as the Honourable Chairman alludes to has never been made in the renewals of contracts.
2262. You stated, in answer to a question that was put to you, that a state of efficiency of four years ago is not a state of efficiency now, as contractors always go on improving?—Yes.
2263. Why did you not give the public the opportunity of profiting by that improvement in 1863, rather than renew the contract in 1859 until 1870?—We retain in the contract a power of approval of the vessels, but if a vessel fall behind or below the average and proper speed, we always have the means of rejecting her.
2264. Can you enforce a greater speed than the 13 knots which are named in the contract?—I think that is very doubtful.
2265. Is it doubtful?—We have the power, as I said before, of rejecting the vessels, and they must be subject to approval, if below average speed.
2266. Supposing another steamer, at the rate of 20 knots an hour, were running alongside one of Mr. Churchward's mail steamers, at 13 knots an hour next year, could you upset the contract upon the plea that Mr. Churchward was not fulfilling his actual contract to you, if he were only going 13 knots still?—No, I think not.
2267. Have you not, by the course which you have taken, deprived the public of all chance of benefiting by the increased speed which may be effected in the steam communications between this country and France?—Not practically and actually, for we have always found, and it will always be the case, that contractors will introduce all the improvements in machinery.
2268. In answer to a question that was put to you, you stated that you considered that the terms offered by Mr. Churchward were favourable to the public?—Yes.
2269. In forming that opinion, did you take the advice of any competent witnesses?—No; it is not my province to do that; I am only asked my own opinion; I am not bound to submit any proposal to anyone else.
2270. What is your custom at the Admiralty in effecting new contracts; is it your custom to put them up to public tender?—It is.
2271. Is that invariably the case?—Yes, with the Admiralty it is.
2272. You never heard of a new contract being entered into except by public tender and advertisement?—That is the rule; of course, there are exceptions, and there must be exceptions.
2273. Are there exceptions in the cases of new contracts?—Yes, for instance, in the New Zealand contract; the Colonial Government, through their agent, entered, I imagine, into private communications with parties to try and get the service tendered for, and they ultimately obtained a tender of certain parties, who offered to undertake the service at a rather large amount; and the Colonial Government thought it advantageous, and recommended it to the favourable consideration of the Imperial Government, and the Admiralty were ordered to enter into that contract with those parties, and to depute their power to the Colonial Government. Therefore, in that case, we did not enter into public competition.
2274. You did not, in that case, enter into any contract at all, did you?—Yes, we entered into a contract, and drew up all the provisions of the contract.
2275. Was that an inter-colonial service?—Yes, from between Sidney, New Zealand, and along the coasts of New Zealand.
2276. Between which there was no regular postal communication established before?—There was no regular postal communication established before.
2277. Will you confine yourself to the question of the English postal service; is it not your rule to submit every new contract to public tender?—Yes, certainly.
2278. Would not that apply particularly in such a service as that between Dover and Calais, where there is so much inter-communication?—It is my own individual opinion that the rule would apply; but it is for the Government, not me, to decide when the rule is to applied or not.

2279. What

2279. What is the difference in your own mind which leads you to renew a contract upon different terms to those upon which you entered into a new contract?—I think, generally speaking, that contractors have entered into those contracts with the Government on the understanding that they would be continued to them during, in fact, their proper performance of the service; and they have been, to a certain extent, justified in such an opinion, inasmuch as no contract has hitherto been allowed to run out.

2280. That is to say, it has been renewed before it has expired, but only about 12 months before, as a rule, has it?—I think much more than that.

2281. Has it been the rule to renew all contracts, without public competition, much more than one year before they have run out?—You cannot renew a contract by competition; and therefore as no contract has been allowed to die out, so no competition has been brought to bear on the case.

2282. Would it not have been possible to have advertised the Dover contract, and to have allowed Mr. Churchward to have competed with other tenderers?—At the expiry of his present contract, that is in 1863, we could have terminated the contract, and advertised it for public tender.

2283. If you had given notice that you were going to renew Mr. Churchward's contract, do you think that you would have had any competitors?—Yes, I think there would have been one competitor.

2284. Who was that?—The South Eastern Railway Company, I presume.

2285. Mr. Corry.] Is the South Eastern Railway Company now empowered under its Acts of Parliament to carry on the service to Ostend?—No.

2286. Therefore they could not have competed for this service?—No, not under their present charter.

2287. Chairman.] You are aware that the South Eastern Railway Company would have been competitors if you had put out a proposal for a contract?—I have heard so, but I have no authority for saying so; whether there was any truth in the report or not, I have no means of judging.

2288. You have heard a rumour to that effect?—Yes, entirely a rumour.

2289. Did you think it necessary or worth while to consult them before you renewed the contract with Mr. Churchward?—Certainly not.

2290. Would not it have been advisable to have ascertained whether you could have got it renewed on better terms with him?—That forms no part of my duty.

2291. Did you undertake to recommend the terms offered by Mr. Churchward, as favourable to the public, without inquiring out of your own office whether anybody would have given the public better terms?—Yes; to make such inquiries forms no part of the Admiralty duty.

2292. How did you know what terms were favourable to the public, unless you inquired upon what terms other people would have performed the same service for the public?—I presume that may be the promise of the Treasury; it certainly is not of the Admiralty, unless ordered to ascertain by calling for tenders.

2293. Mr. Corry.] Were you aware that he was performing the service at a loss to himself?—Yes, I was aware of that.

2294. Chairman.] You state that the services were performed by Mr. Churchward at a loss. Upon what authority do you make that statement?—Merely the statement certainly of an *ex parte* person; a gentleman who was employed in copying out his accounts for the Court of Chancery.

2295. Mr. Hubbard.] Has Mr. Churchward ever mentioned it himself?—I cannot say whether he has or not.

2296. Chairman.] Might it not be possible that a contractor might be carrying on his business at a loss, and still not be performing his contract for the benefit of the public?—I do not know.

2297. Might it not be possible that Mr. Churchward might fail in his business, from mismanagement of his affairs, even if he had a very desirable contract?—Certainly; it might possibly be so, through unforeseen losses.

2298. You have but one way of ascertaining at the Admiralty whether the public has good terms for its payments, and that is by putting your contracts out to public tender?—Yes.

2299. You never, in your private capacity, in renewing contracts, inquired of any one whether there would be a reasonable prospect of having the service performed at a cheaper rate?—No.

2300. Does not that conclusively prove that in all such cases you should submit

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contracts whether for renewals of contracts, or new contracts, to public advertisement and tender?—I think not.

2301. *Mr. Corry.*] The renewal of a contract cannot be put up to public tender?—I cannot see how it can be.

2302. *Chairman.*] Supposing the South Eastern Railway Company were to appear here in the person of their officers or their treasurer, and say that they would undertake to do this service at a very much less amount of subsidy from the Government; do not you consider that it would be to the advantage of the public to give the contract to those parties?—No, I should say not.

2303. Not if they performed the service as well?—No, I should say not.

2304. Will you explain on what public ground you would pay Mr. Churchward more money for doing the service no better?—Of course it is only my own private opinion; but it strikes me that the service could scarcely maintain efficiently two lines, and if you gave it to the South Eastern Company at the present moment, in the first place, they would most probably obtain a renewal of their charter, and, therefore, establish a monopoly in the communication with France by Dover.

2305. Would that monopoly be an evil so long as the public got the benefit of an improved service?—If you ask me my own opinion as to its desirability, it appears to me that it would not be desirable.

2306. Then you think that it would not be desirable to take the contract of a highly responsible body like the South Eastern Railway Company, at even less money than Mr. Churchward is paid for doing the same services no better?—The only objection that I know of is the monopoly.

2307. But you did not think it necessary to inquire into the matter?—It is not my province to do so.

2308. Is it your province to offer an opinion as to the propriety of the thing, without attempting to ascertain its market value?—Yes; I have no business to communicate with any parties out of the Admiralty on the subject of Admiralty questions.

2309. If you have no business to inquire outside your own office what is doing in the world, or what the value of the services are that you are determining to accept for the public at a given price, do not you feel your own incapacity to perform that duty?—Not so far as my opinion went; it was a comparison of the prices of certain services.

2310. Then even in that respect your opinion is to be taken with that amount of reserve and discount, to use a commercial phrase, that you know nothing at all about the question at issue?—If you put it in that point of view, I certainly do not know much about it.

2311. *Mr. Baxter.*] This is a night service, is not it, between Dover and Calais?—Yes.

2312. Has it ever been proposed to make it a day service?—Yes, I think it has.

2313. If they were to change it from a night service into a day service, would it be possible to dispense with the subsidy altogether?—I do not know.

2314. Do not the boats of the South Eastern Company run without any subsidy between Folkstone and Boulogne daily with as great precision as Mr. Churchward's boats do?—I suppose they do.

2315. If this were changed from a night service into a day service at Dover, would it not be possible for the Government to have the mails carried across without any subsidy whatever, seeing that there is a regular and rapid communication now between Folkstone and Boulogne during the day?—I am not aware that they have offered to carry the mails for nothing.

2316. I am not asking about an offer; I am asking whether you think that it would be possible to dispense with the subsidy if the service were changed from a night to a day service?—I do not see why it should.

2317. What is to prevent the mails being sent by the South Eastern Railway Company's boats, if they go as rapidly and as punctually by way of Folkstone and Boulogne, as Mr. Churchward's boats go between Dover and Calais?—If I understand the Honourable Member's question, the Government must pay for such a service, I presume, by the South Eastern Company's boats.

2318. I understand that the South Eastern Company ply regularly between Boulogne and Folkstone, without any subsidy from the Government?—Yes.

2319. Do not you think that the Government might send the mails by those boats

boats for a very small sum, in comparison with this large subsidy, provided that the Government were satisfied that the service should be conducted during the day?—Yes.

2320. I understand that the main reason for giving the large sum to Mr. Churchward is, that the service is performed during the night, and that passengers object to cross at that time?—I do not know whether it is so or not.

2321. Captain *Leicester Vernon*.] Could the Post Office dispense with the night service?—I understand not.

2322. Mr. *Baxter*.] Has not the subject been under consideration, before now, as to dispensing with this night service altogether, and altering it to a day service?—That is a Post Office question entirely.

2323. Has it been under consideration at the Post Office, do you know?—I understand so.

2324. Are they contemplating it now?—I do not know.

2325. Mr. *Corry*.] Those considerations would have reference to the Treasury and the Post Office, and would be brought under the consideration of those departments; they are not questions upon which the Admiralty could decide?—Just so.

2326. You have been asked as to the public obtaining no advantage, under the new contract, with regard to the speed of the vessels; do you think that the speed of the vessels is the only subject deserving of consideration?—Certainly not.

2327. Do not you think that the safety of the public and the safety of the mails is also deserving of consideration?—Certainly.

2328. At the top of page 2 of the Appendix, it is stated in a letter from Messrs. Jenkins and Churchward to the Secretary to the Admiralty, "I regret to inform you that our mail steam-packet 'Dover' (formerly Her Majesty's steamer 'Undine') has become a total wreck." And then, lower down, the letter goes on to say, "It will be seen, therefore, that the vessel has been in most active service for ten years; and not having been built so strongly as iron ships now are, and as our new steam-packets, 'Empress' and 'Green,' are constructed, it would appear that her age and natural weakness have materially accelerated her fate. It would perhaps have been more prudent had the vessel not attempted to proceed to Ostend on the night of Thursday last, during the heavy gale; but we have always considered the immediate and regular despatch of the mails of such paramount importance as to demand from us a risk we should not, under ordinary circumstances, feel justified in incurring. We had hitherto run those risks with some hesitation, in consequence of the age and condition of some of the packets; a condition which, under the peculiar circumstances of the transition of the service from the Admiralty to ourselves, we have not been able effectually to improve, but which we have been labouring daily to accomplish." It then goes on to say, "We patched up the 'Undine' ('Dover') because her boilers were in a better condition than those in the other vessels; and we have the 'Onyx' now in a dock in the Thames, undergoing those extensive alterations of lengthening, strengthening, &c. (altogether amounting to a renewal of the vessel), which, when the service would have permitted, we intended to apply to the lost 'Undine,' and which lengthening and strengthening the 'Videt' must also receive. Notwithstanding all these difficulties and disadvantages, we have contrived to carry on the mail service with as much regularity and efficiency as it was performed at any previous period." Do you think that the public derive very great advantage under the new contract in obtaining a new vessel superior to the "Empress" and the "Queen," instead of carrying on the service in the old vessels, probably in an unsafe condition for encountering bad weather?—Certainly. I am not prepared to think that any of the vessels were in an unsafe condition; they have all been surveyed of late.

2329. In the case of the "Dover," it was urged that she was in an unsafe condition, was it not?—Yes; that was just after she was purchased.

2330. Without reference to any special consideration, whether of safety or of speed, are you of opinion that the public would derive great advantage from the extension of the contract?—I am indeed of that opinion.

2331. You have been asked whether, if the South Eastern Company had tendered to perform this service for a less amount than Mr. Churchward, on the expiration of his contract, it would not have been advisable to accept that tender;

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is it not the case that when the South Eastern Company did tender for that service, the amount was greatly in excess of that of Mr. Churchward's tender?—Yes, that was so.

2332. Lord *Naas*.] When was that?—In 1853.

2333. Mr. *Corry*.] You have stated, have you not, that the South Eastern Railway Company could not tender for that service, because, by the Act of Parliament, they are not enabled to run boats from Dover to Ostend?—They were not when they tendered.

2334. Therefore the South Eastern Railway Company could not compete for the existing service, the Dover and Calais, and the Ostend service, as now performed?—I believe so.

2335. Sir *Stafford Northcote*.] You stated just now that the first mention of other terms than the commutation was in Mr. Churchward's letter of the 14th of February; will you refer to his letter of the 11th of January, at the passage which I have marked (*handing the same to the Witness*), and see whether he did not there mention that he should be obliged to apply shortly to the Admiralty for improved terms in consequence?—Yes. On the 11th of January 1859 he says: "I hope therefore that I shall be allowed the reasonable amount charged in my bill; it is, in fact, an imperative help to my service receipts; for, from falling-off of passengers, and other causes, the mail service alone is so unremunerative that I shall be compelled to lay the state of affairs before the Admiralty, praying their Lordships for more favourable terms for performing the service."

2336. That showed that when he first made his application, in January, he had it in contemplation to ask for more favourable terms?—Yes.

2337. Mr. *Crawford*.] Did you fill your present situation in the Admiralty in the year 1853, when the tenders were first invited?—The duty was first at that time brought to my department, but I knew very little about it at that time.

2338. Did the tenders that were sent in on that occasion come into your hands?—Ultimately they did, but not at first.

2339. I see by the tender that Henry Jenkins & Co. tendered, and of course held themselves liable to fulfil this service with five new vessels, to be built by Messrs. Mare, of Blackwall?—That was their original tender.

2340. I see by the correspondence, that in a letter from the Treasury, written on the 2d of February 1854, the writer of the letter says, "I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that my Lords are pleased to sanction the acceptance of the tender of Messrs. Henry Jenkins & Co. for the contract of the mail service;" was that tender which was so accepted the tender which appears in these papers, or was it any other tender that was put in?—I believe it to have been a tender, the terms of which were arranged at the Treasury, at personal interviews between the Treasury and the superintending Lord of the department, and not by any one in the department.

2341. Then the Government had at that time the power of accepting the tender from Henry Jenkins & Co. to provide five entirely new vessels, and they could have accepted that tender, as the tender was made in a form obligatory upon the tenderers?—That I cannot state.

2342. Supposing that to be the case, then it would appear that the reason of the service being performed by the inefficient vessels, which were alluded to by the Honourable Member in the question which was put to you, was the refusal of the former tender, by which the tenderers were bound to supply new vessels, and the acceptance of the tender, by which the party tendering purchased three old worn-out vessels of the Admiralty?—Yes.

2343. Lord *John Manners*.] Can you say whether that change originated with the contractors, or with the authorities at the Admiralty, or the Treasury?—No, I cannot say that; there is no document in the Admiralty which shows it.

2344. Did you say that there were some personal interviews at the Treasury with the lay Lord of the Admiralty and the contractors?—Yes, at the Treasury; but there are no documents to show it.

2345. Captain *Leicester Vernon*.] Are not Folkestone and Boulogne tidal harbours?—Yes.

2346. Therefore the times of starting would depend upon the tide, would it not?—Certainly.

2347. Would not that, to a certain extent, cripple the Post Office?—Certainly, that is the great objection.

2348. It

2348. It was stated just now that there was a question as to dispensing with the night service; was not that confined only to Ostend?—Yes.

2349. There was no question of dispensing with the night service from Calais, was there?—None that I have ever heard of.

2350. Would not dispensing with the night service cause great inconvenience to commerce, inasmuch as letters are not written by night, but written by day, and sent by night?—Yes.

2351. Sir *Henry Willoughby*.] In deciding on the tenders for the contract between Dover and France and Belgium, would the advantage that was derived from passengers between Dover and Calais, and Dover and Ostend, be an element in the consideration of the contract?—No, that would not form an element in the calculation of the Admiralty.

2352. Would any return of the amount of money received for passengers be asked for?—No.

2353. Ought it not to be an element in considering the propriety of a tender?—It is an element in the formation of a tender by the contractor.

2354. Was the Admiralty in possession of the fact of the advantage to be derived from carrying passengers between those ports?—No, we do not know the amount received for passengers.

2355. Might it not happen that the advantage of carrying passengers alone would pay the expenses of the vessels?—Not unless there were a monopoly, and they charged an exorbitant price per head; then the expenses of the line might be maintained by the passenger traffic.

2356. You stated, did you not, that in these contracts no estimate of the advantages to be derived from carrying passengers entered into the calculation?—No; that was a fluctuating amount, which of course no one could calculate.

2357. Mr. *Corry*.] The ordinary practice is to accept the lowest tender, provided the parties tendering are persons of sufficient capital?—Yes.

2358. Mr. *Crawford*.] The number of passengers is a commercial consideration, which the contractor alone takes into account?—Yes.

2359. Captain *Leicester Vernon*.] With regard to the South Eastern Railway Company, if they got the line, as it was mentioned just now, you stated that it would create a monopoly?—I presume that it would.

2360. That monopoly would be to the disadvantage of the public, would it not?—Certainly.

2361. You gave some answer just now relative to not having entered into the detail of the losses that Mr. Churchward had experienced?—Yes.

2362. But you knew of the total loss of the two vessels, did you not?—Yes, I did.

2363. You knew of the collisions at sea, did you not?—Yes, I did.

2364. You knew of the unreasonably high price that he paid to the Government for those old vessels, did you not?—I knew the amount that he paid.

2365. Then you did not inquire into those details because they were patent to you?—Certainly not.

2366. But they came into the general consideration of the subject only as a part of that subject?—Certainly.

2367. Can you conceive that the public derived benefit from getting good vessels in the extension of the contract, whereby the public life was much safer; it being better to do that than to let the old vessels run themselves out to the end of the contract?—Yes.

2368. You were asked just now about the pace at which those vessels were expected to go by the new contract, namely, 13 knots an hour; do you consider it, so far as your experience goes, a desirable thing that vessels should cross that channel at a swifter rate than that, with the number of vessels that are supposed more or less to encumber this narrow channel?—If it were possible, I think they might go 15 knots an hour.

2369. Have you any idea at what pace the "Banshee" crosses from Holyhead to Dublin?—A little above 12 knots an hour.

2370. Are you aware that when she was trusted to go at a greater pace, being a narrow vessel, she went bows under, almost?—Yes.

2371. Therefore it is a disadvantage, which must be calculated upon, going with those narrow vessels at that extraordinary pace?—Yes; they are always wet.

2372. *Chairman*.] You have stated that you are not in the habit of taking advice or opinion out of your office, before recommending the renewal of those

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contracts: will you state to the Committee whether you had any consultation with the Post Office Department?—Of late I have had a great deal of consultation with the department, but not, as a matter of course, on those questions. It is not the regulation of the office to permit me in any way to communicate with parties out of the Admiralty in regard to Admiralty business. I am simply the servant of the secretary to the Admiralty, and I merely report to him.

2373. You recommended the renewal of this contract with Mr. Churchward, did you not?—I did.

2374. You were the first clerk in the packet service who took upon himself to examine the papers and pass a judgment upon the renewal of this contract?—Yes, I did, as far as my department was concerned.

2375. Did you, before giving that judgment, consult Mr. Rowland Hill or the Postmaster General?—No, for it was simply a question of expense as it came before me in the first instance.

2376. Does not that contract involve a great deal more than the question of expense; are there not other conditions laid down by which the postal service is performed?—We have provisions in the contract by which we can alter it to suit the arrangements of the Post Office.

2377. Are you aware that, on the 10th of March in this year, the Postmaster General sent a communication to the Lords of the Treasury upon the subject of the renewal of this contract with Mr. Churchward?—That was when the papers were laid before Parliament.

2378. Were you not aware of the existence of this communication before it was published and laid upon the table of the House of Commons?—Not officially.

2379. Were you acquainted with the existence of that document, and did you read it before you passed a judgment as to the renewal of his contract?—I think that I was shown it, but I cannot speak positively; I had no official cognizance of it.

2380. In this communication from Lord Colchester, the Postmaster General, of the 10th of March, he says, "In my opinion, any extension of the duration of this contract" (that is the Dover contract), would be objectionable, as it might probably fetter the Post Office in its negotiations with foreign countries, and increase the difficulty already experienced in improving the continental postal arrangements, through apprehensions of the South Eastern Railway Company, that, by a change in the hours of sailing, or in the French port of arrival and despatch, the traffic by this company's own boats may be seriously injured." Had you seen that before you came to a decision?—No, certainly not.

2381. His Lordship then goes on to say, referring to Mr. Churchward's claims for compensation for extra services rendered, "It appears to me that it is inexpedient to liquidate claims in this manner, and that it would be a much better plan to settle them at once. The existing contract has still more than four years to run, and after June 1862 it will be terminable at any time, on a notice of 12 months; this, I am of opinion, is by far the most convenient arrangement." Were you aware of that opinion expressed by the Postmaster General, at the time that you were giving your judgment upon this matter?—No, certainly not; it was long previously to that.

2382. *Sir Henry Willoughby.*] Can you give the date?—It was in February.

2383. *Chairman.*] You state that you were not aware of the existence of this letter?—No, this letter of the Postmaster General was not written till March, a month afterwards.

2384. When was your recommendation given?—In the early part of February, either the 3d or the 4th.

2385. It was not a part of your duty, in forming an opinion upon this matter, to consult the Post Office authorities?—No, it was not.

2386. Did you not think it necessary yourself, as an element in forming a judgment, that you should take the opinion of Mr. Rowland Hill, or of the Postmaster General?—No, that is the province of the Treasury; I only reported upon it *quoad* the Admiralty; it then goes to the Treasury, who consult the Post Office; the Admiralty do not consult the Post Office.

2387. It is initiated with the Admiralty, is it not?—It is initiated with the Admiralty.

2388. And in taking the lead in recommending this great change, such as an extension of a contract for seven years into the future, with all the arrangements of the postal service between Calais and Ostend depending upon it, you did not think

think it necessary to consult the Postmaster General or Mr. Rowland Hill upon the subject before giving this judgment?—It is not my duty, it is the province of the Treasury; it is an arrangement between the departments that the Treasury should consult the Post Office.

2389. Can you explain to the Committee to whom you gave that opinion?—To the Secretary of the Admiralty.

2390. With what object?—Just to enable him to know whether there is a *prima facie* objection, or whether it is reasonable as concerns Admiralty views and communications, as to the expense, and so on.

2391. Does the Parliamentary secretary go behind your inquiry, and does he approach the Postmaster General or the Secretary to the Post Office?—No; I believe it is entirely done at the Treasury.

2392. Do you suppose that the Treasury takes no further means than you do, to form a correct judgment in the matter?—In a great many of those cases there are meetings at the Treasury between the departments to consult on the subject.

2393. But you do not think that necessary?—Yes, I do; I think it very desirable.

2394. But in your own case you do not think it necessary to have a meeting with the Post Office?—That is not my province.

2395. If you had known of the existence of this letter from the Postmaster General, would it not have affected your judgment in recommending the adoption of this renewal of Mr. Churchward's contract?—No; I cannot say that it would, because I do not see anything stated in that letter which would in any way affect my judgment.

2396. Are the Committee to understand that you would have attached no importance to the reasons which are assigned by the Postmaster General?—That would not have come before me.

2397. I am supposing that it had been known to you?—I cannot give an opinion upon that which I do not understand; I have read the letter, and I do not understand it.

2398. Mr. Corry.] Is it not the case that the Admiralty is only one of three departments concerned; those three being the Post Office, the Treasury, and the Admiralty?—That is all.

2399. And is it not the case that the Admiralty has nothing to do but to express an opinion upon those points which come properly within its own province?—Certainly.

2400. All questions with regard to postal convenience would be for the final decision of the Treasury, would they not?—Certainly.

2401. It is the universal practice, is it not, for the Treasury to refer to the Post Office for advice?—Always.

2402. Was it done in this case?—Yes.

2403. Therefore, though you did not consult the Postmaster General on any questions relating to postal convenience, those questions were taken into consideration by the department which decides upon those questions, namely, the Treasury?—Yes.

2404. Captain Leicester Vernon.] If you had attempted to put yourself into communication with the Treasury, would you not have been stepping out of your own position?—Clearly.

2405. Mr. Hope.] With regard to fulfilling the provision as to the speed of knots an hour, in what way is that done; in the case of very bad weather, so the average does not come up to 13 knots an hour; what is the consequence, here a penalty inflicted?—No; no penalty is inflicted, if arising from causes beyond control; for instance, during the month of last May, the average was considerably below that, in consequence of the extraordinary prevalence of fogs; vessels could not venture to come across the water at full speed.

2406. That is a case in which the power of the vessels would not come into question?—Not at all.

2407. Take another case; the case of very bad weather and strong winds, so that a powerful vessel might do it when another could not; in that case is the contractor bound to keep to his 13 knots, and is any penalty inflicted if he does not?—If the delay arises from causes beyond control, namely, very bad weather, there is no penalty, and our naval officer who superintends the service at sea, is the judge upon that point for us; he always reports upon all cases of

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overtime, and he sees whether it is really attributable to the fault of the contractor or not.

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2408. But if the Admiralty have passed those vessels, and they allow them to continue on the station, can you take the objection that they have not power enough?—Yes, we can always do that.

2409. *Mr. Baxter.*] In ordinary cases do those vessels steam at 13 knots an hour?—I do not believe they do.

2410. In that respect, then, Mr. Churchward has broken his contract, has he not?—No. I do not maintain that he has broken his contract.

2411. Is he not bound to employ vessels steaming 13 knots an hour?—Yes; but we sold him vessels which we knew did not go at that pace.

2412. Then this clause in the contract is not enforced by the Admiralty?—All the new vessels go above that pace, and as he has expended a large sum of money upon improving them, he has made them go at a great speed; he has given them additional boiler power, and overhauled the engines, and in some cases lengthened the vessels, and he has got more than the contract speed, which the original Admiralty vessels had not.

2413. *Mr. Hope.*] You referred to the Peninsular and Oriental Company performing services for foreign governments, as well as for the English Government; what government do you refer to?—The French Government; they convey the French mails from Réunion under contract.

2414. Irrespectively of our Post Office?—Yes.

2415. Have you the French contract?—No, we have not.

2416. It is from Réunion, on the other side?—Yes. I know that we have not the contract.

2417. Have you any official knowledge of the fact?—Yes, we have.

2418. And the Pacific Company you referred to, as doing the same thing?—Yes.

2419. Had you official knowledge of that?—Only so far as this goes, that there was a tacit arrangement with the Admiralty that it should be so, and that they should be allowed to receive the local postages, and to receive the postage on the bags that were carried in British bottoms; and on the Postmaster General raising an objection to this (I think it was last year), the correspondence was produced, and authority was continued to the company to retain the postages.

2420. Was that permission given after the contract had been made with the Admiralty, or before?—I think it was after.

2421. *Sir Francis Baring.*] Was it after the contract was signed?—Yes, after the contract was signed, I think.

2422. *Mr. Hope.*] You have been questioned as to the complaints which have been made from Dover, and you named Captain Norfor; he made his complaints, did he not, with regard to the loss of the "Violet"?—Yes, chiefly; that was the first that we heard of him.

2423. Do you remember what was the nature of those objections?—That her machinery was out of order; that she was worked too much, and was in an unfit state to go to sea.

2424. Was that shortly after the "Violet" was taken over from the Admiralty?—Yes, it was not very long after.

2425. It was after Mr. Churchward had bought her from the Admiralty?—Yes.

2426. Did you feel precluded, in consequence of having sold her to him, from enforcing any improvement?—She went very nearly the contract speed; but there was no ground to suppose that Mr. Norfor's statement was correct, and that her machinery gave way in any respect.

2427. Was that in the beginning of 1857 or in the year 1856?—In 1856 I think it was.

2428. *Sir Francis Baring.*] It is your duty, is it not, when a contract is renewed, to bring before the superintending Lord any correspondence that may have taken place upon this subject?—Of course it is my duty to bring the whole circumstances, so far as I am acquainted with them, under his consideration.

2429. I need hardly ask you the question whether the superintending Lord looks into the previous correspondence before he decides a question of this kind?—Yes, I think he does, generally.

2430. There is a remarkable letter, which has not been printed, but which accompanied

accompanied the first letter of Mr. Churchward in 1854; do you remember that letter?—No, I do not.

2431. You have read it, have you not?—If the honourable Baronet refers to the letter with regard to the first tender, I do not think I have.

2432. Do you not remember their first letter, in which they offer, that if they may be permitted to have fewer than six packets, they will do the service at a much lower cost?—I have heard it referred to on several occasions.

2433. It is referred to in the correspondence laid before the Committee, is it not?—Yes.

2434. Was it before Lord Lovaine when you decided the question?—No, I think not.

2435. You saw it, did you not?—I think not.

2436. In the subsequent correspondence, on the application for renewal in 1855, I think there is a statement, on the part of Mr. Churchward, in which he alleges, as one of the grounds for the renewal in 1855, that they were prepared to employ a small steamer in putting the mails on board; do you remember that?—Yes.

2437. That is afterwards alluded to in the correspondence, is it not?—Yes.

2438. Was it before Lord Lovaine at the time?—I think it was; I cannot speak positively.

2439. Can you recollect so far; whether you thought it necessary to state that?—I think I did; I was perfectly aware of the whole circumstance.

2440. Did you bring it before Lord Lovaine at the time?—I think I did. I cannot speak positively, however; in the usual course I should do so; it would be my duty to get out the former papers on the subject.

2441. This application had been refused by the Admiralty before, had it not?—Not a precisely similar one.

2442. Was it not pretty nearly the same application that was first made by Mr. Churchward for the extension of his contract?—I think not; the weekly services had not been contemplated.

2443. I am speaking of 1857, when Mr. Romaine's letter was written; was not there an application then made for an increased payment?—Yes.

2444. Among the grounds for which was the one that I have stated, building a small new vessel?—Yes, that was one of the grounds; he stated his intention of doing so, I think.

2445. Was that correspondence before Lord Lovaine?—Yes, I think that is the letter you refer to.

2446. You are perfectly aware that that proposal had been considered by a previous Board of Admiralty, and had been refused?—I cannot tax my memory with what was brought before Lord Lovaine. I was fully aware of the whole of the circumstances, of course; and, as a matter of course, I should bring the thing before the superintending Lord, with all the papers.

2447. At the time when that was refused, were you an assenting or a dissenting party to the refusal?—Dissenting.

2448. You thought that it ought to have been granted then?—No, I will not go as far as that; but I considered that there was no obligation on the part of Mr. Churchward to build that vessel.

2449. Did you consider it so, notwithstanding his previous letter, in which he held out this as one of the grounds on which he claimed that extension of contract?—No; he declares his intention, I think; but that condition was not accepted, and it was pointed out to him. I recollect the circumstance very well. There was a clause in the contract, which said that all the expenses of landing and embarking the mails at Calais should be borne by the Board of Admiralty; and he said, "If this is arranged with the Admiralty, I shall be saddled with the whole of the expenses." That was not made a condition in accepting his tender.

2450. Was this the ground upon which they press for an extension of their contract?—It certainly was, but it was granted unconditionally; at least, when I say "unconditionally," the extension was granted conditionally upon the reduction of the subsidy, namely, to 13,500*l.*, and one or two other minor points. Mr. Churchward pressed for the continuance of the same subsidy, and it was simply granted; he was therefore not bound, I conceive, to build that small vessel, as it was not made a provision of the contract, and was intentionally (as I understood) excepted.

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2451. He was not legally bound, clearly; but when he applied for further payment, did he hold out that if he had got it he would do the very same thing for which he required further payment?—Yes.

2452. Was not that a subject for consideration?—Certainly.

2453. Was not it brought before Lord Lovaine?—As I said before, I do not happen to recollect whether I brought all those things before him or not.

2454. With regard to the transaction of the business, the Treasury, in these renewals of contracts, decide ultimately; in all contracts the Treasury are the parties that really and finally decide upon the question, are they not?—Yes.

2455. With regard to all this correspondence, have the Treasury any means of knowing it?—I do not think they have any recognised means; of late it has been customary to have personal interviews at the Treasury, when the whole question has been discussed *ab initio*.

2456. There is a discussion, no doubt, where the facts are known; but were the Treasury aware that there had been that difference of opinion, and that the previous Board of Admiralty had refused the application?—No, I think not.

2457. They were not aware, then, of this previous correspondence?—I think not.

2458. Nor of the grounds of the refusal?—Not that I am aware of.

2459. *Sir Henry Willoughby.*] Is it your opinion that there should be more communication between the different departments upon these questions of contract?—I think it is desirable, particularly in the commencement of the inquiries or questions.

2460. In what shape would you recommend that communication to take place?—I am scarcely prepared to say; but before measures are taken for advertising for new services, I think it very desirable that the departments should meet together, and clearly understand what they want, and the best mode of performing what they want; and having determined that they should simply advertise for tenders.

2461. Will you mention the departments that you think ought to communicate?—The Treasury, the Post Office, and the Admiralty.

2462. Would you name any other department?—I think occasionally the Colonial Office should be represented at those meetings.

2463. You think that a preliminary meeting of all those departments should be held in some form or other?—Yes, previously to the establishing of new lines; I think it saves a great deal of time, and a great deal of subsequent difficulty, if the specifications and the forms of tender are decided upon in personal communication between the departments.

2464. *Mr. Bazley.*] You attach great importance to the safety of the vessel you employ?—Yes.

2465. And no doubt you think that a modern vessel contributes more to safety than an old vessel?—Yes.

2466. In *Sir Samuel Cunard's* service has an accident ever occurred, such as the loss of a vessel or a serious collision?—I think there has been the loss of one vessel.

2467. You state that *Mr. Churchward* has lost two vessels, and he has had several collisions, and that you sold him several old vessels; when you sold him those old vessels, did you communicate with the Post Office, informing that department that probably there might be great delay in the passage?—No, we certainly did not.

2468. Have the accidents not been more numerous in proportion to the voyages between Dover and Calais by *Mr. Churchward's* services than under the old service?—Yes, far more than when it was performed by the Admiralty.

2469. *Mr. Corry.*] What do you attribute that to?—Merely to his ardour and zeal in the performance of the service.

2470. *Mr. Bazley.*] You are not in the unfortunate position of having recommended the renewal of a service that was not so efficient as other services?—He has made it of late very efficient, by strengthening and improving his vessels, and by giving them larger boiler power; and he has spent a great deal of money in establishing his factory there.

2471. That answer refers, probably, more to the future than to the past?—Yes.

2472. *Lord Naas.*] Is the danger of collision on the Dover line very much greater than in the *Cunard* service?—Certainly it is greater.

2473. Is

2473. Is that from the large number of vessels that are always found on the track?—Yes; small craft of all sorts.

2474. Mr. Corry.] You stated, did you not, that there are several circumstances connected with the Dover passage which render it peculiarly dangerous?—Yes.

2475. Could the Admiralty have compelled Mr. Churchward to put on the small steamer at Calais under the terms of the contract of 1855?—Certainly not.

2476. Do you think that he would have gone to the expense of putting on that steamer if the Admiralty had not, in 1859, recognised his claim for an extra charge for so doing?—Certainly not.

2477. Therefore it was in consideration of 1,200 *l.* that the public will obtain the advantage of that steamer?—Yes; the Admiralty were bound to pay all the expenses of landing and embarking the mails. And if the state of the weather and the tides is such as to compel vessels to lie out in the roads, which has been the case of late, we have had to pay extra expenses on the boats. In fact, we have paid 20 *l.* in this latter quarter more than before for boat dues.

2478. The Admiralty, in 1859, had no power to compel Mr. Churchward to act up to his previous offer?—No; the Admiralty felt that they had no right to hold him to his offer, inasmuch as it upset that clause in the contract, which he had evidently overlooked.

2479. The services which Mr. Churchward proposed to perform for 1,500 *l.* in 1857, were very different from those which he proposed to perform in 1859 for 2,500 *l.*, were they not?—Yes, perfectly different.

2480. In what lay the difference; was not the sum of 1,002 *l.* for the conveyance of the Indian and Australian mails, by special and separate boats; and was not that a new service subsequently to 1857, in consequence of a convention between the English and French Governments, whereby the Indian and Australian mails were despatched from Marseilles immediately on their arrival?—Yes, by special trains.

2481. Instead of arriving along with the ordinary mail, in the majority of cases they arrive now at exceptional hours; is not that so?—Yes.

2482. Chairman.] Are they obliged to be carried over by special boats?—Yes.

2483. Mr. Hope.] From your previous answer it would seem that it was in consequence of a matter of economy, in forcing the old vessels belonging to the Admiralty upon the contractor, which was done in 1853 or 1854, that you have been unable to enforce the full speed required by the contract?—Mr. Churchward has gradually got them up to the speed now.

2484. Do you require that speed from the old vessels?—Yes; they have all been improved.

2485. Are the Committee to understand, then, that practically you do not enforce it, and that the speed does not come up to 13 knots an hour?—It is made so much a time service; it is not looked at as a matter of speed for so short a distance; it is done in order to save the trains. The Post Office officer, who goes on board, sees that the mails are brought across at the proper time, and that they are up to their time, and if they were after time in consequence of a vessel being below her speed, we should enforce penalties; but we have never had such a case.

2486. Does not it often happen that a train is kept waiting?—Only when arising from fog, I think.

2487. Not at Calais?—I really cannot say. We should hear all those complaints from the Post Office. If it was only a matter of five minutes, the Post Office always complain; and then we call for special reports, and if a penalty can be inflicted, I presume it would not be remitted.

2488. Practically, then, the vessels keep time, do they not?—I scarcely know how to answer the question, because I do not believe they go at 13 knots an hour.

2489. I understand your argument to be, that you wish to give the contractor an inducement to improve his vessels, so as to get them better than those which, by his present contract, he is obliged to keep?—Certainly.

2490. If they already go sufficiently fast, what object can there be in improving them?—It is an improvement in the service; the better you get your vessels, doubtless, the better the service will be performed.

2491. Am I right in understanding your argument to be, that as they will be larger and more powerful vessels, you will have greater certainty?—Yes.

2492. And that that does not depend upon the mere question of so many knots an hour, which might be got out of those vessels in uncommon circumstances, but by improving their general character you get greater certainty?—Yes.

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2493. *Sir Francis Baring.*] Have you any correspondence at the Admiralty with the French Government on the subject of the French contract, and on the subject of Mr. Churchward's employing his vessels for the French Government?—We have none from the French Government.

2494. Was there no letter from the French Government to the Admiralty on that subject?—I think not.

2495. Can you tell when the service was actually begun by Mr. Churchward for the French Government?—No, we have no official knowledge of the contract with the French Government; in fact, we have always been cautioned against knowing it officially; and in fact, the only instance where any correspondence took place was upon the Postmaster General of France writing to our Postmaster General, in 1854 or the beginning of 1855, calling attention to the fact of some of the packets being employed in the postal services of both countries.

2496. Do you remember the date of that letter?—I think it was in February 1855.

2497. But the French contract was not until 1855, was it?—The letter from the French Postmaster General was written in August 1855.

2498. Was that before or after the extension by the English Government of their contract?—I think that the contract was not signed until afterwards.

2499. The contract stands on the 26th of June?—Yes.

2500. That was the day when the agreement was made, not when it was signed?—Just so.

2501. Can you tell the Committee whether the circumstance was known, either officially or non-officially, at the Admiralty before the 20th of June 1855?—My own impression was that it was known before even the original tender of Mr. Churchward was accepted; for I have always understood that it was a tacit arrangement, by which the two postal services would be placed in the hands of one man.

2502. Surely the original tender was before there was any agreement between Mr. Churchward and the French Government?—Yes, a long time before; but before any definite agreement the thing had been talked of.

2503. With regard to the original tender; the agreement was in 1854?—Yes, in 1854.

2504. There was an agreement with the French Government in 1855?—Yes. We do not know the date, but Mr. Churchward tells us that it was in 1855.

2505. Did you know at the Admiralty whether Mr. Churchward's steamers actually performed the French duty before the extension of his contract?—No.

2506. Did the Admiralty know of these two services being performed?—I cannot say whether it was generally known.

2507. *Sir Henry Willoughby.*] Have the French Government the power of taking possession of their vessels in certain cases?—I do not know at all.

2508. You are not aware of the particulars of the French contract?—Not at all.

2509. Do you know that it was entered into on the 1st of February 1855?—We do not know it officially.

2510. In fact you can give no information upon that point?—None whatever.

2511. *Mr. Hope.*] Have not complaints been made from Dover on the subject of the employment of the English packets under the French flag?—Yes.

2512. *Captain Leicester Vernon.*] You were asked just now whether you thought that Mr. Churchward's boats, having dropped time, did not vitiate his contract. Have you ever, in any service that you know of, levied a penalty for dropping time, for not going at the right pace, in point of fact?—Yes, many.

2513. Have you ever levied a penalty upon the Peninsular and Oriental boats for dropping time?—Under the Australian contract we have.

2514. Have there been many instances of the Peninsular and Oriental boats dropping time?—No; there have been very few instances.

2515. You say that, generally speaking, those boats keep time?—Yes, they keep speed more than time.

2516. The question has reference to time, not to speed. I want to know if you are aware of any instances in which the Peninsular and Oriental boats have kept time?—Yes; they keep time admirably.

2517. *Sir Francis Baring.*] I see there is a letter from the General Post Office, enclosing a letter from the French Government, stating that the vessels which the contractors are bound by their contracts with the French Government to provide exclusively

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exclusively for the French mail service, are frequently used by the contractors to enable them to carry out their engagements with the British Government for the conveyance of the mails between Dover and Calais; and I see that a copy is directed to be sent to Messrs. Churchward for any observations in explanation that they may have to offer; have you got any copy of Mr. Churchward's answer?—No, I have not.

2518. Do you know whether he gave any?—I cannot find any.

2519. I see that on the 17th August 1855, there is a further letter from the Post Office, enclosing a "copy of a further letter from the Director General of the French Post Office on the subject of the contractors for the conveyance of the mails between Dover and Calais, having an insufficient number of packets to fulfil properly their engagements with both the British and French Governments." That is sent to Captain M'Ilwaine, desiring him to institute a strict and searching inquiry into the complaints alleged. Was there any report from Captain M'Ilwaine upon the subject?—Yes (*handing the same to the Honourable Member*).

2520. From which it appears that the facts were correctly stated by the French Government?—Yes.

2521. And nothing further was done?—Not only was nothing further done, but I recollect being cautioned as to calling attention to the subject whenever mooted again; that the English Government must totally ignore any knowledge upon the matter. I may also mention, on the occasion of the naval review, I was on board one of those packets when some of the French authorities came over from Paris to be present, and I think it was Monsieur Perron, the editor of the "Moniteur," who was there, and in conversation told me it was a very desirable service, and the only difficulty they had in carrying it out was with the local authorities at Calais; that there was a jealousy about employing an English vessel; but that they had induced Mr. Churchward to take French crews, and he thought that they had now got over all the difficulty.

2522. That had arisen from some local inconvenience with regard to it?—Yes; from the commerce at Calais. They did not like the French mails going over with English crews; just exactly the complaint that was made subsequently at Dover.

2523. Lord Naas.] Who told you not to moot the subject again?—I was told so at the Board.

2524. Mr. Hope.] This letter which you have handed to me, is from the Director of the French Poste in August 1855; and the purport of it is, that he gives notice of his intention to put an end to the practice in order that no inconvenience might arise?—Yes.

2525. Was any official notice ever given further upon the subject?—Not that I am aware of.

2526. Therefore, as the matter stands upon the correspondence, it is only this; that he intimates his intention to do so at some future period, which intention never was executed?—Yes; that second letter of the 16th of August was the complaint of the Postmaster, that we did not give him sufficient information.

2527. In fact nothing was ever done by the French Government?—Nothing.

2528. Captain Leicester Vernon.] With regard to time, will you allow me to ask another question; the Peninsular and Oriental Company have the Australian mail now, have they not?—Yes.

2529. And they have performed two voyages under their new contract, have they not?—Yes.

2530. Did not they drop time upon the first voyage?—Yes, they did, but we have not had the certificates of the performance of the service.

2531. Did not they drop time on the second voyage?—Yes, they did.

2532. Did not they upon this last voyage with the mail which came in on Saturday, drop 29 days' time?—Yes.

2533. Mr. Corry.] In Mr. Churchward's evidence on the 28th of July, there occur the following questions and answers: "In your contract of 1855 you provided for 12 special services in the year, at the rate of 6*l.* a service? Yes.—Was it 12 or 24? Twenty-four; that is 12 one way and 12 the other.—And that was for the Indian mail? Yes; or for carrying distinguished persons, such as Ambassadors.—In the allowance that you have had made to you this year of 2,500 *l.*, there are 24 India and China, including 12 Australian mails towards (Dover to Calais not established at date of contract), at 20 *l.* 18 *s.* per trip; is that the same trip? That is calculated at the mileage rate of 9*s.* 6*d.* per mile.—Then you get 20*l.* 18*s.*

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 1 August 1859. for each of those trips, whereas you charged 6 *l.* for 24 trips? Not 6 *l.*; 6 *l.* there and 6 *l.* back make 12 *l.*;" can you explain to the Committee the reason for the difference in the charge for those extra services?—Yes; it was an arrangement with the Treasury and the Admiralty, in the first contract, that there should be 12 voyages at the reduced rate virtually of 12 *l.* Mr. Churchward very much objected to the introduction of that, but ultimately he assented to it; I think it was subsequently that they increased the amount of his subsidy, and that was one of the items which led the Government to give him a larger subsidy than he asked for.

2534. Is the 20 *l.* 18*s.* the mileage rate?—Yes, the mileage rate of the contract.

2535. It was thought fair to allow him the mileage rate for those extra services?—It is the proper rate which he should be paid.

2536. You think that that was a correct view of the case?—Yes, I think so.

2537. In the case of those extra services, when passengers do not go by the boats, they are not so remunerative, are they, as the ordinary passages?—Certainly not.

2538. The mileage rate would not be remunerative where no passengers were conveyed?—No, it would not.

William Stephenson, Esq., called in; and further Examined.

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Esq.

2539. Sir *Stafford Northcote.*] HAVE you brought with you the Treasury papers and correspondence relating to the renewal of Mr. Churchward's contract?—I have.

2540. Have you brought the papers which are published in the Parliamentary Report, namely, the 11th of January 1859, the 17th of January 1859, the 28th of January 1859, and the Treasury Minute upon that?—Yes.

2541. Are there any private memoranda or notes upon any of those papers?—Yes, there are.

2542. Are there upon those early papers?—I do not exactly know the date. I think that the first memorandum is subsequently to the report of the Postmaster General, on the 10th of March. It is not dated, but I have no doubt that that is the case.

2543. The early correspondence related to Mr. Churchward's claim to be paid for the special services, which claim was preferred by him to the Admiralty, sent by them to the Treasury; referred to the Post Office; reported on by the Post Office; and approved by the Treasury in their minute of the 3d of February?—Exactly.

2544. Subsequently the Admiralty, in consequence of the suggestion of the Treasury minute of the 3d of February, wrote to Mr. Churchward, on the 11th of February, asking him to make an offer, did they not?—Yes.

2545. Which offer he made, did he not, on the 14th of February?—Yes.

2546. That letter was transmitted by the Admiralty, on the 23d of February, with their recommendation?—Yes.

2547. And it was referred to the Postmaster General, was it not, who reported on the 10th of March?—Yes.

2548. When that report of the Postmaster General, of the 10th of March, came into the office, into whose hands did it first come?—Into mine.

2549. Did you make any memorandum upon it?—I did.

2550. Will you read the memorandum?—Yes. "Mr. Hamilton,—I feel considerable doubt as to the propriety of so great an extension of Mr. Churchward's contract. It has still four years to run, and it is, I think, not a safe practice to grant an extension, dating from so remote a period. It has, I am aware, been done before; and there are strong grounds for favouring Mr. Churchward; but the objections of the Postmaster General seem to me to be very cogent, and I am disposed to think the better plan would be to pay Mr. Churchward liberally for the services he performs, rather than allow him to compensate himself by an extended contract. Have you ascertained from him from what department he rents his house? It might be necessary to communicate with the Woods."

2551. Sir *Henry Willoughby.*] What is the date of that memorandum?—It is not dated, but I know from the circumstances that it was subsequent to the Postmaster General's report. The report is dated the 10th of March.

2552. Your memorandum was subsequently to that?—Certainly; it was within two or three days of it.

2553. Sir *Stafford Northcote.*] Did you not make another minute upon the same

same letter?—I have not it here, but it was simply with regard to the Postmaster General not having made any observation about it some time before.

2554. It was substantially, that you wished that he had made that observation before we suggested to the Admiralty in February that they should call upon Mr. Churchward for the tender?—Yes.

2555. With that memorandum, did you send the papers to Mr. Hamilton?—I did.

2556. Is there any memorandum of Mr. Hamilton upon them?—Yes, there is.

2557. Will you read it?—His memorandum is dated the 22d of March, and is in these terms: “Sir Stafford Northcote; I am strongly of opinion, notwithstanding Mr. Stephenson’s doubt, which deserves every consideration, that it is expedient to grant Mr. Churchward’s request as recommended by the Admiralty. The Post Office is opposed to any system of long contracts. The Duke of Argyll urged the matter with great ability in his correspondence in 1857, with reference to the Cunard contract. But I confess my opinion is, that where a service is well performed, and the contractor encounters losses by shipwreck and collision, as Mr. Churchward has done, and is prepared to incur an increased outlay, to maintain the efficiency of the service, it is both just and politic to extend the contract. Take his case practically; if the Treasury refuses, naturally he will expend as little as possible, and perform the service as a dissatisfied contractor; and yet no Government, I believe, under the circumstances of his having purchased the Government’s vessels, and performing the service at 9,000*l.* a year less than when in the hands of the Government, would contemplate taking the contract from him, so long as his contract with France remains in force. It would really be a great moral injustice; and if such be the case, will it not conduce to the public service, to give him the security he desires, in an extension, in order to make him a satisfied contractor; and to enable him to perform the service in the most efficient manner? It may be advisable, if the contract should be extended, to have it clearly understood, that at the expiration of the additional seven years the service is to be really open.”

2558. Have you a memorandum of mine upon that?—Yes. This is Sir Stafford Northcote’s memorandum, dated April the 1st: “Mr. Hamilton; I feel some difficulty in coming to a conclusion upon this case. As a general rule, I think it objectionable to grant a prospective extension of a contract, which has still so long a time to run. I also think there is a great deal of force in the objections which the Postmaster General raises against any lengthened contract for the postal service across the channel, that being a service subject to so many possible and even probable alterations. At the same time, I think that Mr. Churchward has a claim to be treated liberally in the matter, and that it would be fair to increase the payment to be made to him for the residue of his term by a larger amount than 2,500*l.* a year. Perhaps you would see him, and ascertain whether he would be satisfied with (say) 3,000*l.* a year, to cover all demands, including house rent.”

2559. Is there a memorandum upon that by Mr. Hamilton?—Yes. “Sir Stafford Northcote; I saw Mr. Churchward according to your instructions, and, without naming any increase, sounded him on the subject. He has since sent me the enclosed. We can probably discuss the matter at your leisure.” And I may say that on the back of it it is minuted by you “Keep for the present.”

2560. Perhaps it may be convenient that you should read from Mr. Churchward’s evidence that letter spoken of as being enclosed?—It is in these words: “56, Lombard-street, London; 4th April 1859. Dear Mr. Hamilton; No compensation whatever could be offered me equivalent to the extension of my contract that I have prayed for. The extension is the pivot on which every department of my business turns. With the extension I have hopes of the ultimate success of my enterprise, and the recovery of my losses; without it, I shall have no hope but that of winding up, for I must let my present boats and plant run out. If the late Government had not extended my former contract, when I had some years to run, I should have been utterly ruined at the end of the first contract (October last), as it was upon the consideration of my losses and claims they enabled me to make such arrangements that my engagements were so extended that I had a chance of working round. But there are stronger reasons now why I should have the extension. In addition to my losses, large sums of money have

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to be expended on the ships (vessels adapted for no other service) that would be so much loss without the guarantee of an extended period of service; the extension would not only be absolutely essential for my security, but it would be the best security for the efficiency of the public service. Moreover, in my negotiations with the French and Belgian Governments, they have always pointed to the short period of my contract as an objection to improving the services, or consolidating them. And now I am placed in this position: from the encouragement I have received, and the hopes held out to me, I have felt justified in telling the French Government that they may count, as an additional required security for their service, on the extension of my contract to the term of my engagement with them; and it is upon these grounds that the French Government are now prepared to improve their portion of the Channel mail service to meet the wishes of the British commercial community, and are disposed to work cordially and reciprocally with the English service. With the belief that there would be no difficulty in obtaining the extension of my contract, especially as I have no competitor with vessels and powers capable of performing the mail services except the Admiralty, I have spent money and laid out works at Dover that without the extension cannot be completed or carried on; and so the natural and commercial advantages of such an establishment would be lost; in fact, it is as impossible for me to go on with the improvements and renewals of my vessels and works as it would have been for the Dublin and Holyhead Company to have undertaken their great task unless they had an extension of their contract to 14 years, at 27 s. a mile. I venture, therefore, to feel assured that it will be deemed just and equitable towards me to extend my contract of 13 knots with shorter distances at the rate of 9 s. 6 d. a mile, especially when it is proved that I have saved the country so many thousands per annum by my engagement."

2561. Do you remember that after this correspondence I had an interview with Mr. Churchward at which you were present?—Yes, I do.

2562. And Mr. Hamilton also was present, was he not?—I think he was also present.

2563. Do you remember generally what the nature of that interview was?—I cannot say that I do; I think that I came in very late when the interview was nearly over; I think it was a very short time that I was in the room, at the end of the interview.

2564. Do you remember hearing the question discussed between us?—I remember hearing it partially discussed, but I think it was quite at the end of the discussion when I came in.

2565. Subsequently I mentioned to you, did I not, that I had come to a conclusion on it, and that I had communicated with the Chancellor of the Exchequer, and that it was intended to extend the contract?—Yes, you did so.

2566. And I requested you to draw up a minute upon the subject?—Yes.

2567. Have you that minute which you drew up?—Yes, I have.

2568. Mr. Hope.] What was the date of that interview?—Probably the date when this minute was drawn up.

2569. Sir Stafford Northcote.] The day after, or the day but one after that, did I ask you to draw up a minute?—I drew up the minute the same day that I received the instructions from you.

2570. That minute is, in fact, the same minute as is printed with these papers?—Yes.

2571. Do you find that that was altered by me?—Yes, there is one alteration.

2572. Is not there a portion struck out by me?—Yes; there is a short paragraph struck out, and a long paragraph added.

2573. Would you just say where it comes in, and read the paragraph that is struck out?—The paragraph which is struck out I am not sure whether it was struck out by you.

2574. If it is about losses as the reason, it was?—I think it is more likely to have been struck out by me, but I am not sure.

2575. There are two passages put in, are there not?—Yes, there are two passages put in.

2576. There are one or two minor alterations in the latter portion of the paragraph, beginning, "It appears that the cost of the service, when performed by the Naval Department, amounted to about 25,000 l. per annum." Do you find something put in in my writing?—Yes, after the words, "a description of vessels

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vessels inapplicable for naval purposes," you have inserted, "of which two have now been lost, and which must be replaced by new vessels to be built for the purpose, if the service is to be continued on its present footing."

2577. I explained to you, did I not, in putting that in, that I thought that one of the main considerations upon which the contract might be renewed?—I have no doubt that you did.

2578. What is the other passage that is put in?—The other passage is in the next paragraph, after the words, "and which will not expire until 1869;" at the end of that paragraph, it says, "My Lords attach much importance to this latter consideration, inasmuch as the position of Mr. Churchward, as a contractor with the two governments for unequal periods, interposes practical difficulties in the way of adopting improvements which must receive the assent and co-operation of both, and appears at the present time to have an unfavourable bearing upon some arrangements which he is endeavouring to make with the French Government for accelerating the service."

2579. Do you remember that, in giving you instructions for that minute, I requested that you would take care to put in the provision that Mr. Churchward should engage to make no fresh contract with the French Government without the sanction of the Treasury?—That is one of the conditions stated in the minute. It is the first condition, that Mr. Churchward should engage to make no fresh contract with the French or any foreign government, for the conveyance of their mails, without the sanction of this Board.

2580. Are you aware whether, in the letter which was written upon this notice, that condition was conveyed to the Admiralty?—No, it was not.

2581. There is another condition also, that the payment for the special and extra services should be subjected to deductions in case the number of outward and inward mails diminished; is that contained in the letter to the Admiralty?—No.

2582. Will you explain how it happened that that was not mentioned?—I think that in the first instance the fault rests with me, inasmuch as the directing part of this minute is not so clearly drawn as it might have been. In the usual course I should have seen the minute executed, but unfortunately I happened to be away when it was executed: had I been aware that that was likely to be the case, I certainly should have taken more care in framing the directing part; but the gentleman who wrote it not having been in communication with Sir S. Northcote, and not knowing what had been going on, simply acted on the formal direction of the minute, without referring to its previous terms, and thus omitted those conditions which ought to have gone to the Admiralty for their guidance.

2583. Were the Treasury ever made aware that those provisions had not been inserted in the contract?—Not until the contract was completed.

2584. How were you first made aware of it?—So far as I was concerned, I was first made aware of it by a note from yourself, calling my attention to the fact.

2585. The printed papers show that, do they not?—Yes.

2586. That was subsequently to my having quitted office?—Yes, it was.

2587. Mr. Corry.] The Admiralty had no means of knowing that those provisions were required by the Treasury?—They had not.

2588. Sir Stafford Northcote.] Can you state to the Committee whether, in consequence of my note, any communication was held with Mr. Churchward?—Yes; a communication was sent to Mr. Churchward, who wrote the letter which has been placed before this Committee, stating that he considered himself bound by that engagement, as regards making no new contract with foreign Governments without the assent of the Treasury.

2589. That was the point to which I particularly called your attention, was it not?—It was.

2590. Has that letter been laid before the Committee?—Yes; I put it in myself, on the first day of my examination.

2591. You have heard that an application then was made by Mr. Churchward to the Admiralty, in 1857, for a commutation, somewhat similar to this which he has now got, and that it was refused; were you aware, when the question was under discussion at the Treasury, that it had been refused by the Board of Admiralty?—No, I was not.

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2592. The correspondence of 1857 was never referred to the Treasury?— I think not; I was not aware of it.

2593. Do you know whether the correspondence relating to the first renewal of Mr. Churchward's contract in 1855 was referred to the Treasury by the then Board of Admiralty?—It was not.

2594. Are you aware whether you received any information at the Treasury of complaints having been made of the manner in which Mr. Churchward's service had been performed?—I am aware of no such complaints.

2595. Was it not clearly understood amongst us that the service was very well performed?—Certainly.

2596. You were always of opinion (as in fact appears from these minutes) that it was not desirable to extend the contract?—Yes, I was.

2597. But you thought it was a proper thing to give him a commutation?— Yes, I thought it a fair thing to remunerate him for any services which he was performing not contemplated in his original contract.

2598. With regard to the extension of the contract, I think you have already told the Committee in your former examination that you object, as a general principle, to the renewal of contracts which have a long time to run?—I do.

2599. And you object to the renewal of this contract on the same grounds as you would have objected to any other renewal of a contract of a similar kind?— Precisely.

2600. Did you consider that if that principle was not generally to be followed, this was a strong case or a weak case taken upon its own merits, as laid before the Treasury?—As laid before the Treasury I think it was a strong case, so far as we had the means of judging.

2601. Mr. *Baxter*.] But your doubts have not been removed as to the in expediency of such renewals?—No, I am of the same opinion.

2602. Now, knowing all the circumstances that have been before you, you do not consider it a strong case?—I have hardly had sufficient opportunity of following the evidence to enable me to say whether it has changed my opinion as regards that point, but it certainly has not changed my opinion on the general question.

2603. *Chairman*.] When you say it was a strong case, on what grounds did you make out that it was a strong case for some remuneration or recompense?— As I expressed it in my memorandum, it was a strong case for favourable consideration.

2604. You would have indemnified him for his losses in another way than by renewing his contract, would you not?—Yes.

2605. Sir *Stafford Northcote*.] But in that memorandum you stated that, although you objected to the extension of contracts having a long time to run, you thought this was a strong case, even for that, though not strong enough?— I do not mean precisely to convey the impression that I thought it so strong as to induce me to act against my opinion upon the general ground; but it was a strong case, I think, for the favourable consideration of the Treasury.

2606. Mr. *Baxter*.] Do you now think that it was a strong case for the favourable consideration of the Treasury?—I do not think it so strong certainly as it at first was presented to me, and I still object to the principle.

2607. Sir *Henry Willoughby*.] On what ground?—In the first place, it places other parties who may have tendered upon unequal grounds with him. It is very possible that the improved terms which you thus give, might have induced other parties to make more favourable offers.

2608. Have you any other objection?—Upon principle, I see no reason why you should, four years before a man's contract has expired, enter into a new one with him, unless you are to get something out of him more favourable than you can get from anybody else. The proper time for reconsidering his contract would be when it is approaching its termination.

2609. Are those the only grounds upon which you object to the renewal before the period of the expiration of a contract?—Those are the general grounds upon which I object. There may be others which do not at this moment occur to me.

2610. Sir *Stafford Northcote*.] Did it not appear to be important, with a view to the efficiency of the service, that Mr. Churchward should undertake new works and build a new vessel, and was not it stated so?—Certainly.

2611. Do

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2611. Do you suppose that if he had known that his contract was not to be extended, he would have been willing to undertake the building of this vessel?—No, I suppose not.

2612. *Chairman.*] Does it follow that, because you refused to renew his contract four years before it expired, it would not have been renewed when it did expire?—No.

2613. The refusal now would not have amounted to a refusal then?—Clearly not.

2614. *Sir Stafford Northcote.*] Whether he would have run the risk of refusal or not, do you think that, having that risk before his eyes, he would have been willing to have commenced building a new vessel?—I have no doubt that it would have made all the difference, whether he had an extended contract, or only the existing one.

2615. Mr. Churchward had been invited by the Government to make proposals for the commutation of these payments?—Yes.

2616. In the proposals which he made the extension of the contract formed a part; do you conceive that the Treasury could have accepted his offer of doing these services for 2,500*l.* without giving him the extension of his contract?—Originally, when he first made his claim, there was no mention made of the renewal of his contract; he makes those terms when he is asked by the Admiralty to state what terms he required; and then he says, "Give me a renewal of my contract."

2617. In his first claim did he offer to compound?—I think his first claim was merely stating his losses, and the grounds of his claim.

2618. He originally proposed to commute this payment for a fixed sum; but when he came to name what the fixed sum should be, did he not say to the Government that he was willing to undertake them for a sum which would be somewhat below the amount which he was already entitled to if he got the extension of his contract?—Yes; he names a sum below that which he estimates his losses and extra expenses at.

2619. Therefore, in consideration of the extension, he was willing to take a smaller commutation than he would have been willing to take if he had not had the extension?—Apparently that was so.

2620. Do you remember whether you suggested to me to propose a larger sum than 2,500*l.*?—I think I did.

2621. Which proposal is made in that Minute to Mr. Hamilton, is it not?—Yes.

2622. That proposal was communicated to Mr. Churchward and declined by him?—It was. I think you also mentioned that proposal at that very interview that you spoke of, and he said that it would not answer his purpose.

2623. Do you remember, in the interview which I had with him, a discussion with regard to the connexion of the matter with the French contract service?—I think not; I am not quite sure. I remember your talking of it, but I do not remember discussing it with him.

2624. Do you remember my stating to you my opinion, that his having a contract with the French Government, overlapping the contract that he had with the English Government, put him into a position of advantage which rendered it very difficult for us to deal with him, unless the two contracts were made coincident?—Yes, I remember that.

2625. Are you aware whether that was one of the final grounds upon which my decision ultimately turned?—I believe it was.

Martis, 2^o die Augusti, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Hope.

Mr. Hubbard.
Mr. Laing.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Captain Leicester Vernon.
Sir Henry Willoughby.

RICHARD COBDEN, Esq., IN THE CHAIR.

William Stephenson, Esq., called in; and further Examined.

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2626. *Chairman.*] YOU stated in your former examination, that you were opposed to the renewal of the contract for the Dover Packet Service, and that you endorsed your opinion upon the back of a paper; had you at that time seen the Postmaster General's letter of the 10th of March?—I had.

2627. If I remember rightly, you were not aware of the date when you endorsed that paper with your opinion?—Not precisely; but I know from my official habit that it must have been within two days at the furthest from the date of that letter.

2628. Are you sure that you had at that time seen the Postmaster General's letter?—Yes, quite sure, because I refer to his opinions in my memorandum.

2629. *Mr. Corry.*] You stated, did you not, that you objected to the renewal of the contract upon general principles?—I did.

2630. But you also stated that if under any circumstances a contract might have been renewed, you thought that this was a strong case?—I thought that there were strong grounds in the view that was taken of it, both at the Admiralty and the Post Office, which entitled Mr. Churchward to favourable consideration.

2631. Your objection had no reference to any special circumstances connected with Mr. Churchward's contract, but it was merely a general objection to the renewal of contracts under any circumstances?—It was a general objection, without any reference to that particular case.

2632. You are aware, are you not, that no contract heretofore has been allowed to expire?—So I have heard stated here recently.

2633. *Chairman.*] When was the subject of the renewal of the contract first brought under your notice?—In the first letter of the Admiralty forwarding the application of Mr. Churchward, which I think is dated the 17th of January.

2634. You have that letter of the 17th of January before you, at page 10. Was that letter of the 17th of January, from the Secretary of the Admiralty to the Treasury, which you have before you at page 10 of the printed papers, the first letter that brought under your notice the subject of Mr. Churchward's claims?—Yes, it was.

2635. Do you see anything in that letter which refers to the renewal of the contract?—No; it refers merely to a claim for compensation for extra services.

2636. Upon that subject there was no difference of opinion, I believe, between the Treasury, the Post Office, and the Admiralty?—None at all.

2637. You had admitted the right of Mr. Churchward to compensation for the extra services, had you not?—Yes.

2638. That matter appears, does it not, to have been referred to the Postmaster General on the 21st of January, by a Treasury Minute?—Yes.

2639. And the Postmaster General's reply is favourable to Mr. Churchward's claim?—Yes.

2640. And then follows the Treasury Minute, dated February the 3d, affirming the right of Mr. Churchward to compensation?—Yes.

2641. Do you remember when the subject of the renewal of the contract, as a means

means of compensating Mr. Churchward, instead of a direct grant of a sum of money, first came under your notice?—In the letter from the Admiralty, of the 23d of February.

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2642. That was the first occasion on which the subject of a renewal of the contract was brought before you?—The first occasion on which I was made aware of it; it is the first occasion on which it appears in the correspondence.

2643. Will you be good enough to explain what part you had, individually, in the consideration of this question, as to the desirability of renewing the contract?—I had little more part than would appear from those memoranda which I read to the Committee yesterday, and from having been called upon and consulted by Sir Stafford Northcote, when he was discussing the question with Mr. Churchward. I have no doubt that, upon various occasions, I spoke upon it from time to time with Mr. Hamilton, and very likely with Sir Stafford Northcote; but, generally speaking, I think that that memorandum of the conversation, that was spoken of yesterday, gives a fair indication of the extent to which my opinion was asked for and given.

2644. Any communication from the Admiralty to the Treasury relating to Post Office packet business is handed to you, is it not, in the first instance?—It is.

2645. And to whom do you report upon it?—In the first instance, I should send it to Mr. Hamilton, the Assistant Secretary; and any observation or any suggestion that I made would go to him in the first instance.

2646. And then what would be the course of procedure?—Then, if necessary, he would hand it over to the Financial Secretary, with any remarks that might be necessary. For example, with regard to this first letter of the 17th of January, the only observation made upon it is, "Refer to Postmaster General." That, in all probability, was my minute. It would not require, very likely, to have gone before the Financial Secretary, because it was not then in a proper state to be fully considered.

2647. Does this minute, "Refer to Postmaster General," emanate from your department?—This is most likely my own minute.

2648. Is a minute which emanates from you, as the chief clerk of the department, called a Treasury Minute?—It would be countersigned by the Assistant Secretary.

2649. Then having referred this matter to the Postmaster General, you probably offered no opinion upon it until you had seen the Postmaster General's answer?—I did not, at least I have no recollection that I did so. There is no written memorandum of mine upon that subject until after the letter of the Postmaster General, of the 10th of March.

2650. Did you take any other opinion besides the Postmaster General's before you came to a conclusion yourself upon the matter?—No.

2651. Had you any knowledge of any other parties who were anxious to compete for the carrying of the mails from Dover to France and Belgium?—No, I had not. The subject originally before us was simply the remuneration of Mr. Churchward for extra services performed by him. Then it subsequently became a question as to what was the best mode of remunerating him for those extra services. So that, in point of fact, the question of renewing the contract scarcely came under my notice at all at that time.

2652. You did not contemplate any difficulty in settling the matter with Mr. Churchward by a direct pecuniary compensation?—No, I did not then, certainly.

2653. Was his claim in the first instance for a pecuniary compensation?—I do not think he made any definite claim; he merely put forward his case without stating the manner in which he proposed it to be compensated. By-the-bye, at the end of the letter of the 11th January, he says, "If it should be deemed advisable to make any such arrangements for the payment of a fixed sum for these new, extra, and incidental expenses, I shall be most ready to meet the wishes of their Lordships;" so that he does there speak of a mode of payment.

2654. Then at that time, on the 11th of January, neither Mr. Churchward nor yourself found any difficulty in making a fresh arrangement upon the basis of an increased pecuniary compensation?—His letter seems to point to no more than that; and at that time I had no notion that anything but an increased remuneration was contemplated.

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2655. Have you any recollection of anything which led to the change of ground which Mr. Churchward seems to have taken when he departs from the claim for a pecuniary compensation, and puts forth an appeal for the renewal of his contract; have you any knowledge of what led to that, beyond what appears on those papers?—No, I have not.

2656. From the 10th of March, when the Postmaster General sends in his answer, and from your minute endorsing the paper, which you say you think was made about two days after, from that time to the 15th of April, when the Treasury Minute is dated, it appears that the matter slept; can you tell the Committee why the matter was not referred to between the 10th of March and the 15th of April?—There was evidently a good deal of discussion in the Treasury upon it. In the first place, there was discussion backwards and forwards between myself and Mr. Hamilton before the application went to Sir Stafford Northcote; and then he had to consider it, and in all probability saw the Chancellor of the Exchequer upon the subject.

2657. You state that you had a good deal of discussion with Mr. Hamilton upon the subject; that, I presume, was in personal interviews?—Yes; if I recollect rightly, it was frequently referred to and talked over, not perhaps in much detail, but still it was from time to time spoken of.

2658. And what was the nature of those communications?—They were very much of the same character as those memoranda, which, I think, would embody pretty nearly all that passed between us; I still maintaining my own views, and he giving his reasons for thinking that it was a proper case for renewal.

2659. Can you recollect any of the reasons that were urged by Mr. Hamilton why the Postmaster General's opinion and yours should be set aside?—I think they were the same reasons that he gives in that paper: the ground of the losses which Mr. Churchward had sustained, and the great advantages which the public had derived from the manner in which his contract had been performed. I think he dwelt a good deal upon the losses which he had sustained; and also on the very efficient manner in which he had performed the service.

2660. With what arguments or facts did you combat that opinion with Mr. Hamilton?—I said that I thought it was far better that, having undertaken a contract of that kind, a contractor should not be allowed to alter the nature of his agreement with the public, but that if he could show that he had incurred an expenditure that was not contemplated when his contract was entered into, it would be fair to reimburse him for it; but on general principles I thought it better to leave his contract to run out, and to let the public have the advantage of any competition that might arise when the time of expiry drew near.

2661. Are you aware whether Mr. Hamilton was in communication with Sir Stafford Northcote or with the Chancellor of the Exchequer upon the subject at that time?—I do not think he was. I do not think he could have been in communication with Sir Stafford Northcote before he wrote that memorandum, because that evidently was written for the purpose of bringing it under his consideration.

2662. Do you infer that the delay from the 10th of March to the 15th of April arose from the discussions that were going on between you and Mr. Hamilton?—Not till the 15th of April, but until the 22d of March, which is the date of Mr. Hamilton's memorandum. Then he would have brought it under the consideration of the Financial Secretary, and then from the 22d of March to the 15th of April will represent the time which passed in further discussions between the Financial Secretary and myself, Mr. Hamilton, the Chancellor of the Exchequer, the Admiralty, and the Post Office probably.

2663. What was the nature of the communications that passed between you and Sir Stafford Northcote; had you any written communications?—No, none.

2664. Had you personal interviews?—I have only a distinct recollection of that one personal interview.

2665. But you think that you had others?—I think in all probability I had, but I have no very distinct recollection except of that one.

2666. What was the general purport of the communications that you had upon the subject of this contract with Sir Stafford Northcote?—It might have been a mere discussion upon the propriety or expediency of renewing this contract, or the contrary. Of course, I advanced my own opinions upon general grounds, and the question of this contract was taken up by him upon its particular grounds.

2667. Did

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2667. Did you throughout those discussions constantly adhere to the opinion which you have now expressed to the Committee?—I do not think I ever varied from that opinion.

2668. You were always opposed to the renewal of the contract as a means of compensating Mr. Churchward for his extra services?—I think so, upon all occasions.

2669. Did Mr. Churchward himself apply personally to any department of the Treasury respecting his contract?—Not that I am aware of. I never saw him until I saw him in Sir Stafford Northcote's room, on the occasion when he sent for me to see him at the interview.

2670. What time was that?—It was, I think, just when I received from him the instructions to draft that minute of the 15th of April, and in all probability it was about the 13th of April.

2671. What was the nature of the conversation that passed in that interview?—I have no very clear recollection except of the general tenor. I however remember some allusion being made to the Galway contract by Mr. Churchward, I think, and to the disadvantages which he laboured under from the feeling that had been caused about the Galway contract; and he said, if I recollect rightly, that it was very hard that he should be made the victim of a feeling of that nature, which had no reference whatever to a case like his own, and then he advanced, of course, his own views, and the grounds on which he sought the renewal of his contract.

2672. Were you called in on that occasion to offer your opinion again in the presence of Mr. Churchward?—I was called in to assist at the discussion. It is not an uncommon thing in matters of this kind to require the attendance of the head of the department, in order that he may be cognizant of all that passes, that he may take instructions, and generally give any information that may be called for.

2673. Originally the application is made to the Admiralty for these contracts, is it not?—Not in all cases. Sometimes applications are made direct to the Treasury; but this application would be made to the Admiralty, because it was a claim originating out of the contract itself, which Mr. Churchward held under the Admiralty.

2674. It was an application for the renewal of the contract, was it not?—In the first instance, it was a claim for remuneration for extra services performed under contract with the Admiralty. That was how the claim originally appeared before us.

2675. Is it customary in the case of a contract for Post Office packet services, for the contractor to visit both the Admiralty and the Treasury?—Yes; in any case in which he would make his claim under his contract, he would make his claim through the Admiralty, because they are the parties who see to the execution of the contract; they have it in their charge, and he would represent his case to them, in the first instance, and they would send it to us with any observations that they thought it required.

2676. It appears in the evidence that Mr. Churchward applied to the secretary of the First Lord, to ask him to write to try to have his business expedited at the Treasury; were you aware of that?—No; but I can very easily believe that to be the case; it is a very common thing for people to come to those who are in immediate and close connexion with the persons with whom they believe the decision rests, to ask them to get their business expedited, and, of course, it is of great importance to a man to get his case decided as expeditiously as possible, and Mr. Churchward, knowing that his case had been in the Treasury from the 23d of February until the middle of April, it was natural for him to seek some means of getting it moved forwards, knowing probably that papers are at times put aside for a little longer than is desirable.

2677. Mr. Churchward was not personally known to the secretary of the First Lord, as he states, except as a contractor. Is it customary, under those circumstances, for contractors to apply to the secretary to the First Lord to interest himself?—I cannot tell what would be the practice at the Admiralty, but it is quite in accordance with my own knowledge of what the private secretary to any officer of State would be subjected to; persons will naturally come to him, and ask him to do what he can to move a matter of that kind.

2678. Were you consulted in this matter by any one at the Treasury but Sir Stafford Northcote and Mr. Hamilton?—No.

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2679. You did not see the Chancellor of the Exchequer upon the subject?—No, I did not.

2680. *Sir Stafford Northcote.*] The expression was used just now, that the matter “slept” at the Treasury from the 12th of March to the 15th of April; is that an unusually long time to elapse in a matter of this kind between one official communication and another official communication?—No, I do not think it is an unreasonable time, considering that there was a good deal of very important matter to be decided that required a good deal of communication with various persons.

2681. In that interval there was a memorandum of yours upon the subject to Mr. Hamilton, a memorandum of Mr. Hamilton’s to me, a memorandum of mine back to Mr. Hamilton, a communication from Mr. Hamilton with Mr. Churchward; in consequence of that memorandum, a reply from Mr. Churchward to Mr. Hamilton’s communication to him, and an interview between myself and Mr. Churchward?—Yes.

2682. Do you consider that that indicates that the matter slept during the month, or rather more than a month, that elapsed between the two official communications?—No; I think it shows that it was undergoing consideration during that period.

2683. You have been asked about conversations with me, and you have stated that you only remember distinctly one which took place at the interview with Mr. Churchward; do you remember suggesting to me that a larger amount of commutation than 2,500*l.* might possibly be given?—Perfectly.

2684. That was not in writing, was it?—No.

2685. Therefore it was in conversation?—Yes, and in a previous conversation I recollect it perfectly, now that you bring it to my memory.

2686. There was more than one conversation with you, as I used to see you frequently?—Yes, almost daily.

2687. And I used, did I not, to mention the matters that related to it?—Yes.

2688. And it is probable, is it not, that the matter may have been discussed at several other times?—I have no doubt that it was. I have no particular recollection of it, but certainly it was your habit to communicate with me very freely.

2689. With regard to persons applying to private secretaries; you yourself were at one time the private secretary to Sir Robert Peel, were you not?—Yes.

2690. Therefore you know what the nature of a private secretary’s position is?—Yes.

2691. Are you aware that from time to time private secretaries are frequently applied to, by persons of whom they have no private knowledge, to forward matters that are in the department?—Very often indeed.

2692. You are aware, of course, that the Financial Secretary to the Treasury has a large number of papers before him at almost all times?—Yes.

2693. And he has frequently depositions to see and Parliamentary business to attend to, which take up a good deal of his time?—Yes, he has.

2694. Does it not very often happen that important papers, or papers that require rather more consideration than usual, lie by for a considerable time in the hands of the Financial Secretary?—Yes, it is so.

2695. And is it not very common to ask his private secretary, or the assistant secretary, or some one, to call his attention to matters which ought to be disposed of more rapidly than others?—I have no doubt that that does not unfrequently occur.

2696. *Lord John Manners.*] Do you happen to remember the occasions during the last year and a half, for instance, from the Office of Works, that secretaries would come over to the Treasury to beg that matters might be expedited?—Those things are of very frequent occurrence; in short, I might say they are of daily occurrence.

2697. Were you in your present office in 1855?—I was not.

2698. *Mr. Corry.*] You have been asked by the Honourable Chairman whether you, upon the occasion of the interview that has been mentioned, objected to the renewal of the contract of Mr. Churchward as a means of compensating him for extra services; was that the object of the renewal of the contract?—I suppose that it was in part the object, but it was by no means the whole object.

2699. Was not the commuted sum of 2,500*l.* to compensate him for the extra services?—True; it was, certainly.

2700. And was not the renewal of the contract distinctly considered by the Government,

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Government, not with regard to any remuneration to Mr. Churchward, but to the public convenience?—With regard to the public convenience, certainly, and also to the losses sustained by him in carrying out the contract.

2701. Exactly as the renewal of 1855 was granted in some respect with reference to his losses?—I do not know the circumstances of the renewal in 1855.

2702. Sir *Stafford Northcote*.] Looking to that letter of the 11th of January, do you find that he there made allusion to the necessity that he should have of applying to the Admiralty for more favourable terms?—Yes; he states in one paragraph “that the mail service alone is so unremunerative, that I shall be compelled to lay the state of affairs before the Admiralty, praying their Lordships for more favourable terms for performing the service.”

2703. Does that indicate that he intended to make some other communication to the Admiralty besides the application merely for remuneration for the special services?—Yes, I think it does; it seems to point to something beyond what he was applying for; it is rather obscurely worded, but it seems to bear that construction.

2704. Lord *John Manners*.] Who filled the office in 1855 which you now hold?—The Treasury was upon a different footing then from what it is now; previously to the end of 1856 matters of this kind went directly to the Financial Secretary; that was before the system of the department was arranged as it is now.

2705. You mean, that any question as to the renewal of a contract in 1855 would have been taken up immediately by the Financial Secretary?—It would have gone directly to the Financial Secretary.

2706. Sir *Henry Willoughby*.] Are the Committee to understand that you had a minute drawn up upon which those articles of agreement were to be founded?—Yes, that minute of the 15th of April.

2707. You stated, did you not, that a portion of the provisions in that minute did not appear in the articles of agreement?—No, they did not.

2708. Are you able to state that that entirely arose from an oversight on your part?—I will not say it entirely arose from an oversight on my part, but I think I was the first person who was the cause of that oversight, and therefore I should be sorry to place blame upon anybody else.

2709. Will you explain exactly how that matter stands?—In this way. It is very evident to any person reading this minute that the directing part of the minute is written very shortly. In the ordinary course of business, I should have seen to the execution of that letter; but a person taking up that minute, and not reading it carefully through, would be very apt to write his letter merely in the words of the directing portion of the minute. Unfortunately I was absent at the time, but if I had been there, of course I should not have allowed a letter of that kind to pass; and as I wrote the minute, and I think that the directing part was not so carefully written as it might have been, I think I am bound to take the blame upon myself.

2710. By whom was it written?—By a clerk in my department.

2711. Can you give his name?—I prefer taking the blame upon myself, because I was the original cause of the error.

2712. Sir *Stafford Northcote*.] Was he anybody that I had communication with at all?—Not the slightest.

2713. Mr. *Corry*.] Is it not the case that the letter was written according to the strict letter of the minute, instead of according to its spirit?—It was; it was written without reference to the whole of the minute.

2714. Captain *Leicester Vernon*.] The executive clerk could have written no other letter upon that minute, could he?—I do not say that; but that I think that if I had been aware that I should not have been on the spot to see my minute executed, I might have written the directing part more carefully.

2715. Sir *Stafford Northcote*.] Did I sign that letter?—No.

2716. Did I ever see anything of that letter after having passed the minute?—No, you did not.

2717. Was it in the usual course that I should do so?—No.

2718. Sir *Francis Baring*.] Who signed the letter?—Mr. Hamilton.

2719. He was cognizant of all these transactions, was he not?—He was cognizant of them up to the directions given to me to prepare the minute.

2720. Was not this submitted to Mr. Hamilton?—I think he was aware of the general terms in which it was proposed to be done, but he was not present when

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I received directions to draw the minute, and he did not sign the minute; so that until the letter was brought to him with the usual initial at the bottom certifying to its correctness, he had no further concern in the business.

2721. The usual practice is, that the head clerk compares the letter written with the minute, and initials it at the bottom before it is signed by the secretary, in order to certify that it is correctly drawn?—Yes, that is the practice.

2722. And that letter was brought down to Mr. Hamilton in the usual course of business with that initial?—Exactly so.

2723. Probably he did not examine the letter himself, comparing it with his recollection of the minute?—No, I presume not.

2724. Had you any papers with regard to this contract forwarded to you from the Admiralty except the paper which is printed here, and this letter of the 17th of January 1859, when it was first brought before you?—I have seen no papers but what appear in this printed statement.

2725. Any official papers that the Admiralty would have sent in to the Treasury would have come as a matter of course to you, would they not?—Certainly.

2726. Therefore, I take for granted that there was no other communication from the Admiralty with regard to the case than the letter of the 17th of January, signed by Mr. Romaine?—There were none but what appear here.

2727. You were not at all aware that a similar question had been before the Board of Admiralty before?—No, I was not.

2728. Nor were you aware of the answer given in that case?—No.

2729. Nor of any previous communication in any letter which was sent in to the Admiralty by Mr. Churchward, when he first made his tender?—No, I was not.

2730. And those papers were not before you?—They were not before me.

2731. Are the Committee to understand that the contract, when it was prepared, before signature or after signature, was sent to you at all?—After signature, not before.

2732. You never had an opportunity of comparing the ultimate contract with the minute?—Not until after it was signed.

2733. You having superintended that business for some time, did it appear satisfactory to you that the Treasury should decide without having the previous correspondence, and that the contract should be made without the Treasury seeing that the ultimate contract was in accordance with their views?—I do not know that there is anything in this correspondence that would lead one to suppose that any previous correspondence had passed upon the subject.

2734. That is not the question that I asked you; the question was, whether you had the previous correspondence before you?—No, I had not.

2735. You relied upon the Admiralty, did you not?—I relied upon the statement as it was placed in my hands.

2736. You had not all the papers before you?—No, I had not; I only had them as they appear here.

2737. Is it, to your mind, a satisfactory state of business, that in a question like this the Treasury is called upon to decide, without having all the previous correspondence before them, and when their decision is carried into execution, they have no means of seeing that the contract is in conformity with their decision?—As regards the previous correspondence, of course it would have been better that it should have been sent to us, because we had no means of knowing that any previous negotiation had taken place at all; but as regards the execution of the contract, it is the practice to send those contracts to the Treasury before they are finally signed. In this instance, however this was not done.

2738. I was not asking you with any view of blaming the department, but with regard to the system, whether it is, to your mind, a satisfactory system, that you had not the previous correspondence, and that you had not the ultimate decision?—We ought to have the ultimate decision; I mean, that the contract ought to be sent to us before it is finally concluded.

2739. Is not the contract sent to you?—Yes, it is sent to us in draft.

2740. Was not it sent to you after completion?—Not till after completion.

2741. Was there any reason, do you remember, for that contract not being sent to you?—It may have been an accidental oversight, probably arising out of the original fault in this minute; there was very little done in the contract beyond the bare renewal. If those conditions had appeared in our letter to the Admiralty, as they should have done, I dare say the Admiralty would have taken care

care to send back the contract in the usual course; but being simply the renewal of an old contract, perhaps they did not think it necessary.

2742. It appears from the contract, that the conditions intended to be put in by the Treasury were not put in, and also there was a clause put in which had never been submitted to the Treasury?—Yes.

2743. Therefore the contract was a different contract from what you intended?—It was.

2744. Do you suppose that there was an omission in sending you the contract in draft?—Yes; the general practice is to send us the draft contracts before they are finally signed.

2745. Is that usually the case, or is it always the case, except in this instance?—I have not had very long experience, but in all contracts which I have had to do with, they have always been sent in draft to the Treasury before they have been finally signed.

2746. Lord *Naas*.] Both in the case of renewals of contracts and new contracts?—I cannot speak as to renewals in general, because this is the only instance of a renewal that has come under my observation.

2747. Sir *Francis Baring*.] It is stated that you recommended to Sir Stafford Northcote to increase the grant beyond what was proposed; was that so?—To this extent, that I said I should recommend Mr. Churchward to be dealt very liberally with in regard to payment.

2748. Did you prefer, in point of fact, to give him more money to avoid the inconvenience, as you supposed, of the extension of his contract?—I did.

2749. Your opinion was so strong about the extension, that you preferred paying him more money down?—That was my opinion.

2750. You were once a private secretary, and you have been examined as to the duties of private secretaries; is it the duty of a private secretary to negotiate seats in Parliament?—It is a duty that I have never undertaken myself, certainly.

2751. Is it the duty of a private secretary to do that without the knowledge of his chief?—It is not the duty of a private secretary to do anything without the knowledge of his chief.

2752. You think that a private secretary is bound to be in full communication with his chief?—I think that he should take very good care not to do anything that may compromise his chief.

2753. In point of fact, everything that he does is naturally referred to his chief, unless it is known that the chief disapproves of it?—I think that it should be so.

2754. Is it the duty of a private secretary to communicate about election matters with a party who has a contract; is it within the fair duty of a private secretary, without the knowledge of his chief, to do so?—It is a duty, certainly, that I never had to perform, and was never in any way concerned with.

2755. That is not the Treasury notion of the duty?—I do not think it is.

2756. Mr. *Hope*.] You became private secretary to Sir Robert Peel from being in the Treasury, did you not?—Yes.

2757. Therefore, that was an official connexion?—Entirely.

2758. It is not unusual, is it, for Ministers, instead of having any official clerks, to have private connexions as their private secretaries?—It is generally the case, particularly with the First Lord of the Admiralty; and the First Lord of the Treasury almost always has one private secretary who is not an official private secretary.

2759. Would you consider that a different course probably might take place where the private secretary is an active political partisan, from that which would be taken where the private secretary is a permanent official?—I think there are many things that may be done by a man in that relation, which would be very inconvenient, and perhaps improper, to be done by a purely official private secretary.

2760. Therefore I do not understand you as stating that from your own experience, you having been private secretary to Sir Robert Peel, and having been taken by him from your position at the Treasury?—I can of course only speak to the extent of my own experience in the position which I occupied.

2761. I think Sir Robert Peel never had any person out of the office as a private secretary, had he?—No.

2762. Yourself and Mr. Drummond were the two secretaries?—Yes, at the commencement: after the death of Mr. Drummond, Mr. Arbuthnot, also of the Treasury, was associated with me.

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2763. I think Mr. Drummond had been private secretary to several First Lords?—He had.

2764. Referring to the question of renewals: the renewal of the Dover contract in 1855 was directly in the teeth of your principle upon that subject, was not it?—I know very little about it; nothing more, in point of fact, than I have heard since this Committee sat, because I had nothing to do with the business in 1855; but it was a renewal some time before the expiry of the contract, and so far it is against my principle; I would not renew any contract a long time before its expiry.

2765. Do you know anything about complaints that have been made upon that subject?—I have not heard of any complaints.

2766. Have you heard any complaints of the renewal in 1855?—I have not.

2767. Sir *Francis Baring*.] That renewal was previous to the Report of Sir Stafford Northcote, and the Committee, was it?—No, it was subsequent to it.

2768. Sir *Stafford Northcote*.] Do you happen to know what the circumstances of the original contract with Mr. Churchward were, and what it grew out of?—I do not.

2769. Do you know how the service was performed before Mr. Churchward took it?—Yes; I know that it was performed by the Admiralty.

2770. When was it that the Admiralty gave up the practice; was it in consequence of that Report?—It was after your Report.

2771. Mr. *Hope*.] You were asked whether you took any other person's opinion upon the subject of the renewal of the contract; I do not know whether you have given evidence generally as to the course of proceedings on the renewal of contracts when I was not in the room?—Yes, I think I did so the first day of my examination.

2772. It would not fall to you, perhaps, in any case to do that?—No; it is my province to furnish information upon any subject that comes before me, and to make any suggestion that I think may be useful towards forming a decision upon it.

2773. It is referred to you to give your opinion, and not to get other people's opinions?—It comes to me in the first instance, and I put it in the best shape I can for the consideration of those who have to decide upon the matter.

2774. Would you have been justified in sending for any private contractor, and asking him whether he would do the service at a lower rate?—Clearly not.

2775. *Chairman*.] I think I understood that it is the rule at the Treasury to hire all the Post Office packet services by public competition?—I should say that that is the rule.

2776. That is the case in all new contracts, is it not?—I am speaking only of what has happened in my time, which is very recent.

2777. That is the rule which is recognised, is it not?—That is the rule within my recollection.

2778. You act upon it as a rule in all new contracts, do you?—Yes, in all with which I have been concerned.

2779. As I understand, you object to the renewal of contracts long before their expiry?—Yes, I do.

2780. And did I rightly understand you to say before, that you would like to have the opportunity of submitting the contract to fresh competition?—Yes.

2781. Then, in that case, as your rule is competition by public tender, you can have no occasion to ask for the opinion of people out of doors as to what the terms should be?—No, I think not.

2782. The advertisement announcing public competition would subject the thing to the fairest test?—Clearly.

2783. But had it been told you that this service between Dover and Calais was to be renewed to somebody, and that a fresh contract was to be entered into from 1862, for seven or eight years more, would you not in that case have thought it necessary to institute some inquiries as to the best way of getting that service renewed; that is, of course, assuming that you were told that it was not to be put up to public competition in the usual way of advertisement?—In that case you would have to deal with it upon its own particular merits; and I do not know that you could get at the merits of the case better than from the Admiralty and from the Post Office, who know how the contract has been carried out. I think that those two departments would enable you to form as good a judgment as you could possibly

possibly have upon the propriety of renewing a contract, because I apprehend that you would do it upon the grounds that the contract had been fairly and well carried out, and that upon the whole it was better for the public to go on with an able and efficient contractor.

2784. You object, do you not, to anticipating the renewal of a contract several years before it expires?—I do, upon principle.

2785. But supposing you were obliged, by renewal of a contract by private negotiation four years before it expired, would you not think it necessary to make some inquiries from other parties besides the existing contractor before you closed with him again for a long term of years?—If the Honourable Member means with a view to ascertain whether the terms were fair and reasonable, I think it would be desirable to have other evidence, if you could have it.

2786. You alluded to the Admiralty as instituting inquiries; in what way does the Admiralty do so?—That I can hardly tell you; of course they know all the circumstances of those contracts, and they have opportunities of acquiring information far better than we can possess. We also have recourse for information to the Post Office; and if you find those two departments, the Post Office and the Admiralty, concurring in a general view of the advantages which the public derive from a contract, I think you may very fairly assume that the case is made out.

2787. Do you suppose that at the Admiralty they institute any inquiries outside of their office as to the desirability of a renewal of a contract like this?—I can hardly tell that; but I think the department which is so much engaged in services of this kind must have many opportunities of knowing what the fair returns of such a service ought to be; and they are also in communication with the Post Office, who are very careful and watchful over those things.

2788. Does it appear in this correspondence that the Admiralty took counsel from the Post Office at all with reference to this renewal?—We took counsel ourselves from the Post Office.

2789. I am speaking with regard to the Admiralty; what steps did they take to inform themselves, so as to be able to give an authoritative opinion as to the renewal of the contract?—I cannot tell whether they did that or not, but at the same time I think the Honourable Chairman will see, in the first letter of the Admiralty, that it is not very strongly put; it is only put there as a claim for consideration; and it was only subsequently, when we had got the opinion of the Post Office, and referred it to the Admiralty, that they put forward that question about the renewal of his contract. I think it will be seen that in the first letter from the Admiralty they do not very strongly press it; they merely put forward the claim in rather general terms.

2790. Will you refer to the Admiralty's letter of the 23d of February, which concludes thus: "It appears to my Lords that the extension of the contract is not an unreasonable proposition, and they recommend his offer to the favourable consideration of the Treasury." That is the basis, is it not, of all your proceedings at the Treasury with regard to this renewal?—Yes, it is.

2791. Did you assume that the Admiralty had taken any steps to inform themselves as to the merits of this case, beyond the information which they derived from Mr. Churchward himself?—They knew this: in the first place, that he had purchased those vessels from the Government for a sum which they were not worth in any other way; that was one ground of claim. They knew that he was carrying on a very efficient service at a much lower cost to the public than it had ever been done before, and that was the second ground. They also knew, at least they assumed, that he had incurred serious losses in carrying on his contract. Those are the three grounds upon which they think that he is entitled to special consideration, and those grounds were, of course, as well known to them as they were to the Post Office.

2792. But had they taken any steps to ascertain whether there were other parties who would undertake the service on more favourable terms to the public?—That I cannot tell, but it is not upon the ground of their being the most favourable terms, but on the ground that the contractor has special claims upon the Government, in consideration of the good service that he has done, and of the losses that he has incurred.

2793. As I understand, those special claims are for compensation in money, and not for a renewal of the contract?—Not entirely, because they speak here, I think, of the manner in which the service was performed, and the great saving

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that has accrued to the public from the rate at which he has done the service, and from the very efficient manner in which it has been done, and the very great improvement compared to what it had been before, and that it had been done at some cost to himself, from the loss of vessels, and unforeseen accidents.

2794. You took this recommendation of the Admiralty; did you take it as your sole ground of proceeding, or did you refer to the Post Office afterwards as an authority?—Then we referred it to the Postmaster General.

2795. After you had referred it to the Postmaster General, your opinion was formed, was it not, upon the letter of the Postmaster General on this subject?—I do not know whether my opinion was actually formed upon that, but it certainly was very much confirmed by what he said.

2796. Do you think that the opinion of the Admiralty upon this important matter is worth anything at all, if they did not take the opinion of the Postmaster General upon the subject?—You know that the Admiralty must be in constant communication with the Post Office with regard to the manner in which the service is performed, and any complaints as to the performance of the service would always come before the Admiralty; therefore they are perfectly cognisant of the opinion of the Post Office, so far as concerns the manner in which the service is performed.

2797. Have you seen the Postmaster General's letter, and the very weighty arguments that it contains against the renewal of this contract?—Yes.

2798. Do you think that the opinion of the Admiralty upon that subject was worth much notice from you, seeing that they had never consulted the Postmaster General, or taken his opinion upon it?—I should be sorry to say that it was not worth much notice; but at the same time it certainly did not change my own opinion that it was not a convenient mode of dealing with this case, to renew the contract so long before it expired.

2799. Mr. Corry.] Do you not think that the Admiralty would have been travelling entirely out of its province if they had recommended the renewal of the contract to the Treasury, upon considerations of a kind which would properly come under the notice of the Postmaster General?—Yes; they could not, of course, have recommended it exclusively upon that; but I apprehend that the Admiralty would have considerable knowledge from the Post Office of the manner in which the contractor had conducted his service.

2800. But the Admiralty would naturally suppose, would it not, in recommending the renewal to the Treasury on the grounds stated, that the Treasury would have consulted the Postmaster General on the postal questions?—Yes, undoubtedly.

2801. Advice on those postal questions would come from the Postmaster General, and not from the Admiralty?—Yes.

2802. The Admiralty would advise the Treasury upon points, such as the power of ships, and the power of their engines, and so on?—Yes, generally, upon the manner in which the service is performed.

2803. In this case they would advise with regard to public convenience in carrying on the service, would they not?—Yes, quite so.

2804. You have been asked whether the Admiralty have any means of knowing about these claims, except what they heard from Mr. Churchward; do not you suppose that the Admiralty have information from their superintending officer at Dover with regard to the mode in which the service is performed?—No doubt. I should think that the Admiralty have many means of forming an opinion from their extensive transactions.

2805. You have been asked whether the letter of the 17th of January ought not to have communicated to the Treasury the previous correspondence, relating to a former application of Mr. Churchward to accept a commuted sum for those extra services; ought not the Treasury, in the usual course of business, to have had information of that correspondence?—I think they should.

2806. In 1857, when that proposition was made by Mr. Churchward and refused by the Admiralty, do you not think that the Admiralty ought to have referred it to the Treasury before refusing it?—According to the system which is followed now, undoubtedly they ought.

2807. Are you aware that, in 1855, the Government of that day renewed Mr. Churchward's contract for a period of five years, without any reference whatever to the Treasury, and entirely off their own bat, as it is called?—No, I was not aware of that.

2808. If

2808. If it were so, would you think it a very irregular mode of procedure?—Certainly, according to the present system it would be so, undoubtedly.

2809. Lord *Naas*.] With regard to your objection to the renewal of the contract; you state that you had no opportunity, in 1855, of stating your objections, as you were not in the department?—I was not in the department.

2810. Your objections being of a general kind, would have applied equally to the renewal in 1855 as in 1859?—Certainly.

2811. Sir *Stafford Northcote*.] But even if you had been connected with the department in 1855, the matter not being referred to the Treasury, you could have given no opinion upon it?—Certainly not.

2812. Captain *Leicester Vernon*.] With regard to your answer to the Honourable Member for Portsmouth just now as to the duties of private secretaries, you gave it as your opinion, did you not, that it is no part of his duties to interfere with electioneering business?—I hope that my answer was more guarded; all that I can say is, that it was a thing that I had never done; I spoke only of my own experience as a private secretary.

2813. Are you not aware of there being any orders and regulations whereby private secretaries are required to abstain from taking part in elections?—No; I think that a private secretary must act under the orders of his chief.

2814. I want to know whether you are aware of any orders and regulations whereby the private secretary of the First Lord is called upon to abstain from interfering in elections?—I am not aware of any such order.

2815. Then any course that a private secretary might choose to adopt, would be rather a matter of personal option than of duty?—Clearly.

2816. Do not occasions arise in which Ministers are obliged to write upon election matters?—I have no doubt that they must have frequent occasions to write upon them.

2817. In a case of that kind, do you suppose that their executive would be their private secretaries?—That would depend upon the First Lord himself. I must so far guard myself, because, of course, different men may have different methods; my own recollection of the First Lord is, that he would have carried on any business of that kind through the official Secretary of the Treasury, or the person who would have stood in that relation to him.

2818. Are the Committee to understand that the private secretary has not the opportunity of writing for the Minister upon private business?—Of course it must depend entirely upon the discretion of the Minister as to what he chooses to employ him upon.

2819. Then there might be cases in which it would be the positive duty of the private secretary, in carrying out his orders, to interfere with electioneering matters?—So far that he is bound to do what his chief tells him. I do not see what private secretary can do but obey orders; he must carry out his orders, whatever they may be.

2820. There is nothing in his duty to prevent his doing it, if he chose, on his own account?—Just so; he must follow the dictates of his own judgment.

2821. It is a mere matter of sentiment, and not of duty?—Of discretion and feeling.

2822. Lord *Naas*.] In the case of the First Lord of the Treasury, supposing he had to write upon election matters to an individual, would it be usual for him to direct his private secretary to write the letter?—He would very likely employ his private Secretary, who of course would write any letter that he was ordered to write; there is no doubt about that; the question was rather put in regard to personal interference, unauthorised by the chief.

2823. It is impossible, is it not, as things are carried on, that a Minister of State could avoid writing upon this subject?—I do not suppose that there is any subject, however important to a Minister, that would not go on through his private secretary.

2824. In fact, that must be done every day?—Certainly.

2825. Mr. *Hope*.] Is it the practice for the First Lord of the Treasury to take an official secretary, or rather secretaries, for I think he has two, from his own private connexions; is that the rule or the exception?—I would say that the intention evidently, in his having two, is, that he should have one official and one private secretary, but it is quite at his option to do what he pleases; he may appoint two official secretaries, as Sir Robert Peel did, or he may take two private friends, as has been done on other occasions.

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2826. Except in the case of Sir Robert Peel, it has been the rule to have a political friend or connexion as one of the secretaries?—Yes; the practice has generally been to have a private or political friend and an official secretary.

2827. And naturally the former transacts political business?—Of course he would.

2828. Mr. Laing.] I observed that this contract contains words, “that the payments to the contractor are to be made out of monies provided by Parliament”?—Yes.

2829. Those words were inserted for the first time in the Galway contract, were they not?—They were inserted for the first time, I think, in the Galway contract.

2830. Have you considered the effect which those words were intended to have when they were so inserted in this contract?—It was intended, certainly, as a recognition of the control of Parliament so far, that the contractor must be paid, and can be paid only out of the monies provided by Parliament; it is a recognition of the recommendation of the Committee of 1854, that all the revenue should be paid over in gross, and the expenses voted on estimate.

2831. You think that it may be construed as a fair warning to the contractor that he took his contract subject to the confirmation of Parliament?—I think that a contractor would be rather surprised if he found that Parliament refused to vote the money upon a contract that he had entered into with the Government.

2832. Do you think that his attention was specially drawn to those words?—I do not know whether it was so in the Dover contract, but in the Galway contract it certainly was.

2833. If it does not amount to a notice to the contractor that he must take the chance of the confirmation of Parliament, the words would be mere surplusage?—There is no doubt that it does amount to that; but at the same time I think the contractor would clearly consider it a breach of faith if a contract of this kind was refused to be carried out upon the ground of the introduction of those words into the clause.

2834. Why should he consider it a breach of faith if those words were introduced for the first time expressly upon this contract, and his attention was called to them?—Those words do not really alter the practice of the Government; it is perfectly well known that all those contracts are really voted on estimate, and therefore the Government introducing these words do not really alter the operation of the contract; and I take it that every contractor would consider that his contract, as between him and the Government, was perfectly binding, irrespective of the vote of the Parliament.

2835. In that case those words would be mere surplusage?—They are, so far, surplusage, certainly.

2836. Sir Henry Willoughby.] What is the use of inserting those words, “out of money to be provided by Parliament,” if it is a valid contract?—I really do not know that there is any practical use in it; it is a recognition of the control and the supervision of Parliament; but it does not alter the state of things, as it really existed before.

2837. What is the nature of that control and supervision which you allude to?—Voting the money on estimate.

2838. Mr. Laing.] Must not those words either amount to such a warning to the contractor, that he would take it subject to the confirmation of Parliament, or else, in fact, they must be a mere sham and meaning nothing?—I think it is so, undoubtedly.

2839. Sir Stafford Northcote.] Do you remember how the contracts used formerly to be worded with respect to the mode of payment?—I do not know that.

2840. Are you not aware that they used formerly to be paid out of the gross revenues of the Post Office?—Yes, I am aware of that.

2841. That was the case before Mr. Gladstone’s Act was passed, bringing all the monies into one gross amount?—Yes.

2842. Do you remember that in the course of this year Sir Francis Baring called attention to a contract that had been recently made in which that form was still preserved?—Yes, I think I do.

2843. It was explained, in the House of Commons, that those words had been retained according to the old form by error?—I recollect that.

2844. Do you happen to know that after that I addressed a minute or a memorandum

randum to the Chancellor of the Exchequer, calling his attention to that circumstance, and suggesting that in all future contracts the form should be altered, and that the monies should be made payable out of monies to be voted by Parliament?—I recollect that.

2845. Mr. Corry.] If it should appear that a contractor had incurred a heavy expenditure on the faith of the contract, and in consideration of the contract, should you not infer from that, that he considered his contract as binding?—Certainly.

2846. Are you aware that Mr. Churchward is now incurring a very large expense in building two steamboats under the condition of the contract?—He must be incurring a great expenditure under that contract, no doubt.

2847. He is building a boat for the service at Calais now, and a very powerful boat, for the Channel service, is he not?—Yes.

2848. Mr Laing.] Should you see any practical inconvenience if a contract of this description were made expressly subject to the confirmation of Parliament in future?—Parliament would then be the contractee, instead of the Executive Government.

2849. Lord Naas.] Are those words at the bottom of the fourth page that have been alluded to, “after the respective dates thereof a sum out of monies to be provided by Parliament,” usual in contracts?—No; they were introduced for the first time in the Galway contract.

2850. Do you think that the introduction of those words made any practical difference with regard to the binding nature of this contract?—That I think is rather a legal question. If this contract came to be discussed in a court of law I do not know how far it would affect the contract as between the Government and the contractor.

2851. Do you imagine that the contractor considered that the effect of the introduction of those words would be to give Parliament the power of practically revising the contract every year?—I imagine not, but I think that he would much rather have the words omitted in the contract.

2852. Mr Laing.] In the recent case of the Red Sea telegraph, had not an Act of Parliament been required to confirm the contract that had been entered into by the Government with the contractors?—Yes; and the same with the Atlantic Telegraph Company. In both cases it was made a condition that they should go to Parliament for an Act.

2853. Do you see any inconvenience likely to be practically occasioned if the same principle was applied to all those mail contract packets in future?—Even in the case of the Red Sea Telegraph Company, they were placed in very great difficulty, in consequence of the delay in passing their Act.

2854. That is to say, they might have to wait a certain time if they thought that the ratification by Parliament was uncertain?—Yes; and they must either postpone the execution of their works until they had got the ratification of Parliament, or else they must undertake those works with the chance of the Bill being opposed and defeated in Parliament.

2855. So that in the case of the mail contracts, the extent of the inconvenience would be that the contractor might postpone the building of vessels to a certain time, until he had ascertained whether he would get the sanction of Parliament?—Yes.

2856. Do you see any other inconvenience which would be likely to result?—Practically, that would be the extent of the inconvenience; but I think it would raise the whole question how far the Executive Government is to have the power of entering into contracts of this kind at all.

2857. Are you aware that when that memorandum was submitted to the Chancellor of the Exchequer, so altering of the old contract, they introduced these words, “that the payment was to be out of monies voted by Parliament.” The question was raised whether they should be made expressly subject to the confirmation of Parliament or not?—No, I am not aware of that; I do not remember it sufficiently; I am not quite sure whether I saw the memorandum; I remember the subject; I remember its being mentioned at the time, and those words being introduced in consequence of it; but I do not recollect whether I actually saw the memorandum, or knew precisely what the whole of the terms of it were.

2858. Do you know any reason why it was done in the case of the two telegraph companies to which you have referred, and why it was there made expressly subject to confirmation by Parliament, and why it was not done in the mail contract case, which was pending at the same time?—It had always been the practice

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of the Government to enter into those contracts for the mail services. As regards those telegraph contracts, they were things that were perfectly new; we never had anything of that kind before; it was an entirely new service.

2859. Do you see any difference, in point of principle or practice, between the two cases?—When you have once reduced these telegraphs to a system, as you have the postal service, I do not see why the two should not go on on precisely the same conditions; but in the one case you are introducing a new principle altogether, and in the other you are merely carrying on an established service upon a system which had always been previously pursued.

2860. You say that you would propose that the two systems should be both left to be referred to the ratification of Parliament, or neither?—Quite so.

2861. Lord Naas.] Do your answers go to this, that “the ratification of Parliament” means that contracts made by the Executive are to wait for the confirmation of Parliament in every case?—I should think that would be inconvenient; I should suppose that the opinion and sanction of Parliament might be raised upon the estimate when it was brought forward.

2862. But of course your answers do not allude to a state of circumstances which would bring a contract under the notice of Parliament every successive year during its subsistence?—No, certainly not.

2863. Do not the words inserted in the contract, if they are worth anything, seem rather to imply a proceeding of that kind?—So far as the estimate is brought forward every year, and is only voted for one year, it does so; but still, that is the practice, because those estimates are only voted year by year, and if Parliament failed to pass the vote, there would be no means of meeting the demands of the contractors.

2864. I presume, unless a contract was made for a certain number of years, it would be very difficult to get contractors to undertake the service?—I think it would.

2865. You could not make contracts be from year to year, could you?—Yes, you could do so.

2866. But it would be at a much higher rate, would it not?—I apprehend so, certainly.

2867. Captain Leicester Vernon.] Do you think that a contractor would commence a contract, and work thereupon, if he were subject to the ratification of Parliament?—I think not.

2868. Do you think that the public would gain anything by the ratification of the contracts being taken out of the hands of the Executive?—That is rather a wide question; in my own opinion, I think it is better for the Executive Government to have the management of contracts for services which are constantly recurring.

2869. Sir Francis Baring.] What is the use of Parliament voting money if they have not the slightest power of refusing it; do you consider that the vote is a mere matter of form?—If there is any meaning at all in a contract, it really amounts to that; it is a matter of form so far as the binding nature of a contract is concerned.

2870. You consider, therefore, that whatever the opinion of Parliament may be about the contract, they are bound to vote the money?—I think in the present state of these questions that the Government is in honour bound to fulfil these contracts to the best of their ability, and therefore to that extent the control of Parliament is a dead letter.

2871. The Government, of course, are bound to bring forward the estimate?—Clearly.

2872. Do you mean to say that Parliament has no choice about the matter?—As far as the action of the Government is concerned, it is so. You are carrying on a system which commenced under a very different state of things, when the Executive Government had the undisputed power of making those contracts, and paying for them out of the monies in hand, the balances only being paid into the Exchequer; that practice has been continued under a different state of things, under which you are voting all such expenses on estimate.

2873. You stated that a considerable difference is made in the form and wording of the contract?—Yes.

2874. Do you mean that the alteration took place with regard to contracts at the Admiralty, or merely to the Post Office?—This alteration took place with regard to the Admiralty contract for the Galway service, which was made at the Admiralty.

2875. The

2875. The objection which I took in the House of Commons was, I think, that a contract had been made by the Post Office, in which they had filled in the old Post Office form of contract, which was to be paid out of the Post Office revenue?—That was so.

2876. That has been altered, has it not?—Yes.

2877. These old contracts do not state that they are to be paid out of the gross revenue?—The Admiralty contracts could not state that, I should presume.

2878. Out of what were they paid?—They must have been paid out of the Admiralty vote.

2879. Out of the money voted by the estimate?—Yes.

2880. What difference is there now with regard to Admiralty contracts from what was formerly the state of things in that respect?—The Admiralty contracts, I apprehend, have always been carried on under the same system, namely, they have been paid out of the vote.

2881. Always by estimate?—Always by estimate.

2882. Therefore the observations with regard to the Post Office contracts would not apply at all to the Admiralty contracts?—I think not.

2883. The services were most of them performed by the Admiralty themselves in former times, were they not?—Yes.

2884. Money was voted, was it not, for that purpose?—Yes.

2885. And they were entirely subject to the sanction of Parliament; was not that so?—Yes, I presume they were.

2886. You have not got quite so far at the Treasury as to say that Parliament has not the right to refuse the Admiralty votes, have you?—No.

2887. With regard to another practice at the Treasury, money has been paid under the new contract to Mr. Churchward, has there not?—I believe it has.

2888. Did the Treasury sanction that?—I do not think it would come before the Treasury in any way; the Admiralty would pay it upon the contract; and that being so, it would not have been referred to us.

2889. Mr. Corry.] It would be paid as a matter of course?—As a matter of course.

2890. Sir Francis Baring.] The Paymaster General is under the Treasury, is he not?—Yes; but I presume that the Paymaster General would not refuse to pay any order of the Admiralty for Admiralty services.

2891. If there was any difficulty, the Paymaster would come to the Treasury, would he not, for their sanction and their opinion?—Yes, I presume he would.

2892. As an officer of the Treasury, can you state how this money could have been paid; out of what funds was it paid?—It would have been paid out of any funds which the Paymaster General had in hand upon that vote.

2893. Upon what vote?—Upon the Packet Service vote.

2894. Are you aware that the Packet Service vote specifies all the packet services, and the money to be paid upon each?—Yes, it does.

2895. Was there any money for the new contract specified in the old packet vote?—No.

2896. Has the money then been paid in a service not sanctioned by Parliament?—It has been paid, I apprehend, out of the general fund, in anticipation of the vote of Parliament.

2897. If it was an entirely new contract, would the Paymaster be justified in paying that sum without the sanction of the Treasury, and without a vote of Parliament; the contract not being included in the vote of Parliament, and supposing that it was an entirely new service?—What course the Paymaster General would take on receiving an order of that kind I cannot exactly say; but clearly I think no payment ought to be made for a new service if it is on estimate, without coming under the knowledge of Parliament.

2898. Sir Henry Willoughby.] Is there any such person as the Paymaster General?—Yes.

2899. Does he act at all?—I can hardly say to what extent he acts; but the chief business of the department is done by the Assistant Paymaster General.

2900. Do you not know that the Paymaster General has nothing to do with the Pay Office?—I do not know that he has nothing to do with it; but the practical business of the office is done entirely by the Assistant Paymaster General.

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2901. Lord *Naas*.] He is a permanent officer, is he not?—He is a permanent officer.

2902. Sir *Stafford Northcote*.] You are aware that in the course of this year a vote had been taken on account for the packet service before the dissolution of Parliament?—Yes, it had.

2903. All the votes had been taken on account, had they not?—Yes.

2904. And a certain sum had been taken on account for the packet service?—Yes.

2905. That sum was not divided between the different services, but was a sum placed at the disposal of the Admiralty for carrying on the packet service?—Yes; it was a lump sum, voted for the general service.

2906. Sir *Francis Baring*.] But the vote was taken for the packet service, was it not, according to the estimate laid upon the table of the House of Commons?—Yes.

2907. Was Mr. Churchward's new service in that estimate?—No, I presume that it was not.

2908. It was included in the supplementary estimate?—Yes.

2909. And that supplementary estimate was actually expended by Parliament during the sitting of this Committee?—I suppose so.

2910. But the money was paid under the supplementary estimate?—I suppose it was so.

2911. Sir *Henry Willoughby*.] Have you any doubt that monies voted for one service are expended on other services?—I believe that the system of the Paymaster General is to keep one cash account, and out of that cash account he pays any demands that are properly made upon him within the province of the department applying for them.

2912. Then in your view, and under your belief, you state that monies which have been voted for one service may be applied to another service?—They might be so applied, certainly.

2913. Mr. *Laing*.] In this case, the Paymaster General having a fund in hand from the vote on account for the old Dover service of 15,000 *l.* a year, would pay any sum certified by the Admiralty within that vote, would he not, as a matter of course?—Yes.

2914. And without any reference to the Treasury?—Yes.

2915. In fact, no communication has come to the Treasury with regard to that payment?—No.

2916. Sir *Stafford Northcote*.] If the Admiralty had told him to pay the whole 15,000 *l.* a year, he would have done it, so far as his means allowed?—Yes, if he had money in hand.

2917. Mr. *Corry*.] Is not it the practice with respect to the Admiralty vote for new works in dockyards, for the payments to be made in excess of the contract price?—I presume that must be the case occasionally.

2918. Do not you think that a very great inconvenience and danger might result to the public service if the executive were deprived of the power of entering into any contract for postal packet communication until that contract had obtained the sanction of Parliament?—It might be so.

2919. You are aware that in the course of the present year the Austrian Lloyds ceased running from Trieste to Malta, and that all communication was cut off between Malta and Corfu?—Yes.

2920. Would it not have been most inconvenient if the executive could not have entered into a contract for that service without any delay?—I should think so.

2921. And are you aware that a contract was entered into at the earliest possible period for the performance of the service from Corfu to Malta?—Yes.

2922. It might, therefore, be very inconvenient to deprive the executive of the power of entering into contracts without the sanction of Parliament?—I can imagine cases in which it would be very inconvenient.

2923. Sir *Francis Baring*.] It would not be inconvenient in the case of an extension of a contract which had four years to run, would it?—No, it would not.

2924. In cases of extreme necessity, in that or any other part of the public service, the Government exercises that responsibility, does it not?—I presume that the Government would always exercise its responsibility in an emergency of that nature.

2925. With

2925. With regard to emergencies of that nature the Government has a fund, called the Civil Contingencies Fund, has it not?—Yes.

2926. And that fund is given for the purposes of meeting cases of great emergency?—It is.

2927. And any money that was wanted might have been advanced from the Civil Contingencies, and not paid out of a vote which did not refer to a particular contract?—That might have been done.

2928. Sir *Stafford Northcote*.] Do not these contracts sometimes involve millions of money, for instance, such a contract as No. 8 in the list that has been put in?—I think the service is not altogether more than a million. I suppose it will be eventually what the Honourable Baronet states.

2929. There are instances in which 170,000 *l.* a year was given as a subsidy, which continues for 12 years?—Yes; and there is an instance in which 270,000 *l.* is given.

2930. Therefore it would, in that case, involve millions?—Ultimately it would.

2931. Mr. *Baxter*.] You stated, did you not, that under the present system Parliament, practically, has no control or supervision whatever over the expenditure as far as this contract service is concerned?—I did not mean to go to that extent, but I meant to convey that the Government, in entering into those contracts, is practically bound by them. Of course Parliament has it always in its power to refuse to vote the money. What the Government could do under those circumstances I do not know.

2932. Does not your evidence amount to that, that the House of Commons, practically, has no choice in the matter?—Practically, I think it has none in matters of this kind.

2933. Lord *Naas*.] In fact, do not contractors suppose that the faith of Parliament is almost wholly pledged to those payments?—I have no doubt that contractors in entering into contracts believe that the Government have power to carry them out, without requiring the special sanction of Parliament.

2934. Is not there a large amount of money voted by Parliament every year for other services; and is not the faith of Parliament pledged to a large portion of the payments that are made; in the case of the non-effectice services of the army, for instance?—I do not think that the principle is quite the same. With regard to the army, a large sum is voted for carrying on the service, which is known to vary in its requirements from time to time. It is quite clear, therefore, that in placing that money at the disposal of the Government, a wide discretion is left as to the manner in which it may be applied in carrying on the service; but with regard to the Post Office, the case is different. Your estimate there is for specified services, at fixed rates, and Parliament might fairly complain of having its credit pledged for other engagements which might not appear to be called for by the exigencies of the public service.

2935. So far as the present recipients of the payments are concerned, the faith of Parliament is pledged, is it not?—Parliament could not, I think, with any regard to good faith, repudiate the acts of the Government.

2936. With regard to other grants, we hear it stated that the faith of Parliament is pledged to many other grants of the same kind?—Yes, in the same manner.

2937. So far as the present recipients of these payments go, the faith of Parliament is considered to be pledged to those payments, is it not?—Yes.

2938. Sir *Henry Willoughby*.] Are not these services voted on estimates?—They are all voted on estimates.

2939. Then this service will be upon an estimate?—Yes; there will be an estimate presented to Parliament.

2940. But not until the contract is concluded?—No.

2941. In fact not until it is of no use?—No; but there are many contracts entered into for carrying on the public service, which are not actually entered upon at the time that those votes are passed for the army and navy services.

2942. Sir *Francis Baring*.] Putting a supposititious and extreme case, supposing there was a contract made for electioneering purposes, and that the vote came before Parliament, is it your opinion that Parliament are bound to grant the money for the vote?—That is an extreme case, no doubt; and I think that it would be very hard if Parliament should be bound, under those circumstances, if it could be shown that the contract was entered into for such purpose. I should think that in such a case as that, there could be no possible difficulty in breaking

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the contract, because both parties would have been equally to blame; and I see no reason why the public should be punished and be made to suffer for a corrupt bargain.

2943. If the Government enter into a bad bargain, why is the public to be punished for the stupidity of the Government?—Because you commit these matters to the Executive, and must therefore trust to their discretion.

2944. Mr. *Hope*.] According to the wording in the contract, it is, that the monies are to be paid out of the sum voted by Parliament; if that were taken in the strict sense, did I rightly understand you to say, that you could contract beyond one year?—No, clearly not; because those estimates are only voted for a year, and, therefore, what Parliament may do this year they may refuse to do next year.

2945. Therefore it would result in this, would it not, that you would only carry out that principle, by confirming such contract by an Act of Parliament?—To carry it out to its legitimate conclusion, no doubt it would be so. At the same time, if Parliament has once voted a sum upon any contract before it, I think, it never, after that, could retract its adhesion to the terms of that contract.

2946. Were those words put in, according to your understanding, with that object, or were they put in, as I understand you to say they were, with regard to the change in the mode of collecting the revenue, and bringing it into account?—It arose out of what Sir Stafford Northcote and Sir Francis Baring were mentioning; certainly out of that discussion in the House of Commons which Sir Francis Baring has pointed out; but that discussion certainly had reference rather to the ordinary postal contracts, than to Admiralty contracts.

2947. In fact, as regards the Admiralty contracts, putting in those words made no difference, though it did as regards the postal contracts?—Practically, I think it made no difference.

2948. Sir *Stafford Northcote*.] Do you remember the case of the Paris chapel?—Yes, I remember a good deal about it.

2949. In that case, the Government authorised an expenditure, did they not, which was repudiated by Parliament?—Yes.

2950. Was not it a suggestion for grave consideration, whether the Members of the Government, who were responsible for making that contract, might not be held personally liable for that expenditure?—Yes, it was.

2951. Do you happen to remember, that when I made that memorandum upon this subject, I pointed out to the Chancellor of the Exchequer, that in case Parliament should refuse any of those contracts, he might be held personally liable for the money, unless he took care to put in the stipulation, that it should be payable out of monies that should be provided by Parliament?—I do not remember; I do not think that I have seen that memorandum.

2952. Mr. *Laing*.] Am I correct in understanding your doctrine about the liability of Parliament to be this, that if the Government merely makes a bad bargain, you think, that inasmuch as Parliament has, perhaps, been supine in allowing the Government to act as its agent for a number of years, it would not be fair towards a third party to break the bargain because they thought it a bad one; but, on the other hand, if it should be discovered that fraud, or misrepresentation, or corrupt influence had been used, or attempted to be used by the party obtaining the contract, you think that both the Government and Parliament would be free in honour in cancelling that contract?—That is my opinion.

2953. Lord *Naas*.] You think that corruption and fraud in any case should be distinctly punished?—Yes, I think so.

2954. *Chairman*.] In the contract at present under inquiry, would there have been any inconvenience before renewing the contract in having the matter submitted in the estimates to a vote of Parliament?—Except in so far as of course it would occasion very great delay.

2955. But in the present case, where they are anticipating the expiration of the old contracts by four years, would there have been any inconvenience in the delay?—There would have been no inconvenience in the delay that I can see.

2956. Then there would have been no obstacle presented to the fulfilment of the contract in having previously submitted it to Parliament?—Not in a case of that kind.

2957. At present the Post Office Service consists, does it not, of about a million pounds annually?—Yes, about that.

2958. May we not assume, that all the great lines of communication are established, and that the Post Office Service is performed pretty nearly to all the great

great seats of commerce throughout the world?—Pretty nearly so; I think we may assume that.

2959. In the future renewal of those contracts, extending as they do at present, nearly all over the world, would there be any difficulty in submitting the renewed contracts to a vote of Parliament in the Estimates, previously to the Treasury binding the public by any distinct act or agreement?—No, I do not think there would.

2960. Practically, there would, on the average, be only six months' delay, because Parliament is sitting six months in the year?—There might be more delay than that, because it might take a long time in passing through Parliament. But I do not think that the delay in that case would be at all a paramount objection.

2961. You stated, did you not, that Parliament could only enter into a contract for one year?—So far as the estimates are concerned, if it depends upon the vote and upon the estimate, of course. With regard to those words that appear here, of course, this confirmation can only be from year to year.

2962. Could not a contractor go to work upon a vote of Parliament upon the estimates, originating a postal service with the intention of its enduring for seven years, with the full confidence that if the contractor fulfilled his conditions, Parliament would fulfil theirs for that time?—I do not know. I can hardly tell what the feeling of a contractor would be with reference to that.

2963. Are not very large sums of money pledged, or understood to be pledged, for great public works, under the head of Naval Estimates?—Yes.

2964. For instance, does not the Government begin by an estimate for works, say at Keyham, at a cost eventually of 1,550,000 *l.*, and they only vote the first year probably 80,000 *l.*?—Yes.

2965. Such transactions as those come under your notice, do they not?—Yes.

2966. Do the contractors hesitate to enter upon works of that kind, and to establish their workshops, and fix their plant, and draw the workmen around them, with a tolerable assurance that those works will go on?—No doubt they do not.

2967. And yet those works would be dependent altogether upon the annual votes in the estimates?—Yes. But in the case of a postal contract, a man has got to incur a very heavy expenditure before he gets any return at all; he has to build all his ships, and he has to make large engagements with reference to a lengthened period; and if he is cut short at the end of a year, or at the end of two years, it would very materially alter his position, and involve him in serious difficulties.

2968. Looking at the matter as it at present stands, with regard to the inquiry in this case, and seeing that the Post Office Packet contracts have been, whether justly or unjustly, mixed up in the public mind with alleged electioneering practices, and seeing, also, what has taken place in Parliament (not of course assuming that the public mind is correct in the impression that prevails), do you not think that in future contractors would feel themselves quite as secure if they had a vote allowing their contract in the Estimates in Parliament, subject to an open discussion, rather than if they took the contract at your hands at the Treasury?—I should think that the contractors would prefer to go on dealing with the Government upon the terms which they hitherto have done.

2969. But would a contractor be less willing to go on if, in addition to the agreement with the Government he had a vote in the Estimates affirming the initiation of his contract?—No, I apprehend that he would not, provided he were not called upon to incur any previous outlay. I do not see that it would make any difference except so far as in the delay that it would necessarily occasion.

2970. Inasmuch as all the contracts at present running do not expire excepting at intervals of several years, would there be any difficulty in anticipating, by 6 or 12 months, the renewal of a contract so as to give Parliament an opportunity of confirming it in the estimate?—I do not think there would.

2971. In any new service, or any exigency that might arise, such as that which lately happened between Malta and Corfu, might not the Government take upon itself, in the absence of a Parliamentary vote, the responsibility, as it does in many other cases?—I think it might.

2972. Therefore that difficulty would not arise, even in the case of an emergency such as you have supposed?—No, I think not.

2973. Mr. *Barter.*] How long have you filled your present office at the Treasury?—Since the end of 1856.

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2974. You have formed a very decided opinion, have not you, that all those services, whether old or new, should be exposed to public tender?—Yes, I have.

2975. Something was said, in the course of the examination, with regard to your communicating with the Post Office. Since you have been connected with this department, are you aware of any other instance, except in the case of the Galway line, in which the opinion of the Post Office was disregarded by the department with which you are connected?—I should be sorry to say that the opinion of the Post Office is ever disregarded; I could not name any particular instance; but upon many occasions, I presume, we have not acted implicitly upon the opinion which the Post Office may have given, because, as I explained before, there are a great many departments that have to be consulted in many of those cases, and in some of those the communications might be matters of Imperial consideration, and not of postal consideration merely, upon which alone the Postmaster General could give his opinion.

2976. Can you name any other contract in which the advice of the Postmaster General was not followed?—There are certainly instances in which the opinion of the Post Office has not been followed; perhaps where it may not even have been invited.

2977. [Lord Naas.] With regard to the Holyhead line, do you recollect what the opinion of the Post Office was with regard to the establishment of that service between London and Dublin, some time ago?—Yes; there was a great deal of communication about it, but I can scarcely remember now the particulars.

2978. You do not recollect whether, when that case was first brought before the Post Office, the opinion of the Post Office was favourable or not?—No, I do not bear it in mind at present.

2979. [Sir Stafford Northcote.] Reference was just now made to a contract which involved a subsidy of 270,000 *l.* a year; is that the contract with the Royal Mail Company?—Yes, it is.

2980. Has the contract with the Royal Mail Company been extended since the year 1856?—Yes, I think it was extended in 1857.

2981. How long had it to run at the time that the extension was granted?—I think it would have expired on the 1st of January 1862.

2982. At what time was it extended?—It was extended in October 1857.

2983. How many years had it to run?—It had then four years and a quarter to run.

2984. Was the Post Office consulted upon that extension?—No, it was not.

2985. Was the Post Office informed of it, after it had been decided upon?—Yes.

2986. Are you aware that in the Treasury letter authorising the extension of that contract of 270,000 *l.* a year, when it had 4½ years to run, this expression was used: “My Lords will be prepared, in conformity with the practice which has always been followed in relation to other mail companies, to grant the short extension now asked for”?—I do not recollect that expression.

2987. Here is a memorandum (*handing a paper to the Witness*); having that paper in your hand, are you aware that it is one that was drawn up, when I was at the Treasury, by a clerk in your department, who is very conversant with this subject?—Yes.

2988. Was it before I quitted office that that memorandum was written?—Yes.

2989. It is a memorandum on the subject of certain renewals of contracts at different times, is it not?—Yes.

2990. The circumstances of the renewal of the Royal Mail contract are there mentioned?—Yes, they are.

2991. Do you see that a quotation is there given from a minute, to the effect that I have just stated?—I do: “My Lords will be prepared, in conformity with the practice which has always been followed in relation to other mail companies, to grant the short extension now asked for.”

2992. Knowing the person who drew that up, and his conversance with the subject, have you any doubt that those words were in the minute?—Not the slightest.

2993. That was in the year 1857, was it not?—Yes, in October 1857; it was an extension of two years beyond the 4½ years which the contract had then to run.

2994. What were the considerations upon which that was done?—There was a considerable improvement of the service.

2995. It was done, then, for the sake of improving the service?—Yes, it was.

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The service was greatly accelerated and improved, especially between Rio and Monte Video and on the River Parana.

2996. That was done without previously consulting the Post Office, was it not?—It appears to have been done without consulting the Post Office.

2997. What did the Post Office say upon that when it was communicated to them?—They said that they did not feel at liberty to make any observations upon it.

2998. *Chairman.*] Can you give that as your own evidence?—I am reading it from a paper that I can authenticate, and I am prepared to say that it is correct.

2999. *Sir Francis Baring.*] Do you know the facts yourself?—Yes; from looking at the paper, I remember the facts.

3000. *Sir Henry Willoughby.*] Will you state what that paper is?—It is a memorandum drawn up by a gentleman who for a long time was very actively employed upon this postal service especially. It appears to relate to three or four of those contracts. It is not docketed, so that I cannot tell how many it relates to; but it relates to three or four services.

3001. Is it a minute of the Treasury?—No; it is a memorandum of the existing condition of certain contracts of the Royal Mail Steam Company, the Peninsular and Oriental Indian service, and Cunard's contract.

3002. *Sir Stafford Northcote.*] Is the memorandum dated?—Yes, it is dated the 9th of June this year.

3003. And is it initialed by the clerk?—Yes.

3004. He is a clerk in your department, is he not?—No, he is not.

3005. But he has been very conversant with all those proceedings?—Yes; at one time they were almost entirely under his management.

3006. *Mr. Corry.*] Are you of opinion that it would be an advantage to the public service if it were known that the Treasury do allow the opinion of the Post Office to overrule the opinion of the other departments on all packet questions? No, I think not.

3007. Would not the Post Office simply advise upon postal questions?—They simply advise upon postal questions.

3008. There might be other questions upon which the opinion of the Foreign Office, the Colonial Office, and the Admiralty would have greater weight?—Undoubtedly.

3008*. Is it not an advantage to the public service that the Treasury should reserve to itself the right to judge to the recommendations of which of those departments it should give greater weight?—Yes; I think there can be no doubt of that.

3009. *Chairman.*] You have given an example in which the Treasury has acted without consulting the Post Office; can you state any instances in which they have acted in opposition to the recommendation of the Post Office, having first consulted them, excepting in the Dover case?—No, I cannot from memory; I have no doubt that in the case of any extension, as here, the Treasury would act against the opinion of the Post Office, because I think they are always against renewals before the time.

3010. *Mr. Baxter.*] They are opposed to it on principle?—I think so.

3011. *Lord Naas.*] The Post Office agree with you that the principle ought to be adhered to, that no contract should be renewed, but that it should be allowed to expire?—I think that is their general opinion.

3012. *Sir Stafford Northcote.*] Do you know that in the case of the extension of Cunard's contract, that was their opinion?—Yes; they were against the extension of that contract, I apprehend, upon the same ground.

3013. *Chairman.*] Does not the Post Office give several reasons why both of those contracts should not be renewed?—Yes, I think it does.

3014. You concur with their views, do you not?—Yes, I do.

3015. *Mr. Corry.*] Are you aware that in the case of the extension of the Cunard contract, the Admiralty, presided over by Sir C. Wood, strongly recommended the renewal of that contract to the Treasury on two occasions?—Yes.

3016. And the Admiralty on that occasion differed from the Post Office?—They did.

3017. *Mr. Hope.*] Can you draw any line of distinction between the contract in this case and the other contracts as to the mode in which they ought to be completed, and the persons on whom the responsibility should rest?—With regard to postal contracts, they are connected with so many departments, that if they are to be entered into by the Executive Government, they must be entrusted

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to some one presiding department that is able more or less to control the other departments, or, at all events, has the best modes of communicating with them. In most other contracts, for example, in the navy and army contracts, they entirely relate to one department, and can be dealt with by that department alone.

3018. Then your principle would be to have the whole subject of each contract as much as possible in the hands of one set of responsible officers?—Yes.

3019. My question was directed as to the drawing of the line between the conclusion of the contract by the Executive or by reference to Parliament; can you draw any distinction between the postal packet contracts and other contracts as to the expediency of that course?—Yes, I think I can, because I think that there may be a difference of opinion as to the propriety of establishing a particular service, but there can be no difference of opinion as to the necessity of carrying on a recognised service, such as the army or navy. You may extend your contracts more or less, but it is carrying on a service that is in every respect recognised, but when you come to establish an entirely new postal service, for example, I think that that involves a different principle altogether from army or navy contracts.

3020. That is what you meant by the distinction which you drew between telegraph companies and packet companies?—Not precisely that, either, because to some extent they would stand upon the same footing; but the telegraph was an entirely new thing altogether, that nobody had ever thought of before, and it was even a stronger case than the postal service, because the postal service had, to a considerable extent, been always carried on, and carried on in the same way, but the telegraph was entirely a new thing.

3021. Does not your view amount to this, that you would wish to have the principle established by Parliament, but that the details should be left to the Executive?—Yes.

3022. A good deal has been asked about the transaction of business in the public offices. May I ask you what you think of the transaction of Executive business by Committees of the House of Commons, if each contract would have to go to a Committee?—I should think that it was not a convenient mode, certainly, of carrying on a service of that description.

3023. *Chairman.*] Does it follow that the estimates are to be submitted to a Committee of the House of Commons; that is not the rule, is it?—No; but I presume that the honourable gentleman's question had relation to supposing that the business of contracts was taken out of the hands of the Executive, and transferred to the Legislature.

3024. No; the question which I put to you I should wish to be understood to be this: whether you saw any difficulty in a contract, which had been entered into provisionally by the Government, being submitted to a vote of Parliament in the Estimates, before the Government were empowered to complete it?—No, I do not, beyond the delay.

3025. That being so, would not it be quite probable that the estimate for this particular packet service in question would pass by a vote of the House of Commons, as a vote of confidence in the Government for the time being, just as other votes do?—I think it might.

3026. And it would not be submitted to a Select Committee of the House of Commons any more than any other vote for navy purposes, or any other purposes?—No.

3027. *Mr. Hope.*] Is there not this distinction as to the general question of voting estimates, that a sum of money is voted for the service, that the Government have the expenditure of it, and that the House of Commons has not to consider the merits of rival contracts or rival offers?—That appears a correct description of the present system.

3028. Would not it be the case that if you have a special contract depending upon a vote of the House of Commons, you must have a discussion in the House of Commons as to the merits of the different offerers, and the different ways in which they propose to perform the service?—I presume that you must.

3029. *Lord Naas.*] Supposing that the question came to be decided as between rival companies, or rival contractors, could it be decided in any way except by a reference to a Committee?—I do not see how it could, if there was any difficulty. In all probability no vote of this kind would be taken without some difference of opinion, and if the difference of opinion was very serious, I do not see how you could settle it in a discussion in the House of Commons.

3030. Do

3030. Do not you think that in a case of that kind political influence would be very likely to be used?—I should think it would.

3031. Sir *Stafford Northcote*.] Is it not necessary in forming many of those contracts to have some very extensive correspondence, sometimes with the colonies and sometimes with foreign governments, in order to bring them about?—Certainly.

3032. And could those matters possibly be conducted by the House of Commons?—No, I think not.

3033. You think that there would be no great inconvenience in submitting the contract to Parliament before it was actually ratified; but do you think that it would be possible to give to Parliament the actual making of the contract itself?—No, I think it would be impracticable.

3034. You think that the most useful way in which Parliamentary control could be exercised, would be by the contract being made by the Executive Government, subject to the approval of Parliament, or subject to the condition that Parliament should not disapprove of it within a certain time; do you think that that would be more convenient than a direct approval?—In some respects it would; but I think it would be more satisfactory, if it is submitted to Parliament at all, that they should give an opinion upon the whole question that might be submitted to them by the Government, with all the information necessary to put the House of Commons in possession of the facts.

3035. Sir *Francis Baring*.] Take, for instance, a contract which is supposed to be made for parties three years hence to perform a certain service; there is no vote for three years, and it is placing the contractor in a position in which he does not know what the decision of Parliament will be three years hence; how would you meet that difficulty, unless you met it by laying upon the table of the House of Commons the contract subject to an objection being taken?—I do not think that you could meet it except by laying the contract upon the table of the House of Commons, and taking the opinion of The House upon it.

Cornelius Willes Eborall, Esq., was called in; and Examined.

3036. *Chairman*.] YOU are connected with the South Eastern Railway Company, are you not?—Yes. I am the General Manager of the South Eastern Railway Company.

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3037. How long have you held that situation?—Since the 1st of January, 1856.

3038. Are you in the habit of carrying the mails between England and any part of the Continent?—We carry the mails on our railway between Dover and London, under an arrangement with the Post Office.

3039. Have you any steamers for carrying passengers?—We have steamers plying between Folkestone and Boulogne and between Dover and Calais.

3040. Are they steamers belonging to your Railway Company?—They are.

3041. Lord *Naas*.] Under what Act of Parliament do you own those steamers?—Under our own Act; the South Eastern Act. I am not sure about the date, but I think it is 1853. The steam-boat company was a separate company at one time, and then it was amalgamated with the railway company, and the steam boats were transferred to the railway company.

3042. *Chairman*.] The power to hold steamers was not in your original charter, was it?—Not in our original charter.

3043. That power was given you by a separate Act of Parliament?—Yes, it was a separate Act; but then the steam-boat company was merged, under an Act of Parliament, in the year 1853, in the South Eastern Company's Act, giving us power to run boats between certain points.

3044. Does the Act impose any limitation as to the number of boats, or the times of departure and arrival?—None whatever.

3045. Are you empowered to raise capital to run any number of steamers between England and France or Belgium that you wish?—Not between Ostend and Dover, under that Act of Parliament; but, of course, we have to apply to our proprietors if we require more money to be spent in building boats.

3046. Lord *Naas*.] What other powers does the Act give you with regard to running?—There is power given for the company to run boats between Dover and Calais, and Folkestone and Boulogne.

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3047. *Chairman.*] But you have no power to run to Ostend?—We have no power to run to Ostend.

3048. Did you apply for that power?—We have not applied for that power, for we are advised that under the terms of the same Act of Parliament, by the sanction of our proprietors, we could run those same boats between Dover or Folkestone, and Boulogne and Ostend, although it is not specifically mentioned in the Act of Parliament, as well as from Dover and Folkestone to Boulogne and Calais.

3049. You are so advised by a competent legal adviser, are you?—Yes, we are.

3050. Would you then feel yourselves competent to undertake to carry the mails to Ostend without another Act of Parliament?—We are advised so; and I should recommend the directors to do so.

3051. But, assuming that there were any legal difficulty, would you apprehend any impediment in Parliament to obtaining that power?—I should say, not at all. Although we may not have the power, it is not a difficult thing to arrange that the secretary shall have certain boats chartered in his own name for that purpose, in connexion with the railway company.

3052. When you obtained the power that you have for running packets, had you it in contemplation to carry the mails?—Yes, certainly; I am informed so. I was not with the company in 1853; but I am informed that when the packets were taken into the hands of the railway company, it was their intention to compete for carrying the mails, or to try to obtain the carriage of the mails by water.

3053. Do you know if any intimation of that wish to compete for carrying the mails was made to the Government?—A tender was made by the company, I believe, in 1854; it was upon an invitation of tenders from the public, and we tendered for the carriage of the mails between Calais and Dover only.

3054. You were aware that there was a contract existing with Mr. Churchward, were you not?—Mr. Churchward tendered at the time that the railway company tendered for the carriage of the mails; up to that time, the mails were carried by the Admiralty, in Government boats. We tendered; and, I believe, in fact I am sure, Mr. Churchward tendered at the same time.

3055. *Sir Henry Willoughby.*] What time was that?—It was in the year 1854.

3056. *Chairman.*] Do you remember the terms that were offered by your company?—I think the offer was 16,520*l.* per annum between Calais and Dover.

3057. *Sir Henry Willoughby.*] Was Mr. Churchward's tender for the same service?—His tender was for the Belgian and French service.

3058. What were the terms he offered?—I think, 15,500*l.*

3059. His terms were under yours?—Yes.

3060. *Sir Stafford Northcote.*] His terms for the two services were under yours for the one service?—Yes.

3061. *Chairman.*] How was it that you were so much higher than your competitor?—At that time the railway company had not had much experience in that traffic; and I may further state, that the administration of the affairs of the South Eastern Company at that time was in rather a disorganized state; that the then chairman, who was practically the manager of the railway, was quarrelling with his colleagues; and I do not think the matter was properly investigated and looked into when the tender was made by the company.

3062. Has there been any proposition since on the part of the company?—There has not, for we never expected that the contract would have been renewed so long before the time of its expiration; but conversations have been held with the authorities at the Post Office, and they were always given to understand that we were quite ready to compete for the carriage of the mails.

3063. Conversation with whom?—With Mr. Page, the inspector-general of the mails at the Post Office; and in May of this year, I saw Mr. Frederick Hill, and I then told him that we were quite prepared to carry the mails; that we saw no difficulty in doing so, in the event of anything transpiring, by which Mr. Churchward gave up the contract, or if it should expire.

3064. *Sir Stafford Northcote.*] When was that?—In May, I believe, of this year.

3065. *Chairman.*] Had you then heard of Mr. Churchward's extended contract?—No, we knew nothing of it; and I recollect further, that about two years ago one of our directors called upon Mr. Rowland Hill, and spoke to him about the postal service, and stated that the railway company were quite prepared to go into it.

Mr.

Mr. Hill then referred to Mr. Churchward's contract, and he said that he found that the first contract had been renewed for a number of years, and he gave him a memorandum showing when it would expire.

3066. Were you not aware that it was in contemplation to renew that contract at the time when it was renewed, last spring?—No.

3067. Are you aware on what terms your company are prepared to take this postal service at the present time?—No. I can state this: that the directors would have tendered upon far more reasonable terms than those of the existing contract with Mr. Churchward.

3068. Lord Naas.] Can you state what they were?—No, I cannot state what they were, but they would have been far more reasonable.

3069. Chairman.] You state that your directors would have offered to undertake the service for less money than the present contract?—They would.

3070. Do you know what that amount is?—I am not prepared to say, but it is very much less than the existing payment.

3071. Do you know what the existing payment is?—It is 15,500 *l.* a year.

3072. Are you prepared to say, on the part of your directors, that they would have performed the whole of the services which Mr. Churchward undertakes for less than the sum that is paid to him?—Yes.

3073. Were they prepared to have offered that?—Yes.

3074. Do you consider that any public advantages would accrue from the postal service being in the hands of your company?—It is generally considered by the Post Office authorities (I refer to Mr. Rowland Hill and to Mr. Frederick Hill more particularly) that the boat service and the mail services are better combined in the hands of one party, that is, of the railway company; similar, I believe, to the Holyhead and Kingstown service, in connexion with the London and North Western Company. There is less staff required, and I think expedition would be used in the embarkation and disembarkation of the

more mails.

3075. Do you think that that is Mr. Frederick Hill's opinion?—He told me himself.

3076. Has he the Passage Department at the Post Office now under his charge?—I do not know that; I was under the impression that he had that department.

3077. Can you explain to the Committee in what way the public convenience would be served, apart from the saving of money which would have been effected by your company's undertaking this service instead of another individual?—It is very well known that where there is concentration of management there is generally extra speed, greater expedition used in the transfer of luggage or baggage of any description; and that expedition would apply to the services that would be conducted between the railway company and the boats, and, of course, any increased expedition would give the public an advantage.

3078. Have you found any inconvenience at all in transferring the passengers from the railway to the steamer, in consequence of having two managements?—I find at times there has been some difficulty, but not any very great difficulty. We could have done it more satisfactorily if we had had the whole charge of it in our own hands.

3079. You have stated that your company carry the mails now to Dover?—Yes, by railway.

3080. With whom do you make your arrangements for the cost of carrying the mail by land?—Through Mr. Page, the inspector of mails, and Mr. Frederick Hill.

3081. Do you happen to know what the amount of your contract is with the Post Office?—I think they pay us altogether somewhere about 15,000 *l.* a year for the railway service.

3082. That is arranged wholly between you and Mr. Page, is it not?—Mr. Page and Mr. Frederick Hill, under the instructions of Mr. Rowland Hill, of course, as far as the postal service is concerned.

3083. Does your company feel anxious to compete for the carrying of the mails by sea?—Certainly, we are extremely anxious about it. Some parties, of course, would state that it would give us a monopoly, and that the public might suffer in regard to the fares; but I do not see that that is likely to arise, for we are kept sufficiently in check by the competition by way of Dieppe and by other routes. With respect to the desirability of the company taking the mails on reasonable terms, I will give an illustration. We now run a day-boat from Dover to

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Calais. It is contemplated, under the new arrangement, to change the French night service to a day service. There will be a mail boat in connexion with the mail train running from Dover to Boulogne with the mail, and we shall have a boat from Dover to Calais. Now, if we had the mail we should run that boat to Boulogne instead of to Calais; so that it would be worth our while to take and convey the mail at a very small sum indeed, for the boat would go whether the mail was taken or not.

3084. Have you one steamer a day running belonging to the company?—We have eight steamers altogether; one runs daily between Calais and Dover, and another between Folkestone and Boulogne, and sometimes two between Folkestone and Boulogne per day.

3085. You run in the daytime only?—We run in the daytime only; we formerly ran in the night between Folkestone and Boulogne, but that has been discontinued.

3086. If you enter into a contract to carry the mail, you would not contemplate putting on another boat?—We should have to increase our number of boats in some degree; perhaps we should have two or three more boats.

3087. Captain *Leicester Vernon*.] Folkestone and Boulogne are tidal harbours, are they not?—Yes, they are both tidal harbours.

3088. How would that affect your carrying the mails with certainty?—I would not propose to carry the mails from Folkestone unless a proper low-water landing was placed there; I should propose to carry it from Dover, as Mr. Churchward does at present.

3089. *Chairman*.] Has the passenger traffic very much increased in your experience between England and France?—In 1855 it was considerable, and it was more in 1856; but at the latter end of 1857 (I am speaking of the continental traffic) it fell off; in 1858 it was rather less. The greater part of the Paris and London traffic passes by way of Folkestone and Boulogne.

3090. Is there any mail goes that way?—None whatever.

3091. What is the object of carrying the mail from Dover?—There is a low-water landing there, a pier at which you can start any tide; it is contemplated by the railway company to provide the same accommodation at Folkestone, so that Folkestone would have the same advantages as Dover.

3092. That is not done yet?—It is not done yet, but it may be done at a very small expense.

3093. You were speaking of a competition with a line of steamers to Dieppe?—That is as far as passenger traffic is concerned.

3094. Do they carry the mails?—They carry no mails.

3095. Is there any information that you have come prepared to give this Committee, with regard to the question under its consideration; do you wish to add anything to what you have already stated?—I have nothing more to say than this, that the directors of the South Eastern Railway Company felt very much surprised to learn that Mr. Churchward's contract had been renewed so long before its expiry, that we did hope to compete for it, and stand a very good chance of obtaining the carriage of the mails by water; and I think we should have succeeded, and should have submitted a price to the Government which would have been very satisfactory.

3096. When did you first learn that that contract had been renewed?—Only a few weeks since. I think it is about four or five weeks since.

3097. Mr. *Corry*.] Had you previously heard that the renewal was in contemplation?—I never heard anything of it.

3098. Sir *Stafford Northcote*.] You stated to the Committee, did you not, that you were the general manager of the South Eastern Railway Company?—Yes.

3099. You would, therefore, be consulted by the company as to the terms upon which they would undertake any particular service?—Yes.

3100. You have stated that you have reason to believe that your company would have tendered for this service on far more reasonable terms than Mr. Churchward now performs it for?—Yes.

3101. What terms do you think that your company would undertake to do it for; I do not ask you as to a hundred pounds, but to say generally for about what sum do you think that they would have been prepared to offer to do it?—I am not prepared to say the exact sum, but it would be several thousand pounds less than Mr. Churchward now performs it for.

3102. Would

3102. Would that have included the service to Ostend as well as to Calais?—
Yes.

3103. You consider that there is no doubt whatever that you would be able, under the terms of your powers, to undertake the service to Ostend?—Either under the terms of our powers, or by some other arrangement.

3104. That is, by evading in some way the provisions of the Act of Parliament?—I do not know that it would be an evasion, any more than Mr. Churchward's contract is an evasion; Mr. Churchward is a contractor, and why may not an officer of the company take a contract in connexion with the railway company.

3105. Are you aware that there formerly was considerable objection to railway companies having powers to hold steam boats?—There was an objection at one time.

3106. And originally you had no power to hold steam boats?—Originally we had not.

3107. That power was given to you in 1853, was it not?—I think it was in 1853.

3108. But it was only given to you to run boats from Dover to Calais, and from Folkestone to Boulogne?—Yes.

3109. It was not a general power therefore, but it was carefully limited?—It was limited, as it would appear from that clause.

3110. You think that, notwithstanding its having been so limited in the clause, you might fairly have evaded it by letting the contract be taken in the name of your secretary?—I do not think it is exactly an evasion; I think it might be done without any difficulty whatever.

3111. I do not mean anything wrong, but you might have got out of the difficulty of the contract in that way?—Yes, if we could not legally do it; but I think we could do it legally.

3112. It was equally open to you to have done it in 1854, was it not?—Yes.

3113. How came you not to tender in 1854 for that service?—We did tender.

3114. But not for the Ostend service?—I do not know why they did not tender at that time.

3115. It was not because you had not the power to tender, was it?—I cannot say; I was not with the company, so that I do not know.

3116. At that time the company had in fact a monopoly, or nearly a monopoly of the passenger traffic across the Channel, had they not?—No; the Admiralty carried passengers in the same way as Mr. Churchward carries passengers by his boats.

3117. You know that the Admiralty were about to give up the carriage of passengers at that time?—I do not know that.

3118. Are you aware that that tender was called for in consequence of the Admiralty being about to give up the service into the hands of a contractor?—I believe it was so; I do not know it for a fact, but I have heard so.

3119. Then the effect of the Admiralty withdrawing their boats would be to give the South Eastern Company, if they had got the contract, the monopoly of the passage across from Dover to France?—If you call it a monopoly. It would not be a monopoly, because the traffic would pass by other routes, as it does now.

3120. I mean rather from Dover to Calais, and from Folkestone to Boulogne; I do not mean that other boats would not have been put on, but you would have been the only party carrying passengers at that time, and would also have had the mails?—Certainly, and for this reason, I think that the railway company ought to carry the mails for a much less price than if the service were divided.

3121. But since the contract has been taken by Mr. Churchward, you have had to encounter the competition of Mr. Churchward's vessels in the carriage of passengers between Dover and Calais as against you?—To some extent there is a competition; but, by arrangement with Mr. Churchward, we book through-passengers by his boats just as if they were our own. If we had carried on a competition in fares with Mr. Churchward, I do not think that he would have been able to carry on his contract; and very likely he would have applied to Government for an additional price to meet the competition and the loss by the reduction of the fares of the South Eastern Company.

3122. Then you do not consider that Mr. Churchward is, in any sense,
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a competitor of yours for passengers?—He is a competitor to some extent, but the fares are not reduced; we book through by his books; he divides the traffic with us, and so far he is a competitor.

3123. Do you suppose that his being a competitor does not, in any way, affect the fares by your boats?—I do not think we should charge a farthing more if Mr. Churchward were not there; in fact, I am sure we should not.

3124. Do you consider that if you had no competitors there, your company would be equally anxious to supply facilities for passengers?—Certainly.

3125. You gave an illustration, as you called it, of the advantage which might accrue from your having the conveyance of the mails, and you stated that it was contemplated that there should be a change of the French night service into a day service?—Yes.

3126. You stated that it was also in contemplation to change the service so as to make it go from Dover to Boulogne, instead of from Dover to Calais?—Yes.

3127. And you consider that it would be advantageous for you to undertake that, because you would, for other considerations, yourselves desire to run a boat from Dover to Boulogne?—Exactly.

3128. That relates to the French night service, does not it?—That is the French service.

3129. Are you aware who is the contractor for the French service?—Mr. Churchward.

3130. Are you aware that Mr. Churchward's contract with the French Government extends to the year 1870?—Yes, we are informed so.

3131. If, therefore, you had obtained the English service, instead of Mr. Churchward, would you be able to get a control over this French service?—I do not think myself that Mr. Churchward would be able to carry on the contract for the French service, unless he had the other service as well.

3132. You do not think that the French service alone would be sufficiently remunerative for him to undertake it?—I do not think it would.

3133. You think, therefore, that the result would be, that he would have to give up the French service also?—I think it very likely.

3134. Do you suppose that he would give up the French service, and that the South Eastern Company would be willing to tender for the French service?—Yes; we have informed the French authorities that we should be willing to take that service on very reasonable terms, far less than the existing terms on which Mr. Churchward does it.

3135. If Mr. Churchward were to lose the English service, and were also to lose the French service, do you suppose that he would continue his boats?—I do not think he would.

3136. Would that be a disadvantage to the South Eastern Company or an advantage?—It would be manifestly an advantage.

3137. Therefore the effect of your getting the mails would, in fact, be to run Mr. Churchward off the road, and leave the communication entirely in the hands of the South Eastern Company?—Certainly, and I do not see why it should not be so, or who would be prejudiced.

3138. You state that last year, I think, or a considerable time ago, one of your directors communicated with Mr. Rowland Hill, and told him that there would be a willingness on the part of the South Eastern Company to tender for this service on more favourable terms than Mr. Churchward does?—I do not know what he stated about the terms.

3139. He gave him to understand, did he not, that there would be a willingness on the part of the South Eastern Company to tender?—Certainly.

3140. And he implied, did he not, that he would tender for something which might be worth the consideration of the Government?—I believe that was so.

3141. That was before the renewal of Mr. Churchward's contract, was not it?—Before the recent renewal.

3142. That being so, can you account for the fact that the Postmaster General, in his letter on the renewal of Mr. Churchward's contract, should not have mentioned it to the Treasury?—I cannot account for it.

3143. Are you quite sure of the fact?—This morning I saw the gentleman, and asked him for particulars, so that I might be sure about it, because I knew of it before, and had seen the memorandum which he showed me, I think, written either in Mr. Frederick or Mr. Rowland Hill's writing, stating the date of the expiry.

3144. You

3144. You state that the passenger traffic goes chiefly by the way of Folkestone and Boulogne?—The Paris traffic does.

3145. Is that the most remunerative portion of your continental traffic?—It is all equally remunerative.

3146. Is that the largest proportion?—It is the largest proportion.

3147. Therefore it is the part from which you derive the greatest revenue?—Yes.

3148. That chiefly goes by way of Folkestone and Boulogne?—At present it does.

3149. You state that in the last two years it has rather fallen off?—It has rather fallen off.

3150. Even by way of Folkestone and Boulogne?—Yes.

3151. Have you any reason to suppose that it has increased by way of Dover and Calais?—It has not.

3152. Has it fallen off?—It has, the last year or two.

3153. Therefore the profit which Mr. Churchward has been making out of the passenger traffic has been diminishing of late years?—Yes, not to any great extent; that is to say, the last year or two. In 1855 and 1856, and, I think, in 1857, it was very good.

3154. You state that your present Act gives you power to run from Dover to Calais, and from Folkestone to Boulogne; does it give you power to run from Dover to Boulogne?—I believe it does. I am not certain, but I do not think that there is the slightest difficulty about it; in fact, we run from Dover to Boulogne frequently.

3155. Mr. *Bazley*.] Supposing Mr. Churchward's competition to be removed, is there any French packet company that you think could compete with you?—The Northern of France could put on boats from Boulogne or Dover if they chose, that is the communication on the other side of the Channel.

3156. You would not enjoy the perfect monopoly, supposing that you were not competing with Mr. Churchward or any other English contractor?—No; any party might come in and commence charging low fares, and competition follows at once; there is not the slightest difficulty about it.

3157. Captain *Leicester Vernon*.] Is not your day boat to Calais principally for communication with Germany?—That is partly the use of it, but we carry very few German passengers by it.

3158. Is there no other communication with Germany by way of Boulogne?—There is no direct communication with Germany by way of Boulogne.

3159. Would therefore in your estimation the public suffer from the want of that day boat?—I do not think they would suffer much.

3160. Will you allow me to ask you, who are the Members of Parliament for Folkestone?—Baron Meyer Rothschild is the only Member for Hythe and Folkestone.

3161. Did you urge your station masters on your line to support the Liberal cause on the last election?—I did not.

3162. You did not interfere at all in the last election?—No; I did not interfere in any way.

3163. Did you or any of your directors communicate with your station masters?—I know nothing at all about it.

3164. Are you aware whether your deputy chairman canvassed Dover in the Liberal interest?—Mr. Thompson is our deputy chairman, and he was at Dover, and I have been told that he asked some parties, but I know nothing about it; it is merely hearsay.

3165. The general impression upon your mind was, that your deputy chairman canvassed Dover in the Liberal interest?—I will not say so, because I do not know it as a fact.

3166. You want to obtain the contract yourselves, do you not?—Yes.

3167. Have you been trying to get the French contract?—Yes.

3168. Then under these circumstances, do you consider that there was any impropriety in Mr. Churchward's interfering at all in the Dover election, having reference to Mr. Gordon Thompson's having done so; do you think there was impropriety in Mr. Churchward's taking the same steps if he chose?—I am inclined to give any opinion upon electioneering matters at Dover.

3169. Sir *Henry Willoughby*.] Can you give the names of your Directors?—The Honourable James Byng is the chairman; the directors are, Mr. Gordon Thompson, Mr. Rich, the Member for Richmond in Yorkshire, Mr. Beattie, Mr.

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Gilpin, the Member for Northampton, Mr. Teulon, Mr. Coles Child, Mr. Jonathan Mellor, Mr. Alexander Kay, Captain Warren, and Mr. Serjeant Cross.

3170. Mr. *Baxter*.] Are those gentlemen of various political opinions?—Yes.

3171. You have been asked about the power to run boats to Ostend; is there not a railway from Ostend to Calais?—Yes; there is one, but it is a very round-about away.

3172. Could not the Belgian mails be brought by Calais as well as by Ostend?—Yes; there is not the slightest difficulty with regard to the Belgian mails.

3173. Would there be any delay in forwarding the mails by Calais instead of forwarding them direct by boat from Ostend to Dover?—None whatever, if the French and Belgian authorities arranged it upon the other side of the water.

3174. Would it be the contrary; would it expedite the delivery of the letters?—Yes, I think it would.

3175. You know of no good reason for continuing this mail service from Dover to Ostend?—None except this, that I think the Belgian authorities are very particular about the port at which they receive their mail, and I do not think they would like to give up Ostend as their port.

3176. It is just because the Belgian authorities wish it?—It is.

3177. It is no advantage to the correspondence of this country?—I do not think it is.

3178. Therefore the additional sum which we are paying for the performance of that part of the contract is so much money thrown away?—A portion of it may be so.

3179. Mr. *Corry*.] You have stated that you think the Belgian Government would object to their mails being transmitted through France?—I have heard that.

3180. You have stated it as your opinion, that notwithstanding your Act of Parliament contains no provision to that effect, you might, with the consent of your proprietary, run your boats from Folkestone to Ostend?—Yes.

3181. Are you aware that Parliament has invariably exercised the greatest jealousy with respect to allowing railway companies to become proprietors of steam boats; and where they have granted permission, they have fixed the ports from which they are to run?—I do not know whether they always fix the port, as the Honourable Member states it; they have done so in our Act of Parliament, but I do not think they have in other Acts of Parliament fixed the ports.

3182. Are you aware of any instance in which Parliament has allowed railway companies to run boats, excepting in cases where the main object of the line is to effect a continuous communication beyond the sea, as from Holyhead to Dublin, from Folkestone to Boulogne, or from Dover to Calais?—I do not know how that is.

3183. If it were the fact, do you think that Parliament would allow your company to run boats between Dover and Ostend; is it the main object of the South Eastern Railway Company to effect a communication between Dover and Ostend?—I do not see why Parliament should not allow a railway company like the South Eastern to carry between Dover and Ostend, as well as between Dover and Calais.

3184. The rule of Parliament has been never to allow it, except when the main object of the line has been to communicate with the port beyond the sea. Are you aware that, some time ago, the Glasgow and South Western Company of Scotland applied for leave to run boats from Ardrossan to Belfast?—I am not aware of that.

3185. Are you aware that on application to Parliament, a Committee of the House of Commons rejected that Bill?—I do not know that.

3186. Mr. *Laing*.] Do you know that the objection to railroads running boats, is entirely to their running them as proprietors, and putting their own capital in them; there would not be the slightest difficulty, if they took the contract, in their making arrangements to run from Dover to Ostend, or anywhere else?—That is so.

3187. Mr. *Corry*.] You stated that you thought it would be for the advantage of the public service that both sea and land services should be combined, as in the case of the Holyhead and Dublin service?—Yes.

3188. Are you aware that that is quite a recent arrangement?—Yes, that is quite a recent arrangement.

3189. Did

3189. Did not that arise, not out of any consideration of what was good for the public service, but was not it an arrangement between the companies themselves for carrying on an accelerated service?—Yes; but I believe it was thought that it would accelerate the service by having it in one hand; it might be that the Chester and Holyhead line would be in the hands of an opposition company.

3190. You are aware that some years ago, when Sir Francis Baring was First Lord of the Admiralty, the Dublin Steam Navigation and the Chester and Holyhead Railway Company were in competition for the service between Holyhead and Kingstown, and that the contract was given to the City of Dublin Company?—Yes, I believe that was so.

3191. *Sir Stafford Northcote.*] Before you were subject to this competition with Mr. Churchward, the South Eastern Railway Company actually proposed to perform the service from Dover to Calais for 16,500 *l.*?—Yes.

3192. Having been subjected to this competition with Mr. Churchward, you now think that you may perform the service from Dover to Calais, and from Dover to Ostend, for considerably less than 15,500 *l.*?—Yes.

3193. Do you at all attribute that enlightenment on the part of the South Eastern Railway Company to the competition which they have been subjected to on the part of Mr. Churchward?—No, I do not attribute it to that; it would very likely give us the whole of the passenger traffic, because our connexion would enable us very likely to maintain our existing fares.

3194. Your diminution of your estimate has not at all arisen from the fact that you have found that Mr. Churchward, though not having the support of a railway company, has been able to perform that service for so much less than you were originally able to undertake it for?—No; I think that we are able to perform the service quite as cheaply as Mr. Churchward.

3195. And you feel satisfied that if Mr. Churchward was run off the line, and you got back to that state of monopoly which you would have been in if you had originally got the service, you would be able to carry it on at a reduced rate, and not at a higher rate?—At a reduced rate.

3196. *Mr. Bazley.*] With regard to the means of rapid communication, do you think it possible without public inconvenience to change the mail night service into a day service?—I think that there would be objections to that for the conveyance of mails beyond Paris. I am not prepared to speak fully upon that, but I think there would be objections to it.

3197. *Lord Naas.*] You state that you tendered in 1854 for 16,500 *l.* a year? Yes.

3198. What reason have you for stating now, or upon what grounds do you state, that you could perform the service now for a sum much less than 15,500 *l.* a year?—It was a mistake making the tender for 16,500 *l.* a year, and I am very much surprised that the company made such a large tender.

3199. Is it not usual for companies when they tender for a service to put in the lowest terms that are likely to be remunerative to them?—It generally is so, but I do not know why that price was given in this instance.

3200. Is not it fair to argue that if you tendered for a service at 16,000 *l.* in 1854, that that was the sum which at that time the company thought was the probable sum that they could perform the service for, and secure a fair remuneration for themselves?—It would be very likely that this was the case; that the company thought that they had the thing in their own hands, and that there would be no competitors, and that the price might be accepted, whatever it was, with in a reasonable amount.

3201. How do you mean to say that the railway company at that time were to have no competitors in the field?—I do not know. I was not with the company at the time, so that I cannot speak to that.

3202. Do you not know how those affairs are generally managed?—Yes.

3203. In tendering for other mail services by land, is it the custom for railway companies to tender for a much larger sum than they can carry the mails for?—They would tender for a very much larger sum than they otherwise would do if there were no competitors in the field.

3204. Therefore the existence of competition has generally the effect of reducing materially the terms that are put into those tenders?—No doubt.

3205. *Mr. Hope.*] Your expression as to the offer which you now make is indefinite; you used the terms, "for more reasonable terms than at present"?—Yes; several thousand pounds.

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3206. You then got more definite, and you said, "several thousand pounds;" was that subject taken into consideration by your Board, and do you speak with authority as representing them?—It has often been spoken of. Of course, the matter has not been gone into fully by the Board, inasmuch as they considered that Mr. Churchward's contract was not likely to expire for several years; but when the subject has been spoken of by the Board, they have generally stated that they would be willing to take the contract for very much less than Mr. Churchward had it for.

3207. You knew that you were coming here to give evidence, did you not?—Yes.

3208. Did not you know that the question was, what the service could be performed for as compared to what is now paid to Mr. Churchward, and did you not make any accurate calculation upon the subject?—No, I did not; I did not know the question would be asked as to what price we would perform it at.

3209. Were you not aware that the merits of the whole case turned upon that?—No, I was not, indeed.

3210. You stated that you proposed, besides taking the boats, to provide a low-water pier at Folkestone to run them from?—That has been spoken of by the directors in the event of Folkestone being fixed upon as a postal harbour; the directors have got authority from the proprietors to spend a sum of money in providing a low-water landing, in the event of its being required to be made for any purpose whatever.

3211. What sort of low-water landing do you mean?—A landing at which we could embark at any time of the tide.

3212. Do you mean that it is to be constructed of stone and lime, or wood?—Of stone, lime, and wood.

3213. Mr. *Crawford*.] In what direction would you build it from the present pier at Folkestone?—It would run from the south pier, the right end of the pier.

3214. Can you state what the rough estimates have been for the performance of that work?—There are various estimates, but I believe it could be done satisfactorily for 15,000 *l*.

3215. Do you know what the low-water pier at Dover has cost?—I believe it has cost an immense deal of money; but that is no reason why we should spend so much money at Folkestone.

3216. Mr. *Corry*.] Would the proposed pier at Folkestone be accessible when it was blowing hard?—We are advised so; not, perhaps, when it is blowing a gale.

3217. What shelter would there be?—There is the Horn at Folkestone, which will shelter any pier extended from the South Pier from the south-west gales.

3218. Only in certain winds?—From the south-west gales, which are the worst there.

3219. In the south-eastern gales it would be exposed?—But there is a protection by the formation of the cliffs.

3220. Mr. *Hope*.] If the pier could be constructed so cheaply at Folkestone, how could they contract to lay out such a large sum at Dover?—They had other views with regard to Dover; namely, making it a harbour of refuge, and they contemplated other purposes also.

3221. Did you ever hear of a pier of any magnitude, in a position like Folkestone, being constructed for 15,000 *l*?—I can see no difficulty in it myself, for it would not be a pier like the Dover pier, but it will practically be as useful for packet purposes; it would not be so extensive.

3222. Whether the pier cost more or less, that, of course, must be taken into consideration in estimating the expense of the service?—I did not propose that the mails should be transferred from Dover to Folkestone; my proposition is upon the mails being carried from Dover, but it may be thought desirable to transfer them to Folkestone.

3223. Mr. *Crawford*.] Has that any regard to the competition which you may be likely to experience from the East Kent Railway?—Yes, it has, to some extent.

3224. In proposing to transfer the communication from Dover to Folkestone, you are guarding against the competition that you may experience at some time from the East Kent Railway Company?—We do not propose to remove our traffic from Dover at all; we shall compete at both ports, both Folkestone and Dover.

3225. In

3225. In wishing to obtain the contract for the South Eastern Railway Company, I suppose that the South Eastern Railway Company had under their consideration the convenience that it would be to them, at some future time, to be able to work the two services together as one postal contract, in the interest of the South Eastern Company, against the interest of the East Kent Railway Company?—That is so.

3226. Sir *Stafford Northcote*.] Are you not contemplating an amalgamation with the East Kent Railway Company?—I know nothing of it.

3227. Mr. *Laing*.] You stated, did you not, that you could arrange the mail service which Mr. Churchward now performs, doing it with two boats beyond your present number?—Yes; that was stated in 1854; when the Company tendered.

3228. If Mr. Churchward took the contract originally for 15,000*l.*, building six vessels for the service, you presume that you could do it for very much less money, having only two or three new ones to add to your fleet?—Yes.

3229. Mr. *Hope*.] But your calculations are founded, are they not, upon the data upon which your company asked for a great deal more than Mr. Churchward did in 1854?—That, I say, was a mistake.

3230. Lord *Naas*.] Has this question ever been brought before your Board?—*It has* been discussed several times, but there never has been any minute passed as to what we would undertake the service for.

3231. So that the opinion of the Board, as to the sum they would be willing to undertake the service for, has never been formally taken?—That is so.

3232. Who gave you the information with regard to the Folkestone pier?—*I have* reported upon it several times; it was under my consideration for two or three years.

3233. Are you a marine engineer?—No.

3234. What marine engineer gave you the opinion that a pier of this kind could be constructed at Folkestone for 15,000*l.*?—Our own engineer, Mr. *Ashe* roft.

3235. Has he ever surveyed the place?—Yes; and Captain Boxer also, our harbour master.

3236. It is their opinion that this could be done?—Yes.

3237. Mr. *Corry*.] Do you imagine that the late contract was remunerative to Mr. Churchward, notwithstanding that he possessed the French contract as well?—*I do* not know whether it was so or not.

3238. If you heard that it was not, would that deter you from taking it at a cheaper rate?—No; I do not know what profit Mr. Churchward has made out of it; it is stated that he has not made much profit out of it.

3239. Sir *Stafford Northcote*.] You state that you would be prepared to undertake it for, say, 2,000*l.* or 3,000*l.* less than he undertakes it for?—*I cannot* say exactly.

3240. Would it be as much as 2,000*l.* or 3,000*l.* less?—Yes.

3241. In order to do that, do you contemplate that you should have the French contract also?—No; that is another arrangement.

3242. Of course it is another arrangement; but did you, in considering that you might do the service for 2,000*l.* or 3,000*l.* less than Mr. Churchward does it, anticipate, and form your computation upon the anticipation, that he would be obliged to give up the French contract, and that you would get it?—No, I did not base my calculation or suggestion of the amount upon that contingency.

3243. You stated that you thought that if Mr. Churchward lost the English contract, he would have to give up his French contract also?—Very likely.

3244. In that case, you would probably tender for it, and get it?—Yes.

3245. Did not you take that into consideration when estimating how much less you would do the contract for?—No; because there is an uncertainty in getting it.

3246. You stated to the Committee that there are changes going on with regard to the French night service; has there been any communication between the South Eastern Company and the Postmaster General with regard to the changes of the post?—Yes; we commenced last night to run the mail train from London to Dover in two hours; that is a distance of 88 miles; and that is a saving of half an hour.

3247. Is that in connexion with the alteration of the French service?—Not at present; we run our trains so much later from London.

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3248. Have you received any additional subsidy from the Post Office in consideration of this?—Yes.

3249. To what extent has your subsidy been increased?—From 2*s.* 3*d.* to 3*s.* a mile; and it will cost us more than the additional amount in providing an extra train to accommodate the district which was previously accommodated by the mail train.

3250. Do you know what difference that makes in a year?—About 1,200*l.* a year.

3251. How long has that subject been under negotiation between yourselves and the Post Office?—For several months; from the beginning of the year, I think, but I am not sure.

3252. The Post Office have been anxious, have they not, to improve the foreign service?—Yes.

3253. And, as part of that improvement, they have made arrangements with the South Eastern Company for this alteration in their mails?—Yes.

3254. I observe, in a letter written by the Postmaster General to the Treasury, on the 18th of March, on the subject of the renewal of Mr. Churchward's contract, the Postmaster General said that, in his opinion, "Any extension of the duration of this contract would be objectionable, as it might probably fetter the Post Office in its negotiations with foreign countries, and increase the difficulty already experienced in improving the continental postal arrangements, through apprehensions of the South Eastern Railway Company that, by a change in the hours of sailing, or in the French port of arrival and despatch, the traffic by this company's own boats may be seriously injured." Can you explain that at all?—I do not know that I have heard of that before; I do not know what it can mean, except the apprehension that we should carry on a competition with Mr. Churchward.

3255. Does it appear to imply that, in the event of these changes being made, Mr. Churchward would be a more formidable competitor to you than he has hitherto been?—Yes; that is their meaning, I suppose.

3256. The effect of the change of the French mail from a night service into a day service, will naturally be, will it not, to give Mr. Churchward an advantage in carrying passengers?—No doubt that is why he suggested the change.

3257. And his getting an advantage in carrying passengers will be a disadvantage to the South Eastern Railway Company?—No doubt.

3258. Is it any disadvantage to the public?—I believe it will be found to be a disadvantage to the public if this day mail is run instead of the night mail. The Northern of France Railway, very likely, will discontinue their tidal train between Boulogne and Paris; now I believe that the discontinuance of that tidal service will be a very serious thing to the public; I think at present it is one of the best services in Europe.

3259. That is the service which they carry on in connexion with the South Eastern Railway for passenger traffic?—Yes.

3260. Why should they discontinue it?—There would be a day service by way of Dover to Boulogne; and many days in the month, by that service, passengers would have to be landed in small boats, which is very objectionable.

3261. Mr. Laing.] Would not the passage to which your attention has been called mean this, that if the Post Office made an alteration in the postal communication, by which the South Eastern Railway Company suffered, the Post Office might be called upon to pay a larger sum for the conveyance of the mail over their railway by the arbitrator to whom it should be referred?—I think that that very likely is the meaning. But referring again to Sir Stafford Northcote's question with regard to this day service, in the event of Mr. Churchward's abstracting a large number of passengers from our service between Folkestone and Boulogne, we should at once commence a competition with him, and reduce the rates upon the railway. The company, as you are aware, would be better able to carry on that competition than Mr. Churchward, and I think it very likely that this would be the result, that Mr. Churchward would find himself crippled; that his profits would not be so large as he expected; and very likely he would apply to the Government for an increased payment for the carriage of the mails.

3262. You might apply also for an increased mileage rate for carrying the mails by railway, on the ground that the Post Office had made an arrangement by which your receipts had been diminished?—Exactly.

3263. So

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3263. So that the Post Office, in its negotiations with foreign countries, are placed in this difficulty, that if they adopt the arrangement which would be the best for foreign countries, they might have to pay you a larger amount of money?—Just so.

3264. Sir *Stafford Northcote*.] Did it enter into your consideration, that your remuneration would be partly from what the Post Office pay you for the land service, and partly from what they pay you for the sea service; and that having the monopoly of the whole it would not signify if you got less for the sea service, provided you got the whole of the land service?—I had no reference to the land service in submitting that proposition.

3265. According to your answer to the Honourable Member for Wick, it would appear that the interests of the public are rather injured than advanced by the competition across the Channel?—I do not see what advantage the public could get out of it.

3266. You think it would be better that the carriage of the mails by land and by sea should be put into the same hands?—I think it would be better, certainly.

3267. Mr. *Crawford*.] Do you complain generally that, in the recent extension of Mr. Churchward's contract, no opportunity was given to your company to compete for doing the mail service?—Yes.

3268. Is that complaint founded on a view of the interest of your company in particular, or the interest of the public?—We look at our own interest, no doubt.

3269. Do you think that the public have any interest in the question?—No doubt they have.

3270. Mr. *Baxter*.] What is the average speed of your ships?—They are quite as fast as Mr. Churchward's. We generally perform the journey at an average, throughout the half-year or the year, of about 14 miles an hour.

3271. Would your company be inclined to steam at the rate of 13 miles an hour?—Yes.

3271.* Sir *Stafford Northcote*.] You stated just now that you considered the East Kent Railway Company to be competitors?—Yes; they will be competitors when they have opened their line throughout.

3272. Then, in any consideration of arrangements of this kind, they must be looked upon as competitors, and as a separate interest?—Yes.

3273. You state that you know nothing of any amalgamation of the East Kent Company with yours?—I never heard of it.

3274. Then in the case of the East Kent, being a separate railway, having a line independent of yours to Dover, might not the East Kent Railway Company undertake to carry the mails from London to Dover?—Certainly, they might undertake to carry the mails from Dover to Boulogne, or from Dover to Calais, providing there was a new contract.

3275. If, therefore, there are two railway companies carrying mails on the land service, is there any particular advantage to the public in giving to one of them the monopoly of carrying the mails over the sea?—I do not see any particular advantage; they give it to that company who will do it the cheapest and the best.

3276. You stated just now that you thought, comparing the sea service of Mr. Churchward with that of your own company, that it would be better for the public that the whole service, both by land and sea, should be in the hands of a railway company, than that the land service should be in the hands of a railway company and the sea service in the hands of Mr. Churchward?—Yes.

3277. But supposing there are two railway companies competing for the land service, does not it alter the position of the companies, because there may be competition for the land service and a subsequent competition for the sea service?—I do not see that that can make any difference.

3278. What is the ground upon which you say that it is better that the whole service should be in the hands of the South Eastern Railway Company than that a portion should be in the hands of the South Eastern Railway Company and a portion in the hands of Mr. Churchward?—The combination of management between the two would be an advantage.

3279. Mr. *Hope*.] A question was asked as to taking away the restriction from the railway company to run steamboats also; has there not been found great difficulty in getting separate railways to work into one another for the convenience of the public?—Yes, no doubt there has.

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3280. Supposing that it comes to this, that you have two railroads down to Dover, and one of them has possession of the passage across; would not the same difficulty arise?—Does the honourable Member mean if packets were in the interest of one railway company?

3281. I am supposing that the Post Office gave such a subsidy to the one company for their packets, as gave them a practical monopoly of the passage; would not the public suffer from the want of accommodation, or be liable to suffer according to its experience on land, for the want of accommodation given by one railway company to the other?—That is possible.

3282. Mr. *Laing*.] If the East Kent Company gets down to Dover, an amalgamation or combination of the two would be simply a question of terms; it would be sure to ensue?—I have no doubt that the amalgamation of those two companies eventually is inevitable.

3283. Mr. *Hope*.] *Primâ facie*, of course the preference would be given to the South Eastern Railway Company's passengers?—If it were the South Eastern Company's boat, very likely it would be so.

3284. Has it been found actually so easy by land to control railway companies, to make them give facilities to one another?—There has been some difficulty.

3285. Mr. *Laing*.] Your company having a fleet of boats already, you could make a tender for a shorter period?—Yes.

3286. You could tender for one or two, or not more than three years?—Yes.

3287. So that any amalgamation between you and the East Kent might be met by its being put up to tender every year or two?—Yes, exactly.

3288. Lord *Naas*.] Do you say that your company would tender for this service, to perform it, with the requisite number of boats, for one year or two years?—No; for three years.

3289. For a less sum than that for which Mr. Churchward now performs it?—I believe myself that the directors would; I cannot speak positively as to that, because the question of terms has not arisen.

3290. Would they be obliged to buy any more boats?—Yes.

3291. What number?—I believe, two or three.

3292. What would that cost?—About 50,000 *l*.

3293. Would they be willing to undertake that outlay on a contract to last for two years?—No, they would not be prepared to do so for two years, but I dare say they would for three years.

3294. You said something that I did not quite understand with regard to the secretary of the company chartering boats?—Yes; or the chairman of the company.

3295. Will you explain what you meant by that?—The secretary or the chairman could charter the boats in his own name, being indemnified by the railway company.

3296. That is, in the event of your Act not permitting the company to run boats themselves legally?—Yes.

3297. How would the capital be found for such an undertaking as that; for the purchase of boats, for instance?—It would have to be authorised by the proprietors.

3298. Do you mean by the railway company?—Yes; we might, for instance, increase our fleet of boats between Folkestone and Boulogne to the extent of three, and make use of those boats and charter them, under the name of the secretary, to ply between Ostend and Dover.

3299. Could the company, under their charter, give money to the chairman to purchase boats for such a service as this?—Yes, I think we could, inasmuch as we are the owners of boats at the present time.

3300. Mr. *Corry*.] Would not that be a complete evasion of the Act of Parliament?—I question whether it would.

3301. In the same way, might not the chairman and secretary of the Chester and Holyhead Company charter boats to run from Holyhead to Cork or Belfast?—No; the London and North Western Railway Company were not the owners of boats before their contract, but we are the owners of boats.

3302. Lord *Nuas*.] Though you are the owners of boats plying between Dover and Calais, the power given by the Act of Parliament does not give the company the right to ply between Dover and Ostend, does it?—That is a question; but we are advised that we can do so.

3303. Supposing that it does not, would not that be a distinct service?—I do not see why it should.

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3304. The Act of Parliament gives you power to go to Dover and Calais, does it not?—Yes.

3305. Surely, if you go from Dover to Ostend, that would be a distinct service?—Yes; but, as I stated, arrangement might be made for the secretary or manager, or the chairman, to charter three of those boats, obtained to increase our fleet, to ply between Ostend and Dover.

3306. The money being supplied by the company?—Yes; by the proprietors.

3307. Have you ever ascertained whether that would be a legal proceeding under your Act?—I do not think it would be illegal.

3308. Has it ever been done?—I do not know whether it has been done or not.

3309. Has money ever been given by a railway company to a single individual, either chairman or secretary, for purposes other than those contemplated in their Act?—No; I believe not.

3310. Would not that proceeding that you allude to be granting money to the chairman or secretary of the company for purposes other than those contemplated in their Act?—Perhaps that might be so.

3311. *Sir Stafford Northcote.*] In the event of the negotiation going on between the South Eastern Railway Company and the East Kent Railway Company for an amalgamation, would it not be a great advantage to the South Eastern Railway Company, in making terms, to have the possession of the oversea mail traffic?—No doubt; very likely it would have some effect.

3312. It would, therefore, be worth while for the South Eastern Railway Company to get this postal contract, with a view to making better terms in the amalgamation with the East Kent Railway Company?—That has not been our object, but very likely it would have that effect.

3313. The effect of your getting the mail contract would, you say, be to run Mr. Churchward off the road?—I do not know whether it would or not.

3314. You have expressed an opinion that it probably would?—It probably would.

3315. In the event of your running Mr. Churchward off the road, and getting an amalgamation with the East Kent Railway, you would then have the command of the land and the sea traffic, would you not?—Yes.

3316. And you think that your company would undertake to do this for a short contract of some three or four years?—Yes.

3317. What security would the public have, after those three or four years were over, that you would not lapse into the state in which you were in 1855, and demand very much more for performing the service than you now, for the sake of getting rid of this competitor, are ready to do it for?—Another Mr. Churchward might be stepping in.

3318. Do you think that there would be any great encouragement for another Mr. Churchward to step in, if, after having established a service, at a considerable loss to himself, he was obliged to give it up on account of his losses, and his competitors, who offered to do it very much more cheaply, stepped in, and took it on favourable terms to the public at first, and then raised their terms to their original demand?—The Government might contract with that party for a long term of years, if the Railway Company took such an advantage of their position.

3319. You think therefore that a contract for a long term of years is a greater security to the Government than a contract for a short term of years?—In some respects I believe it is.

3320. If the Government had got a favourable contract, do you think it is desirable that they should have those favourable terms for a long period rather than for a short period?—The question is, whether the terms are favourable or not; if they are favourable, of course it would be so.

3321. *Mr. Laing.*] Do you think that the company would agree, as a security against their raising the terms to the public, after they had got the monopoly, to put their sea service upon the same footing as the land service is now put by Act of Parliament, by which they are bound to refer the matter to arbitration?—Quite so.

3322. *Mr. Hope.*] Do you speak for yourself, or have you any authority from the directors?—I speak for myself, but I well know the feeling of the directors on the subject.

3323. *Mr. Carry.*] You stated just now, in answer to a question put to you by
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the Honourable Member for London, that you thought it hard that your company had not been invited to compete when the question of the extension of Mr. Churchward's contract was under consideration; it is possible to have competition in the case of the extension of a contract, supposing that the extension was entertained?—No, certainly not, if it is an extension; but I think that the extension ought not to have been made.

3324. Supposing that the application for an extension were entertained by the Government, would it be possible to call for competition as to that extension?—I do not see why competition should not be had, even under those circumstances.

3325. How so? As Mr. Churchward was in possession of his contract for 4½ years, in the meantime what could you do?—If it was thought desirable to extend the contract 4½ years before its expiry, why not put it up to public tender at the time, rather than extend the existing contract?

3326. At the expiration of the last 4½ years?—No, before the contract expired 4½ years; why not put it up to tender then?

3327. Would you have been willing to make a tender in 1859 for the service to be performed in 1863?—I think it is very likely that we should have been quite willing to do that.

3328. Lord Naas.] Would your company have been ready to tender for this service in 1855?—Yes, I believe so; I was not in the company in 1855.

3329. Would they have been ready to tender equally as now?—Equally as now.

3330. You think that they would have been willing to have given as favourable terms then as they are now?—I think so.

3331. Were the circumstances of the company different from what they are now?—I do not think they were.

3332. Sir Stafford Northcote.] Do you think that you were hardly used in not being invited to tender in 1855 when the first renewal was made?—Yes.

3333. Sir Francis Baring.] You tendered in 1854, did you not?—Yes.

3334. Your tender was not for the whole service?—No, but for a part of it.

3335. But it was very much higher than the other, was it not?—£. 1,000.

3336. And in 1855 tenders were not called for?—No.

3337. Captain Leicester Vernon.] If you had tendered in 1855, would you have based your tender upon the offer that you made in 1854?—I cannot answer that question.

3338. Sir Henry Willoughby.] You were not connected with the company then?—No.

Mercurii, 3^o die Augusti, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Captain Gladstone.

Mr. Hope.
Mr. Hubbard.
Mr. Laing.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Captain Leicester Vernon.
Sir Henry Willoughby.

RICHARD COBDEN, Esq., IN THE CHAIR.

Sir Stafford H. Northcote, Bart., a Member of the Committee; Examined.

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3339. Chairman.] YOU were Secretary to the Treasury under the late Government, were you not?—Yes.

3340. During what time did you hold that office?—From about the 20th of January to the time that the Government went out of office, in June of the present year.

3341. Were you at the Treasury when the letter from the Secretary of the Admiralty to the Secretary of the Treasury, dated the 17th of January of this year,

year, came under consideration?—Yes; that was one of the early matters that came before me.

3342. That letter has reference, has it not, to a claim made by Mr. Churchward for additional compensation for extra services performed?—Yes.

3343. You were a party to the consideration of that application, were you not?—Yes.

3344. That letter was referred to the Postmaster General by a Treasury minute, dated the 21st of January?—Yes. I do not think I was a party to that reference, but I was a party to the dealing with the letter when it came back from the Post Office, about the 3d of February.

3345. You were a party to the Treasury minute of the 3d of February?—Yes.

3346. In which you recognize Mr. Churchward's claim to the compensation sought for, and direct the Admiralty to enter into an arrangement with him, both with regard to compensation for his past services, and with regard to an agreement for the future?—Yes.

3347. At that time the compensation had reference solely to a money payment, had it not?—Yes, it had reference solely to a money payment.

3348. Then was the letter of Mr. Churchward to the Secretary of the Admiralty, dated the 14th of February, requesting an extension of his contract for seven years beyond the time at present agreed upon, brought under your notice?—Yes.

3349. Upon that application, you referred to the Postmaster General, by a minute of the 1st of March; was that reference made by you or by the chief clerk in the department?—It was probably made by the chief clerk or by Mr. Hamilton. I gave instructions that mere references were not to come to me.

3350. When was this second application for an extension of the term of his contract brought under your notice?—It was not a second application; it was a development of his first application.

3351. The first application was for a compensation in money, was it not, for extra services performed?—Yes.

3352. That was agreed to, as I understand, by all parties, both of the Treasury, the Post Office, and the Admiralty?—Yes.

3353. But then there is another letter, is there not, subsequently, from Mr. Churchward, in which he puts in a claim for an extension of his contract for seven years?—No; the application was originally made for compensation for those extra services. He was asked to make a proposal with reference to the mode in which he should be paid for those services; and the form in which he made the proposal was, that he should take a commuted allowance of somewhat less than the amount which he would claim according to the principle that had been laid down, and should have an extension of his contract as part of that arrangement. It was not a second application, it was a development of the first application.

3354. When was the whole question as to the mode and the amount of compensation formally and officially brought before you?—I cannot remember the exact day, but it was towards the end of March; in the last week of March.

3355. Was it after the Postmaster General had given in his communication on the 10th of March?—Yes.

3356. After the Postmaster General's opinion had been sought, from whom besides did you think it your duty to obtain advice or an opinion upon this question?—I discussed it with Mr. Hamilton and Mr. Stephenson.

3357. Mr. Stephenson is the chief clerk of that department, is he not?—Yes.

3358. His opinion, I think he stated, was adverse to the mode of compensation adopted by the extension of the contract?—Yes.

3359. Having taken the opinion of the Postmaster General and of the chief clerk in the department of the Treasury, and those two authorities having decided against extending the contract, would you inform the Committee what were the grounds on which you took a course adverse to those recommendations?—That really involves the whole of a long story. The grounds were these: It was universally considered that Mr. Churchward ought to have some compensation for those special services; he had been asked, after conference between the Admiralty and the Post Office, to name the kind of arrangement which he would propose; he proposed an arrangement which, apparently, from the best means I had of judging, was favourable to the public, inasmuch as it proposed to give him a smaller commuted sum than he would receive by the payment for each service, and he made that proposal contingent upon the extension of his contract.

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I found that the Postmaster General's opinion was against the extension of the contract, as it was against the extension of all contracts. I found also that Mr. Stephenson's opinion was against the extension of the contract, as it was against the extension of all contracts; but I found that Mr. Stephenson was of opinion that it would be better to pay him a larger sum than that which he claimed, such as, for instance, 3,000*l.* a year rather than 2,500*l.*, instead of extending the contract. I adopted the suggestion of Mr. Stephenson so far as to request Mr. Hamilton to make a proposal to Mr. Churchward to that effect. I then found that the proposal would not meet Mr. Churchward's views. I found also that it would impose upon the Government a larger payment for the four years to come than was necessary if we granted an extension of the contract; and upon an interview with Mr. Churchward, and on going into the matter rather more particularly, I had reason to think that, independently of that consideration, it was desirable to extend the contract, so as to secure to the public the services of a contractor who was doing his work well and on favourable terms, and to enable him to increase that expenditure which appeared to be necessary for the efficient continuance of his service. Those were the grounds upon which I proceeded; and I should also say that I found, in the course of my communications with him, that the advantage which he had over us by holding a contract with the French Government, the term of which overlapped the term of his contract with the English Government, placed us to a considerable extent at his mercy, both with regard to the arrangement to be made now and with regard to the renewal of the contract when the four years should have expired; so that, upon the whole, I came to the conclusion that it was a case in which it was desirable to extend the contract, and to continue the service in Mr. Churchward's hands.

3360. I understand you to say that, in your interviews with Mr. Churchward, he expressed a preference for a renewal of the contract, instead of a compensation in money?—I had only one interview with him, but I do not think I quite understand the question.

3361. Did I correctly understand you to say that, in that interview with Mr. Churchward, he expressed a preference for the mode of compensation by a renewal or extension of his contract, rather than by receiving a sum of money?—He wanted a sum of money.

3362. I mean rather than receiving a sum of money?—Yes; rather than receiving a larger sum of money without the extension, certainly; he expressed that in the letter which I think he himself produced before the Committee when he was examined, which was a letter written to Mr. Hamilton, in consequence of the suggestion which I had made.

3363. He, on the one side, was pressing for an extension of the contract, and on the other side your competent official advisers, the Postmaster General and the Chief Clerk of the department, were strongly dissuading you from adopting that course?—Not strongly dissuading me. Mr. Stephenson did not strongly dissuade me; he considered that it was a strong case, but he was of opinion that all extensions of contract were objectionable; he did not strongly dissuade it in this case as distinct from others, but I differed from him in opinion.

3364. When you state that Mr. Stephenson and the Postmaster General were opposed to all extensions of contracts, are the Committee to understand you to mean that they were against all extensions, if made a long time before the old contracts expired?—Yes.

3365. You do not mean to say that they are opposed to all renewals of contracts?—No, of course not.

3366. They are opposed to extensions of a contract three or four years before that contract expires; that was the principle, was it not?—I understand them to be opposed to any extension of a contract without competition.

3367. Do you mean that they are opposed to all renewals of contracts without competition?—Yes. I understand that, supposing a contract had actually come to an end, they would be opposed to renewing that contract without calling for further tenders for another service.

3368. But, on principle, do you not agree with them, that an open competition in the market is the best way to secure to the public the most favourable terms?—As a general principle, I think it is so; but I very much doubt whether that principle applies to the case of packet contracts.

3369. Would you not consider, taking it as a whole (there may, of course, be exceptions), that the principle of competition should apply to the renewal of a contract

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contract as well as to the formation of an original contract?—I think that the exceptions are so numerous that I doubt even whether I could say as a rule that I should apply it to the extension or renewal of contracts.

3370. How would you know that you had favourable terms in the performance of the postal services, unless you subjected the service from time to time to competition?—It is very difficult to know, but I do not think that competition really gives you the means of forming that judgment when you do resort to it.

3371. What were the means that you resorted to in order to form a judgment as to the desirability of renewing this contract of Mr. Churchward's?—I had before me the fact that, some years ago, he had obtained it on very much lower terms than anybody else offered to undertake it for, and that he also was conducting it on very much more favourable terms than the Admiralty itself was able to conduct it for. I understood that the mileage rate which was paid to him was a low mileage rate, very much below the mileage rate given in many other cases. I was informed also that he was performing his service exceedingly well, and that he was a man who was energetic, and ready to make improvements when called for. I found that if he was to continue his service, and to continue the improvements which were desirable, it was necessary that he should have the means of doing so; and those means could only be supplied either by largely increasing his subsidy, or by giving him a longer time to replace any capital that he might lay out. I also ascertained, or was informed, that the great objection to renewing his contract was connected with the desire of the South Eastern Railway Company to get possession of the line; and I thought it was very objectionable that the South Eastern Railway Company should get possession of the line.

3372. The question I put was as to the source whence you obtained your information. From whom did you learn that Mr. Churchward had incurred all those expenses, and was performing his services so well, and was going to lay out more capital?—I learned it chiefly from himself. I was informed by Mr. Hamilton, and I think by Mr. Stephenson, that they understood that to be the case, and Mr. Churchward also expressed it to me. I admit that I took the facts for granted.

3373. Would you consider that, acting on behalf of the public, it was sufficient that you should merely take Mr. Churchward's evidence as to his own proceedings, or his performance of his contract?—It came guaranteed from the Admiralty, which was a department which ought to have known the facts.

3374. Sir Henry Willoughby.] You did not say that you acted on Mr. Churchward's evidence only, did you?—No, I did not say that I acted on Mr. Churchward's evidence only; but I say that with regard to the details which I have mentioned, they were derived to a great extent from Mr. Churchward's own statements.

3375. Mr. Crawford.] You are aware that the existing contract does not absolutely determine in 1863?—Yes, I know that.

3376. As the Secretary to the Treasury for the time being, would you approve of all allowing the existing contract to continue, if 12 months' notice were not given?—Yes.

3377. And consequently, by extending the contract to 1870, you actually put it out of the power of the Treasury for the time being ever to obtain for the public the advantage of any improvements in carrying on the service, that a change in circumstances, or in the mode of steam navigation, must originate during that period?—Yes. I was quite aware that, for the sake of improving the service, as I thought, for the next four years, I was risking the chance of some possible improvement after those four years.

3378. Did you make any special inquiry into Mr. Churchward's means?—No.

3379. Were you concerned with his sureties?—I knew nothing about them. The question that came to me was much more a question of principle than of facts, because I took the facts very much as they were presented in Mr. Churchward's statement, and the Admiralty's endorsement of it. I certainly did not make any inquiry into those circumstances.

3380. Chairman.] Are you aware that the Admiralty make any inquiries at all, but consider that the Treasury is responsible for the whole of the proceedings?—No, I was not aware of that.

3381. Did you hear the evidence given by Mr. Clifton the other day, in which he said that he instituted no inquiry whatever?—I heard it, but it was new to me.

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3382. You offered an opinion, founded upon their information, whereas they assumed that all the information was obtained by the Treasury; and they consider that the recommendation is merely a formal recommendation, bringing it under your notice?—I do not think that the Treasury is in a position to obtain that information, except through other departments.

3383. To whom should the public look for making a good bargain in such a case, and to whom should the public look for obtaining the necessary information for protecting their interests in forming such a contract?—I think, myself, that the guarantee which is given is not sufficient; I think that there is a confusion of responsibility in the matter which is very undesirable.

3384. Supposing, in your own case, you had known that the South Eastern Railway Company would have offered to perform this postal service for several thousand pounds a year less than Mr. Churchward required, should you in the face of that fact have extended his contract?—I think I should.

3385. But would you not have thought it necessary, at all events, to have inquired elsewhere before you finally rejected the South Eastern Company's offer?—I do not quite know what is implied in the expression "inquiring elsewhere."

3386. I assume that you would reject the offer of the South Eastern Railway Company, because you did not wish the South Eastern Railway Company to have the contract; if you had known that the South Eastern Railway Company would have done the work for several thousand pounds a year less than Mr. Churchward, would not that have been sufficient to have induced you to pause and inquire elsewhere, rather than enter into this arrangement with Mr. Churchward for the extension of his contract, for nearly four years before the time at which it expired?—It would certainly have induced me to pause, but I do not think that I should have come to a different conclusion.

3387. Would not that have depended upon the additional information which you might have obtained?—To a certain extent it might.

3388. Must it not have wholly depended upon that?—I cannot say what additional information I might have obtained.

3389. Supposing another gentleman, not of the name of Churchward, had offered to do the same work in every respect for 2,000 *l.* less, would you not have held your hand from binding yourself up with Mr. Churchward?—If it had been a private individual proposing to do it, it would have been a different thing. The objection which I did feel with regard to the South Eastern Railway Company would not have applied, and I should probably have then thought it necessary to call the attention of the Admiralty to such an offer, and have requested them to give advice upon it.

3390. Then how is the public ever to have the advantage of any competition, if the responsible party at the Treasury makes no inquiry and puts out no advertisements for tenders in these cases?—I do not think that the public does get the advantage, if it is an advantage, of competition in those cases; but I do not think that the advantage of competition for the renewal of a contract is so great as the advantages which may be derived from the extension of a contract when you have a good contractor doing his service well.

3391. What are the advantages that you have secured for the public by this extension of the contract?—I would rather say, the advantages which would have been secured if the terms of the Treasury minute which I passed had been carried into the contract; because I consider them essential. If those terms had been carried into the contract, I consider that we should have secured for the public the advantage of putting Mr. Churchward, who has the command of our service for the next four years, whether we like it or not, in a position to carry on that service for the next four years in a better manner than heretofore; that we should also have secured Mr. Churchward's co-operation, he being a contractor with the French Government, in all arrangements which might be necessary between us and the French Government, for the improvement of the French service, which advantage of co-operation we could not have had from this time until the year 1870, if we had not renewed his contract; and that we should also have obtained a pledge that Mr. Churchward should not enter into any more of those engagements with foreign countries without our consent, which engagements I look upon as very awkward for us, because they hamper us in our dealings, either with him, or with the foreign governments.

3392. You say that your minute was not carried into the contract; to what point are you referring?—To the non-insertion in the letter of the Treasury of those

those two conditions, but especially of one condition, "That Mr. Churchward shall engage to make no fresh contract with the French or any foreign government for the conveyance of their mails without the sanction of this Board."

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3393. That was not inserted?—It was not inserted in the letter that was written from the Treasury to the Admiralty; but it was inserted in the minute that I passed as to the terms on which I gave my consent to the time of the contract being extended.

3394. Why was not it inserted in the letter?—Mr. Stephenson explained yesterday the circumstances under which the failure took place; the letter was written in his absence by a junior clerk, who omitted that part of the minute.

3395. What other advantage did you contemplate besides that clause?—We sought the advantage of having the service during the next four years, for which Mr. Churchward has the contract, better performed than we could expect it to be if he did not incur the expense, which expense he was not disposed to incur unless he had a longer time to recover himself in.

3396. Will you specify what are the precise improvements which you stipulated for in the extension of the contract?—No improvements are expressly stipulated for in the contract; but Mr. Churchward informed us that he was prepared to build an additional vessel, and that additional vessel he said he would not build unless he had the prospect of a long time to recover the expenditure.

3397. What was the speed at which Mr. Churchward was bound under the old contract to carry the letters?—Thirteen knots an hour, I think.

3398. What is the speed under the renewed contract?—Thirteen knots.

3399. Then the public gains nothing in speed, does it?—I think it does very probably, because it does not follow that your contractor will keep to the minimum of the speed that you bind him to. If your contractor has competition with other services, he will for his own sake, and as carrying the passenger traffic, be anxious to keep to the maximum speed which his competitors attain to.

3400. Is not the contractor bound under penalties to fulfil his contract?—Of course he is; but what I mean to say is, of course he is bound to go 13 knots an hour, but you may get a great deal more than 13 knots an hour out of him. Sir Samuel Cunard is bound to so many knots an hour, but he considerably exceeds that amount. Why does he exceed it? because he has to compete with the American vessels, and with other vessels which are all carrying passengers against him, and we therefore get the benefit of a higher rate of speed than Sir Samuel Cunard is bound to give us. In the same way, Mr. Churchward is bound to give us 13 knots an hour; but he is not only the mail carrier, but a carrier of passengers, and in carrying passengers he comes into competition with the South Eastern Railway Company. If, therefore, the South Eastern Railway Company put on boats which go at a greater rate than 13 knots an hour, Mr. Churchward, for the sake of his passenger traffic, must put on boats to run in competition with them, and we shall have the advantage of that competition; whereas if the whole matter were in the hands of the South Eastern Railway Company, they would have no competition of that sort to contend against; they would confine themselves to the minimum of 13 knots, which would be all that they would be bound by the letter of the contract to attain to.

3401. I understand the operation of that general principle of competition which you had working for you under the old contract, and you will have it under the new—and that principle, no doubt, will tend to ensure greater speed for the purpose of maintaining the passenger traffic; but what I ask is, in what way does the renewal of the contract tend to give the public a guarantee for a greater speed than they enjoyed before in the carrying of letters?—It tends to do so by enabling Mr. Churchward to put on efficient boats in place of inefficient boats.

3402. Would not Mr. Churchward be bound to do that, according to the principle which you have just laid down, in order to maintain the competition on which you rely?—No, not at all; if Mr. Churchward had no prospect of the continuance of his contract after its expiration, and if it had only four years to run out, he would be only induced to keep to the letter of his contract, which is, to go the 13 knots an hour, which were necessary to escape penalties.

3403. Have you any security that he will fulfil more than the letter of his contract now?—We have no security, except the natural law of competition.

3404. Do you suppose that if you had left the old contract untouched, Mr.

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Churchward would have relaxed for the next four years in the speed of his vessels?—I think he would not have taken measures to increase it.

3405. Would he not have performed his contract by going the 13 knots an hour?—Yes.

3406. Have you any ground for supposing that he will exceed that speed now?—I think it highly probable that competition with the South Eastern Railway Company will induce him to do so, and I have always understood that he is building a vessel which will be capable of running at a greater speed than those which he previously possessed; and if he has a vessel to enable him to do it, and he has competition to induce him to do it, I think it highly probable that he will do it.

3407. What other public advantage did you foresee in extending the contract besides this increased speed arising out of the competition with the other company?—Mr. Churchward has a contract for the French mails; the service which he conducts for the French Government is independent of ours; improvements are designed in that French service, and those improvements could not be carried into effect without his consent and co-operation. He informed us that if he did not keep the English contract he should not be able to keep the French contract; or, at all events, that he should not be able to give efficient development to the French service; and I think that we have, by extending the time of the contract with him, facilitated the arrangements with the French Government, which appear, from the evidence of Mr. Eborall, to have been brought so far to a conclusion that I believe the new service is to begin from to-day.

3408. Did not you hear Mr. Eborall state his belief that if Mr. Churchward had not the contract with England, he would not be able to maintain the contract with the French Government?—I think so.

3409. I think he expressed the opinion, at the same time, that he had reason to think it probable?—Yes.

3410. If you had not renewed this contract with Mr. Churchward, would not the contract with the French Government have fallen to the ground?—Probably it would.

3411. Would not that have removed the impediment which you dreaded, of his being in the way of your making another arrangement elsewhere?—It might have removed the impediment, but I think that rather a harsh view to take with regard to a contractor who had served you well.

3412. I am not supposing that you are acting with harshness towards the contractor; but, looking to the interests of the public, would not it have been well if you had consulted English interests, and had taken advantage of the four years that the contract had to run rather than that you should have renewed the contract, seeing that the French contract does not appear, according to your own statement, to have been any very serious matter?—It was not, I believe, any very serious matter, in point of remuneration, to Mr. Churchward; but it is a serious matter to the English public that the French service, that is to say, the second daily service, should be well and conveniently conducted. I do not think that we should have done a good turn to the public if we had taken a step which would have paralysed Mr. Churchward, or have materially diminished the efficiency of Mr. Churchward, during the four years which he still has for the performance of his contract.

3413. When you enter into a contract, the subsidy for which, we have been told, is 2,000 *l.* or 3,000 *l.* a year more than would be required by other parties, do not you think that the contractor is bound to fulfil his contract, and ought the Government to be obliged to make fresh concessions, in order that he may fulfil his bargain, and not become paralysed in his operations?—I do not consider that we made fresh concessions, but we continued a contract which we had already entered into, and which he was fulfilling well. As to the probability of other parties undertaking it at 2,000 *l.* or 3,000 *l.* a year less, I must say that I attach very little weight to anything that I have heard upon that point.

3414. But you have no facts to show the contrary, have you?—I have no facts to show the contrary, except these, that the South Eastern Railway Company, in 1855, when they had the monopoly of the passage, offered to do the service at a very considerably higher rate than Mr. Churchward undertook to do it for; but Mr. Churchward having obtained the contract upon terms much more favourable than those which they proposed, they have come down in their offers, in order, as I believe, to buy him out of the field, and to get the monopoly themselves; and then

then they will have the public at their mercy, and they will raise their terms as they please.

3415. Were there any other advantages to the public which you had in view when you extended the contract to Mr. Churchward?—I think I have stated all that I had in view.

3416. It has appeared in evidence that the recommendation first of all emanated from the Admiralty; and on examining the chief clerk of the Packet Department of the Admiralty, he states that he instituted no inquiry from any one, but that he made the recommendation without seeking for any information, and that he trusted to the Treasury to make the necessary inquiry before these steps were taken. The Committee have also found that the chief clerk of the Packet Department in the Treasury recorded his opinion that the extension of this contract should not be entered into. He then referred it to you, and you stated that you recommended the adoption of this course without going outside your office to make inquiry; that you depended upon the Admiralty, the Admiralty having depended upon you. Will you explain with whom ultimately rested the responsibility of the decision of this case; was it with yourself individually?—No, I was not officially and formally the responsible person. I think that there is a good deal of confusion, as I have already said, with regard to the responsibility of the different departments; but I take it that the responsibility of executing a contract rests with the Board of Admiralty, subject to this, that the Board of Admiralty have no right, properly speaking, to make a contract or to extend a contract (though they have sometimes done it, which they had no right to do) without consultation with the Treasury. I do not think, if the Treasury were to say that a contract ought not to be extended, that the Admiralty would extend it. The former renewal of this contract was in 1855 made by the Admiralty on their own responsibility entirely, without consulting the Treasury at all; but in this case they did refer to the Treasury, and having referred to the Treasury, I presume that they would not have done it without the Treasury's sanction. With regard to personal responsibility in the Treasury, the responsibility rested, of course, with the First Lord, if he should have taken up the matter, which was not likely; but, failing him, it rested with the Chancellor of the Exchequer. The Chancellor of the Exchequer delegates to the Financial Secretary the dealing with questions of one kind or another to a greater or less extent, according to his confidence in him; and in this particular case I accept mainly the responsibility of having sanctioned the extension of the contract, but I did not do so without having spoken to the Chancellor of the Exchequer, and told him what I proposed, and having ascertained generally that he approved of my views.

3417. Did the Chancellor of the Exchequer have any communication with any one else but yourself upon the subject?—I do not know whether he had or not. I am not aware that he had.

3418. Did he undertake to give a final decision upon your report to him?—Yes.

3419. You reported to him personally upon the subject, did you not?—Yes.

3420. And you explained the matter in discussion with him as you have explained it to the Committee?—Yes. I should, however, say that he did not go very fully into it. I told him generally what the outline of it was; that it was a question of the renewal of a contract; that the Post Office were against it, and that the Admiralty were in favour of it; and I told him the grounds in connexion with the bearing of the French contract upon it which induced me to think that we might extend it, and he said he left it to me; in fact, he said that he agreed with my view.

3421. Practically, the decision rested with yourself, did it not?—Practically, it rested with me.

3422. Supposing that the Admiralty, instead of applying to the Treasury, had themselves determined to renew this contract with Mr. Churchward, would the Treasury, as a matter of course, have confirmed that proceeding?—Certainly not, if it had been brought before us. I should say that there is a distinction, of course, between this renewal and the renewal in 1855, which made it necessary that this renewal should come before the Treasury; whereas the other was not necessarily brought before the Treasury, because in this renewal there is a question of the alteration of the subsidy in the way of commuting for the special services, and that would involve a difference in the vote to be presented to Parliament, and therefore, of course, the Treasury must be consulted. If it had been a simple renewal,

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renewal, as it was in 1855, the Admiralty might have done it (though I do not think they ought to have done it) without the consent of the Treasury.

3423. They would have power to do it if they chose?—It would be a legal instrument. They are the persons who make the contract, and the contract would have been a legal contract, even though the Treasury had not been consulted.

3424. You stated, did you not, that you had an interview with Mr. Churchward on this subject?—Yes.

3425. And you have stated that you had only one interview?—Yes, only one.

3426. Do you remember the date of it?—I cannot remember whether it was the 13th or the 14th, but it was either the 13th or the 14th of April.

3427. What was his object in applying to you personally?—He did not apply to me personally; I asked to see him. I have already brought before the notice of the Committee, through Mr. Stephenson, the course that the matter took. In consequence of my conversation with Mr. Stephenson, I addressed a memorandum to Mr. Hamilton, saying that I did not like the idea of extending the contract, and that I thought it would be better that we should increase the subsidy, say, to 3,000*l.*, and I asked him to ascertain from Mr. Churchward whether that would meet the case. He saw Mr. Churchward, and communicated with him; and Mr. Churchward afterwards wrote him a letter, which has been produced before the Committee, saying that that would not meet the case. That having been brought before me, I said that I thought I had better see Mr. Churchward, and talk the matter over with him, and I saw Mr. Churchward at the Treasury in consequence of that.

3428. Did you at that interview talk over the subject of the terms for the extension of the contract?—Yes.

3429. Did you attempt to combat his views and wishes with regard to the extension of the contract?—Yes; I called upon him to explain it, and I read to him different passages in the Postmaster General's letter, and I asked him what arguments he had to bring against them. We discussed the matter rather fully.

3430. You agreed with the views of the Postmaster General and chief clerk of the department, did you?—No, I did not.

3431. In the first instance, I understood you to say that you were opposed to the extension of the contract?—Yes; I said that I thought it was undesirable to extend the contract; but when you say that I agreed with the Postmaster General and with Mr. Stephenson, that was not the case, because I do not agree with them that it is undesirable to extend contracts previously to their termination.

3432. You agreed with the Postmaster General in his views in this particular case, did you not?—I do not know that I absolutely agreed with him; but I so far agreed with him, that I thought it was better to give a larger subsidy for the remainder of the time than to extend that time.

3433. Was not that the Postmaster General's view, and the view of Mr. Stephenson, your chief clerk?—Yes, it was; and so far I agreed with them.

3434. I understood you to say that you read the extracts from the Postmaster General's letter, urging those views?—Yes.

3435. Why did you urge them to Mr. Churchward; why did you read those extracts?—I thought, of course, that the reasons against him were stated there, and I wanted to hear what he had to say; I wanted to hear the argument on the other side.

3436. Did he succeed in convincing you that the Postmaster General was wrong?—Yes.

3437. Will you give the Committee the arguments by which he arrived at that result?—The first point that the Postmaster General took was that he objected to the duration of the contract, because "it might probably fetter the Post Office in its negotiations with foreign countries, and increase the difficulty already experienced in improving the continental postal arrangements, through apprehensions of the South Eastern Railway Company; that by a change in the hours of sailing, or in the French port of arrival and despatch, the traffic by this company's own boats may be seriously injured." Mr. Churchward pointed out to me that, in the first place, that was a question affecting much more the South Eastern Railway Company and their competition with him than the public interests; that with regard to increasing the difficulty that might be experienced in making arrangements with foreign countries, the arrangements in question were in connexion with the improvement of the French service, over which we had no control; and that this was a matter therefore which the argument of the Postmaster General did

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did not touch. He said, "The Postmaster General argues this as if you had the whole French contract as well as the English contract under your control; you have nothing to do with the French contract, you have only to deal with the English contract; but it is in the French service that the improvements are about to be made; and instead therefore of the extension fettering the Post Office in its negotiations, it will facilitate its negotiations, because I am a necessary party to those negotiations; and unless I get this extension, I cannot give my consent."

3438-39. The next paragraph in the Postmaster General's letter states, "Various changes in the existing arrangements may become desirable; for instance, the Ostend mail service may be changed from a night to a day service, or the Belgium Government may make an advantageous offer for performing the whole, instead of half the service, or the packets may be altogether withdrawn." The Postmaster General puts forward those difficulties with regard to the future, as reasons why you should not renew the contract; will you explain how Mr. Churchward converted you to his views on those subjects?—With regard to the Ostend service being changed from a night to a day service, he said that he had not the slightest objection to it; that he was perfectly prepared to have it distinctly laid down in the contract, that the Post Office should change in any way the hours of service; and that, in fact, that was an arrangement which he would very much desire to see made, as it would be an advantage to him, because it would give him a greater number of passengers. With regard to the Belgian Government making an advantageous offer, or the packets being altogether withdrawn, these were matters of speculation which did not appear very probable, and there was no reason to suppose that either the one or the other would take place; but he said, "If it should be proposed to withdraw the packets, that is the least unenergetic part of my service, and I should be exceedingly glad to come to terms for giving them up; or if the Belgian Government will undertake the service, I should be very glad to come to terms in the same way;" but he said, "The contract which I have with you, binds you for these next four years." The question really is, whether we shall have the thing going on well during these four years which we know about, or whether we shall risk the performance during these four years which are now upon us, with a view to contingencies like those which are mere possibility.

3440. In the next paragraph of the Postmaster General's letter, he apprehends that if you extend Mr. Churchward's contract now, similar reasons will probably be given for a further extension at the expiration of the proposed additional period; and then he goes on to say, "but it appears to me that it is inexpedient to liquidate claims in this manner, and that it would be a much better plan to settle them at once." I understand that you were all agreed, in the first place, that it would have been better to have settled Mr. Churchward's claim by a money compensation at once?—Certainly.

3441. Did Mr. Churchward succeed in changing your opinion upon that point too?—No. If it had been a mere question of the liquidation of claims, I should still have held the same opinion which I held before, that it was better to settle them by an increased payment; but the question was not merely one of the liquidation of claims, it was one of the efficiency of the service, during the residue of his term; and it was connected also with the overlapping of the French contract.

3442. Had you any reason to doubt the competency of the securities you held to answer for the due performance of the contract entered into by Mr. Churchward?—No, none whatever; I did not know anything about that.

3443. Then had you not the remedy in your own hands without resorting to any fresh expedients to compel Mr. Churchward to fulfil his contract up to the time of its expiration in 1863?—We had only the power of inflicting the penalty of 4,000*l.*, or whatever the penalty is that is contained in his contract.

3444. Is not enforcing penalties the only means that you resort to in all cases?—Yes, quite so.

3445. Is it customary in contracts with any other line to bribe them into efficiency, by granting an extension of their contract four years before the contract expires?—I do not think the expression "bribe them into efficiency," is quite one that applies to the case; but this I can say, that in many cases I believe contracts have been extended some time before they have expired, for the purpose of enabling the contractors to improve their service, either by putting on

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additional vessels, or in some other way; and that that has been the established practice.

3446. In this case had you any reason to doubt the efficiency of the service for the next four years?—Yes. I had reason to doubt whether the service would be efficiently performed for the next four years, when Mr. Churchward informed me that he had lost one or two vessels; that it was a question whether he should drag on with the comparatively inefficient vessels which he has, or whether he should begin to improve his service by building a new vessel; and I found that the Admiralty were of opinion that an extension was desirable on that ground also.

3447. Were you apprehensive that Mr. Churchward would fail in his resources from want of capital?—I did not know anything about his capital or his resources; but I suppose that no man would undertake an expenditure which he did not think would be remunerative to him, whatever his resources might be.

3448. Do you understand that the Government stepped in, in your person, to enable Mr. Churchward to increase his efficiency by a fresh outlay of capital?—In one sense it did, if you put it in that way.

3449. What I want to ask is this: whether your apprehension of Mr. Churchward's failure in performing his contract arose from the idea in your mind that he was deficient in capital, or whether it was that he was wanting in willingness to do it?—Certainly not, I did not know anything about his circumstances, and the idea never presented itself to my mind that he was deficient in capital.

3450. Then if he was not deficient in capital, in what way did this extension of his contract enable him to increase his efficiency?—I suppose no man, whether he has large capital or little capital, would like to incur a large expenditure, which he did not hope to see replaced; and with him it was a question as to whether he should incur such a heavy expenditure as building a new vessel (I have been given to understand that two new vessels were in contemplation, but certainly one new vessel), if he did not expect to have the service for a sufficiently long time to enable him to replace that sum.

3451. Had you any doubt of Mr. Churchward's fulfilling the letter of his contract?—No, I had no particular doubt of it; I had no doubt that he would fulfil the letter of his contract.

3452. Then the public were safe for the next four years, were they not?—Yes; safe to get the letter of the contract fulfilled.

3453. Is not that all that you look for?—No, I do not think it is; I think that this kind of service is a service which must be, by the very nature of it, progressively improving. As steam-boats improve, and other circumstances arise, there must be a continual improvement. Now, you may get the benefit of that improvement in one or two ways: either you may allow your original contracts to run out quite to the end of their term, and then throw the thing open to competition at the last moment, or you may, from time to time, by giving extensions to your contractors, enable them to make improvements, and keep them up to the march of the day. My opinion is, that the latter is the more convenient and better way of doing it.

3454. Then I understand that you consider that this extension of the contract beyond 1863 is necessary now in order to give the public the full advantage of any improvements that may arise in the performance of Mr. Churchward's contract?—Yes.

3455. If that be so, will not the public, being still in the hands of Mr. Churchward, labour under precisely the same disadvantage with regard to the future?—That goes, of course, to the whole question of contracts generally; you cannot say what may take place in the year 1870; there may be a question of renewal again, or there may not.

3456. As I understand you, you considered that the public were not secure to obtain all the advantages which might arise from the improvements in steam navigation unless Mr. Churchward knew that his contract would be extended beyond 1863?—No; I thought that they would not get the full advantages that they might get by the extension.

3457. Will not that same difficulty arise again before the renewed contract expires; will you not be in the same difficulty with Mr. Churchward, that you will fail to derive all the advantages, unless the renewed contract be again renewed?—It is possible that that may be so, if the circumstances remain the same.

3458. Do you think that that is a satisfactory state for the public to be in; and

and does not it amount to a continual bribing of your contractor?—I do not call it bribing a contractor to give him payment for what he does. I considered it in this way: I might be dealing with a tenant, who had taken a farm from me for a lease of a certain number of years; when the lease is approaching its termination, the tenant has before him either a prospect of running out his lease, and running out the land as far as his covenants will permit him, or of spending more capital upon it in draining or improving it in any other way, and doing good service both for me or for himself. If it is a question of dealing with a tenant who is about to do anything of that sort, it is very natural that he would say, "Will you, finding me a good tenant, give me a longer term in my farm, and renew, before it expires, the term that I now have in it, in order that I may do what will be a benefit to you, as well as to myself?" I should not call it bribing that tenant if I gave him an extension.

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3450. The Postmaster General, in the letter to which your attention has been called, goes on to say, that he is "of opinion that there is no material advantage in paying a fixed sum for these extra services," that Mr. Cunard was bringing under your notice. Was that your opinion originally?—I had not formed any opinion upon it originally; but I agreed with the Postmaster General to a certain extent.

3460. Did Mr. Cunard alter your opinion upon that point?—No, he did not.

3461. You continued to be of that opinion?—Yes; and I put a clause into the Treasury Minute to provide for that case: that also is one that was omitted from the letter to the Admiralty.

3462. The Postmaster General goes on to say, "The number of extra trips required may be much increased or diminished by a change of circumstances quite unforeseen at present. If much increased, the contractor would probably apply for an additional allowance, or he would perform the service unwillingly; but if the trips should be diminished in number, the Government would have great difficulty in reducing the payment; I think therefore that the payment should be regulated according to the work performed. It is very easy to reckon the cost per mile or per trip, and pay accordingly." Did you see any reason to alter your opinion as to the wisdom of those remarks?—No, I did not. I should say with regard to that, that when the matter was first referred to the Postmaster General, he, in his letter of the 28th of January, stated that he was unable to form an opinion whether it was desirable that those payments should form the subject of a special agreement, or should be calculated at a mileage rate; and that he indeed presumed that this was a point upon which the Treasury did not intend to ask his opinion. He having given expression to that, the Treasury and Admiralty then called upon Mr. Churchward to make a proposal; and he made a proposal for a commutation at a fixed amount. When that came again before the Postmaster General, he took this objection, which would have been more conveniently dealt with if he had stated it in his letter of January. Mr. Stephenson expressed his opinion in conformity with that of the Postmaster General; and I then asked him how we could get over that; and he said that we could get over it easily by putting in a condition that, in case the number of Indian and Australian mails should be less than 52 and 24 respectively, the payments should diminish at the rate of 22 l. 18s. for each. I agreed to that, and it was inserted in the Minute of the Treasury; but, unfortunately, that minute did not take effect.

3463. Did you consult any one outside the Treasury offices except Mr. Churchward himself before you decided to extend his contract?—No.

3464. You did not call in the advice or the evidence of any shipowner in the city?—No.

3465. Nor of any one at Lloyd's?—No.

3466. Did you call for a special report from the Admiralty superintendent of the packets, at Dover?—No; I did not consider that any of that business belonged to the Treasury.

3467. What was the business that belonged to the Treasury in connexion with the extension of the contract?—I thought that the business of the Treasury was, assuming the facts to be as given us by the Admiralty, whether, in point of principle, the money arrangement was a right one.

3468. But the money arrangement, as regards the amount of money to be paid, could only be fairly estimated by a reference to the nature of the services performed, could it?—Quite so.

3469. How could you ascertain the value of the services performed, unless from

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the evidence of impartial parties?—I did not consider that it was the business of the Treasury to go into that part of the subject, nor should I have been competent myself to have conducted such an inquiry.

3470. Whose business did you consider it to be to go into those important questions?—The business of the Admiralty.

3471. You have heard the evidence of Mr. Clifton, in which he stated that he considered it to be the business of the Treasury?—Yes, I have heard it, and it the more convinces me of what I felt before, that there is a want of a proper division and concentration of the responsibility.

3472. When the Admiralty says that it rests with the Treasury, and the Treasury says that it rests with the Admiralty, can there be any responsibility to the public at all on either side?—I think that the responsibility is seriously weakened.

3473. You have heard, in the course of this inquiry, many references to Mr. Churchward's political position with regard to the election for Dover; will you state whether, directly or indirectly, that subject was mixed with this affair of the contracts, so far as you were concerned in the matter?—I can state to the Committee exactly how far it was, and how far it was not, so far as I was concerned. The papers came to me quite at the end of March, just about the time at which the late Government were defeated on the Reform Bill; they were defeated on the 31st of March, and the papers came to me very shortly before the defeat; between the defeat and the announcement of the dissolution, Sir William Joliffe spoke to me, and said, "I understand that you have some papers, or that you have a case before you from Mr. Churchward; I do not know anything about it, but I want to tell you that he is an important man for us at Dover; there is going to be a dissolution, and if the thing is a right thing, and you are going to do it, I think you had better get it done quickly, before the dissolution is announced; if it is not a right thing, of course you will not do it." "Well," I said to him, "I have looked at the papers, and my impression is against it;" and he said, "Then of course you will not do it," or something of that sort; or, "It is never worth while—of course I only say this if it is a right matter—it is never worth while doing wrong," or something to that effect; I cannot remember the exact words that he used, but he said to this effect, "He is an important man at the election, and therefore I give you this hint, because it would be awkward to have a thing of this kind done while a dissolution was going on; it would be a pity that it should be either granted or refused during the dissolution." As nearly as I can remember, those are the words that he used. I said, "I have looked at the papers, not very carefully, and my impression is against it." I then took the papers up, and examined them, and I came to the conclusion which I have already mentioned to the Committee, that it was an application, so far as the extension was concerned, that it was not desirable to grant; and I made that memorandum, which Mr. Stephenson produced here, of the 1st of April, I think, saying that I thought it was undesirable that the contract should be extended, and that it was better to make a proposal for an increased subsidy, and that was followed by the communications to which I have already called the attention of the Committee. Subsequently, when the papers were before me, having partly in my mind what had passed with Sir William Joliffe, and knowing from all that I had heard that there was going to be a contest at Dover, and feeling sure that Mr. Churchward was an important person, I thought that it was better to put them aside until after the election; and it was minuted upon the paper which, I think, Mr. Stephenson mentioned, "Keep for the present." I put the papers by, and they lay by before me for some days; then, as I was going over my papers, I came upon them again, and I reverted to the subject, and I thought to myself, As to keeping them till the election is over, that does not seem to be a very straightforward course; because the matter has come regularly before me, and I ought to deal with it naturally. To put it aside merely because the question of election might be mixed up in it would be, I thought, an act of cowardice; and moreover, I thought this, that it would be of no good supposing that I held them over until after the election, and after the election recommended the extension; it would then be said, "You intended to do it all along, and you merely kept it out of sight in order that it might not have an awkward appearance:" on the other hand, if we refused the extension, it would be said, "You took Mr. Churchward in; the Admiralty and other persons were known to be friendly to his having this extension, and you, meaning to refuse it, kept your counsel to yourself, in order to get his support at the election." I thought that certainly those were considerations which had some weight in them

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them, and that I, upon the whole, ought to take the matter up, and deal with it in the regular way. I did therefore deal with it as I have described to the Committee, upon the grounds which I have mentioned. I may also say this, that in the conversation which I had with Mr. Churchward, I said to him, "There is one difficulty really in dealing with this matter at present, which is, that there is an election going on; everything we do is very severely criticised; you see what a row they are making about the Galway contract; and anything we do is sure to be criticised very severely; and therefore, really, I do not like taking the matter up on that account." To which he replied: "I have nothing to do with Galway, and it is very hard that I should suffer in any way for anything that may arise about that. And with regard to its being now election time," he said, "I must remind you that I made this application as far back as the month of January, so that it has been going on for the last two or three months in the public offices, and it is the delay in the public offices which has brought it to this time; and I think it very hard that I should suffer for that fact." That is, I think, all that I have to say upon that matter. So far as that is considered to be mixing it up with the election, undoubtedly the matter did come so far before my mind.

3474. Was the interview between yourself and Mr. Churchward during the interval of time that elapsed between the defeat of the Ministry and the dissolution of Parliament?—Yes, between the defeat of the Ministry and the dissolution, of course; but not between the defeat of the Ministry and the announcement of the dissolution. It was on the 13th or 14th of April, which was some week or 10 days after the dissolution had been announced, I think.

3475. Was that the first time that Mr. Churchward had applied to you at the Treasury?—I have said that Mr. Churchward did not apply to me at the Treasury; I sent for Mr. Churchward; he never applied to me.

3476. Having received a communication from Sir William Jolliffe, which I think was a day or two after the Government defeat on the 31st of March, you sent, did you not, for Mr. Churchward, in consequence of that communication?—No, I did not; I must have made myself quite misunderstood. I did not send for Mr. Churchward until a considerable time after that, and I sent for Mr. Churchward in consequence of his having replied to the proposal which I desired Mr. Hamilton to make to him, and his having replied in terms that made it appear to me desirable that I should see him, and discuss the matter with him; it was not in consequence of Sir William Jolliffe's communication at all.

3477. You stated, did you not, that at the time Sir William Jolliffe mentioned the circumstance to you, your mind had been made up against the extension to Mr. Churchward?—No, I had not made up my mind at the time that Sir William Jolliffe mentioned the matter to me; I had hardly looked at the papers. I had certainly not written anything upon them; but I merely saw that there was a communication of the Postmaster General against it. And I said to Sir William Jolliffe, "I have not looked at the case fully, but my impression is against it." If my mind was ever made up at all, it was made up after that conversation with Sir William Jolliffe; and the opinion that I expressed, and put on record against extending the contract, was after that conversation with Sir William Jolliffe.

3478. Do I rightly understand you to say that you concurred with the Postmaster General's views as expressed in his letter of the 10th of March?—To a great extent I did.

3479. And with the views of Mr. Stephenson, the chief clerk in the department at the Treasury, which I think he expresses in his endorsement on the 12th of March?—Yes, but which did not come before me till the middle of April.

3480. Did you not say that the Postmaster General reported before the 10th of April?—No; I had not taken it into consideration at all; the letter from the Post Office came to the Treasury about the 10th or 11th of March. Mr. Stephenson wrote a note about the 12th of March, and addressed it to Mr. Hamilton. Mr. Hamilton kept the papers clearly till the 22d of March; but my belief is that he kept them longer than that. His memorandum upon them is dated the 22d of March; but they did not come to me till, I think, it was the same day that Sir William Jolliffe spoke to me, or the day before, which must have been about the 31st of March, or about that date.

3481. I understand from you and other witnesses that the only difference between the Government departments and Mr. Churchward was relating to the

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extension of the contract, and that there was no difference of opinion as to the principle of remunerating him for extra service by a money payment?—No.

3482. Then I take it that in the interview which Mr. Churchward had with you, his object was to convince you of the propriety of extending his contract?—Yes.

3483. That was about the middle of April, was it not?—Yes.

3484. You have stated the reasons which weighed in your mind to induce you to come to a determination one way or the other; did it not occur to you that as it was a question which did not necessarily come under your review for three years, the question of the extension of the contract might have been altogether left over until the election had passed?—But it was a question which came for immediate settlement, because Mr. Churchward was claiming a commutation for his payments; it was a question what that commutation was to be, and it was desirable, and he had a fair right to expect that it should be soon settled, it having been pending since January; he had been asked to name the terms of the commutation himself, and he had named those terms in connexion with the extension, and if we had said, “We will take your terms, and not give you an extension,” he would have said, “That is not fair, because that is not what my proposal is.” It was therefore necessary to deal with the matter in some way.

3485. But seeing that you at the Treasury, and the gentlemen at the Admiralty, and the Postmaster General, were all agreed that it was a fair thing to make a money compensation to Mr. Churchward for extra services, and as he had no other claim upon you but for extra services, was giving him a money compensation ever proposed to him by you as a means of settling the question?—Yes, it was.

3486. To what extent did you go in that offer?—I went to the length of 3,000 *l.* instead of 2,500 *l.*

3487. What was Mr. Churchward’s demand?—He did not demand any sum; he said that no sum would meet the necessity of his case, and that no sum of money without an extension of his contract would enable him to do what was required.

3488. Is that to be taken literally as meaning no sum of money?—This was the letter which Mr. Churchward addressed to Mr. Hamilton, dated the 4th of April (it is at Question 890): “Dear Mr. Hamilton,—No compensation whatever could be offered me equivalent to the extension of my contract that I have prayed for. The extension is the pivot on which every department of my business turns; with the extension I have hopes of the ultimate success of any enterprise, and the recovery of my losses; without it I shall have no hope but that of winding up, for I must let my present boats and plant run out. If the late Government had not extended my former contract when I had some years to run, I should have been utterly ruined at the end of the first contract (October last); as it was, upon the consideration of my losses and claims, they enabled me to make such arrangements that my engagements were so extended that I had a chance of working round. But there are stronger reasons now why I should have the extension.” It is scarcely necessary that I should read the whole of the letter.

3489. Did you take that statement of Mr. Churchward’s as a conclusive argument why you should submit to his term of extension?—No, I did not; I have already explained that I did not admit that the fact of Mr. Churchward’s losses was in itself a sufficient reason for extending his contract.

3490. Did he convince you to the contrary?—No, I say that he did not.

3491. Supposing you had offered him 10,000 *l.*, how would it have been then?—He might possibly have taken it, but I should have considered it a very extravagant bargain for the Government.

3492. Do you consider that it would have been worse than extending his contract seven years?—Certainly, because I consider that the Government gets an advantage for the extended period of his contract by the extension, whereas by the other mode you would have simply added so much money to the public burdens.

3493. Do you not observe, in that letter of Mr. Churchward’s, that he says that if the contract had not been renewed before he should have been ruined, and that if you do not renew it now he will be obliged to wind up his affairs?—Yes.

3494. Did you take that opinion to the letter?—No, I suspended my judgment; when

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when a man says that he is going to be ruined, I suppose that he means that he will incur serious losses; I could not say whether he would be ruined or not.

3495. Do you think that, in the interests of the public, it is desirable to have a continuous contract with a man who tells you that he would have been ruined before, if it had not been for the extension, and that he will be ruined again if you do not further extend his contract?—Supposing that he was unable to do the service well, that would make a difference; but supposing, as I understood, that he had always done the service well, I thought that it was a good contract.

3496. Do you think that it showed that he was a very responsible party, if he came and told you that he should have been ruined before if his contract had not been extended, and, that he shall be obliged to wind up his affairs, and be ruined again, unless you extend his contract; was that the sort of language that would have been used by a man in the position of Sir Samuel Cunard, or in the position of any person wishing to extend a contract?—I do not know that Sir Samuel Cunard has used the word "ruined," but he has used, in different terms, precisely the same argument, continually, for the renewal of his contracts.

3497. There were no other arguments presented to you by Mr. Churchward, as I understand, to induce you to alter your opinion, but those that had reference to the state of his business then, and his promise as to the future performance of his contract?—And those which related to the improvement of the French service, and the connexion between the two services.

3498. Had you any other pressure put upon you, except that which Sir William Jolliffe brought to bear, to induce you to expedite this business, just at that critical time of the election?—There was another person who mentioned the matter, not to me, but to Mr. Hamilton, at about the same time, or as nearly as possible at the same time Mr. Hamilton received from Mr. Whitmore a letter, which has been already mentioned as having been written by Mr. Herbert Murray to Mr. Whitmore at the Treasury. I do not remember the exact terms, but it was to this effect: "We are anxious to expedite Mr. Churchward's matter, and we want him to go down to Dover to canvass." Mr. Hamilton wrote back to Mr. Whitmore, to say "The papers are before Sir Stafford Northcote, and it must be obvious to you that we can take no notice of the other consideration which you have mentioned."

3499. When Mr. Murray said, "We are anxious that Mr. Churchward should go down to Dover to canvass," in whose name did he speak?—I do not know, I did not see the letter; when I say "We are anxious," I only give you the general effect of what I remember about the letter; I do not at all remember that those were the words that were used, but it was something to that effect.

3500. Did Mr. Murray write from the Admiralty?—I do not know whether he wrote from the Admiralty, or where he wrote from.

3501. Did he write in his capacity as secretary to the First Lord?—I should think not.

3502. In what capacity do you suppose that he wrote on behalf of Mr. Churchward at that critical moment?—I suppose that Mr. Murray is a man who was rather warm about the elections, and that he wrote rather as an electioneerer.

3503. He knew, did he not, that this contract was pending?—I suppose he did, but the letter did not refer to the contract, it was only to get Mr. Churchward's business settled, in order that he might go down to Dover to canvass, or something of that sort.

3504. Was the business settled before the election came on?—Yes, practically settled; it was decided upon before the election came on.

3505. Was it signed?—I do not know.

3506. The Treasury Minute was recorded, was not it?—Yes.

3507. Was that done before the election came on?—Yes.

3508. Have you the date of Mr. Murray's letter?—No, I have not the date, but it was just about the same time Sir William Jolliffe spoke to me, just at the time that the papers came to me; it was before I had written my memorandum of the first of April, that I am sure of.

3509. The letter was sent to Mr. Whitmore; who was Mr. Whitmore?—He was a Lord of the Treasury.

3510. Was that after you made the memorandum to suspend the papers?—No, before; I made the memorandum to suspend the papers sometime after that.

3511. What steps did Mr. Whitmore take to carry out the wishes of Mr. Murray?—I do not know what steps were taken. Mr. Murray mentioned the

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other day, that Mr. Whitmore told him that the matter was in progress, or something of that sort; I think that, if you have got Mr. Murray's evidence, you will see that I never heard any more of it. At Question 1691, Mr. Wilson asks, "Had you any answer from Mr. Whitmore to the letter which you wrote about the beginning of April?—No; I think I saw him personally in the evening, and he told me that the matter was still under consideration, and he gave me a verbal answer."

3512. Did I understand you that an answer had been sent to that communication?—Not to Mr. Murray, but to Mr. Whitmore. Mr. Hamilton said to me, "I have had this note from Mr. Whitmore;" but whether it was a note from Mr. Whitmore himself, or a note from Mr. Murray that he showed me, I do not remember; my impression is that it was a note from Mr. Murray to Mr. Whitmore, which note Mr. Whitmore put into Mr. Hamilton's hands; and Mr. Hamilton showed me the note, and the answer which he had sent to it. It was all over, so far as that was concerned, before it came to me; Mr. Hamilton had received the note, and had answered the note; and he showed me the answer that he had sent.

3513. Had you any personal communication with Mr. Whitmore about it?—Mr. Whitmore also spoke to me, I think, and said, "I was asked to forward that business of Mr. Churchward's, but I do not know what it is; and I said, "It is a matter that you must not have anything to do with in connexion with the election."

3514. You deprecated any interference with it at that time?—Entirely.

3515. Had you any communication with any other parties respecting Mr. Churchward, in his political capacity as an influential voter at Dover?—No, I think what I have told the Committee was all that took place.

3516. Was any more pressure put upon you from Sir William Jolliffe, or any other person?—No, certainly not.

3517. I understood you to say that you told Sir William Jolliffe that you were opposed to the extending of the contract?—No; I said that I thought, from what I had seen, that it was not a thing that we should be able to do, or something of that sort, or not a thing that ought to be done.

3518. Did that have regard to the extension of the contract, and not to a compensation in money?—Yes.

3519. Mr. Churchward, as I understand, stood out for an extension of the contract as a vital thing to his interest?—Yes.

3520. You were opposed to it on public grounds, were you not?—Yes.

3521. I understand that Mr. Churchward and you had an interview, and that he succeeded in changing your opinion?—Yes.

3522. You consulted no one else but Mr. Churchward out of your own office?—No, I consulted no one else.

3523. Captain *Leicester Vernon*.] The extension was recommended by the Admiralty, and came to you some time previously to the dissolution of Parliament, did it not?—It came to the Treasury some time previously to the dissolution of Parliament, but not to me.

3524. Supposing the matter had not been connected with the election at all, would it have been either fair, or business-like, to postpone the consideration of his case for so long a time as until after the election?—Certainly not.

3525. With regard to the advantage that the public obtain by the extension of the contract to Mr. Churchward, I understand from you that the 13 knots an hour was the minimum pace for which you could contend?—Yes.

3526. And that also competition would induce him to go to a greater rate of speed, if to his own advantage?—Probably that would be so.

3527. If his term had not been extended, would he not have allowed his plant and boats to run out?—Certainly; that would have been the natural thing for him to do, and it was what he said he should do.

3528. Have the public gained the advantage of having better, safer, and probably faster boats?—Certainly; during the remainder of this contract.

3529. The alternative pointed out to the Committee, by the examination of Mr. Eborall, was the letting the South Eastern Railway Company have the contract, or tender for it; they having already tendered, at a previous time, to do less than Mr. Churchward, and at a larger rate of payment?—Yes.

3530. If the South Eastern Railway Company had obtained the contract, which Mr. Churchward now has, would it not have been virtually giving to that company a monopoly?—I consider so.

3531. Do you believe that a monopoly being in the hands of the South Eastern Company,

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Company, would be to the advantage of the public?—No; very much to its disadvantage.

3532. Upon general principles, are not monopolies of all kinds to the disadvantage of the public?—Yes, I think so.

3533. Mr. *Baxter*.] When you say a monopoly, you do not mean a monopoly of carrying passengers over the Channel, but merely a monopoly between these ports, Dover to Calais, and Folkestone to Boulogne?—Certainly, I confine myself to that which is the usual or the shortest passage from England to the Continent.

3534. You stated that one element which entered very much into your decision was, that Mr. Churchward had hitherto performed the service efficiently?—Yes, so I was informed.

3535. Had the Admiralty not informed the Treasury that complaints had been received, from time to time, as to the manner in which that service had been performed?—No, they had not; and I was expressly told by Mr. Stephenson, and also by Mr. Hamilton, that it was a service that was admirably performed.

3536. Mr. *Hope*.] There was a question that was asked with regard to keeping the speed at 13 knots an hour, and it was stated, I think by Mr. Clifton, that they did not practically keep the 13 knots an hour?—So I heard yesterday.

3537. Do you know why or wherefore they were allowed to do that?—No, I know nothing about it.

3538. Was it at all in connexion with the purchase of the Admiralty boats?—I have understood since that the Admiralty boats were inefficient for the performance of the service, and that the contract was not pressed, because, having bought those boats, of course he could not be expected to do what the boats were not capable of doing.

3539. Was his argument, therefore, that he would remedy that inconvenience by putting on better boats?—Yes, by building improved boats to supply the place of the inefficient Admiralty boats.

3540. Who is the party responsible for having originally forced upon him boats that were incompetent for the service?—I do not know the circumstances, but it must have been done by the Admiralty in 1853 or 1854.

3541. Do you consider that the Admiralty have tied their own hands up from enforcing the contract in consequence of that?—I have not formed an opinion upon that; I do not know what the circumstances were.

3542. You cannot say whether they ought to have permitted that or not?—No, I do not know what the circumstances were at all.

3543. You stated that in the communications which you had, Mr. Churchward wanted to go down to Dover; did you understand that to mean that he wanted to be released from attendance in London?—Yes.

3544. Sir *Henry Willoughby*.] The articles of agreement of the 26th April 1859 were signed by the Lords of the Admiralty, were they not?—Yes, in the usual course.

3545. No functionary at the Treasury has anything to do with the signing of the contract?—Nothing whatever.

3546. Those articles of agreement of the 26th of April 1859 were not entirely in accordance with your views?—No; there were two material omissions, and there were points in them which we had never had our attention called to.

3547. Was there any other variance?—I do not know that there was any variance; there is that clause with regard to using his vessels for his own purposes, which we never had our attention called to at all.

3548. Were not those articles of agreement, when drawn up, submitted to any authority at the Treasury previously to signing them?—No, they were not.

3549. Did not that differ from the usual practice?—I believe so, but I do not know what the practice has been.

3550. Before this they would always have been brought to the Treasury in the usual course of business?—I speak with some hesitation, but I think in the usual course Mr. Stephenson would have seen it; and if he had seen anything that was wrong in it, he would have called Mr. Hamilton's attention to it.

3551. It is accordingly the fact, that no officer of the Treasury saw the agreement after it had been drawn up, and previously to its signature?—So I understand.

3552. Did you ever see the articles of agreement of the 26th of April 1859, after they were signed?—I never saw them at all until they were presented to Parliament in those papers.

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3553. Then your belief was that the articles of agreement had been drawn up in conformity with the stipulations of your Minute?—Yes, I took that for granted.

3554. You had not a doubt about it?—I had not the slightest doubt about it.

3555. That was your belief, was it not, up to the moment when you did see the agreement?—Yes, and I was very much surprised to find that it was not so.

3556. Mr. Corry.] You stated, did you not, that it was owing to an oversight at the Treasury that those conditions were not communicated to the Admiralty?—So Mr. Stephenson stated yesterday, and he explained the circumstances.

3557. Has it not been stated in evidence that it is not the practice to refer back to the Treasury draft contracts in the case of extensions?—Yes, that has been stated in evidence.

3558. You have been asked with regard to a statement, about which I think Mr. Clifton was misunderstood; he said that he himself makes no inquiries out of the office with respect to the mode in which these contract packet services have been performed when applications are made for extensions. Do not you suppose that the Admiralty must have had the means of having full information on all those points from their superintendents at the packet stations?—Yes.

3559. And also from the Admiralty agents on board the vessels?—Yes. I supposed that that was the object of having superintendents at the stations and Admiralty agents on board.

3560. Do you not suppose that the Admiralty must have had ample means for knowing the truth of all the reasons which they allege, in their letter of the 23d of February, in favour of the extension of Mr. Churchward's contract?—Certainly.

3561. They must have known that the subsidy was 9,000*l.* a year less than the cost of the service under the Navy Department?—Yes.

3562. They state in their letter: "The amount of 18,000*l.*, including all additional services, appears therefore to be moderate; and considering that the contractor had paid to the Crown the sum of 17,800*l.* for the Government packets, a description of vessel which would have been incapable for naval purposes, and had met with losses," and so on?—Yes.

3563. They must have had opportunities of knowing the truth of all those statements?—Yes; they must have been within the knowledge of the Admiralty, of course.

3564. You have been asked whether, if you had known that the South Eastern Railway Company was willing to contract at lower rates than Mr. Churchward for the performance of these services, you would not have thought that an objection to the renewal of Mr. Churchward's contract; were you aware that the South Eastern Railway Company, under their Act of Parliament, could not have tendered, inasmuch as they could not have performed the Ostend service?—So I understand. That was a point that was brought before me.

3565. Do you think it would have been a proper course for the Government to have been accessory to the very ingenious device which Mr. Eborall suggested for evading the Act of Parliament in that respect?—No, I think it would have been very improper, especially as that provision was in consonance with the deliberate policy of Government, and it was not a mere accident that it was inserted.

3566. You have been asked whether if that contract had been entered into with the South Eastern Railway Company, it might not have been a good thing to have entered into that contract with the view of driving Mr. Churchward off the line; would the public service derive any advantage from driving a good contractor off the line, in order to throw it into the hands of a company, who would conduct it so as to create a monopoly?—No; I do not think that I should consider a good contractor in the light of a public enemy, which is the view that is implied in some of the questions that have been put.

3567. You think that it would be undesirable to throw it into the hands of the South Eastern Railway Company, because it would establish a monopoly?—I think it would be very objectionable on that ground.

3568. Sir Francis Baring.] You raised the objection that it was against the policy of the Government; do you mean that there is any policy of the Government which would permit a railway company to run packets from Dover to Calais, and prevent them from running from Dover to Ostend?—It was always understood, and I believe that it was Sir Robert Peel's opinion, and I believe it has been frequently expressed in Parliament, that it was very objectionable, as a general rule, to allow railway companies to hold steamboats, and that that rule ought only

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only to be relaxed in special cases where they were performing a service which might be said to end particularly on the other side of the water; the rule being so, exceptions were made in very few cases, and for special considerations. The only relaxations were made for the North Western Railway Company to go from Holyhead to Dublin, and for the South Eastern Railway Company to go from Dover to Calais, and Folkestone to Boulogne; but the very fact of these exceptions having been made, seem to prove the rule that the general policy was the other way, and that where a special case of exception has not been made, such exception was not thought desirable.

3569. With regard to the policy of extending the contracts, or continuing them, you were upon the Treasury Committee upon the Packet Service, were you not, in 1853?—Yes.

3570. What was the opinion of that Committee?—The opinion of that Committee was, that it was fair on the first opening of a new line that the contract should be made for a sufficient length of time to encourage the building of ships for the purpose by affording a prospect of their employment for a considerable number of years; but we were also of opinion that after such contracts had been formed, and the object had once been obtained, companies ought, after having received a liberal subsidy for 10 or 12 years, to provide, by establishing a sinking fund, for the maintenance of their fleet of vessels, and having been compensated for the original hazard, they should continue the service by fresh contracts entered into either from year to year, or for a period not exceeding three years.

3571. Do you entertain those opinions still, or have you modified them?—I have modified those opinions.

3572. There is a letter here of the 4th of June 1857, from Mr. Churchward to the Secretary to the Admiralty; was that letter before you?—No.

3573. You have read it, I presume, since it has been published?—I have read it since.

3574. In that letter Mr. Churchward proposes, does he not, to perform certain services for a sum of 15,000 l. per annum?—Yes.

3575. The Committee are to understand that you have given 2,500 l. for certain other services, as well as the extension of the contract?—Yes.

3576. Have you compared the services which Mr. Churchward offered to perform for 1,500 l. a year and the services for which you give him 2,500 l.; and will you tell me the difference between the two?—I have not compared them, and I should say that with regard to the precise amount of 2,500 l. a year, I never went through the calculations with any minuteness. I took them as given by Mr. Churchward, by the Admiralty, and by Mr. Stephenson, and I really am not able to discuss the difference between the proposals then and now.

3577. Had you not the papers before you?—No; I had not those papers before me.

3578. I did not mean, did you examine them at the time; but have you not subsequently examined the papers, and ascertained whether the 2,500 l. is for different services than the 1,500 l. a year which Mr. Churchward in 1859 professed himself ready to perform?—I understand that it is for further services; that is to say, for a greater number of voyages.

3579. Allowing 52 voyages for the Indian mails once a week, he was under the original contract bound to put on board the Indian mails, was he not?—Yes.

3580. But the Indian mails turned out to be a heavier service than was contemplated at the time?—Yes.

3581. Therefore, probably, in 1859 there was more work to do than there was in 1857; is that so?—I really cannot tell you; I do not know.

3582. The conveyance of the Australian mails outward and inward, I observe, is offered in 1857, by the second clause?—Yes.

3583. Therefore, in that respect the service is the same?—Yes.

3584. Then there is the cost of the small boat now used in landing the mails at Calais, which is to be superseded by a steamboat; that was included in the offer of 1857, was it not?—Yes.

3585. Then the charges, costs, and dues at Calais; that was included in the offer of 1857?—Yes; and probably they would be more if there were more voyages.

3586. And the cost of the special service in conveying distinguished personages, 12 voyages in any year; that was included in the offer of 1857?—Yes.

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3587. Then the only difference between the offer of 1857 and the contract of 1859, was the difference between the number of Indian mails put on board; is that so?—Yes, apparently it is so.

3588. For which he asked 2,500*l.*, and the continuation of the contract instead of 1,500*l.*?—Yes. I must guard myself by saying, that though that appears on the face of the papers to be the case, I have not checked the calculations sufficiently to be sure that it is so.

3589. Mr. *Corry.*] You have been asked whether the difference between 1857 and 1859, with regard to the Indian mails, was merely the difference of the number of the Indian mails put on board; is it not the case, that subsequently to 1857 there was a convention between the English and French Governments whereby the Indian mails were despatched from Marseilles immediately on their arrival by special trains; and whereby also those mails arrived almost invariably at exceptional hours at Calais, instead of along with the general post?—Yes.

3590. Must it not then be a necessary consequence that the Indian mails must have been almost invariably forwarded from Calais by special boats?—Yes.

3591. Do you think that it would be reasonable to call upon Mr. Churchward to perform that special extra service under the terms of the original contract?—No. I do not think that it would be in the spirit of the original contract.

3592. In 1857 there was no mention made of the 48 India, China, and Australian mails; is there not a claim to the amount of 1,002*l.* for those mails made by Mr. Churchward in 1859 for those services (at the top of page 7)?—Yes.

3593. Would not that sum account for the whole of the difference between the 1,500*l.* and 2,500*l.*?—Yes, that just makes the difference.

3594. Mr. *Crawford.*] Did you inquire whether 22*l.* 8*s.* was a fair sum to be allowed per voyage for the additional mails?—I did not inquire into it minutely; I took it upon the authority of Mr. Stephenson, who told me that the arrangement seemed to be a right one.

3595. With regard to the point of competition, you stated that there was an advantage in the competition between the service carried on by Mr. Churchward from Dover to Calais, and the service by the South Eastern Company from Folkestone to Boulogne?—Yes.

3596. Do not you think it would be an advantage if the service between Dover and Calais were in different hands; that is, if the French Government had another contractor besides Mr. Churchward?—There might be; I am not prepared to say how that would be.

3597. Then, in point of fact, in extending the contract so as to give a service to Mr. Churchward which was to run on all-fours with the French service, you were shutting out the public from the advantage of any competition that could possibly arise from the French and English service being in different hands?—But it was represented that the French service was not enough to keep the contractor going.

3598. The advantage derived from competition will be lost, would it not?—It would be lost altogether, if, in trying to make three competitors instead of two, you practically destroyed two, and left only one.

3599. Then, so far as the public interests are concerned, they could derive no benefit from any competition which may arise between the person performing the English contract and a different person performing the French contract?—No.

3600. Captain *Leicester Vernon.*] Did I rightly understand you to say that the French contract could not stand by itself?—So I am told.

3601. In that case you would shut out competition altogether?—Yes.

3602. Captain *Gludstone.*] Would not the contractor undertake to perform the English contract for a lower sum if there were the contractor for the French service also?—Clearly. Mr. Churchward appears always to have said that it was on the ground of his expecting to get the French contract that he took the English contract on such moderate terms.

3603. Captain *Leicester Vernon.*] In the extra sum which was granted to Mr. Churchward, did not the losses which he had sustained come into consideration at all?—Yes, certainly; they were very much pressed on his side, and they were acknowledged by the Admiralty as a reason for the renewal.

3604. Mr. *Corry.*] It has been urged, as an objection to the renewal of Mr. Churchward's

Churchward's contract, that so long a period of the old contract remained unexpired; is it not the case that, supposing the object of the extension of the contract to be to improve the efficiency of the service, that consideration would be entitled to weight exactly in proportion to the unexpired time of the service?—Yes, just so.

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3605. In this case, will not the renewing of the contract ensure to the public an improved service for $4\frac{1}{2}$ years?—Just so.

3606. And would that improvement result, first in obtaining better boats, and second in obtaining an extra boat at Calais, for landing the mails and passengers?—Yes.

3607. Mr. *Baxter*.] In that interview which you had with Mr. Churchward, did he venture to urge the extension of the contract, on the ground that he intended to take an active part in the Dover election?—Most certainly and distinctly not; and I should say that when I said to him what I have told the Committee with regard to the electors generally, he turned to Mr. Hamilton, and he said, "I appeal to you, Mr. Hamilton, to know whether I have not always pressed this, upon public grounds;" and Mr. Hamilton said, "Certainly;" and Mr. Churchward seemed hurt in his manner that I should have alluded to it.

3608. Captain *Leicester Vernon*.] It has been stated that there were complaints against the manner in which Mr. Churchward performed the service; have you ever heard, even in the course of this inquiry, that there were any complaints coming from any other person, excepting one, named Norfor?—No, I have never heard of any others.

3609. Is it within your knowledge that a complaint was sent down to Mr. Churchward, and that the reply given to the Admiralty was of that character that the Admiralty considered that complaint to be totally groundless?—I do not know anything about that; I have never heard of it.

3610. Mr. *Corry*.] Something has been stated with regard to the subject of annual votes for the contract packet service, as in the case of public works, instead of entering into contracts for the service; what is your view of that suggestion?—I think that it would be very objectionable; I do not think that the analogy of the votes for public works at all holds.

3611. Will you state your reasons for that opinion?—It was said, I believe, that inasmuch as the public works were undertaken for large sums, and only portions of those sums were voted annually, and as that was found not to be attended with inconvenience to the contractor, it might similarly be possible to perform the contracts for the conveyance of the mails, depending on annual votes of the House of Commons; but the fact is, that with regard to public works, the contractor has nearly the whole of the money which he expends in hand, advanced to him by the Government, so that if Parliament in any year should refuse to vote another payment on that account, all that would happen would be that the work would stop, and the contractor will not be the sufferer, except by suspense with regard to the future; but in the case of the packet contracts, the contractor actually incurs a very heavy expenditure at his own risk; and if the vote of Parliament should be refused, in any year, he would be a sufferer to an enormous extent, which would not be the case with a contractor for public works.

3612. Would not the public suffer, if the House of Commons, in a fit of economy, were to cut off the supplies for international postal communication between England and America, for instance?—I think so, very seriously.

3613. Sir *Francis Baring*.] Were you at the Treasury, or do you remember the circumstance when the change took place with regard to the payment of these contracts, and it was transferred from the Post Office revenue to a vote in Parliament, when Mr. Gladstone's Bill for relieving the charges upon the gross revenue was carried?—I was not either connected with the Treasury nor was I in Parliament, but I remember, generally, the circumstances of it.

3614. Perhaps, having been Secretary to the Treasury, you can tell me, was it not on the ground of that change that those votes were placed under the superintendence and within the control of Parliament?—Certainly; I believe that was so.

3615. Sir *Henry Willoughby*.] Could you suggest any mode in which the House of Commons could exercise a control over the pecuniary part of these contracts without embarrassing the public service?—I think it would be very desirable that a contract, when entered into by the Government, should be made

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whenever it is possible (which in most cases it would be), subject to the approval, or rather subject to its not receiving the disapproval of the House of Commons, and that it should be made to commence from a certain date, provided there was no objection to it; or else the question might be raised directly by a vote of some nominal sum being inserted in the Estimates, perhaps for the expense of making the contract, or something of that sort, by which the House of Commons would start it positively with its approval. But I do think it very important that some mode should be adopted for bringing those contracts under the notice, and receiving the sanction of the House of Commons, before they become binding.

3616. *Chairman.*] With regard to a question put by the Right honourable Baronet the Member for Portsmouth, did I rightly understand Mr. Stephenson to say, that it made a difference in the system as regarded the Post Office contracts, that the old Admiralty contracts, being by annual votes, were formerly under the control of the House of Commons?—Yes, I understood Mr. Stephenson to say so, but I do not feel quite sure that I agree with him. There certainly is a difference now in the form of the contract which is made for those services, because in some of the old contracts it was specified that they should be paid out of the Post Office revenue; that is now altered, and it is said that they are to be paid out of the monies to be voted by Parliament. And even with regard to the Admiralty contracts, if a contract were simply a contract between the Lords of the Admiralty and a private party, the Lords of the Admiralty would be responsible in respect of the property that belongs to the Admiralty; and if the contractor chose to enforce his demands against them, I suppose that he would have his remedy against the property which is in the hands of the Lords of the Admiralty; namely, the public property which is vested in the Board of Admiralty. But we have now introduced those words, “out of monies to be provided by Parliament,” in order to give notice to the contractor that that is to be the fund, and the only fund, to which he is to look for his payment.

3617. *Captain Leicester Vernon.*] Your department was mainly concerned, was it not, in deciding the question of extending the contract with Mr. Churchward?—Yes.

3618. I wish to ask you a distinct question, and I beg to say that I ask it merely upon public grounds; had the pending election at Dover, and the support that Mr. Churchward promised to give the two Government candidates, any influence whatever upon you in deciding the question of the renewal of the contract?—None whatever, except in making me, for a short time, put it off longer than I otherwise should have done.

3619. *Mr. Dunlop.*] In introducing that clause which you mentioned just now, is it quite understood, both by the Government and by the contractors, that it made the contract conditional on the House of Commons approving and voting the sum?—I apprehend that it made it clear, both to the Government and to the contractors, that if Parliament were to refuse to vote that sum, they would have no other fund to which they could look for payment.

3620. *Mr. Crawford.*] Do you think that that contract could be enforced by a court of law?—I cannot say; I may perhaps just mention, as the question arose yesterday, and Mr. Stephenson was not able to give information upon it, that the way in which those words came to be introduced into the Galway contract was this: Sir Francis Baring, in the House of Commons, had called attention to the use of the old form of contract in one of the postal contracts which had recently been made, and I had to answer his question. In getting the information necessary to answer it, I found that there had been an oversight and an error in the matter. Just about the same time, my attention had been called to the case of the Paris chapel, in which the Government had incurred a certain expenditure, and the vote which they proposed had been thrown out by the House of Commons; and a very awkward question had been raised, namely, whether the Government who had made that contract with regard to the Paris chapel, had not made themselves personally responsible for the matter. I therefore called Mr. Disraeli's attention to the subject; and I said, “You had better take care what you are about, because, if Parliament should refuse to vote money at any time for these contracts, you or Lord Derby may be called upon to pay the whole amount yourselves.” He said that he thought that highly objectionable, and I therefore proposed to insert in the contract the words, “out of the monies to be provided by Parliament,” or something to that effect. Those words were first inserted in the Galway contract; and I think there was a letter,
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or at all events instructions were given to those who prepare the contracts, that that form should always be inserted in future. Sir S. H. Nor
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3621. *Chairman.*] Do you think that contractors attach any importance to that clause, and do they imagine that it diminishes their security in any way whatever?—I know that when it was first proposed in the case of the Galway contract the agents demurred to it; they thought that there was some change, and they did not know what the meaning of the change was. 3 August 1

3622. Does it practically give them no remedy at law, in case Parliament refused to vote the money?—I cannot give a legal opinion upon that.

3623. Did I correctly understand you to say, that it was intended as a bar to an action against the Ministers of the Crown?—That was my idea.

3624. *Sir Henry Willoughby.*] Practically, you do not consider that the House of Commons has any control over those votes?—Yes, it certainly has control.

3625. Take the case of the Dover contract, and that a vote in Parliament is proposed for the amount of this contract, 18,000*l.*; practically, has the House of Commons any option except to pass it?—As I have said before, the House of Commons has the option to refuse anything that it pleases. The Government are bound, I apprehend, to do the best they can to pass the vote; but I do not see how you can limit the option of the House of Commons.

3626. If the executive Government has, through its proper organs, made a valid contract, how can the House of Commons refuse money to carry that into effect?—I do not see how the executive Government can force the House of Commons, except, of course, by moral considerations, which would be naturally pressed upon the House of Commons; but, if the House of Commons, looking at the whole of the circumstances, should come to a conclusion to refuse to pass a vote, I do not see how anything that the Government had done could fetter their discretion. It would be a very severe censure upon the Government who had made the contract, and it would naturally, I suppose, be felt as such; but I do not see how the Government can bind the House of Commons.

3627. But the parties having entered into the contract would get their money, would they not?—Not if the money was withheld by Parliament.

3628. Is it your opinion that this is not a valid contract without the consent of the House of Commons to a vote for the money?—I am not a lawyer, and I do not like to give my opinion in that form; but I do not see how that contract could be enforced, if the House of Commons refused the vote.

The Right Honourable Sir *William Hylton Jolliffe*, Bart., a Member of the House; Examined.

3629. *Chairman.*] YOU were Secretary to the Treasury under the late Government, were you not?—Yes. Right H
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3630. In the course of the inquiry by this Committee, Captain Carnegie has read a letter which has been produced, dated 5th April 1859, in which he says: "My dear Carnegie,—Sir William Jolliffe is very anxious to see you this morning at the committee room, at 6, Victoria-street. They say they must get you to stand either for Dover or Devonport, both of which must be fought by Admiralty men. I am inclined to think you will have the best chance at Devonport. I don't like Dover much. The enthusiasts think they can turn out Russell. I told them they might turn out Osborne, but had no chance with Russell; and, in fact, I believe the latter would pull through the former. I will send for Churchward, and ask him what the chances are; but I think, as a friend, you will have to stand for one of these two places. I also think, from what I hear, that you are misinformed as to Youghal. Sanguine as these men are, one offered to bet 100 to 1 you did not come in there. Yours, *H. Murray.*" Your name having been mentioned in that letter was the reason for asking you to be good enough to attend here; will you inform the Committee what was the nature of the communications which you had with Mr. Churchward, so far as they had reference to the election at Dover?—I do not recollect having had any communication whatever with Mr. Churchward. I did not know him by sight when I met him only a short time ago in Mr. Murray's room, when I went to ask for leave for my son.

3631. It has been stated by Sir Stafford Northcote that you spoke to him respecting Mr. Churchward's contract, and saying, that provided it were right to do it, the sooner it was done the better, inasmuch as his support at Dover was required?—

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required?—I have no doubt that must have been what I stated. I have not as distinct a recollection of it as Sir Stafford Northcote appears to have; but I am aware that I said that if there was any person interested in the Dover election who had anything to do with the contract, it was very desirable that the matter should not be mixed up in any way with the election. I have no doubt that was the advice that I should give, for every reason.

3632. Had you seen Mr. Churchward before you spoke to Sir Stafford Northcote?—I never saw Mr. Churchward that I know of, except when I saw him the other day. I think he may have come with a deputation from Dover during the time of the elections; but I did not know him by sight, and the only time that I know I have seen him was in Mr. Murray's room, long after the elections, and since I have been out of office when I went there to ask Sir Richard Dundas to grant my son three or four days' leave.

3633. The Committee have nothing to do with the Dover election, excepting inasmuch as it is connected with the Dover contract for the packet service; had you no communication by letter with Mr. Churchward regarding that contract?—No; neither with regard to that contract nor with regard to the election. I think, as I said, I may have seen him with a deputation from Dover about the election; but I did not know him, and I did not know the nature of his contract.

3634. Why did you speak to Sir Stafford Northcote about his contract?—Because it must have been mentioned to me that he was an influential person at Dover.

3635. You do not recollect by whom that was mentioned to you?—I do not know by whom it was mentioned to me, but I have an idea that it must have been by some gentleman that I know at Greenwich, because I had no certainty, and indeed I may say I had no hope at that time that a Government candidate would have been successful at Dover.

3636. You have no recollection of having any communication, directly or indirectly, with Mr. Churchward respecting the contract?—I never heard of it from him or anybody else, and I did not know the nature of the contract; I did not know that it was a contract to carry the mails. I was not sure that he was not the contractor for the breakwater there; I heard that he was a contractor, but I was not at all aware of the nature of his contract.

3637. Mr. *Hope*.] The Chairman asked you whether you had said to Sir Stafford Northcote that Mr. Churchward's support was required at Dover, and Sir Stafford Northcote's statement was that you said to him that he was wanted to go down to canvass; do you happen to recollect that?—It is my impression that I may have said that he was a person of influence at Dover, and that it was desirable that any business that was pending with him before the Treasury, and of which I had no cognizance whatever, should be settled, so as to allow him to be perfectly free with regard to the election.

3638. So far as you recollect, did you advocate Mr. Churchward, or his cause, with a view to obtaining support from him for the election?—Not the least in the world; I advocated the proceeding with it in order to keep the Government clear of any interference with election matters at Dover; that was before the elections, and before the dissolution. At that time I did not contemplate that there was any Conservative support likely to be available at Dover. I knew nothing of Dover, and I recommended the Admiralty to look to other places.

3639. Sir *Stafford Northcote*.] Was not the gist of your communication with me that it was desirable to keep the election, and any other business that Mr. Churchward might have (as you understood he had) at the Treasury, totally distinct?—That was my recommendation, I am perfectly certain.

3640. Mr. *Corry*.] Is it not a part of the duty of the Patronage Secretary to the Treasury to interest himself in favour of Government candidates at elections?—I imagine that it is his positive duty; the Admiralty was almost unrepresented in Parliament, and I urged upon the Government the necessity of having the Admiralty represented, and that I should be happy to make any exertions in my power to find Admiralty men seats in Parliament.

3641. You consider it proper, on public grounds, that the naval Lord of the Admiralty should have a seat in Parliament?—I think several should. I do not know of any department that requires representation so much in Parliament as the Admiralty, and that it is so embarrassing not to have duly represented; because there is hardly a Committee, even on Private Bills, on which the Admiralty do not require to be represented.

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3642. Sir *Francis Baring*.] Were you in communication with Mr. Herbert Murray?—I saw him now and then; and he being the secretary to the First Lord of the Admiralty, I think I must have been constantly urging upon Mr. Murray, and I am sure I was on Sir John Pakington, that the Lords of the Admiralty should make up their minds as to where they should stand for.

3643. Were you in communication with Mr. Murray, and, through Mr. Murray, with a view to Captain Carnegie's standing?—Certainly, I was constantly; and I think I always recommended that he should go to Devonport in preference to Dover.

3644. Did you suggest to Mr. Murray at first that Captain Carnegie should stand for Dover?—No; I do not recollect.

3645. Was it Devonport that you recommended?—I think it must have been Devonport I recommended. I know that I had hopes of a Conservative being returned for Devonport; and I believe, if he had gone there soon enough, that he would have been returned for Devonport.

3646. Did a conversation take place between you and Mr. Murray as to Captain Carnegie's standing for Dover?—He told me that Captain Carnegie was willing to go into Parliament, as it was desirable that a Lord of the Admiralty should go to Parliament; and I was quite willing to recommend him to stand for Greenwich, or Devonport, or any place where I thought a Lord of the Admiralty could carry some weight.

3647. Mr. *Baxter*.] Did you know that Mr. Murray had written to the Treasury to expedite the contract?—No.

3648. Sir *Francis Baring*.] In consequence of what communication did you make that application to Sir Stafford Northcote?—I do not recollect; but it must have been in my inquiries as to where a Lord of the Admiralty would be likely to succeed, and somebody might have represented to me that there was a possibility of success at Dover; and it was probably mentioned to me, I think at Greenwich, that Mr. Churchward was a contractor at Dover, and that he had some business before the Treasury; and upon that, I mentioned the subject to Sir Stafford Northcote.

3649. Do you recollect whether the gentleman who mentioned it to you (perhaps you could recollect) represented it, with a view, naturally, of removing any obstacle at the Treasury?—Not at all, I should say; not the least in the world; my impression is that it was an accidental conversation, and that I did not know till then that there was the least chance for a Lord of the Admiralty being successful at Dover.

3650. Was he a gentleman connected with electioneering matters?—No, not at all; he was a private friend of mine, at Greenwich; and I was inquiring whether there was any chance of a Lord of the Admiralty being returned for Greenwich.

3651. Then he mentioned, did he not, that there was a chance at Dover?—Yes; he thought that Dover was a much more likely place.

3652. Did he mention that Mr. Churchward was a contractor there, and a man of influence?—Yes; he mentioned that he was a contractor there, and that he employed labour largely.

3653. And did he also mention that he had business pending at the Treasury at the time?—I think he might have mentioned that he was in attendance upon the Treasury, or something of that sort, or perhaps it was upon the Admiralty.

3654. Mr. *Corry*.] You stated that you understood that Captain Carnegie was willing to come into Parliament: is it not a fact that the Government attached much importance to having a naval Lord in Parliament; and that it was determined, when Captain Drummond left office, that his successor should be appointed upon the understanding that he should come into Parliament?—I urged upon the heads of the departments with whom I had any communication, the necessity of having the Admiralty represented in Parliament; and I should think it very probable that arrangements would have been made in conformity with that, in order that the Admiralty should be represented.

3655. Sir *Stafford Northcote*.] Did you ever hear what reason Captain Carnegie assigned for not going down to Dover?—No, I never had the least idea what his reasons were.

3656. Are you aware whether he ever assigned anything connected with the contract as his reason?—Certainly not. I had no communication whatever with Captain Carnegie; I do not know him by sight; I never saw him in my life; I

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was to have met him one day, as appears by the letter read ; but I never saw him, because he did not come.

3657. Sir *Francis Baring*.] Colonel Taylor was a member of the Government, was he not ?—Yes, he was a Lord of the Treasury.

Captain the Honourable *Swynfen Thomas Carnegie*, R. N., called in ; and further Examined.

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3658. Captain *Leicester Vernon*.] WHEN you accepted the office of Lord of the Admiralty, did you enter into any compact that you should as soon as possible obtain a seat in Parliament ?—Yes. I scarcely understand the word “compact ;” there was a clear understanding to that effect.

3659. That being so, did it appear unreasonable to you that you should be required to try what was considered a place where Admiralty influence might prevail ?—No.

3660. If that influence prevailed more at one place than at another, should you not have expected to have had it pointed out to you ?—No.

3661. Was not it considered of advantage to the public service that a naval Lord should have a seat in Parliament, whereby he might give greater weight to his opinions on naval subjects ?—I have no doubt that it would be a great advantage to the public if more naval Lords were in Parliament than there are at present, or have been lately.

3662. Are you aware that in previous administrations such has been the case ?—Certainly.

3663. As, for instance, Admiral Berkeley held a seat when he was a naval Lord, did he not ?—Yes, certainly. I remember the time when all the Lords of the Admiralty were in Parliament.

3664. In Question No. 1509, you were asked if the Admiralty had not always a certain influence at seaports, and you say, “Yes, certainly” ?—Yes ; I was going to say, if you will permit me to say one word, that having only just seen the revised evidence that I have given, I find that I answered a question there which was put to me by the Right Honourable Baronet, the Member for Evesham, in which I understood him to mean dockyard seaports, and as such I answered the question. If it was meant seaports in general, alluding to mercantile seaports, I should not have answered it in the same way.

3665. I will accept that your answer to Question 1509 implied dockyard seaports, or seaports of that class ?—Yes, seaports of that class.

3666. The influence you meant, I presume, was with regard to the votes of employés, and of persons in business connected with the Admiralty ?—I know so little about the influence that the Admiralty of the day may have in dockyards, that I am not able to answer the questions with satisfaction to myself.

3667. You merely meant, so far as your opinion went, in reference to the answer that you have given ?—I suspect that it is so ; but I have no positive knowledge as to how Government influence is exercised in dockyards, if it is exercised.

3668. Would you give as an instance such cases as Mr. Churchward’s ?—Mr. Churchward, I apprehend, was not connected with a Government dockyard.

3669. He was connected with the Government as a contractor, was he not ?—Yes, if you please so to put it.

3670. What was there, in your estimation, in Mr. Churchward’s position that took him out of the ordinary category of acknowledged Admiralty influence ?—I have already stated that I do not know in what manner Admiralty influence is exercised, if it is exercised at all. I only know, from what people tell me, that Admiralty influence is, or has been, exercised at dockyards ; but I know nothing about the manner in which it is exercised, if it be so.

3671. I merely speak with regard to your opinion ; do you conceive that there was anything in Mr. Churchward’s position, as connected with the Admiralty, that would attach any undue influence or any suspicion of venality in his proceedings with respect to yourself ?—I am not sure that Mr. Churchward would have been connected with the Admiralty as an Admiralty employé.

3672. But he was connected with the Admiralty as a contractor, was he not ?—That depends upon the person by whom the contract was signed.

3673. Then do you consider him as standing quite distinct from the Admiralty as a contractor ?—No, I do not. I do not know under what terms that contract was signed.

3674. Was

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3674. Was not it your opinion that the Admiralty influence was to be used in your behalf at Dover, and that the Admiralty influence was to be used through, or obtained by Mr. Churchward?—That was my impression.

3675. And do you conceive that there was anything peculiar in Mr. Churchward's position that made that proceeding, as far as you were concerned, more venal than in the ordinary case of Admiralty influence at other places?—I do not know what the ordinary case of Admiralty influence at other places may be.

3676. In the note from Mr. Murray to yourself, dated the 5th of April 1859, which you handed in, in reply to Question 1904, he says, "But I think, as a friend, you will have to stand for one of these two places," referring to Devonport and to Dover. What meaning do you attach to the observation, "I think, as a friend, you will have to stand for one of these two places"?—I can give no other interpretation to it than what appears on the face of it; that as a friend of mine he thought that I should have to stand for either one of the two.

3677. Do you suppose that he meant by that, that you stood pledged so that you were bound to stand for one of the two?—I do not know.

3678. I ask rather your opinion as to what you thought it implied. It must have had a meaning, and what did you think it meant?—I did not form any opinion upon it, more than there is upon the face of the letter itself, that as a friend he advised me, or counselled me to stand for one of those two places.

3679. Did you suppose that he counselled you to stand for one of those two places, because they were places at which you had a good chance as a candidate?—I must request you to ask him that question; I am unable to answer it.

3680. Then did you accept any meaning at all as attached to these words, "I think, as a friend, you will have to stand for one of these two places"?—No; I put no particular interpretation upon them, beyond that which is written on the face of the letter.

3681. Are the Committee to understand that the weight of that phrase is to be gathered only from what appears upon the surface?—What does the Honourable Member mean by "the weight of the phrase"?

3682. You seem to give the Committee to understand that there is nothing upon it but merely what there appears; and you ask me what is the weight of the phrase. Will you permit me, then, to say to you how I accept the meaning of it as giving weight to it? It appeared to me that it meant, that in consequence of your having undertaken to stand for a place when you accepted the position of a Lord of the Admiralty, you were to some extent bound to stand for one of those two places, and that he, as a friend, so put it to you?—I understand your question now, I think. I felt myself pledged to obtain a seat in Parliament, as soon as I possibly could, that afforded me any reasonable chance of success, but I did not feel pledged to stand for any place that might be pointed out to me by other parties.

3683. In respect to your opinion as to the duties of the private secretary of the First Lord, in answer to Question 1438, you say he is considered to be the medium of communication between the First Lord and persons who came to the Admiralty on business; from which the inference is, that he might be the medium of communication in such an affair as the Churchward contract; and in reply to Question 1467, you say you believe that the duties of the private secretary of the First Lord are strictly confined to the conduct of the private correspondence of the First Lord in matters relating to the exercise of his own private patronage, and to advising him upon that patronage; from which the inference is, that he could not intermeddle with such business as the Churchward contract; will you be so good as to explain how you reconcile those two statements?—In answer to Question 1438, which is, "Is the private secretary considered to be the medium of communication between the First Lord and persons who come to the Admiralty on business?" my reply is, "Yes, I have no doubt that he is." But the word "business" in that question I assume referred to the proper and official business of the private secretary.

3684. Mr. Corry.] The private patronage of the First Lord?—The Right honourable gentleman who asked me Question 1467, asked whether the duties of the private secretary to the First Lord of the Admiralty were not strictly confined to the conduct of the private correspondence of the First Lord, in matters relating to the exercise of his own private patronage, and to advising him upon that patronage. My answer is, "I believe so."

3685. Mr. Vernon.] Then, in answer to the Question 1438, when you said that

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he was considered to be the medium of communication between the First Lord and persons who came to the Admiralty upon business, you meant merely upon business of patronage as connected with his position as private secretary?—I meant the proper business of the private secretary, which I believe is clearly defined in the private secretary's office. It may or may not exceed that which I state in answer to Question 1467; but I believe it is strictly confined to the private business of the office.

3686. Then, in point of fact, you hold the opinion that Mr. Churchward's business could not have been spoken of officially with the private secretary?—I believe it was not in the private secretary's line.

3687. In reply to Question 1489, you say you looked upon Mr. Murray, with regard to the Dover election, as the private secretary to the First Lord; and when asked in Question 1490, if he were to be practically looked upon as representing the Government, you say that you would rather leave that to the decision of the Committee. Now, supposing the Committee to accept that Mr. Murray did represent the Government in this matter, it was clearly his duty, was it not, according to your showing, to press upon you that Dover was the place for you to contest? That being so, how do you account for his saying in his note, dated the 5th of April, "I am inclined to think you would have the best chance at Devonport; I do not like Dover much"?—I think I said, in answer to a previous question, that I did not look behind Mr. Murray for his principal. In answer to Question 1489, when speaking to Mr. Murray, I said that I looked upon Mr. Murray as the private secretary to the First Lord of the Admiralty; but I did not specifically say that I looked upon him in that light with regard to the Dover election.

3688. In reply to Question 1397, in respect to the conversations which Mr. Murray held with you, in the matter of the Dover election, when asked whom you considered Mr. Murray to represent, you said, "I did not look behind Mr. Murray at that time;" and, in reply to Question 1398, you say you had no reason to believe that he represented anybody. In answer to Question 1430, you fix this conversation as having occurred between the 4th and the 9th of April. That being so, how do you reconcile this statement with Mr. Murray's note dated the 5th of April, wherein he says, "Sir William Jolliffe is very anxious to see you this morning at the Committee-room, at 6, Victoria-street. They say they must get you to stand either for Dover or Devonport, both of which must be fought by Admiralty men"?—Because the conversations with Mr. Murray, to which I referred in the answers to Questions 1397 and 1398, took place prior to the note of Mr. Murray of the 5th of April.

3689. Did the conversation with Mr. Churchward take place before your reception of that note on the 5th of April?—I think not.

3690. You gave it as occurring between the 4th and 9th?—Yes.

3691. Is it not clear, therefore, that Mr. Murray, in saying, "they must get you," &c., represented the committee sitting in Victoria-street?—I do not know.

3692. Am I right in supposing that you wish the Committee to understand that the Government wished you to stand for Dover, but that you were restrained from so doing by scruples with respect to the Churchward contract?—Yes, I think you are mainly right.

3693. Did you decline going to Dover solely and entirely because you thought you would be supported by Mr. Churchward, such support being, in your estimation, venal, as connected with this contract?—No, not entirely.

3694. Had you any other reasons for not going to Dover?—I considered that I did not like to have a place pressed upon me.

3695. Had you any other reasons besides that for not going to Dover?—Yes; I was in hopes of succeeding to obtain a seat in Parliament for another place.

3696. Had you any other reason besides that for not going to Dover?—Those were the principal reasons.

3697. Had you any agent at Dover, or any person of whom you made inquiry, or who made inquiry for you, as to your chance of success at Dover?—No, none.

3698. Sir Benjamin Hall, in his place in the House of Commons, in the debate that took place on April the 12th, 1859, at Hansard, page 1626, in speaking of this particular case, says, "I understand also that that gallant officer had employed a confidential officer, or that some other person had employed one for him, and that that agent reported to Captain Carnegie as to what would be his

his chance if he went to Dover as a candidate for the representation of that place. The confidential agent reported that there was little or no chance for Captain Carnegie." Had Sir Benjamin Hall any reason for making that statement in the House?—I had no communication with Sir Benjamin Hall, directly or indirectly, until he put the question in the House of Commons.

3699. As far as you are concerned, had Sir Benjamin Hall any reason, directly or indirectly, for making that statement?—Not to my knowledge.

3700. Sir *H. Willoughby*.] Was there ever any such person sent?—Not by me.

3701. You know of no such person?—I know of no such person.

3702. Sir *Stafford Northcote*.] Was any report to that effect presented to you by any person sent by yourself, or any one else?—I never sent any one there; nor, to my knowledge, was any one sent on my account.

3703. You did not receive any report to the effect which Sir Benjamin Hall mentions?—No, I received no account.

3704. Captain *Leicester Vernon*.] Sir Benjamin Hall, in the same speech, gives a telegraphic message from you to this effect: "I tendered my resignation solely in consequence of a difference of opinion as to the selection of the place which I could hope to represent." Did you send a message to that effect to Sir Benjamin Hall?—I did.

3705. Can you say what was the difference of opinion as to the selection of the place which you could hope to represent; did it imply a chance of success, or did it imply an objection to the means by which success was to be obtained?—I wished to select my own place, and I wished to select the place which seemed to me most likely to return me, and most likely to keep me as its Member.

3706. Then, in point of fact, it was not entirely on account of your being expected to take certain steps contrary to your principles of honour that induced you not to stand for Dover?—It was the main reason for inducing me not to stand for Dover.

3707. Sir Benjamin Hall, in his speech, goes on to say, "I understand my gallant friend" (meaning Captain Carnegie) "to have intimated that he was perfectly ready and willing to stand for a place where he saw a chance of success, but he objected to go to Dover, because he did not believe that he would be a successful candidate there, unless he resorted to practices which he disapproved of." Do you endorse that statement?—I am not responsible for Sir Benjamin Hall's speech.

3708. Was that statement correct?—I do not know indeed whether the statement was correct or not; I do not quite understand the question.

3709. I had better read it again; it is from Sir Benjamin Hall's speech: "I understand my gallant friend to have intimated that he was perfectly ready and willing to stand for a place where he saw a chance of success; but that he objected to go to Dover, because he did not believe that he would be a successful candidate there, unless he resorted to practices which he disapproved of." I ask whether that statement was correct; that is, did you object to go to Dover because you did not believe you could succeed without resorting to practices which you disapproved of?—I did object to go to Dover for that reason.

3710. Then what were the practices which you were expected to resort to?—There were no practices that I knew of which would have implicated myself. I have stated my reasons that the main objection to going to Dover was the knowledge that there was a contract pending somewhere or other, which appeared to me to be the reason why Mr. Churchward and his friends would have given me their support.

3711. Then are the Committee to understand that you consider that a Government contractor, voting for a Government candidate, brings dishonour upon that candidate?—Certainly not.

3712. Then when Mr. Churchward supported, at a previous election, the Liberal Secretary of the Admiralty, he could do so without either discredit to himself, or bringing the candidate under discredit?—Certainly.

3713. Then how could you imagine that, if voting in that way for the Liberal candidate brought no discredit upon either party, the same description of support being afforded to you would bring discredit to you?—I am not quite sure that it was the same description of support.

3714. Where did you see the difference, as far as you were concerned?—I cannot

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cannot see a difference between two things ; of the one of which I am cognizant, and of the other of which I am ignorant.

3715. You can see a difference between a hypothesis and a fact. Mr. Churchward was a contractor at that time that he voted for the Secretary of the Admiralty, and he was a contractor at the time that he would have voted for you ; is there anything peculiar, in this last case, that takes him out of the common category of contractors, working for the Government ?—Yes, I think there is ; I think that, at the time, in April last, Mr. Churchward was anxious to obtain an extension of his contract ; I am not sure whether he was equally anxious to obtain it in 1857, but of 1857 I plead perfect ignorance.

3716. Sir *Stafford Northcote*.] You say that the statement of Sir Benjamin Hall, that you objected to go to Dover because you did not believe that you would be a successful candidate, unless you resorted to practices that you disapproved of, is a correct statement ?—Yes, it is a correct statement.

3717. You did object to go to Dover for that reason ?— In a great manner.

3718. To whom did you express that objection ?—I did not express it to anybody, to the best of my belief ; I expressed my unwillingness to go to Dover.

3719. To whom did you express your unwillingness to go to Dover ?—To many people who asked me the question whether I was going to Dover or not.

3720. Did you express it to any one who was connected with the Government ?—No ; not unless, as I said before, you consider Mr. Murray to have been connected with the Government.

3721. Did you express it to Mr. Murray ?—I had many conversations with Mr. Murray upon the subject ; and in those conversations I expressed my great doubt as to the policy of placing all their confidence in a person in Mr. Churchward's position.

3722. That is not the question ; to whom did you express the objection that you had to go down to Dover ?—I expressed it to Mr. Murray.

3723. Did you express it to nobody else connected with the Government in any way except Mr. Murray ?—No, I think not.

3724. You say that you wished to select your own place to represent ; did you select a place ?—Yes, I did.

3725. What place did you select ?—I had good and reasonable information that I had a chance in Ireland.

3726. Did you select therefore a seat in Ireland ?—I did.

3727. What seat was it ?—Youghal.

3728. Did you stand for Youghal ?—I did not.

3729. Mr. *Corry*.] Do you remember coming into my official room at the Admiralty (I think it was the day before you resigned the office of Lord of the Admiralty), and having a short conversation with me on the subject of your election views ?—I think I recollect that some conversation did take place between you and me on the subject.

3730. Did you not tell me that you had been pressed by the Government to go down to Dover, but that although you had accepted office upon the understanding that you were to come into Parliament if possible, you did not think that the understanding deprived you of the exercise of your own discretion as to the place that you should represent ?—I do not recollect the words, but I think most probably I used them.

3731. Do you then remember that you told me that from inquiries which you had instituted, you had reason to believe that you had no chance at Dover ?—No, I do not remember that.

3732. Do you remember mentioning to me that you had some intention of going to Ireland to stand for Youghal ?—I do not remember it, but it certainly was my intention.

3733. Do you remember your asking me, that if I thought the Government would object to your opposing Mr. Isaac Butt, and my answering that I could not conceive that they would have any very strong objection to that course ?—I am afraid that I must answer the same ; I remember a conversation of a general nature between the Right Honourable gentleman and myself ; and I think he is correct in most points ; I think I remember the name of the honourable and learned Member for Youghal being introduced in speaking of the borough.

3734. Did you mention in the course of that conversation any transactions with reference to Mr. Churchward's contract, as the reason of your objection to stand for Dover ?—Certainly not.

3735. I think

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3735. I think that conversation must have been subsequent to the conversation in Mr. Murray's room, at which Mr. Churchward was present?—It may have been.

3736. Was not that conversation in my room a day or two before you resigned?—Yes, I think so.

3737. Therefore, must it not have been subsequently to the conversation in Mr. Murray's room?—I think it does not follow that it must have been.

3738. What day did you resign?—On the 6th, I believe.

3739. If the contract was on your mind at that time, as an objection to your standing for Dover, why did you not mention it to me?—I frankly say that was a secret, as I understood, between Mr. Murray and myself; that it was a confidential communication between Mr. Murray and myself; and I did not like to mention it to any third person.

3740. I must infer that the Admiralty, as a public department, had no cognizance, in your belief, of any transaction of that kind?—As a public department, none whatever.

3741. Sir *Stafford Northcote*.] You, being a Lord of the Admiralty, received a secret communication from the private secretary to the First Lord, indicating, as you thought, that he was engaged in a very improper transaction?—I did not say it was an improper transaction. I thought it a dangerous experiment for me to try.

3742. You did not think that there was anything improper in the transaction itself, but only that it was a dangerous experiment for you to try?—No, I do not say that; I have already stated that I think it would have been an improper transaction for me. I think I have stated that already.

3743. I will put it in another way. You, being a Lord of the Admiralty, were invited by the private secretary of the First Lord to engage in a transaction which would be an improper one for you?—I thought it was.

3744. Did you communicate that fact to the First Lord?—No.

3745. Or to any person?—Nor to any person.

3746. Why did you not do so?—I have already answered that question in the previous evidence. I thought it too delicate a matter for me to speak of to any other parties.

3747. You considered that it was consistent with your duty to conceal an improper proposal, made to you by a person in the confidential position held by the private secretary of the First Lord?—I did not say it was an improper proposal from him to me; it was not a proposal in the proper meaning of that word; it was from the concurrence of circumstances that I was led to believe that my election for Dover would be mainly influenced by the support of Mr. Churchward, who was at that time seeking the renewal of the Government contract.

3748. Do you not think that it would be a very improper proposal for any one to make to a Lord of the Admiralty, to facilitate the extension of a contract for the sake of getting political support from the contractor?—Yes.

3749. If, therefore, there had been a proposal of that sort made to you, you would have thought it a very improper proposal?—Yes.

3750. But you say that you do not think the proposal was an improper one that was made to you?—I say that it was not a proposal in the exact meaning of the word "proposal."

3751. I want to get at what really was in your mind; did you, or did you not consider that you were asked, or that it was intimated to you that you were wished to lend yourself to a transaction of that kind?—Yes.

3752. But you did not consider it your duty to mention that intimation to the First Lord of the Admiralty, your immediate official superior?—I did not.

3753. Yet you considered that it was consistent with your duty to resign office in consequence of circumstances, of which that was a very important one, concealing from the First Lord that this was one of your motives?—I am not sure that the First Lord was ignorant of it.

3754. You state that it was a secret between yourself and Mr. Murray?—Yes, between myself and Mr. Murray.

3755. How could the First Lord have known it, except by either yourself or Mr. Murray mentioning it to him?—I did not mention it to him.

3756. You resigned the office that you held as Lord of the Admiralty, did you not?—Yes, I did.

3757. You resigned it in consequence of a disagreement between yourself and the First Lord as to your standing for Dover?—Mainly.

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3758. In the reasons that you must have given for taking that step, did you in any way intimate to the First Lord that one of those reasons was that his private secretary had asked you to do what you thought improper?—No, I did not.

3759. After having resigned office, did you mention to any person that anything improper of that kind had been suggested to you?—I mentioned it to many persons afterwards.

3760. Then you considered it consistent with your duty, being in office, to allow the chief of your own office to be ignorant of an improper proposal made by his own private secretary before you leave, and yet consistent with your duty, after being out of office, to divulge that which was such a secret that you could not communicate it to the First Lord, so as to bring opprobrium upon the Government, of which you had lately formed a part?—I should never have divulged the matter to any living person, had it not been for what I consider the attack upon my character in the late House of Commons.

3761. When was the attack made upon your character in the late House of Commons?—I think it was made by Sir John Pakington in a speech, the precise date of which I do not recollect, but I think it was about the 12th of April.

3762. Was that speech in answer to Sir Benjamin Hall's speech, or in consequence of Sir Benjamin Hall calling attention to it?—I believe it was in consequence of it.

3763. Therefore, when Sir Benjamin Hall made that statement, which was previous to the attack made upon you by Sir John Pakington, you had not mentioned to any single person the proposal that you had made to you, which was against your honour?—I entered into no details upon the subject; I merely said that I had resigned office because we could not agree upon the place for which I should stand.

3764. What was the meaning of Sir Benjamin Hall's speech, that you objected to go to Dover, because you did not believe that you would be a successful candidate unless you resorted to practices which you disapproved of?—I do not know indeed.

3765. If that was not the intention, it was not founded upon any information derived from you?—I think not; certainly not.

3766. If you had not mentioned it to any person, of course it could not have been. You are quite certain that, until the attack made upon you by Sir John Pakington, you had not told any person that you had declined to go to Dover, because you were expected to resort to practices of which you disapproved?—No, I am not sure of that. I think that it is quite possible I may have mentioned that I declined to go to Dover, because of the assistance that I expected to get at Dover was of a character that I did not like to accept.

3767. You did not mention that to Sir John Pakington when you resigned office?—I did not.

3768. Why did you not?—I said before, that this was a confidential communication between Mr. Murray and myself.

3769. Then you thought it improper to mention that confidential communication, or to allude to it, in conversation with Mr. Murray's immediate chief, and brother-in-law; but you did not think it improper to mention it to strangers, who had no relations with Mr. Murray?—I certainly did not mention it to Sir John Pakington.

3770. But you considered that you ought not to mention it to him, but that you were at liberty to mention it to strangers?—I mentioned merely the fact of my resignation, and the reasons, to a very small extent, that induced me to resign.

3771. Those reasons you mentioned to strangers after you had quitted office, but you did not think it right to mention them to your official chief while you were in office?—I did not.

3772. Mr. *Baxter*.] Will you be kind enough to refer to Question 1908, the second examination of Sir John Pakington, where the Chairman asked him, "Do you wish to add anything to your previous statement?" The witness's answer is, "I merely wish to add a few words in explanation (and I am indebted to the honourable Chairman for giving me the opportunity), in consequence of the letter which has just been read by Captain Carnegie. I am sure the Committee will at once see that I must have forgotten the fact of having directed that letter to be written; and I expressed a desire this morning to offer my evidence, in consequence of hearing Mr. Murray speak of several conversations, some of them with Mr. Churchward and some of them with Captain Carnegie; and I was desirous

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desirous to state to the Committee, as I did, that those conversations were entirely without my authority, and without my knowledge. I subsequently stated, I think, that I had had no communication, and that I had authorised no communication with Captain Carnegie, upon the subject of his standing for Dover, excepting in the conversations which I had myself with him. I had two conversations with Captain Carnegie on the same day; and I presume, now that I have heard that letter read," (meaning the letter from Mr. Murray to yourself) "that I instructed that note to be written on the same evening, apprehending, from the nature of those conversations, that Captain Carnegie would decline to fulfil the understanding upon which he had taken office;" and so on. The simple question I have to ask is this: have you any letter from Sir John Pakington with reference to the Dover election?—Yes, I have.

3773. Have you any objection to produce that letter to the Committee?—It is marked "private;" it must be for the Committee to decide whether it is right to produce it or not.

3774. *Chairman.*] Does it refer in any way, directly or indirectly, to Mr. Churchward or his contract?—No, it does not.

3775. Do the contents of the note throw any light upon the subject-matter of our inquiry here?—Yes, I think they do.

3776. You have stated that you think that this letter will throw some light upon the subject of our inquiry; in what way do you think it will do so?—It throws a light upon the subject, in my mind, in so far as it shows that Sir John Pakington believed that a Lord of the Admiralty would have a good chance at Dover.

3777. There is nothing of a private or confidential character about the note, apart from the case about Dover, is there?—It mentions the name of a gentleman who was also likely to stand for Dover.

3778. Will you read that note, omitting the name?—It is dated, "House of Commons, April 5th, 1859. My dear Carnegie,—I have this evening seen a gentleman [], who is now quartered at Dover, and who is willing to be our second candidate at that place; he does not seem to be very confident as to his own election, but he entertains no doubt at all that the seat of a Lord of the Admiralty is quite secure; he gives several reasons for this opinion, which seem fair and sufficient; and it seems to be doubtful whether Osborne will contend against official opposition; he has made himself personally unpopular by neglect of the place. It will, however, be more satisfactory to you to investigate the state of affairs yourself; and if you will call at No. 6, Victoria-street (Mr. Rose's), to-morrow morning, at half-past 11, you will receive the necessary information. Time presses. Yours sincerely, John S. Pakington."

3779. *Sir Francis Baring.*] You have been asked whether you considered Mr. Murray to be acting as the representative of the Committee in Victoria-street; did you go to Victoria-street at all?—I did.

3780. Whom did you go with?—With Mr. Murray.

3781. You saw the Committee there?—I supposed they were the Committee; I am not sure who they were.

3782. Did you go once, or more than once?—Once only.

3783. At that time were any members of the Government there or not?—No.

3784. *Chairman.*] I have before me a letter addressed by you to Sir John Pakington, dated April the 19th, and published in the "Times" newspaper of April the 20th, in which you say: "On the morning of Wednesday the 6th of April I announced to you, through the ordinary means of communication between a chief and his subordinate, that Dover was a place which I could hardly expect to contest with success; but I added, that I had hopes elsewhere, and that an interval of 24 hours would enable me to ascertain whether the reports from another place were sufficiently favourable to warrant me in standing for it." To whom do you allude when you refer to the ordinary means of communication between a chief and his subordinate?—The Private Secretary, Mr. Murray.

3785. Then you were in communication with Sir John Pakington, through Mr. Murray, with reference to the Dover election?—Yes.

3786. Do I rightly understand that, in your communications with Mr. Murray, you at all times considered him as the representative of his chief?—No, I did not at all times. I considered him as the representative of his chief so far as inducing me to contest the borough of Dover, or some other place.

3787. *Captain Leicester Vernon.*] Were you not bound by your compact to

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contest Dover, or some other place?—Either Dover or some other place that offered me a reasonable prospect of success.

3788. *Chairman.*] You go on to say: "To this remark of mine you answered that, in your opinion, I had no option." How did that communication pass between you and Sir John Pakington; did Mr. Murray bring the answer back to you verbally?—No, it was personally between Sir John Pakington and myself.

3789. After that communication, made to you through the ordinary means of communication between a subordinate and his chief, was it followed up by a personal interview upon the same subject?—It was.

3790. You then go on to say, "I then informed you of the political difficulties which attended the representation of Dover, and mentioned the awkward circumstances in which I should be placed if I went to Dover with the Government Reform Bill tied like a millstone round my neck; but those political objections were not the only ones I foresaw I should have to encounter. It was very soon made clear to me, that there was only one possible method by which either of the Sitting Members could be deprived of their seats, and this was a course I could not condescend to adopt." Is that latter paragraph beginning with "Those political objections were not the only ones I foresaw," and ending with "conscend to adopt," also a repetition of observations which you made to Sir John Pakington?—No.

3791. In your interview with Sir John Pakington you alluded, did you not, to the means that you were expected to adopt in order to succeed in ousting the Sitting Members for Dover?—No.

3792. The previous paragraph is a repetition of observations that you had made, as you say, "I then informed you of the political difficulties which attended the representation of Dover, and mentioned the awkward circumstances in which I should be placed if I went to Dover"?—Yes.

3793. But the next paragraph was not a repetition of the conversations?—No.

3794. I wish to ask whether those means to which you would have been expected to resort were the main reason why you withdrew from the Government, and refused to be a candidate for Dover?—Yes, they were the main reasons.

3795. Are the Committee to understand, after the contradiction that has been given to your former evidence, that you persist in saying that you refused to stand for Dover, because you believed, or had reason to know, that Mr. Churchward would be necessary to your success, and that you did not think it proper that you should come in by such means?—Yes.

3796. You still adhere to that?—Yes, I still adhere to that.

3797. That was what operated upon your mind, and was the main cause why you refused to stand for Dover, and why you left the Government?—That was the main cause.

3798. Does the Committee correctly understand you to say that the objectionable means to which you particularly referred were, that you would require the support of Mr. Churchward, who was a Government contractor, contracting with the Admiralty, of which you were one of the Lords; and that you would be placed in an improper position as being a party to a contract with a person who was necessary to your election?—Yes.

3799. And that that should be done pending the completion of the contract, which you knew Mr. Churchward was anxious to have completed before the election came off?—Yes.

3800. You adhere to this statement notwithstanding the contradiction that they have received?—Yes.

3801. Have you any other information to give the Committee by which you could help them to clear up the discrepancy in the evidence that they have received, or by which the Committee could arrive at a full conviction, if possible, as to which side is correct in its remembrance of what passed?—No; I must leave it to the Committee to decide.

3802. Lord *John Manners.*] In the speech of Sir Benjamin Hall, which has been quoted, many, if not most, of the leading paragraphs begin with "I understand;" are the Committee to understand that Sir Benjamin Hall did not understand anything from you?—Not from me; not a word. I repeat that I had no communication with Sir Benjamin Hall until, passing through Cork, late in the evening, I saw, in the Reading Room there, the notice of a motion to be made in the House of Commons, I think the day but one after.

3803. Did

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3803. Did I correctly understand you to state to the Committee to-day, that when you objected to stand for Dover, on account of the means by which alone you could hope for success, you distinctly restricted your meaning to Mr. Churchward being a contractor, and his support being necessary for your success?—Yes.

3804. I think the other day, in answer to some questions which I put to you, you stated also that, at that time, you were not aware that the affair of the Dover contract had passed out of the Admiralty?—I was not aware of that.

3805. Sir *Francis Baring*.] If that contract had been completed, and Mr. Churchward had been the contractor, as he was, in point of fact, before, would you have felt that objection; or did your objection arise from the circumstance of your supposing that the contract was then pending?—Precisely. It was the circumstance of my supposing that the contract was then pending that created my objection.

3806. Lord *Naas*.] Did you suppose that, as a Lord of the Admiralty at that time, you had any influence in the renewal or the non-renewal of the contract?—Practically I should have none.

3807. You stated, did you not, that the only official person from whom you derived this impression, with regard to the renewal of the contract, was Mr. Murray?—Yes.

3808. Did it ever occur to you, knowing that the contract at that moment was at the Treasury, to inquire at the Treasury what the position of affairs with reference to the contract was?—No, it did not.

3809. Supposing that you had inquired at the Treasury, and from your inquiries you had found that the renewal or non-renewal of this contract had nothing whatever to do with the Dover election would not that have altered your mind?—Yes; I have already answered that in the previous evidence, and I answer it in the affirmative, that it probably would.

3810. Mr. *Hope*.] In your previous examination I asked you, in Question 1464, "Therefore it was from no special knowledge or opinion that you had formed upon the individual contract?" Your answer was, "None whatever; the contract might have been most favourable to the Government, or most unfavourable; that had nothing to do with my decision." Do you adhere to that?—I adhere to that statement.

3811. You did not pretend to give any opinion upon the merits of that contract?—None whatever.

3812. Mr. *Crawford*.] As to the difference between your statement with regard to what passed on a certain occasion in Mr. Murray's room, and what has been stated by other witnesses, are you enabled to point to any circumstances which could assist the Committee in forming an opinion upon the credibility of the evidence given on either side?—No, I think not.

3813. What I mean to say is plainly this: that your credibility is necessarily impugned by a direct statement of fact made by another witness; can you avail yourself in any way of the present opportunities that you have of fortifying the statements that you have made by reference to any extraneous circumstances?—No, I do not recollect any at this moment.

3814. Mr. *Corry*.] Do you recollect when you first stated to any person that your objection to stand for Dover was connected with transactions arising out of the renewal of the contract?—No, I cannot recollect precisely.

3815. Do you know on whose authority Sir Benjamin Hall made the statements which he made in Parliament, when he says, "I understand" so and so?—No; I left England on the night of Friday the 8th of April, and did not return until the Saturday week.

3816. Lord *Naas*.] Did Sir Benjamin Hall make those statements without your authority?—Yes.

3817. Mr. *Corry*.] What meaning do you attach to the expression in the telegraphic communication with Sir Benjamin Hall, that you tendered your resignation solely in consequence of the difference of opinion as to the selection of a place which you could hope to represent?—The telegraphic communication was necessarily very limited; I had very little time to prevent him from asking what I thought was a wrong question, because, in the notice that I saw in the papers, it was to ask the reason why Captain Carnegie had been dismissed from his situation at the Admiralty. My telegraphic communication to Sir Benjamin Hall was

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solely to put him right, and to state that I was not dismissed, but that I had resigned.

3818. I ask what meaning you attach to the words "a place, which I could hope to represent"?—That I could hope to represent with success, and hope to keep the representation of.

3819. In short, you merely meant, so far as the telegraphic communication went, that your reason for not standing for Dover was that you did not think you would be successful there?—I did not know about the success or not; but I did not think that I should be able to hold the representation if I had been successful.

3820. Lord Naas.] You were anxious, I suppose, in going into Parliament that you should get a seat that you were likely to retain for some time after a change of Government?—Yes. I was anxious to get into Parliament to fulfil my obligation to Sir John Pakington.

3821. You were also anxious to obtain a seat that you would be likely to retain?—Yes.

3822. And a seat like Dover, where the Admiralty is supposed to have influence, is not a seat of that kind?—I presume not.

3823. Chairman.] In the question put to Mr. Murray, No. 1536, having contradicted in his previous answer the conversation which you alleged to have taken place, he is asked, "Do you think that that has been altogether a fabrication on the part of Captain Carnegie?" He answers, "No; because I had several conversations with Captain Carnegie, and my impression is that he is confusing some conversations with me separately with the conversation which he and Mr. Churchward had with me in my room." Had you some conversations with Mr. Murray of precisely the same tenor as that which you assert to have taken place in his room with Mr. Churchward?—Yes, almost of the same nature.

3824. That is to say he, in his conversations with you, stated, in substance, as he himself intimates here, what you allege Mr. Churchward to have stated?—Yes.

3825. That the contract was pending, and that Mr. Churchward wished to have it signed before the election came on?—Yes.

3826. And did the conversation go to the full extent that Mr. Churchward would prefer to support one, rather than two Government candidates?—No; I think I heard that first of all from Mr. Churchward himself, and only from him.

3827. But, are you quite clear that in your communications with Mr. Murray you had conversations with him with reference to the state of mind in which Mr. Churchward was, and his anxiety to get the contract signed before the election came on?—Yes.

3828. You are quite clear upon that?—Quite clear; the conversations that I had with Mr. Murray upon the subject of the Dover election were, to all intents and purposes, of the same nature, although not so strongly marked, in substance as the speech of Mr. Churchward to me.

3829. Captain Leicester Vernon.] With regard to that question, how do you reconcile that answer with your letter to the "Times," in which you state that you had no hope of success in Dover, except by resorting to means which you could not condescend to adopt?—In my answer to the noble Lord's question, I meant to say that I thought, from what had happened there, that Dover was a place that I could not hope to retain; it might pass from the hands of one Government to another.

3830. So I understand; but the reason you gave in your letter to the "Times," if I apprehend it aright, was, that you could not have any hopes of success there without resorting to means which you would not condescend to adopt; your reason to Lord Naas, namely, that you did not think you could retain your seat for Dover, does not seem to me to agree with your other reason, namely, that you would be required to adopt unworthy means?—I do not know what Lord Naas had in his mind when he asked me the question, but I understood him to ask whether I could hope to retain the seat for Dover, not what my chances of success were.

3831. The impression upon my mind was, that that answer was at variance with your letter to the "Times," in which you gave as your reason for not standing for Dover, that you would have had to resort to means which you could not condescend to adopt; whereas by your reply to my Lord Naas, it appears that there was another reason why you would not stand for Dover, which was that you were

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were not likely to hold it; do the two reasons agree in your own mind?—The one were my reasons for not standing at all; the other, were my reasons for not standing with a view to obtain a permanent interest in the place.

3832. *Sir Stafford Northcote.*] Was your position this, that, looking upon Dover as an eligible seat in every other respect, you declined to stand for it, because of the connexion of Mr. Churchward, the contractor, with it; or was it that, thinking it ineligible in other respects, you added to that the reason that Mr. Churchward's connexion with the contract was also an objection?—My principal reason was that the support of Mr. Churchward was, as I understood, connected with the contract.

3833. That is not exactly the question; did you consider that, setting aside the question of Mr. Churchward and his contract, Dover was an eligible seat, or not an eligible seat for you?—I did not go much into the matter.

3834. But you say that one of your reasons was the question of retaining the seat, for instance?—It was one of my considerations that if Dover was to be handed from one Government candidate to another Government candidate, as each Government went in or out, there was no hope of making a permanent impression upon the place.

3835. Was not the understanding between Sir John Pakington and you that your coming into Parliament was connected with your taking your seat at the Board of Admiralty?—Yes.

3836. Would that object which he had in view, namely, to have a Lord of the Admiralty in Parliament, be sufficiently attained by a Lord of the Admiralty having a seat, so long as that Government were in power?—Yes, his object would have been so, certainly.

3837. That was a consideration which he had in view when you were appointed a Lord of the Admiralty?—Very likely.

3838. *Mr. Corry.*] You have stated, have you not, that in the position which you occupied at the Admiralty, you would virtually have had no control over any question relating to this Dover contract?—Practically none.

3839. I presume by the expression that you thought you could not come in for Dover without resorting to means which you could not condescend to adopt, you had no reference to the Dover contract?—Yes, I had.

3840. But if you held a position at the Admiralty which would have virtually excluded you from any interference in the question, what means would you have had to adopt which you could not condescend to adopt?—As a member of the Board of Admiralty having been once cognisant of the fact (if I may assume that I am right), that the support of Mr. Churchward at Dover was tendered in return for the extension of the contract, I do not think I could have denied the fact afterwards.

3841. Would not the natural interpretation of those words, "without resorting to means which I could not condescend to adopt," seem to imply some overt act on your own part that you thought dishonourable and objectionable?—No; it was being made more the involuntary means of resorting to those practices.

3842. What means did you advert to that you considered that you would have had to adopt?—The means I should have had to adopt would have been to have been cognisant of the fact.

3843. Is not that a very strange mode of expressing that meaning "without resorting to means which I could not condescend to adopt"?—There were means for which I should have been most likely responsible some day or another. I could not separate myself, as one of the Lords of the Admiralty, from the acts of the whole of the Board, although, practically speaking, I had no more control over what they did than I have over the proceedings of this Committee.

3844. *Chairman.*] The Board of Admiralty, as a whole, has the control of the Post Office Packet Department, has it not?—I am afraid that I cannot answer that question sufficiently

3845. Is not the Superintendent of the Packet Department appointed at the Board of Admiralty?—Yes.

3846. Is not his appointment made by the Board of Admiralty?—Yes.

3847. Are not the contracts for the Post Office Packet Services entered into by the Board of Admiralty?—They are to a certain extent.

3848. That is the act of the Board, is it not?—Yes, it is the act of the Board.

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3849. Although you, as a Naval Lord, had not under your charge the superintendence of the Post Office Packet Department, you, as one of the Board, were morally responsible for all the acts of each Lord?—That is precisely what I felt, that I could not separate myself from the acts of the other members of the Board.

3850. Lord *Naas*.] But were you aware at the time that you had this conversation with Mr. Churchward, that the question as to the expediency of the renewal or non-renewal of the contract had been practically decided by the Board by a letter, dated, I think, the 24th of February?—I was not cognisant of that.

3851. Captain *Gladstone*.] Can you state whether the packet contracts, being more or less a naval question, was left to the decision of the Naval Lord or not?—No, it always seemed to me a very extraordinary allotment of the duties.

3852. Mr. *Corry*.] As far as the Admiralty was concerned, the question of the renewal of the Dover contract was determined by a letter of the 24th of February, recommending to the Treasury the adoption of Mr. Churchward's terms?—So I have heard.

3853. If you had known, therefore, that the subject had passed out of the hands of the Admiralty, in that case, you would not have had any apprehension of being obliged to resort to means which you could not condescend to adopt?—Certainly not.

3854. It was under a misapprehension of the circumstances of the case that you imagined you might be compelled to resort to means which you could not condescend to adopt?—It was expressed to me in that way; I should be very sorry to say anything to lead to a misapprehension, but it was represented to me as a fact that the contract was still pending, and not finished.

3855. If you had been aware that, as far as the Admiralty was concerned, it had passed from the department, your objection would have been removed?—In a great measure it would have been removed almost entirely.

3856. *Chairman*.] Did I correctly understand you that Mr. Churchward was at the Admiralty pressing for the completion of the contract at the time that you were there?—I thought he was.

3857. And you could not therefore consider his contract as settled whilst he was urging its completion?—No, I could not.

3858. Mr. *Corry*.] Was not Mr. Churchward at the Admiralty pressing the private secretary of the First Lord to forward his contract at the Treasury?—I do not know that; I was not present at any conversation which took place between Mr. Churchward and Mr. Murray, except the one to which I have alluded.

3859. In what way could Mr. Murray have forwarded Mr. Churchward's views at the Admiralty, if the Admiralty had already disposed of the question in conformity with his views?—None whatever.

Herbert Murray, Esq., called in; and further Examined.

H. Murray, Esq.

3860. Captain *Leicester Vernon*.] IN reply to Question 1397, Captain Carnegie, when asked whom he thought you represented in his conversation with you on electioneering business, replied, "I did not look behind Mr. Murray at that time." As that conversation took place between the 4th and the 9th, and he was in receipt of your letter of the 5th about that time, do you not suppose that he should have known that if you represented anybody it was the committee in Victoria-street?—I do not quite see what conversation he is referring to there.

3861. In the various conversations that took place after the 4th (your letter having been written on the 5th), might he not have implied that you represented the committee in Victoria-street, and not the Government?—I should think so.

3862. What do you mean when, in your note of the 5th of April you said, "But I think, as a friend, you will have to stand for one of these two places"?—I meant that I had been communicating with him, at the request of the friend whom I spoke about the other day, that he should stand for Dover.

3863. Lord *Naas*.] Was that friend a Member of the Government?—No; and when I wrote this letter I expressed my own opinion, and gave him my own advice.

3864. Captain *Leicester Vernon*.] Do you consider that, if Captain Carnegie did not stand, either for Devonport or Dover, he would have departed from the understanding

understanding he had entered into in taking his seat as a Lord of the Admiralty? *H. Murray, Esq.*
—No, I could not.

3865. I wish to know whether you ever saw any other contractor besides Mr. Churchward at the Admiralty?—Yes, I saw the agent for the Gibraltar telegraph, Mr. Lionel Gisborne; I should hardly call him a contractor, as no contract had been made.

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3866. Mr. *Crawford*.] He is rather the engineer for the construction of that telegraph line, is he not?—Yes, he was agent for those who wanted the contract for the line.

3867. Captain *Leicester Vernon*.] Therefore, your seeing Mr. Churchward upon business of that character was not an entirely exceptional case?—No.

3868. Mr. *Crawford*.] How can you call this a similar case, when in the one case Mr. Churchward was a contractor, and in the other case Mr. Gisborne was not?—There were certain individuals pressing the Government to carry the line from a certain place in Ireland to Gibraltar or Malta, of whom Mr. Gisborne was the representative.

3869. He held no contract with the Government, did he?—Not at the moment; he was anxious to get employment.

3870. Captain *Leicester Vernon*.]—Will you state to the Committee in what capacity you saw Mr. Churchward at all?—When he spoke to me as a contractor, I saw him as a contractor, and when he spoke to me about other subjects, I saw him in my capacity as a private individual.

3871. That is to say, that when he asked you to use your influence to hasten another department with regard to his contract, you looked upon him as a contractor?—Undoubtedly.

3872. But if he were not talking to you upon that particular subject, you conversed with him as any other individual?—As any other individual.

3873. Sir *Francis Baring*.] In your previous examination you stated, “I was requested, by a personal friend of mine, to ask Captain Carnegie whether he would stand for Dover;” and the question then was put to you, “Was that friend connected with the Government?” to which you replied, “Not in that capacity, certainly not; he was a member of the election committee;” what do you mean by “Not in that capacity”?—He was not a member of the Government in any way whatever.

3874. Were there any members of the Government on that election committee?—I think there were two; at least, I believe there were; I saw them, but I cannot say whether they were on the committee or not.

3875. *Chairman*.] Can you say what constituted a member of the committee or not?—I cannot say.

3876. Lord *Naas*.] Did you ever see a list of the names of the members of that committee?—No.

3877. Captain *Gladstone*.] Do you know absolutely whether any members of the Government ever were members of that committee?—I cannot speak positively; I only saw them in the room.

3878. Captain *Leicester Vernon*.] Were you a member of the committee?—No.

3879. You saw them there; but had you any reason to believe that they were members of the committee any more than you?—No.

3880. Mr. *Baxter*.] Was there any list of the members?—There may have been, though I never saw one and I never heard of one.

Jovis, 4^o die Augusti, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Captain Gladstone.

Mr. Hope.
Mr. Hubbard.
Mr. Laing.
Lord Naas.
Sir Stafford Northcote.
Captain Leicester Vernon.
Sir Henry Willoughby.
Mr. Wilson.

RICHARD COBDEN, Esq., IN THE CHAIR.

Cornelius Willes Eborall, Esq., called in ; and further Examined.

C. W. Eborall, Esq.

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3881. *Chairman.*] DO you wish to make any addition to, or explanation of, your former evidence?—Yes. Several Honourable Members of the Committee, the other day, pressed me to name a sum for which the South Eastern Railway Company would undertake the service now performed by Mr. Churchward, under the new contract, at 18,000 *l.* a year; and, at that time, not having any authority from my Board, I could not name any specific sum; but since then I have had an opportunity of consulting the Board, and they have come to a unanimous decision that the South Eastern Railway Company would be willing to undertake this contract, for which Mr. Churchward is to receive 18,000 *l.* a year, for the sum of 12,000 *l.* a year.

3882. And perform all the services which he now undertakes to perform?—Yes; the Belgian service and the French service.

3883. *Mr. Baxter.*] Probably in 1863 they might take it for considerably less even than 12,000 *l.*?—I cannot say that; I am not authorised to make that statement.

3884. *Sir Stafford Northcote.*] Do I understand that the South Eastern Company would propose to take it from the present time, or that they would propose to take it from 1863?—From the present time, or from 1863, at the option of the Government.

3885. And for what period?—For a period of not less than five years.

3886. That is to say, they would undertake it from 1863 to 1868?—Yes, or for a longer period, if the Government should think fit.

3887. And they would undertake to do all those, or special services, for which Mr. Churchward is now to receive an additional payment?—Yes, for which he is to receive 18,000 *l.*; and of course there are other special services in Mr. Churchward's contract as well, referring to special boats for the Indian mails; I think that is not included in the 18,000 *l.*

3888. Yes, they are?—But when they send a special boat I think there is some exception; but I am not sure of that.

3889. The contract with Mr. Churchward now binds him, "that whenever the Bombay, India and China, Mauritius, or Australian mails shall arrive at Calais too late for the ordinary packet, the contractors shall provide for the immediate conveyance of the same to Dover, in one of the steam-vessels to be employed under this contract, or by some other means satisfactory to the said Commissioners, their officers or agents, free of all charge"?—That is so; that is part of the proposition, that we undertake these special services.

3890. Have the company satisfied themselves that they have rightly the power to undertake the Ostend service?—They have not fully satisfied themselves upon that head, but I do not apprehend the slightest difficulty about it.

3891. Are you aware that in Mr. Churchward's contract there is a provision that no Member of Parliament shall be entitled to any share in the contract?—I believe that that is one of the conditions.

3892. How

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3892. How many Members of Parliament are there on the direction of the South Eastern Railway Company?—There are two. *C. W. Eborall, Esq.*

3893. What are their names?—Mr. Gilpin and Mr. Rich.

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3894. And how many shareholders of the company are Members?—I am unable to answer that question.

3895. There are a considerable number, are there not?—I do not know that.

3896. I think you mentioned some other Members of Parliament, besides those two, as directors, did you not?—Mr. Gilpin and Mr. Rich are the only two Members of Parliament on our Board.

3897. Is it proposed that those gentlemen should resign their seats, or give up their shares?—I should think not.

3898. Is it proposed then that, in the arrangement that you would suggest between the South Eastern Railway Company and the Government, the clause which restricts Members of Parliament from taking part in the contract should be omitted?—I should think so. I do not know how that is arranged with regard to the Holyhead and Kingstown contract, but I know that there are many Members of Parliament who are on the London and North Western Board, and who are shareholders of that company.

3899. Do you not consider that it would be necessary to repeal the Act of the 22d Geo. 3, which prohibits persons concerned in any contract, commission, or agreement for the public service, from being elected or sitting as Members of the House of Commons?—But how is it that we receive from the Post Office a subsidy for carrying mails over the railway, and yet there are Members of Parliament sitting on our direction; the same thing applies equally to other large joint stock concerns under Acts of Parliament, especially railways.

3900. That is not an answer to my question. You propose that the contract should be undertaken by a company having directors in Parliament?—Yes; and I see no difficulty.

3901. You have recently concluded a fresh arrangement with the Post Office, have you not, for the conveyance of the land mails?—For the night mails.

3902. And you have received an increase of the payment made to you by the Post Office?—An increase of about 1,200 *l.* a year, as I stated the other day; but it costs the company a great deal more money to provide an extra train than what we receive for the extra payment for the acceleration of the mail. We run that mail at a speed of 50 miles an hour between Dover and London.

3903. How has that payment been arrived at?—Of course we entered into a calculation as to what would be the difference of cost between running a train at the rate of 42 miles an hour and 50 miles an hour; and it would cost something more.

3904. You do not quite understand my question; was it arrived at by negotiation, between yourselves and the Post Office, or by arbitration?—By negotiation.

3905. By whom was the negotiation conducted on the part of the Railway Company?—By myself.

3906. By yourself alone?—Yes.

3907. Did any of the directors take any part in it?—Not one.

3908. Did Mr. Rich take any part in it?—Not at all.

3909. By whom was it conducted, on the part of the Post Office?—By Mr. Edward Page.

Captain *William M'Ilwaine*, called in; and Examined.

3910. *Chairman.*] WHAT office have you filled in connexion with the Post Office packet service at Dover?—I was the Admiralty superintendent of the packet service at Dover, from June 1855 to May of this year; three and a half years I remained there, until the 1st of May, but I gave up charge on the 31st of March.

Captain
W. M'Ilwaine.

3910.* *Captain Leicester Vernon.*] Are you in the Royal Navy?—Yes, I am Post Captain in the navy; I was a Commander.

3911. *Sir Francis Baring.*] You were promoted to the service?—I was.

3912. *Chairman.*] During the time you held your late appointment, you have had an opportunity of knowing how the Post Office contracts have been performed by Mr. Churchward?—Yes.

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3913. Have

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W. M'Ilwaine.

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3913. Have you had occasion to report upon that to the Admiralty?—Yes; I reported every three months that I was satisfied with the way the mails were brought; I did not interfere in any other way; I gave Mr. Churchward a certificate. The contractor could not get his pay without I reported that I was satisfied that there was no unnecessary delay in any of the voyages.

3914. Has the general management of the packet service there been such as you approve?—If I had not approved of it I should have reported it to the Admiralty; as I had no complaint to make, I made no complaint to the Admiralty.

3915. You found the service performed well?—I think it was performed, as far as bringing the mails goes, to my own satisfaction, because I was satisfied if the mails were brought; and when any morning the mail did not arrive in proper time for the early train, I sent a statement to the Admiralty of the cause, but I gave a certificate which enabled Mr. Churchward to receive his quarter's salary.

3916. Have you had occasion to report many delays?—Yes; but only from stress of weather.

3917. From unavoidable causes?—Yes.

3918. Have you had any suggestions to make as to any improvement in the postal service between Dover and Calais, or Ostend?—I have made no suggestions whatever; there were no complaints from the Post Office to the Admiralty, and the Admiralty made no complaints to me, and I did not consider that I had anything further to do; I did not interfere with the management of Mr. Churchward's vessels in any way. I went on board and mustered the crew every three months and saw the crew; and that the master had the proper certificate, but I did not interfere with the management at all; I saw that he had the full number of men on board every quarter.

3919. Sir *Francis Baring*.] How many steamers did you inspect?—The contract said six vessels. There were five, I think, when I first went down, and there came another afterwards; and sometimes the service was performed by four. There was one vessel lost, at another time an accident happened; but they managed to bring the mails.

3920. How many did you inspect; did you ever inspect as many as six?—There were six generally; there was generally one under repair, and there were generally five others.

3921. With English captains?—Yes; when I first joined there were, I think, five English captains, and when I left, I think there were four; there were three English packets and three French packets; there were six packets altogether, three under the French flag, and three under the English; and I never allowed the English mails to be brought, except in charge of an English captain; with the French mails, I never interfere.

3922. The same steamers were occasionally French, and occasionally English steamers?—Yes, but when the English mails came in a French boat, there was always an English captain.

3923. Mr. *Baxter*.] Do Mr. Churchward's boats, in ordinary weather, steam 13 knots?—No, I should say not.

3924. Are you aware that he is bound by his contract to steam at that rate?—Yes.

3925. But you did not consider it any part of your duty to report to the Admiralty that he did not fulfil that condition of his contract?—No; I did not, as long as the mails arrived in time to go by the early train in the morning, I did not think it my duty to do so.

3926. I understand that all the supervision that you exercised was only to see that the mails arrived in time for the train?—That is all I did.

3927. Did the train ever wait for the mails?—Yes; I think it did sometimes, I am aware that when it was blowing hard, and the packet was seen coming in, the train waited sometimes.

3928. You reported those occasions of delay to the Admiralty?—Whenever the mail did not go by the 5.20 train in the morning, I reported it to the Admiralty.

3929. Captain *Gladstone*.] What was the average duration of the passage?—It depended upon the weather, but the average is about two hours.

3930. The distance is above 20 miles, is it not?—I think about 22; sometimes

Captain
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times they come in an hour and 40 minutes; if it blows hard, they will take two hours and 15 minutes, or two hours and a half; I never knew a vessel to be detained in ordinary weather. They always went when it was possible for them to do it.

3931. Thirteen knots would do it in an hour and a half, or less?—Yes; the contract said 13 miles an hour, and a vessel to do that, upon the average, must go 15.

3932. Captain *Leicester Vernon*.] You have said that the service was always sufficiently well done?—I have said that it was done; so far as bringing the mails was concerned, I was satisfied with it.

3933. And you reported accordingly?—Yes; I reported that I was satisfied. My reports went to the Admiralty every three months, saying that I was satisfied with the way in which the service was performed, that I had no complaint, and that the contractor was entitled to his salary.

3934. You being the superintendent on the part of the Admiralty, your three months' certificate was a condonation of anything that occurred during the three months?—Yes, so far as bringing the mails was concerned.

3935. Mr. *Hope*.] You said that they did not steam 13 knots. Were the principal part of the boats which Mr. Churchward had those which he bought from the Admiralty, or had he any boats that he bought from the Admiralty?—Yes; the "Garland," I think, and the "Vivid."

3936. And he had the "Violet" at one time, had he not?—Yes.

3937. Mr. *Corry*.] And the "Dover"?—That was before I went; not in my time.

3938. Mr. *Hope*.] Were those boats fit to steam 13 knots when he bought them from the Admiralty?—I should say not; certainly not, in my opinion.

3939. Sir *Stafford Northcote*.] Were his other boats better than those?—The French boats were the best. The "Prince Frederick William" was a fast boat, and the "Vivid" was a fast boat.

3940. Some boats are now being built, are there not?—Yes.

3941. Were those boats you have mentioned capable of performing 13 knots an hour?—I have known them go at 13 and 14 knots an hour. They were, in my opinion, fast boats.

3942. Are you aware that Mr. Churchward is now building a new boat?—No, I am not.

3943. Mr. *Corry*. Do you consider that it would be an advantage to the public service if a new and powerful packet were put upon the station?—I think there ought to be powerful boats for Ostend, and I should say that there ought to be another boat in the room of the "Ondine." I did not think the "Ondine" was quite equal to perform the service in bad weather.

3944. With regard to Calais, is it not of great importance in bad weather and head winds that a vessel should be strong and of great power of engines?—Certainly.

3945. You think that in that respect a new and powerful vessel would be of advantage to the public service, even on the Calais line?—Of course a powerful vessel would be of advantage to the public service; a vessel that would come over and save five minutes would save a great deal.

3946. Supposing a vessel barely able to attain the speed of 13 knots in fine weather, it would be very much short of that in bad weather?—Yes, certainly.

3947. If he had a new and powerful vessel, she might, perhaps, even in bad weather be able to keep up a speed of 13 knots an hour?—Yes, decidedly.

3948. That would be a great advantage, would it not?—Decidedly.

3949. Mr. *Hope*.] Were you the superintendent at the time when the "Violet" was lost?—I was.

3950. I suppose the "Violet" had not been reported upon by you as unfit for service?—She was not reported upon by me as unfit for service, for I had a conversation with the engineer, Mr. Harrison, and he told me that he had reported there was a little damage done to her, and some little repairs were wanted, which he had put to rights before she went to sea; but I reported my own impression that I did not think she was lost from any break down in the machinery.

3951. In short, she was a good enough boat to do the contract, as it stood?—Yes, as far as I could judge. When I mustered those packets, I took the engineer

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with me belonging to the company, and he always reported to me the engines were in good order.

3952. Was the "Violet" bought from the Admiralty?—I think she was.

3953. Is it not the opinion of persons very competent to judge, that that vessel, though competent to do the work according to the contract, was lost for want of the power to work off the Goodwin Sands?—I never heard so. My own impression is that that vessel was lost from the captain keeping too much to the northward. I think that she went on to the sands, and that she could not be got off.

3954. Did you never hear the allegation made, nor the complaint made by Captain Norfor?—I have heard of it, certainly.

3955. Was that complaint sent to you to report upon?—I cannot remember whether it was or not; but I sent a report to the Admiralty, relative to the loss of the "Violet;" I said I believed that she was lost entirely by accident, not through any breaking down of her machinery.

3956. Why should there have been any question upon the subject, if it had not been raised, as to her seaworthiness?—I do not know.

3957. Do you not think that if it had been a better and more powerful and new boat, that accident would not have happened?—Really that is a difficult question for me to answer; because if any vessel had been steering the same course, and had gone on the Goodwin Sands with the same force as she went, she would be lost, the way that the wind was at that time; and if anything had happened to the machinery of that vessel she must have drifted away.

3958. All the hands were lost, were they not?—Yes, all the hands were lost.

3959. Mr. Crawford.] The circumstances under which she was lost can only be a matter of presumption?—Entirely a matter of presumption.

3960. Mr. Hope.] Was not evidence tendered to show that parties gave the opinion before that boat went to sea, that though she was sufficient, within the Admiralty contract service, as it stood, she was not seaworthy for bad weather?—I never heard so; and if any such report had come to me, I should have considered it my duty to report to the Admiralty, to stop her going to sea.

3961. Mr. Corry.] Had the captain of the "Violet" been long on the station?—He had been very long on the station.

3962. Do you not suppose that he would have been very well acquainted with the set of the tides, and other circumstances, to enable him to judge and to steer the proper course from Ostend to Dover?—Yes. It was an error in judgment. My own opinion is this, and I never have altered it, that it was an error in judgment on his part.

3963. Is it not a very unusual thing for an officer commanding a vessel, going over the same ground day after day, to make a mistake in his course?—Yes; I have heard that Captain Lyne was a very good, excellent man, but he was fond of what is called shaving close. I have heard that he was fond of trying to make the passage as quickly as he could; but he was a very good officer, and a steady and excellent man.

3964. It was blowing very hard at the time, was not it?—It was a snow-storm, and blowing very hard.

3965. Do you think that an officer of any judgment would have been shaving close in a snow-storm, with the wind blowing hard?—I have talked to Captain Hammond, another commander of these boats, and he told me he always kept on towards the French coast; and it is very clear, from the position she was found in, that she went right bang on the sand.

3966. Captain Leicester Vernon.] All hands having been lost, have you any reason for supposing that the vessel was lost from a mistake in the steerage, excepting a mere surmise?—Nothing, except what the general opinion was, and from conversation which I have had with nautical men on the subject about Dover.

3967. Was not there a general opinion existing at the time as to the inefficiency of the "Violet"?—I did not hear that till afterwards.

3968. Did you hear it afterwards?—Yes, I heard it afterwards.

3969. Chairman.] Is it any part of your duty to report upon the general accommodation afforded to passengers on board the steamers?—I never had any instructions of the kind; I never interfered in any way with the passengers; I have had no instructions from the Admiralty with regard to that. I never had any

any complaint made to me by any passenger, and I never of course sought out a representation that did not come before me in a public kind of way.

3970. Captain *Leicester Vernon*.] We have had the question of speed brought before us. Do not the Board of Trade require that the packets should go at half-speed through the roadstead, to avoid accidents?—I never had any instructions of that kind.

3971. Mr. *Corry*.] Have you ever witnessed the landing of the mails and passengers at Calais in bad weather?—Never.

3972. Can you form any judgment whether it would be a great convenience to the public to have a small boat for the purpose of landing the mails at Calais?— I should think so. I have heard Mr. Churchward or Captain Smithett say that he intended to build one at that port, and that it would be a great saving.

3973. Would it be an advantage to the mails?—I can only say that I have heard Mr. Churchward say that it would be a very great advantage, because bringing out the mails in the roads is very inconvenient.

3974. Mr. *Bazley*.] Have you ever known trains start without the mails at Dover?—Yes.

3975. How often?—I cannot remember, but my reports to the Admiralty will show. Sometimes it might be five or six times in the three months, but many quarters much oftener, according to the time of year and weather, it depended upon the tide and the weather; sometimes it has been blowing so hard from the north-east that the boats with the mails could not get out into the roads, and, in consequence, three or four or five days running the mails have been behind; but that is entirely in consequence of the state of Calais Harbour.

3976. Mr. *Hope*.] Is it sometimes the case that they cannot cross at all in the 24 hours?—I think that has happened not more than two or three times since I have been at Dover. It happened once, I think, that they could not get out, and I think once two mails came together; but only once, that I can tax my memory with now. The mails came out whenever there was a possibility of coming out.

3977. The efficient performance of the service in case of difficulties, in stress of weather, must very much depend, must it not, upon the power of the boat that conveys the mails?—Of course a vessel that can go 13 miles in bad weather would have much more advantage than a vessel going only 10.

3978. So far as your supervision is concerned, if it is bad weather, that is sufficient excuse for the delay?—I considered it so.

3979. Sir *Stafford Northcote*.] Upon the whole, from your experience, did it appear that Mr. Churchward was capable of performing his contract fairly with the boats that he had?—As far as bringing the mails goes, he was.

3980. Did it appear to you that it would be an advantage that he should put on new, and stronger, and better boats?—I certainly would recommend it; I think that the "Ondine," one of his packets, is not capable in bad weather, and she has not the speed for the contract in bad weather.

3981. If, then, he were to substitute for some of those boats, which are only just capable of performing the service, better boats and superior boats, would that cause him additional expense, or any considerable expense?—I should say, of course, that it would cause expense.

3982. Do you think that would involve considerable expense to build new vessels?—Yes.

3983. Mr. *Baxter*.] Have you reported that the "Ondine" is sufficient in bad weather to perform the service?—When I first took charge of the district, I reported the "Ondine," and I said that I considered her speed was not equal to the other vessels. Then she was taken off the Ostend service, and the contractor generally employed her in the Calais service; but the Admiralty surveyors surveyed all these vessels in December 1857. I think it was two years next December the engineers came down and surveyed all Mr. Churchward's vessels; and a report was sent to the Admiralty as to their speed, and as to their efficiency. The Admiralty surveyor, builder, and engineer sent in the reports to the Admiralty on these vessels in December. I think I wrote to the Admiralty, saying that I should like all the vessels to be surveyed. So far as my memory goes, I wrote to the Admiralty, and the Admiralty ordered them to be surveyed, and a report was sent to the Admiralty.

3984. Did the report of those surveyors differ from you, as far as the "Ondine" was concerned?—Yes; I think that as far as that goes, they reported that they considered that she had the proper speed.

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3985. Did she steam 13 knots an hour?—No.
3986. Nothing like it?—No; she is a very fair boat in fine weather, but when it comes to blow hard, she is not equal to her duty.
3987. Mr. Corry.] Is she one of the Admiralty boats?—I think she was one of the Admiralty boats.
3988. Captain Gladstone.] Do you know what her speed is in calm weather?—I dare say she would go 12 knots an hour.
3989. Captain Leicester Vernon.] Was she approved of by the Board of Trade?—Yes; and so she was approved by the Admiralty surveyors.
3990. Mr. Corry.] How long has the "Ondine" been on the station?—Ever since I have been there; I found her there.
3991. Did you ever report to the Admiralty as to her inefficiency to attain the contract rate of speed?—I think in a letter I mentioned it; I wrote to Mr. Churchward, I know, on the subject, when I went down, that I did not consider the "Ondine" quite equal to the speed for going to Ostend, and he wrote to me to say that he would give orders that she should be employed chiefly in bringing mails between Calais and Dover; and that she should not go to Ostend, except in fine weather.
3992. Was the "Ondine" on the station when Mr. Churchward commenced the performance of the contract in 1854?—I think she was, but I am not sure.
3993. Sir Stafford Northcote.] There are not two vessels, the "Ondine" and the "Undine," are there?—No.
3994. Then the "Undine" appears to have been one that was purchased from the Admiralty at the commencement of the contract?—I think Mr. Churchward built the "Ondine" himself, or he bought her from Mr. Baldwin; Mr. Churchward informs me that the name of the old "Undine" was changed to the "Dover."
3995. Mr. Corry.] The "Ondine" was on the station in 1855, when the contract was renewed?—Yes.
3996. Mr. Baxter.] The "Ondine" was not one of the vessels supplied by the Admiralty, was she?—No.
3997. You state, do you not, that she cannot steam 13 knots an hour?—I do not think she could.
3998. Yet the surveyor of the Admiralty has reported that she is fit for service?—Yes; I think she was reported by the last surveyor as fit for service.
3999. Captain Leicester Vernon.] She was surveyed when first she came into the service, was she not?—I suppose so; I do not know; she was surveyed by the Admiralty surveyor, I think, in December.
4000. Mr. Corry.] Do not you find that vessels lose their speed as they get old?—If they are very much worked in the water, of course they do. It depends upon the work; as they get old, if they are wooden vessels, they will lose their speed.
4001. Chairman.] You have been asked as to the efficiency of this postal service, and in your answers you have used this expression, "So far as the carrying of the mails is concerned;" have you any other information to give to the Committee with regard to the performance of the service in any other respect?—No; I have no other information.

William James Page, Esq., called in; and Examined.

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4002. Chairman.] WHAT office do you fill in the Post Office?—I am one of the senior clerks in the secretary's office.
4003. Have you the Post Office Packet Department under your charge?—I have all the correspondence relating to foreign and colonial mails. We consider the packets as under the Admiralty; but any correspondence, so far as the Post Office is concerned relating to the packets, passes through my branch.
4004. How long have you filled your office?—About 15 years.
4005. Have you any recollection of the circumstances attending the renewal, or rather the extension of the contract, for the Dover packet service?—The correspondence between the Post Office and the Treasury on the subject passed through my hands.
4006. Have you the correspondence there?—Not the original correspondence; that was laid before Parliament. I have brought simply the Parliamentary Paper.
4007. Have

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4007. Have you the correspondence in your hands as it was printed for the House of Commons?—Yes, as it was printed for the House of Commons.

4008. Has there been any other communication or letter from the Postmaster General to the Treasury except what is contained in those papers?—Not any that I am aware of, and I should have seen it if there had been.

4009. Were you consulted by the Postmaster General at the time when that answer was given?—No; the Postmaster General does not consult me individually. In connexion with any paper, I receive my orders through the secretaries.

4010. Either through Mr. Rowland Hill or Mr. Frederick Hill, the assistant secretary?—Yes.

4011. Does Mr. Frederick Hill refer to you for information as to the arrangements?—He would if he required any information. The letter that did come from the Treasury relating to the renewal of the contract was taken by me to Mr. Frederick Hill for his instructions.

4012. Sir Francis Baring.] In some departments it is the habit of the officer who receives the correspondence to suggest the answer; is that the practice at the Post Office?—Our practice at the Post Office is, to take the papers to one of the secretaries, according to the subject to which they relate, and to receive his instructions for the preparation of a minute or an answer, but not to prepare the answer until the purport of it has been pointed out by the secretary.

4013. You do not suggest the draft answer?—Not on my own part.

4014. Sir Stafford Northcote.] You are not consulted by the secretary as to the kind of answer to be sent?—In some cases I am, and in some I am not. I was not consulted as to the answer to be given to this particular letter.

4015. Are you in a position to tell the Committee what were the considerations which influenced Mr. Hill in this letter?—The considerations I think are detailed in the letter.

4016. Can you give any information beyond what is in the letter?—None beyond this, that the letter was prepared in my branch from instructions received from Mr. Frederick Hill.

4017. Chairman.] Did you confer with Mr. Frederick Hill as to the answer that should be given?—I took the letter from the Treasury to him, and requested his instructions; I think it probable that such a letter as that he would keep by him for a day or two; and then he would send for me, and tell me the nature of the answer that he wished to be submitted to the Postmaster General. That is the usual course with anything important.

4018. Mr. Bazley] If there appeared to be any discrepancy in the instructions you received, would you have remonstrated, or offered any suggestions?—I have done so frequently.

4019. Sir Francis Baring.] Can you give the Committee any information as to the nature of the correspondence with the French Government?—I think so.

4020. The correspondence between the French Government and the English Post Office passes under your cognizance?—Yes, in general.

4021. Some communications have taken place, have they not, with regard to improvement?—Yes, we have been for a long while in correspondence with the French Post Office.

4022. When did that correspondence commence?—I should say certainly as much as two years ago, in consequence of a suggestion made by Mr. Churchward to the Admiralty.

4023. In that correspondence, did the French Government in any way state, among their difficulties, that they could not accede to your wishes with regard to the improvements in consequence of the English contract with Mr. Churchward being so short?—They did not say so; no such communication was made.

4024. It was not either a distinct allegation, nor did it in any shape come before you from that correspondence?—No.

4025. There have been some improvements in the communication between London and Paris, have there not?—I do not remember any improvements lately.

4026. It was stated by the traffic manager of the South Eastern Railway Company, that the mail was to go more quickly between London and Dover?—Yes; since the first of this month, the mail between London and Dover is conveyed more quickly than it was, and that forms a part of Mr. Churchward's proposition.

4027. Is that at all connected with the French part of the transaction, or is it merely

W. J. Page, Esq. merely upon the English part of the service?—At present it only affects the English part of the service.

4 August 1859. 4028. Does it affect Mr. Churchward's contract in any shape?—It will give him more time for getting to Calais, because we have not been in a position to propose any alteration in the trains between Calais and Paris at present.

4029. Would this alteration require his assistance at all?—Not in any way that I am aware of.

4030. It is merely with the railway, is it not?—A communication has taken place between the Post Office and the railway company.

4031. And the time is altered in the conveyance by railway; is that the whole of the transaction?—Yes, so far as it has gone; but having obtained this, we hope that it will assist us hereafter, when we improve the service all the way between London and Paris.

4032. Are you in communication with the Belgian Government as to the improvements?—We have been in communication with them; there is nothing going on at the present moment; we cannot negotiate with Belgium till we have concluded our negotiations with France.

4033. Has there been a correspondence with the Belgian Post Office?—Yes, a good deal within the last three years.

4034. In the course of that correspondence, did the Belgian Government ever state the difficulty under which they labour in consequence of the shortness of Mr. Churchward's contract?—No.

4035. *Sir Stafford Northcote.*] This change which has taken place in the mail from London to Dover is part of an arrangement which is in progress for the acceleration of the service to Paris altogether, is it not?—It is; it originated as a separate question, but it is connected with it.

4036. Is it connected with that correspondence which you say originated in the suggestion of Mr. Churchward?—It is part of it, and it will work into it.

4037. That forms a part of a plan, which, having been suggested by Mr. Churchward, has been taken up by the Post Office for improving the communication between London and Paris?—Yes; but, as I should explain, it is also connected with a separate question, namely, the question of allowing a little more time in the London office to send away the foreign mails; the London office finding it difficult to be punctual in dispatching the mails, and a later arrival at Dover being impracticable, it has been necessary to negotiate with the railway company, in order to obtain an additional time in London.

4038. In order to gain the full advantage of this change, is it necessary that there should be corresponding alterations in the service across the Channel and in the French railway service?—Yes.

4039. What portion of the service is it that it is necessary that there should be changes in; is it the English or the French service?—The late changes in the hours of departure and arrival between London and Dover are only connected with the English service.

4040. But are you anxious, in order to carry out the plan fully, to have a change in the French service?—Yes. The subject upon which we are in correspondence with the French Post Office is the acceleration of both services.

4041. With regard to the French service, is that in the hands of Mr. Churchward?—It is.

4042. And under a contract with the French Government?—It is.

4043. Over which the English Government have no control?—None.

4044. Supposing that Mr. Churchward were opposed to the changes that you propose, would you find it possible to make them in connexion with the French part of the service?—I am hardly aware.

4045. Supposing the French Government were opposed, what would you do?—If the French Government were opposed we could do nothing.

4046. If the French Government have a contract with a certain person for their part of the service, and that person refuses to make alterations, can the French Government make them?—I should imagine not.

4047. Unless there is something in the contract which enables them to do so?—Certainly I have not seen the contract.

4048. But assuming that the French Government are bound to a certain contractor, and that contractor refuses to come into the arrangement, the arrangement must fall through, must it not?—Yes, I think so.

4049. It is stated, in the letter of the Postmaster General, of the 10th of March,

March, that, in the opinion of Lord Colchester, that any extension of the duration of Mr. Churchward's contract "would be objectionable, as it might probably fetter the Post Office in its negotiations with foreign countries, and increase the difficulty already experienced in improving the continental postal arrangements." Have you found that the Post Office has been fettered in its negotiations with foreign countries by the extension of the contract?—No, certainly not; by the recent extension of the contract, we have not as yet been fettered.

4050. Can you explain in what way the extension of the contract was likely to fetter the Post Office in its negotiations with foreign countries?—I think that the Postmaster General had in view the probability of abolishing the packet service between Dover and Ostend as a thing that might occur, and sending all the correspondence for Belgium and Germany by way of France; if any negotiation to that effect were to take place, the contract, which is for both the Dover and Calais and the Dover and Ostend services, would, of course, require alteration.

4051. With regard to the point that I drew your attention to, the Postmaster General states that the Post Office might be fettered in its negotiations through the apprehensions of the South Eastern Railway Company, that by a change in the hour of sailing, or in the French port of arrival and despatch, the traffic by this company's own boats may be seriously injured; can you explain in what way that would bear upon the arrangements that are being proposed?—I cannot.

4052. Do you yourself think that there would be that difficulty?—I pointed out to Mr. Frederick Hill, at the time that the letter was written, that in that part I did not agree.

4053. You have held your present office for 15 years, have you not?—Yes.

4054. And you have therefore become very familiar with all the arrangements for the foreign and colonial postal service?—I have.

4055. You have been in the office, have you not, a great deal longer than Mr. Frederick Hill?—A great many years longer.

4056. You have therefore the means of forming an opinion of your own as to the merits of particular services and arrangements?—I think that I have the means of forming an opinion.

4057. What is your opinion with regard to the arrangements that are made with Mr. Churchward; do you think that those arrangements are, upon the whole, favourable or unfavourable to the postal service?—Favourable.

4058. Do you think that it would be an advantage to the public service if this service were given to the South Eastern Railway Company, and Mr. Churchward's boats were withdrawn?—I do not think that it would be advantageous.

4059. Will you state the reasons why you do not think it would be desirable?—My idea is that it is better that the railway Company and the contractor for the sea service should be mutually a check upon each other; that is my principal reason for forming that opinion.

4060. Even if the South Eastern Railway Company should propose to undertake this service for some thousands a year less than Mr. Churchward receives, do you think that there would be a doubt as to the advantage of accepting that offer?—That is a question that I really should hardly like to answer, because sometimes a saving of money is considered a great object.

4061. Captain *Leicester Vernon*.] Supposing the saving of money not to be the sole object with you, what would you say then?—Then, I think, that, in order that the railway company and the contractor may be a mutual check upon each other, it is better that it should be in two hands, as at present; but that is only my opinion.

4062. Mr. *Baxter*.] Am I to understand you to express an opinion in favour of the extension of this contract to 1870, or an opinion unfavourable to it?—I did not give any opinion on that point.

4063. Have the Post Office formed a decided opinion with regard to the necessity of continuing the service between Dover and Ostend?—I think they have not formed any decided opinion that it would be so.

4064. Your impression is, that it ought to be discontinued?—I do not say that; I say that that is a contingency which seems quite possible. It has been suggested and talked over half-a-dozen times since I have been in the Post Office.

4065. But by extending Mr. Churchward's contract until 1870, that arrangement has been prevented from being made until that time?—Except by an agreement with him.

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4066. Sir *Francis Baring*.] With regard to the mode in which Mr. Churchward's contract has been performed, do you think that the mails have been as regular, and that the service has been as well performed since it has been done by contract, as it was while it was under the Government?—I think it has; when I knew that I was coming to this Committee, I examined this morning our correspondence with the Admiralty, and I found that only on two occasions during the last year have we made any representations respecting the late arrival of the French mails in London, and on both those occasions the answers received satisfied all our doubts as to anything being wrong.

4067. Comparing it with the other services, would you say that Mr. Churchward's service was a well-conducted service?—I should say so.

4068. Have you formed any opinion yourself about the length of time the contract should be made for?—I have not formed any opinion upon the point.

4069. Not upon this particular service?—I have not any opinion of my own upon the subject.

4070. Nor upon the expediency of entering into a fresh contract before the previous contract was over?—I have not formed any opinion upon that.

4071. Captain *Gladstone*.] You stated, did you not, that you differed from Mr. Frederick Hill with regard to the extension of the contract?—I only pointed out that I did not agree in that part of the letter where the threatened opposition of the South Eastern Railway Company was spoken of, but not in any other respect. I offered no opinion that I am aware of on any other part of the letter.

4072. Sir *Francis Baring*.] When you take up a letter to be signed, in obedience to Mr. Hill's instructions, unless you differ strongly, you do not mention it to him, do you?—No.

4073. *Chairman*.] I observe in Mr. Churchward's evidence, at question 781, he states, "I was continually urging it upon the French Government, I suppose every two months, myself or Captain Smithett, who was associated with me. We went to France and to Brussels, and had interviews with the Ministers; and so we continued up to the beginning of the present year. On all those occasions the Belgian agent, the French agent sometimes, but the Belgian agent more particularly, alluded to the shortness of the time of my contracts, and that if I had it for an enlarged time, they thought there would be less difficulty in coming to an arrangement." Were you aware of those efforts being made by Mr. Churchward for a fresh arrangement with the Governments and with the post offices of France and Belgium? I have repeatedly heard him say that he had been; or was just going, to Paris and to Brussels, on the subject of the alteration of his contract.

4074. Have those alterations had reference to the change in the times of the arrival or departure of letters from France or Belgium?—The communications to which I allude are since Mr. Churchward drew up his proposal for an improvement in the service respecting which the British Post Office and the French Post Office have been in correspondence for a long time, and there had often been long intervals during which we have been waiting for answers from Paris.

4075. Had you deputed to Mr. Churchward or to Captain Smithett to negotiate for you with the authorities on the Continent?—Certainly not.

4076. In what way have they facilitated the negotiations or communications by interfering in the matter?—By talking in Paris on the subject of the proposal they might hasten the decision when the question was standing over; but in no other way that I am aware of would they facilitate the matter.

4077. Mr. Churchward has informed the Committee that he considered that your success in negotiating with the French Government hinged in some degree upon the prospect of his getting an extension of his contract with the English Government; I understood you to say just now that you had not found any such difficulty in your negotiations?—No such statement has ever been made to us by the French Post Office.

4078. You were not aware that the French and Belgian Post Offices found any difficulty or obstacle in coming to any arrangement with you at the General Post Office in consequence of the shortness of the period of Mr. Churchward's contract?—I was not aware of it.

4079. Have you found since the extension of Mr. Churchward's contract any greater facilities in your negotiations with the French Government?—I am not aware that more than one letter has passed since the extension of the contract,
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and that is a letter from our office to the French Post Office, to which we are now waiting an answer. *W. J. Page, Esq.*

4080. Has Mr. Churchward or Captain Smithett been as busy since the extension of their contract as they were before, in urging the French Government to come to some new terms?—I am not aware. I do not think that I have seen Mr. Churchward many times since the extension of the contract. *4 August 1859.*

4081. Were you aware that they were constantly pressing the authorities of France or Belgium upon that subject?—By their own statement I was.

4082. Do you consider it a business properly belonging to them to interfere at all in the matter?—The proposal for the acceleration was one which originated with Mr. Churchward, and therefore it was not unnatural that he should try and get his scheme carried out.

4083. But the suggestion having come from Mr. Churchward, did not it devolve upon you at the General Post Office to carry out the plan?—But his suggestion was to both Governments; it was an alteration in the French service as well as in the English service, and he made his proposal both to the British and the French Post Offices; I believe that the contractor has been in Paris, because it was necessary that both services should be altered.

4084. You could not alter one service without altering the other, could you?—It would not be impossible to do so.

4085. Could you accelerate the mail or increase the number of the mails from France or Belgium or London with any advantage unless you carried on a corresponding reform in your English postal service?—Yes, we could. The mail which we call the French day mail from London leaves at half-past one o'clock in the day, and it would in some respects be an improvement in that service if it left at an earlier hour in the morning, and got to Paris the same night; but it would not render absolutely necessary any change in what is called the English service, namely, the post that leaves London at night. Changing the French postal service would not make it absolutely necessary to change the English service.

4086. The changes that you have been negotiating for have been changes on both sides?—Yes; that was part of our scheme.

4087. You would not consider it your business to negotiate for the convenience of the French public unless you could afford some additional accommodation to the English public as well?—The French public cannot be benefited without the English public being benefited also.

4088. Your object was, I understand, to benefit both sides?—Yes.

4089. *Mr. Baxter.*] At the Post Office do you consider the question of expense at all, or do you leave it to the Treasury Department?—In reporting upon any proposal the Post Office looks at the expense.

4090. Do the Post Office consider whether or not an offer made by the gentlemen proposing to take these contracts is too great?—The Post Office would not recommend the acceptance of any offer which they did not consider a reasonable one.

4091. Then the question of expense does enter into the consideration of the Post Office as well as of the Treasury?—Yes.

4092. Has the attention of the Post Office authorities ever been called to the success of the recent experiments, which demonstrate that there can be an immense saving in fuel in steam ships?—I am not aware of any such circumstance coming before the Post Office.

4093. *Sir Stafford Northcote.*] Are you aware that the Post Office have, at various times, endeavoured to carry on the foreign and colonial services without contracts by what are called ship letter mails, or making contracts for single voyages?—They have tried such an experiment.

4094. Are you aware whether the experiment was tried in consequence of the suggestions in the Report of 1853?—It was about that time that it was made; but whether it was in consequence of the suggestion of that Report I could not say at this moment.

4095. Can you state to the Committee at all how far that system has answered?—I think it did not answer.

4096. In what services was it tried particularly?—Only in the Australian service, I believe.

4097. Do you remember how long it was tried in the Australian service?—I think for about a year.

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4098. And why did it not answer, or in what way did it not answer?—It did not secure the service being performed sufficiently expeditiously.

4099. It was an experiment, in fact, to see whether it was possible to carry on the trans-oceanic services without a system of contract for long periods?—It was an experiment of that nature.

4100. Mr. *Hope*.] When you speak of the Post Office considering the matter of expense, does not the Treasury claim to have the entire control of that question?—Yes; but the Treasury call upon the Post Office to give their opinion.

4101. But they do not allow you to decide?—Decidedly not.

4102. Sir *Francis Baring*.] Would the Post Office give an opinion as to money to be paid for the service by steamers?—Yes; the offer would no doubt be referred to the Post Office, and as the offer would specify what was the amount to be paid for the service rendered, the Post Office would report upon the whole question.

4103. Have they the means of reporting upon the question of how much should be paid for steamers?—They would not report so much as to the value of the service as whether the correspondence would justify such a large expense; that would be the light in which the Post Office would view it.

4104. They would rather take the opinion of the Admiralty as regards the amount to be paid, and they would express an opinion whether the correspondence was an adequate remuneration for going to that expense?—That is the way in which the Post Office would view it.

4105. Sir *Stafford Northcote*.] In the case of the mails from England to France, does the correspondence justify the expense of the present contract?—We send such an enormous amount of correspondence through France, which goes beyond it to Australia and India, that it would be very difficult for me to say whether the correspondence for France itself and the Continent is sufficient; but I have very little doubt that it is sufficient to justify the expense.

4106. Sir *Francis Baring*.] What addition has been made to the Indian mails since 1857?—The Indian mails have been doubled since 1857; they are now weekly.

4107. When did that addition take place?—It was some time in the year 1858.

4108. Sir *Stafford Northcote*.] That has been done since the mutiny, has it not?—Yes.

4109. Has the effect of doubling the Indian mails, and putting on the Australian mails, been to increase the revenue of the Post Office from those sources?—That is a point which I am hardly competent to speak upon; I have no doubt that it has had that effect.

4110. In addition to doubling the Indian mail, has any change been made in the mode in which the Indian mail is transmitted through France?—There has been a considerable alteration in that respect. The French Post Office have endeavoured to expedite the conveyance of the mails as much as possible.

4111. Has the effect of expediting it been to render it more frequent; that the Indian mails arrive at Calais at a time when there is not a packet naturally starting?—Yes.

4112. That is a matter of very frequent occurrence, is it not?—Of very frequent occurrence indeed.

4113. When it so arrives, the contractor puts on, does he not, a packet specially for the purpose of bringing it over?—Yes.

4114. Sir *Francis Baring*.] Has that arrangement with the French Post Office been made since 1857?—Perhaps it might have begun in 1857; but they have done more and more since that time; and on each occasion of our expressing a desire that the service should be improved, they have always complied with it, as far as they possibly could; they have given special trains for the conveyance of the mails oftener than they used to do.

4115. Captain *Leicester Vernon*.] Does not the Post Office, as a general rule, report against any extensions of contracts?—I think it does, as a rule.

4116. In reporting against the extension to Mr. Churchward, the Post Office were rather proceeding in accordance with their general rule, than from any especial consideration of the subject; was not that the case?—I do not think that I ought to answer that question, because I did not prepare the letter.

4117. You

4117. You have told the Committee, have you not, that it is a general rule, rather than an exception?—Yes. *W. J. Page, Esq.*

4118. Sir *Henry Willoughby*.] Are all the contracts submitted to the Post Office before they are signed?—Within the last few years, I think, no contract has been made without a draft being first submitted to the Post Office. *4 August 1859.*

4119. Was the draft of the Dover contract submitted to the authorities at the Post Office?—No.

4120. Mr. *Parry*.] Mr. Waller Clifton, the chief clerk of the packet branch of the Admiralty, was asked why he did not take the opinion of the Post Office before recommending the extension of Mr. Churchward's contract; is it not the province of the Treasury to consult the Post Office upon these questions?—Yes.

4121. And not of the Admiralty?—I consider it the province of the Treasury.

4122. And the Post Office recommend it, do they not, with regard to postal considerations?—Chiefly.

4123. The Admiralty would recommend it with regard to naval considerations, would they not?—I should think so.

4124. *Chairman*.] At the time when that letter was sent from the Postmaster General to the Treasury, did you express your dissent from any part of its contents?—I expressed to Mr. Frederic Hill my dissent from that part which I have mentioned.

4125. Did you discuss the matter with him?—I dare say that some conversation took place, but his opinion was very firm upon the point.

4126. Did you agree generally in the principle that contracts ought not to be extended long before the time at which they expire?—I have never formed any opinion upon that point; I think that each postal contract must be considered separately, and dealt with according to the circumstances of the case.

4127. What would be the motive which would induce you to extend Mr. Churchward's contract four years before its expiration?—I have not said that I would have extended it.

4128. Upon the whole, would you have been disposed not to have extended it?—I think, if I had had to deal with it, I should have extended it under his representations; but I have never had an opportunity of deciding upon such a question as that.

4129. What public object would you seek to gain by extending that contract four years before its expiration?—I think I should have been governed by the fact that his service was very well done; that he had met with serious losses, and that the extension of his contract would enable him, as he stated, to make better arrangements for his service.

4130. But if the contract was well done, and if that consideration pressed, was there any very strong motive for the extension of his contract, with a view to having an improved service, when you were satisfied with the service as it was performed?—It may, by enabling him to go on with it.

4131. Was not he bound by his contract under penalties to carry it on to the expiration of his contract?—Yes, I believe so.

4132. As I understand you, he was carrying it on satisfactorily?—This is only what I should have done in an almost impossible circumstance, because I am never consulted on such questions.

4133. Sir *Francis Baring*.] Have you not had the correspondence with the Admiralty before you, to form an opinion upon?—I had all the correspondence on the subject of the extension of this contract before me.

4134. Had you the previous correspondence between Mr. Churchward and the Admiralty?—When it came it all passed through my hands.

4135. *Chairman*.] Were you consulted on the drafting of that letter from the Postmaster General to the Treasury?—I was not consulted upon it.

4136. How came it that you offered an opinion to Mr. Frederic Hill?—I often offer an opinion upon a letter which he instructs me to prepare, if I totally disagree with him on it; he is always very desirous that I should make any observations, if I have any to make, on any instructions that he gives me.

4137. Sir *Francis Baring*.] Had you this correspondence of 1855 before you, between Mr. Churchward and the Admiralty?—I have no doubt that I had it when it came to the Post Office.

4138. Did it come to the Post Office?—Perhaps it did not come to the Post Office.

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4139. Sir *Stafford Northcote*.] You of course did not see any correspondence that was not officially sent to the Post Office?—I did not see any correspondence that was not officially sent, and I think I saw all that was sent officially to the Post Office.

4140. Sir *Francis Baring*.] All the correspondence that you had was sent to you from the Treasury?—Yes, on the last occasion.

Joseph George Churchward, Esq., called in; and further Examined.

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4141. Mr. *Hope*.] HAVE you a copy of the evidence you gave on the 25th ultimo?—No, I have not.

4142. Just look at Question No. 971 (*handing a copy of the Evidence to the Witness*). You remember that in answer to Question 971, and the following questions, you stated that you voted in 1857, at the election on that occasion, for the Secretary of the Admiralty, Mr. Bernal Osborne?—Yes.

4143. But you do not state whom else you voted for on that occasion?—Sir William Russell.

4144. I need scarcely ask you, but I believe Sir William Russell was the Government candidate as well as Mr. Bernal Osborne?—Yes, he was.

4145. I think it has been stated by Captain Carnegie, that his impression of the conversation with yourself was, that your voting for two Government candidates, instead of one, would depend upon your getting the renewal of your contract; was such a correct impression?—I never said so.

4146. Do I understand the principle, as stated by you here, in answer to a question by the Honourable Member for London, to be that you, as a Government contractor, thought it your duty, or your interest, whichever way you like to put it, to give your support to the Government candidate?—I considered that Mr. Bernal Osborne being the Secretary of the Admiralty, and a Bill being before Parliament for transferring Dover Harbour to the Admiralty, I thought that the Secretary to the Admiralty would better serve the interests of Dover than any other candidate, and at the same time serve my own interests, intimately mixed up as they were with the harbour of Dover.

4147. For what reason did you vote for Sir William Russell?—I voted for this reason; Mr. Hope never came to me to claim my vote as a Conservative, and the first thing that he did when he came to Dover was to address a public meeting against my packets, and take part with the porters of Dover, with whom I had a lawsuit.

4148. Then I understand that your promise of support upon the present occasion to the Conservative Government, you consider not to have been inconsistent with your conduct on that occasion?—Yes; most certainly not.

4149. Am I to understand that you negative most positively the allegation made, that your giving your two votes to the Conservative Government was grounded upon the prospect of getting this contract?—Most distinctly I aver that.

4150. You were determined to do so before that contract was passed?—I had determined to support a Conservative candidate, and I had determined to take no active part against Mr. Bernal Osborne; and, as I have before said, it was Mr. Bernal Osborne's attack upon my service, and Mr. Hope's attack upon my service, that induced me to enter the field with the vigour that I did. This is a frank explanation of the affair.

4151. Sir *Francis Baring*.] In both cases it so happened that you voted for the Government candidate?—Yes, in both instances; but I may say, that if there had been any attempt to have made any bargain with me under the circumstances, it would most likely have determined me the other way.

4152. When you speak of Mr. Hope, is that Mr. Hope (*pointing to the Honourable Member*)?—I do not know, but I presume it is.

4153. Was he a candidate at that election?—I believe he was.

4154. The gentleman who is sitting on the Committee?—I believe so.

4155. Mr. *Hope*.] I think we saw one another on the hustings?—I was not on the hustings at the nomination.

4156. Sir *Stafford Northcote*.] Who was the Secretary to the Admiralty then, when you obtained your former extension in 1855?—Mr. Bernal Osborne.

4157. And you voted for him in 1857, did you not?—Yes.

4158. You

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4158. You took an active part, did you not, in the last election at Dover?—I did, I am sorry to say, on account of my health.

4159. Are you aware whether the South Eastern Railway Company, or the officers of the South Eastern Company, took any active part in it?—Yes.

4160. In what way do you connect the South Eastern Railway Company with the contest?—I have heard that the deputy Chairman, Mr. Gordon Thompson, was at Dover canvassing for Mr. Bernal Osborne, and that other agents of the South Eastern Railway Company were there.

4161. *Chairman.*] In suggesting an alteration of the mailservice in France, as you have done, that is to say, from a night service to a day service, had you in view the convenience of the public in carrying the mails?—Yes; most certainly in carrying the mails; in fact the carrying of the mails will be the principal advantage gained; but at the same time my object was to get it at those suitable hours that would induce a greater number of passengers to go the mail hours, that was my object.

4162. Would not the effect have been, if you had succeeded with the French Government, to have brought over all the passengers to your packet, instead of the South Eastern Railway Company?—That was my reward, and it has been proposed within the last fortnight that I should pay a toll to the South Eastern Railway Company for every passenger above the number that I carry by the French boats now, for their assent to the plan, and to prevent any systematic opposition to me.

4163. I presume that when you and Captain Smithett have been urging the French Government to change their night mail to a day mail, your object was to get passengers?—That was my reward in the matter.

4164. You were not doing the work of the Post Office, but your own, in that negotiation?—No, my own; but it was my interest to induce the Post Office to see that while serving my interest, at the same time they were serving the public interest. I could not afford to take the burden without reward.

4165. Are they carrying on that negotiation?—It depends upon the South Eastern Railway Company; the Northern of France have made a proposition to the South Eastern Railway Company, and they have admitted the proposal made by them, and it is now a matter of arrangement, not so much between me and the South Eastern, as between the Northern of France and the South Eastern Railway Company; although I cannot see how the South Eastern Railway Company can help themselves in the matter; inasmuch as I am informed that they made a proposal to the English Post Office to accelerate all their mail trains, for which they are to get 9 *d.* a mile additional pay, which will make a difference of about 4,000 *l.* or 5,000 *l.* a year to the South Eastern Railway Company; so that they have their reward in this service, not only by additional pay, but all the advantage that the South Eastern Railway Company will give the public will be, instead of staying at Reading five minutes, at Tunbridge five minutes, at Staplehurst five minutes, at Ashford five minutes, and Folkestone five minutes, they will run trains in two hours, instead of two hours and a half, stopping only once at Staplehurst.

4166. Then the obstacle rests with the South Eastern Railway Company, and not with the French Administration?—It will be this: that the moment the railways agree, then the Northern of France report to the Minister in France that they have agreed that the service can be performed, and they are quite ready to do it.

4167. *Mr. Crawford.*] Has the time of the departure of the boat from Dover been altered in consequence of the acceleration of the mail from London?—Not yet. I only had notice on the 30th of July. When the arrangements are all altered, so that the public shall not be deceived, and they will be made by Saturday next, it will be accelerated a quarter of an hour; but that will not have any effect upon the whole journey, because the trains have not been altered on the other side to meet it.

4168. *Captain Leicester Vernon.*] With respect to the rate at which your vessels can steam, have you any vessels which can steam more than 13 knots per hour?—Yes; on all the trials, the "Empress," the "Queen," the "Princess Frederick William," and the "Vivid" have made over 14 knots an hour.

4169. Four of them can go over 14 knots an hour?—Yes.

4170. Did you get the "Vivid" from the Admiralty?—Yes; but I lengthened her, and almost rebuilt her.

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4171. In point of fact, you have made her go 14 knots an hour, at your expense?—Yes.

4172. Did the "Ondine," at her trial, go 13 knots an hour?—Yes.

4173. Has any complaint been made to you as to the want of speed of your vessels?—No; Captain M'Ilwaine, the superintending] officer, on one or two occasions suggested that, inasmuch as the "Ondine" is a small vessel, and of small power, she should not be employed in heavy weather; not, I believe, that the "Ondine" was a bad sea-boat, because I believe she will drown every vessel in the Channel. She has small power, but she can come over in heavier gales of wind than any vessel that I have had; and on most occasions it has been the heaviest gales when she has brought the mails over.

4174. She is a good sea-boat in heavy weather, and she can go the pace in ordinary weather?—Yes; but she is not so fast as the others. I should say that she is just 13 knots an hour in smooth weather, but no more; but she is only used as a spare vessel.

4175. At all events, four vessels out of the six can go above the pace which is required; that is to say, they can go 14 knots an hour?—They can go 14 knots an hour, but the pace required is 13 knots. They can go above the pace that is required; but it is at the greatest possible expense that I can keep them up to the mark.

4176. Sir *Stafford Northcote.*] Will you be good enough to look at these three conditions, contained in the Treasury Minute of April the 15th. The first relates to your pledging yourself not to enter into any contract with a foreign government without the assent of the British Government; the second gives the Government the power of changing the hours of sailing; and the third relates to deductions from the payment in case the number of Indian and Australian mails should be diminished?—Yes.

4177. If the Government had intimated to you their willingness to extend your contract upon those three conditions, would you have accepted those conditions?—Yes; I should have accepted those conditions, but, as I observed before, I did not see those conditions.

4178. If it were represented to you that those conditions not having been communicated to you was owing to a pure accident, would you consider yourself bound, or would you be willing to accept those conditions as a modification of your contract?—I think I may reply to that by saying, that the Government have such a great advantage for the sum of 2,500 *l.*, that I think it would be unfair to ask me to make any deduction from that sum, or to alter the stipulated additional sum per annum, and for this reason, that the Government hitherto have been charged only a moiety for landing and embarking the mails at Calais, inasmuch as the French service has paid the other half; but, in the event of the French mails being sent to Boulogne, I should be under the necessity of having another vessel, a small steamer, for Boulogne, and the whole expense of this small steamer would fall upon me, and not a moiety. Therefore I think the Government is amply covered by that 2,500 *l.*, and I should not be disposed, unless it were particularly pressed upon me, to make any reduction.

4179. If it were particularly pressed upon you, should you consent to those conditions?—It would be a matter for consideration; I would not like to take advantage of any error that had been made; but I think I ought to have the opportunity of showing that the Government have sufficient value, over and beyond anything that they pay me.

4180. If the Government, upon full consideration, should come to the conclusion that those conditions were essential, and were to press that view strongly upon you, would you be prepared to submit to their inserting them?—That would be a matter for consideration with me. It would make another estimate necessary; because, as I said before, the estimates for these special services are calculated upon carrying only mails. I have not the advantage of passengers, and this return (*producing the same*) will show that the revenue of my passenger traffic is nearly equal to the revenue from the mails.

4181. Will you look carefully at the terms of condition, number three (*handing a paper to the Witness*). Having looked at that carefully, I quite understand that you would not wish to change the arrangement that has been made; but, supposing that it were strongly put to you that these were the conditions upon which the Government had intended to extend your contract, and you were appealed to, as a matter of fairness, whether you would consent to a supple-

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mental agreement to that effect, would you object to that?—I should ask the Government to give me something more per voyage, and then I would agree to it.

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4182. Would you consent to an arrangement which might obviate the risk of your receiving the full sum, even if the trips were much diminished in number; would you consent to an arrangement which would make it to a certain extent capable of diminution if the trips were less?—I think I should in fairness.

4183. Mr. Corry.] When you state that some of your vessels are equal to a speed above the contract speed, what is the reason that it is impossible to perform the passage at the rate of 13 knots an hour, when you have vessels that can go at a higher rate of speed?—There is this difficulty: we have had an order from the Board of Trade, since a vessel was run over, not to go more than half speed through the roadstead. Again, in gales of wind, we cannot drive the vessel more than at half speed. I do not think that I have but one vessel that could be driven in safety at full speed, and that is the "Ondine;" therefore the speed would not be of such great advantage in bad weather, as it would be in ordinary weather, when there may be a delay of the train on the one side or the other. The object is to save the water into Calais, or save the mail train; and then the great speed would tell; and under those circumstances alone would the speed above 13 knots an hour be of any advantage; my new vessel, I may say, will attain a speed of 16 knots.

4184. Sir Stafford Northcote.] What is your new vessel to cost?—£. 15,000.

4185. Mr. Corry.] In fine weather is it your intention that the vessel shall cross at the rate of 16 knots?—Yes, to accommodate passengers it is my intention to go as quickly as I can across; and, if I could do it five minutes less than any other vessel, she would carry more passengers.

4186. It is your interest to avail yourself of the improvements in steam navigation and machinery?—Yes.

4187. Captain Gladstone.] Do you think that your new vessel will be able to make the passage in a shorter time in bad weather?—No; I have just the contract speed in the "Ondine;" the high speed cannot be worked to advantage in heavy weather; you would tear the vessel to pieces if you went at full speed in a gale.

4188. Sir Stafford Northcote.] Which is the most remunerative part of the services; your contract for the mails, or the passenger traffic?—They are neither the one nor the other remunerative, except taken together.

4189. Would the mail traffic be remunerative without a considerable passenger traffic?—No, it is impossible.

4190. Are you subject to any competition with regard to the conveyance of the mails?—Not directly, but indirectly.

4191. Are you subject to competition with regard to the conveyance of passengers?—Yes.

4192. What competition do you refer to?—The competition of the day boats between Dover and Calais, and the South Eastern tidal boat between Folkestone and Boulogne.

4193. That is a very severe competition?—Very; where I carry 30,000, the South Eastern carry an equal number to Calais in their boat—very few less than I do in both my boats; and by way of Boulogne they carry about 120,000 to my 35,000.

4194. Mr. Crawford.] Does not that arise in a great degree from the one service being by night and the other by day?—Yes, to a great degree.

4195. Do you find any difference in the proportionate number of males and females?—It is a most singular fact that most ladies go by night, and especially to Ostend.

4196. Do you give security to the Government?—Yes.

4197. Is it a personal security?—Yes, myself and two other persons.

4198. In the case of the French Government, do you give security?—Yes, a money security; 200,000 francs in the French funds.

4199. You stated in your former evidence that you had been the naval editor of the "Morning Herald" for 10 years?—Yes.

4200. Have you given that up?—Yes; ever since I have had the contract; since 1854.

4201. Have you ever written in the "Morning Herald" since that period?—Many times on naval subjects, but on no others.

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4202. Did you ever write upon the subject of the Dover contract?—No, never.

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4203. Did you ever write on the subject of any matter with respect to which you were in communication with the officers of the Admiralty?—No.

4204. Sir *Stafford Northcote*.] Are you aware whether formerly the Northern Railway of France gave a subsidy to the South Eastern Railway Company?—Yes; unfortunately through a split between them and me.

4205. Has that subsidy been withdrawn?—Yes, for the last two years.

4206. On what ground was the subsidy given?—On the ground that the South Eastern traffic did not pay their expenses, and therefore the Northern of France Railway were bound to help them.

4207. Were the Northern of France Railway Company influenced in that, by the fact of there being mail packets in competition with the railway?—No; the Northern of France Railway was one of the competitors originally for my contract with the view of preventing the South Eastern Railway Company from getting the monopoly of the Channel; and when they found that I had got it, they came to me, and made arrangements with me, and helped me in every possible way they could to get the French service; and when I had got the service, they discovered, or they thought that the South Eastern Railway Company was making a very good thing of it without any assistance from them; and they dropped the subsidy.

4208. Is not the question now of the mail service between England and France rather a matter of competition between the South Eastern Railway Company and yourself?—It would be so, because Dover being accessible at all times of the tide on account of the Admiralty pier, we have a great advantage over Folkestone; and I have no doubt that the mail fixed service to Boulogne, according to the scheme that I have suggested, will in a great measure reduce the number of passengers *viâ* Folkestone and Boulogne; because the Northern of France Railway having considered the subject, and deeming it practicable to have a fixed service to Boulogne in the event of the mails going *viâ* Boulogne, instead of a tidal service, they will no longer run the tidal trains to Paris, which will be a saving to them of about 7,000*l.* a year.

4209. When the East Kent Railway shall have been opened to Dover, in the event of their coming to an arrangement with you for the passenger traffic from London to Paris, would you not thereby establish an entirely distinct line of competition against the South Eastern Railway Company?—Entirely so; and a most powerful competing line, for this reason, that the maximum first-class price of the East Kent Railway, according to their Act, is only 15*s.* 9*d.*; and the South Eastern first-class price is 22*s.*, which they now charge to Dover.

4210. Are you aware what the distance from London to Dover is by way of the East Kent Railway, and the South Eastern Railway respectively?—I believe it is from 12 to 14 miles in favour of the East Kent line.

4211. The East Kent Railway Company having the shorter distance, and entering into arrangements with you for the over-sea passage, would therefore have a very considerable advantage in competing with the South Eastern Railway, conveying passengers by their own line, and on their own boats?—It would have a very serious effect upon the South Eastern continental traffic.

4212. Is it not therefore of the greatest importance to the South Eastern Railway Company to get your boats out of the way?—Yes; they have made me an offer several times to buy my whole concern, and the contracts with it; and at the same time they have suggested that if I did not accept the offer, they must run in opposition to me.

4213. If the South Eastern Railway Company should succeed in obtaining the English contract, instead of yourself, would you keep the French contract?—I should be obliged to appeal to the French Government to let me off the French contract at some sacrifice which they might require.

4214. If you were to do that you would withdraw your boats?—Most certainly.

4215. Then the passage across the channel would be in the hands of the South Eastern Railway Company?—Entirely so; but I apprehend that would never be allowed; while the Northern of France Railway exists they would be most powerful opponents in the matter.

4216. Lord *Naas*.] Why would they be so?—They are determined that the South Eastern Railway Company shall never have the monopoly of the Channel
by

by their boats; because then they will dictate to the northern of France the terms on which they shall carry passengers to the Continent.

4217. You think that in case your boats are run off the line, there would be great difficulties with the South Eastern and the Northern of France in making the necessary arrangements for running trains?—I am certain of it; but I may say this, that, so long as I have the contract, the northern of France are under engagement to me to discourage all opposition to the mail packet service.

4218. You think that there would be no probability that these two railway companies would work harmoniously together if the South Eastern Company had the monopoly of sea traffic?—I think not.

4219. Mr. Hope.] It was stated by Mr. Eborall that in the event of their getting the contract they contemplated making a low-water pier at Folkestone; do you know the locality in which it was proposed to place that pier?—Yes, very well.

4220. Is it well calculated for it?—I should think not; I have always laughed at the notion of building it, looking at the Admiralty Pier at Dover, and its better position, and its being more sheltered even than Folkestone is, and knowing what the Admiralty Pier has cost, I have treated the matter of expense as connected with the pier at Folkestone as absurd.

4221. Mr. Barter.] You are not an engineer, are you?—No; but I have had a great deal to do with sea walls and sea basins.

4222. Mr. Hope.] You have seen the construction of the Admiralty Pier which is going on at Dover?—Yes, I see it daily.

4223. Do you know what has been the cost of it?—I think up to the present moment it has cost about 400,000 *l.*

4224. Is the position at Folkestone a more easy position to build on than at Dover?—No; it is more exposed to the south-westerly winds.

4225. Do you apprehend that the pier could be made or not, speaking, not as an engineer, but comparing the two places and what you know by your own experience as having been done at Dover, that the pier could be made for 15,000 *l.*?—No; I have discussed the matter, going up and down in the trains, with very eminent engineers, Mr. Walker, the engineer for the Admiralty Pier at Dover, for instance, and he laughs at the notion; in fact I believe that the principal authority for stating that sum is a master of the navy, a Mr. Boxer, their superintendent at Folkestone.

4226. Mr. Corry.] Mr. Eborall stated that he thought that great inconvenience would result to the public if the tidal train were to cease to run; do you think that any inconvenience would result from the trains running at fixed hours?—No; running as we do from Dover Pier, the Dover Pier being accessible at all times of the tide, we have only one tidal harbour to combat with instead of two, as would be the case by way of Folkestone and Boulogne, and according to the times that we run by this new French service, only about four times a fortnight, will there be any necessity for landing in boats at Boulogne. Then, again, the authorities at Boulogne have projected a pier at Boulogne for landing and embarking at all times of the tide; so that a fixed service would be a better service than a tidal service ultimately; therefore, the advantage would be in favour of the public convenience, for they would be able to start at certain fixed times, and to arrive at certain fixed times.

4227. Mr. Crawford.] Do you propose to go from Dover to Boulogne?—Yes.

4228. How long will you occupy in the passage?—Two hours.

4229. How many miles is it?—Twenty-seven.

4230. Is it further than Folkestone?—No; it is a mile and a quarter nearer than Folkestone. Captain Bullock, from the Admiralty, surveyed it; and it is upon his survey that I state that.

4231. Mr. Corry.] Would not the distance from Calais to London by the East Kent line be about the same as from Boulogne to London by the South Eastern?—No; Boulogne has this advantage, that it is 70 miles nearer Paris than Calais; there are five miles of sea to be put against 70 miles of land; so that we think that the service could be as regularly performed as *via* Calais; two hours of the time allowed for the sea service, and there will be the advantage of the shorter time that we can run from Boulogne to Paris, which would be a great advantage in point of time from one capital to the other.

4232. My question referred to the difference in distance between Folkestone

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and London by the South Eastern Railway and Dover and London by the East Kent Railway; how far is Folkestone from Dover by railway?—Six miles.

4233. Then if it is 12 miles shorter by the East Kent Railway from Dover to London than from Folkestone to London by the South Eastern Railway, that would make Dover six miles nearer London by the East Kent Railway than Folkestone is by the South Eastern Railway?—Just so; and there is this disadvantage; we always consider that it takes as much time to go to Folkestone Harbour from the railway station, as to get to Dover, because of the incline, and the difficulty of going down to the harbour.

4234. Captain *Gladstone*.] Then the Calais line would be kept up chiefly for the Belgian mails?—Yes.

4235. Sir *Stafford Northcote*.] In short, the cheapest way to Paris will be by the East Kent Railway from London to Dover, and from Dover to Boulogne, and so to Paris?—Yes.

4236. It would be shorter than from London to Boulogne by the South Eastern Railway, and Folkestone to Boulogne also?—Yes.

4237. Besides that, would it have the advantage that it would be a service from one harbour which is not a tidal harbour, to another which is, whereas the other is a service from one tidal harbour to another tidal harbour?—Yes, just so; we should only have one tidal harbour to combat with.

4238. Therefore it would be easier to have a fixed service on a short line than on a longer line?—Yes, just so.

4239. And there would be the advantage of competition; whereas, in the case of your boats being run off the line, there would be a monopoly?—There would be no one to interfere with the South Eastern Railway at all then.

Rear Admiral Sir *Henry Leake*, called in; and Examined.

Rear Admiral
Sir *H. Leake*.

4240. Mr. *Corry*.] YOU are an officer in the Navy, holding the rank of Rear Admiral?—I am.

4241. When Captain Carnegie resigned office as Lord of the Admiralty, was it proposed to you to succeed him at the Admiralty?—No, not at all; I never heard Captain Carnegie's name mentioned, good, bad, or indifferent.

4242. You did succeed him at the Admiralty, did you not?—I was appointed a Lord at the Admiralty, but Captain Carnegie's name was never mentioned to me, nor did I hear any name, except that I understood that Sir Richard Dundas was to leave the Admiralty on account of his being tired, as he had been a great many years employed, and that I was to succeed him; that was what I imagined. I never heard Captain Carnegie's name mentioned.

4243. You were appointed to the situation of a Lord of the Admiralty subsequently to Captain Carnegie's retirement?—I believe it was several days before, but I have no dates. I never heard his name mentioned, therefore I know very little of it.

4244. Was there any understanding between you and Sir John Pakington that you were to endeavour to obtain a seat in Parliament?—Certainly not. I never saw Sir John Pakington in my life but for three minutes last year; I did not know him even.

4245. I believe, subsequently to your appointment, you thought of standing for some place to come into Parliament?—I had an idea of standing for Devonport. In fact, before last year, soon after my return from India, I was invited by a great number of gentlemen at Devonport to stand for the borough of Devonport, and I said I would think it over; and when the dissolution of Parliament took place, I wrote down to say that I had made my mind up to go there, and I went there. I meant to have stood for that borough certainly.

4246. Subsequently to that you saw reason to change your mind, and you then determined to stand for Dover?—I saw that things were not quite right there, and, as I was invited to stand for Dover, I went to Dover, but I had no communication with any body about Dover; I never saw a Lord of the Admiralty, or Sir John Pakington, nor had I any idea in the world that my standing for Dover had anything to do with my going to the Admiralty.

4247. At the time that you determined to go to Dover you held the office of a Lord of the Admiralty, did you not?—It had been intimated to me that I was a Lord of the Admiralty, but my patent was not made out.

4248. Virtually,

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4248. Virtually, you were a Lord of the Admiralty?—Yes.

4249. Was anything mentioned to you when you settled on going to Dover, connecting Mr. Churchward's support of you with any contract then pending?—Not at all. I thought that Mr. Churchward was rather against me than for me, but I knew nothing about his movements until three days before the election.

4250. It was stated by Captain Carnegie in a letter which appeared in the "Times" on the 20th of last April, "It was very soon made clear to me that there was only one possible method by which either of the sitting Members for Dover could be deprived of their seats; and this was a course I could not condescend to adopt." Will you state to the Committee whether any course was suggested to you inconsistent, in your opinion, with your character as an officer and a man of honour?—Certainly not. I would state what I distinctly said at a great meeting at the theatre. I gave them to understand that if there was any corruption, if there was a pint of beer or a sixpence given in my name, even if I was returned, I would immediately withdraw myself from Dover. Such were my feelings and such have been my principles all through life.

4251. Do you recollect at what time you went down to Dover, or that you first determined to stand for Dover?—I do not remember the date.

4252. Was it in April?—It must have been in the early part of April, I think.

4253. If your recollection is correct, and if the Treasury sanctioned the renewal of Mr. Churchward's contract in the middle of April, you would have gone down to Dover before the renewal of the contract was sanctioned by the Treasury?—I imagine so; but I knew nothing about the contract. I never heard it mentioned but once, and then I pushed it on one side, and said, "This is the Dover contract; I have nothing to do with it:" I do not know whether it had been signed or not.

4254. You had nothing to do with the Dover contract in your department?—Not the slightest.

4255. Sir *Stafford Northcote*.] Do you happen to remember the discussion in Parliament which was raised on the question by Sir Benjamin Hall?—Yes, I remember it.

4256. It was on the subject of Captain Carnegie's resignation, and on the civil Lords of the Admiralty having pressed his going down to Dover?—I perfectly remember reading it in the "Times."

4257. Did that take place before or after you had gone to Dover?—I think it was a day or two after, but I am not perfectly certain.

4258. Did Mr. Churchward afterwards support you at Dover?—Yes, he did.

4259. Did he in any way give you to understand that that support was given in consequence of negotiations with regard to the extension of his contract?—Certainly not; I had no communication with Mr. Churchward.

4260. He did not mention to you anything about the contract?—Nothing; I never heard it mentioned.

4261. Mr. *Corry*.] Had you any conversation with Mr. Herbert Murray about going down to Dover?—I had no conversation with Mr. Murray, with the exception of this: on my going to Devonport, I met Mr. Murray at the Admiralty, and I told him that I was then going to that place, and he said, "You now are a Lord of the Admiralty." "Well," I replied, "I did not know it." And then he said, "You are to be Lord in the place of Admiral Dundas." I said that I should be very glad to be there, and I had no more communication with him that I can recollect. That passed on, and I went down to Devonport and afterwards to Dover. I believe that was all the conversation that I have ever had upon the subject about the Board of Admiralty.

4262. You are certain that Mr. Murray made no allusion to any contract pending between the Government and Mr. Churchward on that occasion?—I am positive that nothing about the contract was mentioned in any kind of way to me or to any other person in my hearing.

4263. Sir *Francis Baring*.] You were a candidate, were you not, at the last election for Dover?—Yes.

4264. You have a petition now pending, have you not?—Yes.

Waller Clifton, Esq., called in; and further Examined.

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4265. HAVE you devoted much of your attention to the consideration of questions relating to steam packets and steam communications by sea in general?—Yes; as chief clerk in the steam department, I had the investigation of all the expenses connected with the wear and tear of machinery, as well as the first cost, and therefore I had the means of arriving at correct averages of the expense of maintaining machinery.

4266. How long were you at that department?—I believe about nine years.

4267. Then all questions connected with the cost, speed, and otherwise, of steamers, have been brought repeatedly under your notice?—Yes, at all times, and the expense of all the contract lines.

4268. Have you given a great deal of attention to the subject?—I have.

4269. Has your opinion ever been asked by persons connected with trade upon those points?—Yes, constantly.

4270. You have been consulted as an authority upon such matters?—Yes.

4271. It is the habit, I believe, at the Board of Trade to inspect vessels for the passenger traffic?—It is under the Merchant Seamen's Act.

4272. Has it been the case that vessels which have been passed by those who are deputed by the Board of Trade to inspect them, have also been deemed by persons inspecting them on the part of the Admiralty unfit for the duties that they were about to undertake?—Such has been the case.

4273. Therefore you think that the inspection which is carried on by the Admiralty is certainly more secure than that which is undertaken by the Board of Trade?—Unquestionably.

4274. And greater care is taken?—Much greater care.

4275. A comparison rather was drawn by the Chairman with regard to the payment of a contractor for permanent works, and the payment of a contractor for the packet service; will you state to the Committee the difference that exists in your mind with regard to such payment?—I may take, for instance, some of the largest works in the hands of contractors under the supervision of the Admiralty, such as the harbour of refuge, for instance, at Dover; the plant for the original work was estimated at about 18,000*l.* to 20,000*l.*; and whenever work is done to the extent of 1,000*l.*, the contractor has a right to demand payment to the extent of 90 per cent., and on all the materials delivered on the work to the extent of 80 per cent. The result is, therefore, that a very inconsiderable capital is required to carry on the largest works on land, compared with the smallest contract packet service.

4276. Therefore the outlay of capital that is necessary for the establishment of a line of packets is far greater in proportion than the outlay of capital that is necessary for the commencement of a permanent work?—Yes.

4277. No fair comparison can possibly be drawn between them?—I think not.

4278. You stated to the Committee the calculations upon which you founded the opinion which you gave with regard to commutation of the payments for the occasional services; for a fixed payment in the Dover case?—Yes.

4279. You did not state, I think, the considerations which induced you to suggest to the Admiralty, that the contract with Mr. Churchward was a good bargain to the public; are there any considerations which you could now state to the Committee, which induced you to form that opinion, independently of the commutation?—In the first place, Mr. Churchward's original tender varied to the extent of 2,000*l.*, according to whether he employed five or six vessels; in this case he proposed to build a new vessel, which was to cost at least 14,000*l.*, the wear and tear of which, according to our Admiralty estimates, would amount to about 1,700*l.* a year; the expense of maintaining the small boat that he proposed to put on at Calais, would also involve an expenditure in wear and tear of about 200*l.* or 250*l.* a year; the additional amount therefore that was given him in the contract was but very little above the wear and tear of the vessels which he intended to provide, and which were not in any way taken into the calculation which I made.

4280. In computing the wear and tear, do you compute the interest of money embarked in it?—No, I do not, nor the insurance.

4281. You

4281. You have stated that you recollect some complaints having been made by Mr. Norfor. Was there any official inquiry into those complaints?—There was.

4282. Was the result of that inquiry sufficient to lead the Admiralty to conclude that there was no foundation for those complaints?—Quite so.

4283. Do you recollect whether there was notice given of a question to be asked in Parliament about it?—I think there was.

4284. Do you recollect whom it was asked by?—Mr. Hankey, I think.

4285. Was the question ever put to the First Lord at that time, do you recollect?—I think it was.

4286. Do you recollect the First Lord's answer?—No, I do not; I never heard it.

4287. You think that the question was put, do you?—Intimation that such a question was going to be asked, I know was given.

4288. But can you state to the Committee whether the answer of the First Lord was to the effect that the complaints were without foundation?—No, I cannot; I do not happen to know.

4289. Did you see the report that was made to the First Lord upon that?—I scarcely know to which communication you allude. On one occasion I made a report myself to the First Lord, on the allegations that were advanced.

4290. Was that report called for in consequence of Mr. Hankey's question?—Yes.

4291. The effect of the report was that there was no foundation for the complaint?—Certainly.

4292. Do you recollect the circumstances under which Mr. Churchward's contract was renewed in 1855?—No; I only know the fact officially from its having passed through my branch.

4293. Do you know whether there was more than one application made at that time to renew the contract?—Yes, there was.

4294. How many applications were there then?—I think there were two previously.

4295. Then there were three altogether?—I think there were three.

4296. What became of the two first applications?—I think the first is printed in the papers that have been laid before the Committee, and it was refused.

4297. And what became of the second?—I think that was refused also.

4298. Do you recollect upon what grounds they were refused?—The short period that had expired since the execution of the then contract.

4299. What distance of time elapsed between the second application, and the third application, which was successful?—I cannot state.

4300. Are there any papers in the Admiralty which would show the course of the business with regard to those applications?—The papers which I referred to on the first day at this Committee are not in existence; we have obtained copies, which have been laid before the Committee.

4301. Which are the papers which are not extant?—I cannot obtain from the Record Office in the Admiralty the third application from Mr. Churchward, with the decisions thereon, nor can I therefore state precisely what steps were taken upon the matter.

4302. Was that the successful application?—Yes.

4303. Are there no records in the Admiralty of the grounds upon which that application was successful?—I can find none.

4304. Is it usual that papers of that description should be lost or mislaid?—Certainly not; they are not in my custody, but in the custody of the head of the Record Department of the Admiralty, and he reports to me that they are not in the office.

4305. But is not the registry at the Admiralty very carefully kept?—It is.

4306. Is it usual to ask for a paper of that nature, and to be informed that it cannot be found?—It is not usual.

4307. Mr. Corry.] Is there no minute of the Board sanctioning the extension in 1855?—No; the papers are out.

4308. Lord Naas.] Then there is no paper to be found in the Admiralty which will show what course was taken upon the application in 1855 for a renewal of the contract of Mr. Churchward which was successful?—There is nothing but a fair copy of the minute that was written on the original papers in the Board minute book.

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4309. Is there no official report from any of the departments of the Admiralty?—No; those, I presume, would be with the original papers, if they could be found.

4310. Whom was that minute written by?—I do not know by whom it was written; the initials in the Board Minute book are Sir Robert Peel's, I think; the printed documents will show whether they are countersigned by the secretary.

4311. Then the Committee are to understand that this contract was renewed in 1855, without reference either to the Post Office or to the Treasury?—Certainly.

4312. And there are no official documents in the Admiralty which show the reasons for which that contract was renewed?—I cannot find them.

4313. From your knowledge of the course of business in the Admiralty, do you think that there ever were such papers in existence?—There must have been; we have obtained a copy of Messrs. Jenkins and Churchward's letter, and we have taken the minute from our Board Minute book, which is printed in the papers.

4314. So that the papers which referred to that transaction are very imperfect?—Yes.

4315. Unusually imperfect?—Yes; I am unable to state what course was taken upon the receipt of Messrs. Jenkins and Mr. Churchward's letter.

4316. Did you ask the clerk of the Record Office whether he could account for the absence of those documents?—I did; I asked it in writing.

4317. What did he say?—That they were not there, and that there was no document to show to whom they had been given.

4318. Did he say that he recollected anything about them?—No.

4319. Did you ever see them?—I had them out myself; and they have a record of their having been given out to me and returned by me.

4320. When?—I think in 1855.

4321. They were given out to you and returned by you?—Yes; and I think it was in 1855.

4322. But there is no record or any memorandum of their having been given out again?—No, none whatever.

4323. Is it usual that the clerk of the records should take a memorandum of every paper that is given out of the office?—Certainly, that is the rule.

4324. Then the papers were in the Record Office after the case was decided?—Yes.

4325. How long after was it that you saw them?—I speak under correction; but I think about three or four months.

4326. Mr. Corry.] Does the Dover contract embrace any services besides the mere conveyance of the mails?—Yes; the conveyance of persons of distinction is entirely a distinct service from that of the postal service, as also the maintaining a vessel for the special use of the Admiralty.

4327. Have you the means of ascertaining the saving to the public by the employment of this vessel?—Not directly; but the saving on certain occasions must be very great. On a late occasion, when the Prince of Wales went from Dover to Calais, he was conveyed in one of the packets. Had the Admiralty, on the other hand, ordered the "Black Eagle" from Woolwich, her coals alone would have amounted to upwards of 120 *l*.

4328. Were not most of the officers who were employed under the Admiralty when they carried on the service engaged afterwards by Mr. Churchward?—Yes; all of them, as well as the men, I understand.

4329. Does the Admiralty on any occasion employ the services of those officers?—Yes; in the case of Captain Smithett, who is a magistrate of the borough, we still retain his services, he being very conversant with all the ports in the northern parts of France, Belgium, and Holland; and Her Majesty never goes over to the Continent without having Captain Smithett on board; on the present occasion we have ordered him to attend on board one of the packets to take over some person of distinction who has been at the palace.

4330. Is he paid for those services?—No.

4331. Mr. Crawford.] Is he a partner of Mr. Churchward?—I do not know at all.

4332. Mr. Corry.] Would Mr. Churchward's workshops and steam factory be of any use in case of a squadron being employed in that part of the Channel wanting repairs?—Yes; it is the only place where small repairs could be performed between the Nore and Portsmouth.

4333. And

4333. And where they can procure coal?—Yes.
4334. Are there any steam factories belonging to the South Eastern Company at Folkestone?—I do not know.
4335. Sir *Francis Baring*.] Are the Committee to understand you to state that you have given a great deal of attention to the expense of steamers?—Yes.
4336. Would the Admiralty refer to you if they had any question about the expense of steamers?—No; not directly with regard to the expense of steamers; but I believe in every instance I have calculated the first cost of the packet lines, because it has involved the expense of steaming.
4337. Do you confine yourself to the case of packets?—Yes, entirely.
4338. Any question as to the expense of steamers would be sent, would it not, to Sir Baldwin Walker?—Yes.
4339. In the case of a contractor complaining that his contract was not sufficiently remunerative, to whom would such a complaint be referred; is it not a case that the Admiralty have caused inquiry to be made either by themselves or at the request of the Treasury?—I only know one instance where such an inquiry took place with regard to the Peninsular and Oriental Company.
4340. Was not there one on Mr. Cunard's contract?—I scarcely recollect it.
4341. You state you do not recollect what occurred on Mr. Cunard's contract?—I am reminded of the circumstance; but I had in my mind most prominently the investigation of the accounts of the Peninsular and Oriental Company.
4342. To whom was that referred?—It was an investigation simply of the accounts, which was made by the Accountant General.
4343. That was to see whether or not the service was remunerative, or whether he was ruining himself by it?—Yes, it was.
4344. And that was referred to the Accountant General?—To the Accountant General.
4345. It was not referred to you, or to your department?—No.
4346. When Mr. Churchward complained of the unremunerative nature of the payment made to him, was there any reference made to the Accountant General?—None.
4347. You say that you recommended this contract, and that you considered it a good contract?—I did.
4348. Did you make any report upon that?—Yes, merely a memorandum to the superintending Lord; and he drew up a minute for the printed letter, recommending the tender to the acceptance of the Treasury.
4349. But you furnished him with a memorandum, did you not?—Merely with a memorandum, to show that in my opinion the claim was not an unreasonable one; that was the expression which I used.
4350. Did you advert to the number of steamers kept by Mr. Churchward?—I was aware of the number kept by him.
4351. Did you advert to the number which by the contract he was bound to keep?—Yes.
4352. Do you think it necessary to have six steamers to perform that service?—No, I do not think it is necessary.
4353. Did you advert to that in your report, and say that it was not necessary to keep six steamers; and though by the letter of his contract he was bound to keep six steamers, that number was not necessary?—No, I did not.
4354. Does not it strike you that if you could reduce the number of steamers, that would be a consideration in the amount to be paid?—No, it does not quite strike me so, inasmuch as some of those steamers are very old, and it is very desirable to replace them by more modern and more efficient vessels. Only a short time ago the "Ondine" was withheld from employment occasionally, because she was not quite up to the speed. I think, by-the-bye, in mentioning the speed, I had better allude to one fact, which is, that there is an idea that the speed should be 13 knots. Now, by the contract of 1855, it was to be a monthly average for any one vessel, that monthly average never being able to be taken; and inasmuch as the vessels are obliged to go occasionally at reduced speed, owing to dark and stormy weather, which half speed is not in contravention of the contract, if it arises from causes beyond control, the monthly average is of little avail in regard to any absolute control over the speed.
4355. Returning to the question of the number of steamers, you state that six are not necessary?—Not absolutely necessary for the performance of the contract.

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4356. Mr. Churchward himself says that he can perform it for much less. Do you differ from him in that opinion?—I do not.

4357. I believe Captain Milwaine gave the same opinion?—Yes.

4358. You agree with him?—Yes.

4359. Did you advert to that when you recommended the contract to be renewed; did you lay before the civil Lord that the original contract required six vessels, but that it was not necessary to keep six?—No, I did not, because that point was determined by the naval authorities of the Admiralty; it was not in any way my province to contemplate that question.

4360. How did the naval authorities of the Admiralty determine there were to be six vessels?—I have always understood it was with a view to induce the parties, who took the service in the first instance, to take the Admiralty boats.

4361. I am asking you now, with regard to the continuation of the contract in 1859; when you recommended the matter, and reported upon it, did you at all refer to that material point in your report?—No, I did not in any way.

4362. Why did not you?—I did not think it necessary.

4363. Was not it an ingredient in the contract how many steamers you must keep to perform the service?—The question was simply as to extending the contract, and the commutation of certain fluctuating payments for a fixed payment.

4364. You were going to grant a contract for a considerable number of years; was not it a question whether you should compel the contractor to keep more steamers than were wanted; did not that involve the question of price, and is not that the Admiralty notice of things?—No; the contract expressly states, that one vessel shall be kept as a spare vessel and the other for Admiralty purposes; I therefore consider that if those Admiralty purposes are essential, you must keep six, and you could not reduce the number.

4365. Then you differ now from the opinion which you have expressed, that the service might be performed with fewer than six vessels?—

4366. You have been examined as to certain papers not being found at the Admiralty?—Yes.

4367. You state that those were the papers relating to the contract of 1855?—Yes.

4368. You state that you remember in 1855 having the papers, as there is a memorandum that in 1855 they were delivered to you, and that you returned them?—Yes.

4369. Have you any impression as to when those papers disappeared?—Not any whatever; I have nothing to do with the Record Department of the Admiralty; I have no means whatever of knowing.

4370. There is a letter of the 13th of August 1857, signed by Mr. Romaine, in which he says, "I am to acquaint you that their Lordships agree in the opinion expressed by Captain Smithett; and as upon reference to the letter of the 29th of June 1855, signed by yourself and Mr. Jenkins, they find that among the reasons urged for the subsidy not being reduced, was the following statement." That was the letter, was not it, that is now missing?—Yes, I presume it was.

4371. Therefore on the 13th of August 1857, the Admiralty had got the letter?—Yes.

4372. That is so, is it not?—I should say so.

4373. You state that there was a minute that was initialled by Mr. Osborne?—Yes.

4374. The minute does not exist, does it?—Not that minute.

4375. Is it in the Minute Book?—It is in the Minute Book.

4376. In which Minute Book?—In the Board Minute Book.

4377. It is the duty of the Secretary to sign any minute of the Board, is it not?—Certainly; to countersign it.

4378. Then in the case of a minute as to a contract which had been granted by the superintending Lord, or by any one else, he would have signed it as a proof that it had passed the Board?—Yes.

4379. But that is no proof at all that Mr. Osborne had anything to do with the minute?—None at all.

4380. In fact the letter of the 5th of July 1857 is signed by Mr. Phinn, is it not?—Yes.

4381. Have

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4381. Have you any reason to suppose that that contract did not go the usual course that any other contract would have gone at that time?—I think that there was an oversight with regard to dealing with that contract.

4382. You mean inasmuch as it was not referred to the different departments?—Yes, I think so. I was not myself conversant with the details of the duty at that time, and had nothing whatever to do with it.

4383. Do you recollect when Mr. Phinn became Secretary to the Admiralty?—No, I do not. I think it was in 1854.

4384. Who held the situation of head of the Packet Department at that time?—It was just then being placed in my department.

4385. Would it have been the duty of the person holding your office to suggest that it should be referred to the different departments?—That has become my duty, but the packet branch had been abolished by the Board of Admiralty for some years; and I cannot say whether such a course was then usual.

4386. Who was in communication with Mr. Cooper when I was at the Admiralty?—I do not know.

4387. Was not Mr. Croker at one time?—He was at the head of the packet branch; when the packet branch was in existence there was a senior of the second class, and two other gentlemen; but the branch of which Mr. Croker was at the head had been abolished.

4388. When was it abolished?—I think it must have been in 1851.

4389. You have looked over those papers, and you have furnished them; have you any reason to suppose that any of the papers which passed the Board have been lost; or have you been able by copies from Mr. Churchward to supply the deficiency?—Yes; but I think that most probably on that application of Mr. Churchward's there were some opinions recorded which are not shown on the copies produced.

4390. Do you mean private memoranda that were upon the papers, or regular minutes?—I think most probably the separate opinions of the members of the Board were then almost invariably taken upon these questions, on what are called "circulation papers."

4391. Do you suppose that this contract was submitted to a "circulation paper," was it the practice then to submit those papers by circulation to the different members of the Board in the case of contracts?—I think that an application of that sort, after being twice refused, would have been circulated, as far as I can judge.

4392. Sir *Stafford Northcote*.] It appears by this correspondence, that on the 21st of May 1855 the Admiralty declined the proposition of Messrs. Jenkins and Churchward for an extension, and that letter is signed, "W. B. A. Hamilton;" was Admiral Hamilton then the Second Secretary of the Admiralty?—Yes.

4393. On the 20th of June of the same year a letter, signed "Thomas Phinn," was sent to Messrs. Jenkins and Churchward, in reply to a subsequent letter of theirs, stating that the Board would agree on certain conditions to an extension of their contract; had Mr. Phinn at that time succeeded Admiral Hamilton as Second Secretary to the Admiralty?—Yes, he had.

4394. Is one of the papers that are missing the letter which was written by Messrs. Jenkins and Churchward on the 23d of May 1855?—Yes.

4395. That is the letter upon which you think it probable that there may have been minutes or memoranda showing what were the circumstances that induced the Board of Admiralty to alter in June the decision which they had come to in May?—Yes.

4396. After that qualified acceptance, a letter was written by Messrs. Jenkins and Churchward on the 29th of June?—Yes.

4397. It is the letter of the 29th of June that is referred to in the Admiralty letter of the 13th of August 1857, is it not?—Yes, it is.

4398. Therefore the reference in the Admiralty letter of the 13th of August 1857 proves that the letter of the 29th of June 1855 was before them at that time; but does it prove that the letter of the 23d of May, with any memoranda that may have been made upon it, was before them at that time?—No, it does not prove that it was so; but I have no evidence that it was not.

4399. The letter which was written on the 20th of June states, that the Lords of the Admiralty, after full consideration, had come to a decision different from the decision which they had come to in the month preceding?—Yes.

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4400. Are there any records at the Admiralty to show what that full consideration was?—No.

4401. Is it probable that if you had the original letter of the 23d of May there would be something upon it which would show what amount of consideration it had received?—It may be presumed so.

4402. Sir *Francis Baring*.] I understood you in your answer to me to state that the letter of the 29th of June is one of the letters that are missing?—No; the letter of the 29th of June was after the Admiralty accepted Mr. Churchward's tender.

4403. Was the letter of the 23d of May missing too?—It is the letter of the 23d of May, with the minute thereon of the 20th of June 1855, which is missing.

4404. Is the letter of the 29th of June missing?—The letter of the 29th of June is extant.

4405. Together with the original of Mr. Phinn's letter?—Yes.

4406. Mr. *Corry*.] You have been asked whether you brought it to the notice of the superintending Lord that the Dover service could be performed with a fewer number of vessels than six; do you think that it would have been fair for the Admiralty first to compel Mr. Churchward to maintain six vessels in order to obtain a market for their old vessels, and then to reduce the number with the view of reducing his subsidy?—No, certainly not.

4407. You have been asked whether you referred to the Accountant General to report whether Mr. Churchward's contract was remunerative or not; is it not the fact that in this case there was no question as to the remunerativeness of the contract, but simply what should be paid for the extra services?—Yes.

4408. And you consider yourself as competent, and perhaps more so, than the Accountant General, to decide upon that?—Quite so, in so simple a matter of comparison.

4409. Mr. *Dunlop*.] Did I correctly understand you to say just now that in the original contract the Admiralty required Messrs. Jenkins & Co. to bind themselves to maintain the six vessels when a less number were needed, in order to compel him to purchase those old vessels from the Admiralty?—Usually in contracts it has been the custom to state the minimum number of vessels that are required for the performance of the service, or, in other words, that the contractors shall not commence till they have a sufficient number of vessels; but in this case the maximum number required, that is, the number which experience had shown the Admiralty that it was necessary to maintain, is stated; and it was always understood that that number was stated with a view to the Admiralty making a good bargain for the public in getting rid of some of the old packets.

4410. It was not because it was necessary for the performance of the service?—Not because it was essential for the performance of the service, for three vessels alone could be engaged in the performance of the service at any one time.

4411. Mr. *Hubbard*.] You expressed an opinion that the contract of Mr. Churchward in 1855 was not remunerative to him; will you state to the Committee upon what comparison of receipt and expenditure you made that calculation; was it with regard to the English subsidy, which was then, I think, 18,000 *l.* a year, a comparison between that subsidy and the expense of his steamers and the attendant expenses?—I made no calculation or report of its being unremunerative; I think I stated that it was said to be unremunerative, and that it was done at a cost of 10,000 *l.* a year less than what it cost the Admiralty, with the same class of vessel, and indeed almost with the same vessels.

4412. Was it with regard to the English subsidy alone that the matter was considered by you, or by your informant; to the English subsidy alone?—Yes, with regard to the English subsidy alone.

4413. Might not the contract be very unremunerative with regard to the English subsidy alone, but highly remunerative when taken in connexion with the subsidy from the French Government, which amounted to 7,600 *l.* per annum?—I presume it might.

4414. Then your opinion was not formed with reference to the receipts of Mr. Churchward from the two Governments; but merely with reference to his receipts from the English Government?—Certainly.

Frederic Hill, Esq., called in; and Examined.

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4415. *Chairman.*] WHAT office do you hold at the General Post Office?—That of assistant secretary; or rather one of the assistant secretaries, as there are two.

4416. Have you had the department of the postal packet service under your charge?—Yes, I have.

4417. For how long?—For about five or six years.

4418. Were you cognisant of the circumstances attending the extension of the contract for the Dover postal service this year?—Yes.

4419. Was that matter brought under your notice?—Yes; it fell necessarily under my observation, as I have under my charge the foreign and colonial department, generally, at the Post Office.

4420. The Treasury Minute referring the question to the Post Office had reference to your department, had it not?—Yes, it had.

4421. What course was taken at the Post Office with a view to ascertain the merits of that question; by whom were the reasons contained in the Postmaster General's letter furnished, or in what way were they prepared?—It devolved upon me, as the head of the department, to prepare a draft letter for the consideration of the Postmaster General.

4422. Did you confer personally with the Postmaster General upon the subject?—I have no doubt that I did. It is our practice to confer personally with the Postmaster General upon all important subjects, and I think it is highly probable that I did confer personally with him upon this. I do not remember the fact, as I have very frequent communications with the Postmaster General.

4423. In the letter from the Postmaster General, dated the 10th of March, several reasons are given why the contract should not be extended; are you still of the same opinion, as is expressed in that letter, adverse to the extension of the contract to Mr. Churchward for the Dover packet service?—Yes; I see no reason to change that opinion. Nothing has occurred to influence my mind in that respect.

4424. After the Postmaster General's letter was sent to the Treasury, was there any further communication made to the Post Office from the Treasury before the extension was granted?—I cannot recollect. I do not call to mind any communication, but there may have been one.

4425. I suppose there was no written communication, or otherwise it would have appeared in this correspondence?—Certainly. The order was for all correspondence, and if there was anything omitted, it must have been unimportant, and must have escaped my memory.

4426. You do not remember having been called upon for any explanation, or having a conference upon the subject?—No, certainly not; that would have impressed my memory.

4427. After this letter from the Post Office, of the 10th of March, you heard nothing of the Treasury Letter or Minute, dated the 15th of April, which granted the extension of the contract to Mr. Churchward?—I believe not; to the best of my recollection, we heard nothing.

4428. Have you had any personal communication with Mr. Churchward on the subject?—Yes, frequently. When you say "the subject," I have had frequent personal communications with Mr. Churchward regarding the service generally, but very little communication respecting the renewal of his service. I remember that he called upon me when the matter was before the Treasury, saying (which it was not necessary that he should say) that he was at the time very ill, and he was desirous of leaving London as soon as possible; and he requested that, so far as the Post Office was concerned, we would expedite the matter. I said that it should be done, and it was done.

4429. What matter was that?—Our letter to the Treasury respecting the renewal of this service.

4430. Was he aware that you were of an adverse opinion?—I have no reason to suppose that he was. I did not in any way intimate my opinion.

4431. You had no discussion with him upon the subject?—No.

4432. About what time was that interview to which you have referred?—It must have been very shortly before the date of this letter. I believe I had that letter in hand at the very time.

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4433. Was it just previous to the 10th of March?—It must have been either upon the 10th of March, or very shortly before it.

4434. You have expressed a strong opinion here in the letter from the Postmaster General against the extension of the contract, and you have given the reasons for that opinion; had you any opportunity in any way of communicating those views personally to any one at the Admiralty, or at the Treasury?—No, I had not. I endeavoured to state the reasons fully in that letter, and I do not know that I should have had anything to add if I had been sent for to the Treasury.

4435. Did you and Lord Colchester coincide in those views?—Of course. I did nothing excepting under his instructions, and with his full concurrence. Every word was laid before Lord Colchester, and his pleasure taken upon it.

4436. You have, as a general principle, been opposed to the extension of contracts, have you not?—I have; that objection does not apply to this extension merely. I think that there are no reasons that are applicable especially to this extension. It will be seen that so far as I have had influence, it was in a direction adverse to extension.

4437. Were you cognisant of the grounds upon which Mr. Churchward made the application for an extension in this case?—So far as they were stated in the communication from the Treasury, to which our letter was a reply.

4438. Have you seen the correspondence between Mr. Churchward and the Admiralty?—I think so. I think the Treasury forwarded all the correspondence to the Post Office.

4439. You saw the letters which passed between Mr. Churchward and the Admiralty upon the subject?—I have no doubt I did; I must have seen them at some period, and I have no doubt that I did then; I have no doubt that they came as a part of the whole matter from the Treasury.

4440. You observe that Mr. Churchward alludes in his letter to the advantage which it would be in negotiating with the French Government for a change in the time of the departure of the mail to France, if it could be known that he could have an extension of his contract till 1870?—I think I recollect that.

4441. You did not see sufficient force in that argument to induce you to alter your opinion?—No, I did not; certainly if I had I should not have interposed an objection.

4442. Mr. Churchward in his evidence has stated that he and his partner, Captain Smithett, had been very anxious to induce the French Government to expedite this change; were you aware that he was negotiating in that way with the French Post Office authorities?—Yes, I was.

4443. Was he doing that for the interests of the Post Office, or to increase his own passenger traffic by an alteration of the time of the departure from Calais?—I never thought of putting that question to him. It was sufficient for me that, in my opinion, the measures which Mr. Churchward recommended would be highly beneficial to the service generally; and that being the case, I did what in me lay to further those measures.

4444. You were aware of and you recognised the usefulness of Mr. Churchward's efforts in that direction?—Yes. Of course, I must expect that Mr. Churchward would probably have an interest in the matter; I could not expect him to make great exertions simply for the Post Office; but I was satisfied that the recommendations made by Mr. Churchward would, if carried into effect, most materially improve the service of the continental mails generally.

4445. Do you understand in what way Mr. Churchward would have been enabled to have accomplished that object more speedily with the French Government if it had been known that he had an extension of his own contract with the English Government till 1870?—No, I never entered into the question.

4446. He relies upon that as an argument for extending his own contract; can you understand how it would have that bearing at all?—Not having considered the question, I cannot possibly say; it requires some little reflection. The French Government might possibly have been apprehensive that if they made great exertions to have the improvements carried out, these improvements might fall to the ground afterwards, owing to Mr. Churchward ceasing to have our service. But I really do not see how that could be; I do not see the weight myself of Mr. Churchward's reasons.

4447. It is stated, in the Postmaster General's letter, that "various changes in the

the existing arrangements may become desirable; for instance, the Ostend mail service may be changed from a night to a day service, or the Belgian Government may make an advantageous offer for performing the whole instead of half the service, or the packets may be altogether withdrawn;” do you still attach weight to those reasons why the contract should not be extended?—Certainly. One of these objects I have long had before me, with a strong desire to carry it into effect. The day service to Ostend would be a great improvement, instead of a night service. The service is dangerous, and being performed at night, is necessarily often interrupted.

4448. In what way will this extension of Mr. Churchward’s contract be likely to interfere with the accomplishment of those changes?—In this way, among others: during the negotiation of our Post Office with the Belgian Post Office on this subject, one suggestion, if I recollect rightly, on their part was, that they should undertake the whole service, instead of performing only the half of it; and if we were fettered by a contract like this, of course it would be out of our power to accede to such an offer, however advantageous it might be.

4449. You considered it a disadvantage last year that your hands should be tied up by Mr. Churchward till 1870 with regard to this acceleration?—For that among other reasons.

4450. Do you consult any one besides the Postmaster General, or your brother, Mr. Rowland Hill, in these matters before you come to a decision?—Where the case is important, I always consult my brother, as Chief Secretary; and I always receive with advantage the opinion of Mr. Page, now present, who is the chief clerk of the department.

4451. There was a difference of opinion between you and Mr. Page, the chief clerk, with reference to some parts of this letter, was there not?—It appears so; I do not recollect that that difference was pointed out to me at the time.

4452. Sir *Stafford Northcote*.] In your communications with Mr. Churchward with regard to the improvement of the service, you and he had the same objects in view, had you not, generally; that is to say, he was not working counter to the Post Office, but was working with the Post Office in endeavouring to obtain improvements which you considered would be an advantage to the postal service of the country?—Yes, I think so, very effectually.

4453. Did those improvements originate in suggestions from the Post Office, or did they originate in suggestions from Mr. Churchward?—Chiefly in suggestions from Mr. Churchward, I think. The changing of the night packet service to a day service, I rather think was my own originally; but I cannot be sure even of that. But as a complete scheme for accelerating and improving the continental mails, at any rate the mails between London and Paris, the person who devised that scheme was Mr. Churchward; and I think great credit is due to him for that scheme.

4454. That complete scheme involved not only improvements in what is called the English service, but improvements in what is called the French service also?—Yes.

4455. Mr. Churchward was the contractor for the French sea service, with the French Government, was he not?—Yes.

4456. Mr. Churchward therefore was likely to be able to judge what steps would facilitate the dealings with the French Government in that matter; and he was in a position to know?—Yes, certainly.

4457. If therefore he was of opinion that the extension of his contract with the English Government would facilitate his arrangements with the French Government, do you think that that had probably some foundation; without saying how you yourself may see it, do you suppose that he was in a position to judge whether the extension of his English contract would facilitate his arrangements with the French Government?—He certainly was in that position.

4458. You have been asked how you could imagine that the extension of his contract could facilitate the arrangements with the French Government; do you suppose that if Mr. Churchward were to lose the English contract altogether, he would be able to carry on the French service with equal efficiency?—Certainly not at the same cost to himself.

4459. Is it not therefore possible that the French Government, in giving their consent to arrangements that would involve considerable changes, may have taken into consideration the probability of Mr. Churchward, who was urging those

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arrangements upon them, continuing to hold the English contract?—I should think it possible.

4460. Do you not think that it was very probable that the French Government would be more willing to enter into an arrangement which could be carried out with a contractor of whom they had knowledge, and who had the English contract for a long period, than they would have been if they had felt great uncertainty as to what the English arrangements would be after the expiration of two or three years?—I think it is probable.

4461. Do you think it would be desirable, in the interests of the public, that Mr. Churchward should be obliged to abandon his contract altogether?—That seems to involve very large considerations of the general effect upon the public of what may be deemed a breach of faith.

4462. My question had no reference to breach of faith; but supposing that circumstances should lead to Mr. Churchward abandoning his service and contract altogether; do you consider that it would be an advantage or a disadvantage to the public?—Considering it as it now stands, with this extended period attached to it, I am disposed to think that it would be advantageous to abandon it altogether rather than having a contract for so long a period.

4463. Do you think that, as the contract stood before the extension, it would have been an advantage or a disadvantage to the public that Mr. Churchward should have found himself compelled to throw it up?—I do not remember what the exact period was which the contract had to run at that time; but the period being of moderate extent, I am not aware that there would have been any material advantage, and probably, also, no material disadvantage.

4464. You have been asked with regard to those reasons which were given in the letter of the 10th of March from the Postmaster General; have you found that the extension of the contract has fettered the Post Office in its negotiations with foreign countries?—Not hitherto.

4465. You mentioned that you thought it might increase the difficulty “through apprehensions of the South Eastern Railway Company that, by a change in the hours of sailing, or in the French port of arrival and despatch, the traffic by this company’s own boats may be seriously injured;” how would the apprehensions of the South Eastern Railway Company affect the question?—If the service were so arranged as that, while very beneficial to Mr. Churchward, it was very injurious to the South Eastern Company, either we should not obtain from them their consent to perform the service at all at the speed which we require, and which is beyond our statute limitation, or they would necessarily and properly demand a very high remuneration for the service.

4466. Since that letter was written Mr. Churchward’s contract has been extended, and have you not also, since the extension of the contract, come to terms with the South Eastern Company?—Yes, we have.

4467. Do you consider that that arrangement has been made more unfavourable in consequence of the extension of that contract?—It is a matter upon which it is extremely difficult to judge; I am aware, at least I conclude, from a statement made to me by one of the directors some time ago, that the South Eastern Company would be very glad itself to contract for the sea service performed by Mr. Churchward; and I think it likely that if we could receive from them a single contract for the performance, not only of the land service, but of the sea service, we could obtain from them better terms for the performance of the whole service than we can in taking part only from them and part from Mr. Churchward. It is so important a matter for the South Eastern Company what time the packets shall start, with reference to their continental traffic, that they must very much desire that all the arrangements with the packet service should harmonize with their land service.

4468. You are aware that a railway is in course of construction, and likely so to be opened, to Dover, called the East Kent Railway?—Yes.

4469. When the East Kent Railway shall have been opened, will not that line come into competition with the South Eastern Railway?—Yes, it will, if it should remain a permanently separate concern.

4470. If the South Eastern and the East Kent Companies continue distinct, and if Mr. Churchward’s service and the service of the South Eastern boats should continue distinct, would you not have the advantage of having two lines in existence which would compete for the carriage of the mails; whereas if Mr. Church-

ward’s

ward's boats were withdrawn, you would have only one line that could maintain the carriage of the mails?—If Mr. Churchward's boats were withdrawn, and we were not fettered by any contract, we could invite the whole world to take that service, and we should very speedily have a competition with the South Eastern Company; it would be open to any one to take it.

4471. The South Eastern Company would have considerable advantages in tendering for such a service, would they not?—I should think so, but I have no special knowledge on the subject.

4472. Is not the passenger traffic a very material point of consideration with regard to the sea service?—I should think so.

4473. And the South Eastern Railway Company would have special advantages over any contractor other than a railway company with reference to passenger traffic, because they could arrange their trains to suit their boats?—Yes, until the other railway of which you have spoken comes into use; then, of course, if they should remain separate, there will be competition on land as well as by water.

4474. Supposing it to be a question between the two railways whether they should amalgamate or not, would not the fact of the South Eastern Company having got a contract for the mail service across the sea give the South Eastern Company great advantages in bringing the East Kent Company to amalgamate with them?—I think so.

4475. In the event, therefore, of the contract being now thrown open to competition, would not the South Eastern Company have every inducement to tender to perform the service at a very low rate, for the purpose, on the one hand, of driving off Mr. Churchward from the sea service, and on the other hand, of bringing the East Kent Company to terms for the land service?—I think they would; but unless they obtained from the Government a contract for a considerable period, then the contract, I think, would have little weight with the other company, because this company would know that it was a contract which might be terminated at once, and which might be transferred to their hands if they chose to offer better terms.

4476. Have you ever had communication with any persons connected with the South Eastern Company with reference to their undertaking the mail service across the sea?—I remember that on one occasion one of the directors, Mr. Teulon, I think, called at the Post Office, and asked me how long the contract with Mr. Churchward would last, and whether it was open to the South Eastern Company to make an offer, and, according to my recollection, I called for a copy of the contract, and gave him the information that he applied for, and informed him that of course during the continuance of that contract it was not open to him, or any one else, to make an offer.

4477. How long ago was that?—I should think, from my impression, that it was about three years ago.

4478. Did he give you to understand that the South Eastern Company would be glad to make an offer?—He either did so, or I inferred that that was the case from his question.

4479. Had you in your mind, when you proposed the draft of this letter of the 10th of March, that the South Eastern Company had views of that kind?—It is very probable, but I do not remember whether it was the case.

4480. Do not you think that it was an important consideration with regard to the renewal or extension of a contract, whether there was a probability that a competitor would be found for it at its natural expiration?—I should have entertained no doubt about such a point as that, with regard to so small a service, and so close at home; I should have entertained no doubt that there would have been plenty of competitors, independently of the South Eastern Company.

4481. That point was not brought forward in the letter of the 10th of March; why was not it brought forward as one of the reasons for not renewing the contract?—Of course there must be some limit to the length of a letter; and I endeavoured to give expression to the most prominent reasons, those that occurred most forcibly to my mind at the time.

4482. You thought that the reasons contained in this letter were more forcible than the reason that it was probable that, at the expiration of the contract, the South Eastern Company might offer to do it on more favourable terms?—I do not recollect entering into such a comparison.

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4483. Is there any reference in this letter to the South Eastern Company, other than the observation that their apprehensions as to the effect which this extension might have upon their traffic might impede you in improving the continental postal arrangements?—I do not see any other reference; but, of course, a single letter of this kind must be taken in connexion with other similar letters upon the same general subject. I think in some of them it will be found that we refer to the advantage of a general competition in all cases where the intercourse is large, where, independently of the Post Office, vessels pass to and fro, and where, in our opinion, it requires no special exertion on the part of the Post Office to establish such a communication. That is the principle set down in Lord Canning's Report, that is the Report of the Committee; and we based our letter to the Treasury very much upon that Report.

4484. It has appeared by the view which you have put forward from the Post Office since 1853, that contracts ought not to be extended before their termination, and that recourse ought to be had to competition?—I cannot venture to say so, without going through the documents, but that has been the general feeling of my mind.

4485. And the general tenor of your recommendations?—Yes, the general tenor of my recommendations; but I think most of them will be found at a later date.

4486. But though that was the general tenor of your recommendations, you do not in this particular case call special attention to the fact that the South Eastern Company was a particularly probable competitor in the matter?—No, I think not; the letter will show that.

4487. You have been asked about the first of those objections; with regard to the next paragraph of the letter, as to the change of the Ostend mail service from a night to a day service, do you think that the extension of a contract, containing, as it does, provisions authorising the Government to alter the hour of departure at their pleasure, would in any way interfere with your changing the Ostend mail service from a night to a day service?—It is very difficult to foresee whether such an engagement will or will not, in the turn that the negotiation may take, interfere with a particular change, but we are apprehensive always that it may have that effect. We may suddenly find that we cannot move in a particular direction. I think it is very possible that it may have interfered with the change from night to day, and yet more forcibly with the other change.

4488. With regard to a change from a night to a day service, does not the contract give the Government the power of compelling the contractor to change his times to suit the pleasure of the Government?—It does so; but the change from night to day would be so advantageous to the contractor that it ought to be accompanied by a very considerable reduction in the charge to the Government. If the change had been the other way, we should have been in a stronger position. There is no doubt at all about the willingness of the contractor to change the time from night to day, but whether he would be equally willing to make such a reduction in the payment as we think ought to follow such a change, is another question.

4489. There would be nothing either in the terms of the contract or in the probable willingness of the contractor to prevent your changing the night service into a day service?—I think not absolutely to prevent it.

4490. And as that change would be an advantageous one for him, and could not be made without your consent, would it not have been quite possible for the Government to have proposed to him any terms that they might have thought fit in consideration of the change from a night to a day service?—It would have been quite possible for the Government to do that, but Mr. Churchward, knowing that we strongly desired it, might demand terms which we might think too high.

4491. Then you say, "or the Belgian Government may make an advantageous offer for performing the whole instead of half the service;" that again might have become a matter of arrangement between you and the contractor?—It might, certainly; but then he would have been in an advantageous position for striking a bargain, I think.

4492. Have you had any communications with any director of the South Eastern Company since this question of the extension of Mr. Churchward's contract has been agitated?—I believe not; I have not any recollection of anything of that nature, excepting that solitary remark by Mr. Teulon, several years ago.

4493. Have

4493. Have you had any communications with Mr. Rich within the last few months upon this subject?—No, I have not.

4494. Nor with any other director of the South Eastern Company?—I recollect that the gentleman who is at the head of the mail office, and whose business it has been to negotiate with the South Eastern Company for this improved service, represented to me from time to time that Mr. Churchward's contract was a difficulty; that the company apprehended very serious injury from the alteration of the times with reference to that contract.

4495. Have you since this contract was executed, or since this letter was written, ever expressed any opinion to any one modifying the views which you took upon it?—Not to the best of my recollection.

4496. You do not remember ever having had any conversation with any one at the Admiralty about it?—No, I have no recollection of any conversation.

4497. Have you ever had any conversation with Mr. Clifton since?—It is very possible that we may have referred to this matter in our conversations on other subjects, but I have no recollection of the kind.

4498. You never expressed to him any change or modification of your opinion?—I have not the least recollection of it.

4499. Captain *Leicester Vernon*.] With reference to the change from a night to a day service, did not Mr. Churchward suggest and carry out for some months a day service to Ostend?—That is not carried out to this day.

4500. He never did either suggest or carry out for a certain time a day service to Ostend?—He may have suggested it; I said, I believed the original suggestion was my own, but I cannot be sure; it forms part of the scheme proposed by Mr. Churchward.

4501. As far as your recollection serves, he never carried it out?—No, certainly not; since I have had charge of that department, most assuredly not; it has been a desideratum all the time.

4502. How long have you had the charge of that department?—About five or six years.

4503. With regard to the South Eastern Railway and the East Kent Railway, are you aware that the East Kent Railway opens in 1860?—I have inquired from time to time when it was likely to open, but it has always been a receding point, as far as we are concerned. I think the last information was that it would be opened in 1860, or about that time.

4504. With that knowledge, did you enter into a contract for three years with the South Eastern Railway Company?—No, not that I am aware of.

4505. What is the contract with the South Eastern Railway Company, as it now stands with the Post Office, for the carriage of letters?—To the best of my belief it is a contract terminable at the ordinary notice of three months; part of it may be for three years, but I am not aware that such is the case.

4506. Supposing that part of it were for three years, and you knew that the East Kent Railway would open in 1860, would you not have been able to make a better arrangement with the East Kent Company than that with the South Eastern Company?—I am not aware of any arrangement with the South Eastern Company that is for a long period. I am merely, in my answer, guarding against the possibility of such a thing being the case. A tender has now been made by the South Eastern Company for this very improved service; this tender is under consideration. They desire to have the service for a period of, I think, five years; that is what they propose.

4507. That is still pending, is it not?—It is still pending.

4508. That very probably will not be settled without communication with the East Kent Company, which is likely to open in 1860?—It is not likely at all, without reference to the East Kent Company, if the contract be for a long period. We have the option; their proposal gives us the alternative of a greater rate without a fixed period, or of a lower rate if we are willing to take it for a period. My own opinion is, that it is expedient to take the offer without the period, though at a higher rate.

4509. Will you inform the Committee how the present existing contract with the South Eastern Company was negotiated?—We have I believe several contracts with that company; I do not know to which contract the Honourable Member refers.

4510. I mean the one under which they are now carrying the letters?—That now in existence.

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4511. How was the one that you say exists, so to speak, from time to time, from year to year, terminable at three months' notice, negotiated; what was the course taken to come to the arrangement which at present exists with the South Eastern Company?—The last negotiation with the South Eastern Company, and, as far as I can recollect, the only one which has come under my observation, was for the acceleration of the night mail; an acceleration which, should Mr. Churchward's plan be carried into effect, will fall in as part of that plan, but it is an acceleration that we desire very much, independently of his plan. As the matter had been long in hand, we thought it well to make that improvement at once, and a negotiation was therefore lately concluded for the improved night mail from London to Dover.

4512. That is to say, the contract was so arranged; but I want to know how that contract was negotiated; what were the executive means by which that contract was negotiated?—The means were these: having come to the conclusion that that alteration was a very desirable one, I submitted it to the consideration of the Postmaster General, and he concurred with me. Upon that, I sent for the gentleman at the head of the Mail Department, Mr. Edward Page, and requested that he would put himself in communication with the South Eastern Company, and learn upon what terms they would make the acceleration, if we required it, that being the usual way in which negotiations, unless they are of great magnitude, are carried on.

4513. There you yourself took the initiative in the proposal?—Yes.

4514. Whom did Mr. Page see upon the other side of the negotiation?—He has reported to me that he saw the manager, Mr. Eborall.

4515. Can you give the Committee any information upon this point; did not Sir Robert Peel limit the scope of railway companies to land communication, so as to be a protection to steam-boat communication?—I have no means of knowing.

4516. Did not Mr. Churchward communicate with the Post Office respecting the carriage of the mail, whilst he was performing the day service to Ostend, in 1854?—I have some very faint impression that he did; but I am not at all sure.

4517. Does your recollection serve you as to whether he did not receive a reply to the effect that a day mail was not required?—I have no recollection of the reply myself; but I think that if he did receive such a reply, it must have been in connexion with a matter which fell chiefly under the charge of my brother, Mr. Rowland Hill. I think that if he did receive such a reply, what must have been meant, and of course stated if it were meant, was, that a day mail to Ostend was not required in addition to the night mail.

4518. Would you have any objection to give the Committee a copy of the negotiations with the South Eastern Company with respect to the last improved arrangement?—Of course I should prefer taking the pleasure of the Postmaster General: if it is put as a matter of disposition or indisposition, I must refer it to him, but do not think there is anything to see in the negotiations. Such communications are generally to a great extent necessarily verbal until they assume a definite shape, and then it becomes a matter of correspondence. I rather think that the contract is at present not prepared or signed, although it is acted upon; I think it is in the hands of the solicitor to prepare it. An agreement has been made, but I do not think that it has yet assumed the form of a regular contract.

4519. There were no negotiations of a written character; but, first of all, they were carried on, as I understand you, by verbal communications, and then, when they approached a climax, something was done, and then a draft was made out of the contract; was that so?—That is the usual course; my impression is, that in its present shape there is an agreement, by an exchange of letters, to perform this service for a certain payment, and that the agreement is in the hands of the department's solicitor to give a legal form to it. We do not generally wait for that before we begin to act. In this particular case the arrangement came into operation two or three days ago; on the first of this month.

4520. Then the first opening of the affair was entirely a verbal communication?—I cannot say, with certainty, what Mr. Page's mode of going to work is.

4521. I want to trace how you have arrived at the sending of the rough draft of the contract; was there a written communication in the first instance to the South Eastern Railway Company; did they then call at the office and have verbal communications;

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communications; and if they did, did other written communications go on to the close of the affair until it arrived at the point of the contract, or did they begin with verbal communications, and arrive at the climax of written communications, and then go on to the draft contract?—As far as I have been concerned, it is, to the best of my recollection, as I have mentioned; that is, I instructed Mr. Edward Page, the head of the mail office, to ascertain by communication (I did not restrict him to written or verbal communication) on what terms the South Eastern Company would perform a certain service. After a good deal of negotiation, extending over a long time (how far it was verbal or how far written I cannot say, but I suppose it was chiefly verbal), he reported to me that the company were willing to perform this service for a certain rate of payment. I recommended the Postmaster General to accede to this offer, and then I presume it would take the shape of an exchange of letters between the two departments; but I cannot call to mind the fact of those letters being exchanged.

4522. Mr. *Wilson*.] Were those negotiations carried on in the usual way in which such negotiations are carried on at the Post Office?—Yes.

4523. There was nothing special in them?—No, not at all.

4524. Captain *Leicester Vernon*.] When was the first written communication received by the Post Office with regard to that contract?—I cannot be sure. I presume that there has been written communication; I cannot recall it to my mind; it is not a matter likely to impress my mind; but I am quite sure that the Postmaster General would have pleasure in presenting the Committee with any correspondence which may have taken place; he would have no objection to the Committee having such correspondence, if any such exist.

4525. Mr. *Hubbard*.] How many mails run now from Dover to Calais daily?—There is the morning mail and the evening mail; but what we call the morning mail does not leave London till half-past one.

4526. Are there two mails from Dover to Calais, and two from Calais to Dover?—Yes.

4527. How many of those are mails provided by Mr. Churchward, under his contract with this Government?—Just half; we do half, and the French Government does half.

4528. With regard to Ostend, there is one mail every alternate day, is there not, from Dover to Ostend, and one mail every alternate day from Ostend to Dover?—There is one every day from Ostend to Dover, and one from Dover to Ostend; but half of that service, namely, the packet on alternate days is provided by the British Post Office, and the other half by the Belgian Post Office.

4529. Prior to 1854, when Mr. Churchward made his first contract, what was then the state of the communication; was it the same as it is now?—Yes.

4530. At that time, before 1854, it was carried on at the expense of the Admiralty, was it not?—I believe one-half was performed at the expense of the Admiralty then, as now.

4531. Mr. *Hope*.] Did the directors of the South Eastern Company call upon you, and say that they would be willing to undertake the contract; and did they enter into any particulars as to the amount at which they would do it: that is to say, with regard to the sea contract?—No.

4532. Sir *Henry Willoughby*.] You had no communication, as I understand, with the South Eastern Company as to the sea contract?—I mentioned, in the early part of my examination, that about three years ago one of their directors called, and inquired whether it was open to the Company to make a tender for that service.

Veneris, 5^o die Augusti, 1859.

MEMBERS PRESENT.

Mr. Baxter.
Mr. Bazley.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Mr. Hope.
Mr. Hubbard.

Mr. Laing.
Lord John Manners.
Lord Naas.
Sir Stafford Northcote.
Mr. Scholefield.
Captain Leicester Vernon.
Sir Henry Willoughby.
Mr. Wilson.

RICHARD COBDEN, Esq., IN THE CHAIR.

Thomas Phinn, Esq., q. c., called in; and Examined.

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4533. *Mr. Crawford.*] YOU were the Second Secretary to the Admiralty in 1855, were you not?—Yes; I went to the Admiralty, I think, as near as possible, on the 20th or 22d of May 1855; I commenced my duties there then.

4534. Was there, at the time that you assumed the office, an application before the Admiralty from Messrs. Jenkins & Churchward for the renewal of their contract for carrying the mails from Dover to Calais?—I should explain to the Committee, that though I had a very great deal to do with the contracts, and, in fact, almost the whole management of them, from the circumstance of Sir Robert Peel's absence, late in that year, in the early part I had so much else to attend to, that I have not any very distinct recollection except of one thing, and that is of some minute having been made by Sir Charles Wood in his own handwriting, which I saw in Mr. Clifton's hand a few days ago, as to the extension of the packet contract; and I think it must have been about the time that I went to the Admiralty, or within the first month.

4535. The Committee have before them an application from Messrs. Jenkins & Churchward, dated the 23d of May 1855, and which it appears was the third application that had been made that year to the Admiralty for the extension of their contract. That letter is replied to on the 20th of June 1855, and in that letter, under your signature, you state, "Their Lordships consent to an extension of the term of your contract for the Dover Mail Service to an eight years' duration from the date of this letter," and you afterwards proceed further into the subject; are you able to afford the Committee any information as to the grounds upon which that contract was thus extended upon the third application which had been refused on the two former applications?—No, I am not, and I will tell the Committee why; I think this would probably be done on what is called a Board minute; that Board minute would be signed by the Secretary officiating at the Board, and that would be Mr. Bernal Osborne, in all probability, if he were present in town, and I think from the date being the 20th of June 1855, that would most likely be the case. The course would be, that it would go down to the department, and I should sign the letter on the authority of Mr. Clifton's initials only, without probably knowing anything of the previous steps. If it had been at a later period, I should probably have known all about it; but being at the early period of my service at the Admiralty, and Sir Robert Peel attending very closely to his duties, I probably knew nothing about it.

4536. This letter of the 25th of May 1855 is not at present forthcoming in the records of the Admiralty, and the copy which is now submitted to the Committee was obtained through Mr. Churchward; it has been said by Mr. Waller Clifton, that this letter is not forthcoming, and that, if it were forthcoming, it is probable that certain memoranda or minutes upon the letter would explain the reasons for granting the extension; are you able to afford the Committee any clue to the reason why this document is not forthcoming?—I am very glad that the circumstance has occurred, and I will say why. From the moment
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that I went to the Admiralty to the time that I left it, I was incessant in my attempts to get a register of the incoming letters; that no letter should pass into the office without being previously registered; there is a register of the letters when they are minuted upon, but there is no register of the incoming letters: but, in my endeavours to introduce a change in that respect, I was opposed by the whole might and strength of the office; but so strongly did I feel about it, that we had a committee on the internal management of the Admiralty, and I brought that fact before the committee, and tried very hard indeed to get a register. However, there are many letters missing at the Admiralty from that very reason; but I think it is exceedingly probable that if the Board minute book has been kept in a proper state, and if it was a Board minute, the Board minute book would show it; but if it was not a Board minute, but a minute made by the superintending Lord, and Mr. Clifton has properly attended to the duties of his department, that minute would be on the letter, and there would be a record of it on the general minute book.

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4537. You alluded to a minute by Sir Charles Wood?—I saw a letter in Mr. Clifton's hands the other day, and he showed me a minute on it in the handwriting of Sir Charles Wood, and countersigned by Mr. Osborne, which I think I recollect, of about that date.

4538. Had you ever any personal custody of any of the documents of the Admiralty?—No, certainly not; but I should say with regard to the Packet Department, I sometimes found that the papers did not go into the record office in due course; they were kept by Mr. Clifton under his lead in his room, and sometimes they were kept there four or five months; and Mr. Clifton assigned a very good reason for it; in fact, I rather wanted to bring it as a general system into the Admiralty, that whilst a current correspondence was going on, that is, whilst the letters were coming in to be answered and then to be reanswered, they should be kept in the custody of the clerk who was responsible for the correspondence to prevent pressure on the Record Office; and I think that it is very possible that this letter may have been under Mr. Clifton's leads for some time, and lost in that way; but I should say that one great impediment to the discharge of my duties at the Admiralty was, that I frequently found letters missing when they were wanting, and sometimes they did not turn up for a week.

4539. Was there much personal communication between Mr. Churchward and the Admiralty with regard to the extension of his contract?—No; I am sorry to say that I think Mr. Churchward had a great deal too much personal communication with the officers of the Admiralty subsequently, which I objected to; but at that time I do not recollect seeing Mr. Churchward at all for some months after I went to the Admiralty.

4540. You objected to the general nature of Mr. Churchward's personal communications with the officers of the Admiralty, subsequently?—Yes. I was warned when I went to the Admiralty about Mr. Churchward. I had known something of the Plymouth election, and I was told that Mr. Churchward, by a gentleman to whom I was very much indebted for a great deal of advice and hints of assistance, was a great deal too much in the habit of coming to the Admiralty, and having personal communications with the officers; and I checked that as far as I could. But I should say that I objected to the whole system of personal communication between the contractors and Mr. Clifton. I thought that if they wished to see anybody in authority, they ought either to see the authority who had the management of the department, or, in his absence, one of the secretaries.

4541. Are the Committee to understand that those personal communications passed between Mr. Churchward and Mr. Clifton?—I can only say that I heard that Mr. Churchward was constantly in Mr. Clifton's room.

4542. Lord *John Manners*.] Did you ever hear that he was in the room of any other officer connected with the Admiralty?—Yes; I had heard that he had occasionally visited the Lords of the Admiralty. The truth was, that Mr. Churchward, I believe, was the naval correspondent of the "Morning Herald;" and independently of his own personal objects, he used to come to the Admiralty to pick up information on naval matters, and to put them into the "Morning Herald."

4543. This letter, which is signed by you, is dated since the 20th; have you

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told the Committee when you took office?—I took office, I think, on the 22d of May.

4544. That is a month before this letter was signed?—Yes.

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4545. When you took office, were you informed that at that time Mr. Churchward was in the habit of constant personal communication with the officers of the Admiralty?—I cannot say that was so when I took office; but soon afterwards, I think, on one occasion (I cannot say how soon), Mr. Churchward's name was mentioned, and I was told that he was in the habit of coming very often to the Admiralty, and I had better not give him too frequent access to my room, or something of that kind.

4546. Was that stated to you at the time at which Mr. Churchward's visits to the Admiralty commenced?—No; I was told (of course this was rather a confidential communication, and I do not mean to say that anything was said impugning Mr. Churchward's honour, or anything of that kind), but I was told that he was too much in the habit of coming to people's rooms at the Admiralty, and I had better be careful.

4547. Sir *Stafford Northcote*.] You stated just now that any Board minute would have been entered in the Board minute book?—I ought to say that at that time I found that the Board minute books were very loosely kept, and one of the first things that I did at the Admiralty was this: I could not tell that the Board's orders had been properly carried out, unless I saw in the Board minute book the next day an entry of the minute, and the authority given for executing it; that was one of the things that I enforced to the last, because I found that the Board gave orders, but I never could see that they were carried out till I had the minute entered in the Board minute book, because I did not allow the minute to be entered in the Board minute book till it had been executed. The absence of a record of the minute in the book (and they were all numbered for this purpose) would inform me that the minute had not been executed; and I then made strict inquiry into the subject.

4548. Besides the Board minutes, I believe there is a system at the Admiralty of what is called circulation papers?—Yes; there is a system at the Admiralty when papers are very heavy, or have been pending for some time, that they are placed upon a printed paper, with the names of the Lords of the Admiralty, and circulated to them, and then generally when the Lords have all formed their judgment, they are brought to the Board, and a minute is made in accordance with their judgment of the case; and those papers are generally, I think, very carefully kept.

4549. If there had been any circulation paper, the opinions of the different Lords would have been entered in the minute books, would they not?—No; their opinion might have been on the circulation paper, but only their final decision on the Board minute book.

4550. That circulation paper would probably be attached to the papers?—That circulation paper would, I think, in the Record Office, be put away with the rest of the papers.

4551. Were you in office in August 1857?—No; I left the Admiralty on the 7th of May 1857.

4552. Mr. *Wilson*.] Was this a paper that was likely to become a circulation paper from its importance?—No; I should think not, because my recollection of the business of the Admiralty is, that the Superintending Lord, that is the Civil Lord, or the Secretary, did the work of this department; and if he had any doubt, he would certainly take it to the First Lord, and if it were a matter of estimate, he communicated perhaps with the Treasury, or the First Lord would communicate with the Treasury.

4553. The packet department in the Admiralty is a more separate and distinct department, apart from the general business of the Admiralty, than any other?—I should not say that, because Mr. Clifton has other duties; he is a good deal connected with steam, but the business was transacted in rather a different manner in Mr. Clifton's department, Mr. Clifton having a great deal of experience in it. So far as I recollect, it was done in this way: I, as secretary, would open the letter, and probably if it was a continuation of a correspondence, I sent down the letter to Mr. Clifton, if I were transacting the business of the department, and he brought it up, with a suggestion of his own (but that is not of course the method of transacting the business in the other departments),

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departments), and I would take it to the First Lord, if I thought it a matter of importance.

4554. It is not a subject on which all the other Lords would be likely to be consulted?—No.

4555. There is nothing at all in its nature that would induce the Lord who has the management of that particular department to consult the rest of the Board individually upon it by means of a circulation paper?—No, certainly not.

4556. *Sir Stafford Northcote.*] Has your attention been called to the fact that on the 21st of May the Admiralty very summarily refused to extend the contract, and on the 20th of June, just one month afterwards, without assigning any reasons, they reversed that decision, and agreed to extend it; and they said that they did so after full consideration; did that expression, “after full consideration,” and did the sudden reversal render it at all probable that there may be minutes and memoranda of the reasons which led to that decision?—If you ask me the probabilities, I should say that the probabilities are that they were personal remonstrances on the part of Mr. Churchward.

4557. *Mr. Corry.*] Is it not the case that the entry in the Board minute book would be the entry, as written at the Board by the Secretary?—Not necessarily, because frequently the habit of the First Lord, and especially of Sir Charles Wood, was to discuss the matter, perhaps before they got to the Board, and then probably he would write a minute himself. I have known him frequently take such pains as to write a minute himself, and to read it to the Board, and the Board would adopt it.

4558. Would not the Secretary then put his initials and his counter signature to the First Lord's?—The Secretary would put his initials and the Board stamp.

4559. That makes it a Board minute?—Yes.

4560. If there had been any submission from Mr. Clifton, or any memorandum by the superintending Lord, stating the reasons why this contract was to be renewed, that probably would not appear in the Board minute book?—No. I think that if there were suggestions from the head of the department, that certainly would not appear in the Board minute book, unless the suggestions were, as it were, partially incorporated in the minute. I have seen, I think, Mr. Houghton, when he kept the books at a later period, and which he did very carefully, refer to some Board minute, and I have seen it sometimes put, “Submitted,” to the Board, so-and-so; and then “My Lords do” so-and-so.

4561. If there is a special minute made by the Board, would that minute be inserted in the book?—No doubt.

4562. *Lord John Manners.*] Having signed this letter, can you tell the Committee from your own knowledge or recollection what the meaning of those words, “After full consideration of your letter of the 23d ultimo” is?—No, indeed I cannot; because, as I tell you, I was quite a novice at the time; I did not know what had been done in the matter.

4563. *Chairman.*] You stated, did you not, that the ordinary course of proceeding is, after Mr. Clifton having received an application regarding the extension or the renewal of a contract, to hand the letter to you; did he give you his opinion then?—No; I think the Hon. Member has rather misapprehended me. The duty of Secretary to the Admiralty, as it was understood in my time, was either to open with his own hands, or to see every letter that came into his office; and therefore, on such a question as that, my duty would be to turn it down, and put “Sir Robert Peel” on it probably, if he were there; but if I was doing the business, I should do what probably Sir Robert Peel did, put a note, “See Mr. Clifton upon it;” and then Mr. Clifton would bring me up generally a piece of note paper, with the submission “submitted so-and-so.”

4564. What did you do with that submission?—If it was such a matter as the extension of a contract, or anything of that importance, I should probably have taken it to Sir Charles Wood, and perhaps have altered it myself, which I frequently did with regard to Mr. Clifton's suggestions; I generally sent for him, and he came up to me late in the day, between five and six o'clock, after the other business was mostly over, and we used to discuss those things. If they were mere routine things, I did them on my own authority; but if it were a matter like the extension of a contract, I should discuss it, and perhaps alter

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the submission, and then show it to Sir Charles Wood; but I do not recollect any instance of an extension of a contract being submitted to me. I should state, that I do recollect one circumstance connected with this extension, which is at this time impressed upon my mind, from a remarkable observation of Mr. Osborne's, some time after the former contract was renewed, Mr. Clifton brought to me the last clause in the contract, and I thought it was not stringent enough on the contractor, and I recollect altering it. I mentioned it to Mr. Osborne, and he jocosely said to me, "You are robbing your successor," Mr. Atherton having succeeded me as counsel to the Admiralty; in fact, I was applying my legal knowledge to doing the secretary's work.

4565. When you say that you took the submission to Sir Charles Wood, he was at that time the First Lord?—Yes, he was the First Lord; I think in February 1855 he was appointed, and I went there in May.

4566. Was not the Civil Lord considered the responsible head of the Packet Department?—He was responsible to the First Lord and the Board. The duty of the superintending Lords of the Admiralty is this, that they do the routine business, but if any new principle is involved, or any question of great importance, they bring it to the Board, and take the First Lord's orders upon it, and the views of their colleagues, or they bring it to the First Lord himself, and perhaps he takes it, as it were, out of the hands of the Civil Lord, and he would bring it to the Board himself, and say, "I have done so and so," or "I think so and so ought to be done."

4567. With whom did it rest in this case of the extension of Mr. Churchward's contract, to make inquiries and to ascertain the merits of the case, so as to be able to form a judgment as to the terms which were being made for the public?—I think, if you ask whose duty it strictly was, it was the duty of the Civil Lord to send for the head of the department, and to discuss it with him.

4568. Whom do you mean by the head of the department?—Mr. Waller Clifton; in order to discuss it with him, and then sometimes in those cases if the Civil Lord wanted personal explanations (in fact, it has very often been complained of that the red tape system of all the departments of writing letters and answers excludes personal communications), he would very properly, and very innocently, send for the contractor, and ask him for his grounds and reasons, and so on.

4569. I suppose, practically, that it lay with Mr. Clifton to settle the terms, and to recommend the adoption of them to the Civil Lord?—Yes; because the change of the Lay Lords is so frequent, that it is quite impossible that the Lay Lord can master the whole details of the business.

4570. I suppose that when you say that Mr. Churchward was frequently in and out of Mr. Clifton's room, it was because Mr. Churchward considered that Mr. Clifton had practically the decision of his case?—There were several matters continually, I recollect, in correspondence about Mr. Churchward getting the control of the whole of the Admiralty premises at Dover, and getting out our superintendent, who was to go into lodgings, and I think Mr. Churchward went to Mr. Clifton a great many times about it. I believe I had driven rather a hard bargain for the public in that matter, and I think Mr. Churchward came and saw me once about it, but I refused to yield. I should say, that so far as I was concerned, I did not implicitly adopt Mr. Clifton's suggestions in all these matters, but I certainly judged for myself.

Waller Clifton, Esq., called in; and further Examined.

W. Clifton, Esq.

4571. Mr. Corry.] I BELIEVE you heard Mr. Phinn's statement, that you were in the habit of retaining papers frequently for some months in your room, and it is possible that these papers might have been mislaid in that manner; did you accompany me this morning to the Record Office of the Admiralty, along with the chief clerk of the branch?—Yes.

4572. Did you see there what is called the document, in which is marked the name of the papers, and to whom the papers are issued?—Yes, I did, showing that they had come up to the Record Office as soon as the Board minute was executed.

4573. And you saw there that this paper had been issued to you?—Yes.

4574. Did you also see upon that document that a line was scratched through your name?—Yes, and the date at which it was returned.

4575. Which

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4575. Which was a proof that it was returned by you?—Yes.

4576. And therefore that the paper could not have been mislaid in your department?—No.

4577. Mr. *Crawford*.] Mr. Phinn referred to a minute by Sir Charles Wood, which you showed to him the other day; what minute was that?—On Mr. Churchward's application to be allowed to retain the original subsidy on being granted an extension of his contract.

4578. What was the date of the minute?—The 5th July 1855.

4579. That was subsequently, therefore, to the date of Mr. Phinn's letter, which is the 20th of June?—Yes.

4580. Does that minute in your possession exhibit the reasons why the contract was extended upon the application of the 23d of May?—No, it does not.

4581. Sir *Stafford Northcote*.] Will you read the minute?—"My Lords will not insist upon the reduction of the sum contained in their original offers, but in consideration of the circumstances herein stated they are prepared to extend the contract to eight years with the present rate of subsidy."

4582. That is the minute, is it not, which is embodied in Mr. Phinn's letter of the 5th of July 1855, presented with these papers?—Yes.

4583. Lord *John Manners*.] But that minute does not throw any light whatever upon the official letter from the Admiralty, dated 20 June?—No, it does not.

4584. Have you any documents in your department that might throw any light upon that letter?—There is a copy of the missing letter printed, which we have obtained from the contractors, and there is the minute thereon which we have obtained from the Board Minute Book. But any reference that may have taken place to other departments, or reports which may have induced the Board to come to that conclusion, of course cannot be found, and there having been such cannot be proved.

4585. Has that minute been put in?—No; there are no minutes. It is the correspondence that we were called upon to produce.

4586. There is a minute, is there not?—Yes; but the letter is the embodiment of the minute.

4587. Have you got the minute?—Yes.

4588. *Chairman*.] Will you be good enough to read it?—Yes. "Board Minute of 20th June 1855. Dover Mail Contract. Application from contractors for an increase of term, and proposal to purchase the 'Garland.' Their Lordships consent to an extension of the terms of contract for the Dover Mail Packet Service to an eight years' duration, as applied for by the present contractor, from the date of this minute, and are prepared to guarantee the said extension on condition that the mail service be punctually performed for the stipulated sum of 13,500 *l.* a year, instead of 15,500 *l.* a year, as under existing arrangement. The present contractors, however, are required to make their payments according to existing contract, and more particularly with reference to the 'Garland,' their Lordships deem it incumbent upon the present contractors to pay for the said vessel at the reduced price of 4,800 *l.*, within the course of the current year. That as regards the 'Dover,' their Lordships will allow her to be paid for as originally arranged; and moreover, in addition, will allow the present contractors to occupy, as heretofore, the Government premises at Dover, rent free; provided always, that the said premises at the expiration of the term of contract, be handed over to the Government in thorough tenantable repair, and also maintain them in that state of thorough repair during the term of contract; and, lastly, their Lordships require the existing contract to be surrendered, and fresh stipulations in the spirit of the above minute entered into. (Signed) *Robert Peel*. (Countersigned) *R. Osborne*."

4589. Mr. *Wilson*.] That is the minute of the Board upon which the letter was founded?—Yes.

4590. Lord *Naas*.] Is the letter of the 20th of June 1855, which appears in the printed correspondence, a mere transcript of the minute?—I cannot state precisely without comparing them again, but it ought to be.

4591. Mr. *Crawford*.] In point of fact, the documents are all complete, excepting that you have not the original letter of Mr. Churchward to the Admiralty?—I believe so.

4592. Mr. *Wilson*.] If this letter is a transcript of the minute, the minute,
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as I understand from the course of business at the Admiralty, would be the act of the whole Board?—Certainly.

4593 The minute would proceed from the discussion which had taken place at the Board, and it would be the decision by the Board upon the subject?—Certainly; but if the original document were found, it might show that the superintending Lord had been to the Treasury, for instance, and discussed and arranged the matter there before he drew up the minute which he submitted to the Board, and which was countersigned by the Secretary.

4594. Have you any reason in your own mind for supposing it so in that case?—No.

4595. You are merely putting a supposititious case?—Merely so.

4596. When that letter which has been laid before the Committee, dated the 20th of June, states that upon further consideration of the whole of the circumstances, the Admiralty are prepared to comply with Mr. Churchward's desire, if that be a transcript of the minute from the Minute book of the Board, those considerations must refer to the considerations taken at the Board by the Lords of the Admiralty?—Yes.

4597. When the Committee had been told before that there was no means of knowing what those considerations were, or from whence they had proceeded, we had been in error in that respect, as it was, in point of fact, the consideration of the Board collectively, and the decision of the Board?—Yes.

4598. Lord *Naas*.] In such cases as that, are there not usually memoranda attached to those documents, which guide the Board in their decision?—In very many cases there are.

4599. Do you know whether there were in this case?—No, I do not.

4600. Mr. *Wilson*.] Do you think, from your knowledge of the business of that department, that it was a case which was at all likely to render a circulation paper necessary amongst the Lords of the Admiralty individually, to obtain their opinion upon it?—No, I should say not.

4601. But it was a question which did not involve any naval or technical professional considerations, such as would be likely to require the opinion of the Lords individually?—Certainly not.

4602. Lord *Naas*.] Is there any record in the Admiralty to show whether this was a circulation paper or not, and though missing, could not it be discovered?—I am afraid not, at that date; subsequently we have had a record kept of papers placed in circulation.

4603. Lord *John Manners*.] Do you recollect with whom you were dealing at the Admiralty at that time with respect to this contract?—Yes; with the Civil Lord.

4604. Who was the Civil Lord at that time?—Sir Robert Peel.

4605. *Chairman*.] Do you recollect whether at that time the Postmaster General was consulted with reference to the extension of this contract?—He was not consulted by letter.

4606. Was he consulted personally?—I do not know.

4607. Nor the Treasury?—I have no means of knowing; there are no documents that show.

4608. Mr. *Corry*.] There is no trace of any letter, either to the Post-office or to the Treasury?—No; but very often, in those days, packet questions were arranged by personal conferences between the superintending Lord and the heads of the chief departments. Such was invariably the case in the preliminary arrangement of the contracts.

Thomas Phinn, Esq.; further Examined.

T. Phinn, Esq.

4609. Mr. *Hope*.] YOU stated just now in your evidence that these questions of renewal practically lay with Mr. Clifton to recommend what should be done?—Probably such a case as that would be sent to him, and he would make a memorandum showing the claims of the contractor, and his views and suggestions as to the renewal; I do not mean to say that his decision in such a case as that would be at all final, or that it would be necessarily adopted.

4610. The Committee are to understand you to state that this decision would not be final, and that you were in the habit of exercising your own judgment upon the subject?—Yes; if I ever had been asked to exercise my own judgment on the renewal of a contract, I should have considered it such an important

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important thing, that I should not have thought myself at all justified in doing so, without reference to the Board, or the First Lord.

4611. Would you have passed it on, or have adopted Mr. Clifton's recommendation?—I should have sent for Mr. Clifton, and have gone into all the circumstances, and looked at his suggestion, and modified it, if I thought right, and should then have taken the paper to the First Lord, with a memorandum of my own, and put in the pros and cons; and then probably a day or two afterwards when I had an interview with the First Lord on different things, he might perhaps say, "I agree with you," or, "I do not agree with you, and I will bring it before the Board."

4612. Supposing a person not to be so active in the matter as you were, it would not be an uncommon thing for it to rest altogether with Mr. Clifton?—There are many cases in which where a man who is conscious of not having any official experience, and Mr. Clifton being an old servant, brings a recommendation, the temptation is very great to adopt Mr. Clifton's suggestion, which is very often a very proper one.

4613. Therefore it is very often the case, from the nature of the business which is done through the Admiralty, that Mr. Clifton's recommendations have been adopted, and it would not appear to have been done in any unusual or extraordinary way?—It depends upon the nature of it; I think I should not implicitly follow Mr. Clifton's suggestion upon a very critical matter, certainly, unless I entirely concurred with his views.

4614. Supposing Mr. Clifton to have more knowledge than the Lord of the Admiralty who has to cross-examine him, what then?—I do not agree that a Civil Lord would be justified in recommending the extension of a contract, without bringing the matter to the First Lord, which is practically bringing it to the Board, and giving notice of it in the Board-room.

4615. Is it often the case that the recommendations of an experienced officer like Mr. Clifton are overruled?—That depends upon the individual. I was going to say, and I am not ashamed to say it, that I believe I very often differed in opinion from Mr. Clifton, and I took my own course.

4616. Take the common run of persons in office (without casting any imputation upon them), or persons who are not anxious to give themselves a great deal of trouble about matters; is it not a natural thing in a department, that the recommendation of the head of the department should be followed?—Yes. There are hundreds of questions arising upon these packet services. I might instance the question of the conduct of the Admiralty Agent or Board, complaints of the Post-office that the letters are delayed at the point of their junction with the mails, and many questions of that kind, upon which Mr. Clifton's knowledge is very useful, and as he knows what has been done in previous cases, his suggestions would naturally be taken, especially by a Lord new in office.

4617. Lord *John Manners*.] You stated, just now, that your course would have been probably to take Mr. Clifton's suggestions to the First Lord?—I should have modified them myself, and made a memorandum.

4618. Would you set aside, altogether, the Civil Lord?—No; but I am only assuming that I am discharging the duties of the Civil Lord in his absence; I never presumed to interfere with the Civil Lord when he was there; but I ought to say, that Sir Robert Peel consulted me in those cases; and if there were legal matters in the contract, of course I took an interest in them, or else, generally, the second secretary does not have anything to do with those things.

4619. *Chairman*.] Do you consider that the ultimate decision, and therefore the ultimate responsibility, rested with the Admiralty or with the Treasury, in making this contract?—It depends upon circumstances; if it is a matter of money, it is entirely with the Treasury; but if it is merely a question of extension or regulation, I think it is a joint responsibility.

4620. Take the extension, as in the present case, of Mr. Churchward's contract for a term of years; should you consider that the responsibility in that case rested with the Treasury or with the Admiralty?—I should say that in this case it was not a joint responsibility; it would be done probably without consulting the Treasury.

4621. Then, in the case of a fresh contract, or the renewal of a contract, with additional payments, do you consider that the responsibility rested entirely with the Treasury?—With additional payments, certainly, because without the concurrence of the Treasury the Admiralty could not do it.

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4622. Mr. *Corry*.] If the Treasury had decided against the extension, the Admiralty could not have carried it out?—No.

4623. *Chairman*.] In such a case as that, where the responsibility rested with the Treasury, did the Admiralty act as though the Treasury would itself make further inquiries, or did they assume that the Treasury would act upon information supplied by the Admiralty?—I can only answer that by saying what actually did take place. I recollect, in a case which the Right Honourable Gentleman the Member for Devonport recollects very well, in the case of the Australian contract, Mr. Wilson did me the honour to send for me, and we discussed it in all its bearings. I think he also saw Mr. Clifton very often, and I believe, I am not quite sure, but I think he saw Captain Milne on the naval part of the matter, and the thing was very fully discussed between the departments; and if I were asked with whom the responsibility ultimately rested in that case, I should say with the Treasury as to the subsidy, and with the Admiralty as to the mode in which the contract should be carried out; as to the necessary ships for it, and the number of them.

4624. Mr. *Wilson*.] Are you aware that, previously to or about the time when that Australian contract was under consideration, the practice had formerly been to leave the making of contracts much more with the Admiralty than it has been since?—I was only privy to the making of the contract with Mr. Dundas, the Cape of Good Hope contract and the Australian contract; I had no experience with regard to any other.

4625. I dare say you remember perfectly well that those two particular contracts involved a new principle, they being a joint transaction between the colonies and the mother country?—Yes, and they also involved a new principle, which was very much discussed at the time, as to absolute penalties.

4626. The great change was the joint liability of the colonies and the mother country, was not it?—Yes.

4627. And therefore, would not that, in your estimation, be of itself a very substantial reason why the Treasury should take a more active part in the details of the transaction, as having to act with the Colonial Office on the one part, the Post Office on the other, and the Admiralty on the third?—Certainly; I recollect particularly with regard to the Australian contract, there were great interruptions in the tenders coming in, and that the Admiralty had so little to do with it (I remember that the colonies were represented in town), that I merely took the papers into Sir Charles Wood's room, and just told him what the tenders were, and he said, send them on to the Treasury at once; I believe that would be the course at the Admiralty, and that the papers in that case were hardly an hour in the Admiralty.

4628. Mr. *Corry*.] Did those two contracts, the Australian and the Cape of Good Hope, which you say were so carefully discussed between the Admiralty and the Treasury, turn out very successful in performance?—No; I think the contractor in both instances attempted what was impossible, and both failed; I know that I had to deduct from the contractor in the case of the Cape of Good Hope contract, the first quarter, a sum equivalent to what he was entitled to receive.

4629. Mr. *Hope*.] In the case of those contracts, were they entered into by competition?—Certainly; the Australian contract I know was, but I am not quite so sure about the Cape of Good Hope contract.

4630. Sir *Stafford Northcote*.] With regard to this particular extension, you state that in matters of extension it is a question of joint liability between the Treasury and the Admiralty; it does not appear by the papers that there was any written communication with the Treasury at all; are you aware whether there was any other communication?—No, I am not; since I was examined just now I have had an idea floating in my mind, but it is hardly more than an impression, that I heard at that time, or subsequently, that Mr. Churchward had taken some boats off the Admiralty's hands, which were not of much use to us, and he had made rather a bad bargain, and I think it was an appeal *ad misericordiam* as to that extension.

4631. But there was no communication with the Treasury, to your knowledge?—No; nor should I have known of it at the time, because I was quite ignorant of any knowledge of that business. Sir Robert Peel was there, and he did his own part of the business; and what confirms me in my impression is, that it being my duty to open those letters, on the 29th of June, I see that I had marked the letter

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letter of that date "Captain Milne and Sir Robert Peel," and sent it on simply to them, and I see that Sir Robert Peel sends it on to Captain Milne; therefore, I think there must have been a mixed nautical and ordinary routine question involved in that letter. I should say that the letter refers to the correspondence of the 20th June; and if I had dealt with that, I should have sent for "The Former Papers," which I see that I did not do.

4632. That renders it the more probable that there may have been a circulation paper?—No; I do not think that that affects the question at all.

4633. *Chairman.*] I suppose all the inquiries and investigations relating to the Postal Packet Service go through Mr. Clifton's Department?—Yes, everything.

4634. And the Civil Lord would only act through him in instituting inquiries, or obtaining information?—No, not necessarily; sometimes I had a good deal to do with it. Sir Robert Peel very frequently, when he was at the Admiralty, would come into my room with a mass of papers with Mr. Clifton's submissions, and said, "Do you think this or that is right," and I would give him my opinion.

4635. But if you dissented, and required fresh terms in any way, would that have to be carried out through Mr. Clifton's office?—Yes; if I dissented, we should have sent for Mr. Clifton, and have discussed the matter in his presence; but I ought to say, that I have every confidence in Mr. Clifton.

Ralph Bernal Osborne, Esq., Examined.

4636. *Chairman.*] YOU and Mr. Phinn requested to be examined before this Committee; you have heard Mr. Phinn's statements; have you anything to say in addition that will throw light upon the subject of this inquiry?—No; except with regard to the paper being in circulation. I am very confident that that paper was never put in circulation; it was never the habit at the Admiralty to put any paper connected with a contract in circulation; that was entirely managed by Sir Robert Peel, or the Civil Lord, whoever he was, for the time.

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4637. You have heard of the missing letter of the 23d of May, have you not?—I have just heard that it was missing.

4638. Or of any endorsements that have been upon it?—Just so; Mr. Phinn was frequently making complaints, and on looking into it, it was found that letters were very frequently missing; and that either they were not sent to the Record Office, or that they hung in the rooms. Mr. Phinn instituted a committee to inquire into the matter; and he took great pains about it, but he met with great opposition. The committee reported, but no action was taken upon it.

4639. Have you that report in print?—No; it was a private report in the office; it was not a formal report.

4640. Have you any recollection of the letter in question, written by Messrs. Jenkings & Churchward, of the 23d of May 1855?—I have only a general recollection; I have no particular recollection of that letter.

4641. Upon which letter was founded the decision of the Admiralty to extend their contracts?—I remember Sir Robert Peel's talking it over with Mr. Phinn, but it was a subject which I never entered into at all; it was his department, which I never meddled with. He devoted himself entirely to it, and he was not a man that would like to be interfered with, without he called you in to counsel.

4642. It did not come before you in any way?—In no shape, except putting my initials to it.

4643. You were the Parliamentary Secretary, were you not?—I was the Parliamentary Secretary.

4644. From what period?—From the beginning of Lord Aberdeen's Government till the conclusion of Lord Palmerston's.

4645. At the date of this letter, the 23d of May 1855, had you any intention of becoming a candidate for Dover?—Decidedly not. Mr. Rice was the Member for Dover; I never saw Mr. Churchward; I knew he was in the habit of coming to the office, and gave particular instructions that he should not be admitted to my room.

4646. Have you any objection to state to the Committee when you first thought of going to Dover?—I first thought of going to Dover in the general election of 1857.

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4647. Which took place at the end of March?—Which took place at the end of March.

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4648. Lord *John Manners*.] Can you throw any light on the opening paragraph in the official letter, dated the 20th June 1855, "I am commanded by my Lords Commissioners of the Admiralty to acquaint you that the following is their decision, after full consideration of your letter of the 23d ultimo"?—As far as I can call to mind, without being very precise in my recollection, I think that the "full consideration" referred to the purchase by Mr. Churchward of certain boats which were sold to him, rather, as he said, hard bargains, by the Admiralty; and, I think, on that consideration, Sir Robert Peel was induced to bring forward the extension of his contract before the Board; but I must tell the Committee, on this subject, that I had always warned Mr. Cowper at first, and I warned Sir Robert Peel, and the whole of the Lords, that I did not think that contract was put into proper hands; I did that privately, not in my official capacity.

4649. *Chairman*.] Who was Mr. Cowper?—The Civil Lord, who made the contract; he preceded Sir Robert Peel.

4650. Mr. *Crawford*.] Had you any communication with Mr. Churchward in reference to other matters in his contract at the date of his letter?—I ordered my private secretary that he never should be admitted into my room, and if he was, that I might never be left without a witness during the interview.

4651. *Chairman*.] On what ground did you advise Sir Robert Peel not to extend the contract?—Because I heard Mr. Churchward was connected with Mr. Mare, who was not in circumstances that I thought made it advisable that he should enter into contracts with the Admiralty.

4652. Mr. *Barter*.] Were you aware that Mr. Churchward had been reported on by Parliamentary Committees as to his having been guilty of bribery at the election at Plymouth?—Yes.

4653. Lord *John Manners*.] Do you suppose that Mr. Cowper and Sir Robert Peel were equally aware with yourself with those facts?—I think they were; those facts were notorious.

4654. Sir *Stafford Northcote*.] They, or at all events yourself, were aware of those facts before the contract was originally granted?—I was aware of it.

4655. Mr. *Wilson*.] Are you aware that when that contract was first applied for and taken, it was taken in the name of Jenkins & Co., without Mr. Churchward's name appearing in it?—I am aware of that.

4656. Sir *Stafford Northcote*.] But are you aware that before the contract was executed, Mr. Churchward's name was brought forward in connexion with it?—Yes. I must tell the Committee that Mr. Churchward was always at the Admiralty.

4657. Lord *John Manners*.] Can you tell the Committee for what purpose he was at the Admiralty?—He was at the Admiralty, I understood, before I came there, constantly; at the time that Mr. Stafford was Secretary to the Admiralty; and I was told when I went there to beware of admitting Mr. Churchward to my room, and the consequence was, I ordered that he should never be admitted to my room, and I expostulated with a Lord of the Admiralty whose room he used to go into, and I said, "You will regret having him in your room."

4658. Who was that Lord of the Admiralty?—Sir Maurice Berkeley; on one occasion I went into his room, and I found Mr. Churchward there.

4659. Sir *Stafford Northcote*.] Will you be kind enough to refer to the letter of the 16th of February 1854; that is a letter signed by yourself, is it not?—Yes.

4660. And that letter gives instructions for the renewal of the contract in the name of Churchward as well as Jenkins?—Yes.

4661. Mr. Churchward's name, therefore, was known before the contract was signed?—Yes.

4662. Did your opinion have reference to his fitness or his competency to perform the contract at all?—On inquiry I thought that he had not capital sufficient. I must tell the Committee that, independently of Mr. Churchward's name at all, I was against the system of giving a contract to any person merely because he made the lowest bid.

4663. Lord *John Manners*.] Do you mean that you are against what is called the system of tender altogether, or what would be your reason?—No; but
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against giving it to a man merely because he underbid another who was a man of capital; I was against the system of giving it (without reference to Mr. Churchward, or anybody else) merely because he underbid others.

4664. Then are the Committee to understand from you that the Admiralty, who first sanctioned Mr. Churchward's contract, took the lowest tender without any inquiry?—That was in Mr. Cowper's department entirely; I am not able to say what he did; I was secretary at the time, but it did not come before me; it was not in my department; but I recollect hearing the tenders read, and expressing that opinion to the Board.

4665. But you cannot tell the Committee whether they acted upon your opinion?—I cannot tell what steps Mr. Cowper took.

4666. Subsequently to that, had you officially to sign the contract?—Yes, as an officer of the Board.

4667. Lord *Naas*.] You do not know how many other tenders were sent in at that time?—I think there were four; there was one, I think, from the South Eastern Railway Company, and two others, but Mr. Churchward's was considerably the lowest.

4668. Mr. *Dunlop*.] You stated that your objection was to the want of capital; do not you consider it also highly objectionable to enter into a contract with a man who had been convicted of bribery?—I cannot say that I took that strong objection at the time; it did not appear to me so strongly as the Honourable Member has now put it before me, and I cannot say that that entered into my calculation.

4669. Lord *John Manners*.] You have been asked by the Honourable Member a question in which I think the words occurred that Mr. Churchward had been convicted of bribery; are you aware that Mr. Churchward was ever convicted of bribery?—I am aware that he was reported by the Committee on the Plymouth Election as having bribed three people.

4670. Was that an Election Committee?—I believe it was an Election Committee; I rather think it was Mr. Mare's Committee; my attention was drawn to it, and I knew that Mr. Churchward had been very much mixed up with the Plymouth business when Mr. Stafford was at the Admiralty.

4671. Mr. *Dunlop*.] I should not have used the word "convicted;" but was he not reported to have been guilty of bribery?—Yes.

4672. Mr. *Wilson*.] Is it not the case that in these contracts the Admiralty are at liberty to make it a condition that they are not bound to take the lowest tender?—I am aware of that.

4673. Sir *Stafford Northcote*.] As regards that extension of 1855, have you no knowledge whether there was any communication between the Treasury and the Post Office?—I have no immediate recollection of it; Sir Robert Peel could give the Committee the information much better than any body else; it passed fully through his hands, and he attended very closely to the business of his department.

4674. Captain *Leicester Vernon*.] Did Mr. Churchward support you when you stood for Dover?—Yes; the first time he volunteered his support.

4675. You being then Secretary to the Admiralty?—Yes.

4676. Lord *John Manners*.] You did not feel yourself called upon to refuse his support, in consequence of what had transpired before?—I never asked for his support.

4677. When it was offered you, you did not of course reject it?—Of course not; but I was told that if I was seen with him at Dover, I should lose a great many of what were called the Liberal party.

4678. Captain *Leicester Vernon*.] But you gained your election nevertheless, did you not?—Yes, I gained my election.

The Right Honourable *Henry Thomas Lowry Corry*, a Member of the House; Examined.

4679. Lord *John Manners*.] YOU were Secretary to the Admiralty during the time of the pending of the renewal of the Dover Contract?—I was.

4680. Had you any conversation with Captain *Carnegie* while he was a Lord of the Admiralty on the subject of his standing for Dover?—Yes, I had upon one occasion, and I think upon one occasion only; and I am certain from

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my recollection that that occasion must have been either on the very day before, or at the most two days before Captain Carnegie resigned the office of Lord of the Admiralty.

4681. Does your recollection enable you to tell the Committee the purport of that conversation?—Yes; Captain Carnegie came into my room (the Secretary's room, adjoining the Board room), after the Board, and said that he wished to have some conversation with me with respect to his election prospects, and he told me, although he had come into office upon the understanding that he was, if possible, to obtain a seat in Parliament, yet that he did not think that he was altogether deprived by that engagement of the right of exercising his own discretion as to the place for which he should stand. He then proceeded to say, as I clearly recollect, that the result of the information which he had received, led him to conclude that he would have no chance at Dover, and therefore he did not feel disposed to stand for that place; and he asked me my opinion as to his declining.

4682. *Sir Stafford Northcote.*] Can you give the Committee the date of that conversation?—I cannot give the date of that conversation; but I am certain that it was either a day or two days before his resignation.

4683. *Lord John Manners.*] What reasons did he assign to you for not standing for Dover?—The reason that he assigned to me was, that he thought he had no chance, from the information he had received, and he asked me my opinion in a sort of casual way, as to what I should myself do if I were in his position, so as to fulfil the obligation under which he took office in the Admiralty. I said that that would depend upon the precise understanding which he had with Sir John Pakington, and that I considered that unless he had had an understanding to the contrary, he had a perfect right to exercise his own discretion; he went on to say that he would not stand for Dover, but, from information which he had received, he thought he had a fair opening at Youghal; and he then asked me whether I thought Mr. Isaac Butt would be a person whom the late Government would object to his opposing; my answer was, that Mr. Isaac Butt had come into Parliament as a Conservative, but he had not been very faithful to his principles, and I could not conceive that the Government could have the slightest objection to his turning out Mr. Butt, and I told him that I thought Youghal appeared a very good place to stand for; and he left me with the impression on my mind that he was going to start that very night for Ireland, with a view of standing for Youghal.

4684. You state that the reason which he assigned was, that he had no chance at Dover?—That was the only reason that he assigned to me.

4685. Did he assign any other?—No.

4686. Did he allude in any way whatever to Mr. Churchward and his contract?—Not in the slightest; I never heard that there was the slightest connexion between Churchward's conduct, whatever it might be at the Dover election, and the renewal of his contract.

4687. *Sir Henry Willoughby.*] Did Captain Carnegie state that he had received information from Dover?—No, I cannot say that he stated that he had received information from Dover, but he said generally that he thought he had no chance there.

4688. You stated, as I understood it, that Captain Carnegie told you that he had received the information?—Yes; he did not state positively that he had received information from Dover; but I thought the impression upon his mind was, that he had no chance; whether it was from information conveyed to him, or whether it was merely his own impression, I cannot positively state.

4689. *Mr. Baxter.*] Did not Captain Carnegie give to this Committee substantially the same account of this interview?—I think he did; but an objection was made to my questions being put in the leading shape in which I put them, and it was considered better that I should be examined myself.

4690. *Mr. Wilson.*] When Captain Carnegie thought that he had no chance for Dover, he added no reasons for it, did he?—No reasons in the world.

4691. But he has at other times given his reasons; that he thought he had no chance for Dover without resorting to means that he objected to?—He has stated so; but in conversation with me, he did not make the slightest allusion to any objectionable means.

4692. *Lord Naas.*] Could the words that he used to you take that shape?—No; Captain Carnegie's own evidence is, that he did not mention to any Lord of

of the Admiralty, or any official person connected with the Admiralty, on any occasion, the Dover contract in connexion with his objection to stand for Dover.

4693. The impression on his mind appeared to be, that if he went to Dover he would be beaten?—Yes, that was the impression, as it appeared to me; and I never heard of any connexion between the Dover contract and the Dover election, until the debate in Parliament upon which these proceedings commenced in this room.

4694. Mr. *Wilson*.] You stated, did you not, that that was the only time that Captain Carnegie spoke to you on the subject?—That was the only time I recollect, and I am almost certain he never did mention it at any other time.

4695. Sir *Stafford Northcote*.] It was after he had finally decided not to stand for Dover?—Yes; it was after he had finally decided not to stand for Dover; and, as I mentioned just now, it was my impression that he meant to start that night for Youghal, and I think he did so.

4696. Mr. *Crawford*.] Your signature is attached to a letter from the Admiralty, of the 23d of February 1859, is it not?—Yes.

4697. Were the Admiralty aware of the nature of the contract that was held by Mr. Churchward with the French Government?—I was not in the least. I do not think I was then aware that he had a contract with the French Government. I should explain to the Committee, that the secretary, unless he were acting in the absence of the Superintending Lord, would leave to him the details of the contract, and Lord Lovaine being in London at the time, I hardly know anything that was passing about the contract; it was merely a formal signature. I was aware that the question had been considered by Lord Lovaine, and I had seen reports from Mr. Waller Clifton, and if I had objected to the course recommended by Lord Lovaine or Mr. Waller Clifton, I should have brought it under the consideration of the Board.

4698. Mr. *Baxter*.] Will you have the goodness to look at this clause in the French contract (*handing the contract to the Right honourable Member*); you see that it grants the French Government liberty to take two of the contractor's vessels for warlike purposes?—Yes.

4699. Does not that alter your opinion with regard to the extension of the contract?—Yes, it alters my opinion; not merely with regard to the extension of the contract; but with regard to the propriety of having granted the contract at all, either the extension in 1855, or the contract itself in 1854, if that French contract was entered into before 1854.

4700. Mr. *Hubbard*.] It was dated in 1855, subsequent to the first contract in 1854, but anterior to the prolongation in 1852?—I should have thought it a fatal objection to the contract in 1855, and if I had been aware of it in 1859, I should have brought it to the attention of the Board; but as Mr. Clifton has stated in his evidence, the Admiralty always ignored this contract; its existence was well known at the Admiralty, but all official cognizance being ignored, it was not likely to come under the cognizance of the members of the Board.

4701. Mr. *Hope*.] You found that contract in existence when you came to the Board?—I do not think I was aware that there was a French contract till shortly before the appointment of this Committee.

4702. Why has not Lord Lovaine been examined?—Because he was placed upon an Election Committee soon after this Committee met; he was here one or two days with the intention of being examined, and he came into this room I think two days ago, and after consulting with the Chairman and myself, we were of opinion that there was no particular point on which his evidence would be essential.

4703. But he did tender himself for his examination?—Yes; he was here for two days, and he wished to be examined.

4704. Sir *Henry Willoughby*.] What was the date of the French contract?—I see it was dated the 1st of February 1855; it was subsequent to the first English contract, but antecedent to the renewal in 1855.

4705. *Chairman*.] Will you be good enough to turn to page 227 of the contract, and will you read the clause which I have marked there?—"Dans ce même cas de guerre maritime, le Gouvernement aura le droit de s'emparer des navires de la compagnie, à la charge par lui de tenir compte à la compagnie de

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la valeur de ces navires, laquelle serait fixée par une estimation contradictoire (which I suppose means an arbitration) dans les formes prescrites par les Articles 37 et 38 ci-après."

4706. You were not aware of the existence of this clause?—No, I was not aware even of the existence of the contract.

4707. Mr. *Wilson*.] You stated, did you not, that if you had known of the existence of it you would not have recommended the extension of Mr. Churchward's contract?—Certainly not, without some guarantee to the Government that under no circumstances could the French Government take three vessels off the station.

4708. Sir *Henry Willoughby*.] Would it have fallen within your province to recommend that?—Yes; everything falls within the province of the Secretary to the Admiralty; he is the cement that keeps the stones together; he is mixed up with all the departments.

4709. Mr. *Baxter*.] Could Mr. Churchward have given such a guarantee as you refer to, seeing that that clause was in his contract?—No; unless he gave the Government a guarantee, that in the event of a war breaking out and his vessels being taken off the line, he would be prepared to put three more on the line, and could give the Admiralty satisfaction that he had the means of doing so.

4710. Do you think that Mr. Churchward could have given the Admiralty such satisfaction?—No; I should say not, from what I have heard of the state of his finances.

4711. Mr. *Laing*.] That would hardly have met the objection, that the English Government had been subsidising Mr. Churchward to keep up a fleet of vessels, from which three of the six might be taken by the French Government for the purposes of war?—I think it would be an objection, certainly.

4712. This would have placed three, or whatever the number may be, at the disposal of the French Government in case of war; then they would not be very serious implements of war?—I should think not.

4713. Sir *Stafford Northcote*.] Mr. Churchward is bound by his contract to the English Government to keep six vessels?—Yes.

4714. Supposing that war had broken out, and that the French Government had availed themselves of that power, and seized upon three of those vessels, would he not have broken his contract with the English Government?—Yes.

4715. Would not it therefore have been immediately terminable?—Of course it would.

4716. Captain *Leicester Vernon*.] Unless he supplied other vessels?—Unless he supplied other vessels. I should imagine that if a war broke out between England and France Mr. Churchward's three vessels would all be on the Dover side of the Channel, and that he would not have taken much notice of his stipulations with the French Government.

4717. Mr. *Hubbard*.] Of course in the event of a war breaking out between France and England that might be so, but in the case of war between France and Spain, the packet service being therefore equally necessary between Dover and Calais, might not three of the Dover and Calais boats be carried off to do service on the coast of Spain?—I imagine that they would, according to the strict letter of this provision.

4718. Lord *John Manners*.] Does not the strict letter of that provision apply only to maritime war?—It applies only to maritime war.

4719. Is it likely that any war that would break out now between France and Spain could be called a maritime war?—Spain has a small navy, but I am afraid that the meaning which is attached at the Admiralty to maritime war is a war between France and England.

4720. Sir *Stafford Northcote*.] Mr. Churchward is performing two services, his English and his French service; I presume that if the French withdrew his boats, that would stop his French service?—Clearly; he could not carry on the French service if the boats were employed for warlike purposes.

4721. Then that which would diminish the number of boats would diminish the amount of service that they performed?—Clearly.

4722. Sir *Henry Willoughby*.] Could he, with three or four English boats, entirely perform the English service?—Yes; it has been given in evidence before the Committee, and I have been given to understand, that three boats would

would be amply sufficient for the English service. I presume that by three boats, three boats and one in reserve are meant.

4723. Sir *Stafford Northcote*.] Is it not the case, that in the condition which you have read from the French contract, the French Government are to pay Mr. Churchward the value of the boats that they take from him?—Yes; by arbitration.

4724. Might he not have applied the sum that he received from the French Government to providing additional boats for the English service?—Yes.

4725. It would therefore have been possible for him to carry on the English service, if the provision had been put in force?—Just so; but his contract with the English Government would have broken down, unless he had six boats for the service.

4726. Captain *Leicester Vernon*.] Were there two or three boats in the French contract?—I know very little of the French contract, but I think it has been stated that there were two boats and one reserve boat.

4727. Is the reserve boat stated in the contract?—Yes; it says, "There will always be in reserve at Calais a steam-boat, in the best state of repair and preparation, to be employed immediately if required for service at sea."

4728. *Chairman*.] You have stated that you were not aware of the terms of that French contract?—No, I was not; it never was officially recognised at the Admiralty, and they studiously avoided doing so, which I was not aware of till I heard it stated in this room.

4729. Was not the existence of the contract known at the Admiralty?—It was known at the Admiralty in the packet department, but not to myself individually.

4730. Were not the terms of the French contract taken into consideration at all by the Admiralty in regard to the terms of their own contract with Mr. Churchward?—I imagine not; if they had been so, it would have been taken official cognizance of.

4731. Was not it considered necessary that the Admiralty should inform itself as to the terms of the French contract, seeing that they had a reference to Mr. Churchward's arrangements for our own contract?—If the existence of the French contract had been brought to my notice, I should have thought it my duty to have inquired into its terms.

4732. To what department in the Admiralty would that belong?—It would have belonged to the packet department. The Superintending Lord and Mr. Clifton were aware, as Mr. Clifton stated in his evidence, of the existence of the contract.

4733. Sir *Stafford Northcote*.] Was not it officially communicated to the Secretary of the Admiralty in the letter of May 1855, by Messrs. Jenkings & Churchward, that they had then made a contract with the French Government?—Yes.

4734. Therefore, although you were not aware that there was a contract with the French Government, the Admiralty in 1855 were not only aware of it, but they had their attention expressly directed to it in the letter upon which they granted the English contract?—Yes; it is perfectly well known that they were aware in 1855 of the existence of the French contract.

4735. It was stated that the reason for the Admiralty changing their opinion as to the propriety of extending the contract, must have been founded upon the arguments given in Messrs. Jenkings & Churchward's letter of the 23d of May; is the French contract one of the points that is brought forward in that letter?—Yes.

4736. That must have been one of the circumstances which the Board of Admiralty in 1855 must have had specially under consideration when they agreed to the extension of Messrs. Churchward & Jenkings' contract?—Yes; I have no doubt that they were aware of the fact of the existence of Mr. Churchward's contract, and that three of his vessels would be employed in carrying on the French service. But I do not think that it appears that they were cognisant of the fact that the French Government, in case of a war, could possess themselves of those vessels for warlike purposes.

4737. If it was necessary and proper for the Board of Admiralty to make inquiries upon such points, the Board of Admiralty had its attention called the year before to that subject, and they had the matter before them, and they

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might have called for information upon it from Messrs. Jenkins & Churchward?—Just so.

4738. They do not appear to have done so?—So it would appear.

4739. Mr. *Wilson*.] Is there anything in that communication that leads to the inference that, by the contract with the French Government, Mr. Churchward was to employ the same boats that were employed under the English contract?—I am not aware that there is.

4740. Is the passage accompanied with an explanation that the same boats which were contracted for by the French Government, were employed under the contract with the English Government?—No, it is not; but I believe, from information that I have received at the Admiralty, it was perfectly well known that Mr. Churchward had only six boats for the two services; I mean in 1855.

4741. Sir *Henry Willoughby*.] How do you know that?—From information that I received that it was well known in the office, though the office did not choose to take official cognisance of it. Of course I can only speak from hearsay, and not from my own knowledge.

Waller Clifton, Esq., called in; and further Examined.

W. Clifton, Esq.

4742. *Chairman*.] WERE you aware of the existence of the French contract when you recommended the extension of Mr. Churchward's contract?—Perfectly aware of it, but I think that I did not recommend it; my report has not been before the Committee. It is my report to Lord Lovaine, and he drew up a minute recommending the contractor's application to the favourable consideration of the Treasury.

4743. I understand that it was at your recommendation?—The subject was discussed between Lord Lovaine and myself, and I think Sir Alexander Milne (I know that upon one occasion he was present); and Lord Lovaine drew up the minute which you have on the correspondence.

4744. Were you aware of the terms of the contract between Mr. Churchward and the French Government?—No, I was not.

4745. Had you never read the contract?—Never.

4746. Did you or did you not know that that contract was complicated with your own contract with Mr. Churchward?—No, I did not; I was not at all aware of the terms.

4747. Did no one at the Admiralty think it necessary to examine into the terms of a contract that was mixed up with your own?—I was cautioned in 1855 not in any way to have any official cognisance of the French contract, as it was desirable the two Governments should not be brought into contact in the matter.

4748. But were you cautioned to be ignorant of the terms of the French contract?—It never came before me officially; and I have no means of calling for any papers on such a matter.

4749. Lord *John Manners*.] By whom were you cautioned not to look into the French contract?—By the Second Secretary, I think it was, and on one occasion I think it was by the First Lord: he certainly was present when a remark to such effect was made upon the subject.

4750. Sir *Henry Willoughby*.] In what year was that?—It was in the beginning of 1855.

4751. Who was the First Lord at that time?—I think it was Sir Charles Wood.

4752. You stated that you were cautioned by the First Lord?—I think he was present; I took it as a course sanctioned by him. I have only an indistinct recollection upon the subject; but I have always acted upon it, and we have always acted upon it in the branch.

4753. Does it not appear that the First Lord was aware of this contract?—I cannot say.

4754. Are you certain that he cautioned you?—I certainly was cautioned, and I am under the impression that it was by the First Lord, and also by the Second Secretary.

4755. As to what?—As to having no official cognisance of the contract, and to bring any letters on the subject before the Board.

4756. As to what?—As to the French contract.

4757. You

4757. You distinctly recollect that?—Yes, I distinctly recollect that; such has been the common law of the department since, and I believe there is no case where the subject has been officially noticed, or where I have made any submission or remark upon the subject.

4758. *Chairman.*] You were not aware that the French Government in case of war could take possession of three of the vessels that are necessary for carrying Her Majesty's mails?—No, I certainly was not.

4759. Do you think, as a matter of principle or etiquette, that you should remain in ignorance of that fact?—It did not come before me officially; there is a similar clause contained in our own contracts.

4760. *Lord John Manners.*] You were officially told not to inquire into it, were you not?—Such was the understanding in the department.

4761. *Mr. Corry*] Was it known at the Admiralty in 1855, previously to the extension of the contract in 1855, although not officially known, that three of Mr. Churchward's six boats were employed in the French service?—Yes, it was.

4762. *Sir Stafford Northcote.*] Will you take this contract in your hand (*handing the same to the Witness*), and see that the number of vessels they are bound to maintain is three boats, including a reserve boat?—Yes.

4763. *Mr. Wilson.*] You stated just now, that your own contract contained a similar clause; are you quite correct in that?—It is not precisely the same clause, but one to a similar effect.

4764. Does the present contract contain a clause enabling the Government to take the boats?—No.

4765. Is it not by purchase at a fair valuation?—Does the Honourable Member mean Mr. Churchward's contract?

4766-7. Yes?—No; Mr. Churchward's contract does not.

4768. I think that clause in the contract has been omitted of late years from all contracts, has it not?—There is no such power in this contract of Mr. Churchward's to enable the English Government to take his boats as there is in the French contract to enable the French Government to take the boats for the French service.

4769. *Mr. Baxter.*] Does the perusal of that clause in the French contract materially alter your opinion as to the propriety of this extension?—I think not, now that he is to separate the French from the English service by having eight boats.

4770. *Mr. Hope.*] Is he now to have eight boats?—Not under the contract; but he will have eight steamers.

4771. *Mr. Wilson.*] The contract of Mr. Churchward provides for six only?—Only six by the contract; but he will then have eight boats, and he states in his letter, that he is to separate the French from the English service.

4772. *Mr. Baxter.*] Do you think that clause does not much affect the question?—I am not prepared to say that it does.

4773. *Mr. Corry.*] What number of boats would be necessary for the English service?—Four; three and one spare one.

4774. And the number in the French contract is three, is it not?—Yes.

4775. Including one spare one?—Including one spare one.

4776. Therefore if eight boats are maintained by Mr. Churchward, he will have three for the French service and five for the English service?—Yes.

4777. And five you think is more than would be absolutely requisite?—Yes.

Augustus F. M. Spalding, Esq., called in; and Examined.

4778. *Mr. Corry.*] WILL you produce the digest which is a *précis* of all the papers which are put in the Record Office?—Yes (*producing the same*).

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4779. Will you read the entry there of the 20th of June 1855?—"Dover Mail Contract.—Application of contractors for an increase of term and proposal to purchase the 'Garland.' My Lords consent to extension, &c., to be performed for stipulated sum of 13,500 *l.*, instead of 15,500; to pay for 'Garland' at reduced price of 4,800 *l.* within the course of the current year," &c.

The Right Honourable the Lord *Llanover*, attending by permission of the House of Peers ; Examined.

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4780. Captain *Leicester Vernon*.] I WISH to ask your Lordship a question or two with regard to the speech which you made in your place in Parliament on the 12th of April 1859 : in speaking of Captain Carnegie, you are reported to have said, "I understand, also, that that gallant officer had employed a confidential officer, or that some other person had employed one for him, and that that agent reported to Captain Carnegie as to what would be his chance if he went down to Dover as a candidate for the representation of that place, and the confidential agent reported that there was little or no chance for Captain Carnegie." Will you state to the Committee whether you had any reason to know that such an agent had been employed, and had given such information?—Before I answer that question, I must beg to call the attention of the Committee to the manner in which I preface my statement which has been referred to. On reference to Hansard, the Committee will see that I made use of these words : "It is extremely difficult for any person not connected with the office, the conduct of which is brought into question, to know the exact facts of the case ; but as far as I can learn the circumstances from current report, and from information which I have received," and so on—I did not pretend to know all that took place in the Admiralty—it was impossible for me to know it. And I think it may be convenient that I should state to the Committee some of the circumstances under which I was induced to bring forward this subject. My notice was given on Monday, the 11th of April, for the following day. On Thursday or Friday, the 7th or 8th of April, I forget which, as I was coming down to the House, I met a friend of mine at the bottom of St. James's-street, who was an officer holding high rank in the army, and he said, amongst other things, "Have you heard what has taken place at the Admiralty?" I said, "No." He said (I will make use of his exact words, as far as I recollect them), "Three Lords have resigned, because they will not go down to some places that Sir John Pakington wants to send them to." I said, "What places?" "Dover," he said, "is one." I said, "Oh, it is all nonsense ; I do not believe a word of it." And I came down to the House. The same thing was, however, mentioned to me afterwards by several persons ; it was one of the subjects of conversation and rumour at the clubs, and in society ; and having brought forward a Motion with reference to the conduct of the Admiralty which took place in 1852, having submitted a Motion upon that conduct in 1853, I thought that I ought to bring forward—at all events it was in my power to bring forward—the question again at that time. I therefore, hearing a great deal, as I believe everybody did, upon the subject, gave the notice which appears in the Votes. I gave it on Monday the 11th, and it stood for Tuesday the 12th. In the meantime, or rather, I should say, as soon as the notice appeared, I received a great many communications ; and, amongst other communications, I was informed that a confidential agent had been sent down to Dover for the purpose of inquiring into the political state of the borough, and in order to ascertain whether, if Captain Carnegie went down, he would have a good chance of success. I was informed that the confidential agent, so announced to me to have been sent down, had reported that Captain Carnegie had no chance of success, or that it was very doubtful.

4781. Are the Committee to understand that information to have been received from a person who was sent by Captain Carnegie, or do you wish the Committee to understand that he was sent by any department?—I do not wish you to understand anything further than that I was informed that a confidential agent had been sent down, and that he had made that report.

4782. Sir *Henry Willoughby*.] By whom sent down?—I cannot say by whom sent down. I have said in my speech that I was informed that he was sent down.

4783. Sir *Stafford Northcote*.] Has your Lordship any objection to state by whom you were informed?—Certainly I cannot state that ; but I think, having given that answer to the Honourable Baronet, it is right to state thus much, in order that no blame may attach to any officer connected with the Board of Admiralty.

Admiralty. I think it right most distinctly to state that I had no communication whatever with any person connected with the Board of Admiralty.

4784. Captain *Leicester Vernon*.] Did you understand that that report was made to Captain Carnegie?—All that I understood was this, that a confidential agent had been sent down, and that that confidential agent reported that Captain Carnegie had little or no chance of success. I understood that Captain Carnegie was informed of the result of the inquiry, and that is all I can say.

4785. Then you could not say, my Lord, to whom that report was actually made?—I really do not know the interior at the Admiralty.

4786. I quoted to you what your Lordship said in your speech, that the agent reported to Captain Carnegie as to what would be his chance?—Yes; I have said that the agent reported to Captain Carnegie as to what would be his chance if he went down to Dover as a candidate for the representation of the place. If an agent had been sent down, and Captain Carnegie was a candidate to go down to Dover, I could not come to any other conclusion than that the report was made known to Captain Carnegie.

4787. Then it was only a conclusion that you yourself deduced from the foregone premises?—No, it was this: that having been induced to believe that a confidential agent was sent down, and that the confidential agent made his report, it was a natural conclusion that the substance of that report, and the details of that report, should be made known to the person on whose behalf, or rather in regard to whom, it was made.

4788. Mr. *Barley*.] Was it your intention to communicate positive information, or only to state a current rumour?—When I brought forward this Motion, I had received information from certain parties, and to the best of my ability I made known that which I had received to the House; and if the Honourable Member will do me the favour to look at the last part of my speech, I said, “I can only add, that I have brought this subject before the House as a matter of public duty, and, in doing so, I have followed up the course which I took in 1853; I may be mistaken in the statement I have made, but I can assure the Right honourable Baronet and the House, that I have received it on what I believe to be good authority.”

4789. Captain *Leicester Vernon*.] You afterwards stated to the House that you had received a telegraphic message from Captain Carnegie, saying, “‘I tendered my resignation solely in consequence of a difference of opinion,’—mark that, ‘as to the selection of a place which I could hope to represent’”?—Yes.

4790. Does that reason agree, in your opinion, with the reason that you gave in the first part of your speech, namely, that he had received a report that he would not be successful if he went there?—I must decline to enter into any views that Captain Carnegie may have entertained, or with regard to any conclusions that he may have arrived at.

4791. I do not ask for his opinion, but I want to be guided as to the meaning of your speech when you said, “I tendered my resignation solely in consequence of a difference of opinion;” then you put between two hyphens, “mark that, ‘as to the selection of a place which I could hope to represent.’” I want to know whether you considered by your own observation, “mark that,” which has been hyphenated, that the reason there given, namely, “that he tendered his resignation solely in consequence of a difference of opinion as to the selection of the place” that he should go to; that that tallied with the reason why he had not gone to Dover, because he was certain that he would have no success?—I received this message: “I have seen the wording of your question; I was not dismissed; I tendered my resignation solely in consequence of a difference of opinion as to the selection of a place which I could hope to represent;” and when I said, “‘Solely in consequence of a difference of opinion,’—mark that,” I wished to call the attention of the House to the fact that Captain Carnegie resigned his office, and that it was in consequence of a difference of opinion as to the selection of a place which he could hope to represent.

4792. Then that observation had no connexion with the former part of your speech, which spoke of his reason for not going to Dover; it had only reference to the resignation of his place?—I do not mean to say anything of the sort; I

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mean to say this, that when I said "Mark that," I wished the House to have their attention drawn to the fact that Captain Carnegie resigned his office in regard to the selection of a place which he could hope to represent.

4793. You proceed to say, "I understand my gallant friend to have intimated that he was perfectly ready and willing to stand for a place where he saw a chance of success;" had you any knowledge of that fact, or was it merely a report?—I had the same knowledge of that which I had of all the other matters to which I referred, namely, that they were the common current conversation of the day; and I have stated already that I received information in reference to this subject from a quarter on which I thought I could rely.

4794. Then you based that observation upon current rumour, to which was superadded the information that you had specially received?—I did this: I having heard things stated in reference to a great public department, and holding the position of a Member of the House of Commons, thought that I was fairly justified, having heard those rumours, and hearing them from the quarter from whence they came, to put questions to the First Lord of the Admiralty for the purpose of eliciting information, and of knowing whether the information I received was correct, and if not, of affording him an opportunity of giving a denial to those current rumours of the day.

4795. Then the information that you received was scarcely of a positive character, but it required confirmation; is that so?—The information I received was of the same nature as that which other Members of Parliament receive, and upon which questions are put; and it would be impossible to put questions unless you received notices of something that was going wrong or was going right; in the one case you put them for the purpose of eliciting information as to the wrong supposed to be done; in the other case you put them in reference to a subject which may bring credit upon the Ministry.

4796. In continuing that sentence, my Lord, you then say, "But he objected to go to Dover, because he did not believe that he should be a successful candidate unless he resorted to practices which he disapproved of?"—So I heard.

4797. Were any special and particular practices pointed out by your informant?—Nothing very precise; but I should have been very sorry to have gone to Dover myself under the circumstances.

4798. Then you had no knowledge of that fact excepting in the manner in which you have informed the Committee?—I had no knowledge of any facts whatever, because I did not think that rumours were facts. I did not know even whether they were founded upon fact; but the rumours being so very general, I thought it better to elicit the truth.

4799. Then the last part of this sentence is, "He objected to go to Dover because he did not believe that he should be a successful candidate unless he resorted to practices which he disapproved of;" do you think that that reason squares with the one given in the first part of your speech, which goes to say that he had received information obtained from a confidential agent that he would have no success?—I assure you that when I had the honour of a seat in the House of Commons, which I had for 30 years, I was not so very precise in the speeches which I made, as to whether one part of a speech would square with another, and I can hardly answer that question. All that I can say is, that which I have repeated before, namely, that I received information, and I thought that the information came from such a quarter, that I was fairly justified in putting the question to the First Lord of the Admiralty; and you will observe, also, that I made very little comment upon it; I argued very little in the speech which I made.

4800-1. Then from the same informant, if I understand you rightly, you received his reason?—I did not say there was one informant; you may say from information.

4802. From the same stamp of information, I apprehend that there were two reasons why Captain Carnegie did not go to Dover, and one was that after information obtained from a confidential agent, it appeared that he had no chance of success there, and the other was, that he could not succeed without resorting to practices which he disapproved of?—That is what I heard.

4803. Lord *Naas*.] Was the impression left upon your mind that your informants derived their information from Captain Carnegie?—I cannot say that at all; I do not know that.

4804. There

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4804. There was nothing that occurred that induced you to believe that they did?—That is a question that I should decline to answer, even supposing this case. Supposing that Captain Carnegie had told a friend of mine to tell me this, I most assuredly would not give the Committee that information; but I think I may answer the question by saying that I have not the slightest idea that the person who gave me the greater portion of this information had seen Captain Carnegie, because I believe that at that time Captain Carnegie was in Ireland. At the time that I received the information, Captain Carnegie was in Ireland, and I will tell the Committee why I know that. I gave the notice on Monday, the 11th of April; when I was coming down to the House, my servant brought me a telegraphic message, and I have that telegraphic message in my hand. It is, "Captain Carnegie, Mallow, Ireland, to Sir Benjamin Hall, 9, Great Stanhope-street, London, 12th of April." That came on the day on which I put the question. Just as I was leaving my house, my servant put into my hand a telegram, and I went back to my room, and I found that it was a telegraphic message, which I brought down to the House, and which I hold in my hand; and I may say, that, although I had had the pleasure of knowing Captain Carnegie for a great number of years, and he has been staying with me on more than one occasion at Llanover, I had not seen him previously to my putting the question for more than a year, and I had had no communication directly or indirectly with him.

4085. *Sir Stafford Northcote.*] As I understand, you had no very precise information, that you could rest the charge upon, but you had received such information from quarters which you thought reliable, as made it appear to you that it was your duty, as a public man, to call attention to the subject in order that it might be fairly investigated?—Just so.

4806. You are aware that, partly in consequence of your having so called attention to it, public attention has been directed to it, and that proceedings have been taken which have resulted, among other circumstances, in the appointment of this Committee, for the purpose of investigating this charge?—I am quite aware that, in consequence of the question I put in the House of Commons, and the statements which I made then, public attention was directed to the subject, and very properly so, because it was a subject of very great importance. If it had not been in my mind a subject of great importance, I certainly should not have brought it forward in the way in which I did, but I was not aware that this Committee was appointed in consequence of the statements which I made to the House.

4807. I did not mean in consequence of statements you made to the House, but in consequence of the attention which had been directed to the subject, originating in the statements made by your Lordship to the House?—That may or may not have been.

4808. It is, however, your Lordship's opinion that this subject is one that ought to be investigated for the sake of the public interest?—I thought it was my duty to investigate it so far as putting the question. What may be public opinion in regard to further investigation I cannot say. I received an answer from the First Lord of the Admiralty, and, without giving any opinion as to the conclusions he arrived at, I was perfectly satisfied with the course which I took in relation to the matter.

4809. I wish to have your Lordship's opinion as to whether it is a matter that requires investigation or not?—I considered it a matter that required investigation, because I investigated it myself in the only way that a Member of Parliament could investigate it, namely, by putting a question to the Minister whose conduct was impugned.

4810. Then, in the course of the investigation which the Committee are pursuing, it having become important to ascertain the fact, whether a confidential agent was or was not sent down to Dover in relation to this election, and no evidence whatever of that fact being in existence, except such as your Lordship may be able to supply, I should be glad to know whether you consider that it would be improper to indicate to the Committee in what way they might obtain evidence whether there was or was not such an agent sent down?—I cannot indicate to the Committee anything further than this, that they could call all the officers of the Board of Admiralty, and inquire of them whether any confidential agent was sent down; then you would arrive at the truth. I only

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stated that which was the rumour, and requested information upon the subject.

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4811. By a confidential agent, you mean of course an agent in the confidence of some person; in whose confidence do you mean that this confidential agent was supposed to be?—What I understood was this: that there was a person sent down to inquire into the state of political parties in Dover, and that person, whom I called a confidential agent, as I did not know what else to call him, gave a report which was not of a very satisfactory character.

4812. I understand that your Lordship declines to inform the Committee whether you received the information indirectly from Captain Carnegie, or whether there is any reason to suppose that that information was derived indirectly from Captain Carnegie?—I have not the remotest idea whether it came from Captain Carnegie or not; what I mean to say is this, I received this information from a person who was a great friend of mine, and I was not aware that he ever had any communication with Captain Carnegie upon the subject, and I assure the Committee that I had not any.

4813. I think your Lordship has already said that you had no communication with the Board of Admiralty, directly or indirectly, upon the subject?—No.

4814. This information must, if it was correct, have come either from the Board of Admiralty or from Captain Carnegie, or from the confidential agent, or some person in the acquaintance of the confidential agent; but you decline to assist the Committee in discovering from which of these sources the information was derived?—You are assuming that a confidential agent was sent down.

4815. If he was sent down?—But that is the question; I only say there was a rumour that a confidential agent had been sent down, and that I was informed that a confidential agent was sent down; if you say, "Will you, Lord Llanover, tell me, Sir Stafford Northcote, who was the person that gave you this information?" I should say, "I must beg to decline; it was a private conversation, and I cannot reveal the name of the person;" but this I will say, that he was in no way connected with the late Government; in no way connected with the Board of Admiralty, directly or indirectly, and not connected in any shape or form with any public department; and I mention this so that no suspicions may attach to any officer of any department.

4816. You stated, however, in the speech that you made in the House of Commons, that you received this information on what you believed to be good authority; it was not, therefore, a mere rumour?—I believed it at the time to be very good authority.

4817. I understand your Lordship to object to repeating a private conversation?—Most assuredly.

4818. Would the same objection apply to producing a private letter or a letter marked "confidential"?—That would depend very much upon the circumstances of the case; generally speaking, of course, letters marked "private and confidential," ought to be held so; but there may be circumstances of a very peculiar character which may render it absolutely necessary to break through that strict rule, which ought to guide the production of letters of that kind. I can only give a very general answer to that question.

4819. Perhaps you are not aware that Captain Carnegie has produced several private and confidential letters on this subject before the Committee?—I know nothing about it excepting what I see in the public papers; but I have a very high opinion of Captain Carnegie, as a man of honour, and I do not think he would do anything that was improper.

4820. Lord *John Manners*.] If the Committee were to inform you that they deem it essential to this investigation that you should not withhold from the Committee the name of your special informant, would you have any objection to produce it?—I should rely upon the good feeling of the Committee, and I should trust that they would consider that when I tell them that I have had a private conversation with a private friend, they would not press me to give the name of that private friend, if I thought it was objectionable; and I tell the Committee candidly that I could not do it.

4821. In your speech you told The House of Commons that you believed those statements because they came from good authority?—Quite so.

4822. Have you any objection to tell the Committee why you thought that
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authority good?—I thought that he would not have made those statements to me unless he had very good reason for so making them.

4823. Did you think that he was in such a position as would enable him to be well informed upon this matter?—Yes.

4824. Sir *Henry Willoughby*.] Have you the same opinion now?—Yes; and further than that, until I am assured by evidence taken before this Committee, that no agent was sent down to Dover, I shall believe it, and this Committee can, if they think proper, ascertain the fact.

4825. Lord *John Manners*.] Will you have the goodness to say by whom you understand that that confidential agent was sent down?—No; I have already stated that I heard he was sent down by persons connected with the Board of Admiralty to inquire into the state of Dover.

4826. By persons connected with the Board of Admiralty?—Yes; and I will go further; or by parties who were managing the elections on behalf of the Conservative party.

4827. Sir *Henry Willoughby*.] Have you any reason to suppose that the party to whom you were alluding, as sent down, was sent down by Captain Carnegie?—I never said that he was sent down by Captain Carnegie, and I do not know that he was sent down by Captain Carnegie; I do not know that he was sent down at all; but I was informed that there was a person sent down, and I believe that now; and I believe, moreover, that that person so sent down did make an unfavourable report.

4828. Mr. *Wilson*.] Would it be consistent with your information upon the subject, that the person who was sent down, was sent down by the election committee sitting for the purpose of managing the Conservative elections?—I believe this, that the private secretary of Sir John Pakington was a Mr. Murray, that he attended constantly the election committee on behalf of the Conservative party; and when I speak of persons connected with the Board of Admiralty, and with the election committee who were conducting the elections for the Conservative party, I say that I do believe, by one party or the other, that confidential agent was sent down, and that that confidential agent did make an unfavourable report.

4829. When you speak of persons connected with the Admiralty, you include in that Mr. Murray, who attended the election committee?—Most assuredly I do.

4830. Mr. *Corry*.] Do you mean any other person besides Mr. Murray?—I cannot enter into particulars; if I do, you will be drawing me into that corner into which I do not intend to go, that is, you will be endeavouring to get from me the source from which I acquired my information, and that I do not intend to tell you.

4831. Do you believe that the unfavourable report of the confidential agent was what deterred Captain Carnegie from standing for Dover?—I cannot tell you what deterred Captain Carnegie from standing for Dover; Captain Carnegie himself is the person to answer that question.

4832. You have stated in your speech that you received a telegraphic message from Captain Carnegie to this effect, "I was not dismissed; I tendered my resignation solely in consequence of a difference of opinion as to the selection of a place which I could hope to represent;" I should like to know what precise meaning you attach to that expression, "a place which I could hope to represent"?—I think that anybody may attach his own meaning to that; I do not see why I am called upon to give an interpretation to a message which is sent to me; it is open for everybody to interpret what may be the meaning of that message.

4833. You said in your speech, "Mark that;" by that I presume you particularly wished to draw attention to an expression to which you attached some importance?—There is no doubt that Captain Carnegie meant that he was not dismissed, but that he resigned his appointment in consequence of the difference of opinion as to the selection of the place to which he was to go.

4834. I mean the particular expression, "The selection of the place which I could hope to represent;" did you suppose that he meant a place which he could hope to succeed in representing?—Just so.

4835. Sir *Henry Willoughby*.] I distinctly understood you to state that you received no information from Captain Carnegie?—None whatever; I certainly

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did not receive any direct information, and I can assure the Committee that I am not in the slightest degree aware that I had received any communication indirectly from him.

4836. Have you any reason to suppose that Captain Carnegie was aware that the agent to whom you allude was sent down to Dover?—That I know nothing about; I had not seen Captain Carnegie, and I cannot tell; I had only the information which reached me; I was informed that an agent was sent down, and that that agent made a report which was unfavourable; that was all that I was informed of, and I believe now that that agent was sent down; I believe that that agent did make his report; I believe that that report was conveyed to Captain Carnegie, and I believe that that report was unfavourable; that is my impression.

4837. The question which I put to you, my Lord, is, whether you have any reason to know that Captain Carnegie was aware that that agent was sent down?—I do not know anything about that; I cannot know anything about that.

4838. Mr. *Wilson*.] When Captain Carnegie says in that telegram that the reason why he resigned was that he was unwilling to stand for a place which he could not hope to represent, what do you understand by that?—I think I had better read the notice of motion: “Sir Benjamin Hall. To ask the First Lord of the Admiralty whether he will have any objection to state to the House the reasons which have led to the dismissal or the retirement of Captain Carnegie from the office of one of the Lords of the Admiralty; and whether Admiral Sir Richard Dundas also tendered his resignation, and has since been induced to remain at the Board; and to ask for the name or names of the officers appointed to fill the vacancy or vacancies.” Then it appears that Captain Carnegie had seen in Mallow the notice which I gave, which is worded in this way, “the dismissal or retirement of Captain Carnegie;” and upon reading it, he sent me this telegram: “Captain Carnegie, Mallow, Ireland, to Sir Benjamin Hall, Great Stanhope-street. I have seen the wording of your question. I was not dismissed. I tendered my resignation solely in consequence of a difference of opinion as to the selection of a place which I could hope to represent.” I presume that he meant, where he could be returned.

4839. Is that inconsistent with anything that he has stated, with regard to the principles upon which he would stand for a place which he could hope to represent, consistently with the views which he had in standing for a place?—If you ask my opinion, I say that I think Captain Carnegie has acted rightly from beginning to end, as regards his retirement from the Board of Admiralty; and I cannot conceive any person acting in a different way.

4840. Lord *John Manners*.] Will you have the kindness to answer the question?—I do not conceive there was any inconsistency in it at all, and I will state why I think so. As far as I understand, Captain Carnegie was expected to come into Parliament, and he said he was quite willing to accept office upon those conditions; that Captain Carnegie then looked out for places where he could have a chance of success, and he was anxious to go to those places for the purpose of fulfilling his obligation. Dover was mentioned to him, and I understand, and I believe, that there was a report from Dover which was of so unfavourable a character that Captain Carnegie felt that he could not go down there with any chance of success, unless he resorted to practices which he would not condescend to.

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Lunæ, 8^o die Augusti, 1859.

MEMBERS PRESENT.

Sir Francis Baring.
Mr. Baxter.
Mr. Bazlev.
Mr. Cobden.
Mr. Corry.
Mr. Crawford.
Mr. Dunlop.
Captain Gladstone.
Mr. Hope.

Mr. Hubbard.
Mr. Laing.
Lord John Manners.
Sir Stafford Northcote.
Mr. Scholesfield.
Captain Leicester Vernon.
Sir Henry Willoughby.
Mr. Wilson.

RICHARD COBDEN, Esq., IN THE CHAIR.

The Right Honourable Sir *Charles Wood*, Bart., G. C. B., a Member of the House ;
Examined.

4841. Lord *John Manners*.] YOU were First Lord of the Admiralty in 1855 ?
—I became First Lord of the Admiralty early in the Spring of 1855.

4842. Have you any recollection of the renewal of Mr. Churchward's contract being brought before the Board of Admiralty in the month of February 1855 ?—
I doubt my being First Lord of the Admiralty at that time : I am not sure.

4843. Were you First Lord of the Admiralty in the month of May 1855 ?—
Yes, certainly.

4844. The attention of the Committee has been drawn to the facts that, on the 16th of February 1855, the Admiralty declined the proposal made by Mr. Churchward to renew his contract ; that, on the 21st of May, they declined a second application to the same effect ; that on the 20th of June they granted the extension proposed by Mr. Churchward, but diminished the subsidy by 2,000 *l.* a year ; and on the 5th of July 1855 they raised his subsidy to the former mark. Can you give the Committee any explanation of the reasons which induced the Admiralty to take this course, other than those which we find in those printed documents which are before the Committee ?—I can only give a very general account of any of those transactions, because I came into office in the middle of the war. The war was carried on during the whole of this time, and I had a great deal to do with what were at that time considered to be more important matters. The details of matters of this kind were left, in the first instance at least, very much to the consideration of the Lord of the Admiralty in whose department the packet service was, and he communicated with any of the parties with whom it was necessary to communicate. I never myself had any communication of any sort or kind, direct or indirect, either with Mr. Churchward or any other person on the subject of this contract. The only persons I communicated with were Sir Robert Peel primarily, in whose department it was, and the members of the Board, and therefore I can only give a very general account of the reasons which induced us to take the course which we did. I think, as far as I remember, Mr. Churchward and Mr. Jenkins entered into a contract in 1854 for the conveyance of those mails ; their tender was, if I remember rightly, the lowest by a considerable sum. In 1855 Mr. Churchward bought, either two or three vessels belonging to the Government. In the early part of 1855, if I remember rightly, two of those vessels were lost, and he represented to us (and that was the opinion of the naval members of the Board) that he had rather a hard bargain as to the value of the vessels ; that they were bad vessels, and that of course his power of executing the contract was diminished by the loss of those two vessels. In order to replace those vessels, it would be necessary for him to purchase or build other vessels. Circumstances had changed since the contract was entered into, and we knew by our own experience that the expense both of the hire of vessels and of building them was very much enhanced by the circumstances which had arisen ; our own shipwrights were leaving us, and we knew perfectly well that it must have been difficult for him to execute what he had engaged to do the year before, on anything like the same terms. Look-

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ing at the probable rise in the price of every thing from the year before, and regarding also the loss to which he had been subjected by the two vessels being wrecked, we thought that it was very unlikely we should mend our condition by going to competition at that time, and that under the circumstances, he was entitled to favourable consideration in some way or other. We thought so, looking to the loss to him in the wreck of the vessels, and the expense he would be at in replacing them; because the price at which he could have bought them at the time the contract was entered into would be much lower than the price then ruling in the spring and early summer of 1855. That is the only general view I can give. The particular circumstances I was not acquainted with, because I was not in communication with any one, so as to know the particular circumstances. Sir Robert Peel or Captain Milne might be able to give information as to detailed circumstances; I know nothing, except from what was reported or said to me on the subject by members of the Board who entered into it, which I confess I did not.

4845. The reasons you have just assigned for extending this favour to Mr. Churchward existed in equal force in the month of May 1855 as in the month of June 1855, did they not?—Not quite to so great an extent. The pressure went on increasing as the war went on.

4846. We understand you to say that the details of this arrangement and probably the reasons on which the determination was come, were left very much to Sir Robert Peel, who was the Civil Lord at that time?—Yes, I see from one of the minutes that Captain Milne was consulted upon it; he was the person who had charge of the transport service at the time, and he was therefore better able to form an opinion as to the probability of getting better terms, supposing the contract were put up again to competition, and also as to the difficulty of hiring vessels, than any other Member of the Board.

4847. Do you remember whether, when Mr. Churchward's renewed application was brought before the Board in June, it was sanctioned by Sir Robert Peel as Civil Lord, or not?—I cannot say; it must have been done upon the report of Sir Robert Peel and Captain Milne; probably Captain Milne was consulted upon it, but I have no recollection of what passed exactly.

4848. Supposing the Civil Lord objected to the renewal of the contract, would it be brought before the Board at all, or would his refusal be final?—He would bring the paper before the Board, and the matter would be then discussed. The result of that discussion, not the reasons, would be recorded at the Board. Sometimes it might happen to be in my handwriting; sometimes in the handwriting of the Secretary. It was constantly my custom, when a matter was under discussion at the Board, to desire the papers to be handed up to me from the Lord who brought them before the whole Board, to look at them pending the discussion, and when the Board came to a decision, I very often made the minute, and handed it down to the Secretary, who put his initials to it, to show that it was done at the Board, and passed as the decision of the Board. But in this particular case the paper must have been brought before us by Sir Robert Peel, because the matter was in his department. A discussion would then take place at the Board, and the decision of the Board would be recorded in the way I have explained.

4849. To the best of your recollection, the reasons which induced the Board to grant the renewal of the contract in June were such as you have just described?—Yes.

4850. Did Mr. Churchward, when he made this proposal for the renewal of his contract, either directly or indirectly give you, or, to the best of your knowledge, any member of the Board of Admiralty, reason to believe that any political or electioneering motive was mixed up with that application?—With regard to myself, I have already stated that neither directly nor indirectly, by myself or by any person connected with me, had I ever the slightest communication of any kind or description either with Mr. Churchward or any person on his behalf. I have heard since a good deal about Mr. Churchward, which I did not know at that time. I came into the Admiralty at the height of the war, and I do not believe that at that moment I knew who Mr. Churchward was, independently of his being the contractor for the Dover mails. With regard to what may have passed between him and any member of the Board I cannot of course answer positively, but, to the best of my belief, no such communication did take place, and it is not likely that any such motive as is referred to in the question could exist; because in 1855 there was no probability, that I know of, of political reasons

reasons influencing anybody in any way whatever. In 1857, when there might be supposed to be some political reason, on an application being made to renew the contract, the renewal was refused; whereas in 1855 the application was granted, there being at that time no political reason.

4851. Was not Mr. Churchward's application in 1857 made subsequently to the general election in that year?—It was after the general election, when, I incline to think, he supported the Government candidate.

4852. It was not previous to the election, when the obtaining of his support might have been an object?—Certainly not before the election. The granting of his application would have been a reward for service rendered, not a bribe for future service.

4853. It appears from the correspondence before the Committee, that the terms of the original contract in 1854, and its renewal in 1855, were not submitted by the Treasury to the Post Office. Are you aware whether that course is the usual course to take in these matters under the same circumstances?—I cannot answer for 1854. In 1855, it appears from the papers that it was not submitted either to the Post Office or to the Treasury.

4854. That applies to the renewal in 1855?—Yes. Of course, as to what took place in 1854 I can say nothing. The truth is, that in 1855 we were in the middle of the war; our anxiety was to get a particular thing done, and we did not look so much to the form in which it was done as we should do in more quiet times. I have the minute here which has been already before the Committee, which will show exactly the course of business.

4855. With respect to the extension in 1855, can you recollect whether the Civil Lord, or any other authority at the Admiralty, expressed an opinion hostile to that renewal?—I cannot. If the Committee will look at that minute (*handing in the same*), they will see, in one case at least, exactly what passed. The first reference is dated July the 3d, by which the case was referred to Captain Milne and Sir Robert Peel.

4856. Mr. Hubbard.] What is the paper itself upon which the minutes are made?—A letter from Mr. Churchward and Mr. Jenkiugs, the contractors, dated the 29th of June. It is referred in the handwriting of the Secretary of the Admiralty to Captain Milne and Sir Robert Peel; Captain Milne having been, as I have mentioned, the officer in charge of the transport service, and Sir Robert Peel being the Lord in whose department the packet service was; Sir Robert Peel sent it back, it having gone to him in the first instance, to Captain Milne, with his initials, on the same day.

4857. Lord John Manners.] Without expressing any opinion?—Without expressing any opinion; he might express an opinion personally to Captain Milne, but he would not record it on the paper; the only thing recorded on the paper would be the minute of the Board. On July the 5th, the next Board-day, Sir Robert Peel brought it before the Board. A discussion probably took place, and then I made a minute. No doubt I desired Sir Robert Peel, who would sit at the far end of the table, to hand the paper to me at the Board. A minute is then made in my handwriting, refusing the extension, and it had gone so far that it went to the Secretary, at the other end of the table, for him to put his initials to it. Some further discussion must have taken place also at the Board, because that minute is erased, and a second minute is written, also by me, with the Secretary's initials, which proves that it was done at the Board. It is executed the same day. That shows the course of business, and it also shows that there must have been a difference of opinion at the Board; that we first came to one decision, and that on further consideration, probably Captain Milne representing what I have mentioned, we came to the conclusion that we were so little likely to better ourselves by going to another contractor, that we had better consent to Mr. Churchward's application.

4858. Were you at that time aware that Mr. Churchward had a contract with the French Government?—It is difficult for me to say at what time I became acquainted with his having a French contract; I knew it at some time or other.

4859. In consequence of your becoming acquainted with that fact, were instructions given to the officers of the packet department in the Admiralty either to take, or not to take, cognisance of that French contract?—I cannot speak as to any directions being given. My impression would be that so long as I was satisfied with the performance of our contract, I should not consider that I was called upon to interfere.

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4860. It has been stated by Mr. Clifton in evidence, that he received positive instructions not to make himself acquainted with the provisions of Mr. Churchward's French contract, and that he received those instructions from the Permanent Secretary to the Admiralty, he thought either in your presence, or that they were repeated by you?—I am perfectly certain that no instructions were given to him not to make himself acquainted with the terms of the French contract. I may have said that what we had to look to was the due performance of our own contract, and that if that was duly performed we need not trouble ourselves with the French contract.

4861. You thought that it was no part of the duty of the English Admiralty to look to the terms of Mr. Churchward's contract with the French Government?—Provided the terms of our own contract were fully executed, I may have expressed the opinion, though I do not remember that I did, that it was no business of ours to meddle with the French contract. I am under some difficulty, because I have become acquainted subsequently with that which, if I had known at the time, would have made me interfere; but I did not know it. All I knew was, that he had also a contract with the French Government.

4862. Knowing that he had that contract with the French Government, you did not think it the part of the English Admiralty to make themselves acquainted with the provisions of that French contract?—The mere fact, which was all that I knew of his having the French contract, did not signify to us much, provided the contract he entered into with us was fully completed.

4863. At the time you were at the Admiralty, did you find that this French contract did interfere with the proper performance of his duties to you?—No, certainly not.

4864. *Chairman.*] I understood you to say, that no reference was, to your knowledge, made to the Treasury or to the Post Office in the extension of Mr. Churchward's contract?—It appears not from the papers; I do not remember it.

4865. Was not it thought necessary to consult the Post Office before entering into such an extension?—As I have said, we were a good deal oppressed by heavier business, and it was not thought of.

4866. Are you aware that the transaction you entered into was on the 20th of June 1855, to extend a contract which did not expire till the 1st of October 1858, to the 20th of June 1863; did you understand that that was the transaction you were entering upon, and could it have pressed for immediate execution or settlement?—It is very difficult for me to recall exactly the circumstances; but if the contractor was to build vessels of greater power, which we were anxious he should do, it could hardly be worth his while to do that under the term during which he would have the employment of those vessels. If the contract had been thrown up in the middle of the war, when daily communication was indispensably necessary, we should have been very little likely to mend our position by putting the contract to further competition; and we believed at the time that the best mode of promoting the public service was to give him such a lengthened term as to induce him to build proper vessels for the service.

4867. Was not he under a contract with a competent surety to carry the mails at 13 knots an hour till 1858?—When my honourable friends have as much experience of contractors as I have had, they will know that there is little dependence to be placed upon either contractors' securities or penalties.

4868. You did not gain anything in speed by the renewed contract, in consequence of the contractor building those superior ships, did you; the speed was the same, was not it?—Yes.

4869. Therefore you did not gain anything for the postal service, in point of speed, by the renewal?—No; but in almost every contract of this kind the contractors have found it to be for their own interest to increase the speed of their vessels, as is the case in Cunard's vessels, the speed of which is far above the power contracted for to the Admiralty.

4870. *Mr. Baxter.*] With the knowledge which you now possess, do you think it was wise to extend that contract then?—My opinion is that it was then the best course for the public service.

4871. *Mr. Crawford.*] You cannot apply *ex post facto* knowledge to it?—No.

4872. *Chairman.*] Have you heard that Mr. Hills has declared that it would be for the benefit of the public service if Mr. Churchward threw up his contract now?

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now?—Very possibly it might be now; but that does not alter what the state of affairs in 1855 was.

4873. Mr. *Barter*.] Do you not think it would have been better, in 1855, even under those circumstances, if you had consulted the Post Office?—I quite admit that we were wrong in not doing it.

4874. Sir *Stafford Northcote*.] Was your general opinion, in 1855, that, having a contractor who was doing the service well, and finding him in such a position that it was necessary for him, in order to carry on his business satisfactorily, to incur considerable expenses; that it was better to enable him to do that than to throw the whole business open to the risk there would have been in public competition?—In 1855 the price of everything, labour in the dockyards, the hire of transports, and all things, had risen so much, that I believed, on the whole, it was better to enable the contractor to go on with what he had contracted for, than to throw it open to public competition.

4875. Mr. *Corry*.] You stated that one of the circumstances you took into consideration in 1855 was, that Mr. Churchward had lost two vessels: are not you aware that one of those vessels was lost subsequently to the extension in 1855?—I know one was lost before that time, and I thought that both had been lost before.

4876. Mr. *Hope*.] With reference to the answer you gave as to the French contract, I rather think the conversation referred to what took place with reference to a complaint made by Mr. Hankey, and was not with reference to the renewal of the contract. Do you happen to recollect anything of that?—I remember Mr. Hankey made a complaint once or twice about the non-execution of the contract; and I think we found, upon inquiry, that there was no foundation for the complaint of non-execution of the contract.

4877. Referring to that complaint, do you recollect whether any conversation passed with reference to the French contract with Mr. Clifton?—No, I do not.

4878. Mr. *Hubbard*.] You said that you did not think that the contract known to exist between the French Government and Mr. Churchward was a matter calling for your interference, provided there were no doubt about his own contract with the English Government being duly fulfilled; did not it occur to you that it might be possible that the nature of the engagement with the French Government might be such as might have formed an obstruction to the due fulfilment of his engagement with the French Government?—No; it did not occur to me that he would enter into any arrangement that would break our contract.

4879. In a matter of so much importance, if you found that having pledged himself distinctly to the English Government to provide for their service six vessels, he had, in an agreement with the French Government, distinctly pledged three of those same vessels, would not you have considered that that was a circumstance likely to obstruct the due fulfilment of his engagement?—Yes, if he withdrew three vessels from our service to employ them in a distinct contract, it would.

4880. Have you ever seen the French contract which he did make?—No.

4881. Had the French contract been seen by any person in the Admiralty at the time of making this re-engagement with Mr. Churchward?—I cannot say, but I am inclined to think not.

4882. In the letter of the 29th of June, upon which that endorsement is made, the object of his petition is not the extension of the contract, he having asked for that in the letter of the 23d of May, and it having been granted on the 20th of June, but his petition on the 29th of June for the restoration of the 2,000*l.* a year, which the Admiralty were prepared to withdraw, on giving him a longer term in accordance with his previous offer?—The extension was granted by the letter of the Admiralty, dated the 20th of June.

4883. The letter of the 29th of June was to ask for a continuance of that 2,000*l.*; he accepts the extension of time, but he wants the 2,000*l.* to be continued to him upon certain grounds, which he states. These reasons appear to consist in an additional Sunday service, which he has already commenced, and his intention to build a flat-bottomed steam packet, to supersede the uncertain action of the row-boats. Are you aware of any other reasons which were contained in his letter or communications asking for a continuance of that extra 2,000*l.* a year?—No, I am not aware of any reasons, except the general reason I have given.

4884. As there do not seem to be any other reasons than those, it would appear that the 2,000*l.* was continued by the Admiralty upon nothing more than his

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intimation that he should start a Sunday service, which he had not been asked to start, and to make and provide a flat-bottomed vessel; without pledging himself to do that at any particular time, and which, in fact, he did not do for some years?—In his letter of the 29th of June, he gratefully acknowledges the extension of the contract, but does not think there has been a sufficient consideration of his case; because he begins by stating, “We have had such experience of the great difficulties and risks of this harassing service, and additional attendant expenses, as to convince us that had we not had the assistance last year of one of Her Majesty’s steam packets, we should have been actually losers by the contract.” And he then goes on to say, “In our original tender we never contemplated the heavy expenses we have incurred in rebuilding one of the Admiralty packets, ‘Onyx,’ and have to incur in rebuilding another of these old packets, ‘Koket.’” Then he throws in the other circumstances, to which I do not think much regard was paid. The Sunday service we did not consider at all.

4885. Are the Admiralty in the habit of relaxing the terms of a contract in consequence of representations from the contractor that he has found his contract less beneficial than he expected it would be?—That would depend upon whether we thought of going to competition again. That representation by itself would not have induced us to do so; but if, upon the knowledge possessed by Captain Milne, we thought we should not be likely to better ourselves by throwing the contract open to competition, we might then renew the contract.

4886. Were any means taken to ascertain whether, by re-opening the competition, you might obtain as favourable or more favourable terms than Mr. Churchward’s?—What means Captain Milne or Sir Robert Peel took to inform themselves upon that subject I cannot say; but Captain Milne had the greatest possible practical knowledge at the time of the prices of hiring vessels, and it was probably upon his opinion we decided.

4887. Captain Milne is the person who would be most likely to give the Committee satisfactory information as to the reasons that induced the Admiralty to prolong the term of the contract and continue the enlarged subsidy?—Captain Milne and Sir Robert Peel between them ought to be able to give that information.

4888. Mr. *Hope*.] You were asked whether you did not refer this question of renewal in 1855 to the Post Office; was it the practice of the Admiralty to communicate with the Post Office on these subjects, or was it the business of the Treasury?—The proper course would have been that the question should be referred to the Treasury, and that the Treasury should take the opinion of the other departments.

4889. Mr. *Barter*.] Were you aware of a clause in this contract between Mr. Churchward and the French Government enabling that Government to take three out of the six steamers in the event of war?—No.

4890. Had you been aware of that, should you have extended his contract in 1855?—So far from it, that I should have brought an end to the contract directly.

4891. Sir *Francis Baring*.] Can you recollect whether the Admiralty were aware at the time of the extension of the contract, whether Mr. Churchward was working the French contract?—I was not aware of it myself; I cannot say, but I should think not.

4892. Mr. *Hope*.] By your answer that you would have put an end to the contract, do you mean that you would have given strict orders that the number of vessels required by the English service should be kept independently of those used in the French service?—We should have taken care that the proper number of vessels were provided according to the contract for the performance of the English service at all times.

4893. Lord *John Manners*.] There is a clause in the French contract, providing that in the event of a maritime war, the French Government should be at liberty to make use of those three vessels of Mr. Churchward; at the time you renewed the contract, there was in the common sense of the word a maritime war going on, was there not?—Yes.

4894. You never heard that it was the intention of the French Government to avail themselves of that clause in their contract?—I was not aware of there being such a clause in the contract.

4895. Sir *Stafford Northcote*.] You would call the Russian War a maritime war, would you not?—Yes, I should, of course.

4896. Mr.

4896. Mr. *Hubbard*.] Will you read the minute which was subsequently cancelled?—The minute which was made in the first instance and subsequently cancelled, was to the following effect: "Write to the parties that the proposal for the reduced rate of payment for an eight years' contract was made by them only a few weeks ago, long after war had been declared, with a full knowledge on their part of the circumstances now stated, that their Lordships cannot agree to depart from the terms proposed by them, and accepted by my Lords, and they are not a little surprised at receiving this application." The second minute is this: "My Lords will not insist upon the reduction of the sum contained in the original offer; but, in consideration of the circumstances stated, they are prepared to extend the contract to eight years, at the present rate of payment." The cancelled minute expressed what were my own views in the first instance, but I was induced to change my opinion by that passed at the Board.

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Cornelius Willes Eborall, Esq., called in; and further Examined.

4897. *Chairman*.] THE Committee understand that you wish to make some further statement to them?—I have seen it reported in the public papers that Mr. Churchward has made some statements which I think are calculated to mislead the Committee, and which might have a prejudicial effect upon the interests of the South Eastern Railway Company. He is made to state that the East Kent Railway will have a shorter line by 12 miles, between London and Dover, than the South Eastern. Now, the East Kent Railway Company, as honourable Members are aware, is not at present open, and when it will be open to Dover nobody knows. Whenever it should be open, their line will run from Dover to a place called St. Mary Cray, thence by a short line to the West End and Crystal Palace Railway, over which line they have running powers, thence to Pimlico, at the west end of the town; now, I think it is very unlikely that the Post Office will send their mails for the Continent to the Victoria station from St. Martin's-le-Grand, to pass by way of Dover along the East Kent. The difference in distance between that route and the South Eastern *viâ* Reigate is only six miles. The East Kent have another route into London, but they have not the power of running their engines to London Bridge (I speak of the route to London Bridge *viâ* South Eastern, North Kent Railway), and they connect themselves through the St. Mary Cray and the West End and Crystal Palace Railways with the Brighton Company at Norwood, where they have now facilities, not running powers, granted to them for passing the traffic over the Brighton Railway to London Bridge; but it is well known that special arrangements have to be made for the conveyance of mails with all companies, apart from and very different to those made for the conveyance of passengers; and the change of engine at the junction would cause considerable delay in the conveyance of the continental mails, and in passing their traffic to London Bridge they would then have to forward their traffic over a short distance of the South Eastern, for the South Eastern owns that part of the line from London Bridge to a place near New Cross. By that route the distance is 80 miles from Dover, which is eight miles less than the route *viâ* Reigate and Ashford, being the South Eastern route. The other route by which the East Kent would get access to London is by the North Kent line, from Strood, over which they can take traffic under special facility clauses; they have no running powers. By that route the distance in connexion with the East Kent would be 11 miles shorter than the South Eastern by Reigate; but it would be impossible to convey the mails in a satisfactory manner and in as expeditious a manner by that route, in consequence of the crowded state of the line and the bad gradients and from other causes, as by the South Eastern, which is one of the best lines in the kingdom for running upon quickly.

C. W. Eborall,
Esq.

4898. Mr. *Crawford*.] I understood you to say the other day that there was some prospect of there being an amalgamation between the South Eastern and the East Kent, some day or other?—I have heard rumours to that effect, but there is not the slightest foundation for them, and I believe they have only been circulated for stock-jobbing purposes.

4899. I understood you to say that one object which your company, the South Eastern, had in trying to get the whole contract in your hands was to use it in negotiations with the East Kent?—All that I said was, that it might be used; it was never thought of in securing the contract.

4900. Captain *Leicester Vernon*.] Do I rightly understand you to say, that

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from Dover to London *viâ* Strood, is 11 miles shorter than the route of the South Eastern *viâ* Reigate?—Yes; our line extends from London to Strood, which route would be used in such a case.

4901. The East Kent is 11 miles shorter by that route?—Yes; but passing for 31 miles over the South Eastern and 46 miles over their own, East Kent.

4902. You say that they have no running powers for going by Strood?—None at all.

4903. But they have the power of going to Pimlico?—Yes.

4904. By facilities?—Yes.

4905. You say that though the route of the East Kent is 11 miles shorter, supposing the mails went by that route, that would be no gain in time, because there are difficulties as to gradients which would prevent their going at the same pace as could be attained on the other line?—Yes; and there is the omnibus traffic on the North Kent, which renders it difficult to run fast express.

4906. Altogether, notwithstanding that shortness of mileage, there would be no time gained?—None. With regard to another point, I think Mr. Churchward stated that the distance from London *viâ* Folkestone to Paris, would be more than the distance by the East Kent by way of Dover and Boulogne to Paris; that would not be the case if the Pimlico Station was taken to be the station of the East Kent in London, nor if the London Bridge Station were taken, the route *viâ* Norwood to Dover being taken.

Ralph Bernal Osborne, Esq.; further Examined.

R. B. Osborne,
Esq.

4907. Captain *Leicester Vernon.*] WITH reference to your evidence the other day, we understood you to say that you had that sort of opinion of Mr. Churchward that you had directed that he should not be allowed to be in your room without a witness being present?—Exactly.

4908. We gathered from that, that he was a person with whom you did not wish to hold any communication?—Certainly.

4909. I have here a letter of yours to Mr. Churchward, dated November the 11th, 1857, which is in reply to a letter from Mr. Churchward, asking for a cadetship for his son from you, in which you say, "Dear Sir,—In reply to your note just received, I will keep the cadetship open for your decision until Friday morning next. The examination takes place next month, and requires a lad to have a knowledge of mathematics and military surveying. Faithfully yours, *R. Osborne.*" Do you remember writing that letter?—Yes; it was not a naval cadetship, it was an Indian cadetship which he asked me for. He had supported me at the election, and I had my secretary in the room at the time, in order that I might not have any interview with him except in his presence, and I gave him that cadetship.

4910. In reply to his request for your assistance to obtain the cadetship, you said you would keep it open till Friday morning next?—Yes.

4911. Do you remember also writing this letter, dated 3, Lowndes-street, Belgrave-square, April 1st, 1858, to Mr. Churchward: "Dear sir,—Being at present one of the 'Frozen-out gardeners,' I write to you on behalf of Francis Atherden, boatman, of Dover, who is anxious to be employed as second mate on board of a steamer; should you be able to place him in your service, I believe you will find the man to be able, honest, and sober. You will also oblige, dear sir, yours faithfully, *R. Osborne*"?—Yes, I remember that; that application was forwarded from Dover, asking me to send it to him, and I sent it to him.

4912. Did you also write this letter, dated Newtown Anner, Clonmel, August 17th, 1858: "Dear sir,—As I am no longer an official, I feel that I have no claims on your courtesy; but when last at Dover, I was requested by John Vickers, who has lately obtained his mate's certificate from the Board of Trade, to seek your good offices in employing him as a mate in the mail packet service. I am, dear sir, faithfully yours, *R. Osborne*"?—Yes.

4913. To which is appended a reply from Mr. Churchward, dated August the 21st, 1858: "Dear Mr. Osborne,—I shall have great pleasure in giving Vickers the first vacancy I have on my service. I am sorry I was not at Dover on your late visit. I am, dear sir, yours faithfully, *J. G. Churchward*"?—Yes.

4914. In reply to which I have a letter, purporting to be from yourself: "Newtown Anner, Clonmel, August 25th, 1858. My dear sir,—Accept my
thanks

thanks for your note, and compliance with my request in favour of Vickers. Very faithfully yours, *R. Osborne*”?—Yes, I wrote that letter.

R. B. Osborne,
Esq.

4915. *Mr. Crawford.*] I suppose you recognise some distinction between an unwillingness, in your capacity as Secretary to the Admiralty, to receive a gentleman constantly coming on business, without the presence of another person, and communicating with a gentleman who happened to be one of your constituents on a matter of private business, such as that which ordinarily passes between constituents and their Member?—Certainly; the reason I said I would not see Mr. Churchward without a witness was this: I was advised by a certain officer in the Admiralty that Mr. Stafford had got into a great deal of odium and some misfortune, with regard to Parliamentary business, through his communications with Mr. Churchward on official business. For that reason I declined ever seeing him alone. When he was my constituent, and had Dover business with me, I transacted it by letter always; I never had any interview with him, except on the occasion of his asking for that cadetship, and on that occasion he said to me, “Whatever happens to me, politics sit lightly upon me; you may always rely upon one vote from me.”

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4916. As an effusion of gratitude?—As an effusion of gratitude.

4917. *Mr. Leicester Vernon.*] It has been put to you, that, as representing Dover, you were quite entitled to receive letters, and confer favours to your constituents; but at the time this letter was written, which is dated April the 1st, when you spoke of being in the condition of a frozen-out gardener, and having no official power whatever, you had left office?—Yes.

4918. When Mr. Churchward was no longer a constituent?—Yes, when I was out of Parliament.

4919. Whilst you very properly granted him favours, if you chose, whilst he was a constituent, your application to him for favours to be granted to you was when he was not a constituent?—It was no favour to me, because I had nothing to do with Dover, nor the petition; it was a favour to a friend of his.

4920. Who thought it proper to use your influence?—Yes, to use my name.

4921. And you asked Mr. Churchward, and I see no reason why you should not, to oblige those people, you being the medium for asking that obligation?—Exactly.

4922. *Chairman.*] Have you anything to add with regard to any evidence which has been given?—Yes; with regard to the continuation of the contract in 1855, I had no thought of Dover at that time; I was Member for Middlesex, and had no idea of connecting myself politically with Dover; it was not till 1857 that I did so.

4923. *Mr. Hubbard.*] Were you aware of the existence of the French contract when the English one was renewed?—I was aware of it; but it not coming under my jurisdiction, I did not look into it.

4924. Had you seen the terms of the French contract?—No.

4925. You did not consider it a part of your duty to make yourself acquainted with it?—Not at all.

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A P P E N D I X.

Appendix, No. 1.

CORRESPONDENCE relative to the Extension of the CONTRACT with Mr. Churchward for the DOVER MAIL SERVICE in the Year 1855.

Messrs. Jenkins & Churchward to the Secretary to the Admiralty.

Sir,

Dover, Calais, and Ostend Royal Mail Service,
56, Lombard-street, 31 January 1855.

I BEG to inform you, that within the next 10 days we shall have our two new steam-packets at work on the Dover station in conveying the mails, when, we trust, the efficiency and regularity of the service will be thereby improved.

Appendix, No. 1.

It will not have escaped your recollection that, under great pressure of public works in the Royal dockyards, we entered upon our service in April last year, anticipating by six months the period of our engagement to commence the duties. Aware of the condition of the Admiralty steam-packets when handed over to us, you will easily conceive the immense disadvantages under which we laboured in keeping up the vessels during the last 10 months. We have nevertheless succeeded in maintaining the service as well as it was performed at any previous period; but it will readily be seen that, under the exigencies of the war, when engineering and other mechanical labour has been so scarce and so costly, and materials of all kinds have increased so much in price, it has been a task of no ordinary difficulty for us, not only to have kept the old steam-packets running, but to have built and completed, in vessel and machinery, two new handsome and capacious steamers of 310 tons each, having an average speed of 16 $\frac{1}{2}$ miles.

We find, however, that we shall have to make great improvements in the old Admiralty packets to enable them to maintain the required rate of speed. We shall have to commence immediately to replace one of the vessels purchased from the Admiralty for 4,000*l.* with a new one, whilst for another we have been obliged to construct new boilers (now ready to be put on board). Such outlay will amount almost to a renewal of the old steamers, whilst by the time we get into good established working order our term of contract, 4 $\frac{1}{2}$ years, will have expired.

I beg respectfully, therefore, to solicit your good offices to procure for us an extension of our contract for 10 years, and earnestly trust that, considering the comparatively small amount of the contract subsidy (4,000*l.* per annum less than the next lowest tender), and taking also into consideration the fact, that since the 1st of April 1854 the mails have doubled and trebled in bulk, their Lordships will be induced, by increasing the term of our contract, to give us that encouragement for increasing and securing the permanent efficiency of the service which will justify us in adding to our capital expenses, and looking forward to a moderate remuneration for our enterprise.

I beg, &c.

Pro Jenkins & Churchward,
(signed) *J. G. Churchward.*

The Secretary to the Admiralty to Messrs. Jenkins & Churchward.

Sir,

Admiralty, 16 February 1855.

In reply to your letter of the 31st ult., requesting my Lords Commissioners of the Admiralty to extend the term of your contract to ten years, as an encouragement to you for the exertions you have made in the conduct of the Dover mail service, I am commanded by their Lordships to acquaint you that they are not prepared at the present moment to extend the period of a contract so soon after its commencement.

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

Messrs. *Jenkins & Churchward* to the Secretary to the Admiralty.Dover, Calais, and Ostend Royal Mail Office,
56, Lombard-street, 11 May 1855.

Sir,

I REGRET to inform you that our mail steam-packet "Dover" (formerly Her Majesty's steamer "Undine") has become a total wreck, at the west of the pier at Ostend (under the circumstances detailed in the accompanying statement), and we have thereby sustained a heavy blow to the success of our business and enterprise.

I beg to remind their Lordships that the "Undine" was built of iron, by Miller & Ravenhill, in 1844-45; was purchased by the Admiralty in 1846; was employed as a despatch vessel, tender, &c., at Portsmouth, and as a mail packet at Dover, up to April 1854, when, together with the "Onyx" and "Violet," she was purchased by us, under our contract for conveying the mails between Dover, Calais, and Ostend. It will be seen, therefore, that the vessel has been in most active service for ten years; and not having been built so strongly as iron ships now are, and as our new steam-packets, "Empress" and "Queen" are constructed, it would appear that her age and natural weakness have materially accelerated her fate. It would, perhaps, have been more prudent had the vessel not attempted to proceed to Ostend on the night of Thursday last, during the heavy gale; but we have always considered the immediate and regular despatch of the mails of such paramount importance as to demand from us a risk we should not under ordinary circumstances feel justified in incurring. We had hitherto run those risks with some hesitation, in consequence of the age and condition of some of the packets, a condition which, under the peculiar circumstances of the transition of the service from the Admiralty to ourselves, we have not been able effectually to improve, but which we have been labouring daily to accomplish.

And here we may be permitted to remark, that we have had one continuous task of difficulty with the three vessels "Onyx," "Violet," and "Undine." When, in consequence of the great pressure of work in the Royal dockyards, and especially in the engineers' department at Woolwich, we anticipated the period of commencing our contract by six months, in order to relieve the Royal establishments, there was not a steam-packet, with the exception of the "Vivid" (withdrawn from the service immediately), that was in a fit condition to continue running with safety and security. Nevertheless, under the exigencies of the war, when engineering and other mechanical labour became so scarce and so costly, and materials of all kinds increased so much in price, we managed to keep the old vessels at work. We put the new boilers into the "Violet," and repaired her machinery; but we had no time then to strengthen the vessel. We patched up the "Undine" ("Dover"), because her boilers were in a better condition than those in the other vessels; and we have the "Onyx" now in a dock in the Thames, undergoing those extensive alterations of lengthening, strengthening, &c. (altogether amounting to a renewal of the vessel), which, when the service would have permitted, we intended to apply to the lost "Undine," and which lengthening and strengthening the "Violet" must also receive. Notwithstanding all these difficulties and disadvantages, we have contrived to carry on the mail service with as much regularity and efficiency as it was performed at any previous period.

But we now beg most respectfully to represent to the Admiralty that we have sustained so heavy a loss as to seriously embarrass us in our enterprise, and we now humbly appeal to their most favourable consideration for relief. We find it impossible to make those financial arrangements which it is imperative should be made in order to maintain the efficiency of the service, and carry out our contract with satisfaction to ourselves, without a guaranteed extension of our term. We therefore most earnestly solicit—

That in consideration of our having performed the mail service between Dover, Calais, and Ostend satisfactorily;

That in consideration of the great assistance we rendered the Government in March and April 1854, by taking the repairs of the old packets upon ourselves, and relieving the dockyards by commencing the service six months before the required time;

That in consideration of our having been compelled to lengthen, strengthen, alter, and repair the "Onyx" (purchased from the Admiralty), so as to make her equal to a new vessel;

That in consideration of being obliged to renew the "Violet" (purchased from the Admiralty) in like manner;

That in consideration of the loss we have sustained by the wreck of the "Dover" ("Undine," purchased from the Admiralty), which will compel us to incur an additional outlay of 13,000*l.* for a new vessel;—

We humbly and most earnestly appeal to their Lordships to grant us an opportunity of recovering our losses and excess of expenditure beyond our original estimate, by extending the period of our contract with the Government to 10 years.

We do not ask for any additional remuneration for the service; on the contrary, we are prepared to offer the following advantages:—

To purchase the old steam-packet "Garland," built for the Dover service, and available only for such employment;

Also, to run our packets between Dover and Calais uninterruptedly each day of the week, instead of only on six days, as at present; thus affording opportunities for Government messengers and official correspondence to cross the Channel without the inconveniences of delay, or the extra expense of special boats.

We

We hope and pray for their Lordships' most favourable consideration of the above circumstances of our case, and we beg to trust, in conclusion, that, taking into account our offer to purchase the "Garland," and the advantages that will accrue to the public service in having a seven-days' communication with the Continent at the present juncture, making a difference in favour of the Government of 104 trips in the year; regarding, also, the great increase in the cost of machinery, coal, and labour and materials of all kinds, their Lordships will not deem it fair to expect us to incur large additional outlay, and carry out what we propose to undertake by a contract terminating at the end of 3½ years, but, as we pray, their Lordships will grant us the prolongation of the term to the period of 10 years.

We have, &c.
(signed) *Jenkins & Churchward.*

Enclosure to Messrs. *Jenkins & Churchward's* Letter, of 11 May 1855.

REPORT of the Commander of the Royal Mail Steam Packet "Dover" ("Undine") as to the loss of that Vessel at *Ostend* on the 4th May 1855.

ON 3d May 1855 the Royal Mail Packet "Dover" left Dover Harbour, with mail and 17 passengers, bound for Ostend; course, E.S.E.; wind, E.N.E., strong, and weather cloudy. At 0.30 a.m., South Sand Head Light bore from us N.W., by compass; found wind increasing, and more to the northward, and sea making heavy; secured everything for bad weather at 3.20 a.m.; Dunkirk Light bore south of us at 5.20 a.m., Furness Steeple bearing about south of us, Nieuport S.E. by S., Dunkirk S.W. ½ W., fell in with a very heavy sea, which made the ship labour fearfully; at 5.25 a.m., was called down the engine-room to look at the water leaking through ship's sides; went on deck immediately, and gave order to haul in for the land, in case the ship should leak more, as the sea was very heavy; wind at this time N.E., blowing a whole gale at 5.55 a.m.; passed close to Nieuport Pier, and steered up along the land in 5 fathoms water, course E. by N. ½ N. at 7.30 a.m.; arrived off Ostend, and let go the anchor, with 40 fathoms of chain, to try and ride her, to get the water out of the ship; but there being too much sea, she would not ride without the engines moving ahead; consequently we weighed, and lay to under steam at 10.30 a.m.; the signal-ball was hoisted for 10 feet water at 11 a.m.; bore up, and proceeded for the harbour; on arriving at the bar, several very heavy seas broke over her, and knocked her to leeward. Observing plainly my position, I gave orders to reverse the engines; but before this was effected, the vessel had struck the West Pier Head, slewed her stern to the westward, and went broadside on; the main sea running fearfully, gave orders to hoist the fore-staysail, and the anchor out abaft, endeavouring to keep her end on to the sea; but all was to no purpose, the sea would have its effect. Of course, my next duty was to try and save the lives of the passengers, and the mails, which gives me great pleasure in saying were all landed safely, in several trips, by the life-boat. All this time the sea was making dreadful havoc, carrying away everything that would be moved off the deck; as the tide flowed, the vessel drove further on, and it was not possible any longer to remain on board; the crew were all landed in the life-boat. I next consulted the local authorities on the spot, if they could render any assistance to save the ship; but their opinion was that no assistance could be made available in such a heavy sea. When the tide ebbed, I found she had broken in two amidships, in fact a total wreck. Commenced getting her stores out with all possible dispatch.

(signed) *J. Watson,*
Commander.

The Secretary to the Admiralty to Messrs. *Jenkins & Churchward.*

Gentlemen,

Admiralty, 21 May 1855.

WITH reference to your application of the 11th instant, for an extension of the term of your contract for 10 years, and to the proposal accompanying it, I am commanded by my Lords Commissioners of the Admiralty to acquaint you that they have no intention to extend the term of the contract; but they will let you have the "Garland" at a fair valuation, if you wish to purchase her.

She is valued by the Surveyor of the Navy at 6,000*L.*

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

Dover and Calais and Ostend Royal Mail Service.

Sir,

56, Lombard-street, 23 May 1855.

WITH reference to your letter of the 21st instant, respecting our mail packet contract, we fear that in our application of the 11th instant we have not stated the facts of our case so strongly as they will bear pressing upon the consideration of their Lordships. We have therefore most respectfully to entreat the further indulgence of the Board, feeling assured that when their Lordships become fully acquainted with all the circumstances connected with our service they will do us the justice to grant our request.

In addition to all that we have urged in our application of the 11th instant, we humbly submit that we are placed in a very awkward position by the loss of the "Undine" ("Dover"), by the circumstances attendant on that loss, and the means required for replacing that vessel. The loss of the "Undine" has warned us of the necessity of going to considerable additional outlay in strengthening and almost rebuilding the other vessels purchased from the Admiralty: we have not only to supply a new ship, but we have to increase our capital considerably by expenditure on the old vessels.

We fear it is the impression that we have only been performing our contract service for the last six months (only since October last); but we beg to inform you that we have had the duties and responsibilities of the service for nearly 14 months (since 1 April 1854): our tender was for commencing from 1st October; but, as we have previously stated, we anticipated that period by commencing six months earlier to relieve the dockyard from the pressure of the work on account of the packets.

We took the contract for four years and a half; but we find, from our last year's experience, that the expense and difficulties of the service, the loss we have sustained, and the impossibility of procuring commercial assistance under a contract terminable at so short a period (now little more than three years hence), compels us to appeal to their Lordships to grant us the same advantages in point of length of time as other mail steam-packet contractors had granted to them and are now enjoying.

We humbly draw their Lordships' attention to the fact that our service is of a character different from all other contract mail packet services, and is attended with special difficulties and dangers, on account of the shortness of the runs, the difficulties of entering the respective ports, and most especially in consequence of all the passages having to be performed, in winter as well as in summer, during the middle of the night. Yet we are carrying on this service at a great saving to the public, as compared with the former cost. We believe that before we took it, it cost the Government, everything included, about 25,000 *l.* per annum, whilst our subsidy is only 15,500 *l.*: our offer, we understand, was 5,000 *l.* a year less than one of the tenders for the Calais service alone, and about 4,000 *l.* a year less than the next lowest tender to our own.

In asking for the extension of the term of our contract, we do not solicit it at the expense of any competitor; for the South Eastern Railway Company, who tendered for the Calais service only for 20,000 *l.* a year, cannot, by their charter, run their vessels to Ostend, and with the only other party who tendered we are now in alliance, they having obtained the object they had in view, the prevention of one party from having the monopoly of the road to the Continent, and the union of the mail services between Dover and Calais, French and English, which has been effected by us under arrangement with them; so that, in point of fact, there is no one to complain of injustice, for nobody could or would take the service.

It requires also a peculiar class of vessels for this service and, station, and, as their Lordships will perceive in the case of the "Onyx" and "Violet," they are almost useless for any other employment; they are, therefore, unmarketable, and those new vessels that we have constructed will not fetch half their value at the end of three years, if sold; in fact, they would be considered as valuable 10 years hence as they would be then. There is, therefore, in this service, a depreciation, a waste, a risk of capital, which no company could be justified in incurring at comparatively so small a subsidy, except for a lengthened term.

The service has been much more expensive to us than we estimated; to say nothing of the extra cost of keeping up the old boats, we found that they consume half as much more fuel in their passages than our new boats. They would have been useless to the Admiralty (as they have been expensive to us), because built for the special service. But beyond this item of expense, we beg to remark that, at the time of commencing our contract, the Calais Harbour sluices gave way, and have not since been in use. By this untoward accident our vessels, all through the winter, have had the most severe road work; for, instead of being able to get into the harbour, as heretofore, they have been compelled to remain in Calais Roads under steam, very frequently for eight hours at a time, and during the last four months, when the gusts and strong winds have blown from the E. and N. E., our packets have often been knocking about under steam for 14 hours consecutively, and frequently it has happened that, for several hours, we have had two vessels in Calais Roads at the same time, neither of which could get in, nor could anything get off to them, whilst the running distance across is only 22 knots.

In

In the Ostend passage, also, we have experienced a competition of routes that has materially reduced the number of passengers. During the winter our boats have frequently gone and returned with only one passenger out and not one home, at a cost, in coals alone, averaging more than 22*l.* a voyage, whilst the mails have doubled and trebled in bulk, in consequence of the saving effected by the Government in sending the Hamburgh mails *viâ* Dover and Ostend.

With regard to boats, also, their Lordships are well aware that a considerable advance in price has taken place, as compared with former years: a short time since coals could be bought at Dover, Ostend, and Calais at 16*s.* a ton; now we have to pay, at Calais 32 francs, at Ostend 29 francs, and Dover 22 francs, so that in this article alone we have an increased cost of at least 1,000*l.* a year; oil, tallow, and rope, and labour of all kinds, have risen in proportion.

Yet we do not ask for any increase to our subsidy; all we request is a reasonable length of time to work out our books, and to enable us to make arrangements that will procure us fair terms with our commercial friends. It will be found, on inquiry, that since our contract was commenced Mr. Cunard has obtained a contract for mail packet service extending to eight years from July 1854, and it will be found that all other companies have their contracts for periods varying from eight to 12 years.

The French Government have made a contract with us, and when we only required 10 years, they preferred to extend it to 15 years, when we fixed so low a price as in our tender we based our calculations on having both Belgian services, or we could not have undertaken the work at so cheap a rate. We have succeeded in obtaining the French contract, and are in negotiation with the Belgians; but if their Lordships do not concede to us what we believe to be an act of justice that we are soliciting at their hands, we shall suffer great inconvenience and great pecuniary disadvantages; in fact, we shall scarcely know how to proceed with our English service.

We appeal, therefore, most earnestly to their Lordships' just consideration, and feel assured that their Lordships will give us the chance of working a service that we have taken with so much advantage to the public, without an absolute loss, but with some pecuniary advantage to ourselves.

To the Secretary to the Admiralty.

We have, &c.
(signed) *Jenkins & Churchward.*

The Secretary of the Admiralty to Messrs. *Jenkins & Churchward.*

Gentlemen,

20 June 1855.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you that the following is their decision, after full consideration of your letter of the 23d ultimo:—

Their Lordships consent to an extension of the term of your contract for the Dover mail service to an eight years' duration from the date of this letter, and they are prepared to guarantee such extension on condition that the mail service be punctually performed for 13,500*l.* a year, the sum stipulated for in your original tender of the 26th January 1854, for an eight-years' contract, instead of 15,500*l.* a year, as under the existing arrangement for four years.

You will, however, be required to make your payments (*i. e.* for the vessels purchased) according to the present contract; and as regards the "Dover," my Lords will not press for the purchase-money now, notwithstanding she has been wrecked, but allow you to pay for her as originally arranged.

But with reference to the "Garland," which their Lordships now offer you for the reduced sum of 4,800*l.*, it will be incumbent upon you to pay for her within the course of the current year.

Moreover their Lordships will allow you in addition to occupy, as heretofore, the Government premises at Dover rent-free, provided that the said premises be maintained in a state of thorough repair during the term of the contract, and handed over to the Government, at the expiration of the term, in a thorough tenable repair.

In offering these terms, their Lordships will require the existing contract to be surrendered, and a new one to be entered into, embodying the above arrangements.

I am, &c.
(signed) *Thos. Phinn.*

Appendix, No. 1.

From Messrs. *Jenkins & Churchward* to the Secretary of the Admiralty.

Sir,

56, Lombard-street, 29 June 1855.

WE beg most respectfully and gratefully to acknowledge your letter of the 20th instant, communicating to us their Lordships' consent to an extension of the term of our contract for the Dover mail service to an eight years' duration from the date of your letter. We feel assured that we shall be fully enabled to maintain the punctuality and efficiency of the service to the complete satisfaction of their Lordships.

We humbly and earnestly trust, however, that their Lordships will not reduce the amount of our present subsidy; for since our original tender (January 1854) we have had such experience of the great difficulties and risks of this harassing service, and additional attendant expenses, as to convince us that, had we not had the assistance last year of one of Her Majesty's steam-packets, we should have been actually losers by the contract.

This tender was made before the war broke out, and under the reasonable belief that peace would have been preserved, and materials and labour would have been cheaper; but as their Lordships well know, the contrary has been the case, and wages, materials, and all other charges have increased about 25 per cent.; and we believe that it will be found in many of the storekeeper-general's contracts for copper, lead, iron, &c., a large increase to the original contract price has been granted and paid.

In our original tender we never contemplated the heavy expenses we have incurred in rebuilding one of the Admiralty packets, "Onyx," and have to incur in rebuilding another of these old packets, "Koket."

We never calculated on the expensive difficulties that have arisen from the disruption of the sluices at Calais; we have been frequently compelled, in order to avoid delay in forwarding the mails, to despatch one steamer with the mails alone, and another with the passengers; an expense the Admiralty packets never incurred.

We calculated on an increase of traveling, especially *viâ* Ostend; whereas there was a falling-off last year, arising from the war, which has confined Russian, Prussian, and other continental families and commercial men to their respective countries, of more than 1,000 *l.*; and this year there is a still greater decrease; for instance, receipts for April 1854 were 224 *l.*; for April 1855, 192 *l.*; for May 1854, 301 *l.*; May 1855, 264 *l.* There is, in fact, a dead loss upon the Ostend service, which only the amalgamation of the Belgian Government packet service with ours can arrest.

We reasonably reckoned upon a great additional number of passengers on account of the Paris Exhibition; but here again the war has interfered; our returns show no increase.

At the same time we have increased our expenses. We have already commenced the additional Sunday service, as recommended by their Excellencies Lord Cowley and Count Walewski, thereby giving the Government uninterrupted daily communication with France by the additional trips per annum, and saving the cost of special steamers. We have also decided on facilitating the despatch of the mails, and for better ensuring their safety by building a flat-bottomed steam-packet, to land and embark mails and passengers at all times of tide in Calais Harbour, at an additional cost in capital and working expenses.

Notwithstanding, we have not appealed to their Lordships for more money; we have only solicited more time.

We trust, for the foregoing reasons and considerations, their Lordships will not reduce our present subsidy; a reduction which would be fully equal to all the profits derivable from an eight years' contract, should the war be prolonged, and which would seriously inconvenience and affect us in our present and prospective monetary arrangements. But we venture to hope, that their Lordships, liberally considering all the facts and circumstances of our case, and remembering that our tender was so much lower than that of any other party, will be pleased to continue to us the present rate of remuneration we receive for the punctual and efficient performance of the Dover, Calais, and Ostend Mail Packet Service.

We beg to add our thanks to their Lordships for not pressing us for the whole of the purchase-money of the "Dover," and for their intimation that we shall be allowed to pay for her as originally arranged. Under that arrangement we have already paid 3,750 *l.*, which we believe was nearly the amount charged to us for the wrecked ship.

We have, &c.
(signed) *Jenkins & Churchward.*

The Secretary to the Admiralty to Messrs. *Jenkins & Churchward.*

Gentlemen,

Admiralty, 5 July 1855.

I HAVE received and laid before my Lords Commissioners of the Admiralty your letter of the 29th ultimo, and I am commanded to acquaint you, that under the circumstances as therein stated, their Lordships are prepared to grant you an extension of the contract for the Dover, Calais, and Ostend Mail Packet Service to eight years, at the present rate of payment.

I am, &c.
(signed) *Thomas Phinn.*

Messrs. *Jenkins & Churchward* to the Secretary to the Admiralty.

English, French, and Belgian Royal Mail Steam Packet Company,
56, Lombard-street, 16 July 1855.

Sir,

WITH reference to that portion of their Lordships' letter of the 20th ultimo, respecting the steam packet "Garland," we respectfully venture to hope that their Lordships will be induced to accept a smaller sum as the purchase-money for that vessel.

Their Lordships will pardon us for reminding them that the "Garland" was built in 1846, and ever since that period (nearly 10 years) has done a great deal of hard work, the construction of the hull being on the diagonal principle, and having been subjected, daily, to dry harbours, she has been much strained and weakened. Upon a survey we find that the keel, bilgeways, and copper are greatly worn and rubbed, as also are the decks and paddle boxes, and the upper works connected therewith are much worn, and to some extent now require to be renewed. Moreover, the formation of the body is not such as to produce the best results; her engines are very expensive in working, far exceeding any other on the station. The pistons are defective, and cannot be kept tight for more than one voyage; the condenser is cracked in two places, as is also the starboard cylinder cover. One of her boilers we find is an experimental one, having iron glazed tubes, instead of brass, and we have already experienced the disadvantages of this experiment in the increased consumption of coal. There are other minor defects that will require to be repaired immediately; in fact a large sum will be required to be laid out to correct, if possible, the extravagant expenditure of coal, and to enable this vessel to keep pace with the present improvements in the packet service.

We trust, therefore, their Lordships will be induced to consider 4,000 *l.* as a fair price for the vessel as she is, and that also their Lordships will be pleased to grant us the privilege of paying for her in the same manner as the "Onyx" and "Violet."

We find that from the 1st July 1855, the amount due to their Lordships for the ships already purchased from the Admiralty, is 9,250 *l.*, which, added to 4,000 *l.* for the "Garland," will make us indebted to the Admiralty 13,250 *l.* If it would be no inconvenience to their Lordships, we should accept as a great boon to ourselves their Lordships' permission to enter into a new bond under which this 13,250 *l.* should be paid in three years from the 1st July 1855, by quarterly deductions from our contract money of 1,104 *l.* 3 *s.* 4 *d.*, instead of as at present 750 *l.*

We would then further propose, if their Lordships saw no objection, to register the three vessels "Violet," "Onyx," and "Garland" at Dover, with the lien of the Admiralty on these vessels charged on the register.

We beg to add, that inasmuch as we have laid out nearly 4,000 *l.* on the "Onyx," and nearly 2,000 *l.* on the "Violet," since they came into our possession, their Lordships will have ample security in the actual value of those vessels for the lien chargeable on them.

We have, &c.
(signed) *J. G. Churchward & Co.,*
Pro *Jenkins & Churchward.*

The Secretary to the Admiralty to Messrs. *Jenkins & Churchward.*

Gentlemen,

Admiralty, 19 July 1855.

IN reply to your letter of the 16th instant, requesting a reduction in the price of the "Garland," I am commanded by my Lords Commissioners of the Admiralty to acquaint you that they can make no further concession or alteration in your existing contract.

I am, &c.
(signed) *Thos. Phinn.*

The Secretary to the Admiralty to the Storekeeper General.

Storekeeper General,

Admiralty, 5 March 1856.

HEREWITH you will receive the proof copies of the contract between my Lords Commissioners of the Admiralty and Messrs. *Jenkins and Churchward*, for the performance of the mail service between Dover and Calais, and Dover and Ostend, and you are to cause the same to be revised for the purpose of a supply being printed, and you are to return it to me when corrected.

By command of their Lordships,
(signed) *Thos. Phinn.*

DOVER, CALAIS, AND OSTEND.

ARTICLES of AGREEMENT made this 20th day of June, in the year of our Lord 1855, 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 first part; and Joseph George Churchward, of Lombard Street, in the city of London, gentleman, hereinafter designated "the contractor," of the second part; and the said Joseph George Churchward and Henry Jenkins, of Dover, in the county of Kent, master mariner, of the third part,

WITNESS, that, in consideration of the payments hereinafter stipulated to be made to the contractor, the contractor doth for himself, his heirs, executors, and administrators hereby covenant, promise, and agree to and with the said Commissioners, that he the contractor, his 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 at a speed which on the average of the voyages of each vessel during each month shall be not less than 13 knots an hour, 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 Her Majesty's Postmaster General, be required to be conveyed from Dover, in the county of Kent, to Calais in France, and from Calais aforesaid to Dover aforesaid, and from Dover aforesaid to Ostend in Belgium, and from Ostend aforesaid to Dover aforesaid, as hereinafter mentioned, by means of a sufficient number (not less than six) of good, substantial, and efficient steam-vessels, each of such vessels being of not less than 100 tons register new measurement, and being supplied and furnished with engines of sufficient horse power, and with all other necessary equipments, apparel, and appurtenances, and also manned with competent officers with appropriate certificates granted pursuant to the Act 17 & 18 Victoria, 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 with engineers, and a sufficient crew of able seamen and other men, to be in all respects, as to vessels, engines, machinery, equipments, engineers, officers, and crew, subject in the first instance, and from time to time, and at all times afterwards, to the approval of the said Commissioners, and of such persons as shall at any time or from time to time have authority under this contract, or under the said Commissioners to inspect and examine the same.

That one of such vessels, so equipped and manned as aforesaid, shall be kept as a spare vessel, to be used in case of accidents occurring to the others, and one other of such vessels shall be at all times at the disposal of and be navigated by the contractor for Her Majesty's Government for the conveyance of despatches or for other special services between Dover and Calais, or Dover and Ostend, and shall convey such despatches and perform such special services between those ports, or any of them, for which they are intended, and shall for that purpose be stationed at such one of the before-mentioned ports as the said Commissioners may from time to time or at any time direct; and for each of such voyages for the conveyance of despatches and for such special services, not exceeding in any one year the number of 24 such voyages from port to port, the contractor shall be paid the following sums in addition to the consideration hereinafter mentioned, that is to say, 6 *l.* for a voyage between Dover and Calais, and the like sum in addition for the return voyage, if such return voyage be ordered by the said Commissioners, or be necessary for the public service, and 11 *l.* for the voyage between Dover and Ostend, and the like sum for the return voyage, if such return voyage be ordered by the said Commissioners, or be necessary for the public service; but for such voyages the contractor shall not be entitled to demand any passenger-fares from the passengers ordered by the said Commissioners to be conveyed; and if such voyages shall exceed the said number of 24, the contractor shall be paid for each of the voyages exceeding the number of 24 such expenses as he shall show to the satisfaction of the said Commissioners to have been incurred by him for the performance of such voyages.

That one of such vessels, so equipped and manned as aforesaid, shall leave Dover once every week-day for Calais, and one other of such vessels shall leave Calais once every week-day for Dover, and that one other of such vessels, so equipped and manned as aforesaid, shall leave Dover once every alternate week-day for Ostend, and one other of such vessels shall leave Ostend once every alternate week-day for Dover, immediately after the arrival of the mail-trains at the said ports respectively; and when the mail-bags shall have been put on board; the said Commissioners having the power to alter the time of departure from the said ports respectively as often as they may consider the exigencies of the public service require them to do so, upon giving to the contractor one calendar month's notice thereof; and in every such case of alteration the said vessels shall start according thereto; and that if the contractor shall at any time during the continuance of this contract fail to provide such steam-vessel or any vessel whatsoever, which he is hereby bound to provide, so equipped and manned as aforesaid, ready to put to sea from Dover, Calais, or Ostend, or such vessel should not proceed on her voyage at the time at which the same should leave Dover, Calais, or Ostend, in performance of this contract, or shall put back

into

into port after starting (except from stress of weather), then and so often as there shall be any one of such defaults, the contractor shall and will pay unto Her Majesty, Her heirs and successors, the sum of 30 *l.*, and also a sum of 10 *l.* for every successive period of one hour which shall elapse (but not beyond a period of eight days from such appointed hour) until one such steam vessel so equipped and manned, shall actually proceed to sea, and continue her voyage with the said mails and despatches, or such despatches, or on any such special service as aforesaid from Dover, Calais, or Ostend, as the case or default may be; but the payment of such sum or sums shall not be enforced, should it be proved to the satisfaction of the said Commissioners that such default arose from circumstances over which the contractor and his servants had not and could not have had any control, but the payment of or liability to pay the sum or sums last hereinbefore mentioned shall not exonerate the contractor from any damages which may accrue or have accrued, or from any expenses which may arise or have arisen, by the said Commissioners transmitting the said mails and despatches, or such despatches, or having any such special services performed as aforesaid by other means.

That whenever the Indian mail shall arrive at Calais too late for the ordinary packet, the contractor shall provide for the immediate conveyance of the same to Dover in one of the steam vessels to be employed under this contract, or by some other means satisfactory to the said Commissioners, their officers, or agents.

That in every case where the contractor shall not have landed the said mails and despatches in time to be forwarded by the mail railway train appointed to carry them, the said Commissioners shall be at liberty, if they shall think fit, in addition and without reference to any proceedings they may take thereon as a breach of the contract, to deduct from the payments hereby agreed to be made to the contractor, the sum of 15 *l.*, unless it can be shown to the satisfaction of the said Commissioners that the delay has arisen from weather, or other accidental causes, over which the contractor or his servants had no control, and for which they are not responsible, and has not been produced by deficiency of speed in the vessel.

That the said Commissioners shall be allowed and have full power to make a survey by any of their officers or agents of all and every the said vessels, and of the hulls thereof, and of the engines, machinery, furniture, tackle, apparel, boats, stores, equipments, and the officers, engineers, and crew 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 the same officers or agents unseaworthy, or not fit and proper, or adapted for the service hereby contracted to be performed, any vessel or boat in which such deficiency or unfitness shall appear to the same officers or agents, shall be deemed inefficient for the said service, and shall not be employed or used in the performance of the said service, until such defect or deficiency be made good, to the satisfaction of the said Commissioners; and if any such vessel be so employed or used before such defect or deficiency be made good to the satisfaction of the said Commissioners, the contractor shall and will pay to Her Majesty, Her heirs and successors, the sum of 100 *l.* for every voyage of such vessel under this contract.

That all the vessels employed in the performance of this contract shall, after having put to sea for their respective voyages with the said mails and despatches on board, make the best of their way to the port or place for which they may be bound, and shall not stop or linger on the voyage, or deviate from the direct course thereof, except for the purpose of saving human life; and that if any such vessel shall stop, linger, or so deviate (except as aforesaid) on her voyage, then and in every, and in each of such cases, and as often as the same shall happen, the said contractor shall and will pay unto Her Majesty, Her heirs and successors, the sum of 100 *l.*

That the contractor shall cause to be received and allowed to remain on board each of the said vessels employed in the performance of this contract an officer or officers to be appointed by the said Commissioners, or by Her Majesty's Postmaster General, to have the custody of the said mails and despatches, without any charge being made for his or their accommodation; and should the said Commissioners deem it expedient to place the said mails and despatches in charge of the masters or commanders of the said vessels, or any of them respectively, the said masters or commanders shall, without any charge to the public, take due care of, and the said contractor shall be responsible for the receipt, safe custody, and due delivery, according to their destination, of the said mails and despatches; and the said masters shall and will take the usual Post Office declaration, and furnish such journal returns and information, and perform such services, as the said Commissioners may at any time or times require.

That the contractor will, when and so soon as required by Her Majesty's Postmaster General, enter into a joint and several bond to Her Majesty, Her heirs and successors, in such amount of penal sum as the said Postmaster General shall appoint, for the due and punctual conveyance and delivery of the said mails and despatches by the said contractor in accordance with the terms of this contract, and for the due and faithful performance

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of all the other stipulations and agreements contained in this contract, which, on the part of the contractor, is or ought to be observed and performed, and such bond shall be in addition to the other bond bearing even date herewith, which the said contractor and his sureties are to execute.

That the contractor shall and will provide on board each of the said vessels a convenient, secure, and proper place of deposit, under lock and key, for the said mails and despatches; and suitable boats, properly manned and equipped, and whatever else may be necessary for their safe embarkation and disembarkation.

That the contractor shall and will, at all times during the continuance of this contract, at his own cost, provide and keep seaworthy and in complete repair a sufficient number of good, substantial, and efficient steam vessels (not less than six), with engines of sufficient horse-power to each vessel, for the service hereby contracted to be performed, and at the like cost adequately provide and furnish each and every of the same vessels with all tackle, stores, oil, tallow, fuel, provisions, machinery, engines, anchors, cables, two efficient boats, fire-pumps, and other proper means for extinguishing fire, and all other furniture and apparel, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them at all times fully efficient for the said service.

And it is hereby agreed between the parties hereto, and especially by the contractor, that all and every the sums of money hereby stipulated to be paid by the contractor 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 discharged forthwith, each and every of such sum and sums of money so becoming payable and not discharged forthwith, may be deducted and retained by the said Commissioners out of the moneys payable at any time by them or by their direction to the contractor, or the payment thereof enforced as a debt or debts due to Her Majesty, with full costs of suit, as the said Commissioners in their discretion may think fit.

And the said Commissioners, in consideration of the premises, and of the contractor, his officers, servants, and agents, at all times strictly and punctually performing the covenants and agreements hereby entered into by the contractor, do for and on behalf of Her Majesty, Her heirs and successors, agree with the contractor that they, the said Commissioners, on behalf of Her Majesty, will pay, or cause to be paid, to the contractor, 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 15,500 l. per annum, by quarterly payments, and with a proportionate part thereof should this contract terminate on any other day than a day of payment; the first of such quarterly payments to be made at the expiration of three calendar months from the commencement of the service under this contract.

And it is hereby agreed that this contract shall commence on the day of the date hereof, and shall continue in force until the 20th day of June 1863, and shall then determine, if either of the parties shall have given to the other of them 12 calendar months' previous notice in writing of its being their intention that the same should so determine; but if any such notice should not be given this contract is to continue in force after the said 20th day of June 1863 until the expiration of a 12 calendar months' notice in writing shall be given by either of the said parties to the other of them that the same shall determine, and which last-mentioned notice may be given at any time after the 20th day of June 1862, and at the expiration of such notice this contract shall determine accordingly, but not so as to prevent either of the said parties availing themselves thereof for recovering any sum of money or damages should there have been any breach of the contract previously to the determination of the same.

And it is hereby agreed that the contract bearing date on or about the 1st day of April 1854, and made 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 the said Henry Jenkins and Joseph George Churchward of the other part, for conveying Her Majesty's mails from Dover, in the county of Kent, to Calais in France, and from Calais aforesaid to Dover aforesaid, and from Dover aforesaid to Ostend in Belgium, and from Ostend aforesaid to Dover aforesaid, shall be deemed and be considered to be and is hereby terminated and annulled.

And the said Joseph George Churchward doth hereby, for himself, his heirs, executors and administrators, covenant and agree to and with the said Commissioners, their successors in office and assigns, that the said Joseph George Churchward, his executors and administrators, shall and will, during the continuance of this contract, pay all harbour, passing, tonnage, and other tolls and dues which may, during such period, be legally charged or payable and recoverable at Dover or other ports of the United Kingdom upon the packets employed by or on behalf of the French and Belgium Governments, or either of them, in conveying mails and despatches to and from England, and shall and will, at the costs of the said Joseph George Churchward, his executors or administrators, land and embark such mails and despatches at Dover when intended to be landed at or shipped from that port

port. And further, that he, the said Joseph George Churchward, shall and will indemnify Her Majesty, Her heirs and successors, and the said Commissioners from and against all such tolls and dues and all other payments heretofore made by or on behalf of Her Majesty in respect of the mail packets plying to and from Dover, and from and against the payment thereof, and all costs, charges, damages and expenses in respect thereof or relating thereto, Her Majesty, Her heirs and successors, holding the said contractor harmless and indemnified against all harbour, passing, tonnage, and other tolls and dues which, during such period as aforesaid, shall be legally charged or paid at Calais and Ostend, or either of those ports, or any other ports of France and Belgium, or either of them, upon packets employed by or on behalf of the English Government in conveying mails and despatches to and from Calais and Ostend, or either of those ports, and from all costs in landing or embarking such mails and despatches at such last-mentioned ports, or either of them. And it is hereby further agreed and provided that the contractor 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 whatever of this contract on the part of the contractor, it shall be lawful for the said Commissioners (if they think fit), by writing under their hands or under the hands of their secretary, to determine this contract without any previous notice to the contractor or his agents, nor shall the contractor be entitled to any compensation in consequence of such determination.

And it is also agreed that the notices or directions which the said Commissioners, their secretary or officers, are hereby authorised and empowered to give to the contractor, his officers, servants, or agents, may, at the option of the said Commissioners, their secretary, or officers, be either delivered to the master, commander, or any other officer or agent or servant in the charge or management of any one of the said vessels, to be, or while employed in the performance of this contract, or left for the contractor at his office in London, or at his or one of his last known places of business or abode; and any notices or directions so given or left, shall be binding on the contractor.

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 the Third, 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 of Commons," it is hereby expressly declared and agreed, and these presents are upon this express condition, that no Member of the House of Commons is or shall be admitted to any share or part of this agreement, or to any benefit to arise therefrom.

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 contractor are or ought to be observed, performed, fulfilled, or kept, the contractor doth hereby bind himself, his heirs and executors and administrators, unto our Sovereign Lady the Queen in the sum of 4,000 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 and the contractor, in case of the failure of the contractor in the due execution of this agreement, 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.

Peter Richards. (L. S.)
Robert Peel. (L. S.)
J. G. Churchward. (L. S.)
Hy. Jenkins. (L. S.)

Signed, sealed, and delivered in the presence of

Jno. Doutry.

Packet Department, Admiralty, }
 23 July 1859.

Waller Clifton.

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CORRESPONDENCE relating to the Formation of the CONTRACT entered into with Messrs. *Jenkings & Churchward*, in the Year 1854, for the DOVER, CALAIS, and OSTEND MAIL SERVICE.

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

Sir,

Admiralty, 18 October 1853.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Lords Commissioners of Her Majesty's Treasury, that my Lords propose to give effect to the suggestion of the "Committee on Contract Packets," contained in the following extract from their Report, dated 8 July 1853: "The service between Dover, Calais and Ostend appears to have been satisfactorily performed as regards both mails and passengers; but as a line on which there is so great a passenger traffic, may be expected to be self-supporting, and as the receipts from passengers, fares and freight of parcels do not cover the cost and expenses of the packets, we recommend that tenders be publicly invited, in order to ascertain whether a contract may not be formed by which the service may be done with greater economy, and under stipulations that would prevent any diminution of punctuality and efficiency;" and I am therefore to request the concurrence of the Lords of the Treasury to my Lords publicly advertising for tenders for a contract for four years for the service, as at present performed.

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

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

Sir,

Treasury Chambers, 26 October 1853.

WITH reference to your letter of the 18th instant, I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, that my Lords are pleased to concur with the Lords Commissioners of the Admiralty in their proposal to advertise for tenders for a contract for four years for the Mail Packet Service between Dover, Calais and Ostend, as at present performed.

I am, &c.
(signed) *C. E. Trevelyan.*

The Secretary of the Admiralty to the Comptroller of Victualling and Transport Services.

Comptroller of Victualling,

Admiralty, 3 November 1853.

You are to prepare a draft of conditions of tenders for mail service between Dover and Calais and Dover and Ostend, for their Lordships' approval. The tenders are to be made for six steamers, without any limitations, except as to speed, which is to be an average of 13 knots on the monthly voyages of each vessel; one of these vessels is to be kept as a spare vessel, and to be at all times at the disposal of Her Majesty's Government, for the conveyance of despatches, or for other special services, between Dover and either Calais or Ostend.

The contractors are to convey the mails at the above-mentioned speed once a day each way between Dover and Calais, and three times a week between Dover and Ostend. They are to provide proper accommodation for the safe custody of the mails, and to receive on board, gratuitously, such officer or officers as may be entrusted with the care of the mails or despatches by Her Majesty's Government; and if no officer should accompany the mails and despatches, the commanders of the packets are to become responsible for their safe delivery.

Penalties are to be incurred as in the Holyhead and Kingstown contract.

The contract is to be terminable after four years, by a year's notice from either party.

If the parties tendering desire to purchase any of Her Majesty's steam packets at present performing this mail service, they are at liberty to mention it in their tender, and to state the terms on which they propose to purchase them.

And my Lords are not to bind themselves necessarily to accept the lowest or any of the tenders sent in.

(By command of their Lordships.)

(signed) *W. A. B. Hamilton.*

Comptroller of Victualling and Transport Services to the Secretary of the Admiralty.

Admiralty, 7 December 1853.

In compliance with their Lordships' directions, dated the 3d ultimo, I beg to transmit herewith, for approval, a draft of the printed conditions of the tenders to be made for the mail contract between Dover and Calais, and between Dover and Ostend.

(signed) *T. T. Grant,*
Comptroller for Transport Services.

Enclosure, No. 1, to Comptroller of Victualling's Letter of 7th December 1853.

TENDER for STEAM VESSELS for performing the Mail Service between *Dover* and *Calais*, and between *Dover* and *Ostend*.

Vessels' Names.	Tons by Register.	Where lying.	Horse Power.	Draft of Water when ready for Sea.	Speed.	Consumption of Coals in each Twenty-four Hours.	Day on which the Vessels will be ready :	
							For Survey.	Complete for Sea on the part of the Owners.
				<i>Ft. in.</i>	<i>Knots per Hour.</i>	<i>Cwt.</i>		

Sir,

1853.

WE hereby offer to the Commissioners for executing the Office of Lord High Admiral of the United Kingdom of Great Britain and Ireland, the above-mentioned steam vessels for four years certain, at the rate of £. per annum, for the conveyance, from the day of next, of Her Majesty's mails between Dover and Calais, and between Dover and Ostend, subject to the several conditions marked A.

In the event of this tender being accepted, we engage that the vessels above-mentioned shall be ready for survey, and complete for sea, on or before the respective times above-mentioned complete, on the owner's part in every respect, in failure of which we do hereby engage to forfeit and pay to Her Majesty the sum of 10 £. for each day any vessel shall be delayed beyond the respective days above mentioned, and the Commissioners are in that case to have the option of rejecting her altogether.

And we do hereby agree with the said Commissioners to execute a contract according to the said conditions.

We are, sir,
Your very humble servants,

The Secretary
of the Admiralty.

(Signature) _____
(Address) _____

N. B.—All tenders to be made upon this printed form, and they are to be addressed to the Secretary of the Admiralty, at Somerset-place, with the words "Tender for the Conveyance of Mails" and "Comptroller of Victualling," in the left-hand corner of the envelope, and no tender will be received unless it be made precisely according to the preceding printed form. Any conditions or alterations which the party tendering may wish to suggest, must be added to the tender, either at the end of the printed form, or by a separate letter at the time of making the tender.

Enclosure, No. 2, to Comptroller of Victualling's Letter, dated 7th December 1853.

CONDITIONS of the TENDERS to be made for the Mail Contract between *Dover* and *Calais*, and between *Dover* and *Ostend*, referred to as marked A.

THE contractors are to undertake to convey Her Majesty's mails and despatches once every week-day each way between Dover and Calais, and three times a week each way between Dover and Ostend, at a speed, which on the average of the monthly voyages of each vessel, shall amount to not less than 13 knots an hour, and are to provide for that purpose six proper and efficient steamers, of not less than tons, one of which is to be kept as a spare vessel, to supply the place of any of the others that may be disabled, and is to be at all times at the disposal of Her Majesty's Government for the conveyance of despatches, or for other special services between Dover, and either Calais or Ostend, and is to lie at such of the above-mentioned ports as the Lords Commissioners of the Admiralty may direct.

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The contractors' vessels are to be subject at all proper times to survey by officers in the employment of the Admiralty; and any defect involving danger to the safety of the vessel discovered on such survey, to be immediately made good by the contractors; and if any vessel be employed before such defect be made good, the contractors to forfeit and pay to Her Majesty the sum of 100*l.* for every voyage of such vessel. This survey to extend to the crew, officers, engineers and machinery, as well as to the hull of the vessel.

A penalty of 30*l.* to be incurred when the contractors fail in providing a vessel in accordance with their agreement, ready to put to sea at the appointed hour; and also the sum of 10 *l.* for every successive period of one hour which shall elapse within eight days from such appointed hour, until such steam vessel shall actually proceed to sea; but the payment of such penalty shall not be enforced in the event of such default being proved to the satisfaction of the Admiralty to have arisen from circumstances over which the contractors and their servants had no control.

A penalty of 100*l.* to be incurred if the vessels stop, linger or deviate from the direct course, or put back or return, except from stress of weather, or other unavoidable circumstance.

In every case where the contractors shall not have landed the mails and despatches in time to be forwarded by the mail railway train appointed to carry them, the Lords Commissioners of the Admiralty shall be at liberty, if they think fit, in addition, and without reference to any proceedings they may take thereon as a breach of the contract, to deduct from the payment agreed upon in the contract a sum bearing the same proportion to the annual payment that the voyage in question does to the annual voyages made, provided always that it cannot be shown to the satisfaction of the said Commissioners that the delay has arisen from weather, or other accidental causes over which the contractors or their servants had no control, and for which they are not responsible, and has not been produced by deficiency of speed in the vessel.

The steam vessels are to start after the arrival of the mail trains, when the mail bags are put on board; and a power will be reserved to the said Commissioners to alter the moment of departure as often as they consider the exigencies of the public service require them to do so; but in each case they shall give at least a month's notice of the change.

The contractors are to provide a proper and secure place on board the packet for the safe custody of the mails, and whatever may be necessary for their embarkation and disembarkation, and are to receive on board gratuitously such officer or officers as may be entrusted with the care of the mails or despatches by Her Majesty's Government. In the event of there being no officer deputed by the Admiralty to take the custody of the mails and despatches during the voyage, the commander of the vessel shall become responsible for their safe custody and delivery.

The contract may be terminated at the expiration of four years, by a previous notice of 12 months, from either of the contracting parties; and parties tendering are to state when they will be prepared to commence the execution of the contract.

Payments will be made quarterly by bills at sight on Her Majesty's Paymaster General.

A penalty of 4,000*l.* will be incurred by way of stipulated or ascertained damages, in case of the failure of the contractors in the due execution of the contract, and sureties for that amount will be required, which sureties are to be named at the time of making the tender, and references given as to their sufficiency.

The contractors shall not assign, underlet, or dispose of the contract, or any part thereof, without the consent in writing of the Admiralty; and in case of any deliberate or wilful breach thereof by the contractors, the Admiralty may terminate it without any previous notice to them; nor shall they be entitled to any compensation in consequence of such determination.

No Member of the House of Commons shall be admitted to any share or part of the contract, or to any benefit to arise therefrom, in contravention of the provisions of the Act of Parliament made and passed in the 22d year of the reign of King George the Third.

It is understood that the said Commissioners do not engage to accept the lowest tender, irrespective of all other considerations; nor are they bound necessarily to accept any of the tenders that may be sent in.

The Secretary of the Admiralty to the Comptroller of Victualling and Transport Service.

Comptroller of Victualling,

Admiralty, 12 December 1853.

My Lords approve of the enclosed Draft of the conditions of tenders for the mail service between Dover and Calais and Dover and Ostend, and you are to cause the advertisement to be issued in the newspapers calling for tenders six weeks after the date of the advertisement.

(signed) *R. Osborne.*

Comptroller of Victualling and Transport Services to the Secretary of the Admiralty.

Admiralty, 26 January 1854.

I BEG to lay before their Lordships an abstract of the tenders received this day for the conveyance of mails between Dover and Calais and Dover and Ostend.

(signed) *T. T. Grant,*
Comptroller for Transport Services.

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TREATY for STEAM VESSELS for performing the Mail Service between Dover and Calais and between Dover and Ostend.

Contractors' Names.	Vessels' Names.	Tons by Register.	Where lying.	Horse Power.	Draft of Water when ready for Sea.	Speed.	Consumption of Coals in each 24 Hours.	Day on which the Vessels will be ready:		Rate per Annum.	When ready to commence Contract.
								For Survey.	Complete for Sea on the Part of the Owners.		
G. Herbert, for South Eastern Railway Company.	Princess Mary	137.7	-	130	-	13	25 per Hour	-	-	£.	See Conditions in Letter. Service: Dover and Calais.
	Princess Maude	150	-	130	-	13	25	-	-		
	Queen of the Belgians	124	-	130	6 4	13	"	-	-		
	Queen of the French	125	-	130	to	13	"	-	-		
	Prince Ernest	145	-	180	7 6	13	"	-	-		
	Princess Clementine	147	-	200	-	13	"	-	-		
	Princess Helena	166	-	200	-	13	"	-	-		
The Lord Warden	158	-	200	-	13	"	-	-			
John Hervey, for the Steam Navigation Company.	Aquila	150	-	120	6	13	20 per Hour	15 May	1 June	19,750	See Letter and Conditions.
	Cygnus	150	-	120	6	13	"	15 May	1 June		
	Delphinus	150	-	120	6	13	"	15 Sept.	1 October		
	Orion	150	-	120	6	13	"	15 Sept.	1 October		
	Pegasus	150	-	120	6	13	"	15 Dec.	1 Jan. 1855		
	Sagitta	150	-	120	6	13	"	15 Dec.	1 Jan. 1855		
Henry Jenkings & Co.	New Vessel	100	-	100	-	15	21 Tons in 24 Hours.	-	-	15,000	See other Conditions on Tender.
	Ditto	100	-	100	-	15	ditto	-	-		
	Ditto	100	-	100	6 2	15	ditto	-	-		
	Ditto	100	-	100	-	15	ditto	-	-		
	Ditto	100	-	100	-	15	ditto	-	-		
	Ondine	101	-	70 by Miller & Co.	-	13	17 Tons in 24 Hours.	15 Sept.	1 Oct.		

Admiralty, Somerset-place }
26 January 1854.

Board for directions.

(signed) T. T. Grant,
Comptroller of Victualling.

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The Secretary of the Admiralty to the South Eastern Railway Company.

Gentlemen, Admiralty, 28 January 1854.
 I AM commanded by my Lords Commissioners of the Admiralty to acquaint you that they decline your tender of the 26th instant, for the conveyance of Her Majesty's mails between Dover and Calais.

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

The Secretary of the Admiralty to the North of Europe Steam Navigation Company.

Gentlemen, Admiralty, 28 January 1854.
 I AM commanded by my Lords Commissioners of the Admiralty to acquaint you that they decline your tender of the 26th instant, for the conveyance of Her Majesty's mails between Dover and Calais.

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

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

Sir, Admiralty, 31 January 1854.
 MY Lords Commissioners of the Admiralty, having received, in pursuance of advertisements, three tenders for the contract for the mail service between England and France and Belgium, viz.,

- One from Messrs. Henry Jenkings & Co., for 15,000 *l.* per annum ;
- One from Mr. John Harvey, on behalf of the North of Europe Steam Navigation Company, for 19,750 *l.* per annum ; and
- One from the South Eastern Railway Company, for 16,520 *l.* per annum ;

the latter for only one portion of the service, *i. e.*, between Dover and Calais ; I am commanded by their Lordships to request the sanction of the Lords Commissioners of the Treasury to their accepting the lowest tender.

I am, &c.
 (signed) R. Osborne.

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

Sir, Treasury Chambers, 2 February 1854.
 WITH reference to your letter of the 31st ult., I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that my Lords are pleased to sanction the acceptance of the tender of Messrs. Henry Jenkings & Co. for the contract for the mail service between England and France and Belgium, for the sum of fifteen thousand pounds per annum, provided the Board of Admiralty are satisfied of their sufficiency to carry out the contract.

I am, &c.
 (signed) James Wilson.

The Secretary of the Admiralty to Messrs. *Jenkings & Churchward*.

Gentlemen, Admiralty, 4 February 1854.
 IN reply to your letter of the 26th ult., I am commanded by my Lords Commissioners of the Admiralty to acquaint you, that they are pleased to accept your tender for the conveyance of Her Majesty's mails between Dover and Calais and Dover and Ostend, for the sum of 15,000 *l.* per annum, for a period of four years, provided only that certain preliminary points, which will be submitted to you, are satisfactorily adjusted, the service to commence on the 1st October next, and to be undertaken with six vessels, the speed of five of which is to average severally 15 knots per hour.

I am, &c.
 (signed) R. Osborne.

Messrs. *Jenkings & Churchward* to the Secretary of the Admiralty.

Sir, 10, Essex-street, Strand, 8 February 1854.
 WITH reference to your communication dated the 4th instant, stating that their Lordships were pleased to ratify the acceptance of my tender for conveying Her Majesty's mails between Dover and Calais and Dover and Ostend, we beg most respectfully to submit for their

their Lordships' favourable consideration, that, should the Admiralty, from the pressure of the works required for the men of war in the engineers' and shipwrights' departments at Woolwich at the present time, be desirous of relinquishing the packet service on the 31st of March, the end of the financial year, we beg to say that we should be willing to meet their Lordships' wishes in this respect, and to submit the following terms:

1. To carry out the contract, commencing on the 1st of October next, we proposed to purchase Her Majesty's steam packets "Onyx" and "Violet." But should it be deemed advisable to commence on the 1st of April, we beg to say that we would purchase the "Undine" also, another of Her Majesty's iron steam packets on the Dover station, and we beg to offer for the three vessels (including the new boilers now at Woolwich) the sum of 12,000 *l.*

2. We could not possibly procure our new boats wherewith to commence the contract before the 1st of October; but should their Lordships desire that the service might be taken off their hands on the 1st of April, we would, under the circumstances, perform the work efficiently, by using the steam packets at present on the station, that is, with the "Onyx," "Violet" and "Undine," which would become our own, and by borrowing *pro tem.* Her Majesty's packets "Vivid" and "Princess Alice." The "Garland," we have heard, cannot be used three months longer; the boilers of the "Onyx" are worn out; the "Undine" will require large repairs, and the "Princess Alice" is only available as a spare boat for a short period. We would humbly propose, therefore, to work with five boats until the 1st of May, by which time we shall have the "Onyx," with new boilers, to relieve either the "Vivid" or "Princess Alice," whose services we shall require until the 1st of October.

3. We beg to draw their Lordships' attention to the fact that we stated in our formal tender, that should their Lordships agree to the terms of our purchase for the "Onyx" and "Violet," for the purpose of employing them on the service, we should humbly solicit from the Admiralty the sum of 15,500 *l.* per annum for the contract. We presume, therefore, that their Lordships having accepted the tender for 15,000 *l.* for four years, it is their intention to allow the extra 500 *l.* to form part of the purchase-money for Her Majesty's steam boats. Under such arrangement, the purchase-money for the vessels being 12,000 *l.* (the payments of which we trust their Lordships will permit us to make at the rate of 3,000 *l.* per annum, by quarterly deductions from the 15,500 *l.* per annum), the actual payments on the part of the Admiralty to us for the performance of the contract, will be reduced to 12,500 *l.* per annum, or 3,125 *l.* per quarter.

4. Should their Lordships grant us permission to commence the contract on the 1st of April, we beg to point out that the saving to the Government (irrespective of the convenience to the public service), will be, at least, for the six months to the 1st of October 2,250 *l.*, the estimated cost of the packet service as now performed (exclusive of interest and insurance), being about 20,000 *l.* per annum.

5. We further beg to remark that, inasmuch as by the relinquishment of the mail service at Dover to private contract, the Admiralty will not require the premises now used as offices and storehouses for the packet establishment at Dover, we are willing to engage to rent the same at the rate of 50 *l.* per annum, for the four years' term of the contract, and should there be any coal or other stores remaining on the premises not expended, we would undertake to accept the same at contract price.

Humbly requesting their Lordships' early decision on these propositions,

We have, &c.
(signed) *Henry Jenkins & Co.*

The Secretary of the Admiralty to Messrs. *Jenkins & Co.*

Gentlemen,

Admiralty, 15 February 1854.

In reply to your further proposals of the 8th instant respecting the Dover mail service, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, that they are willing to enter into a contract with you to commence the service on the 1st of April next (by the purchase of Her Majesty's steam vessels "Onyx," "Violet," and "Undine"), at the rate of 15,500 *l.* a year, and that they have given orders for the preparation of the contract, but their Lordships cannot let you the present premises at Dover, as they may very likely be required for Government purposes.

I am, &c.
(signed) *R. Osborne.*

The Secretary of the Admiralty to the Comptroller of Transports.

Comptroller of Victualling,

Admiralty, 15 February 1854.

MESSRS. JENKINGS & Co. having made further proposals respecting the Dover Mail Service, my Lords have informed them they are willing to enter into a contract with them for the commencement of the service on the 1st April next (by the purchase of the "Onyx," "Violet," and "Undine" (at the rate of 15,500 *l.* a year, but they cannot be allowed to

Appendix, No. 2. rent the premises at Dover as they suggest. I send you Messrs. Jenkings' letter for your guidance, and you are to prepare a draft of the contract for approval.

By command of their Lordships,
(signed) *R. Osborne.*

The Secretary of the Admiralty to the Comptroller of Transports.

Comptroller of Victualling,

Admiralty, 16 February 1854.

WITH reference to their Lordships' orders of yesterday relative to the Dover Mail Contract, I send you the following further directions:

The contract is to be drawn in the names of Henry Jenkings and Joseph George Churchward, instead of Henry Jenkings & Co., and their securities are to be Edward Baldwin, Esq., and Charles John Mare, Esq., of Blackwall.

The average speed is to be 13 knots an hour.

The sum to be paid for the "Onyx," "Undine," and "Violet," including the new boilers of the latter, now at Woolwich, is to be 13,000 *l.*, and the service is to commence on the 1st of April next.

By command of their Lordships,
(signed) *R. Osborne.*

The Secretary of the Admiralty to the Secretary of the Post Office.

Sir,

Admiralty 16 February 1854.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of the Postmaster General, that they have agreed to enter into a contract with Messrs. Jenkings & Churchward, of the Esplanade, Dover, and of 10, Essex-street, Strand, for the performance of the mail service between Dover and Calais, and Dover and Ostend, for four years certain, at the rate of 15,500 *l.* per annum, and in order that they may be prepared to commence the service on the 1st of April next, their Lordships have agreed to sell them three of the present mail packets, viz., the "Onyx," "Violet," and "Undine."

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

The Secretary of the Admiralty to the Comptroller of Transports.

Comptroller of Victualling,

Admiralty 10 March 1854.

I RETURN you the draft of the contract for the conveyance of the mails between Dover, Calais, and Ostend, which has been approved, and you may now submit to the contractors.

The papers which accompanied the draft are also returned.

By command of their Lordships,
(signed) *R. Osborne.*

DOVER, CALAIS, AND OSTEND MAIL SERVICE.

ARTICLES, OF AGREEMENT made this 1st day of April in the year of our Lord 1854, 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 Henry Jenkings, of Dover, in the county of Kent, master mariner, and Joseph George Churchward, of Gloucester-road, Brompton, in the county of Middlesex, gentleman, hereinafter designated "the contractors" of the other part.

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 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 at a speed which on the average of the voyages of each vessel during each month shall be not less than 13 knots an hour, 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 Her Majesty's Postmaster General, be required to be conveyed from Dover, in the county of Kent, to Calais, in France, and from Calais aforesaid to Dover aforesaid, and from Dover aforesaid to Ostend

in

Contract with Mr. Henry Jenkings and Mr. Joseph George Churchward.

To convey mails at not less than 13 knots an hour.

Between Dover and Calais and Dover and Ostend.

in Belgium, and from Ostend aforesaid to Dover aforesaid, as hereinafter mentioned, by means of a sufficient number (not less than six) of good, substantial, and efficient steam vessels, each of such vessels being not less than 100 tons register, new measurement, and being supplied and furnished with engines of sufficient horse-power, and with all other necessary equipments, apparel, and appurtenances, and also manned with competent officers, with appropriate certificates) granted pursuant to the Act 13 & 14 Vict. cap. 93, or to the Act or Acts in force for the time being relative to the granting certificates to officers in the merchant service, and with engineers, and a sufficient crew of able seamen and other men, to be in all respects as to vessels, engines, machinery, equipments, engineers, officers, and crew, subject, in the first instance, and from time to time, and at all times afterwards, to the approval of the said Commissioners, and of such persons as shall at any time or from time to time have authority under this contract, or under the said Commissioners, to inspect and examine the same.

By not less than six steam vessels, each being of not less than 100 tons register, new measurement, furnished with engines of sufficient horse power, and manned with competent officers with certificates, under 13 & 14 Vict. c. 93, or other Acts as to certificates. Vessels, &c. to be subject to the approval of Admiralty.

One vessel to be kept as a spare vessel to be used in case of accident,

And another for special service between Dover and Calais or Dover and Ostend.

As to payments for special services.

One vessel to leave Dover every week day for Calais, and another Calais for Dover.

One vessel to leave Dover every alternate week day for Ostend, and another Ostend once every alternate week day for Dover.

Admiralty may alter time of departure on one calendar month's notice.

If contractor fail to provide vessel,

Or vessel do not proceed on her voyage or put back into port (except from stress of weather), contractors to pay 30 l. for any one default, and 10 l. for every hour which elapses (not beyond eight days from such hour) until a vessel proceed to sea.

When payment of sums not to be enforced, and Contractors to pay expenses incurred in having service otherwise performed.

Contractors to provide conveyance of Indian mail from Calais to Dover.

That one of such vessels so equipped and manned as aforesaid shall be kept as a spare vessel, to be used in case of accidents occurring to the others, and one other of such six vessels shall be at all times at the disposal of, and be navigated by the contractors for Her Majesty's Government for the conveyance of despatches or for other special services between Dover and Calais or Dover and Ostend, and shall convey such despatches, and perform such special services between those ports, or any of them for which they are intended, and shall for that purpose be stationed at such one of the beforementioned ports as the said Commissioners may from time to time, or at any time direct, and for each of such voyages for the conveyance of despatches, and for such special services not exceeding in any one year the number of 24 such voyages from port to port, the contractors shall be paid the following sums, in addition to the consideration hereinafter mentioned, that is to say, 6 l. for a voyage between Dover and Calais, and the like sum in addition for the return voyage, if such return voyage be ordered by the said Commissioners, or be necessary for the public service, and 11 l. for the voyage between Dover and Ostend, and the like sum for the return voyage, if such return voyage be ordered by the said Commissioners, or be necessary for the public service; but for such voyages the contractors shall not be entitled to demand any passenger fares from the passengers ordered by the said Commissioners to be conveyed; and if such voyages shall exceed the said number of 24, the contractors shall be paid for each of the voyages exceeding the number of 24, such expenses as they shall show to the satisfaction of the said Commissioners to have been incurred by them for the performance of such voyages.

That one of such vessels, so equipped and manned as aforesaid, shall leave Dover once every week day for Calais, and one other of such vessels shall leave Calais once every week day for Dover, and that one other of such vessels so equipped and manned as aforesaid shall leave Dover once every alternate week day for Ostend, and one other of such vessels shall leave Ostend once every alternate week day for Dover immediately after the arrival of the mail trains at the said ports respectively, and when the mail-bags shall have been put on board, the said Commissioners having the power to alter the time of departure from the said ports respectively, as often as they may consider the exigencies of the public service require them to do so, upon giving to the contractors one calendar month's notice thereof; and in every such case of alteration the said vessels shall start according thereto, and that if the contractors shall at any time during the continuance of this contract fail to provide such steam vessel, or any vessel whatsoever, which they are hereby bound to provide so equipped and manned as aforesaid, ready to put to sea from Dover, Calais, or Ostend, or such vessel should not proceed on her voyage at the time at which the same should leave Dover, Calais, or Ostend, in performance of this contract, or shall put back into port after starting (except from stress of weather) then and so often as there shall be any one of such defaults, the contractors shall and will pay unto Her Majesty, Her heirs and successors, the sum of 30 l., and also a sum of 10 l. for every successive period of one hour which shall elapse (but not beyond a period of eight days from such appointed hour) until one such steam vessel so equipped and manned, shall actually proceed to sea, and continue her voyage with the said mails and despatches, or such despatches, or on any such special service as aforesaid, from Dover, Calais, or Ostend, as the case or default may be; but the payment of such sum or sums shall not be enforced should it be proved to the satisfaction of the said Commissioners that such default arose from circumstances over which the contractors and their servants had not and could not have had any control; but the payment of, or liability to pay the sum or sums last hereinbefore-mentioned, shall not exonerate the contractors from any damages which may accrue, or have accrued, or from any expenses which may arise, or have arisen by the said Commissioners transmitting the said mails and despatches, or such despatches, or having any such special services performed as aforesaid, by other means.

That whenever the Indian Mail shall arrive at Calais too late for the ordinary packet, the contractors shall provide for the immediate conveyance of the same to Dover, in one of the steam vessels to be employed under this contract, or by some other means satisfactory to the said Commissioners, their officers, or agents.

That in every case where the contractors shall not have landed the said mails and despatches in time to be forwarded by the mail railway train appointed to carry them, the said Commissioners shall be at liberty, if they shall think fit, in addition, and without reference to any proceedings they may take thereon, as a breach of the contract to deduct from the payment hereby agreed to be made to the contractors, the sum of 15 l., unless it can

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Admiralty may deduct 15*l.* in every case where mails are not landed in time for mail railway train.

Admiralty may survey vessels, &c.

Vessels, &c., declared unseaworthy, &c., or not adapted for service not to be employed until defect be made good to satisfaction of Admiralty.

If so employed, contractors to pay 100*l.* for every voyage.

If vessels stop, linger, or deviate, contractors in each case to pay 100*l.*

Officer appointed by Admiralty or Postmaster General, to be received on board.

Commanders of vessels, if required, to take charge of, and receive and deliver mails and despatches.

Bond to be entered into by contractors when required by H. M. Postmaster General.

Proper place of deposit for mails and despatches to be provided and boats for their embarkation, &c.

During contract, a sufficient number of steam vessels (not less than six) to be kept in complete repair.

All monies to be paid to Her Majesty considered stipulated damages, and may be deducted from monies payable to contractors or payment enforced.

Payments to contractors.

be shown to the satisfaction of the said Commissioners, that the delay has arisen from weather or other accidental causes over which the contractors or their servants had no control, and for which they are not responsible, and has not been produced by deficiency of speed in the vessel.

That the said Commissioners shall be allowed, and have full power to make a survey by any of their officers or agents, of all and every the said vessels, and of the hulls thereof, and of the engines, machinery, furniture, tackle, apparel, boats, stores, equipments, and the officers, engineers, and crew 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 the same officers or agents unseaworthy, or not fit and proper, or adapted for the service hereby contracted to be performed, any vessel or boat in which such deficiency or unfitness shall appear to the same officers or agents, shall be deemed inefficient for the said service, and shall not be employed or used in the performance of the said service, until such defect or deficiency be made good to the satisfaction of the said Commissioners, and if any such vessel be so employed or used before such defect or deficiency be made good to the satisfaction of the said Commissioners, the contractors shall and will pay to Her Majesty, Her heirs, and successors, the sum of 100*l.* for every voyage of such vessel under this contract.

That all the vessels employed in the performance of this contract, shall, after having put to sea for their respective voyages, with the said mails and despatches on board, make the best of their way to the port or place for which they may be bound, and shall not stop or linger on the voyage, or deviate from the direct course thereof, except for the purpose of saving human life, and that if any such vessel shall stop, linger, or so deviate (except as aforesaid) on her voyage, then, and in every, and in each of such cases, and as often as the same shall happen, the said contractors shall and will pay unto Her Majesty, Her heirs and successors, the sum of 100*l.*

That the contractors shall cause to be received and allowed to remain on board each of the said vessels employed in the performance of this contract, an officer or officers, to be appointed by the said Commissioners, or by Her Majesty's Postmaster General, to have the custody of the said mails and despatches, without any charge being made for his or their accommodation; and should the said Commissioners deem it expedient to place the said mails and despatches in charge of the masters or commanders of the said vessels, or any of them respectively, the said masters or commanders shall, without any charge to the public, take due care of; and the said contractors shall be responsible for the receipt, safe custody, and due delivery, according to their destination, of the said mails and despatches, and the said masters shall and will take the usual Post Office declaration, and furnish such journal returns and information, and perform such services as the said Commissioners may at any time or times require.

That the contractors will, when, and so soon as required by Her Majesty's Postmaster General, enter into a joint and several bond to Her Majesty, Her heirs and successors, in such amount of penal sum as the said Postmaster General shall appoint for the due and punctual conveyance and delivery of the said mails and despatches, by the said contractors, in accordance with the terms of this contract, and for the due and faithful performance of all the other stipulations and agreements contained in this contract, which on the part of the contractors are or ought to be observed and performed; and such bond shall be in addition to the other bond bearing even date herewith, which the said contractors and their sureties are to execute.

That the contractors shall and will provide on board each of the said vessels a convenient, secure, and proper place of deposit, under lock and key, for the said mails and despatches, and suitable boats properly manned and equipped, and whatever else may be necessary for their safe embarkation and disembarkation.

That the contractors shall and will at all times during the continuance of this contract, at their own cost, provide and keep seaworthy, and in complete repair, a sufficient number of good, substantial, and efficient steam vessels, (not less than six) with engines of sufficient horse power to each vessel for the service hereby contracted to be performed, and at the like cost, adequately provide and furnish each and every of the same vessels with all tackle, stores, oil, tallow, fuel, provisions, machinery, engines, anchors, cables, two efficient boats, fire pumps, and other proper means for extinguishing fire, and all other furniture and apparel, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them at all times fully efficient for the said service.

And it is hereby agreed between the parties hereto, and especially by the contractors, that all and every the sums of money hereby stipulated to be paid by the contractors 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 discharged forthwith, each and every of such sum and sums of money so becoming payable and not discharged forthwith, may be deducted and retained by the said Commissioners, out of the monies payable at any time by them or by their direction to the contractors, or the payment thereof enforced as a debt or debts due to Her Majesty, with full costs of suit, as the said Commissioners in their discretion may think fit.

And the said Commissioners, in consideration of the premises and of the contractors, their officers, servants, and agents, at all times strictly and punctually performing the covenants and agreements hereby entered into by the contractors, do, for and on behalf of Her Majesty, Her heirs and successors, agree with the contractors, that they the said Commissioners,

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sioners, on behalf of Her Majesty, will pay or cause to be paid to the contractors, by bills at sight, payable by Her Majesty's Paymaster General, a sum after the rate of 15,500 *l.* per annum by quarterly payments, and with a proportionate part thereof; should this contract terminate on any other day than a day of payment, the first of such quarterly payments to be made at the expiration of three calendar months from the commencement of the service under this contract.

And it is hereby agreed that this contract shall commence on the day of the date hereof, and shall continue in force until the 1st day of October 1858; and shall then determine, if either of the parties shall have given to the other of them 12 calendar months' previous notice in writing of its being their intention that the same should so determine; but if any such notice should not be given, this contract is to continue in force after the said 1st day of October 1858, until the expiration of a 12 calendar months' notice in writing shall be given by either of the said parties to the other of them that the same shall determine, and which last-mentioned notice may be given at any time after the 1st day of October 1857; and at the expiration of such notice this contract shall determine accordingly, but not so as to prevent either of the said parties availing themselves thereof for recovering any sum of money or damages, should there have been any breach of the contract previously to the determination of the same.

And it is hereby further agreed and provided, that the contractors 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 whatever of this contract, on the part of the contractors, it shall be lawful for the said Commissioners (if they think fit), by writing, under their hands or under the hand of their Secretary, to determine this contract, without any previous notice to the contractors or their agents, nor shall the contractors be entitled to any compensation in consequence of such determination.

And it is also agreed that the notices or directions which the said Commissioners, their Secretary, or officers, are hereby authorised and empowered to give to the contractors, their officers, servants, or agents, may, at the option of the said Commissioners, their Secretary, or officers, be either delivered to the master commander, or any other officer, agent, or servant, in the charge or management of any one of the said vessels, to be or while employed in the performance of this contract, or left for the contractors at their office in London, or at their or one of their last known places of business or abode, and any notices or directions so given or left shall be binding on the contractors.

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 the 3d, 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 of Commons," it is hereby expressly declared and agreed, and these presents are upon this express condition, that no Member of the House of Commons is, or shall be, admitted to any share or part of this agreement, or to any benefit to arise therefrom.

And, lastly, for the due and faithful performance of all and singular the covenants, conditions, provisos, clauses, articles, and agreements hereinbefore contained, which, on the part and behalf of the contractors are or ought to be observed, performed, fulfilled, or kept, the contractors do hereby bind themselves, their heirs, and executors, and administrators, and each and every of them doth hereby bind himself, his heirs, executors and administrators, unto our Sovereign Lady the Queen, in the sum of 4,000 *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 and the contractors, in case of the failure of the contractors in the due execution of this agreement, 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.

Contract to commence on 1st April 1854, and continue until 1st October 1858, and then determine if 'Twelve Calendar Months' Notice by either Party, but, if no notice, contract to continue after 1st October 1858, until expiration of Twelve Calendar Months' Notice to be given at any time after the 1st October 1857.

Contract not to be assigned, &c.

In case of assignment or other breach, Admiralty may determine contract without previous notice.

As to services of notices.

No M. P. to share in agreement.

Contractors bound in 4,000 *l.* for performance of contract.

Signed, sealed, and delivered, in the presence of
John Doutry.

Alex. Milne (L. s.)
W. Cowper (L. s.)
Hy. Jenkins (L. s.)
J. G. Churchward (L. s.)

Packet Department, Admiralty, }
22 July 1859.

Waller Clifton.

Appendix, No. 3. - - - - -

RETURN of EXTENSIONS and RENEWALS of OVER-SEA - - - - -

ORIGINAL CONTRACTS; OR - - - - -

LINE of PACKETS.	DATE OF CONTRACT.			Amount of Subsidy.	Rate per Mile.	Nature of Service to be performed.
	When made.	When Commenced.	When Terminable.			
Dover, Calais, and Ostend.	1 April 1854 -	1 April 1854 -	1 Oct. 1858 -	<i>Per Annum.</i> 15,500 <i>l.</i>	£. s. d. - 9 6	To convey mails at 13 knots an hour between Dover and Calais each way, daily, and between Dover and Ostend, alternate days.
West Coast of Africa	29 Jan. 1852 -	1 Sept. 1852 -	1 Sept. 1862 -	average 21,000 <i>l.</i>	- 3 6½	By screw-steamers of 220-horse power, to convey mails, monthly, between Devonport and Fernando Po, calling at Madeira, Teneriffe, and 12 ports on the coast.
Pacific - - -	29 Aug. 1845	- - -	1 April 1852 -	20,000 <i>l.</i>	- -	Monthly communication between Panama and Callao by four steamers of not less than 150-horse power.
	23 Sept. 1850	1 April 1852 -	1 April 1859 -	25,000 <i>l.</i>	- 3 10	Semi-monthly service (calling at 12 ports) between Panama and Valparaiso, by means of not less than six steamers of 170-horse power.
West Indies - -	5 July 1850 -	1 Jan. 1851 -	1 Jan. 1862 -	270,000 <i>l.</i>	- 9 10	Conveyance of West India, Mexican, and Brazil mails; West Indies, semi-monthly; Mexican and Brazil, monthly. Service not to exceed 547,296 nautical miles.
North America -	1 Jan. 1852 -	1 Jan. 1852 -	1 Jan. 1862 -	173,340 <i>l.</i>	- 11 4½	Weekly service between Liverpool, Halifax, and Boston, and Liverpool and New York.

Packet Department, Admiralty, }
23 July 1859. }

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POSTAL CONTRACTS entered into since the Year 1853.

IN FORCE IN 1854.	EXTENSIONS.					
PENALTIES.	Extension or Renewal, when made.	Remaining Term of previous Contract.	Period of Extension.	Date when Terminable.	Subsidy.	GROUNDS FOR EXTENSION.
Not providing vessel; not proceeding, or putting back - } 30 l., and 10 l. for each successive hour of such default. Packet not in time for train, 15 l. Employing inefficient vessel, stopping, or lingering, 100 l. Bond, 4,000 l.	20 May 1855	Yrs. m. d. 3 4 6	Yrs. m. d. 4 8 25	20 June 1863	as before	To provide new vessel and improve the service.
Not providing efficient vessel, lingering, or putting back, 100 l. Not making good defects, or employing inefficient vessel, 200 l. Bond, 2,000 l.	26 Apr. 1859	4 2 0	6 10 0	26 April 1870	18,000 l.	To provide 12 voyages for distinguished persons, free of charge. To convey India and Australian mails by special boats. To pay all harbour dues, boat-hire, &c. at Calais, now paid by Admiralty. To provide a small steamer at Calais for landing mails, and build a new vessel. Service to be improved.
For stopping, lingering, putting back, &c., 500 l.; and 500 l. for every successive 12 hours' delay. Bond, 3,500 l.	7 July 1858 to commence 24 Sept. 1858	4 2 1	3 0 23	24 Sept. 1865	30,000 l.	Four screw steamers of 250-horse power; two of 150-horse power, and one of 100-horse power. General improvement and re-arrangement of service; 22 ports of call on the main line, six on inter-colonial line.
For every 12 hours' delay in starting from England, 500 l. Ditto ditto from any other port, 200 l. Bond, 50,000 l.	13 Nov. 1850	-	1 0 0	1 April 1860		
For stopping, lingering, &c., 100 l. For every 12 hours' delay in starting, 500 l. Bond, 30,000 l.	6 April 1858	2 0 0	5 0 0	1 April 1865	25,000 l. as before.	Two new packets of not less than 260-horse power to be provided. The other vessels to be of similar power, excepting one to be of 220-horse power instead of 170-horse power, as before. Bond increased to 4,000 l. Service generally improved.
For every 12 hours' delay in starting from England, 500 l. Ditto ditto from any other port, 200 l. Bond, 50,000 l.	25 Feb. 1858	3 10 0	2 0 0	1 Jan. 1864	270,000 l. as before.	Acceleration of service; three new vessels for transatlantic service, not less than 3,000 tons, and engines of 800-horse power, and one of 1,000 tons, and 250-horse power for Brazil line. Sorting accommodation to be provided on board packets.
For stopping, lingering, &c., 100 l. For every 12 hours' delay in starting, 500 l. Bond, 30,000 l.	24 June 1858	3 6 22	5 0 0	1 Jan. 1867	176,340 l., being 3,000 l. for service to Bahamas.	Additional vessel for Nassau service, and further improvement of main line.

Waller Clifton,
Packet Department.

Appendix, No. 3.

DOVER, CALAIS, AND OSTEND MAIL SERVICE.

ARTICLES of AGREEMENT, made this 1st day of April, in the year of our Lord 1854, 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 Henry Jenkins, of Dover, in the county of Kent, master mariner, and Joseph George Churchward, of Gloucester-road, Brompton, in the county of Middlesex, gentleman, hereinafter designated "the contractors," of the other part,

Contract with Mr. Henry Jenkins and Mr. Joseph George Churchward

To convey mails at not less than 13 knots an hour

Between Dover and Calais, and Dover and Ostend, By not less than six steam-vessels, each being of not less than 100 tons register, new measurement, furnished with engines of sufficient horse power, And manned with competent officers with certificates, under 13 & 14 Vict. c. 93, or other Acts as to certificates. Vessels, &c. to be subject to the approval of Admiralty.

One vessel to be kept as a spare vessel, to be used in case of accident,

And another for special service between Dover and Calais, or Dover and Ostend.

As to payments for special services.

One vessel to leave Dover every week-day for Calais, and another Calais for Dover. One vessel to leave Dover every alternate week-day for Ostend, and another Ostend once every alternate week-day for Dover. Admiralty may alter time of departure on one calendar month's notice. If contractor fail to provide vessel,

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 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 at a speed which on the average of the voyages of each vessel during each month shall be not less than 13 knots an hour, 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 Her Majesty's Postmaster General, be required to be conveyed from Dover, in the county of Kent, to Calais in France, and from Calais aforesaid to Dover aforesaid, and from Dover aforesaid to Ostend in Belgium, and from Ostend aforesaid to Dover aforesaid, as hereinafter mentioned, by means of a sufficient number (not less than six) of good, substantial, and efficient steam vessels, each of such vessels being of not less than 100 tons register, new measurement, and being supplied and furnished with engines of sufficient horse power, and with all other necessary equipments, apparel and appurtenances, and also manned with competent officers with appropriate certificates, granted pursuant to the Act 13 & 14 Vict. c. 93, or to the Act or Acts in force for the time being relative to the granting certificates to officers in the merchant service, and with engineers and a sufficient crew of able seamen and other men, to be in all respects as to vessels, engines, machinery, equipments, engineers, officers and crew, subject in the first instance and from time to time and at all times afterwards to the approval of the said Commissioners, and of such persons as shall at any time or from time to time have authority under this contract, or under the said Commissioners, to inspect and examine the same.

That one of such vessels, so equipped and manned as aforesaid, shall be kept as a spare vessel to be used in case of accidents occurring to the others, and one other of such six vessels shall be at all times at the disposal of and be navigated by the contractors for Her Majesty's Government for the conveyance of despatches, or for other special services between Dover and Calais or Dover and Ostend, and shall convey such despatches and perform such special services between those ports or any of them for which they are intended, and shall for that purpose be stationed at such one of the before-mentioned ports as the said Commissioners may from time to time, or at any time direct; and for each of such voyages for the conveyance of despatches, and for such special services, not exceeding in any one year the number of 24 such voyages from port to port, the contractors shall be paid the following sums, in addition to the consideration hereinafter mentioned; that is to say, 6*l.* for a voyage between Dover and Calais, and the like sum in addition for the return voyage if such return voyage be ordered by the said Commissioners, or be necessary for the public service, and 11*l.* for the voyage between Dover and Ostend, and the like sum for the return voyage, if such return voyage be ordered by the said Commissioners or be necessary for the public service; but for such voyages the contractors shall not be entitled to demand any passenger fares from the passengers ordered by the said Commissioners to be conveyed; and if such voyages shall exceed the said number of 24, the contractors shall be paid for each of the voyages exceeding the number of 24 such expenses as they shall show to the satisfaction of the said Commissioners to have been incurred by them for the performance of such voyages.

That one of such vessels so equipped and manned as aforesaid shall leave Dover once every week-day for Calais, and one other of such vessels shall leave Calais once every week-day for Dover, and that one other of such vessels, so equipped and manned as aforesaid, shall leave Dover once every alternate week-day for Ostend, and one other of such vessels shall leave Ostend once every alternate week-day for Dover immediately after the arrival of the mail trains at the said ports respectively, and when the mail bags shall have been put on board, the said Commissioners having the power to alter the time of departure from the said ports respectively, as often as they may consider the exigencies of the public service require them to do so, upon giving to the contractors one calendar month's notice thereof; and in every such case of alteration the said vessels shall start according thereto; and that if the contractors shall at any time during the continuance of this contract fail to provide such steam vessel or any vessel whatsoever which they are hereby bound to provide, so equipped and manned as aforesaid, ready to put to sea from Dover, Calais or Ostend, or such

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such vessel should not proceed on her voyage at the time at which the same should leave Dover, Calais or Ostend in performance of this contract, or shall put back into port after starting (except from stress of weather), then and so often as there shall be any one of such defaults the contractors shall and will pay unto Her Majesty, Her heirs and successors, the sum of 30*l.*, and also a sum of 10*l.* for every successive period of one hour which shall elapse (but not beyond a period of eight days from such appointed hour) until one such steam vessel so equipped and manned shall actually proceed to sea and continue her voyage with the said mails and despatches, or such despatches, or on any such special service as aforesaid from Dover, Calais or Ostend, as the case or default may be; but the payment of such sum or sums shall not be enforced should it be proved to the satisfaction of the said Commissioners that such default arose from circumstances over which the contractors and their servants had not and could not have had any control; but the payment of or liability to pay the sum or sums last hereinbefore mentioned, shall not exonerate the contractors from any damages which may accrue or have accrued, or from any expenses which may arise or have arisen by the said Commissioners transmitting the said mails and despatches or such despatches, or having any such special services performed as aforesaid by other means.

That whenever the Indian mail shall arrive at Calais too late for the ordinary packet, the contractors shall provide for the immediate conveyance of the same to Dover in one of the steam vessels to be employed under this contract, or by some other means satisfactory to the said Commissioners, their officers or agents.

That in every case where the contractors shall not have landed the said mails and despatches in time to be forwarded by the mail railway train appointed to carry them, the said Commissioners shall be at liberty, if they shall think fit, in addition and without reference to any proceedings they may take thereon as a breach of the contract, to deduct from the payment hereby agreed to be made to the contractors the sum of 15 *l.*, unless it can be shown to the satisfaction of the said Commissioners that the delay has arisen from weather or other accidental causes over which the contractors or their servants had no control, and for which they are not responsible, and has not been produced by deficiency of speed in the vessel.

That the said Commissioners shall be allowed and have full power to make a survey by any of their officers or agents, of all and every the said vessels and of the hulls thereof, and of the engines, machinery, furniture, tackle, apparel, boats, stores, equipments, and the officers, engineers and crew 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 the same officers or agents unseaworthy, or not fit and proper or adapted for the service hereby contracted to be performed, any vessel or boat in which such deficiency or unfitness shall appear to the same officers or agents shall be deemed inefficient for the said service, and shall not be employed or used in the performance of the said service until such defect or deficiency be made good to the satisfaction of the said Commissioners; and if any such vessel be so employed or used before such defect or deficiency be made good to the satisfaction of the said Commissioners, the contractors shall and will pay to Her Majesty, Her heirs and successors, the sum of 100 *l.* for every voyage of such vessel under this contract.

That all the vessels employed in the performance of this contract shall, after having put to sea for their respective voyages with the said mails and despatches on board, make the best of their way to the port or place for which they may be bound, and shall not stop or linger on the voyage or deviate from the direct course thereof except for the purpose of saving human life; and that if any such vessel shall stop, linger or so deviate (except as aforesaid) on her voyage, then and in every and in each of such cases, and as often as the same shall happen, the said contractors shall and will pay unto Her Majesty, Her heirs and successors, the sum of 100 *l.*

That the contractors shall cause to be received and allowed to remain on board each of the said vessels employed in the performance of this contract, an officer or officers to be appointed by the said Commissioners or by Her Majesty's Postmaster General, to have the custody of the said mails and despatches, without any charge being made for his or their accommodation; and should the said Commissioners deem it expedient to place the said mails and despatches in charge of the masters or commanders of the said vessels, or any of them respectively, the said masters or commanders shall, without any charge to the public, take due care of, and the said contractors shall be responsible for the receipt, safe custody and due delivery, according to their destination, of the said mails and despatches; and the said masters shall and will take the usual Post Office declaration, and furnish such journal returns and information, and perform such services as the said Commissioners may at any time or times require.

That the contractors will, when and so soon as required by Her Majesty's Postmaster General, enter into a joint and several bond to Her Majesty, Her heirs and successors, in such amount of penal sum as the said Postmaster General shall appoint, for the due and punctual conveyance and delivery of the said mails and despatches by the said contractors in accordance with the terms of this contract, and for the due and faithful performance of all the other stipulations and agreements contained in this contract which on the part of the contractors are or ought to be observed and performed, and such bond shall be in addition

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Or vessel do not proceed on her voyage, or put back into port (except from stress of weather), contractors to pay 30*l.* for any one default, and 10 *l.* for every hour which elapses (not beyond eight days from such hour) until a vessel proceed to sea. When payment of sums not to be enforced, and contractors to pay expenses incurred in having service otherwise performed.

Contractors to provide conveyance of Indian mail from Calais to Dover.

Admiralty may deduct 15*l.* in every case where mails are not landed in time for mail railway train.

Admiralty may survey vessels, &c.

Vessel, &c., declared unseaworthy, &c., or not adapted for service, not to be employed until defect be made good to satisfaction of Admiralty.

If so employed, contractors to pay 100*l.* for every voyage.

If vessels stop, linger, or deviate, contractors in each case to pay 100*l.*

Officer appointed by Admiralty or Postmaster General to be received on board.

Commanders of vessels required to take charge of and receive and deliver mails and despatches.

Bond to be entered into by contractors when required by H.M. Postmaster General.

Appendix, No. 3. to the other bond bearing even date herewith which the said contractors and their sureties are to execute.

Proper place of deposit for mails and despatches to be provided and boats for their embarkation, &c.

That the contractors shall and will provide on board each of the said vessels a convenient, secure and proper place of deposit under lock and key for the said mails and despatches, and suitable boats properly manned and equipped, and whatever else may be necessary for their safe embarkation and disembarkation.

During contract, a sufficient number of steam vessels (not less than six) to be kept in complete repair.

That the contractors shall and will at all times during the continuance of this contract, at their own cost, provide and keep, seaworthy and in complete repair, a sufficient number of good, substantial and efficient steam vessels (not less than six), with engines of sufficient horse-power to each vessel for the service hereby contracted to be performed, and at the like cost adequately provide and furnish each and every of the same vessels with all tackle, stores, oil, tallow, fuel, provisions, machinery, engines, anchors, cables, two efficient boats, fire-pumps and other proper means for extinguishing fire, and all other furniture and apparel and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them at all times fully efficient for the said service.

All monies to be paid to Her Majesty considered stipulated damages, and may be deducted from monies payable to contractors, or payment enforced.

And it is hereby agreed between the parties hereto and especially by the contractors that all and every the sums of money hereby stipulated to be paid by the contractors 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 discharged forthwith, each and every of such sum and sums of money so becoming payable and not discharged forthwith may be deducted and retained by the said Commissioners out of the monies payable at any time by them, or by their direction, to the contractors, or the payment thereof enforced as a debt or debts due to Her Majesty, with full costs of suit as the said Commissioners in their discretion may think fit.

Payments to contractors.

And the said Commissioners, in consideration of the premises and of the contractors, their officers, servants, and agents, at all times strictly and punctually performing the covenants and agreements hereby entered into by the contractors, do, for and on behalf of Her Majesty, Her heirs and successors, agree with the contractors that they the said Commissioners, on behalf of Her Majesty, will pay or cause to be paid to the contractors, by bills at sight, payable by Her Majesty's Paymaster General, a sum after the rate of 15,500*l.* per annum, by quarterly payments, and with a proportionate part thereof, should this contract terminate on any other day than a day of payment, the first of such quarterly payments to be made at the expiration of three calendar months from the commencement of the service under this contract.

Contract to commence on 1st April 1854, and continue until 1st October 1858, and then determine if 12 calendar months' notice by either party, but if no notice, contract to continue after 1st October 1858, until expiration of 12 calendar months' notice, to be given at any time after the 1st October 1857.

And it is hereby agreed that this contract shall commence on the day of the date hereof, and shall continue in force until the first day of October 1858, and shall then determine if either of the parties shall have given to the other of them 12 calendar months' previous notice, in writing, of its being their intention that the same should so determine; but if any such notice should not be given, this contract is to continue in force after the said first day of October 1858 until the expiration of a 12 calendar months' notice, in writing, shall be given by either of the said parties to the other of them that the same shall determine, and which last-mentioned notice may be given at any time after the first day of October 1857; and at the expiration of such notice this contract shall determine accordingly, but not so as to prevent either of the said parties availing themselves thereof for recovering any sum of money or damages, should there have been any breach of the contract previously to the determination of the same.

Contract not to be assigned, &c.

And it is hereby further agreed and provided that the contractors 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 whatever of this contract on the part of the contractors, it shall be lawful for the said Commissioners (if they think fit), by writing, under their hands, or under the hand of their secretary, to determine this contract, without any previous notice to the contractors, or their agents, nor shall the contractors be entitled to any compensation in consequence of such determination.

In case of assignment or other breach, Admiralty may determine contract without previous notice.

As to services of notices.

And it is also agreed that the notices or directions which the said Commissioners, their secretary or officers, are hereby authorised and empowered to give to the contractors, their officers, servants, or agents, may, at the option of the said Commissioners, their secretary or officers, be either delivered to the master commander, or any other officer, agent, or servant in the charge or management of any one of the said vessels to be, or while employed in the performance of this contract, or left for the contractors at their office in London, or at their, or one of their last known places of business or abode, and any notices or directions so given or left shall be binding on the contractors.

No M. P. to share in agreement.

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 the Third, 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 of Commons," it is hereby expressly declared and agreed, and these presents are upon this express condition, that no Member of the House of Commons is or shall be admitted to any share or part of this agreement, or to any benefit to arise therefrom.

And

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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 are, or ought to be observed, performed, fulfilled, or kept, the contractors do hereby bind themselves, their heirs, and executors, and administrators, and each and every of them doth hereby bind himself, his heirs, executors, and administrators, unto our Sovereign Lady the Queen in the sum of 4,000 *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 and the contractors, in case of the failure of the contractors in the due execution of this agreement, 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.

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Contractors bound in 4,000 *l.* for performance of contract.

Alexr. Milne, (L.S.)
W. Cowper (L.S.)
Hy. Jenkins (L.S.)
J. G. Churchward (L.S.)

Signed, sealed, and delivered in the presence of,

Jno. Doutty.

DOVER, CALAIS, AND OSTEND.

ARTICLES of AGREEMENT made this 20th day of June, in the year of our Lord 1855, 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 first part, and Joseph George Churchward, of Lombard-street, in the city of London, gentleman, hereinafter designated "the contractor" of the second part, and the said Joseph George Churchward, and Henry Jenkins, of Dover, in the county of Kent, master mariner of the third part,

WITNESS, that in consideration of the payments hereinafter stipulated to be made to the contractor, the contractor doth for himself, his heirs, executors, and administrators hereby covenant, promise, and agree to and with the said Commissioners, that he the contractor, his 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 at a speed which on the average of the voyages of each vessel during each month shall be not less than 13 knots an hour, 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 Her Majesty's Postmaster General be required to be conveyed from Dover, in the county of Kent, to Calais in France, and from Calais aforesaid to Dover aforesaid, and from Dover aforesaid to Ostend, in Belgium, and from Ostend aforesaid to Dover aforesaid, as hereinafter mentioned, by means of a sufficient number (not less than six) of good substantial and efficient steam-vessels, each of such vessels being of not less than 100 tons register, new measurement, and being supplied and furnished with engines of sufficient horse-power, and with all other necessary equipments, apparel, and appurtenances, and also manned with competent officers, with appropriate certificates granted pursuant to the Act 17 & 18 Vict. c. 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 with engineers and a sufficient crew of able seamen and other men, to be in all respects as to vessels, engines, machinery, equipments, engineers' officers and crew, subject in the first instance, and from time to time, and at all times afterwards to the approval of the said Commissioners, and of such persons as shall at any time, or from time to time have authority under this contract, or under the said Commissioners, to inspect and examine the same.

That one of such vessels so equipped and manned as aforesaid, shall be kept as a spare vessel to be used in case of accidents occurring to the others, and one other of such six vessels shall be at all times at the disposal of and be navigated by the contractor for Her Majesty's Government for the conveyance of despatches, or for other special services, between Dover and Calais, or Dover and Ostend; and shall convey such despatches, and perform such special services between those ports, or any of them for which they are intended, and shall for that purpose be stationed at such one of the before-mentioned ports as the said Commissioners may from time to time, or at any time direct, and for each of such voyages for the conveyance of despatches, and for such special services not exceeding in any one year the number of 24 such voyages from port to port; the contractor shall be paid the following sums in addition to the consideration hereinafter mentioned; that is to say, 6 *l.* for a voyage between Dover and Calais, and the like sum in addition for the return voyage, if such return voyage be ordered by the said Commissioners, or be necessary for the public service; and 11 *l.* for the voyage between Dover and Ostend, and the like sum for the return voyage, if such return voyage be ordered by the said Commissioners, or be necessary for the public service; but for such voyages the contractor shall not be entitled to demand any passenger fares from the passengers ordered by the said Commissioners to be conveyed,

Appendix, No. 3. conveyed, and if such voyages shall exceed the said number of 24, the contractor shall be paid for each of the voyages exceeding the number of 24, such expenses as he shall show to the satisfaction of the said Commissioners to have been incurred by him for the performance of such voyage.

That one of such vessels so equipped and manned as aforesaid, shall leave Dover once every week-day for Calais, and one other of such vessels shall leave Calais once every week-day for Dover, and that one other of such vessels so equipped and manned as aforesaid, shall leave Dover once every alternate week-day for Ostend, and one other of such vessels shall leave Ostend once every alternate week-day for Dover immediately after the arrival of the mail trains at the said ports respectively; and when the mail bags shall have been put on board, the said Commissioners having the power to alter the time of departure from the said ports respectively as often as they may consider the exigencies of the public service require them to do so upon giving to the contractor one calendar month's notice thereof, and in every such case of alteration, the said vessels shall start according thereto; and that if the contractor shall at any time during the continuance of this contract, fail to provide such steam-vessel or any vessel whatsoever, which he is hereby bound to provide so equipped and manned as aforesaid, ready to put to sea from Dover, Calais, or Ostend, or such vessel should not proceed on her voyage at the time at which the same should leave Dover, Calais, or Ostend, in performance of this contract, or shall put back into port after starting (except from stress of weather), then and so often as there shall be any one of such defaults, the contractor shall and will pay unto Her Majesty, Her heirs, and successors, the sum of 30*l.*, and also a sum of 10*l.* for every successive period of one hour which shall elapse (but not beyond a period of eight days from such appointed hour), until one such steam vessel so equipped and manned shall actually proceed to sea, and continue her voyage with the said mails and despatches, or such despatches, or on any such special service as aforesaid, from Dover, Calais, or Ostend, as the case or default may be; but the payment of such sum or sums shall not be enforced, should it be proved to the satisfaction of the said Commissioners that such default arose from circumstances over which the contractor and his servants had not and could not have had any control; but the payment of, or liability to pay the sum or sums last hereinbefore mentioned, shall not exonerate the contractor from any damages which may accrue or have accrued, or from any expenses which may arise or have arisen by the said Commissioners transmitting the said mails and despatches or such despatches, or having any such special services performed as aforesaid by other means.

That whenever the Indian mail shall arrive at Calais too late for the ordinary packet, the contractor shall provide for the immediate conveyance of the same to Dover in one of the steam vessels to be employed under this contract, or by some other means satisfactory to the said Commissioners, their officers or agents.

That in every case where the contractor shall not have landed the said mails and despatches in time to be forwarded by the mail railway train appointed to carry them, the said Commissioners shall be at liberty, if they shall think fit, in addition and without reference to any proceedings they may take thereon as a breach of contract, to deduct from the payments hereby agreed to be made to the contractor the sum of 15*l.*, unless it can be shown to the satisfaction of the said Commissioners that the delay has arisen from weather or other accidental causes over which the contractor or his servants had no control, and for which they are not responsible, and has not been produced by deficiency of speed in the vessel.

That the said Commissioners shall be allowed and have full power to make a survey by any of their officers or agents of all and every the said vessels, and of the hulls thereof, and of the engines, machinery, furniture, tackle, apparel, boats, stores, equipments, and the officers, engineers, and crew 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 such survey be declared by the same officers or agents unseaworthy, or not fit and proper, or adapted for the service hereby contracted to be performed, any vessel or boat in which such deficiency or unfitness shall appear to the same officers or agents shall be deemed inefficient for the said service, and shall not be employed or used in the performance of the said service until such defect or deficiency be made good to the satisfaction of the said Commissioners; and if any such vessel be so employed or used before such defect or deficiency be made good to the satisfaction of the said Commissioners, the contractor shall and will pay to Her Majesty, Her heirs and successors, the sum of 100*l.* for every voyage of such vessel under this contract.

That all the vessels employed in the performance of this contract shall, after having put to sea for their respective voyages with the said mails and despatches on board, make the best of their way to the port or place for which they may be bound, and shall not stop or linger on the voyage, or deviate from the direct course thereof, except for the purpose of saving human life; and that if any such vessel shall stop, linger, or so deviate (except as aforesaid) on her voyage, then and in every and in each of such cases, and as often as the same shall happen, the said contractor shall and will pay unto Her Majesty, Her heirs and successors, the sum of 100*l.*

That the contractor shall cause to be received and allowed to remain on board each of the said vessels employed in the performance of this contract an officer or officers to be appointed

appointed by the said Commissioners, or by Her Majesty's Postmaster General, to have the custody of the said mails and despatches, without any charge being made for his or their accommodation; and should the said Commissioners deem it expedient to place the said mails and despatches in charge of the masters or commanders of the said vessels, or any of them respectively, the said masters or commanders shall, without any charge to the public, take due care of, and the said contractor shall be responsible for the receipt, safe custody, and due delivery, according to their destination, of the said mails and despatches; and the said masters shall and will take the usual Post Office declaration, and furnish such journal, returns, and information, and perform such services as the said Commissioners may at any time or times require.

That the contractor will when and so soon as required by Her Majesty's Postmaster General enter into a joint and several bond to Her Majesty, Her heirs and successors, in such amount of penal sum as the said Postmaster General shall appoint for the due and punctual conveyance and delivery of the said mails and despatches by the said contractor in accordance with the terms of this contract, and for the due and faithful performance of all the other stipulations and agreements contained in this contract, which on the part of the contractor is or ought to be observed and performed; and such bond shall be in addition to the other bond, bearing even date herewith, which the said contractor and his sureties are to execute.

That the contractor shall and will provide on board each of the said vessels a convenient, secure, and proper place of deposit, under lock and key, for the said mails and despatches, and suitable boats properly manned and equipped, and whatever else may be necessary for their safe embarkation and disembarkation.

That the contractor shall and will at all times during the continuance of this contract, at his own cost, provide and keep seaworthy, and in complete repair, a sufficient number of good, substantial, and efficient steam vessels (not less than six), with engines of sufficient horse power to each vessel, for the service hereby contracted to be performed, and at the like cost adequately provide and furnish each and every of the same vessels with all tackle, stores, oil, tallow, fuel, provisions, machinery, engines, anchors, cables, two efficient boats, fire-pumps, and other proper means for extinguishing fire, and all other furniture and apparel, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them at all times fully efficient for the said service.

And it is hereby agreed between the parties hereto and especially by the contractor, that all and every the sums of money hereby stipulated to be paid by the contractor 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 discharged forthwith, each and every of such sum and sums of money so becoming payable, and not discharged forthwith, may be deducted and retained by the said Commissioners out of the moneys payable at any time by them or by their direction to the contractor, or the payment thereof enforced as a debt or debts due to Her Majesty, with full costs of suit, as the said Commissioners in their discretion may think fit.

And the said Commissioners, in consideration of the premises, and of the contractor, his officers, servants, and agents; at all times strictly and punctually performing the covenants and agreements hereby entered into by the contractor, do for and on behalf of Her Majesty, Her heirs and successors, agree with the contractor that they the said Commissioners, on behalf of Her Majesty, will pay or cause to be paid to the contractor, 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 15,500*l.* per annum, by quarterly payments, and with a proportionate part thereof, should this contract terminate on any other day than a day of payment; the first of such quarterly payments to be made at the expiration of three calendar months from the commencement of the service under this contract.

And it is hereby agreed that this contract shall commence on the day of the date hereof, and shall continue in force until the 20th day of June 1863, and shall then determine if either of the parties shall have given to the other of them twelve calendar months' previous notice in writing of its being their intention that the same should so determine; but if any such notice should not be given, this contract is to continue in force after the said 20th day of June 1863, until the expiration of a twelve calendar months' notice in writing shall be given by either of the said parties to the other of them that the same shall determine, and which last-mentioned notice may be given at any time after the 20th day of June 1862; and at the expiration of such notice this contract shall determine accordingly, but not so as to prevent either of the said parties availing themselves thereof for recovering any sum of money or damages, should there have been any breach of the contract previously to the determination of the same.

And it is hereby agreed that the contract bearing date on or about the 1st day of April 1854, and made 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 the said Henry Jenkins and Joseph George Churchward, of the other part, for conveying Her Majesty's mails from Dover, in the county of Kent, to Calais in France, and from Calais aforesaid to Dover aforesaid, and from Dover aforesaid to Ostend

Appendix, No. 3. in Belgium, and from Ostend aforesaid to Dover aforesaid, shall be deemed and be considered to be and is hereby terminated and annulled.

And the said Joseph George Churchward doth hereby for himself, his heirs, executors and administrators, covenant and agree to and with the said Commissioners, their successors in office and assigns, that the said Joseph George Churchward, his executors and administrators, shall and will, during the continuance of this contract, pay all harbour passing tonnage, and other tolls and dues which may during such period be legally charged, or payable and recoverable at Dover or other ports of the United Kingdom upon the packets employed by or on behalf of the French and Belgium Governments, or either of them, in conveying mails and despatches to and from England, and shall and will, at the costs of the said Joseph George Churchward, his executors or administrators, land and embark such mails and despatches at Dover when intended to be landed at or shipped from that port. And further, that he, the said Joseph George Churchward, shall and will indemnify Her Majesty, Her heirs and successors, and the said Commissioners, from and against all such tolls and dues, and all other payments heretofore made by or on behalf of Her Majesty, in respect of the mail packets plying to and from Dover, and from and against the payment thereof, and all costs, charges, damages, and expenses in respect thereof, or relating thereto, Her Majesty, Her heirs and successors, holding the said contractor harmless and indemnified against all harbour passing tonnage, and other tolls and dues which during such period as aforesaid shall be legally charged or paid at Calais and Ostend, or either of those ports, or any other ports of France and Belgium, or either of them, upon packets employed by or on behalf of the English Government in conveying mails and despatches to and from Calais and Ostend, or either of those ports, and from all costs in landing or embarking such mails and despatches at such last-mentioned ports, or either of them. And it is hereby further agreed and provided, that the contractor 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 whatever of this contract on the part of the contractor, it shall be lawful for the said Commissioners, (if they think fit) by writing under their hands or under the hands of their Secretary, to determine this contract without any previous notice to the contractor or his agents, nor shall the contractor be entitled to any compensation in consequence of such determination.

And it is also agreed, that the notices or directions which the said Commissioners, their Secretary or officers are hereby authorised and empowered to give to the contractor, his officers, servants, or agents, may at the option of the said Commissioners, their Secretary or officers, be either delivered to the master, commander, or any other officer, or agent, or servant, in the charge or management of any one of the said vessels, to be or while employed in the performance of this contract, or left for the contractor at his office in London, or at his or one of his last known places of business or abode, and any notices or directions so given or left shall be binding on the contractor.

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 the Third, 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 of Commons," it is hereby expressly declared and agreed, and these presents are upon this express condition, that no Member of the House of Commons is or shall be admitted to any share or part of this agreement, or to any benefit to arise therefrom.

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 contractor are, or ought to be observed, performed, fulfilled or kept, the contractor doth hereby bind himself, his heirs, and executors, and administrators, unto our Sovereign Lady the Queen, in the sum of 4,000*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 and the contractor in case of the failure of the contractor in the due execution of this agreement, 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.

Peter Richards. (L.S.)
Robert Peel. (L.S.)
J. G. Churchward. (L.S.)
Hy. Jenkins. (L.S.)

Signed, sealed and delivered in the presence of,

Jno. Doutry.

DOVER, CALAIS, AND OSTEND MAILS.

ARTICLES of AGREEMENT made this 26th day of April, in the year of our Lord 1850, 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 first part, and Joseph George Churchward, of Lombard-street, in the city of London, gentleman, hereinafter designated "the contractor," of the second part;

WITNESS that in consideration of the payments hereinafter stipulated to be made to the contractor, the contractor doth for himself, his heirs, executors, and administrators, hereby covenant, promise, and agree to and with the said Commissioners, that he the contractor, his 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 at a speed which on the average of any trial of each vessel shall not be less than 13 knots an hour, 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 Her Majesty's Postmaster General, be required to be conveyed from Dover, in the county of Kent, to Calais, in France, and from Calais aforesaid, to Dover aforesaid, and from Dover aforesaid, to Ostend in Belgium, and from Ostend aforesaid, to Dover aforesaid, as hereinafter mentioned, by means of a sufficient number (not less than six) of good, substantial, and efficient steam-vessels, each of such vessels being of not less than 280 tons builder's measurement, and being supplied and furnished with engines of sufficient horse power, and with all other necessary equipments, apparel and appurtenances, and also manned with competent officers with appropriate certificates granted pursuant to the Act 17 & 18 Vict. c. 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 with engineers and a sufficient crew of able seamen and other men, to be in all respects as to vessels, engines, machinery, equipments, engineers, officers and crew, subject in the first instance, and from time to time, and at all times afterwards to the approval of the said Commissioners, and of such persons as shall at any time, or from time to time have authority under this contract, or under the said Commissioners, to inspect and examine the same.

Contractor to convey mails

Between Dover and Calais, and Dover and Ostend, by not less than six steam-vessels.

Tonnage of steam-vessels.

To be manned with certificated officers, &c.

Vessels and crew subject to Admiralty approval.

That one or more of such vessels so equipped and manned as aforesaid, shall be at all times at the disposal of and be navigated by the contractor for Her Majesty's Government as special boats for the conveyance of the Bombay, India, China, Mauritius, and Australian mails, or of any despatches or for other special services between Dover and Calais, and shall convey such mails, despatches, and perform such special services between those ports, and shall for that purpose be stationed at such one of the before-mentioned ports as the said Commissioners may from time to time, or at any time direct, and without any charge for the same beyond the subsidy of 18,000*l.* a year hereinafter provided to be paid to the said contractor for the due and faithful performance of this contract: Provided always, and it is hereby agreed, that in addition to the services herein contracted to be performed, it shall be lawful for the said Commissioners to require the said contractor to provide vessels to be navigated at the expense of said contractor for the purpose of conveying distinguished persons not exceeding 12 voyages from port to port, including in each of such 12 voyages any return voyage thereby made necessary (free of all charge for the same beyond the said subsidy hereinafter provided) in any one year; but should the said Commissioners require vessels to be provided for the conveyance of distinguished persons for a greater number than 12 voyages in any one year, then and in such case the voyages in excess of 12 shall be paid for by the said Commissioners to the said contractor in manner following, that is to say; 23*l.* for a voyage between Dover and Calais, including the return voyage thereby made necessary: And further, that one or more of such vessels shall be at all times at the disposal of, and be navigated by the contractor for Her Majesty's Government as special boats for the conveyance of despatches or other special services between Dover and Ostend, and shall for that purpose be stationed at such one of the before-mentioned ports, as the said Commissioners may from time to time, or at any time direct. And the said Commissioners shall pay to the said contractor for every such voyage between Dover and Ostend, including the return voyage thereby made necessary, the sum of 58*l.*, but for such 12 voyages between Dover and Calais, or other additional voyages between Dover and Calais, and Dover and Ostend, the contractor shall not be entitled to demand any passenger fares from the passengers ordered by the said Commissioners to be conveyed.

Special vessels for special services between Dover and Calais.

Vessels for distinguished persons.

Special vessels for special services between Dover and Ostend.

Passenger fares not to be demanded.

And the contractor doth hereby agree that he will at all times, and at his sole cost and charge, provide, maintain, keep sea-worthy, in complete repair, efficiency, and readiness at Calais, a small steam-vessel to be approved of by the said Commissioners, and such vessel shall cost not less than 2,000*l.*, and be of such light draft of water as will enable her at all times of tide to land and embark mails and passengers. And that all the mails, and Government, or official passengers which are or have to be embarked at Calais by virtue of this contract shall be landed or embarked by aid of the said small steamer free of all charge for the same.

Contractor to provide a small steam-vessel at Calais for embarking mails, &c. there.

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That one of such vessels so equipped and manned as aforesaid, shall leave Dover once every week-day for Calais, and one of such vessels shall leave Calais once every week-day for Dover, and that one of such vessels so equipped and manned as aforesaid, shall leave Dover once every alternate week-day for Ostend, and one of such vessels shall leave Ostend once every alternate week-day for Dover, immediately after the arrival of the mail trains at the said ports respectively; and when the mail bags shall have been put on board, the said Commissioners having the power to appoint the original times of departure, and to alter the time of departure from the said ports respectively, as often as they may consider the exigencies of the public service require them to do so, upon giving to the contractor one calendar month's notice thereof, and in every such case of alteration the said vessels shall start according thereto.

When vessels are to leave Dover for Calais and Ostend, and *vice versa*.

Admiralty may alter times of departure.

Penalties for not putting to sea, &c. at time appointed.

That if the contractor shall at any time during the continuance of this contract fail to provide such steam vessel or any vessel whatsoever which he is hereby bound to provide, so equipped and manned as aforesaid, ready to put to sea from Dover, Calais or Ostend, or such vessel should not proceed on her voyage at the time at which the same should leave Dover, Calais or Ostend in performance of this contract, or shall put back into port after starting (except from stress of weather), then and so often as there shall be any one of such defaults the contractor shall and will pay unto Her Majesty, Her heirs and successors, the sum of 30 £, and also a sum of 10 £ for every successive period of one hour which shall elapse (but not beyond a period of eight days from such appointed hour), until one such steam vessel so equipped and manned shall actually proceed to sea, and continue her voyage with the said mails and despatches, or such despatches or on any such special service as aforesaid from Dover, Calais or Ostend as the case or the default may be, but the payment of such sum or sums shall not be enforced should it be proved to the satisfaction of the said Commissioners that such default arose from circumstances over which the contractor and his servants had not and could not have had any control, but the payment of or liability to pay the sum or sums last hereinbefore mentioned shall not exonerate the contractor from any damages which may accrue or have accrued, or from any expenses which may arise or have arisen by the said Commissioners transmitting the said mails and despatches, or such despatches, or having any such special services performed as aforesaid by other means.

When contractor not liable to penalties.

As to conveyance of India, China, and Australian mails.

That whenever the Bombay, Indian, China, Mauritius or Australian mails shall arrive at Calais too late for the ordinary packet, the contractor shall provide for the immediate conveyance of the same to Dover in one of the steam vessels to be employed under this contract, or by some other means satisfactory to the said Commissioners, their officers or agents, free of all charge for the same beyond the subsidy hereinafter provided for the due and faithful performance of this contract.

When Admiralty may make deductions from payments, if mails be not landed in time for mail train.

That in every case where the contractor shall not have landed the said mails and despatches in time to be forwarded by the mail railway train appointed to carry them, the said Commissioners shall be at liberty, if they shall think fit, in addition and without reference to any proceedings they may take thereon as a breach of the contract, to deduct from the payments hereby agreed to be made to the contractor the sum of 15 £, unless it can be shown to the satisfaction of the said Commissioners that the delay has arisen from weather, or other accidental causes, over which the contractor or his servants had no control, and for which they are not responsible, and has not been produced by deficiency of speed in the vessel.

Admiralty or agents may delay departure of vessels not exceeding 24 hours.

That should it be deemed by the said Commissioners, or by any of their authorized agents, requisite for the public service that any vessel employed under this contract should at any time or times delay her departure from any of the places herein mentioned beyond the period appointed for her departure, the said Commissioners, or such authorised agents, shall have power or be at liberty to order such delay, not, however, exceeding 24 hours, by letter addressed by their secretary, or other officer or agent of the said Commissioners, to the master of any such vessel, or person acting as such, and which shall be deemed a sufficient authority for such detention, anything herein contained to the contrary thereof notwithstanding.

Admiralty by agents may survey vessels, &c., and if vessel, &c. unseaworthy, not to be employed until defects made good to the satisfaction of Admiralty, under penalty of 100 £ for each voyage.

That the said Commissioners shall be allowed and have full power to make a survey by any of their officers or agents of all and every the said vessels, and of the hulls thereof, and of the engines, machinery, furniture, tackle, apparel, boats, stores, equipments, and the officers, engineers, and crew 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 the same officers or agents unseaworthy, or not fit and proper, or adapted for the service hereby contracted to be performed, any vessel or boat in which such deficiency or unfitness shall appear to the same officers or agents shall be deemed inefficient for the said service, and shall not be employed or used in the performance of the said service until such defect or deficiency be made good to the satisfaction of the said Commissioners, and if any such vessel be so employed or used before such defect or deficiency be made good to the satisfaction of the said Commissioners, the contractor shall and will pay to Her Majesty, Her heirs, and successors, the sum of 100 £ for every voyage of such vessel under this contract.

Penalty on deviating, &c. on voyage.

That all the vessels employed in the performance of this contract shall, after having put to sea for their respective voyages, make the best of their way to the port or place for which they may be bound, and shall not stop or linger on the voyage, or deviate from the direct course

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course thereof, except for the purpose of saving human life, and that if any such vessel shall stop, linger, or so deviate (except as aforesaid) on her voyage, then and in every, and in each of such cases, and as often as the same shall happen, the said contractor shall and will pay unto Her Majesty, Her heirs and successors, the sum of 100 l.

That the contractor shall cause to be received and allowed to remain on board each of the said vessels employed in the performance of this contract, an officer or officers to be appointed by the said Commissioners or by Her Majesty's Postmaster General, to have the custody of the said mails and despatches, without any charge being made for his or their accommodation; and should the said Commissioners deem it expedient to place the said mails and despatches in charge of the masters or commanders of the said vessels, or of any of them respectively, the said masters or commanders shall without any charge to the public take due care of, and the said contractor shall be responsible for, the receipt, safe custody, and due delivery, according to their destination, of the said mails and despatches, and the said masters shall and will take the usual Post-office declaration, and furnish such journal, returns, and information, and perform such services, as the said Commissioners may at any time or times require.

Officer appointed by Admiralty to be received on board.

Admiralty may entrust mails to masters of vessels, who are to make usual declaration, &c.

That the contractor will, when and so soon as required by Her Majesty's Postmaster General, enter into a joint and several bond to Her Majesty, Her heirs and successors, in such amount of penal sum as the said Postmaster General shall appoint for the due and punctual conveyance and delivery of the said mails and despatches by the said contractor, in accordance with the terms of this contract, and for the due and faithful performance of all the other stipulations and agreements contained in this contract, which on the part of the contractor is or ought to be observed and performed; and such bond shall be in addition to the other bond bearing even date herewith which the said contractor and his sureties are to execute.

Bond to be entered into when required by the Postmaster General.

That the contractor shall and will provide on board each of the said vessels a convenient, secure, and proper place of deposit, under lock and key, for the said mails and despatches, and suitable boats properly manned and equipped, and whatever else may be necessary for their safe embarkation and disembarkation.

Place for deposit of mails and boats to be provided.

That the contractor shall and will at all times during the continuance of this contract, at his own cost, provide and keep seaworthy, and in complete repair, a sufficient number of good, substantial, and efficient steam vessels (not less than six), with engines of sufficient horse power to each vessel for the service hereby contracted to be performed; and at the like cost adequately provide and furnish each and every of the same vessels with all tackle, stores, oil, tallow, fuel, provisions, machinery, engines, anchors, cables, two efficient boats, fire pumps, and other proper means for extinguishing fire, and all other furniture and apparel, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them at all times fully efficient for the said service.

Not less than six steam vessels to be provided.

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

And it is hereby agreed between the parties hereto, and especially by the contractor, that all and every the sums of money hereby stipulated to be paid by the contractor 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 discharged forthwith, each and every of such sum and sums of money so becoming payable and not discharged forthwith, may be deducted and retained by the said Commissioners out of the moneys payable at any time by them, or by their direction, to the contractor, or the payment thereof enforced as a debt or debts due to Her Majesty, with full costs of suit, as the said Commissioners in their discretion may think fit.

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

And the said Commissioners, in consideration of the premises, and of the contractor, his officers, servants, and agents, at all times strictly and punctually performing the covenants and agreements hereby entered into by the contractor, do, for and on behalf of Her Majesty, Her heirs and successors, agree with the contractor that they the said Commissioners on behalf of Her Majesty, will pay or cause to be paid to the contractor by bills payable by Her Majesty's Paymaster General, in seven days from and after the respective dates thereof, a sum out of monies to be provided by Parliament after the rate of 18,000 l. per annum by quarterly payments, and with a proportionate part thereof, should this contract terminate on any other day than a day of payment, the first of such quarterly payments to be made at the expiration of three calendar months from the commencement of the service under this contract.

Payments to contractor for services.

And it is hereby agreed that this contract shall commence on the day of the date hereof, and shall continue in force until the 26th day of April 1870, and shall then determine if either of the parties shall have given to the other of them 12 calendar months previous notice in writing of its being their intention that the same should so determine; but if any such notice should not be given, this contract is to continue in force after the said 26th day of April 1870, until the expiration of a 12 calendar months' notice, in writing, shall be given by either of the said parties to the other of them, that the same shall determine, and which last-mentioned notice may be given at any time after the 26th day of April 1869, and at the expiration of such notice this contract shall determine accordingly, but not so as to prevent either of the said parties availing themselves thereof for recovering any sum of money or damages, should there have been any breach of the contract previously to the determination of the same.

Duration of this contract.

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Contract of 20th June
1855, annulled.

And it is hereby agreed that the contract, bearing date on or about the 20th day of June 1855, and made 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 first part, the contractor of the second part, and Henry Jenkins and the contractor of the third part, for conveying Her Majesty's mails from Dover in the county of Kent to Calais in France, and from Calais aforesaid to Dover aforesaid, and from Dover aforesaid to Ostend in Belgium, and from Ostend aforesaid to Dover aforesaid, shall be deemed and be considered to be, and is hereby terminated and annulled, as on and from the 25th day of April 1859.

Contractor to pay tolls
and dues;

And the contractor doth hereby for himself, his heirs, executors, and administrators, covenant and agree to and with the said Commissioners that he the contractor, his executors and administrators, shall and will during the continuance of this contract pay all harbour, passing tonnage, and other tolls and dues whatsoever which may during such period be legally charged or payable and recoverable at Dover, Calais or any ports of the United Kingdom upon the packets employed by the contractor in the performance of this contract, or the said mails or passengers hereby contracted to be conveyed, or in consequence of the extra voyages herein provided for the conveyance of distinguished personages to and from England; and shall and will, at the costs of the contractor, his executors or administrators, land and embark such mails and despatches, and distinguished personages and their suites and servants, at Dover, Calais, or Ostend, when intended to be landed at or shipped from those ports respectively, and pay all boat-hire for the same. And further that he the said contractor shall and will indemnify Her Majesty, Her heirs and successors and the said Commissioners from and against all such tolls, dues, and boat-hire, and all other payments whatsoever heretofore made by or on behalf of Her Majesty in respect of the mails and the mail packets plying to and from Dover or Calais, and from and against the payment thereof, and all costs, charges, damages, and expenses in respect thereof or relating thereto now payable.

And land mails, &c.
and pay boat-hire.

As to contractor em-
ploying vessels to his
own advantage.

Subject always to the penalties hereby agreed upon for the non-fulfilment of the provisions of this contract, and to the other consequences of any breach of this contract, nothing herein contained shall deprive the contractor of the liberty of employing his steam-vessels to his own advantage and at his own discretion, when it is not necessary to employ the said vessels for the mail service or for special services, according to the terms of this contract; but the contractor employing any such steam-vessel to his own advantage, and at his own discretion, shall not be any excuse for the non-fulfilment of this contract on his part, although from accidents or otherwise any vessel while so employed shall become disabled or be lost.

Contract not to be as-
signed, &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 contractor 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 whatever of this contract on the part of the contractor, it shall be lawful for the said Commissioners (if they think fit) by writing, under their hands, or under the hands of their secretary, to determine this contract without any previous notice to the contractor or his agents, nor shall the contractor be entitled to any compensation in consequence of such determination.

As to services of
notices.

And it is also agreed that the notices or directions which the said Commissioners, their secretary, or officers, are hereby authorised and empowered to give to the contractor, his officers, servants, or agents, may, at the option of the said Commissioners, their secretary, or officers, be either delivered to the master, commander, or any other officer or agent or servant in the charge or management of any one of the said vessels, to be or while employed in the performance of this contract, or left for the contractor at his office in London, or at his or one of his last known places of business or abode, and any notices or directions so given or left shall be binding on the contractor.

No M.P. to be entitled
to any share of con-
tract.

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 the Third, 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 of Commons," it is hereby expressly declared and agreed, and these presents are upon this express condition, that no Member of the House of Commons is or shall be admitted to any share or part of this agreement, or to any benefit to arise therefrom.

Contractor bound in
4,000 l. for due per-
formance 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 contractor, are or ought to be observed, performed, fulfilled, or kept, the contractor doth hereby bind himself, his heirs, executors, and administrators, unto our Sovereign Lady the Queen in the sum of 4,000 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 and the contractor, in case of the failure of the contractor in the due execution of this agreement, 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.

J. G. Churchward. (L. S.)
John S. Pakington. (L. S.)
Frederick Lygon. (L. S.)

Signed, sealed, and delivered in the presence of
Antonio Brady, Admiralty.

WEST COAST OF AFRICA MAILS.

ARTICLES of AGREEMENT made this 29th day of January, in the year of our Lord 1852, between Macgregor Laird, of Fenchurch-street, in the city of London, merchant, herein-after designated "the contractor," of the one part, and 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, Her heirs, and successors), of the other part,

Contract with Mr Macgregor Laird.

WITNESS, that in consideration of the payments hereinafter stipulated to be made to the contractor, the contractor doth for himself, his heirs, executors, and administrators, hereby covenant, promise, and agree to and with the said Commissioners, that he, the contractor, his executors, and administrators, shall, and will, at his or their own cost and charge, at all times during the continuance of this contract, diligently, faithfully, and at a speed which, on the average voyages of each vessel, shall not be less than eight knots an hour, convey Her Majesty's mails, which expression of Her Majesty's mails, where used in this contract, is agreed to include all bags or parcels of letters and despatches which shall at any time or times, or from time to time, be or have been required by the said Commissioners, their officers or agents, or by Her Majesty's Postmaster General, his officers or agents, to be conveyed once each way every calendar month, between England and Fernando Po, on the west coast of Africa, by means of a sufficient number (not less than three) of good, substantial, and efficient steam-vessels, each of such vessels to be of not less than 700 register tons burthen, old measurement, and fitted with a screw propeller, and supplied with first-rate appropriate steam engines of not less than 220 effective horse-power, and to be of such construction and strength, and her equipments so arranged as to be fit and able to carry and fire such an armament as the said Commissioners shall decide to be suitable and requisite. All the vessels employed under the contract to be always supplied and furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, oil, tallow, provisions, anchors, cables, fire-pumps, and other means for extinguishing fire; charts, chronometers, proper nautical instruments, and whatsoever else may be requisite and necessary for equipping the said vessels and rendering them constantly efficient for the service hereby contracted to be performed, and also manned with competent officers, with appropriate certificates, granted pursuant to the Act 13 & 14 Vict. c. 93, or to the Act or Acts in force for the time being relative to the granting certificates to officers in the merchant service and with engineers, and a sufficient crew of able seamen and other men, to be in all respects, as to vessels, screw propellers, engines, equipments, engineers, officers, and crew, subject, in the first instance, and from time to time and at all times afterwards, to the approval of the said Commissioners, and of such persons as shall at any time, or, from time to time, have authority under the said Commissioners to inspect and examine the same.

To convey mails at not less than eight knots an hour.

Once each way every calendar month between England and Fernando Po.

By not less than three steam vessels, with screw propeller and engines, not less than 220 horse-power, fit to carry and fire such armament as Admiralty decide requisite.

And furnished with proper machinery, tackle, boats, fire-pumps, &c.

And manned with competent officers with certificates, under 13 & 14 Vict. c. 93, or other Acts as to certificates.

Vessels, officers, and crew, subject to Admiralty approval.

That all the vessels employed in the performance of this contract shall touch at Madeira, Teneriffe, Goree, Bathurst, Sierra Leone, Monrovia, Cape Coast Castle, Accra, Whydah, Badagry, Lagos, Bonny, Old Calabar, and Cameroons, on their outward voyages, and at Lagos, Badagry, Whydah, Accra, Cape Coast Castle, Monrovia, Sierra Leone, Bathurst, Goree, Teneriffe, and Madeira, on their homeward voyages; and the contractor shall convey in the said vessels to and from, and cause to be delivered and received at each of the ports or places at which the said vessels are to proceed or touch in performance of this contract, all such of Her Majesty's mails as shall or are to be delivered or received thereat.

Places at which vessels are to touch, outward and homeward;

And at which mails are to be delivered and received.

That one of such vessels so approved of, and equipped and manned as aforesaid, shall, once in every calendar month, from and after the 31st day of August 1852, on such day and at such hour as shall at any time or times, or from time to time, be appointed by the said Commissioners, and immediately after Her Majesty's mails are embarked, put to sea from Plymouth, or such other port as shall be determined by the said Commissioners, and proceed without loss of time to Fernando Po, touching at, but only at, the intermediate ports or places as hereinbefore mentioned or referred to at which Her Majesty's mails are to be delivered and received, and that one other of such vessels so approved of, and equipped, and manned as aforesaid, shall, once in every calendar month, from and after the 30th day of September 1852, on such day and at such hour as shall at any time or times, or from time to time, be appointed by the said Commissioners, and immediately after Her Majesty's mails are embarked, put to sea from Fernando Po, and proceed without loss of time to Plymouth, or such other port as shall hereafter be determined by the said Commissioners, touching at, but only at, the intermediate ports or places as hereinbefore mentioned or referred to, at which Her Majesty's mails are to be delivered and received.

One vessel once every calendar month after 31st August 1852, at time appointed by Admiralty to put to sea from Plymouth or other appointed port with mails;

And proceed to Fernando Po, touching at appointed intermediate ports.

And another vessel once every calendar month, after 30 September 1852, at time appointed by Admiralty, to put to sea from Fernando Po for Plymouth, touching at intermediate ports.

That the said Commissioners for the time being shall be at liberty and have full power to alter the port of embarkation of mails, and the day and hour of departure and arrival of the said vessels, from and at all and every or any of the ports or places from whence the said mails are to be conveyed, on giving three calendar months' notice in writing, under their hands or the hand of their secretary, to the contractor.

Admiralty may alter port of embarkation, and day and hour of departure and arrival of vessels at all the places, on three months' notice.

That the said Commissioners shall be at liberty, with the consent of the contractor, but not otherwise, to order the said vessels to stop and deliver mails at other ports besides those above mentioned.

Admiralty, with consent of contractor, may order vessels to stop at other ports and deliver mails.

That at each of the places and ports at which any of the said vessels are or may be appointed to touch in the performance of this contract, they shall remain so long only as shall

Vessels to remain at various ports only so long as required for landing and embarking mails.

Appendix, No. 3.

Admiralty may alter time of stay of vessels by three calendar months' notice.

If vessel disabled, contractor to replace same by another vessel.

Officer or other person appointed by Admiralty to be received on board.

Officer or other person to be considered as agent of Admiralty, with authority to require due execution of contract;

And to determine as to proceeding to sea, or putting into harbour, Or necessity of stopping to assist vessel in distress, &c.

Decision of officer or other person to be final, unless Admiralty, on appeal from contractor, otherwise decide.

First-rate cabin and bed, &c. to be provided by contractor for use of naval officer or other person on board.

And proper place for deposit of mails.

Officer or other person to be victualled by contractor as chief cabin passenger free of charge.

Admiralty may entrust charge of mails to master of vessel, who is to make usual declaration, and deliver and receive mails.

Agent in charge of mails to be conveyed on and from the shore with or without mails.

In a boat of not less than four oars, with covering for mail bags, and properly manned, &c.

Directions of officer to be obeyed as to receipt and delivery of mails.

Contractor not to receive on board any other letters.

For any default in such respect, agent in charge to report to Admiralty, and contractor liable for breach of contract.

Penalty for inefficient vessel, or for vessel stopping, lingering, or deviating, or delay in starting, or put back into port without sanction of officer in charge of mails, 100 l.

be required for landing and embarking the mails, unless the said Commissioners shall otherwise direct, in which case the precise stay of the said vessels at such places shall be determined by the said Commissioners, with power to the said Commissioners also, when so determined, to alter the same from time to time, in such manner as in their judgment will afford the greatest accommodation to the different places and ports, and the said vessels shall stay accordingly, provided any such determination be signified to the contractor by a three calendar months' notice in writing under the hand of the Secretary of the Admiralty.

That the contractor shall, in every case of any of the said vessels becoming disabled, immediately, at his own cost and charge, replace the same by good and efficient vessels of similar tonnage and horse power, obtained by hire or otherwise.

That the contractor, his executors or administrators, shall, if required, 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 mails, an officer in Her Majesty's Navy, or any other person to be appointed by the said Commissioners; and that every such officer or other person shall be recognised and considered by the contractor, his executors and administrators, and his 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 contractor, his executors and administrators, his 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 contractor, his executors and administrators, unless the said Commissioners, on appeal from the contractor, his executors or administrators, shall think proper to decide otherwise.

That a suitable first-rate cabin, with appropriate bed, bedding and furniture, shall, at the cost of the contractor, his executors and administrators, be provided and appropriated by the contractor 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 contractor, his 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 if the said Commissioners shall, during the continuance of this contract, or of any part thereof, think fit to entrust the charge and custody of the mails to the masters of all or any of the vessels to be employed in the performance of this contract, each of them shall, without any charge to the public, take due care of and be responsible for the receipt, safe custody, and delivery of the said mails; and shall make the usual declaration or declarations required, or which may hereafter be required by Her Majesty's Postmaster General in such and similar cases; and every such master, having the charge of such mails, shall himself immediately, on the arrival at any of the said ports or places of any vessel so conveying the same, deliver the said 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 direct and authorise to receive the same, receiving in like manner all the return or other mails to be forwarded in due course.

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 Her Majesty's mails in a suitable and sea-worthy boat of not less than four oars, to be furnished with effectual covering for the mail bags, and properly provided, manned and equipped, by the contractor; and who is also to provide whatever else may be necessary for the safe embarkation and disembarkation of the said mails; 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, time, and place of receipt and delivery of the said mails.

That the contractor shall not receive or permit to be received on board any of the vessels employed under this contract any letters for conveyance other than those duly in charge of the said naval officer or other person authorised to have charge of the said mails, under or by virtue of this contract, or which are or may be privileged by law; and the said naval officer or other person shall report to the said Commissioners any default in this respect, and in case of any such default the contractor shall be liable to be proceeded against for a breach of this contract.

That if the contractor fails to provide an efficient vessel in accordance with the terms of this contract, or if any vessel employed in the performance of this contract, having Her Majesty's mails on board, shall stop, linger, or deviate from the direct course on her voyage (except from stress of weather, accidents, or when authorised as aforesaid), or shall delay starting at the proper time, or shall put back into port after starting without the sanction in each and every case of the officer 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 contractor shall forfeit

forfeit and pay unto Her Majesty, Her heirs and successors, the sum of 100 £., but, nevertheless, so that the contractor shall not in any case be liable to any penalties under this contract, if the default be proved to the satisfaction of the said Commissioners to have arisen from circumstances over which the contractor and his servants had not and could not have had any control.

That the contractor, his 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 him, or them, in the performance of this contract, as the advanced state of science may suggest, and the said Commissioners may direct.

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, he the contractor, his executors or administrators shall in every such case pay to Her Majesty, Her heirs and successors, the sum of 200 £., but the payment of such penalty shall not in anywise release or discharge the contractor, his executors or administrators, from remedying, replacing, or effectively repairing such deficiency or defect.

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, the hulls of which vessels shall be opened by the contractor, his executors, or administrators, whenever required by the said officers or agents; 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, and if so employed before such defect or deficiency shall have been repaired or supplied, as the case may be, to the satisfaction of the said Commissioners, the contractor, his executors, or administrators shall, in every such case, pay to Her Majesty, Her heirs, and successors, the sum of 200 £.

That the contractor 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 contractor 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.

That all and every the sums of money hereby stipulated to be paid by the contractor, his executors, or administrators unto Her Majesty, Her heirs, and successors, shall be considered as stipulated or ascertained damages, whether any damage shall or shall not have been incurred, 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 then or at any time thereafter payable to the contractor, his executors, or administrators under this contract, or the payment thereof enforced, with full costs of suit, at the discretion of the said Commissioners.

That the contractor shall and will, when, and as often as in writing he or the masters of his 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 for the whole or any portion of the voyages of the said vessels (in addition to the naval officer or other person authorised to have the charge of the said mails), all such officers in the navy, army, or civil service of Her Majesty as chief cabin passengers, with their wives and families, and all such persons as fore cabin passengers, with their wives and families, together with the servants of both chief and fore-cabin passengers, and all such seamen, marines, soldiers, or artificers, with their wives and families, as deck passengers, as the said Commissioners, their officers or agents, shall at any time or times require such deck passengers

to
as deck passengers, as Admiralty, their officers or agents, may require deck passengers to have adequate protection

Contractor not liable to penalties, if, to the satisfaction of Admiralty, default arise from circumstances over which he or his servants had no control.

Alterations and improvements to be made in vessels as Admiralty may direct.

Officer, &c. to be at liberty to survey vessels.

Defects or deficiency in vessels on notice to be remedied under penalty of 200 £.

Admiralty at liberty to survey vessels, &c. by any other officer.

If vessel, &c. declared unseaworthy, &c., not adapted to service or alterations required, not to be employed again until alterations, &c. to satisfaction of Admiralty.

Under penalty of 200 £.

Contractor, commanding, and other officers, &c. to attend to orders of Admiralty or their officers as to landing, &c. mails.

All monies to be paid to Her Majesty considered stipulated damages, and may be deducted from monies payable to contractor, or payment enforced.

On requirement by Admiralty in writing, their officers or agents, all officers in the navy, army, or civil service, with wives and families, to be received on board, and victualled as chief cabin passengers.

And such persons as fore-cabin passengers, with their wives and families, and servants of chief cabin, and fore-cabin passengers, and all such seamen, marines, soldiers, or artificers, with wives and families,

As long notice as possible to be given when accommodation required for wives and children.

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 contractor, when accommodation shall be required for the wives or children of such officers or other persons.

Commissioned officers, wives and families, chief cabin passengers, non-commissioned officers, wives and families, fore-cabin passengers, seamen, &c. deck 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.

Each field officer and every naval officer allowed 90 cubic feet measurement for baggage, but not exceeding 18 cwt.

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 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.

All other officers 60 cubic feet, but not exceeding 12 cwt.

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.

Engineers same measurement, but to extend to 27 cwt. for field officers; 18 cwt. for every other officer.

That soldiers of the Royal Artillery and Sappers and Miners and their wives, shall be allowed six 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.

Soldiers of Artillery, and Sappers and Miners, and wives, 6 cubic feet each for baggage.

Married officers, when accompanied with wives or families, further allowance, not exceeding half that before mentioned.

Field-pieces for Artillery to be received on board if required.

That for every company of the Royal Artillery embarked there shall be conveyed, free of all charge, the proper proportion of light field-pieces and ammunition, 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.

Hammocks and bedding to be placed in charge of officer having charge of mails, and brought to England free.

As to the victualling of Admiralty passengers.

That the victualling of officers, their wives and families, conveyed as chief cabin passengers, shall be the same as is usually allowed by the contractor 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 is allowed to the boatswain and carpenter of the contractor's steam ships; 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 contractor's 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.

Contractor not to charge for passengers, conveyed by direction of Admiralty or their officers, more than rates charged private passengers when such rates are equal to or less than rates in table.

That the contractor, his executors or administrators, shall not charge nor receive for the fares of passengers conveyed under this contract by direction of the said Commissioners, or the said naval or other officers or agents acting under the authority of the said Commissioners, more than the ordinary rates charged by the said contractor for private passengers, when such ordinary rates are equal to or less than the rates in the following table; but even if and when such ordinary rates exceed those in the said table, no more than the rates in such table shall be charged for the said passengers so conveyed under this contract.

Even when not Admiralty passengers, officers of Her Majesty, in all cases, to be provided with passages in preference to private passengers, and not charged more than those entitled to a passage at public expense.

That all officers in the civil, naval, and military services of Her Majesty who may not be entitled to a passage at the public expense under this contract, shall nevertheless, in all cases when requiring a passage on board any of the said vessels, be provided with passages on board such vessels, in preference to private passengers, and shall never be charged more than would have been chargeable for passengers entitled to a passage at the public expense.

TABLE OF RATES OF PASSAGE.

To AND FROM ENGLAND.	Chief-Cabin Passengers.				Fore-Cabin Passengers.				Deck Passengers.			
	Officer.	Lady.	Child between 8 and 12 Years.	Child between 3 and 8 Years.	Man.	Woman.	Child between 8 and 12 Years.	Child between 3 and 8 Years.	Man.	Woman.	Child between 8 and 12 Years.	Child between 3 and 8 Years.
	£. s.	£.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Madeira - -	19 -	15	10 -	7 -	10 -	7 10	5 -	4 -	5 16 6	4 7 6	2 18 3	1 9 -
Teneriffe - -	20 -	16	10 10	7 10	10 10	7 10	5 5	4 -	6 17 6	5 2 9	3 8 9	1 14 3
Goree - - -	26 10	23	14 -	10 -	14 -	11 -	7 -	6 -	10 - -	7 10 -	5 - -	2 10 -
Bathurst - -	28 10	25	15 -	10 -	15 -	12 -	7 10	6 10	10 7 6	7 15 6	5 3 9	2 12 -
Sierra Leone - -	31 -	28	16 10	10 10	16 10	12 10	8 5	7 5	12 1 6	9 - -	6 - -	3 - -
Monrovia - -	33 -	30	17 10	12 -	17 10	13 10	8 10	7 10	13 3 6	9 18 -	6 12 3	3 6 -
Cape Coast Castle -	37 10	35	20 -	14 -	20 -	15 -	10 -	9 -	15 18 6	11 17 -	7 18 -	3 19 -
Accra - - -	38 10	36	20 10	15 -	20 10	15 -	10 -	9 -	16 4 -	12 - -	8 - -	4 - -
Whydah - - -	39 10	37	21 -	16 -	21 -	15 -	10 10	9 9	17 7 6	13 - -	8 13 6	4 6 6
Badagry - - -	40 10	38	21 10	16 -	21 10	16 -	10 10	9 9	17 11 -	13 3 -	8 15 6	4 8 -
Lagos - - -	40 10	38	21 10	16 -	21 10	16 -	10 10	9 9	17 18 6	13 18 -	9 - -	4 10 -
Bonny - - -	42 -	40	22 10	17 -	22 10	17 -	11 5	10 -	19 - -	14 5 -	9 10 -	4 15 -
Old Calabar - -	43 -	41	23 -	17 -	23 -	17 -	11 10	10 10	19 12 -	14 14 -	9 16 -	4 18 -
Cameroons - -	44 -	42	23 10	17 -	23 10	17 -	11 10	10 10	20 5 -	15 3 9	10 2 6	5 1 3
Fernando Po - -	44 10	43	24 -	17 -	24 -	18 -	12 -	11 -	20 10 -	15 6 9	10 5 -	5 2 6

The rates for officers as chief cabin passengers are exclusive of wine and beer. Those for fore cabin and deck passengers include for each male passenger half a gill of spirits per day, or an equivalent if not issued.

Rates for chief cabin passengers, exclusive of wine and beer, fore-cabin and deck passengers, for each male half gill of spirits per day, or equivalent.

Rates for inter-colonial passages to be regulated by this scale.

Children under three years of age to be carried free, male servants charged one-half, and female servants two-thirds of the rates charged for their employers.

Inter-colonial rates of passage.

That the payment for 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, viz. :—

Children under three years, free; male servants, one-half; female servants two-thirds rates for employers.

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

Form of Certificates for payment of passage.

To this certificate the following addition is to be made in every case of a male cabin passenger, viz. :—

“ 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.

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

Passage for families and wives of officers to be paid by officers.

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.

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

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

All soldiers as deck passengers to have adequate protection.

That the contractor, his 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 British naval officer, in command of the station, or agents duly authorised, free from all costs and charges.

Small packages to be received on board as directed by Admiralty or officers, and conveyed free of charge.

And also shall and will receive on board each and every of the said vessels, and convey and deliver to, and from, and between, all or any of the same ports or places, any naval or other stores at any time or times at the usual rate of freight charged by the contractor for private goods (but which shall never be more than after the rate of 3 l. per ton) on receiving from the said Commissioners, or their secretary, for the time being, or any of their officers or agents, as long notice as practicable of its being their intention to have such stores so conveyed, and the contractor shall in all cases be strictly responsible for the due custody and safe delivery of the said packages, articles, and stores.

Stores to be conveyed and delivered at rates for private goods, at never more than 3 l. per ton on as long notice as practicable.

And in consideration of the due and faithful performance by the contractor of all the services hereby contracted to be by him performed, the said Commissioners do hereby agree that there shall be paid to the contractor, so long as he performs the whole of the said services, in the manner and with such vessels as herein provided by bills at sight, payable by Her Majesty's Paymaster-General, sums of money after the following rates, in equal quarterly payments, that is to say,—

Payments to contractor with annual deductions.

	£.
For the first year, from the commencement of this contract	- 23,250
For the second year, from the commencement of this contract	- 22,750
For the third year, from the commencement of this contract	- 22,250
For the fourth year, from the commencement of this contract	- 21,750
For the fifth year, from the commencement of this contract	- 21,250
For the sixth year, from the commencement of this contract	- 20,750
For the seventh year, from the commencement of this contract	- 20,250
For the eighth year, from the commencement of this contract	- 19,750
For the ninth year, from the commencement of this contract	- 19,250
For the tenth year, from the commencement of this contract	- 18,750

And for every subsequent year of the continuance of this contract, there shall be an annual reduction of 500 l., from the rate of the year immediately preceding the first of such quarterly

After 10th year annual deduction of 500 l. from rate of preceding year.

Appendix, No. 3.

Service to commence 1st September 1852.

Admiralty may purchase vessels at a valuation, or charter them for Her Majesty's service.

In case of difference, valuation, or hire, to be settled by arbitration.

If hired vessel, to be returned in same state, except reasonable wear, &c. Any difference to be settled by arbitration.

In case of purchase or hire, service to be performed by Her Majesty's vessels, or by vessels of contractor if he can furnish them.

If part of service be allowed to be performed, contractor to be paid such sum as shall be named by arbitrators in case of difference.

Submission to arbitration may be made rule of court, and witnesses examined on oath.

All postage to be at disposal of Postmaster General.

Contract to commence 1st September 1852, and continue for 10 years, and then determine if 12 calendar months' notice by either party; but if no notice, contract to continue after 10 years until 12 months' notice.

Contractor to make arrangements relative to quarantine.

Contract not to be assigned, &c.

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

Contractor not entitled to compensation on termination, but shall remain liable for breach.

As to service of notices.

quarterly payments, to become due at the termination of three calendar months, from the commencement of the said services, and which it is hereby agreed shall be on the 1st day of September 1852.

And it is hereby agreed that the said Commissioners for executing the office of Lord High Admiral shall at any time during the continuance of this contract, if they shall consider it necessary for the public interest, have power, and be at liberty to purchase all or any of the said vessels at a valuation, or to charter the same exclusively for Her Majesty's service, at a rate of hire, to be mutually fixed and agreed on by them and the contractor; but if any difference should at any time or times arise as to the amount of valuation or hire so to be paid, such difference shall be referred to two arbitrators, one to be chosen from time to time by the said Commissioners, and the other by the contractor; and if such arbitrators should at any time or times not agree in the matter or question referred to them, then such question in difference shall be referred by them to an umpire, to be chosen by such arbitrators before they proceed with the reference to them; and the joint and concurrent award of the said arbitrators, or the separate award of the said umpire, when the said arbitrators cannot agree, shall be binding and conclusive upon all parties, and that the said Commissioners in the case of hiring any such vessel shall return the same to the contractor in the same state and condition as she was in at the time of any such hiring, reasonable wear and tear excepted, and if any difference should arise upon that point, the same shall be settled in the same manner as the amount for the hiring is to be settled in case of difference.

And it is further agreed that in case of such purchase or hire, the service hereby contracted to be performed shall be performed either by Her Majesty's vessels, or by other vessels of the contractor of a similar description to the vessel or vessels purchased or hired, if he can in due and proper time furnish them such other vessels as to construction, machinery, equipment, and crew, to be subject to the same approval as other vessels employed under this contract.

And in the event of the contractor being allowed by the said Commissioners to continue to perform only a portion of the service, there shall be paid to the contractor such annual sum of money as shall be agreed upon by the said Commissioners and the contractor, and in case of their differing as to the amount, the difference to be settled by two arbitrators or an umpire, to be chosen respectively as aforesaid.

And it is 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.

And it is hereby agreed that the whole postage of all mails, despatches, and letters of every description conveyed in the vessels employed under this contract, whether carried from or out of Her Majesty's dominions, or otherwise, shall be at the disposal of Her Majesty's Postmaster General.

And it is hereby agreed and declared, that this contract shall commence on the 1st day of September now next ensuing the date hereof, and shall continue in force for 10 years, and then determine if the said Commissioners shall by writing under the hand of the Secretary of the Admiralty for the time being have given to the contractor, his executors, or administrators, or the contractor, his executors, or administrators shall have given to the said Commissioners 12 calendar months' notice in writing that this contract shall so determine; but if neither the said Commissioners, nor the contractor, his executors or administrators shall give any such notice, this contract shall continue in force even after the said term of 10 years until the expiration of a 12 calendar months' notice in writing, as aforesaid; shall be given at any period of the year by either of the parties hereto to the other of them, which last-mentioned notice may be given at any time after the expiration of the first nine years of this contract.

And it is hereby distinctly understood that the contractor, his executors, and administrators shall undertake for himself and themselves all arrangements relative to quarantine as connected with the due and regular performance of the conditions of this contract.

And it is hereby further agreed and provided that the contractor, his 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 contractor, his 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 contractor, his executors, or administrators, or their agents, nor shall the contractor, his 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 contractor.

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

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authorised and empowered to give to the contractor, his 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 contractor, his 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 of the said Macgregor Laird, his executors, or administrators in England, and any such notices or directions so given or left shall be as binding on the said Macgregor Laird, his executors, or administrators, as if duly served upon or left with him or them.

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 the Third, 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 of Commons," it is hereby expressly declared and agreed, and these presents are upon this express condition, and the contractor doth covenant for himself, his 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.

No M. P. to share in contract.

And lastly, for the due and faithful performance of all and singular the covenants, conditions, provisions, clauses, articles, and agreements hereinbefore contained, which on the part and behalf of the contractor, his heirs, executors, and administrators, are, or ought to be, observed, performed, fulfilled, or kept, the said Macgregor Laird doth hereby bind himself, his heirs, executors, and administrators, unto our Sovereign Lady the Queen in the sum of 2,000 £. 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 same Commissioners and the said Macgregor Laird, in case of the failure of the said Macgregor Laird, his heirs, executors, or administrators, in the due execution of this contract, or any part thereof.

Contractor bound in 2,000 £. for performance of contract.

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

Macgregor Laird, (L. s.)
Alexander Milne, (L. s.)
W. Cooper. (L. s.)

Signed, sealed, and delivered in the presence of
Jno. James.

WEST COAST OF AFRICA MAILS.

ARTICLES OF AGREEMENT, made this 3d day of March, in the year of our Lord 1852, between Macgregor Laird, of Fenchurch-street, in the city of London, merchant, of the first part, John Forster, of New City Chambers, London, merchant, and William Law Ogilby, of Ingram-court, London, ship broker, of the second part, and 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, Her heirs and successors) of the third part.

Contract with Mr. Macgregor Laird.

WHEREAS by articles of agreement, made or dated the 29th day of January 1852, between the said Macgregor Laird of the one part, and the said Commissioners for and on behalf of Her Majesty, Her heirs and successors of the other part, the said Macgregor Laird did agree to convey Her Majesty's mails between England and Fernando Po, and other places therein mentioned, by means of such steam vessels as therein expressed; and whereas, previously to and at the time of the execution of the said articles of agreement, it was agreed, by and between the parties hereto, that the service hereby contracted to be performed should be executed by the said Macgregor Laird, in addition to and exclusive of the service contracted to be performed by him under or by virtue of the hereinbefore recited articles of agreement.

Reciting England and Fernando Po mail contract, dated 29 January 1852,

and that additional and exclusive service should be performed.

Now these presents witness, that in consideration of the premises, and of the sum or sums of money hereinafter agreed to be paid to the said Macgregor Laird, his executors or administrators, he the said Macgregor Laird doth hereby, for himself, his heirs, executors, and administrators, covenant, promise, and agree to and with the said Commissioners, that he the said Macgregor Laird, his executors or administrators, shall and will, upon the expiration of any 12 calendar months' notice, which may be given by the said Commissioners to the said Macgregor Laird, his executors or administrators, for that purpose from time to time, and at all times, during the continuance of the contract entered into by the hereinbefore recited articles of agreement, provide and furnish, in addition to the vessels employed for the performance of the service under the hereinbefore recited articles of agreement, an efficient and appropriate steam vessel, with engines of such horse-power, and equipped, manned, and armed, as the said Commissioners may at any time or times, or from time to time, direct; and such steam vessel, so equipped and manned, shall once every year proceed from such place or places in Great Britain or Ireland as the said Commissioners may at any time or times, or from time to time appoint, up such one or more of the navigable rivers on the western coast of Africa, and so far

After 12 months' notice by Admiralty, and during continuance of recited contract, to provide such additional steam vessel as directed by Admiralty,

which once yearly shall proceed from United Kingdom up one or more navigable rivers on Western Coast of Africa.

Such vessel to stop and return as directed by Admiralty.

Passengers with baggage to be conveyed as Admiralty or their agents direct.

Passengers to be provided for same as Admiralty passengers under contract of January 1852.

No charge to be made for passengers.

Covenant, by sureties, for due performance of contract.

Contractor to be paid 4 s. a mile for every mile vessel may proceed, as required by Admiralty.

Penalty, 1,000 l., for due performance of contract.

far up such river or rivers, and shall stop at such place or places, and for such period or periods of time, and shall return down the said river or rivers to her place of departure, as the said Commissioners shall at any time or times, or from time to time, direct and appoint; and that he the said Macgregor Laird shall and will convey and victual on board the said vessel every voyage such persons, with their baggage, and who shall be of such class of passengers as the said Commissioners, their officers or agents, shall at any time or times, or from time to time direct; and all such passengers shall be provided for according to their class, in the same manner as Admiralty passengers are to be provided for under the hereinbefore recited articles of agreement, and no charge whatever shall be made by the said Macgregor Laird, his executors or administrators, for any such passengers.

And these presents further witness, that in consideration of the premises the said John Forster and William Law Ogilby do hereby, for themselves, their heirs, executors, and administrators, and each of them doth, for himself, his heirs, executors, and administrators, covenant, promise, and agree to and with the said Commissioners, that the said Macgregor Laird, his executors and administrators, shall and will, from time to time, and at all times during the continuance of this contract, duly and faithfully perform and keep all and singular the covenants and agreements herein contained, which are or ought to be by or on the part of the said Macgregor Laird, his executors or administrators, performed, fulfilled, or kept.

And these presents further witness, that in consideration of the due and faithful performance by the said Macgregor Laird, his heirs, executors, or administrators, of all the services hereby contracted to be by him or them performed, the said Commissioners do hereby agree that there shall be paid to him or them, if the said services shall be required by the said Commissioners, and duly performed by him, by bills at sight, payable by Her Majesty's Paymaster General, a sum at the rate of 4 s. per mile for every mile which the said vessel may be directed to proceed and may proceed, as required by the said Commissioners, their officers or agents.

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 said Macgregor Laird, his heirs, executors, or administrators, are or ought to be observed, performed, fulfilled, or kept, the said Macgregor Laird and John Forster and William Law Ogilby do hereby bind themselves, their heirs, executors, and administrators, unto our Sovereign Lady the Queen, in the sum of 1,000 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 Macgregor Laird and John Forster and William Law Ogilby, in case of the failure of the said Macgregor Laird, his 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.

M. Laird. (L.S.)
J. Forster. (L.S.)
Wm. Law Ogilby. (L.S.)
T. Herbert. (L.S.)
A. Milne. (L.S.)

Signed, sealed, and delivered by the said Macgregor Laird, John Forster, and the said Commissioners, in the presence of

Jno. James.

Signed, sealed, and delivered by the said William Law Ogilby, in the presence of

Jno. Doutry.

WEST COAST OF AFRICA MAILS.

ARTICLES OF AGREEMENT made the 7th day of July, in the year of our Lord 1858, between the "African Steam Ship Company" of the one part, and 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, Her heirs and successors), of the other part.

Recital of contract of 29th January 1852.

WHEREAS by articles of agreement, bearing date on or about the 29th day of January 1852, between Macgregor Laird, of Fenchurch-street, in the city of London, merchant, of the one part, and the said Commissioners, for and on behalf of Her Majesty, Her heirs and successors, of the other part, the said Macgregor Laird did, for the consideration therein mentioned, contract and agree with the said Commissioners to convey Her Majesty's mails between England and Fernando Po, on the west coast of Africa, as in the said articles of agreement mentioned.

Recital of bond of the same date.

And whereas by a bond, also bearing date on or about the 29th day of January 1852, under the hands and seals of John Forster, of New City Chambers, in the city of London, merchant,

merchant, and William Law Ogilby, of Ingram Court, London, shipbroker, the said John Forster and William Law Ogilby, became jointly and severally bound to Her Majesty in the penal sum of 2,000 £, for the due performance by or on the part of the said Macgregor Laird, of the said hereinbefore recited contract of the 29th day of January 1852.

Recital of assignment of the said contract.

And whereas, by Indenture, bearing date on or about the 11th day of March 1853, and made or expressed to be made between the said Macgregor Laird of the first part, the African Steam Ship Company of the second part, the said Commissioners for and on behalf of Her Majesty, of the third part, and the said John Forster and William Law Ogilby of the fourth part, the said Agreement or Contract, dated the 29th day of January 1852, was, with the sanction of the said Commissioners, and with the privity of the said John Forster and William Law Ogilby, assigned, transferred, and set over by the said Macgregor Laird to the African Steam Ship Company.

And whereas the said Commissioners, on the part of Her Majesty, have determined to enter into this further agreement with the said Company.

Now, these presents witness, that, in consideration of the payment hereinafter stipulated to be made to the said Company, the said Company do hereby, for themselves and their successors, covenant, promise, and agree to and with the said Commissioners that they the said Company shall and will, at their own cost and charge, at all times during the continuance of this contract, diligently, faithfully, and at a speed which on the average voyages of each vessel shall not be less than eight knots an hour, convey Her Majesty's mails, which expression of Her Majesty's mails where used in this contract, is agreed to include all bags or parcels of letters and despatches, which shall at any time or times, or from time to time, be or have been required by the said Commissioners, their officers or agents, or by Her Majesty's Postmaster General, his officers or agents, to be conveyed once each way every calendar month, between England and the West Coast of Africa, by means of a sufficient number (not less than seven) of good, substantial, and efficient steam-vessels, each fitted with a screw propeller, four of such vessels to be of not less than 978 register tons burthen, old measurement, each, and each supplied with first-rate appropriate steam-engines, of not less than 250 horse-power, two other of such vessels to be of not less than 650 register tons burthen, old measurement, each, and each supplied with first-rate appropriate steam-engines of not less than 150 horse-power, and the remaining vessel (to be employed intercolonially only) to be not less than 440 register tons burthen, old measurement, and supplied with first-rate appropriate steam-engines of not less than 100 horse-power, and all the said vessels to be of such construction and strength, and their equipment so arranged, as to be fit and able to carry and fire such an armament as the said Commissioners shall decide to be suitable and requisite. All the vessels employed under the contract to be always supplied and furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, oil, tallow, provisions, anchors, cables, fire-pumps, and other means for extinguishing fire, charts, chronometers, proper nautical instruments, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them constantly efficient for the service hereby contracted to be performed, and also manned with competent officers, with appropriate certificates granted, pursuant to the Act 17 & 18 Vict. c. 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 with engineers, and a sufficient crew of able seamen, and other men to be in all respects as to vessels, screw-propellers, engines, equipments, engineers, officers, and crew, subject in the first instance, and from time to time, and at all times afterwards to the approval of the said Commissioners, and of such persons as shall at any time, or from time to time, have authority under the said Commissioners to inspect and examine the same. The said Company shall and will, during the continuance of this contract, in every case diligently, faithfully, and to the satisfaction of the said Commissioners, and with all possible speed convey the said mails on board the said vessels respectively, as mentioned in the Tables of Routes, numbered 1 and 2, hereunto annexed.

Company to convey mails.

Once each way every calendar month, between England and the west coast of Africa, by not less than seven steam-vessels. Tonnage of steam-vessels, &c.

Vessels to be constructed so as to carry an armament.

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

and manned with certificated officers, &c.

Vessels and crew subject to Admiralty approval.

Mails to be conveyed according to tables annexed.

Departure of vessels from England.

Departure of colonial vessel.

Tables to form part of contract.

That one of such vessels, of not less than 150 horse-power, so approved of, and equipped and manned as aforesaid, shall once in every-calendar month, from and after the 24th day of September 1858, on such day and at such hour as shall at any time or times or from time to time be appointed by the said Commissioners, and immediately after Her Majesty's mails are embarked, put to sea from Liverpool, or such other port as shall be determined by the said Commissioners, and proceed in the performance of this contract in accordance with the Table of Route No. 1 hereinbefore mentioned; and that the vessel of not less than 100 horse-power to be employed intercolonially, only so approved of, and equipped and manned as aforesaid, shall once in every calendar month, from and after the 20th day of October 1858, on such day and at such hour as shall at any time or times or from time to time be appointed by the said Commissioners, and immediately after Her Majesty's mails are embarked, put to sea from Bonny, or such other port as shall be determined by the said Commissioners, and proceed in the performance of this contract in accordance with the Table of Route No. 2 hereinbefore mentioned; and all the stipulations and all the matters and things mentioned and contained in the said tables shall form part of this contract, and be observed, kept, and performed by the said Company accordingly, and subject to such stipulations, matters and things, and to the other stipulations of this contract, the said vessels shall depart from and arrive at the several places, as mentioned in such tables, on the days therein respectively mentioned or specified.

River service steamer.

That the said Company shall, at all times during the continuance of this contract, keep on the African coast at least one of the said steam-vessels as a branch steamer to carry on the river service.

Admiralty at liberty to change the port of embarkation.

That the said Commissioners for the time being shall be at liberty and have full power to alter the port of embarkation of the mails, and the day and hour of departure and arrival of the said vessels from and at all and every or any of the ports or places from whence the said mails are to be conveyed, on giving three calendar months' notice in writing under their hands or the hand of their secretary to the said Company.

Admiralty, with consent of Company, may order vessels to deliver mails at other ports.

That the said Commissioners shall be at liberty, with the consent of the said Company, but not otherwise, to order the said vessels to stop and deliver mails at other ports besides those above-mentioned.

Stay of vessels at ports.

That at each of the places and ports at which any one of the said vessels are or may be appointed to touch in the performance of this contract, they shall remain so long only as shall be required for landing and embarking the mails, unless the said Commissioners shall otherwise direct, in which case the precise stay of the said vessels at such places shall be determined by the said Commissioners, with power to the said Commissioners also, when so determined, to alter the same from time to time in such manner as in their judgment will afford the greatest accommodation to the different places and ports; and the said vessels shall stay accordingly, provided any such determination be signified to the said Company by a three calendar months' notice in writing under the hand of the Secretary of the Admiralty.

Company to replace disabled vessels.

That the said Company shall in every case of any of the said vessels becoming disabled, immediately, at their own cost and charge, replace the same by good and efficient vessels of similar tonnage and horse-power, obtained by hire or otherwise.

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

That the said Company shall, if required, 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 mails, an officer in Her Majesty's navy or any other person to be appointed by the said Commissioners, and that every such officer or other person shall be recognised and considered by the said Company 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 said Company, 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 said Company, unless the said Commissioners, on appeal from the said Company, shall think proper to decide otherwise.

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

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

That a suitable first-rate cabin, with appropriate bed, bedding, and furniture, shall at the cost of the said Company be provided and appropriated by the said Company 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 said Company as a chief cabin passenger is to be victualled, without any charge being made either for his passage or victualling.

Officer to be victualled by Company.

Admiralty may intrust mails to masters of vessels, who are to make usual declaration, and deliver and receive mails, &c.

And that if the said Commissioners shall, during the continuance of this contract, or of any part thereof, think fit to entrust the charge and custody of the mails to the masters of all or any of the vessels to be employed in the performance of this contract, each of them shall, without any charge to the public, take due care of, and be responsible for, the receipt, safe custody, and delivery of the said mails, and shall make the usual declaration or declarations required, or which may hereafter be required by Her Majesty's Postmaster General, in such and similar cases; and every such master having the charge of such mails shall himself, immediately on the arrival at any of the said ports or places of any vessel so conveying the same, deliver the said 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 direct and authorise to receive the same, receiving in like manner all the return or other mails to be forwarded in due course.

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.

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 Her Majesty's mails in a suitable and seaworthy boat, of not less than four oars, to be furnished with effectual covering for the mail bags, and properly provided, manned and equipped by the said Company, and who are also to provide whatever else may be necessary for the safe embarkation and disembarkation of the said mails,

mails, 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, time, and place of receipt and delivery of the said mails.

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That the said Company shall not receive, or permit to be received on board any of the vessels employed under this contract, any letters for conveyance, other than those duly in charge of the said naval officer, or other person authorised to have charge of the said mails, under or by virtue of this contract, or which are or may be privileged by law; and the said naval officer or other person shall report to the said Commissioners any default in this respect, and in case of such default, the said Company shall be liable to be proceeded against for a breach of this contract.

Company not to receive on board any other letters except those in charge under this contract.

That if the said Company fail to provide an efficient vessel, in accordance with the terms of this contract, or if any vessel employed in the performance of this contract, having Her Majesty's mails on board, shall stop, linger, or deviate from the direct course on her voyage (except from stress of weather, accidents, or when authorised as aforesaid), or shall delay starting at the proper time, or shall put back into port after starting, without the sanction, in each and every case, of the officer 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 said Company shall forfeit and pay unto Her Majesty, Her heirs and successors, the sum of 100*l.*; but nevertheless so that the said Company shall not in any case be liable to any penalties under this contract, if the default be proved, to the satisfaction of the said Commissioners, to have arisen from circumstances over which the said Company and their servants had not and could not have had any control.

Penalties for not putting to sea at day and hour appointed, or departure delayed, &c.

When Company not liable to penalties.

That the said Company 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.

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

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 said Company, shall, in every such case, pay to Her Majesty, Her heirs and successors, the sum of 200*l.*; but the payment of such penalty shall not in anywise release or discharge the said Company from remedying, replacing, or effectively repairing such deficiency or defect.

Naval officer in charge of mails may survey vessels, &c. and deficiency to be remedied under penalty of 200*l.*

That 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, the hulls of which vessels shall be opened by the said Company whenever required by the said officers or agents; 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; and if so employed before such defect or deficiency shall have been repaired or supplied, as the case may be, to the satisfaction of the said Commissioners, the said Company shall, in every such case, pay to Her Majesty, Her heirs and successors, the sum of 200*l.*

Admiralty by agents may survey vessels, &c., and if vessel, &c. unseaworthy, or alterations required, not to be employed until alterations, &c. made to satisfaction of Admiralty, under penalty of 200*l.*

That the said Company, 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 said Company, 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.

Company 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 said Company unto Her Majesty, Her heirs and successors, shall be considered as stipulated or ascertained damages, whether any damage shall or shall not have been incurred; and should the same, or any of them, become payable, and not be discharged forthwith on the application of the

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

Appendix, No. 3.

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 then, or at any time thereafter, payable to the said Company under this contract, or the payment thereof enforced with full costs of suit, at the discretion of the said Commissioners.

On requirement by Admiralty, &c. officers in the navy, army, or civil service, with wives, &c. to be received on board as chief-cabin passenger;

That the said Company shall and will, when, and as often as 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, for the whole or any portion of the voyages of the said vessels (in addition to the naval officer or other person authorised to have the charge of the said mails), all such officers in the navy, army, or civil service of Her Majesty, as chief cabin passengers, with their wives and families; and all such persons as fore-cabin passengers, with their wives and families, together with the servants of both chief and fore-cabin passengers; and all such seamen, marines, soldiers or artificers, with their wives and families, as deck passengers, as the said Commissioners, their officers or agents, shall at any time or times require; such 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 said Company when accommodation shall be required for the wives or children of such officers or other persons.

and as fore-cabin passengers with wives, &c. and servants;

and seamen, marines, soldiers, or artificers, &c. as deck passengers, with effectual protection from rain, &c.

As to class of 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.

Space and weight of baggage.

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 of 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 of soldiers of Royal Artillery, and Sappers and Miners, &c. and further allowance for married officers.

That soldiers of the Royal Artillery, and Sappers and Miners, and their wives, shall be allowed six 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.

Conveyance of field pieces, &c. and of hammocks.

That for every company of the Royal Artillery embarked there shall be conveyed, free of all charge, the proper proportion of light field-pieces and ammunition, 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.

As to victualling of Admiralty passengers.

That the victualling of officers, their wives and families, conveyed as chief-cabin passengers, shall be the same as is usually allowed by the said Company 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 is allowed to the boat-swain and carpenter of the Company's steam-ships; 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 said Company's 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 never to exceed rates in Tables.

That the said Company shall not charge nor receive for the fares of passengers conveyed under this contract, by direction of the said Commissioners, or the said naval or other officers or agents, acting under the authority of the said Commissioners, more than the ordinary rates charged by the said Company for private passengers, when such ordinary rates are equal to or less than the rates in the following Tables; but even if and when such ordinary rates exceed those in the said Tables, no more than the rates in such Tables shall be charged for the said passengers so conveyed under this contract.

Rates of passage-money for officers in navy, army, or civil services, who are not entitled to a passage at the public expense, and they are to be preferred to private passengers.

That all officers in the civil, naval, and military services of Her Majesty, who may not be entitled to a passage at the public expense, under this contract, shall, nevertheless, in all cases, when requiring a passage on board any of the said vessels, be provided with passages on board such vessels in preference to private passengers, and shall never be charged more than would have been chargeable for passengers entitled to a passage at the public expense.

MAIN LINE.

TABLE OF RATES OF PASSAGE.

TO AND FROM LIVERPOOL.	CHIEF CABIN PASSENGERS.				SECOND CABIN PASSENGERS.				DECK PASSENGERS.			
	Officer.	Lady.	Child between 8 and 12 Years of Age.	Child between 3 and 8 Years of Age.	Man.	Woman.	Child between 8 and 12 Years of Age.	Child between 3 and 8 Years of Age.	Man.	Woman.	Child between 8 and 12 Years of Age.	Child between 3 and 8 Years of Age.
Madeira - -	£. s. 19 -	£. s. 15 -	£. s. d. 10 - -	£. s. d. 8 - -	£. s. d. 14 - -	£. s. d. 10 - -	£. s. d. 5 - -	£. s. d. 4 - -	£. s. d. 8 10 -	£. s. d. 6 10 -	£. s. d. 4 - -	£. s. d. 3 10 -
Teneriffe - -	21 -	17 -	11 - -	8 10 -	15 10 -	11 10 -	5 10 -	4 7 6	9 5 -	7 5 -	5 17 6	3 15 -
Bathurst - -	28 10	25 -	15 - -	11 10 -	20 10 -	17 - -	7 - -	5 12 6	12 5 -	9 15 -	6 5 -	4 15 -
Sierra Leone -	31 -	28 -	16 - -	12 10 -	22 - -	19 - -	7 10 -	5 17 6	13 - -	10 5 -	6 15 -	5 2 6
Cape Palmas -	35 -	32 -	18 - -	13 10 -	24 10 -	21 10 -	8 10 -	6 12 6	15 - -	11 10 -	7 12 6	5 17 6
Cape Coast Castle	37 10	35 -	20 - -	14 10 -	26 - -	23 10 -	10 - -	7 15 -	16 - -	12 5 -	8 - -	6 2 6
Accra - - -	38 10	36 -	20 10 -	14 17 6	26 10 -	24 - -	10 7 6	8 - -	16 10 -	12 12 6	8 10 -	6 10 -
Lagos - - -	40 10	38 -	21 10 -	15 5 -	27 10 -	25 - -	10 17 6	8 7 6	18 5 -	13 17 6	8 17 6	6 15 -
Benin - - -	41 -	38 10	21 17 6	15 10 -	27 15 -	25 5 -	11 5 -	8 10 -	18 10 -	14 - -	9 - -	6 17 6
Nun - - -	41 10	39 -	22 3 -	15 15 -	28 - -	25 10 -	11 5 -	8 10 -	18 15 -	14 - -	9 - -	6 17 6
Brass - - -	41 10	39 -	22 3 -	15 15 -	28 - -	25 10 -	11 5 -	8 10 -	18 15 -	14 - -	9 - -	6 17 6
Bonny - - -	42 -	40 -	22 10 -	16 - -	28 15 -	26 5 -	11 10 -	9 - -	19 - -	14 5 -	9 10 -	7 5 -

INTERCOLONIAL LINE.

TABLE OF RATES OF PASSAGE.

TO AND FROM BONNY.	CHIEF CABIN PASSENGERS.				SECOND CABIN PASSENGERS.				DECK PASSENGERS.			
	Officer.	Lady.	Child between 8 and 12 Years of Age.	Child between 3 and 8 Years of Age.	Man.	Woman.	Child between 8 and 12 Years of Age.	Child between 3 and 8 Years of Age.	Man.	Woman.	Child between 8 and 12 Years of Age.	Child between 3 and 8 Years of Age.
Fernando Po -	£. s. d. 2 5 -	£. s. 2 -	£. s. d. 1 10 -	£. s. d. 1 - -	£. s. d. 1 15 -	£. s. d. 1 10 -	£. s. d. 1 - -	£. s. d. - 15 -	£. s. d. 1 - -	£. s. d. - 15 -	£. s. d. - 10 -	£. s. d. - 7 6
Cameroons - -	3 7 6	3 -	2 5 -	1 10 -	2 10 -	2 - -	1 7 6	1 - -	1 10 -	1 2 6	- 15 -	- 10 6
Old Calabar -	4 10 -	4 -	3 - -	2 - -	3 5 -	2 10 -	1 15 -	1 5 -	2 - -	1 10 -	1 - -	- 13 -
Brass - - -	5 10 -	5 -	3 15 -	2 10 -	4 - -	3 - -	2 2 6	1 10 -	2 10 -	1 17 6	1 5 -	- 16 -
Nun - - -	5 10 -	5 5	4 7 6	3 - -	4 5 -	3 5 -	2 5 -	1 10 -	2 12 6	2 - -	1 5 -	- 16 -
Bonny - - -	6 - -	5 10	4 10 -	3 2 6	4 10 -	3 7 6	2 5 -	1 12 6	2 15 -	2 2 6	1 7 6	- 17 6

Rates for officers, exclusive of wine and beer. Spirits for fore-cabin and deck male passengers.

Children under three carried free; male servants half, female servants two-thirds of rates for employers.

Certificate for passage-money.

The rates for officers as chief-cabin passengers are exclusive of wine and beer. Those for fore-cabin and deck passengers include for each male passenger half a gill of spirits per day, or an equivalent if not issued.

Children under three years of age to be carried free. Male servants charged one-half, and female servants two-thirds of the rates charged for their employers.

That the payment for 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 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."

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

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 17 & 18 Vict. c. 104, the rate of passage for whom is to be, and to be paid for in accordance with the provisions of that Act.

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

That the said Company 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 British naval officer in command of the station, 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 and deliver to and from, and between all or any of the same ports or places, any naval or other stores, at any time or times, at the usual rate of freight charged by the said Company for private goods (but which shall never be more than after the rate of 3*l.* per ton), on receiving from the said Commissioners, or their secretary for the time being, or any of their officers or agents, as long notice as practicable of its being their intention to have such stores so conveyed, and the said Company shall in all cases be strictly responsible for the due custody and safe delivery of the said packages, articles and stores.

And in consideration of the due and faithful performance by the said Company of all the services hereby contracted to be by them performed, the said Commissioners do hereby agree that there shall be paid to the said Company, so long as they perform the whole of the said services in the manner and with such vessels as herein provided, 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 30,000 *l.* per annum, by equal quarterly payments, and with a proportionate part thereof should this contract terminate on any other day than a day of quarterly payment, the first of such quarterly payments to be made at the expiration of three calendar months from the commencement of the service under this contract.

And it is hereby agreed that the said Commissioners for executing the office of Lord High Admiral shall at any time during the continuance of this contract, if they shall consider it necessary for the public interest, have power and be at liberty to purchase all or any of the said vessels at a valuation, or to charter the same exclusively for Her Majesty's service, at a rate of hire to be mutually fixed and agreed on by them and the said Company; but if any difference should at any time or times arise as to the amount of valuation or hire so to be paid, such difference shall be referred to two arbitrators, one to be chosen from time to time by the said Commissioners, and the other by the said Company; and if such arbitrators should at any time or times not agree in the matter or question referred to them, then such question in difference shall be referred by them to an umpire, to be chosen by such arbitrators before they proceed with the reference to them, and the joint and concurrent award of the said arbitrators, or the separate award of the said umpire, when the said arbitrators cannot agree, shall be binding and conclusive upon all parties; and that the said Commissioners, in the case of hiring any such vessel, shall return the same to the said Company in the same state and condition as she was in at the time of any such hiring, reasonable wear and tear excepted; and if any difference should arise upon that point, the same shall be settled in the same manner as the amount for the hiring is to be settled in case of difference.

And

Passage-money for families and wives of officers to be paid by officers, and what the rate is not to exceed.

Passengers, exclusive of men, under 17 & 18 Vict. c. 104.

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

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

Stores to be conveyed and delivered at rates as for private goods (but at never more than 3*l.* per ton) on notice, and Company to be responsible for same.

Payments to Company for services.

Admiralty may purchase or charter vessels at a rate to be settled by arbitration in case of difference.

And it is further agreed that, in case of such purchase or hire, the service hereby contracted to be performed shall be performed either by Her Majesty's vessels, or by other vessels of the said Company, of a similar description to the vessel or vessels purchased or hired, if they can in due and proper time furnish them, such other vessels as to construction, machinery, equipment and crew, to be subject to the same approval as other vessels employed under this contract.

In case of purchase or hire, Company to perform the service by other vessels, subject to Admiralty approval.

And in the event of the said Company being allowed by the said Commissioners to continue to perform only a portion of the service, there shall be paid to the said Company such annual sum of money as shall be agreed upon by the said Commissioners and the said Company, and in case of their differing as to the amount, the difference to be settled by two arbitrators, or an umpire, to be chosen respectively as aforesaid.

Payment to Company if only a portion of the service be performed.

And it is 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 the whole postage of all mails, despatches and letters of every description, conveyed in the vessels employed under this contract, whether carried from or out of Her Majesty's dominions, or otherwise, shall be at the disposal of Her Majesty's Postmaster General.

All postage at the disposal of the Postmaster General.

And it is hereby agreed and declared that this contract shall commence on the day of the date hereof, and shall continue in force for seven years, from the 24th day of September 1858, and then determine, if the said Commissioners shall by writing, under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners 12 calendar months' notice in writing, that this contract shall so determine; but if neither the said Commissioners nor the said Company shall give any such notice, this contract shall continue in force even after the said term of seven years, until the expiration of a 12 calendar months' notice in writing as aforesaid shall be given at any period of the year by either of the parties hereto to the other of them, which last-mentioned notice may be given at any time after the expiration of the said term of seven years from the 24th day of September 1858.

Duration of this contract.

And it is hereby agreed, that the hereinbefore recited contract, bearing date the 29th day of January 1852, shall be deemed and be considered to be, and is hereby terminated and annulled, save and except that for any breach or breaches thereof, up to the day of the date of this contract, proceedings may be taken, as if such contract of the 29th day of January 1852 were in force.

Recited contract annulled.

And it is hereby distinctly understood, that the said Company shall undertake for themselves all arrangements relative to quarantine, as connected with the due and regular performance of the conditions of this contract.

Quarantine arrangements to be undertaken by Company.

And it is hereby further agreed and provided, that the said Company 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 said Company, 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 said Company or their agents, nor shall the said Company 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 herein-after agreed to be made, shall be enforced, should the same be not duly paid by the said Company.

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 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 said Company, their 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 said Company, 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 of the said Company in England; and any such notices or directions so given or left, shall be as binding on the said Company as if duly served upon or left with them.

As to services of notices.

And it is hereby agreed, that if, when this contract 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 said Company shall not be entitled to any payment or compensation for the same.

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

And lastly, for the due and faithful performance of all and singular the covenants, conditions, provisions, clauses, articles and agreements hereinbefore contained, which on the part and behalf of the said Company are or ought to be observed, performed, fulfilled or kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of 2,000 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 same Commissioners and the said Company, in case of the failure of the said Company in the due execution of this contract, or any part thereof.

Company bound in 2,000 l. for due performance of contract.

Appendix, No. 3.

In witness whereof, two of the said Commissioners for executing the office of Lord High Admiral, have hereunto set their hands and seals, and the said African Steam Ship Company have hereunto set their corporate seal the day and year first above written.

Signed, sealed, and delivered by the said
Commissioners in the presence of
Jno. Doutry.

Alexander Milne (L.S.)
Lovaine (L.S.)

The corporate seal of the above-named "African Steam Ship Company," was hereunto affixed, by order of the Court of Directors, in the presence of

(L.S.)

Duncan Campbell, Secretary.
Jno. Doutry.

TABLE No. 1.

PRO FORMA TIME TABLE FOR MAIN LINE, AFRICAN STEAMSHIP COMPANY.

PORTS.	DATES.		Distance in Miles.	Steaming.		Stoppages.		Coals.	Course of Post from England.
	Arrivals.	Departures.		Days.	Hours.	Days.	Hours.		
Liverpool - -	- - -	24th, 3 P. M.	—	—	—	—	—	—	
Madeira - -	1st, 10 A. M. -	1st, 10 P. M. -	1,537	7	19	- -	12	Coals	
Teneriffe - -	3d, 6 A. M. -	3d, noon -	260	1	8	- -	6	-	
Bathurst - -	8th, noon -	9th, noon -	950	5	-	1	-	-	
Sierra Leone -	11th, midnight -	13th, midnight -	480	2	12	2	-	Coals	
Cape Palmas -	16th, 1 P. M. -	16th, 6 P. M. -	490	2	13	- -	5	-	
Cape Coast Castle	18th, 8 P. M. -	19th, 8 P. M. -	390	2	2	1	-	-	
Accra - -	20th, 5 A. M. -	20th, 5 P. M. -	70	-	9	- -	12	-	
Lagos - -	21st, 11 P. M. -	23d, 8 P. M. -	240	1	9	1	21	-	
Benin (River) -	24th, 4 A. M. -	24th, 2 P. M. -	100	-	8	- -	10	-	
Nun (River) -	25th, 8 A. M. -	25th, 1 P. M. -	143	-	18	- -	5	-	
Brass (River) -	25th, 2 P. M. -	25th, 6 P. M. -	7	-	1	- -	4	-	78
Bonny (River) -	26th, 4 A. M. -	5th, 2 P. M. -	70	-	10	9	10	Coals	Days.
Lagos - -	6th, 11 P. M. -	8th, 6 P. M. -	280	1	9	1	19	-	
Accra - -	9th, midnight -	10th, 6 P. M. -	240	1	6	- -	18	-	
Cape Coast Castle	11th, 3 A. M. -	12th, 10 A. M. -	70	-	9	1	7	-	
Cape Palmas -	14th, noon -	14th, 6 P. M. -	390	2	2	- -	6	-	
Sierra Leone -	17th, 7 A. M. -	19th, midnight -	490	2	13	2	17	Coals	
Bathurst - -	22d, noon -	23d, noon -	480	2	12	1	-	-	
Teneriffe - -	28th, noon -	28th, midnight -	950	5	-	- -	12	Coals	
Madeira - -	30th, A. M. -	30th, 8 P. M. -	260	1	8	- -	12	-	
Liverpool - -	9th, noon -	- - -	1,537	8	16	—	—	-	
			9,434 Nautical Miles.						

22 Ports visited by Main Line, including Port of Arrival and Departure in England.

Mileage, Main Line - - - - 9,434

„ Intercolonial Line - - - 590

10,024 Nautical Miles.

(L.S.)

TABLE, No. 2.

PRO FORMA TIME TABLE, INTERCOLONIAL LINE.

PORTS.	DATES.		Distance in Miles.	Steaming.		Stoppages.	
	Arrivals.	Departures.		Days.	Hours.	Days.	Hours.
Bonny - - -	- - -	26th, 4 P. M. - -	—	—	—	—	—
Fernando Po - - -	27th, 5 A. M. - -	27th, midnight - -	100	- -	13	- -	13
Cameroons - - -	28th, 9 A. M. - -	29th, 4 P. M. - -	70	- -	9	1	7
Old Calabar - - -	30th, 6 A. M. - -	31st, 9 A. M. - -	120	- -	14	1	3
Brass - - -	1st, 1 P. M. - -	2d, 9 A. M. - -	228	1	4	- -	20
Nun - - -	2d, 10 A. M. - -	2d, 6 P. M. - -	7	- -	1	- -	8
Bonny - - -	3d, 4 A. M. - -	- - -	70	- -	10	- -	- -
			590 Nautical Miles.				

Six Ports Intercolonial Line.

(L. S.)

PACIFIC STEAM NAVIGATION COMPANY.

ARTICLES OF AGREEMENT made the 23d day of September, in the year of our Lord 1850, between "The Pacific Steam Navigation Company" of the one part, and 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 other part, Contract with "The Pacific Steam Navigation Company."

WITNESS, that the said Company, in consideration of the payment hereinafter stipulated to be made, do for themselves and their successors hereby agree with the said Commissioners that they the said Company shall and will, during the continuance of this contract, provide, maintain, keep seaworthy and in complete repair and readiness, for the purpose of conveying as hereinafter provided, Her Majesty's mails (which term of Her Majesty's mails is intended and understood by the parties hereto to mean such of Her Majesty's mails, and all despatches and bags of letters as shall at any time 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, and whether such mails, despatches, and bags of letters be intended for any of the ports or places mentioned in this contract, or any other ports or places) a sufficient number, not less than six, of good substantial and efficient steam vessels to be employed between Panama and Callao and Callao and Valparaiso, in South America, and such other intermediate ports only as shall be approved of or directed by the said Commissioners, each and every of such vessels to be always supplied with first-rate appropriate steam-engines, of not less than 170 collective horse-power, and that all the said vessels shall be also always supplied and furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, oil, tallow, provisions, fresh water, anchors, cables, fire pumps, and other proper means for extinguishing fire, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them constantly efficient for the service hereby contracted; to be performed and also manned and provided with duly qualified and competent officers and engineers, and a sufficient crew of able seamen and other men, and to be in all respects as to vessels, engines, equipments, engineers, officers, and crew, subject in the first instance, and from time to time, and at all times afterwards, to the approval of the said Commissioners, and of such other persons as shall at any time, or from time to time, have authority under the said Commissioners to inspect and examine the same. Company to keep not less than six seaworthy steam vessels to convey mails. Steam vessels to be employed between Panama and Callao and Callao and Valparaiso, and other intermediate ports, approved or directed by Admiralty. Vessels to be supplied with steam engines of not less than 170 horse-power; and furnished with proper machinery, &c. and boats, fire pumps, &c. Vessels to be manned with competent officers, engineers, and crew; and all to be subject to approval of Admiralty.

That the said Company shall and will, during the continuance of this contract, in every case diligently, faithfully, and to the satisfaction of the said Commissioners, and with all due speed convey Her Majesty's mails on board the said vessels respectively as hereinafter mentioned. Company to convey mails to satisfaction of Admiralty.

That one of such vessels so approved of and equipped and manned as aforesaid, shall within 24 hours after the mails from England have been put on board, twice in every calendar month put to sea from Panama, and proceed to Callao, where the said vessel is to arrive under ordinary circumstances, and after calling at the intermediate ports, within 300 hours after the time of departure One vessel within 24 hours after mails from England are on Board, to proceed twice every calendar month from Panama to Callao, and to arrive at latter place within 300 hours.

Vessel to remain at Panama 120 hours if mail from England not arrived.

One vessel with mails twice every calendar month to proceed from Callao to Valparaiso within 444 hours after departure from Panama, and to arrive at Valparaiso within 300 hours of departure from Callao.

One vessel within 800 hours from time for vessel leaving Panama, to proceed twice every calendar month from Valparaiso to Callao, where she is to arrive within 276 hours.

One vessel within 1,100 hours from time for leaving Panama to proceed twice every calendar month from Callao to Panama, where she is to arrive within 276 hours.

Admiralty, or Naval Commander in Chief in the Pacific, have power to delay sailing of vessels not exceeding 24 hours.

Alterations or improvements to be made in vessels, &c., as Admiralty may direct.

Officer or other person appointed by Admiralty and a servant to be received on board.

Such officer or person to be considered as agent of Admiralty, with authority to require due execution of contract;

and to determine as to proceeding to sea or putting into harbour, &c., or necessity for stopping to assist vessel in distress, &c.

His decision to be final, except Admiralty, on appeal by Company, shall otherwise decide.

Suitable berth, bed, &c., to be provided by Company for Admiralty agent, and proper place for deposit of mails.

Admiralty agent to be victualled as chief cabin passenger free of charge.

Servant of Admiralty agent to have proper berth, and victualled by Company

Admiralty may place mails, &c. in charge of master of vessel, who is then to make usual declaration, &c.

Admiralty agent to be conveyed by Company on and from the shore, with or without mails, in a suitable boat.

departure from Panama; but should the mails from England not have arrived at Panama at the time appointed or hereafter to be appointed for their arrival, the said vessel is to remain there 120 hours from the time so appointed before proceeding to sea. That one of such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall twice in every calendar month and within 410 hours from the time of the departure of the said vessel from Panama, put to sea from Callao, and proceed to Valparaiso, where the said vessel is to arrive under ordinary circumstances, and after calling at the intermediate ports, within 300 hours after the time of departure from Callao.

That one of such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall within 800 hours from the time arranged for the departure of the said vessel from Panama twice in every calendar month, put to sea from Valparaiso, and proceed to Callao, where the said vessel is to arrive under ordinary circumstances, and after calling at the intermediate ports, within 276 hours after the time of departure from Valparaiso.

That one of such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall, within 1,100 hours from the time arranged for the departure of the said vessel from Panama twice in every calendar month, put to sea from Callao, and proceed to Panama, where the said vessel is to arrive, under ordinary circumstances, and after calling at the intermediate ports, within 276 hours after the time of departure from Callao.

That should it be deemed by the said Commissioners, or by any of their authorised agents, requisite for the public service, that any vessel employed under this contract should delay her departure from any of the places herein mentioned beyond the periods hereinbefore agreed upon, the said Commissioners or the naval Commander in Chief for the time being in the Pacific, shall have power and be at liberty to order such delay, not however exceeding 24 hours, by letter addressed to the master of any such vessel or person acting as such, and which shall be deemed a sufficient authority for such detention. Provided always, nevertheless, that the power so delegated to the said naval Commander in Chief shall only be exercised by him under circumstances of extreme urgency or necessity, and the nature of which circumstances shall in every case be forthwith specially reported by him to the said Commissioners.

That the said Company 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, and machinery of the vessels which shall be used in the performance of this contract as the advanced state of science may suggest and the said Commissioners may direct.

That the said Company shall, if required, receive and allow to remain on board each of the said vessels so to be and while employed in the performance of this contract, an officer of Her Majesty's navy, or any other person, to be severally appointed by the said Commissioners to take charge of the said mails, and also a servant of the said officer or person if required; and that every such officer or person shall be recognised and considered by the said Company 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 this contract on the part of the said Company, 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 person as aforesaid shall in each and every such case be final and binding on the said Company, unless the said Commissioners, on appeal by the said Company, shall think proper to decide otherwise; but it is understood that the above expression "to determine every question" shall not confer upon such officer or person the power of compulsion in such cases.

That a suitable berth, with appropriate bed, bedding, and furniture, shall, at the cost of the said Company, be provided and appropriated by them for and to the exclusive use and for the sole accommodation of such agent of the said Commissioners, and also a proper and convenient place of deposit on board, with secure lock and key, for Her Majesty's mails; and that each and every of the said agents shall be victualled by the said Company as a chief cabin passenger, without any charge being made for the same, and that should all or any of such agents require a servant, such servant shall also be provided with a proper and suitable berth, and be duly victualled whilst on board by and at the cost of the said Company, without any charge being made for the same; and should the said Commissioners deem it expedient to place the said mails and despatches in charge of the master or commander of the steam vessel, the said master or commander shall and will make the usual Post Office declaration, and furnish such general returns and information, and perform such services as the said Commissioners or their agent may require.

That Her Majesty's mails shall be conveyed in the said vessels, and be delivered and received at each of the places to which the said vessels are to proceed in the performance of this contract, and that at each port or place where the said mails are to be delivered and received, the agent having charge of Her Majesty's mails shall, whenever, and as often as by him

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him deemed practicable or necessary, be conveyed on shore, and also from the shore to the vessel employed for the time being in the performance of this contract, together with or (if such agent consider requisite for the purposes of this contract) without Her Majesty's mails, in a suitable boat to be provided and properly manned and equipped by the said Company, and that the directions of such agent shall in all cases be obeyed as to the mode, time, and place of receiving and delivering Her Majesty's mails.

Directions of agent in all cases as to mode, &c. of delivering and receiving mails to be obeyed.

That if any vessel employed in the performance of this contract, having Her Majesty's mails on board, shall stop, linger, or deviate from the direct course on her voyage, except from stress of weather, accidents, or when authorised as aforesaid, or shall delay starting at the proper time, or shall put back into port after starting without the sanction in each and every case of the agent authorised to have the charge of the said mails, or when so sanctioned to put back into port, shall not again start and proceed direct in the performance of the service hereby contracted for when and so soon as required by the said agent, then and in every of such cases, and as often as the same shall happen, the said Company shall and will forfeit and pay unto Her Majesty, Her heirs and successors, the sum of 500 £, and also the further sum of 500 £ for every successive period of 12 hours which shall elapse until such vessel shall proceed direct on her voyage in the performance of this contract; but the said Company are not to be liable to any penalties under this contract from any matters arising from circumstances over which they and their servants had not and could not have had any control, and which shall be so proved to the satisfaction of the said Commissioners.

Penalty for vessel stopping or deviating from direct course, or delaying starting, or putting back into port, without sanction of agent in charge of mails, 500 £, and 500 £ for every successive 12 hours' delay.

That every agent authorised to have the charge of the said mails shall, either alone or with such other persons as he may consider necessary, have full power and authority, as often as he may deem it requisite, to examine and survey in such manner, and with the assistance of such persons as he may think proper, any of the vessels employed or to be employed in the performance of this contract, and the hulls, machinery, equipments, and crews thereof, on his giving reasonable notice in writing to the master for the time being of the vessel about to be examined, or to the person acting as such, of such his intention; and if any defect or deficiency be ascertained, and notice thereof in writing be given to such master or person, the said master shall immediately, or as soon as possible thereupon, remedy, replace, or effectively repair or make good every such defect or deficiency.

Admiralty agent at liberty to survey vessels, machinery, &c. on giving notice.

If any defect, &c. and notice given in writing, same to be replaced or repaired, &c.

And that the said Commissioners shall also have full power, 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 the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, and equipments of every such vessel, the said vessels to be opened in their hulls whenever the said officers may require; 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 hereby contracted to be performed, or if the said Commissioners 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, every vessel which shall be disapproved of, or in which such defect or deficiency 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.

Admiralty at liberty to survey vessels, &c. by any other officer.

If vessel, &c. declared unseaworthy or alteration required, vessel disapproved of not to be employed again until alterations to satisfaction of Admiralty.

That the said Company, 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 said Company, 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.

Company and commanding and other officers of vessels to attend to orders of Admiralty or their officers, as to landing and receiving mails.

That the said Company shall and will, when and as often as in writing they or the masters of their respective vessels shall be required so to do by the said Commissioners, or by any naval or other officer or agent 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 of or any the vessels to be employed in the performance of this contract, for the whole or any portion of the voyages of the said vessels (in addition to the naval officer or other person authorised to have the charge of the said mails) any naval, military, and civil officers in the service of Her Majesty, not exceeding four, with their wives and families, as chief cabin passengers, and any number of seamen, marines, and soldiers in Her Majesty's service, not exceeding eight, with their wives and families, as deck passengers, to be effectually protected from sun, rain, and bad weather, charging for such chief cabin and deck passengers two-thirds only of the fares or rates charged by the said Company for ordinary passengers of a similar description, not less than 48 hours' notice being given to the agent of the said Company at the port of embarkation.

On requirement by Admiralty, or naval or other officer, Company to provide, &c. for any naval, military, or civil officer in Her Majesty's service, not exceeding four, with their wives, &c. as chief-cabin passengers;

and seamen, marines and soldiers, not exceeding eight, with their wives, &c. as deck passengers, with adequate protection.

To charge for such passengers two-thirds of ordinary rates, not less than 48 hours' notice being given to agent of Company.

And that all and every the sums of money hereby stipulated to be forfeited and paid by the said Company unto Her Majesty, Her heirs and successors, shall be considered as stipulated or ascertained damages, and shall and may be deducted and retained by the said Commissioners

Sums stipulated to be paid are to be considered as ascertained damages, and may be deducted by Admiralty

Out of moneys payable to Company, or be recovered with costs.

Small packages containing astronomical instruments, charts, &c., to be received on board, and conveyed free of charge ;

also naval or other stores, not exceeding five tons, to be received and conveyed in any one vessel at rate charged for private goods.

Company responsible for packages, articles, and stores. Obligation to receive passengers and stores not to be binding when same would endanger privileges exclusively granted to Company by any of South American States.

Admiralty at liberty to alter days, &c., of departure of vessels, on six calendar months' notice.

Contract to commence 1st April 1852, or any earlier day to be agreed on, and to continue for seven years, and then determine on 12 calendar months' notice by either party.

Company to be paid 25,000 £. per annum.

First quarterly payment on 1st July 1852, or expiration of three calendar months from other day appointed.

Contract not to be assigned, &c., without consent of Admiralty.

In case of breach or assignment of contract, Admiralty may determine contract without previous notice, and in that case Company not entitled to compensation.

As to service of notices.

Contract, dated 29th August 1845, to remain in force until 1st April

Commissioners out of any moneys payable or which may thereafter be payable to the said Company, or the payment may be enforced as a debt due to Her Majesty, with full costs of suit, at the discretion of the said Commissioners.

That the said Company shall and will receive on board each and every of the vessels employed in the performance of this contract any number of small packages containing astronomical instruments, charts, medicines, wearing apparel, or other articles addressed to persons in Her Majesty's service, and convey and deliver the same to, from, and between all or any of the said ports or places to or from which the said mails are to be conveyed in the performance of this contract, when and as often as directed by the British naval officer in command at any port where the vessel may touch, or by Her Majesty's chargé d'affaires or consuls in the countries to which such ports belong, free from all costs and charges ; and also shall and will receive on board each and every of the said vessels, and convey and deliver to, from, and between all or any of the said ports or places any naval or other stores, not exceeding five tons in weight, at any one time, in any one vessel, at the rate of freight charged by the said Company for private goods.

And that the said Company shall in all cases be strictly responsible for the due custody and safe delivery of the said packages, articles, and stores ; provided always, that the said obligation to receive such passengers and stores shall not be binding on the said Company under any circumstances which would endanger or render liable the confiscation or forfeiture of any privileges exclusively granted to the said Company by any of the South American States.

That if at any time during the continuance of this contract the said Commissioners shall deem it requisite to alter the particular days and hours of departure appointed for the departure of the said vessels from any of the places which the said vessels are to leave, they shall be at liberty at any time or times, or from time to time, to alter the days and hours of departure, on giving a notice in writing of not less than six calendar months of such their intention to the said Company, provided that any such alteration in the time of departure shall not be such as to prevent the service from being performed by six vessels.

And it is hereby agreed and declared, that this contract shall commence on the 1st day of April 1852, or on such earlier day as may be mutually agreed on, and shall continue in force for seven years, and then determine if the said Commissioners shall, by writing under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners, 12 calendar months' notice in writing that this contract shall so determine ; but if neither the said Commissioners nor the said Company shall give any such notice, this contract shall continue in force even after the said term of seven years, until the expiration of a 12 calendar months' notice in writing as aforesaid shall be given at any period of the year by either of the parties hereto to the other of them.

And in consideration of the due and faithful performance by the said Company of all the services hereby contracted by them to be performed, the said Commissioners do hereby agree that there shall be paid to the said Company, so long as they perform the whole of the said services, by bills at sight, payable by Her Majesty's Paymaster General, a sum after the rate of 25,000 £. per annum, in equal quarterly payments, the first of such quarterly payments to become due, and be made on the first day of July 1852, or at the expiration of three calendar months from such other day as may be appointed for the commencement of this contract.

And it is hereby further agreed and provided, that without the consent of the said Commissioners signified in writing, under the hand of one of their secretaries, neither this contract, nor any part thereof, shall be assigned, underlet, or disposed of, and that in case of the same, or any part thereof, being assigned, underlet, or otherwise disposed of without such consent signified as aforesaid, or of any breach of this contract on the part of the said Company, their officers, agents or servants, it shall be lawful for the said Commissioners for executing the said office of Lord High Admiral (if they think fit, and notwithstanding there may or may not have been any former breach of this contract) by writing under the hand of one of their secretaries for the time being to determine this contract, without any previous notice to the said Company or their agents, nor shall the said Company 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 said Company.

And it is also agreed, that the notices or directions which the said Commissioners or their secretary, officers, or other persons are hereby authorised and empowered to give to the said Company, or to their or any of their officers, agents, or servants, may, at the option of such Commissioners, or their secretary, officers, or other persons, be either delivered to the secretary of the said Company, or to the master of any of the said vessels, or other officer, agent, or servant of the said Company, in the charge or management of any vessel employed in the performance of this contract, or may be left at the last known office or house of business of the said Company in England.

And it is hereby agreed, that the contract bearing date on or about the 29th day of August 1845, and made between the said Company of the one part, and the Commissioners for

for executing the office of Lord High Admiral on behalf of Her Majesty of the other part, shall be deemed and be considered to remain in force until the said 1st day of April 1852, or until such earlier day only as may be mutually agreed on for the commencement of the services hereby contracted to be performed, from and after which day the same is hereby terminated and annulled.

1852, or such earlier day as may be agreed upon for commencement of the services contracted to be performed.

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 said Company are or ought to be observed, performed, fulfilled and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen, in the sum of 3,500 l. of lawful money of the United Kingdom, to be paid to our said Lady the Queen, Her heirs and successors, by way of stipulated or ascertained damages hereby agreed upon between the same Commissioners and the said Company, in case of the failure on the part of the said Company in the due execution of this contract, or any part thereof.

Contractors bound in 3,500 l. for performance of contract.

In witness whereof, the said Company have hereunto set their corporate seal, and two of the Commissioners for executing the office of Lord High Admiral have hereunto set their hands and seals, the day and year first above written.

The corporate seal of the above-named "Pacific Steam Navigation Company," was hereunto affixed by order of the Court of Directors in the presence of

(L. S.)

Thomas Bevis, Comr.
William Taggart, Secretary.
Houston Stewart. (L.S.)
William Cowper. (L.S.)

Signed, sealed, and delivered by the said Commissioners in the presence of

Jno. Doutry.

PACIFIC STEAM NAVIGATION COMPANY.

ARTICLES of AGREEMENT made the 13th day of November 1850, between "The Pacific Steam Navigation Company" of the one part, and 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 other part.

WHEREAS by articles of agreement, bearing date on or about the 23d day of September 1850, and made or expressed to be made between the said Company of the one part, and the said Commissioners (for and on behalf of Her Majesty) of the other part, the said Company did, for and in consideration of certain payments to be made to the said Company, contract and agree to convey Her Majesty's mails as therein mentioned. And it was thereby agreed and declared, that such contract should commence on the 1st day of April 1852, or on such earlier day as might be mutually agreed on, and should continue in force for seven years, and then determine if the said Commissioners should by writing, under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners 12 calendar months' notice in writing, that the said contract should so determine; but if neither the said Commissioners nor the said Company should give any such notice, the said contract should continue in force even after the said term of seven years, until the expiration of a 12 calendar months' notice in writing as aforesaid should be given at any period of the year by either of the parties thereto to the other of them. And whereas the said parties hereto have agreed that the said contract shall not be determinable by either of them by any notice at the expiration of seven years from the commencement thereof, but that such contract shall continue as hereinafter mentioned: Now these presents witness, and it is hereby agreed by and between the parties hereto that the hereinbefore recited contract of the 23d day of September 1850 shall commence on the 1st day of April 1852, or on such earlier day as may be mutually agreed on, and shall continue in force for seven years, and thenceforward until the expiration of a 12 calendar months' written notice, to be given at the expiration of the said term of seven years, or at any time afterwards, to the said Company by the said Commissioners, by writing under the hand of the Secretary of the Admiralty for the time being, or to the said Commissioners by the said Company, and at the expiration of any such notice, which may terminate at any period of the year, the said contract shall cease: Provided always, and it is hereby agreed that nothing herein contained shall prejudice or affect the power of the said Commissioners, given or reserved to them in and by the said articles of agreement, to determine the said contract at any time, without any previous notice to the said Company or their agents, in case of the said contract, or any part thereof, being without the consent of the said Commissioners assigned, underlet, or otherwise disposed of by the said Company, or in case of any breach of the said contract on the part of the said Company, their officers, agents, or servants.

Recital of agreement of 23d September 1850.

Which is to commence on 1st April 1852, or earlier day, if agreed on,

and continue in force for seven years, and thenceforward until the expiration of 12 calendar months' notice;

but nothing herein contained to affect power of Admiralty to determine contract, if it be assigned, &c., without their consent, or in case of any breach thereof by the Company.

In witness whereof, the said Company have hereunto set their corporate seal, and two of the said Commissioners for executing the office of Lord High Admiral have hereunto set their hands and seals, the day and year first above written.

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The corporate seal of the above-named "Pacific Steam Navigation Company" was hereunto affixed by order of the Court of Directors, in the presence of

(L. S.)

*Thomas Bevis, Com.
William Taggart, Sec.*

*Alex. Milne. (L.S.)
William Cowper. (L.S.)*

Signed, sealed, and delivered by the said Commissioners, in the presence of

Jno. James.

TABLE showing the SAILINGS of the PACIFIC STEAM NAVIGATION COMPANY'S CONTRACT PACKETS.
TWICE A MONTH.

[Approved 4th February 1852. See Letter from Company, 21st January, and Post Office, 3d February 1852.]

PLACES.	DATES.		DATES.		Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.	
	Arrival.	Departure.	Arrival.	Departure.			Days.	Hours.	Days.	Hours.
Panama - - -	- - -	9, noon	- - -	24, noon	-	9	-	-	-	-
Buenaventura -	11, 3 A.M.	11, 4 A.M.	26, 3 A.M.	26, 4 A.M.	352	-	1	15	-	1
Paita - - -	14, 4 ,,	14, 4 P.M.	29, 4 ,,	29, 4 P.M.	635	-	3	-	-	12
Callao - - -	16, midnight	19, 4 A.M.	1, midnight	4, 4 A.M.	508	-	2	8	2	4
Pisco - - -	19, 5 P.M.	19, 6 P.M.	4, 5 P.M.	4, 6 P.M.	116	-	-	13	-	1
Islay - - -	21, 8 A.M.	21, 11 A.M.	6, 8 A.M.	6, 11 A.M.	339	-	1	14	-	3
Arica - - -	21, 2 ,,	22, 7 ,,	6, 2 ,,	7, 7 ,,	136	-	-	15	-	5
Iquique - - -	22, 7 P.M.	22, 8 P.M.	7, 7 P.M.	7, 8 P.M.	106	-	-	12	-	1
Cobija - - -	23, noon	23, 2 ,,	8, noon	8, 2 ,,	144	-	-	16	-	2
Caldera - - -	24, 9 P.M.	25, 9 A.M.	9, 9 P.M.	10, 9 A.M.	278	-	1	7	-	12
Huasco - - -	25, 7 ,,	25, 8 P.M.	10, 7 ,,	10, 8 P.M.	94	-	-	10	-	1
Coquimbo - - -	26, 7 A.M.	26, 9 A.M.	11, 7 A.M.	11, 9 A.M.	98	-	-	11	-	2
Valparaiso - -	27, 7 ,,	1, 1 P.M.	12, 7 ,,	16, 1 P.M.	195	-	-	22	4	6
Coquimbo - - -	2, 11 ,,	2, 2 ,,	17, 11 ,,	17, 2 ,,	195	-	-	22	-	3
Huasco - - -	3, 1 ,,	3, 2 A.M.	18, 1 ,,	18, 2 A.M.	98	-	-	11	-	1
Caldera - - -	3, noon	3, 6 P.M.	18, noon	18, 6 P.M.	94	-	-	10	-	6
Cobija - - -	5, 1 A.M.	5, 2 A.M.	20, 1 A.M.	20, 2 A.M.	278	-	1	7	-	1
Iquique - - -	5, 6 P.M.	5, 7 P.M.	20, 6 P.M.	20, 7 P.M.	144	-	-	16	-	1
Arica - - -	6, 7 A.M.	6, 10 A.M.	21, 7 A.M.	21, 10 A.M.	106	-	-	12	-	3
Islay - - -	7, 1 ,,	7, 3 ,,	22, 1 ,,	22, 3 ,,	136	-	-	15	-	2
Pisco - - -	8, 5 P.M.	8, 7 P.M.	23, 5 P.M.	23, 7 P.M.	339	-	1	14	-	2
Callao - - -	9, 8 A.M.	11, noon	24, 8 A.M.	26, noon	116	-	-	13	2	4
Paita - - -	13, 8 P.M.	14, 8 P.M.	28, 8 P.M.	29, 8 P.M.	508	-	2	8	1	-
Buenaventura -	17, 8 ,,	17, 9 ,,	2, 8 ,,	2, 9 ,,	635	-	3	-	-	1
Panama - - -	19, noon	- - -	4, noon	- - -	352	-	1	15	-	-

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WORKING of the LINE with FOUR STEAMERS.

—	Leaves Panama.	Arrives at Valparaiso.	Leaves Valparaiso.	Arrives at Panama.
No. 1 - -	9 April - -	27 April - -	1 May - -	19 May.
No. 2 - -	24 April - -	12 May - -	16 May - -	4 June.
No. 3 - -	9 May - -	27 May - -	1 June - -	19 June.
No. 1 - -	24 May - -	12 June - -	16 June - -	4 July.
No. 4 - -	Spare Vessel.	—	—	—

PACIFIC STEAM NAVIGATION COMPANY.

ARTICLES of AGREEMENT made the 23d day of September, in the year of our Lord 1850, between "The Pacific Steam Navigation Company" of the one part, and 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 other part,

Contract with "The Pacific Steam Navigation Company."

WITNESS, that the said Company, in consideration of the payment hereinafter stipulated to be made, do for themselves and their successors hereby agree with the said Commissioners, that they the said Company shall and will during the continuance of this contract, provide, maintain, keep seaworthy, and in complete repair and readiness, for the purpose of conveying, as hereinafter provided, Her Majesty's mails (which term of Her Majesty's mails is intended and understood by the parties hereto to mean such of Her Majesty's mails and all despatches and bags of letters as shall at any time, 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, and whether such mails, despatches, and bags of letters be intended for any of the ports or places mentioned in this contract, or any other ports or places), a sufficient number, not less than six, of good substantial and efficient steam vessels, to be employed between Panama and Callao, and Callao and Valparaiso, in South America, and such other intermediate ports only as shall be approved of or directed by the said Commissioners, each and every of such vessels to be always supplied with first-rate appropriate steam engines, of not less than 170 collective horse power, and that all the said vessels shall be also always supplied and furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, oil, tallow, provisions, fresh water, anchors, cables, fire pumps, and other proper means for extinguishing fire, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them constantly efficient for the service hereby contracted to be performed, and also manned and provided with duly qualified and competent officers and engineers, and a sufficient crew of able seamen and other men, and to be in all respects as to vessels, engines, equipments, engineers, officers and crew, subject in the first instance, and from time to time, and at all times afterwards, to the approval of the said Commissioners, and of such other persons as shall at any time, or from time to time, have authority under the said Commissioners to inspect and examine the same.

Company to keep not less than six seaworthy steam vessels to convey mails.

Steam vessels to be employed between Panama and Callao, and Callao and Valparaiso, and other intermediate ports, approved or directed by Admiralty.

Vessels to be supplied with steam engines of not less than 170 horse power;

and furnished with proper machinery, &c., and boats, fire pumps, &c.

Vessels to be manned with competent officers, engineers and crew, and all to be subject to approval of Admiralty.

That the said company shall and will during the continuance of this contract in every case diligently, faithfully, and to the satisfaction of the said Commissioners, and with all due speed, convey Her Majesty's mails on board the said vessels respectively, as hereinafter mentioned.

Company to convey mails to satisfaction of Admiralty.

That one of such vessels so approved of, and equipped and manned as aforesaid, shall within 24 hours after the mails from England have been put on board, twice in every calendar month put to sea from Panama, and proceed to Callao; where the said vessel is to arrive, under ordinary circumstances, and after calling at the intermediate ports, within 300 hours after the time of departure from Panama; but should the mails from England not have arrived at Panama at the time appointed, or hereafter to be appointed, for their arrival, the said vessel is to remain there 120 hours from the time so appointed before proceeding to sea. That one of such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall twice in every calendar month, and within 444 hours from the time of the departure of the said vessel from Panama, put to sea from Callao, and proceed to Valparaiso, where the said vessel is to arrive, under ordinary circumstances, and after calling at the intermediate ports, within 300 hours after the time of departure from Callao.

One vessel, within 24 hours after mails from England are on board, to proceed twice every calendar month from Panama to Callao, and to arrive at latter place within 300 hours.

Vessel to remain at Panama 120 hours if mail from England not arrived.

One vessel, with mails, twice every calendar month to proceed from Callao to Valparaiso within 444 hours after departure from Callao.

departure from Panama, and to arrive at Valparaiso within 300 hours of

That one of such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall within 800 hours from the time arranged for the departure of the said vessel from Panama, twice in every calendar month, put to sea from Valparaiso, and proceed to Callao, where the said vessel is to arrive, under ordinary circumstances, and after calling at the intermediate ports, within 276 hours after the time of departure from Valparaiso.

One vessel, within 800 hours from time for vessel leaving Panama, to proceed twice every calendar month from Valparaiso to Callao, where she is to arrive within 276 hours.

One vessel, within 1,100 hours from time for leaving Panama, to proceed twice every calendar month from Callao to Panama, where she is to arrive within 276 hours.

Admiralty or Naval Commander in Chief in the Pacific have power to delay sailing of vessels not exceeding 24 hours.

Alterations or improvements to be made in vessels, &c. as Admiralty may direct.

Officer or other person appointed by Admiralty, and a servant, to be received on board. Such officer or person to be considered as agent of Admiralty, with authority to require due execution of contract;

and to determine as to proceeding to sea or putting into harbour, &c. or necessity for stopping to assist vessels in distress, &c. His decision to be final, except Admiralty on appeal by Company shall otherwise decide.

Suitable berth, bed, &c. to be provided by company for Admiralty agent, and proper place for deposit of mails.

Admiralty agent to be victualled as chief cabin passenger, free of charge.

Servant of Admiralty agent to have proper berth, and victualled by Company.

Admiralty may place mails, &c. in charge of master of vessel, who is then to make usual declaration, &c.

Admiralty agent to be conveyed by Company on and from the shore, with or without mails, in a suitable boat.

Directions of agent in all cases as to mode, &c. of delivering and receiving mails to be obeyed.

Penalty for vessel stopping or deviating from direct course, or delaying starting or put back into port, without sanction of agent in charge of mails, 500 l.; and 500 l. for every successive 12 hours' delay.

That one of such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall with 1,100 hours from the time arranged for the departure of the said vessel from Panama, twice in every calendar month, put to sea from Callao and proceed to Panama, where the said vessel is to arrive, under ordinary circumstances, and after calling at the intermediate ports, within 276 hours after the time of departure from Callao.

That should it be deemed by the said Commissioners, or by any of their authorized agents, requisite for the public service, that any vessel employed under this contract should delay her departure from any of the places herein mentioned beyond the periods hereinbefore agreed upon, the said Commissioners, or the naval Commander in Chief for the time being, in the Pacific, shall have power and be at liberty to order such delay, not, however, exceeding 24 hours, by letter addressed to the master of any such vessel, or person acting as such, and which shall be deemed a sufficient authority for such detention. Provided always, nevertheless, that the power so delegated to the said naval Commander in Chief shall only be exercised by him under circumstances of extreme urgency or necessity, and the nature of which circumstances shall in every case be forthwith specially reported by him to the said Commissioners.

That the said company 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 and machinery of the vessels which shall be used in the performance of this contract, as the advanced state of science may suggest, and the said Commissioners may direct.

That the said company shall, if required, receive and allow to remain on board each of the said vessels so to be and while employed in the performance of this contract, an officer of Her Majesty's Navy, or any other person to be severally appointed by the said Commissioners to take charge of the said mails, and also a servant of the said officer or person if required, and that every such officer or person shall be recognized and considered by the said Company 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 this contract on the part of the said Company, 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 person as aforesaid shall, in each and every such case, be final and binding on the said Company, unless the said Commissioners, on appeal by the said Company, shall think proper to decide otherwise; but it is understood that the above expression "to determine every question" shall not confer upon such officer or person the power of compulsion in such cases.

That a suitable berth, with appropriate bed, bedding and furniture, shall, at the cost of the said Company, be provided and appropriated by them for and to the exclusive use and for the sole accommodation of such agent of the said Commissioners, and also a proper and convenient place of deposit on board, with secure lock and key for Her Majesty's mails, and that each and every of the said agents shall be victualled by the said Company as a chief cabin passenger, without any charge being made for the same; and that should all or any of such agents require a servant, such servant shall also be provided with a proper and suitable berth, and be duly victualled whilst on board by and at the cost of the said Company, without any charge being made for the same; and should the said Commissioners deem it expedient to place the said mails and despatches in charge of the master or commander of the steam vessel, the said master or commander shall and will make the usual post office declaration, and furnish such general returns and information, and perform such services as the said Commissioners or their agent may require.

That Her Majesty's mails shall be conveyed in the said vessels, and be delivered and received at each of the places to which the said vessels are to proceed in the performance of this contract, and that at each port or place where the said mails are to be delivered and received, the agent having charge of Her Majesty's mails shall, whenever and as often as by him deemed practicable or necessary, be conveyed on shore, and also from the shore to the vessel employed for the time being in the performance of this contract, together with or (if such agent consider requisite for the purposes of this contract) without Her Majesty's mails, in a suitable boat to be provided and properly manned and equipped by the said Company, and that the directions of such agents shall, in all cases, be obeyed as to the mode, time and place of receiving and delivering Her Majesty's mails.

That if any vessels employed in the performance of this contract having Her Majesty's mails on board shall stop, linger or deviate from the direct course on her voyage, except from stress of weather, accidents, or when authorised as aforesaid, or shall delay starting at the proper time, or shall put back into port after starting without the sanction in each and every case of the agent authorised to have charge of the said mails, or when so sanctioned to put back into port shall not again start and proceed direct in the performance of the service hereby contracted for, when and so soon as required by the said agent, then and in every of such cases, and as often as the same shall happen, the said Company shall and will forfeit and 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 direct on her voyage in the performance of this contract.

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contract. But the said Company are not to be liable to any penalties under this contract from any matters arising from circumstances over which they and their servants had not and could not have had any control, and which shall be so proved to the satisfaction of the said Commissioners.

Appendix, No. 3:

That every agent authorised to have the charge of the said mails shall, either alone or with such other persons as he may consider necessary, have full power and authority, as often as he may deem it requisite, to examine and survey in such manner, and with the assistance of such persons as he may think proper, any of the vessels employed or to be employed in the performance of this contract, and the hulls, machinery, equipments and crews thereof, on his giving reasonable notice in writing to the master for the time being of the vessel about to be examined, or to the person acting as such, of such his intention, and if any defect or deficiency be ascertained and notice thereof in writing be given to such master or person, the said master shall immediately, or as soon as possible thereupon, remedy, replace, or effectually repair, or make good every such defect or deficiency.

Admiralty agent at liberty to survey vessels, machinery, &c. on giving notice.

If any defect, &c., and notice given in writing, same to be replaced or repaired, &c.

And that the said Commissioners shall also have full power 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 the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores and equipments of every such vessel, the said vessels to be opened in their hulls whenever the said officers may require, 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 hereby contracted to be performed; or if the said Commissioners 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, every vessel which shall be disapproved of, or in which such defect or deficiency 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.

Admiralty at liberty to survey vessels, &c. by any other officer.

If vessel, &c. declared unseaworthy, or alteration required, vessel disapproved of not to be employed again until alterations to satisfaction of Admiralty.

That the said Company, 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 Company, 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.

Company and commanding and other officers of vessels to attend to orders of Admiralty, or their officers, as to landing and receiving mails.

That the said Company shall and will, when and as often as in writing they or the masters of their respective vessels shall be required so to do by the said Commissioners, or by any naval or other officer or agent 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 of or any the vessels to be employed in the performance of this contract, for the whole or any portion the voyages of the said vessels (in addition to the naval officer or other person authorized to have the charge of the said mails) any naval, military and civil officers in the service of Her Majesty, not exceeding four, with their wives and families as chief cabin passengers, and any number of seamen, marines and soldiers in Her Majesty's service, not exceeding eight, with their wives and families as deck passengers, to be effectually protected from sun, rain and bad weather, charging for such chief cabin and deck passengers two-thirds only of the fares or rates charged by the said Company for ordinary passengers of a similar description, not less than 48 hours' notice being given to the agent of the said Company at the port of embarkation.

On requirement by Admiralty, or naval or other officer, Company, to provide, &c. for any naval, military or civil officer in Her Majesty's service, not exceeding four, with their wives, &c. as chief cabin passengers; and seamen, marines and soldiers, not exceeding eight, with their wives, &c. as deck passengers, with adequate protection. To charge for such passengers two-thirds of ordinary rates; to agent of Company.

not less than 48 hours' notice being given to agent of Company.

And that all and every the sums of money hereby stipulated to be forfeited and paid by the said Company unto Her Majesty, Her heirs and successors, shall be considered as stipulated or ascertained damages, and shall and may be deducted and retained by the said Commissioners, out of any moneys payable, or which may thereafter be payable, to the said Company, or the payment may be enforced as a debt due to Her Majesty, with full costs of suit, at the discretion of the said Commissioners.

Sums stipulated to be paid are to be considered as ascertained damages, and may be deducted by Admiralty out of moneys payable to Company, or be recovered with costs.

That the said Company shall and will receive on board each and every of the vessels employed in the performance of this contract, any number of small packages, containing astronomical instruments, charts, medicines, wearing apparel, or other articles addressed to persons in Her Majesty's service, and convey and deliver the same to, from and between all or any of the said ports or places to or from which the said mails are to be conveyed in the performance of this contract, when and as often as directed by the British naval officer in command at any port where the vessel may touch, or by Her Majesty's chargé d'affaires or consuls in the countries to which such ports belong, free from all costs and charges, and also shall and will receive on board each and every of the said vessels, and convey and deliver to, from and between all or any of the said ports or places any naval or other stores, not exceeding five tons in weight, at any one time in any one vessel, at the rate of freight charged by the said Company for private goods.

Small packages, containing astronomical instruments, charts, &c. to be received on board, and conveyed free of charge;

also naval or other stores, not exceeding five tons, to be received and conveyed in any one vessel, at rate charged for private goods.

Company responsible for packages, articles and stores.

Obligation to receive passengers and stores not to be binding when same would endanger privileges exclusively granted to Company by any of South American States.

Admiralty at liberty to alter days, &c. of departure of vessels on six calendar months' notice.

Contract to commence 1st April 1852, or any earlier day to be agreed on, and to continue for seven years, and then determine on 12 calendar months' notice by either party.

Company to be paid 25,000 l. per annum.

First quarterly payment on 1st July 1852, or expiration of three calendar months from other day appointed.

Contract not to be assigned, &c. without consent of Admiralty.

In case of breach or assignment of contract, Admiralty may determine contract without previous notice, and in that case company not entitled to compensation.

As to service of notices.

Contract, dated 29th August 1845, to remain in force until 1st April 1852, or such earlier day as may be agreed upon for commencement of the services contracted to be performed.

Contractors bound in 3,500 l. for performance of contract.

And that the said Company shall, in all cases, be strictly responsible for the due custody and safe delivery of the said packages, articles and stores: Provided always, that the said obligation to receive such passengers and stores shall not be binding on the said Company, under any circumstances which would endanger or render liable the confiscation or forfeiture of any privileges exclusively granted to the said Company by any of the South American States.

That if at any time during the continuance of this contract, the said Commissioners shall deem it requisite to alter the particular days and hours of departure appointed for the departure of the said vessels from any of the places which the said vessels are to leave, they shall be at liberty at any time or times, or from time to time, to alter the days and hours of departure, on giving a notice in writing of not less than six calendar months of such their intention to the said Company, provided that any such alteration in the time of departure, shall not be such as to prevent the service from being performed by six vessels.

And it is hereby agreed and declared, that this contract shall commence on the 1st day of April 1852, or on such earlier day as may be mutually agreed on, and shall continue in force for seven years, and then determine if the said Commissioners shall, by writing under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners 12 calendar months' notice in writing that this contract shall so determine; but if neither the said Commissioners nor the said Company shall give any such notice, this contract shall continue in force even after the said term of seven years until the expiration of a 12 calendar months' notice in writing as aforesaid shall be given at any period of the year by either of the parties hereto to the other of them.

And in consideration of the due and faithful performance by the said Company of all the services hereby contracted by them to be performed, the said Commissioners do hereby agree that there shall be paid to the said Company so long as they perform the whole of the said services by bills at sight payable by Her Majesty's Paymaster General a sum after the rate of 25,000 l. per annum in equal quarterly payments, the first of such quarterly payments to become due and be made on the 1st day of July 1852, or at the expiration of three calendar months from such other day as may be appointed for the commencement of this contract.

And it is hereby further agreed and provided, that without the consent of the said Commissioners, signified in writing under the hand of one of their secretaries, neither this contract nor any part thereof shall be assigned, underlet, or disposed of, and that in case of the same or any part thereof being assigned, underlet, or otherwise disposed of, without such consent, signified as aforesaid, or of any breach of this contract on the part of the said Company, their officers, agents, or servants, it shall be lawful for the said Commissioners for executing the said office of Lord High Admiral (if they think fit, and notwithstanding there may or may not have been any former breach of this contract), by writing under the hand of one of their secretaries for the time being, to determine this contract without any previous notice to the said Company or their agents, nor shall the said Company 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 said Company.

And it is also agreed, that the notices or directions which the said Commissioners or their secretary, officers, or other persons, are hereby authorised and empowered to give to the said Company, or to their or any of their officers, agents, or servants, may at the option of such Commissioners, or their secretary, officers, or other persons, be either delivered to the secretary of the said Company, or to the master of any of the said vessels, or other officer, agent, or servant of the said Company in the charge or management of any vessel employed in the performance of this contract, or may be left at the last known office or house of business of the said Company in England.

And it is hereby agreed that the contract bearing date on or about the 29th day of August 1845, and made between the said Company of the one part, and the Commissioners for executing the office of Lord High Admiral (on behalf of Her Majesty) of the other part, shall be deemed and be considered to remain in force until the said 1st day of April 1852, or until such earlier day only as may be mutually agreed on for the commencement of the services hereby contracted to be performed, from and after which day the same is hereby terminated and annulled.

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 said Company are or ought to be observed, performed, fulfilled, and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of 3,500 l. of lawful money of the United Kingdom to be paid to our said Lady the Queen, Her heirs and successors, by way of stipulated or ascertained damages hereby agreed upon between the same Commissioners and the said Company, in case of the failure on the part of the said Company in the due execution of this contract, or any part thereof.

In

In witness whereof the said Company have hereunto set their corporate seal, and two of the Commissioners for executing the office of Lord High Admiral have hereunto set their hands and seals the day and year first above written.

The corporate seal of the above-named "Pacific Steam Navigation Company" was hereunto affixed by order of the Court of Directors in the presence of (L.S.)

*Thomas Bevis, Comr.
William Taggart, Secy.
Houston Stewart. (L.S.)
William Cowper. (L.S.)*

Signed, sealed, and delivered by the said Commissioners in the presence of
Jno. Doutry.

PACIFIC STEAM NAVIGATION COMPANY.

ARTICLES of AGREEMENT made the 13th day of November 1850 between "The Pacific Steam Navigation Company" of the one part, and 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 other part.

WHEREAS by articles of agreement, bearing date on or about the 23d day of September 1850, and made or expressed to be made between the said Company of the one part, and the said Commissioners (for and on behalf of Her Majesty) of the other part, the said Company did, for and in consideration of certain payments to be made to the said Company, contract and agree to convey Her Majesty's mails as therein mentioned. And it was thereby agreed and declared that such contract should commence on the 1st day of April 1852, or on such earlier day as might be mutually agreed on, and should continue in force for seven years, and then determine if the said Commissioners should, by writing under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners 12 calendar months' notice in writing that the said contract should so determine; but if neither the said Commissioners nor the said Company should give any such notice, the said contract should continue in force even after the said term of seven years, until the expiration of a twelve calendar months' notice in writing, as aforesaid, should be given at any period of the year by either of the parties thereto to the other of them. And whereas the said parties hereto have agreed that the said contract shall not be determinable by either of them by any notice at the expiration of seven years from the commencement thereof, but that such contract shall continue as hereinafter mentioned. Now these presents witness, and it is hereby agreed by and between the parties hereto, that the hereinbefore recited contract of the 23d day of September 1850 shall commence on the 1st day of April 1852, or on such earlier day as may be mutually agreed on, and shall continue in force for seven years, and thenceforward until the expiration of a 12 calendar months' written notice, to be given at the expiration of the said term of seven years, or at any time afterwards to the said Company by the said Commissioners by writing, under the hand of the Secretary of the Admiralty for the time being, or to the said Commissioners by the said Company, and at the expiration of any such notice, which may terminate at any period of the year, the said contract shall cease, provided always, and it is hereby agreed, that nothing herein contained shall prejudice or affect the power of the said Commissioners, given or reserved to them in and by the said articles of agreement, to determine the said contract at any time without any previous notice to the said Company or their agents; in case of the said contract, or any part thereof, being without the consent of the said Commissioners assigned, underlet or otherwise disposed of by the said company, or in case of any breach of the said contract on the part of the said Company, their officers, agents or servants.

Recital of agreement of 23d Sept. 1850.

Which is to commence on 1st April 1852, or earlier day if agreed on;

and continue in force for 7 years, and thenceforward until the expiration of 12 calendar months' notice.

But nothing herein contained to affect power of Admiralty to determine contract if it be assigned, &c., without their consent, or in case of any breach thereof by the Company.

In witness whereof the said Company have hereunto set their corporate seal, and two of the said Commissioners for executing the office of Lord High Admiral have hereunto set their hands and seals the day and year first above written.

The corporate seal of the above named "Pacific Steam Navigation Company" was hereunto affixed by order of the Court of Directors, in the presence of (L.S.)

*Thomas Bevis, Comr.
William Taggart, Sec.
Alex. Milne. (L.S.)
William Cowper. (L.S.)*

Signed, sealed and delivered by the said Commissioners, in the presence of
Jno. James.

TABLE showing the SAILINGS of the PACIFIC STEAM NAVIGATION COMPANY'S CONTRACT PACKETS.
TWICE A MONTH.

[Approved 4th February 1852. See Letter from Company, 21st January, and Post Office, 3d February 1852.]

PLACES.	DATES.		DATES.		Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.	
	Arrival.	Departure.	Arrival.	Departure.			Days.	Hours.	Days.	Hours.
Panama - - -	- - -	9, noon	- - -	24, noon	-	9	-	-	-	-
Buenaventura	11, 3 a.m.	11, 4 a.m.	26, 3 a.m.	26, 4 a.m.	352	-	1	15	-	1
Paita - - -	14, 4 ,,	14, 4 p.m.	29, 4 ,,	29, 4 p.m.	635	-	3	-	-	12
Callao - - -	16, midnight	19, 4 a.m.	1, midnight	4, 4 a.m.	508	-	2	8	2	4
Pisco - - -	19, 5 p.m.	19, 6 p.m.	4, 5 p.m.	,, 6 p.m.	116	-	-	13	-	1
Islay - - -	21, 8 a.m.	21, 11 a.m.	6, 8 a.m.	6, 11 a.m.	339	-	1	14	-	3
Arica - - -	,, 2 ,,	22, 7 ,,	,, 2 ,,	7, 7 a.m.	136	-	-	15	-	5
Iquique - - -	22, 7 p.m.	,, 8 p.m.	7, 7 p.m.	,, 8 p.m.	106	-	-	12	-	1
Cobija - - -	23, noon	23, 2 ,,	8, noon	8, 2 p.m.	144	-	-	16	-	2
Caldera - - -	24, 9 p.m.	25, 9 a.m.	9, 9 p.m.	10, 9 a.m.	278	-	1	7	-	12
Huasco - - -	25, 7 ,,	,, 8 p.m.	10, 7 ,,	,, 8 p.m.	94	-	-	10	-	1
Coquimbo - - -	26, 7 a.m.	26, 9 a.m.	11, 7 a.m.	11, 9 a.m.	98	-	-	11	-	2
Valparaiso - - -	27, 7 ,,	1, 1 p.m.	12, 7 ,,	16, 1 p.m.	195	-	-	22	4	6
Coquimbo - - -	2, 11 ,,	2, 2 ,,	17, 11 ,,	17, 2 p.m.	195	-	-	22	-	3
Huasco - - -	3, 1 ,,	3, 2 a.m.	18, 1 ,,	18, 2 a.m.	98	-	-	11	-	1
Caldera - - -	,, noon	,, 6 p.m.	,, noon	,, 6 p.m.	94	-	-	10	-	6
Cobija - - -	5, 1 a.m.	5, 2 a.m.	20, 1 a.m.	20, 2 a.m.	278	-	1	7	-	1
Iquique - - -	,, 6 p.m.	,, 7 p.m.	,, 6 p.m.	,, 7 p.m.	144	-	-	16	-	1
Arica - - -	6, 7 a.m.	6, 10 a.m.	21, 7 a.m.	21, 10 a.m.	106	-	-	12	-	3
Islay - - -	7, 1 ,,	7, 3 ,,	22, 1 ,,	22, 3 ,,	136	-	-	15	-	2
Pisco - - -	8, 5 p.m.	8, 7 p.m.	23, 5 p.m.	23, 7 p.m.	339	-	1	14	-	2
Callao - - -	9, 8 a.m.	11, noon	24, 8 a.m.	26, noon	116	-	-	13	2	4
Paita - - -	13, 8 p.m.	14, 8 p.m.	28, 8 p.m.	29, 8 p.m.	508	-	2	8	1	-
Buenventura - - -	17, 8 ,,	17, 9 ,,	2, 8 p.m.	2, 9 p.m.	635	-	3	-	-	1
Panama - - -	19, noon	- - -	4, noon	- - -	352	-	1	15	-	-

Working of the Line with Four Steamers.

	Leaves Panama.	Arrives at Valparaiso.	Leaves Valparaiso.	Arrives at Panama.
No. 1 - - -	April 9 - -	April 27 - -	May 1 - -	May 19.
No. 2 - - -	April 24 - -	May 12 - -	May 16 - -	June 4.
No. 3 - - -	May 9 - -	May 27 - -	June 1 - -	June 19.
No. 1 - - -	May 24 - -	June 12 - -	June 16 - -	July 4.
No. 4 - - -	Spare Vessel.			

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PACIFIC STEAM NAVIGATION COMPANY.

ARTICLES of AGREEMENT made the 6th day of April, in the year of our Lord 1858, between "The Pacific Steam Navigation Company" of the first part, George Malcolm, of Liverpool, in the County Palatine of Lancaster, Merchant, and William Bates, of Liverpool aforesaid, Merchant, of the second part, and 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 third part.

WHEREAS by certain articles of agreement, bearing date on or about the 23d day of September 1850, and made or expressed to be made, between the said Company of the one part, and the said Commissioners on behalf of Her Majesty of the other part, the said Company did, for the consideration therein mentioned, contract and agree with the said Commissioners to convey Her Majesty's mails between Panama and Callao and Callao and Valparaiso, in South America, and such other intermediate ports only as shall be approved of or directed by the said Commissioners, by means of a sufficient number, not less than six, of good, substantial and efficient steam-vessels, as in the said articles of agreement mentioned.

Recital of contract of 23d Sept. 1850.

And whereas by a bond also bearing date on or about the 23d day of September 1850, under the corporate seal of the said Company, and under the hands and seals of the said George Malcolm and William Bates, the said Company and the said George Malcolm and William Bates became jointly and severally bound to Her Majesty in the penal sum of 3,500*l.* for the due performance by or on the part of the said Company of the said hereinbefore recited contract of the 23d day of September 1850.

Also bond of same date.

And whereas by other articles of agreement bearing date on or about the 13th day of November 1850, and made between the said Company of the one part and the said Commissioners for and on behalf of Her Majesty of the other part, the duration of the said hereinbefore recited contract of the 23d day of September 1850 was altered, as in such articles of agreement of the 13th day of November 1850 is mentioned.

Recital of contract of 13th Nov. 1850.

And whereas by a bond also bearing date on or about the 13th day of November 1850, under the corporate seal of the said Company, and under the hands and seals of the said George Malcolm and William Bates, the said Company, George Malcolm and William Bates became bound to Her Majesty in the penal sum of 3,500*l.* for the due performance by or on the part of the said Company of the last hereinbefore recited contract, bearing date the 13th day of November 1850.

Also bond of same date.

And whereas the said Commissioners on the part of Her Majesty have, with the privity of the parties hereto of the second part, determined to enter into this further contract with the said Company.

Now these presents witness, that the said Company doth hereby covenant, promise and agree with the said Commissioners for and on behalf of Her Majesty as follows; (that is to say), that the said Company shall and will provide for the conveyance of Her Majesty's mails under this contract, and under the hereinbefore recited contract of the 23d day of September 1850, two new, good, substantial and efficient steam-vessels, each of such vessels to be supplied with new and first-rate appropriate steam-engines of not less than 260 horse power; and the said Company do also covenant and agree that all other the steam-vessels to be employed under this contract, and also under the said contract of the 23d day of September 1850, shall be supplied with first-rate appropriate steam-engines of a like power (except one of the said vessels, which shall be supplied with first-rate appropriate steam-engines of not less than 220 horse power), instead of steam-engines of not less than 170 collective horse power, as required by the said contract; and which vessels shall be employed in the conveyance between the ports hereinbefore mentioned and referred to of 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 or 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 so conveyed), so that such mails shall be conveyed as aforesaid by means of a sufficient number (not less than six) of such good, substantial and efficient steam-vessels.

Number and description of vessels, &c. to be provided.

That all the vessels employed under this contract, and also their engines, equipments, engineers, officers and crews, shall be subject in the first instance, and from time to time, and at all times afterwards, to the approval of the said Commissioners, and of such other persons as shall at any time, or from time to time, have authority from the said Commissioners to inspect and examine the same.

Vessels, &c. to be approved of by Admiralty.

That the said Company shall and will, during the continuance of this contract, convey the said mails on board the said vessels respectively, as mentioned in the Table of Routes herunto annexed, and all the stipulations, and all the matters and things mentioned and contained in the said Table, shall form part of this contract, and be observed, kept and performed by the said Company accordingly, and subject to such stipulations, matters and things, and to the other stipulations of this contract, the said vessels shall depart from and arrive at the

Company to convey mails according to table annexed.

Appendix, No. 3.

several places as mentioned in such Table, on the days therein respectively mentioned or specified.

Liabilities incurred by Company, and powers of Admiralty, &c. under former contracts to be applicable to this contract.

And it is hereby agreed that all the liabilities and obligations incurred by the said Company by the hereinbefore recited articles of agreement of the 23d day of September and 18th day of November 1850 respectively, shall, so far as the same can be made applicable to this contract, and the services hereby agreed for, and the vessels employed and to be employed in the performance of such services (save and except so far as the same may not be consistent with this contract), be applicable to the said Company in respect of this contract, and to the services hereby contracted for, and to the vessels employed or to be employed in the execution of such services, and all the powers and privileges given or reserved by such articles of agreement, and each of them, to the said Commissioners, their officers, servants and agents, and to Her Majesty's Postmaster General, and his servants and agents, shall apply to this contract and to the said Company in respect thereof, and to the said services and vessels.

Contract of 23d Sept. 1850 to remain in force save as altered by this.

And it is hereby agreed that all the provisions of the hereinbefore recited articles of agreement of the 23d day of September 1850, shall, during the continuance of this contract remain in full force, save and except so far as the same may be altered by these presents.

Contract of 23d Sept. 1850 to remain in force (save as aforesaid) until 1st April 1864, and afterwards determinable by a 12 calendar months' notice.

And in consideration of the due and faithful performance by the said Company of all the said services, the said Commissioners do hereby agree with the said Company, and the said Company do hereby agree with the said Commissioners, that the hereinbefore recited contract, bearing date on or about the 23d day of September 1850, save and except so far as the same may be altered by these presents, shall be and is hereby extended, and shall remain in force until the 1st day of April 1864, and thenceforward until the expiration of a twelve calendar months' written notice, to be given at any time after the said 1st day of April 1864 to the said Company, by writing under the hand of the Secretary of the Admiralty for the time being, or to the said Commissioners by the said Company; and at the expiration of any such notice, which may terminate at any period of the year, the said contract shall cease, and the annual payment by or on the part of Her Majesty to the said Company shall, during the continuance of this contract, be in every respect, having reference to these presents, the same as to amount, time, and conditions of payment, as under such contract of 23d day of September 1850, excepting that such payments shall be made by bills on Her Majesty's Paymaster General, payable in seven days from and after the respective dates thereof, instead of at sight.

Contract not to be assigned, &c. without consent.

And it is hereby agreed and provided, that without the consent of the said Commissioners, signified in writing under the hand of one of their secretaries, neither this contract nor any part thereof, shall be assigned, underlet or disposed of; and that in case of any part thereof being assigned, underlet or otherwise disposed of, without such consent signified as aforesaid, or in case of any breach of this contract, or of the said contract of the 23d day of September 1850, on the part of the said Company, their officers, agents or servants in any respect, and whether there be or be not any penalty or sum of money hereby or otherwise made payable by the said Company for any such breach, it shall be lawful for the said Commissioners for executing the said office of Lord High Admiral (if they think fit, and notwithstanding there may or may not have been any former breach thereof), by writing under the hand of one of their secretaries for the time being, to determine such contracts without any previous notice to the said Company or their agents, nor shall the said Company be entitled to any compensation in consequence of such determination; but even if such contracts be so determined, the payment of any sum of money agreed to be made shall be enforced, should the same be not duly paid by the said Company, and the said Company shall continue liable for any liability which they may have incurred previous to any such determination.

In case of assignment, &c., or breach of this or contract of 23d Sept. 1850, Admiralty may determine contracts without previous notice or compensation.

As to service of notices.

And it is also agreed, that the notices or directions which the same Commissioners, or their secretary, officers or other persons, are hereby authorised and empowered to give to the said Company, their officers, servants or agents, may, at the option of such Commissioners, or their secretary, officers or other persons, be either delivered to the master of any of the said vessels, or other officer or agent of the said Company, in the charge or management of any vessel employed in the performance of this contract, or may be left for the said Company at their office or house of business in Liverpool, or at their or any of their last known places of business or abode, and any notices or directions so given or left shall be binding on the said Company.

As to vessels which have started, or may start after termination of this contract.

And it is hereby agreed, that if when such contracts terminate any vessel or vessels should have started, or should start, with the mails, in conformity therewith, such voyage or voyages shall be continued and performed, and the mails be delivered and received during the same, as if such contracts remained in force with regard to any such vessels and services; but the said Company shall not be entitled to any payment or compensation for the same.

Continuance of this contract.

And it is hereby agreed and declared, that this contract shall commence from the day of the date hereof, and continue in force until the 1st day of April 1864, and thenceforward until the expiration of a twelve calendar months' written notice, to be given at any time after the said 1st day of April 1864, to the said Company, by writing under the hand of the Secretary of the Admiralty for the time being, or to the said Commissioners, by the said Company; and at the expiration of any such notice, which may terminate at any period of the year, this contract shall cease and determine; but, notwithstanding any such determination,

mination,

mination, the Company shall be liable for all breach of this contract on their part which may then have been committed, if any, as if this contract were in force. Appendix, No. 3.

And it is hereby agreed, that the said bonds, severally bearing date the 23d day of September 1850 and the 13th day of November 1850, shall remain as a security for the due fulfilment of all the provisions of such respective articles of agreement by and on behalf of the said Company, and shall also be a security for the due performance by the said Company of the services which the said Company will, during the continuance of this contract, have to perform in pursuance thereof. Bonds to continue as a security for performance of former contract and of this 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 said Company, are or ought to be observed, fulfilled, performed, and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of 4,000 l. of lawful money of the United Kingdom, to be paid to our said Lady the Queen, Her heirs and successors, by way of stipulated or ascertained damages, hereby agreed upon between the said Commissioners and the said Company, in case of the failure on the part of the said Company in the due execution of this contract, or any part thereof. Company bound in 4,000 l. for due performance of contract.

In witness whereof the said Company have hereto set their corporate seal, and the said George Malcolm and William Bates have set their hands and seals, and two of the Commissioners for executing the office of Lord High Admiral have hereto set their hands and seals the day and year first above written.

The corporate seal of the above-named "Pacific Steam-Navigation Company" was hereunto affixed, by order of the Court of Directors, (L. S.) in the presence of

Geo. Goldfinch, Commander, R. N.
Francis D. Lowndes, Notary Public, Liverpool.
William Taggart, Secretary of said Company.

Signed, sealed, and delivered by the said George Malcolm, in the presence of
Geo. Goldfinch, Commander, R. N.
Francis D. Lowndes, Notary Public, Liverpool. *Geo. Malcolm* (L. S.)
William Taggart.

Signed, sealed, and delivered by the said William Bates, and by the said Commissioners, in the presence of *Wm. Bates* (L. S.)
Alex. Milne (L. S.)
Lovaine (L. S.)
Jno. Doutty.

TABLE of MAIL SERVICE between the Ports of *Panama*, *Callao* and *Valparaiso*, in the *Pacific*, which shall be conducted Semi-Monthly, as follows; namely,—

ONE OF THE SIX MAIL PACKETS TO

Depart from Panama on the	Arrive at Callao on the	Depart from Callao on the	Arrive at Valparaiso on the
13th of each month	23d of each month	28th of each month	7th of each month
28th " "	8th " "	13th " "	23d " "

RETURNING :

Depart from Valparaiso on the	Arrive at Callao on the	Depart from Callao on the	Arrive at Panama on the
16th of each month	25th of each month	27th of each month	6th of each month
1st " "	10th " "	12th " "	21st " "

Subject to such alterations as the Lords Commissioners of the Admiralty may from time order and direct (including the addition of other intermediate ports of call).

Witness,
Geo. Goldfinch, Commander, R. N.
Francis D. Lowndes. (L. S.)
William Taggart, Secretary of said Company.

Appendix, No. 3.

ROYAL MAIL STEAM PACKET COMPANY.

ARTICLES of AGREEMENT made this 5th day of July, in the year of our Lord 1850, 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 "The Royal Mail Steam Packet Company" of the other part,

WITNESS, that the said Company hereby covenant, promise and agree with the said Commissioners for and on behalf of Her Majesty, that the said Company shall and will at all times during the continuance of this contract, or so long as the whole or any part of the service hereby agreed to be performed, ought to be performed in pursuance thereof, provide, maintain, keep seaworthy and in complete repair and readiness, for the purpose of conveying as hereinafter provided, all Her Majesty's mails (in which all despatches and bags of letters are agreed to be comprehended), which shall at any time 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 a sufficient number (not less than 15) of good, substantial and efficient steam vessels, 10 of such vessels to be built of wood, and to be of such construction and strength as to be fit and able to carry guns of the largest calibre now used on board of Her Majesty's steam vessels of war; and each of such vessels to be always supplied with first-rate appropriate steam engines of not less than 400 collective horse power; four other of such vessels to be employed intercolonially, only each of which is to be always supplied with first-rate appropriate steam engines of not less than 250 collective horse power; and the remaining vessel to have a steam engine or engines of not less than 60 horse power; the said vessels to be of such construction and strength as to be fit and able to carry guns of the same calibre as steam vessels of similar power in Her Majesty's service. And also, a good substantial and efficient sailing vessel to be built of wood, of at least 100 tons burthen. All such steam and sailing vessels always to be supplied and furnished with all necessary and proper apparel, furniture, lightning conductors on Snow Harris's principle, stores, charts, chronometers, proper nautical instruments, tackle-boats, fuel, oil, tallow, provisions, anchors, cables, fire-pumps, and other proper means for extinguishing fire, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them constantly efficient for the service hereby contracted to be performed, and also manned with competent officers; of whom all commanders and first and second officers, if not officers of Her Majesty's navy, shall have undergone or on arriving in England shall undergo an examination, and produce certificates of fitness for their respective situations, from the Board of Examiners appointed, or which may be appointed by Act of Parliament or Order in Council, for the examination of masters and mates in the merchant service; and a sufficient crew of able seamen and other men, and all the said steam vessels to be likewise manned and supplied with competent and efficient engineers, machinery and engines, and to be in all respects as to vessels, engines, equipments, engineers, officers and crew, subject in the first instance, and from time to time, and at all times afterwards to the approval of the said Commissioners, and of such persons as shall at any time or from time to time have authority under the said Commissioners to inspect and examine the same. And no vessels with engines of less than 400 horse power, shall under any circumstance whatsoever, except by special permission of the said Commissioners, be employed in any voyage under this contract on the Atlantic service either out or home; and that whenever necessary, or whenever required by the said Commissioners, one or more of the said 10 vessels with engines of not less than 400 horse power, shall be employed intercolonially in addition to the said four vessels, with engines of not less than 250 horse power. And that the said Company shall in every case of the said steam vessels or sailing vessels, or any of them becoming disabled, immediately at their own cost and charge, replace the same by good and efficient vessels of similar tonnage or horse power obtained by hire or otherwise.

That the said Company shall and will during the continuance of this contract in every case diligently, faithfully, and to the satisfaction of the said Commissioners, and with all possible speed, convey the said mails on board the said vessels respectively, as mentioned in the Tables of Routes (numbered 1 to 8 inclusive) hereunto annexed.

As the intervals of time in which the different vessels will perform the passages stated in the Plan of Routes, as also the stoppages made at each of the mentioned places from unforeseen causes, may differ from those respectively assigned to them by estimation, yet the intervals mentioned therein, both of passages and stoppages, shall be considered as those to be adhered to under ordinary circumstances.

Although no alteration can be made in the routes without permission of Her Majesty's Government, still the Company's superintendents abroad are authorized to change the vessels where required.

If on arrival of the outward mails at the appointed rendezvous abroad, there should be no branch vessel in attendance to receive them, the Company's superintendents for the time being shall engage any vessel that can be conveniently hired to carry forward the branch mails on those occasions, provided that by such means the mails would reach their destination sooner than if retained for conveyance by the Company's branch vessels next to arrive.

That

A sufficient number of wooden steam vessels (not less than 15) to be in readiness.

Ten of them with engines of 400 horse power.

Four with engines of 250, to be employed intercolonially, and one with engines of 60 horse power.

Also a sailing vessel of 100 tons burthen at least.

As to the officers and crews thereof.

All subject to Admiralty approval.

No vessel with engines of less than 400 horse power to perform Atlantic service except by special permission, and such vessels, when required, to be employed intercolonially.

Disabled vessels to be replaced.

Mails to be conveyed with all possible speed, according to Tables of Routes.

Passages and stoppages of vessels stated in routes to be considered as those to be adhered to under ordinary circumstances.

Company's superintendents abroad may change vessels where required.

If no branch vessel in attendance, Company's superintendents to hire vessel to carry forward mails, if thereby greater dispatch.

That notwithstanding anything which may be herein stated, the said vessels which shall leave this kingdom in performance of this contract, shall, if the said Commissioners at any time or times think fit, leave any port or place whatever in Great Britain or Ireland on such days of the month at equal intervals of days and at such hour with the mails on board as the said Commissioners shall at any time, or from time to time, appoint by writing under the hand of the secretary of the Admiralty, and in every case the vessels shall put to sea as soon as the said mails are on board, and the home mails shall be delivered at the same port in Great Britain or Ireland, as the vessel is for the time being to leave Great Britain or Ireland in performance of this contract, and in case of Southampton not being the port of departure, the place of departure for the time being shall be considered as the place substituted for Southampton in the tables hereinbefore mentioned or referred to.

Vessels leaving United Kingdom to leave at any port and times as Admiralty shall appoint by writing.

Vessels to put to sea when mails on board, and mails to be delivered in United Kingdom at port of departure.

That at each of the places and ports at which any of the said vessels, whether steam or sailing vessels, are or may be appointed to call or proceed in the performance of this contract, and where no time is hereby specifically fixed for their stay, they shall remain so long only as shall be required for landing and embarking the mails, leaving the precise stay of the said vessels at such places to be determined by the said Commissioners, and with power to the said Commissioners also, when so determined, to alter the same from time to time in such manner as in their judgment will afford the greatest accommodation to the different places and ports consistently with ensuring the due arrival and departure of the said several vessels with the mails at and from the ultimate places of their destination at the proper times.

Vessels to remain at ports where notice is specifically fixed, so long only as required for landing and embarking mails, but subject to Admiralty directions.

And the said Company shall and will, at the expiration of three calendar months' notice in writing under the hand of the secretary of the Admiralty, alter, and from time to time vary, the periods of the stay of the said vessels at all or any of the respective places in the tables of routes hereinbefore mentioned or referred to, or to which they may have to proceed in the performance of this contract, and the times of their arrival and departure, according to the directions which the said Company may at any time, or from time to time, receive from the said Commissioners as aforesaid.

At three months' notice, Company to alter times of stay of vessel at places in table of routes, and also arrival and departure of vessels.

That the said Company also shall, and will, at the expiration of three calendar months' notice in writing under the hand of the secretary of the Admiralty, alter, and from time to time vary, the route of all, or of any, of the steam and sailing vessels employed in the performance of this contract in the North and South Atlantic Oceans, between the latitudes of 27° N. and 37° S., and 20° and 97° 52' west longitude, according to such directions as they shall so receive by any such notice, but the steam vessels of the said Company shall not be required to travel annually a greater distance in the aggregate than 547,296 nautical miles.

After three months' notice, Company to vary route of steam and sailing vessels in North and South Atlantic between certain degrees of latitude and longitude, but steam vessels not required to travel more than 547,296 nautical miles.

That the steam vessels of the said Company shall and will travel in the Atlantic Ocean between the latitudes of 27° N. and 37° S., and 20° and 97° 52' west longitude, any number of nautical miles annually which may be required under notice as aforesaid, in addition to the 547,296 nautical miles, and the said Company shall be paid by the said Commissioners for such increased amount of mileage at the rate of 9 s. 10 d. per nautical mile in addition to the payment of 270,000 l. per annum hereafter stipulated to be made to the said Company for the ordinary performance of this contract.

Steam vessels to travel in Atlantic between said degrees any number of miles required in addition, Company being paid for same 9 s. 10 d. a mile additional.

That if at any time, or times, owing to stress of weather or any other unavoidable circumstance, any vessel employed in the performance of this contract, shall not be able in the opinion of the officer or person having charge of Her Majesty's said mails, to reach in due course any of the places to which she ought to proceed, the same officer or person may, and shall give such directions, and make such alterations for the particular case as shall seem most expedient to him for the performance of the service, and any directions or orders which he may give in such cases shall be strictly obeyed by the master of every such vessel, who shall insert such alterations, and the reason thereof, in his log book, which shall, whenever required, be produced to the said Commissioners, or to the governor of any British colony, or to Her Majesty's consul at any foreign port or place, and no extra mileage shall be paid for any such alteration in the routes.

In case of stress of weather, officer in charge of mails may make alterations, and such directions to be obeyed by master of vessel, and no extra mileage to be paid for any such alteration.

That the said Company 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, and machinery of the vessels which shall be used in the performance of this contract as the advanced state of science may suggest, and the said Commissioners may direct.

Company to make alterations in vessels as science may direct and Admiralty require.

That the said Company shall receive, and allow to remain on board, each of the said steam vessels so to be employed in the performance of this contract, an officer in Her Majesty's navy, or any other person to be appointed by the said Commissioners, to take charge of the said mails, 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 said Company and their officers, agents, and seamen, as the agent of the said Commissioners in charge of the said mails, and as having full authority in all cases to require a due and strict execution of this contract on the part of the said Company, 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 said Company, unless the said Commissioners, on appeal by the said Company, shall think proper to decide otherwise.

Officer or person in charge of mails to be received on board, and his servant, if required.

Cabin, &c. to be provided for such officer or person, also proper place of deposit for mails.

That a suitable first-rate cabin, with appropriate bed, bedding and furniture, shall, at the cost of the said Company, be provided and appropriated by them for and to the exclusive use, and for the sole accommodation of every such naval officer or other person, authorized as aforesaid; and also a proper and convenient place of deposit on board, with secure lock and key for the mails; and that each and every of the said officers or other persons as aforesaid shall be victualled by the said Company, as every other officer to be conveyed under this contract 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, and also any person appointed to take charge of the mails on board the said sailing vessel, shall be also provided with a proper and suitable berth, and be duly victualled by and at the cost of the said Company, without any charge being made for the same. 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 the mails to the master of any of the vessels to be employed in the performance of this contract, or if the officer or other person appointed to have charge of the mails shall, from illness or any unforeseen accident, be unable to proceed on the voyage, and no other officer or person be sent on board by the said Commissioners or any of their agents in his stead, in any of such cases the master shall, without any charge to the public, take due care of and be responsible for the receipt, safe custody and delivery of the said mails, and shall make the usual declaration or declarations required, or which may be required by Her Majesty's Postmaster General in such and similar cases; and every such master having the charge of such mails shall himself, immediately on the arrival at any of the said ports or places of any vessel so conveying the same, deliver the said 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 direct and authorise to receive the same, receiving in like manner all the return mails to be forwarded in due course.

Admiralty may entrust mails to master of vessel, who is to make required declaration, and deliver and receive mails; and such master is to do the duty of person in charge of mails, if incapacitated, and no other sent as a substitute.

Boat for landing, &c. to be provided, and directions of officer in charge to be obeyed as to receiving and delivering mails.

That at each port or place where the said mails are to be delivered and received, the naval officer or such other person to be appointed as aforesaid, shall, whenever and as often as by him deemed practicable or necessary, be conveyed on shore, and also from the shore to the vessel employed for the time being in the performance of this contract, together with or (if such officer or person considers requisite) without the said mails, in a suitable boat, with not less than four oars, to be provided and properly manned and equipped by the said Company; and that the directions of the naval officer or other person as aforesaid shall in all cases be obeyed, as to the mode, time and place of receiving and delivering the said mails.

Penalty for delay, 100*l.*

That if any vessel employed in the performance of this contract, having the mails on board, shall stop, linger or deviate from the direct course on her voyage (except from stress of weather or other unavoidable circumstances, or when authorised as aforesaid), or shall delay starting at the appointed time, or shall put back into port after starting, without the sanction in each and every case of the officer or other person authorised to have the charge of the said mails, 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 said Company shall and will forfeit and pay unto Her Majesty, Her heirs and successors, the sum of 100*l.* And that if any vessel which ought to leave the place which may be appointed for her departure from England, in the performance of this contract, shall not proceed direct on her voyage for 12 hours after the proper and appointed time (except as aforesaid), the said Company shall and will, so often as any such omission shall happen, forfeit and 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 direct on her voyage in the performance of this contract.

For delay of every 12 hours by vessels from England, 500*l.*

Penalty for delay at any other port for every 12 hours, 200*l.*

And that if any vessel which ought to leave any other port or place, in performance of this contract, shall not proceed direct on her voyage for 12 hours after the proper and appointed time (except as aforesaid), the said Company shall and will, so often as any such omission may occur, forfeit and pay unto Her Majesty, Her heirs and successors, the sum of 200*l.* pounds, and also the further sum of 200*l.* for every successive period of 12 hours which shall elapse, until such vessel shall proceed direct on her voyage in the performance of this contract.

Officer in charge of mails to survey vessels, and give notice of defects, which are to be immediately repaired.

That every naval officer or other person authorised to have the charge of the said mails shall, either alone or with such other persons as he may consider necessary, have full power and authority, as often as he may deem it requisite, to examine and survey in such manner, and with the assistance of such persons as he may think proper, any of the vessels employed or to be employed in the performance of this contract, and the hulls, machinery and equipments thereof, on his giving notice to the master 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 be given to such master, the said master shall immediately, or as soon as possible, thereupon remedy, replace or effectively repair or make good, or cause to be remedied, replaced or effectively repaired and made good, every such defect or deficiency.

Admiralty at liberty to appoint other officers to survey vessels, and

And that the said Commissioners shall also have full power, whenever, and as often as they may deem it requisite, to survey by any other of their officers or agents, all and every the

the vessels employed and to be employed in the performance of this contract, and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores and equipment 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 hereby contracted to be performed, 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, every 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 the mails from England 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.

vessels disapproved of not to be again employed until repaired, &c.

That the said Company 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 said company, 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 the mails. And it is hereby agreed by and between the parties hereto, that all and every the sums of money hereby stipulated to be forfeited and paid by the said Company unto Her Majesty, Her heirs and successors, shall be considered as stipulated or ascertained damages, and shall and may be deducted and retained by the said Commissioners out of any monies payable, or which may thereafter be payable to the said Company, or the payment may be enforced with full costs of suit at the discretion of the said Commissioners.

Orders of Admiralty, &c. as to the receiving and landing mails to be obeyed.

Penalties to be considered as stipulated damages.

That the said Company shall and will, when and as often as, 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 the servants of both chief and fore-cabin passengers, and any number of seamen, marines, soldiers, or artificers, not exceeding 10 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, and to be exclusive of any men to be sent home under the provisions of the Act 11 Geo. 4, c. 20.

Officers in navy, &c., with wives and families and servants, and also seamen, &c., to be received on board.

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.

As to description of passengers, officers, &c. 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 1,800 weight in weight, and all other officers in Her Majesty's naval and military service, and officers in the civil service 60 cubic feet each, provided (except in the case of the Royal Engineers) such allowance shall not exceed 1,200 weight in weight.

Allowance for baggage.

That the Royal Engineers shall be allowed the same measurement, but to extend in weight to 2,700 weight for a field officer, and 1,800 weight for every other officer of the Royal Engineers.

Allowance for Royal Engineers.

That soldiers of the Royal Artillery and Sappers and Miners and their wives, shall be allowed six 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.

Allowance for soldiers of Artillery, and Sappers and Miners, and married officers with wives and families.

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.

Light field pieces to be taken if required, and hammocks and bedding to be brought back free of charge.

That the victualling of officers, their wives and families, conveyed as chief cabin passengers, shall be the same as is usually allowed by the said Company 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 is allowed to the boatswain and carpenter of the said Company's steam ships; 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 said Company's 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.

As to victualling officers, non-commissioned officers, seamen, &c., and their families.

Passage-money for officers, &c. according to tables of rates.

Passage for men sent home under 11 Geo. 4, c. 20, to be paid for in accordance with that Act.

Passage-money for officers' families and wives to be paid by officers.

Other soldiers to be provided with adequate protection from rain, &c.

Small packages to be conveyed free of charge;

also stores not exceeding five tons, to be paid for at usual rate, but not exceeding 5*l.* per ton, two days' notice.

Annual payment for services, 270,000 *l.*, the first quarterly payment to be made on 31st March 1851.

Compensation to be paid to Company if vessels ordered by Admiralty to leave any other port than Southampton, to be settled by arbitration in case of difference.

Further payment in the event of increase of rate of insurance and of the freight of coals, by reason of war, &c., with a limit as to such additional payment.

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, seaman, marine, soldier, artificer and servant conveyed as a fore-cabin or deck passenger, at and after the rates of passage mentioned in the tables of rates of passage (numbered 1 to 4 inclusive) hereunto annexed, at the rate of passage for the men who may be sent home by virtue of the 11 Geo. 4, c. 20, being paid for in accordance with the provisions of that Act, and that the passage-money for the families and wives of such officers shall be paid to the said company's captains by the officers themselves, at rates never exceeding those contained in the said Tables hereunto annexed.

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

And that the said company 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, wearing apparel, medicines or other articles, and convey and deliver the same to, from and between all or any of the said ports or places, to or from which the said 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 and deliver to, 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 one time, in any one vessel, at the rate of freight charged for the time being by the said Company for private goods, but the rate payable by Her Majesty shall never exceed five pounds per ton, on receiving from the said Commissioners, or any of their officers or agents, two days' previous notice of its being their intention to have such stores so conveyed.

And the said Commissioners, in consideration of the premises, and of the said Company, their officers, servants and agents strictly and punctually performing the whole of the said service hereby contracted to be performed, and observing and keeping the covenants and agreements hereby entered into by them, do, for and on behalf of Her Majesty, Her heirs and successors, promise and agree that they, the said Commissioners on behalf of Her Majesty, will, for the time the whole of the said service shall have been strictly performed, pay, or cause to be paid to the said Company, by bills at sight, payable by Her Majesty's Paymaster General, a sum after the rate of 270,000 *l.* per annum by equal quarterly payments, and with a proportionate part thereof should this contract terminate on any other day than the day of quarterly payment, such payments to be subject, however, to the abatement of any deductions or forfeitures which the said Company may have incurred as herein provided, and the first of such payments to be made on the 31st day of March 1851.

And it is hereby agreed, that in the event of the said vessels being ordered by the said Commissioners to leave any port or place in Great Britain or Ireland, instead of Southampton, in performance of this contract, the said Company shall be entitled to receive compensation for the additional expense which they shall necessarily be compelled by such order to incur, and for the diminution of receipts which shall be occasioned thereby; and in case the said Commissioners and the said Company shall not agree as to the amount of compensation that is due to the latter, the matter shall be referred to two arbitrators, one to be chosen by the said Commissioners, and the other by the said company, and in case of a difference of opinion between such arbitrators, to an umpire to be chosen by such arbitrators before they proceed in their reference, and the joint and concurrent award of the said arbitrators, or the separate award of the said umpire when the said arbitrators cannot agree, shall be final and conclusive.

And it is hereby agreed, that if at any time, and so long as the said Company 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 countries, 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 said company for coals which may be sent out from the United Kingdom, to be used in the performance of this contract, and the rate of insurance on such coals shall have been raised above the averages hereinafter mentioned, that is to say, 6 *l.* 6 *s.* per cent. per annum on such steam vessels as aforesaid, 1 *l.* 2 *s.* 6 *d.* per ton for the freight of coals, and 2 *l.* 2 *s.* per cent. for the insurance thereon, the said Company shall be paid an additional yearly sum of money, according to the increase above the said specified averages, but the said additional sum of money for freight shall be paid in respect of 75,000 tons per annum and no more, and the yearly amount of any additional sum of money to be paid as aforesaid, in any case or under any circumstances, either for insurance and freight or otherwise, shall not exceed 75,000 *l.* per annum.

And it is hereby further agreed, that if, after the said Commissioners of the Treasury shall have decided that some additional sum of money should be paid to the said Company, in consequence of any such increase in the said rates of insurance and freight, any difference should arise as to the amount so to be paid, such difference shall be referred to two arbitrators, one to be chosen from time to time by the said Commissioners of the Treasury, and the other by the said Company; and if such arbitrators should at any time or times not agree in the matter or question referred to them, then such question in difference shall be referred by them to an umpire to be chosen by such arbitrators, before they proceed with the reference to them, and the joint and concurrent award of the said arbitrators, or the separate award of the said umpire, when the said arbitrators cannot agree, shall be binding and conclusive upon all parties.

In case of difference as to amount, same to be referred to arbitration.

And it is hereby further agreed, that if an entire stoppage of any part of the service hereby contracted to be performed, shall occur by reason of any change in the relations between this kingdom and foreign countries, or by reason of war or other causes distinctly of a public and national character, the said Commissioners of the Treasury shall have power to make such alterations in the course and services of all or any of the vessels employed in the performance of this contract, even beyond the limits of the several ports or places to which the said mails are hereby agreed to be conveyed, as they the same Commissioners may deem most advantageous to the public.

Provision in case of entire stoppage of any part of the service by reason of war, &c.

Provided that for the effecting any such alterations, it shall not be necessary for the said Company to employ any greater number of such steam or sailing vessels as aforesaid, than they are hereby bound to employ in duly performing the whole of the said service hereby specifically contracted to be performed, and that the steam vessels of the said Company shall not be required to travel annually a greater distance in the aggregate than 547,296 nautical miles, unless specially required so to do by the said Commissioners, and in which case payment is to be made for any additional amount of miles as extra mileage, at the rate of 9s. 10d. per nautical mile; and in case the same Commissioners shall consider that any such alterations cannot be satisfactorily made, and the said Company can perform the remainder of the said service with a less number of vessels than is required to be employed by them while performing the whole of the said service, then and so long as such may be the case, there shall be a reasonable annual deduction made from the money hereby agreed to be paid to them, or such other arrangement made by the same Commissioners as they the same Commissioners may consider fair and just between the Company and the public.

And it is hereby agreed, that the said Commissioners for executing the office of Lord High Admiral shall, at any time during the continuance of this contract, have power and be at liberty to purchase all or any of the said vessels at a valuation, or to charter the same exclusively for Her Majesty's service, at a rate of hire to be mutually fixed and agreed on by them and the Company; but if any difference should at any time or times arise as to the amount of valuation or hire so to be paid, or as to the amount of damages consequent upon such purchase or hiring, such difference shall be referred to two arbitrators, one to be chosen from time to time by the said Commissioners, and the other by the company; and if such arbitrators should at any time or times not agree in the matter or question referred to them, then such question in difference shall be referred by them to an umpire to be chosen by such arbitrators, before they proceed with the reference to them, and the joint and concurrent award of the said arbitrators, or the separate award of the said umpire, when the said arbitrators cannot agree, shall be binding and conclusive upon all parties; and that the same Commissioners, in the case of hiring any such vessel, shall return the same to the Company in the same state and condition as she was in at the time of any such hiring, reasonable wear and tear excepted; and if any difference should arise upon that point, the same shall be settled in the same manner as the amount for the hiring is to be settled in case of difference.

Admiralty at liberty to purchase or charter vessels of the Company at rates to be agreed upon, but in case of difference as to such rates or damages consequent upon such purchase or hiring, same to be settled by arbitration.

And it is further agreed, that in case of such purchase or hire, the service hereby contracted to be performed shall be performed by other vessels of the Company of a similar description to the vessel or vessels purchased or hired, if they can, in due and proper time, furnish them such other vessels as to construction, machinery, equipment and crew, to be subject to the same approval as other vessels employed under this contract.

If vessels purchased or hired, service to be performed by other similar vessels of Company.

And in the event of the Company being allowed by the said Commissioners to continue to perform only a portion of the service, there shall be paid to the Company such annual sum of money as shall be agreed upon by the said Commissioners and the Company; and in case of their differing as to the amount, the difference to be settled by two arbitrators or an umpire, to be chosen respectively as aforesaid.

And if Company perform only part of the service, the annual amount to be paid to Company to be settled by arbitration in case of difference.

And it is 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.

Any submission to arbitration to be made a rule of Court of Exchequer.

Commencement and duration of contract.

And it is hereby agreed and declared, that this contract shall commence on the 1st day of January 1851, and shall continue in force for 11 years, and then determine if the said Commissioners shall, by writing under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners 12 calendar months' notice in writing that this contract shall so determine; but if neither the said Commissioners nor the said Company shall give any such notice, this contract shall continue in force, even after the said term of 11 years, until the expiration of a 12 calendar months' notice in writing as aforesaid shall be given at any period of the year by either of the parties hereto to the other of them.

Contract not to be assigned, and if assigned, &c., or if there be any breach of contract, Admiralty may determine same without notice.

And it is hereby further agreed and provided, that the said Company shall not assign, underlet, or 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 said Company, their officers, agents, or servants, it shall be lawful for the said Commissioners for executing the said office of Lord High Admiral (if they think fit, and notwithstanding there may or may not have been any former breach of this contract), by writing under the hand of their secretary for the time being, to determine this contract without any previous notice to the said Company or their agents, nor shall the said Company 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 said Company.

As to delivery of notice.

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 said Company, their officers, servants, or agents may, at the option of such Commissioners, or of their secretary, officers, or other persons, be either delivered to the master of the vessel, or other officer, agent, or servant of the said Company in the charge or management of any vessel employed in the performance of this contract, or may be left for the said Company at their office or house of business in London.

Former contract to continue in force until 1 January 1851, and is then determined.

And it is hereby agreed that the contract bearing date on or about the 1st day of July 1846, and made between the Commissioners for executing the office of Lord High Admiral on behalf of Her Majesty of the one part, and the said Company of the other part, shall be deemed and be considered to remain in force until the said 1st day of January 1851, from and after which day the same is hereby terminated and annulled.

Penalty for due performance of contract, 50,000*l.*

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 said Company are or ought to be observed, performed, fulfilled, and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of 50,000 *l.* of lawful money of the United Kingdom, to be paid to our said Lady the Queen, Her heirs and successors, by way of stipulated or ascertained damages hereby agreed upon between the same Commissioners and the said Company, in case of the failure on the part of the said Company in the due execution of this contract, or any part thereof.

In witness whereof, two of the said Commissioners for executing the office of Lord High Admiral have hereunto set their hands and seals, and the said "Royal Mail Steam Packet Company" have hereunto set their corporate seal the day and year first above written.

Alexander Milne (L.S.)
William Cowper (L.S.)

Signed, sealed, and delivered by the said Commissioners in the presence of

John James.

The corporate seal of the above-named "Royal Mail Steam Packet Company" was hereunto affixed by order of the Court of Directors in (L.S.)
the presence of

E. Chappell, Secretary.
John James, Admiralty.

TABLES of ROUTES for the Packets of the Royal Mail Steam Packet Company, commencing from Southampton, January 1851.

Mentioned and referred to in the Contract hereunto annexed, and numbered I. to VIII. inclusive.

OBSERVATIONS.

THE periods fixed for departing from the several termini, as stated in the Tables and Remarks, must be rigidly adhered to; and if, on the return voyages, the steamers should fail to accomplish the speed estimated, the time so lost must be retrieved, if possible, by curtailing subsequent stoppages.

To compensate, in some measure, for the irregularities occasioned by the short month of February, the vessels which are to meet at St. Thomas, the out-ship of the 2d March, will, upon that occasion in each year, leave the respective termini one day earlier than specified in the Tables.

This remark will apply also to the No. V. steamer.

When the several steamers assembled at St. Thomas shall have coaled, exchanged mails, and completed all the necessary transfers, &c., they are to proceed to their respective destinations, without further delay, although the time of stoppage stated in the tables should not have expired, it being most important that the delivery of Her Majesty's mails should be expedited as much as possible.

Although no alterations can be made in the routes without permission of Her Majesty's Government (except in urgent cases of accident to any of the ships), still the Company's superintendents abroad are authorised to change the vessels when they deem it necessary.

TABLE, No. I.

THE ATLANTIC AND CHAGRES ROUTE.

TWICE A MONTH.

D A T E S.		P L A C E S.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coals.	From Southampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	2 & 17, 6 p.m.	From Southampton	—	—	—	—	—	—	Coal	—	—
19 & 4, noon	21 & 6, 5 a.m.	To St. Thomas	3,622	9	16	18	1	17	Coal	16	18
24 & 9, 10 a.m.	24 & 9, 4 p.m.	„ Santa Martha	690	9	3	5	—	6	—	21	16
25 & 10, 4 a.m.	25 & 10, 10 a.m.	„ Carthagena	105	9	—	12	—	6	—	22	10
26 & 11, 5 p.m.	28 & 13, 6 a.m.	„ Chagres	280	9	1	7	1	13	—	23	23
29 & 14, 9 a.m.	3 & 18, noon	„ Grey Town	240	9	1	3	4	3	—	26	15
4 & 19, 3 p.m.	11 & 26, 1 a.m.	„ Chagres	240	9	1	3	6	10	—	31	21
12 & 27, 8 a.m.	12 & 27, 4 p.m.	„ Carthagena	280	9	1	7	—	8	—	39	14
16 & 1, 8 a.m.	18 & 3, 6 a.m.	„ St. Thomas	795	9	3	16	1	22	Coal	43	14
4 & 19, midnight	—	„ Southampton	3,622	9	16	18	—	—	Coal	62	6
			9,874	—	45	17	16	13	—	—	—

				Days.	Hours.
Time out to Chagres	-	-	-	23	23
Ditto home from ditto	-	-	-	23	23
Course of Post	-	-	-	62	6

REMARKS on TABLE No. I.

THIS route will be performed by a steamer leaving Southampton on the 2d and 17th of each month. On arrival at St. Thomas the out-ship will transfer mails, &c. to the several vessels appointed to receive them.

After effecting these transfers, receiving the mails, &c. for places to be visited, and having sufficiently coaled, this steamer will proceed without loss of time to Santa Martha, &c. (according to the Table), taking care on the return voyage to leave Grey Town at noon on the 31st day, and Chagres at 1 a.m. on the 30th day, after her departure from Southampton.

To accelerate the home mails, the ship, on her return, will omit calling at Santa Martha.

On reaching St. Thomas the requisite exchanges of mails will again take place, and the steamer, after coaling complete, will immediately proceed to Southampton.

In the event of either of the steamers on routes 2, 3 and 4 not reaching St. Thomas within the estimated time, the homeward No. 1 steamer is to await the arrival of the missing vessel, seven clear days, if necessary, after the appointed hour for her departure on the homeward voyage.

The mails for Tortola are to be delivered to the Company's superintendent at St. Thomas, who will be held responsible for their immediate transmission, and for the due embarkation of the return mails.

TABLE, No II.

THE JAMAICA AND MEXICAN ROUTE.

ONCE A MONTH.

D A T E S.		P L A C E S.	D i s t a n c e s i n M i l e s.	S p e e d p e r H o u r.	S t e a m i n g.		S t o p p a g e s.		C o a l s.	F r o m S o u t h- a m p t o n.	
A r r i v a l.	D e p a r t u r e.				D a y s.	H o u r s.	D a y s.	H o u r s.		D a y s.	H o u r s.
—	20th, 6 a.m.	- From St. Thomas	-	-	-	-	-	-	Coal	17	12
20th, 1 p.m.	- 20th, 3 p.m.	- To Porto Rico	65	9	-	7	-	2	-	17	19
23d, 3 p.m.	- 24th, 6 a.m.	- „ Jamaica	643	9	3	-	-	15	Coal	20	21
29th, 10 a.m.	- 29th, 6 p.m.	- „ Vera Cruz	1,118	9	5	4	-	8	-	26	16
30th, 5 p.m.	- 4th, 7 a.m.	- „ Tampico	205	9	-	23	3	14	-	27	23
5th, 6 p.m.	- 8th, 6 a.m.	- „ Vera Cruz	205	9	-	23	3	-	-	32	12
13th, 10 a.m.	- 13th, 4 p.m.	- „ Jamaica	1,118	9	5	4	-	6	Coal	40	16
16th, 4 p.m.	- 16th, 6 p.m.	- „ Porto Rico	643	9	3	-	-	2	-	43	22
17th, 1 a.m.	- - -	- „ St. Thomas	65	9	-	7	3	5	Coal	44	7
			4,062	-	18	20	11	4	-	-	-

	D a y s.	H o u r s.
Time out to Vera Cruz - - -	26	16
Ditto home from ditto - - -	26	18
Course of Post - - -	62	6

REMARKS on TABLE, No. II.

THIS No. II. steamer having received at St. Thomas from the Out, Home and Intercolonial vessels, all mails, &c. for places enumerated in the Table, will proceed to deliver them as therein laid down, taking care on the return voyage to leave Tampico at 7 a.m. on the 32d day after the out-mails were despatched from Southampton.

Should the weather, however, at any time prevent the shipment of mails, &c. within the time of stoppage allowed, the vessel may be detained off Tampico an additional 24 or even 36 hours; but in such cases the stay at Vera Cruz must be curtailed in proportion, that the ship may leave that place precisely at the hour specified in the Table.

On returning to St. Thomas this steamer will deliver the Home and Intercolonial mails, &c. to the vessel appointed to receive them, and prepare, as expeditiously as possible, to resume the service on this route as before.

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TABLE, No. III.

THE JAMAICA AND HAVANA ROUTE.
ONCE A MONTH.

D A T E S.		P L A C E S.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coals.	From South-ampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
	5, 6 a. m.	- From St. Thomas	-	-	-	-	-	-	Coal	17	12
5, 1 p. m.	- 5, 3 p. m.	- To Porto Rico	65	9	-	7	-	2	-	17	19
7, 10 a. m.	- 7, noon	- „ Jacmel	388	9	1	19	-	2	-	19	16
8, 5 p. m.	- 9, 6 a. m.	- „ Jamaica	255	9	1	5	-	13	Coal	20	23
12, 4 p. m.	- 13, 8 a. m.	- „ Havana	740	9	3	10	-	16	-	24	22
15, 4 p. m.	- 20, 4 p. m.	- „ Honduras	500	9	2	8	5	-	-	27	22
23, 4 a. m.	- 24, 8 a. m.	- „ Havana	500	8	2	12	1	4	-	35	10
27, 6 p. m.	- 28, 1 p. m.	- „ Jamaica	740	9	3	10	-	19	Coal	40	-
29, 6 p. m.	- 29, 8 p. m.	- „ Jacmel	255	9	1	5	-	2	-	42	-
1, 3 p. m.	- 1, 5 p. m.	- „ Porto Rico	388	9	1	19	-	2	-	43	21
1, midnight	- - -	- „ St. Thomas	65	9	-	7	3	6	Coal	44	6
			3,896	-	18	6	11	18	-	-	-

	Days.	Hours.
Time Out to Havana	- - - -	24 22
Ditto Home from ditto	- - - -	25 16
Course of Post	- - - -	62 6

REMARKS ON TABLE, No. III.

THIS No. III. steamer having received at St. Thomas from the Out, Home and Intercolonial vessels, all mails, &c. for places enumerated in the Table, will proceed to deliver them as therein laid down, taking care, on the return voyage, to leave Honduras at 4 p. m. on the 33d day after the out-mails were dispatched from Southampton.

On returning to St. Thomas (which the steamer must be careful to do by the time appointed), she will deliver to the proper vessels the home and intercolonial mails, &c., and prepare, as expeditiously as possible, to resume the service on this route as before.

TABLE, No. IV.

BARBADOES AND DEMERARA ROUTE.

TWICE A MONTH.

DATES.		PLACES.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coals.	From Southampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	19 & 4, 6 p. m.	From St. Thomas	—	—	—	—	—	—	Coal	17	—
20 & 5, 11 a. m.	20 & 5, 1 p. m.	To St. Kitts	151	9	—	17	—	2	—	17	17
20 & 5, 2 p. m.	20 & 5, 3 p. m.	„ Nevis	11	9	—	1	—	1	—	17	20
20 & 5, 7 p. m.	20 & 5, 8 p. m.	„ Montserrat	33	9	—	4	—	1	—	18	1
20 & 5, 11 p. m.	21 & 6, 1 a. m.	„ Antigua	32	9	—	3	—	2	—	18	5
21 & 6, 9 a. m.	21 & 6, 10 a. m.	„ Guadaloupe	70	9	—	8	—	1	—	18	15
21 & 6, 3 p. m.	21 & 6, 4 p. m.	„ Dominique	45	9	—	5	—	1	—	18	21
21 & 6, 8 p. m.	21 & 6, 10 p. m.	„ Martinique	40	9	—	4	—	2	—	19	2
22 & 7, 3 a. m.	22 & 7, 4 a. m.	„ St. Lucia	45	9	—	5	—	1	—	19	9
22 & 7, 3 p. m.	22 & 7, 7 p. m.	„ Barbadoes	100	9	—	11	—	4	—	19	21
24 & 9, 3 p. m.	27 & 12, 6 p. m.	„ Demerara	392	9	1	20	3	3	—	21	21
29 & 14, 2 p. m.	29 & 14, 6 p. m.	„ Barbadoes	392	9	1	20	—	4	—	26	20
30 & 15, 5 a. m.	30 & 15, 6 a. m.	„ St. Lucia	100	9	—	11	—	1	—	27	11
30 & 15, 11 a. m.	30 & 15, 1 p. m.	„ Martinique	45	9	—	5	—	2	—	27	17
30 & 15, 5 p. m.	30 & 15, 6 p. m.	„ Dominique	40	9	—	4	—	1	—	27	23
30 & 15, 11 p. m.	30 & 15, midnight	„ Guadaloupe	45	9	—	5	—	1	—	28	5
1 & 16, 8 a. m.	1 & 16, 10 a. m.	„ Antigua	70	9	—	8	—	2	—	28	14
1 & 16, 1 p. m.	1 & 16, 2 p. m.	„ Montserrat	32	9	—	3	—	1	—	28	19
1 & 16, 6 p. m.	1 & 16, 7 p. m.	„ Nevis	33	9	—	4	—	1	—	29	—
1 & 16, 8 p. m.	1 & 16, 10 p. m.	„ St. Kitts	11	9	—	1	—	2	—	29	2
2 & 17, 3 p. m.	—	„ St. Thomas	151	9	—	17	—	3	Coal	29	21
			1,838	—	8	12	6	12	—	—	—

	Days.	Hours.
Time Out to Demerara	21	21
Ditto Home from ditto	22	6
Course of Post	47	6

REMARKS ON TABLE, No. IV.

THIS No. IV. steamer having received at St. Thomas from the Out, Home and Intercolonial vessels all mails, &c. for places enumerated in Tables IV. and V., will proceed to deliver them according to Table, No. IV., transferring at Barbadoes to the No. V. steamer, the mails, &c. for the route on which that vessel is employed.

This steamer will leave Demerara on the return voyage, at 6 p. m. on the 25th day after the out mails were dispatched from Southampton. She will exchange mails again with the No. V. steamer, at Barbadoes, and proceed through the islands to St. Thomas, where, having delivered the home and intercolonial mails, she will prepare, as expeditiously as possible, to resume the service as before.

In case the No. V. steamer should not reach Barbadoes within the estimated time, the No. IV. steamer will endeavour to meet her by approaching St. Vincent, and, if necessary, will sight the anchorage at that island, but will make no stop there unless the No. IV. steamer should be seen, in which case she will stay long enough only to receive the mails, &c. destined for places on her route.

Should circumstances at any time occur to occasion the withdrawal of either the No. IV. or No. V. steamers, the remaining steamer must perform the two routes combined; namely, by proceeding from St. Thomas to Barbadoes, according to Table IV., from Barbadoes to Tobago as indicated by Table, No. V., and thence to Demerara, and *vice versa*, abridging stoppages at all places, so as to ensure the ship's return to St. Thomas by the appointed time.

TABLE, No. V.

TRINIDAD ROUTE.

TWICE A MONTH.

DATES.		PLACES.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coals.	From Southampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	22 & 7, 7 p. m.	From Barbadoes	—	—	—	—	—	—	—	20	1
23 & 8, 5 a. m.	23 & 8, 7 a. m.	To St. Vincent -	90	9	—	10	—	2	—	20	11
23 & 8, 1 p. m.	23 & 8, 1 p. m.	„ Carriacou -	50	9	—	6	—	—	—	20	19
23 & 8, 5 p. m.	24 & 9, 1 a. m.	„ Grenada -	32	9	—	4	—	8	Coal	20	23
24 & 9, 11 a. m.	24 & 9, 5 p. m.	„ Trinidad -	94	9	—	10	—	6	—	21	17
25 & 10, 2 a. m.	27 & 12, 3 a. m.	„ Tobago -	85	9	—	9	2	1	—	22	8
27 & 12, noon	27 & 12, 6 p. m.	„ Trinidad -	85	9	—	9	—	6	—	24	18
28 & 13, 4 a. m.	28 & 13, 8 a. m.	„ Grenada -	94	9	—	10	—	4	Coal	25	10
28 & 13, noon	28 & 13, noon	„ Carriacou -	32	9	—	4	—	—	—	25	18
28 & 13, 6 p. m.	28 & 13, 8 p. m.	„ St. Vincent -	50	9	—	6	—	2	—	26	—
29 & 14, 6 a. m.	- - -	„ Barbadoes -	90	9	—	10	8	13	—	26	12
			702	—	3	6	11	18	—	—	—

	Days.	Hours.
Time Out to Trinidad	21	17
Ditto Home from ditto	22	6
Course of Post	47	6

REMARKS on TABLE, No. V.

On the arrival at Barbadoes of the No. IV. ship, this No. V. steamer will receive all mails, &c. for places enumerated in the Table, and proceed to deliver them accordingly.

On the return voyage this vessel will leave Tobago precisely at 3 a. m. on the 25th day after the out-mails were despatched from Southampton.

Returning to Barbadoes, she will deliver to the No. IV. steamer going to St. Thomas the homeward and other mails for places in that direction, and having received any mails for Table V., will hold herself in readiness to resume the service as before.

When necessary, this steamer will be governed by the remarks on Table, No. IV., so far as they may apply to her.

The Carriacou mails are to be received from, or dropped into, a boat which will be despatched by the inhabitants to meet this steamer on her voyage between St. Vincent and Grenada, and also on her return voyage between Grenada and St. Vincent.

Should such boat, however, not be in attendance to exchange mails when the steamer is passing Carriacou, or should stress of weather prevent the exchange taking place, the mails are in such cases to be taken on and landed at the next place marked in the route, whether it be at Grenada or St. Vincent.

TABLE, No. VI.

NASSAU ROUTE.

ONCE A MONTH.

D A T E S.		P L A C E S.	Distances in Miles.	Speed per Hour.	Time.		Stoppages.		Coals.	From Southampton.	
Arrival,	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	4, 6 p. m.	St. Thomas	—	—	—	—	—	—	—	17	—
11, 6 p. m.	17, 6 a. m.	Nassau	860	5	7	—	5	12	—	24	—
1, 2 p. m.	—	St. Thomas	860	2½	14	8	3	4	—	43	20
			1,720	—	21	8	8	16	—	—	—

	Days.	Hours.
Time Out to Nassau	24	—
Ditto Home from ditto	32	18
Course of Post	62	6

REMARKS on TABLE, No. VI.

THIS No. VI. vessel having received at St. Thomas from the Out, Home, and Intercolonial vessels all mails, &c., for Nassau, will proceed to deliver them forthwith, taking care on the return voyage to leave Nassau precisely at 6 a. m. on the 30th day after the out-mails were despatched from Southampton.

On returning to St. Thomas, this vessel will deliver home and intercolonial mails, &c., and hold herself in readiness to resume the service on this route as before.

TABLE, No. VII.

BRAZIL ROUTE.

ONCE A MONTH.

[This Table transmitted by Company in Letter of 17th April 1851, approved of on 13th May 1851. See Letter from Company, 12th May.]

D A T E S.		P L A C E S.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coals.	From South-ampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	9, 6 p. m.	- From Southampton	-	-	-	-	-	-	Coal	-	-
14, 6 a. m.	- 15, 6 a. m.	- To Lisbon	866	8	4	12	1	-	Coal	4	12
18, 1 a. m.	- 18, 7 a. m.	- „ Madeira	535	8	2	19	-	6	Coal	8	7
19, noon	- 19, 4 p. m.	- „ Teneriffe	260	9	1	5	-	4	-	9	18
23, 2 p. m.	- 24, 2 p. m.	- „ St. Vincent	850	9	3	22	1	-	Coal	13	20
1, midnight	- 2, 6 p. m.	- „ Pernambuco	1,600	9	7	10	-	18	-	22	6
4, 3 p. m.	- 5, 3 p. m.	- „ Bahia	410	9	1	21	1	-	Coal	24	21
8, 11 p. m.	- 15, 8 a. m.	- „ Rio de Janeiro	720	9	3	8	6	9	Coal	29	5
19, 2 a. m.	- 19, 6 p. m.	- „ Bahia	720	8	3	18	-	16	Coal	39	8
21, 9 p. m.	- 22, 6 p. m.	- „ Pernambuco	410	8	2	3	-	21	-	42	3
1, 2 a. m.	- 2, 2 a. m.	- „ St. Vincent	1,600	8	8	8	1	-	Coal	51	8
6, noon	- 6, 6 p. m.	- „ Teneriffe	850	8	4	10	-	6	-	56	18
8, 3 a. m.	- 8, 9 a. m.	- „ Madeira	260	8	1	9	-	6	Coal	58	9
11, 4 a. m.	- 12, 4 a. m.	- „ Lisbon	535	8	2	19	1	-	Coal	61	10
16, 4 p. m.	- —	- „ Southampton	866	8	4	12	-	-	Coal	66	22
			10,482	-	52	8	14	14	-	-	-

	Days.	Hours.
Time Out to Rio de Janeiro - - - -	29	5
Ditto Home from ditto - - - -	31	8
Course of Post - - - -	66	22

REMARKS on TABLE, No. VII.

THE steamer employed on this route will perform the service as prescribed by the Table, exchanging at Rio de Janeiro mails, &c., with the vessel on route No. VIII.

On the return voyage this steamer will coal complete at Rio de Janeiro, and leave there at 8 a. m. on the 36th day after her departure from Southampton. In case the No. VIII. vessel should not reach Rio de Janeiro before the time above mentioned, this No. VII. steamer will await her arrival eight clear days (if necessary) beyond the appointed time for starting, after which period she will take her departure, whether the No. VIII. vessel has arrived or not. The stoppages at Pernambuco and Bahia are regulated with a view to afford 12 hours' daylight at each place, both on the outward and homeward voyages, and whatever may be the time of arrival, the steamers are not to depart until 12 hours daylight have elapsed, except in cases where the vessel may anchor by 8 a. m.; then they are to proceed the same evening, provided the weather has not prevented the landing and embarking of mails, passengers, &c.

TABLE, No. VIII.

RIVER PLATE ROUTE.

ONCE A MONTH.

[Approved of 13th December 1851. See Letter from Company 4th December.]

D A T E S.		P L A C E S.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coals.	From Southampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	13, 4 p. m.	- From Rio de Janeiro	-	-	-	-	-	-	Coal	33	22
18, noon	19, 4 p. m.	- To Monte Video	1,040	9	4	20	1	4	-	38	18
20, 6 a. m.	3, 4 p. m.	- „ Buenos Ayres	130	9	-	14	13	10	-	40	12
4, 6 a. m.	6, noon	- „ Monte Video	180	9	-	14	2	6	-	54	12
11, 8 p. m.	—	- „ Rio de Janeiro	1,040	9	4	20	2	8	Coal	61	14
			2,340	-	10	20	19	6	-	-	-

	Days.	Hours.
Time Out to Buenos Ayres - - - -	40	12
Ditto Home from ditto - - - -	43	-
Course of Post - - - -	96	22

REMARKS ON TABLE, No. VIII.

THIS No. VIII. vessel having received at Rio Janeiro the out and other mails, &c., will deliver them according to the Table, either by proceeding with them to Buenos Ayres, or by transhipping them to a smaller steamer stationed at Monte Video for the purpose; in either case taking care to leave Buenos Ayres on the return voyage precisely at 4 p.m. on the 54th day after the out mails were dispatched from Southampton.

On returning to Rio de Janeiro, the homeward mails, &c., will be delivered to the No. VII. steamer, from which out mails will be received in exchange. This No. VIII. vessel will then coal, &c., as expeditiously as possible, and proceed to perform the service as before.

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RATES FOR GOVERNMENT PASSENGERS.

TABLE No. I.

RATES for GOVERNMENT PASSENGERS from *England* to the under-mentioned Places.—(Mentioned and referred to in the Contract hereunto annexed.)

PLACES.	CHIEF CABIN PASSENGERS.						FORE CABIN PASSENGERS.						DECK PASSENGERS.					
	Officer.		Lady.	Children.		Man.	Woman.		Children.		Man.	Woman.		Children.				
	£.	s. d.		£.	s. d.		Between 8 and 12 years.	Between 3 and 8 years.	£.	s. d.		£.	s. d.	Between 8 and 12 years.	Between 3 and 8 years.	£.	s. d.	
Antigua	32	5 7	40	—	7 10	—	20	—	5	—	9	—	4 10	—	2 5	—		
Bahia	48	3 1	30	—	10	—	25	—	6 5	—	12	—	6	—	3	—		
Barbadoes	30	10	28	—	7	—	18	10	4 12	6	8	8	4 4	—	2 2	—		
Buenos Ayres	61	3 11	56	13 4	14	3 4	32	10	16	5	17	—	8 10	—	4 5	—		
Carracou	32	11 10	30	—	7 10	—	20	—	5	—	9	—	4 10	—	2 5	—		
Carthagena	42	16 3	40	—	10	—	27	10	13 15	6	12	—	6	—	3	—		
Chagres	48	—	40	—	10	—	27	10	13 15	6	12	—	6	—	3	—		
Demerara	32	15	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Dominica	32	7 6	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Grenada	32	12 6	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Grey Town	48	6 10	40	—	10	—	27	10	13 15	6	12	—	6	—	3	—		
Guadaloupe	40	9 2	37	6 8	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Havana	48	10	40	—	10	—	25	10	12 15	6	11	4	5 12	—	2 16	—		
Honduras	35	16	33	6 8	8 6	8	27	10	13 15	—	12	—	6	—	3	—		
Jacmel	35	19 2	33	6 8	8 6	8	22	10	11 5	—	10	—	5	—	2 10	—		
Jamaica	7 10	—	6 18	9	1 14	8	22	10	11 5	—	10	—	5	—	2 10	—		
Lisbon	32	7 6	30	—	7 10	—	3 15	—	1 17	6	1 10	—	15	—	7 6	—		
Martinique	21	—	20	—	5	—	20	—	10	—	9	—	4 10	—	2 5	—		
Madeira	61	8 11	56	13 4	14	3 4	32	10	16 5	—	17	—	8 10	—	4 5	—		
Monte Video	32	5	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Montserrat	37	8 6	33	6 8	8 6	8	20	—	10	—	10	—	5	—	2 10	—		
Nassau	32	4 4	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Nevis	42	17 6	40	—	10	—	25	—	12 10	—	12	—	6	—	3	—		
Pernambuco	50	5 2	46	13 4	11	13 4	27	10	13 15	—	14	—	4 10	—	2 5	—		
Porto Rico	32	4 4	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Rio de Janeiro	32	4 4	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
St. Kitts	32	8 9	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
St. Lucia	32	1 10	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
St. Thomas	32	1 10	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
St. Vincent (West Indies)	31	15 3	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
St. Vincent (Cape de Verdes)	42	14 4	40	—	10	—	17	10	18 15	—	12	—	6	—	3 7	—		
Santa Martha	48	3 4	44	13 4	11	3 4	31	—	16 10	—	13	8	6 14	—	3 10	—		
Tampico	24	11 8	23	6 8	5 16	8	15	—	7 10	—	7	—	3 10	—	1 15	—		
Teneriffe	32	15 7	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Tobago	32	14 4	30	—	7 10	—	20	—	10	—	9	—	4 10	—	2 5	—		
Trinidad	46	13 6	43	6 8	10	16 8	30	—	15	—	18	—	6 10	—	3 5	—		
Vera Cruz	46	13 6	43	6 8	10	16 8	30	—	15	—	18	—	6 10	—	3 5	—		

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TABLE No. II.

RATES for GOVERNMENT PASSENGERS to England from the under-mentioned Places.—(Mentioned and referred to in the Contract hereunto annexed.)

P L A C E S.	CHIEF CABIN PASSENGERS.				FORE CABIN PASSENGERS.				DECK PASSENGERS.			
	Officer.	Lady.	Children.		Man.	Woman.	Children.		Man.	Woman.	Children.	
			Between 8 and 12 years.	Between 3 and 8 years.			Between 8 and 12 years.	Between 3 and 8 years.			Between 8 and 12 years.	Between 3 and 8 years.
Antigua	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Bahia	83 12 11	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Barbadoes	43 6 3	40 - -	10 - -	25 - -	25 - -	25 - -	12 10 -	6 5 -	12 - -	12 - -	6 - -	3 7 -
Buenos Ayres	33 17 3	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Carriacou	61 13 4	56 13 4	14 3 4	32 10 -	32 10 -	32 10 -	16 5 -	8 2 6	17 - -	17 - -	8 10 -	4 5 -
Carthagena	34 - 5	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Chagres	39 8 11	36 13 4	9 3 4	25 - -	25 - -	25 - -	12 10 -	6 5 -	11 - -	11 - -	5 10 -	2 15 -
Ciudad	39 13 4	36 13 4	9 3 4	25 - -	25 - -	25 - -	12 10 -	6 5 -	11 - -	11 - -	5 10 -	2 15 -
Demerara	34 2 3	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Dominica	33 14 9	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Fayal (if touched at)	12 2 3	11 6 8	2 16 8	8 10 -	8 10 -	8 10 -	4 5 -	2 2 6	3 8 -	3 8 -	1 14 -	- 17 -
Grenada	34 1 -	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Grey Town	40 12 1	36 13 4	9 3 4	25 - -	25 - -	25 - -	12 10 -	6 5 -	11 - -	11 - -	5 10 -	2 15 -
Guadaloupe	33 14 2	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Havana	36 11 -	33 6 8	8 6 8	20 - -	20 - -	20 - -	10 - -	5 - -	10 - -	10 - -	5 - -	2 10 -
Honduras	43 18 1	40 - -	10 - -	25 - -	25 - -	25 - -	12 10 -	6 5 -	12 - -	12 - -	6 - -	3 - -
Jacmel	35 17 3	33 6 8	8 6 8	22 10 -	22 10 -	22 10 -	11 5 -	5 12 6	10 - -	10 - -	5 - -	2 10 -
Jamaica	36 - 5	33 6 8	8 6 8	22 10 -	22 10 -	22 10 -	11 5 -	5 12 6	10 - -	10 - -	5 - -	2 10 -
Lisbon	7 10 -	6 18 9	1 14 8	3 15 -	3 15 -	3 15 -	1 17 6	- 18 9	1 10 -	1 10 -	- 15 -	- 7 6
Martinique	33 15 5	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Madeira	21 - 7	20 - -	5 - -	12 10 -	12 10 -	12 10 -	6 5 -	3 2 6	6 - -	6 - -	3 - -	1 10 -
Monte Video	61 15 10	56 13 4	14 3 4	32 10 -	32 10 -	32 10 -	16 5 -	8 2 6	17 - -	17 - -	8 10 -	4 5 -
Montserrat	33 12 11	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Nassau	43 - -	40 - -	10 - -	27 10 -	27 10 -	27 10 -	18 15 -	6 17 6	12 - -	12 - -	6 - -	3 7 -
Nevis	33 12 3	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Pernambuco	43 - -	40 - -	10 - -	25 - -	25 - -	25 - -	12 10 -	6 5 -	12 - -	12 - -	6 - -	3 7 -
Porto Rico	33 12 3	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Rio de Janeiro	50 8 4	46 13 4	11 13 4	27 10 -	27 10 -	27 10 -	13 15 -	6 17 6	14 - -	14 - -	7 - -	3 10 -
St. Kitts	33 11 8	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
St. Lucia	33 16 -	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
St. Thomas	33 8 6	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
St. Vincent (West Indies)	33 19 9	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
St. Vincent (Cape de Verdes)	31 16 7	30 - -	10 6 8	17 10 -	17 10 -	17 10 -	8 15 -	4 7 6	9 - -	9 - -	4 10 -	2 5 -
Tampico	45 3 6	41 6 8	10 6 8	27 10 -	27 10 -	27 10 -	18 15 -	6 17 6	12 8 -	12 8 -	6 4 -	3 2 -
Teneriffe	24 11 8	23 6 8	5 10 8	15 - -	15 - -	15 - -	7 10 -	3 15 -	7 - -	7 - -	3 10 -	1 15 -
Tobago	34 4 2	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Trinidad	34 2 3	31 6 8	7 16 8	20 10 -	20 10 -	20 10 -	10 5 -	5 2 6	9 8 -	9 8 -	4 14 -	2 7 -
Vera Cruz	43 6 10	40 - -	10 - -	27 10 -	27 10 -	27 10 -	13 15 -	6 17 6	12 - -	12 - -	6 - -	3 7 -

TABLE, No. III.

RATES for GOVERNMENT PASSENGERS—Intercolonial Voyages.—(Mentioned and referred to in the Contract hereunto annexed.)

Fares in Silver Dollars, at 4 s. 2 d. each.

Chief Cabin Passengers conveyed intercolonially by Government order, to be charged two-thirds of the under-mentioned rates; Fore-Cabin Passengers, one-half; and Deck Passengers, one-fifth of the said rates. Children between 8 and 12 years of age, one-half of the amount charged for their parents; and between 3 and 8 years, one-fourth of ditto. Under 3 years of age to be carried free. An additional charge of 2 s. 6 d. per diem to be made for Officers on account of the established allowance of Wine and Beer. Male Servants to be conveyed intercolonially for one-half, and Female Servants for two-thirds of the rate charged for their Employers, exclusive of the charge of 2 s. 6 d. per diem for Wine and Beer.

PLACES.	Antigua.	Barbadoes.	Carriscon.	Carthagena.	Chagres.	Demerara.	Dominica.	Grenada.	Grey Town.	Guadeloupe.	Havana.	Honduras.	Jamaica.	Jamaica.	Montserrat.	Nassau.	Nevis.	St. Juan's, Porto Rico.	St. Kitts.	St. Lucia.	Santa Martha.	St. Thomas.	St. Vincent.	Tampico.	Tobago.	Trinidad.	Vera Cruz.
Antigua	-	30	30	70	80	60	15	30	100	10	95	115	55	55	15	70	10	30	10	20	60	20	30	130	45	45	125
Barbadoes	25	-	15	90	100	30	20	15	120	25	105	130	70	70	25	90	80	50	30	15	80	40	15	140	15	30	135
Carriscon	25	25	-	90	100	45	25	10	120	25	105	130	55	55	25	90	80	50	30	25	80	40	10	140	40	25	135
Carthagena	90	100	105	-	20	180	95	105	40	95	140	175	100	115	85	110	85	70	85	100	-	60	105	200	120	120	195
Chagres	100	110	115	30	-	140	105	115	20	105	150	185	110	125	105	120	95	80	95	105	-	70	115	210	120	120	205
Demerara	50	30	35	115	125	-	45	35	145	50	115	140	65	80	45	115	65	75	55	65	95	65	65	35	150	35	145
Dominica	15	30	30	80	90	50	-	30	110	10	95	115	55	55	10	80	20	40	20	10	75	30	30	180	45	40	130
Grenada	25	25	10	90	100	40	25	-	120	25	105	130	55	55	25	90	80	50	30	25	80	40	10	140	30	15	135
Grey Town	120	135	185	50	20	165	125	135	-	120	170	205	130	145	125	140	115	100	115	135	-	90	135	230	150	160	225
Guadeloupe	10	30	30	75	85	55	10	30	105	-	95	115	55	55	10	75	15	35	15	15	75	25	30	130	45	45	125
Havana	185	160	150	155	165	180	140	150	185	135	-	60	80	50	140	155	130	100	130	140	145	105	150	125	165	165	120
Honduras	195	210	210	215	225	240	200	210	245	195	60	-	140	110	200	215	190	160	190	200	205	165	210	185	225	225	180
Jamaica	75	90	90	105	105	120	80	90	125	75	60	80	-	20	80	95	70	30	70	80	85	45	90	105	105	105	100
Montserrat	85	100	100	105	115	130	90	100	135	86	40	60	30	-	90	105	80	50	80	90	95	55	100	75	115	116	70
Nassau	15	30	30	80	90	50	10	30	110	10	95	115	55	55	20	70	10	30	20	10	70	30	30	130	45	35	125
Nevis	10	30	30	70	80	60	20	30	100	15	95	115	55	55	20	70	10	30	10	20	60	20	30	130	45	45	125
St. Juan's, Porto Rico	15	35	35	65	75	60	25	35	95	90	140	175	100	115	95	85	85	75	85	105	100	60	105	190	129	120	185
St. Kitts	40	60	60	65	75	90	45	60	95	40	95	115	30	55	45	65	35	25	35	45	55	15	15	85	130	75	125
St. Lucia	15	35	35	65	75	60	25	35	95	20	95	115	55	55	25	65	10	25	-	25	55	15	35	130	50	50	125
Santa Martha	20	25	25	85	95	45	10	25	115	15	95	115	55	55	10	85	25	45	25	-	75	35	25	130	40	30	125
St. Thomas	-	-	45	50	60	75	35	45	80	-	80	115	40	55	35	50	25	10	25	45	40	-	45	130	60	60	125
St. Vincent	25	25	10	90	100	45	15	10	120	30	105	130	55	55	15	90	30	50	30	25	80	40	-	130	30	25	125
Tampico	170	185	185	190	200	215	175	185	220	170	125	145	115	85	175	190	165	135	165	185	180	140	185	-	200	200	16
Tobago	35	30	30	100	110	40	35	25	130	35	105	130	60	65	35	100	40	60	40	85	90	50	80	135	-	10	180
Trinidad	40	35	25	100	110	40	35	15	130	35	105	130	55	65	35	100	40	60	40	35	90	50	80	135	10	10	130
Vera Cruz	165	180	185	185	195	210	170	180	215	165	120	140	110	80	170	185	160	130	160	180	175	135	180	15	195	195	-

TABLE, No. IV.
RATES FOR GOVERNMENT PASSENGERS.

Intercolonial Voyages,

BRAZIL, &c.

(Mentioned and referred to in the Contract hereunto annexed).

Fares in Silver Dollars, at 4 s. 2 d. each.

Chief Cabin Passengers conveyed between any of the under-mentioned places by Government order, to be charged two-thirds of the rates which may be charged to ordinary passengers for the time being. Fore-Cabin Passengers one-half, and Deck Passengers one-fifth of the said rates. Children between eight and twelve years of age, one-half of the amount charged for their parents, and between three and eight years, one-fourth of ditto. Under three years of age to be carried free. An additional charge of 2 s. 6 d. per diem to be made for Officers, on account of the established allowance of Wine and Beer. Male Servants to be conveyed intercolonially for one-half, and female servants for two-thirds of the rate charged for their employers, exclusive of the charge of 2 s. 6 d. per diem for Wine and Beer.

P L A C E S.	Lisbon.	Madeira.	Teneriffe.	St. Vincent.	Pernambuco.	Bahia.	Rio de Janeiro.	Monte Video.	Buenos Ayres.
Lisbon - - -									
Madeira - - -									
Teneriffe - - -									
St. Vincent - - -									
Pernambuco - - -									
Bahia - - -									
Rio de Janeiro - - -									
Monte Video - - -									
Buenos Ayres - - -									

The payment for the passage ordered at the expense of the public for any person, will only be made on the production of the order for the passage, and of a certificate from the person in the following form ; viz. :—

“ I hereby certify, that on the _____ I embarked at _____ as a [*here insert chief or fore cabin, or deck, as the case may be*] passenger on board the Royal Mail Steam Packet Company’s vessel _____, for passage to _____, and landed at _____ on the _____.”

To this certificate, the following addition to be made in every case of a male cabin passenger ; viz. :—

“ 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.”

WEST INDIA AND BRAZIL MAILS, &c.

ARTICLES of AGREEMENT made the 25th day of February, in the year of our Lord 1858, between the Royal Mail Steam Packet Company of the first part; Russell Ellice, of Lombard-street, in the city of London, banker, and Thomas Robert Tufnell, of Northfleet in the county of Kent, esquire, of the second part; and 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 third part.

WHEREAS by certain articles of agreement bearing date on or about the 5th day of July 1850, and made or expressed to be made between the said Commissioners on behalf of Her Majesty of the one part, and the said Company of the other part, the said Company did, for the consideration therein mentioned, contract and agree with the said Commissioners to convey Her Majesty's mails, as mentioned in the tables of routes (numbered 1 to 8 inclusive), as in the said articles of agreement mentioned :

Recital of contract of 5th July 1850.

And whereas by a bond bearing date on or about the 4th day December 1856 under the corporate seal of the said Company, and under the hands and seals of the said Russell Ellice and Thomas Robert Tufnell, the said Company and the said Russell Ellice and Thomas Robert Tufnell became bound to Her Majesty in the penal sum of 50,000 *l.* for the due performance by or on the part of the said Company of the said hereinbefore recited contract of the 5th day of July 1850 :

Also bond of 4th of December 1856.

And whereas the said Commissioners on the part of Her Majesty have, with the privity of the parties hereto of the second part, determined to enter into this further contract with the said Company, but without any further pecuniary consideration being paid to the said Company :

Now these presents witness, that the said Company doth hereby covenant, promise, and agree with the said Commissioners for and on behalf of Her Majesty as follows, that is to say, that the said Company shall and will, on the 9th day of May 1858, and from time to time thereafter, and at all times during the continuance of this contract, in substitution on and after that day of the Brazil route, contained in Tables No. 7 and 8, annexed to the said articles of agreement of the 5th day of July 1850, diligently, faithfully, and to the satisfaction of the said Commissioners, convey Her Majesty's mails on the Brazil route in accordance with the Tables No. 8 and No. 9 hereto annexed. And also shall and will, not later than the 14th day of September 1859, accelerate on the West India line generally in accordance with the time tables to be hereafter fixed by the said Commissioners, all Her Majesty's West India 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 so conveyed by means of a sufficient number of steam vessels.

Company to convey mails on Brazil route according to Tables annexed.

West India mails to be accelerated not later than 14th September 1859.

That the said Company shall and will provide for the transatlantic portion of the West India service three new, good, substantial, and efficient iron steam-ships of not less than 3,000 tons burthen each, builder's measurement; each of such vessels to be supplied with new and first-rate appropriate steam-engines of not less than 800 horse power, and which ships shall be in every respect complete and ready for sea in 20 calendar months from the 14th day of January 1858.

Number of vessels and tonnage, &c.

When vessels to be completed.

That the said Company shall and will provide one other new, good, substantial, and efficient iron steam vessel, with paddle-wheels, of not less than 1,000 tons burthen, builder's measurement, to be supplied with new and first-rate appropriate steam-engines of not less than 250 horse power, which vessel shall be in every respect complete and ready for sea within 15 calendar months from the first day of March 1858, and shall be employed in the conveyance of Her Majesty's mails between Rio de Janeiro and the River Plate; but should the said vessel be unavoidably under repair, the said Company shall be at liberty to employ on the same service the "Camilla" steam vessel belonging to the said Company, or some other steamer of not less tonnage and horse power.

Another vessel to be provided for conveying mails between Rio de Janeiro and the River Plate.

That the said Company shall and will provide on board each of the vessels to be employed under this contract, and also under the hereinbefore recited contract of the 5th day of July 1850, a proper room for sorting letters, to be constructed and fitted in all respects to the satisfaction of Her Majesty's Postmaster General, at a cost not exceeding 100 *l.* for each vessel, and which cost shall in each case be defrayed by Her Majesty's Postmaster General; and also shall and will, when required so to do by the said Commissioners, receive, victual and convey and allow to remain on board each of the said vessels in lieu of the Admiralty agent and his servant, a clerk, and letter sorter, or two letter sorters, as the case may be, without any extra charge whatsoever, which said clerk shall be treated as a first-class passenger, and be provided for, accommodated, and victualled in the same manner as if he were the naval officer in charge of the mails on board the vessels employed under the

Room for sorting letters to be provided on board vessels.

Clerk and letter sorters to be received on board.

Clerk to be treated as a first-class passenger.

Appendix, No. 3.

Sorters to be treated as the servant of naval officer.

Admiralty may alter route of vessels.

Company not bound to employ a vessel constructed of wood only.

Liabilities incurred and powers of Admiralty, &c., under former contract to be applicable to this contract.

Former contract and bond to remain in force.

Mails to be conveyed as mentioned in annexed Tables.

Former contract to remain in force until 1st January 1864, and then or afterwards determinable by notice.

Payments to company.

Contract not to be assigned. &c., without consent.

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

said contract of the 5th July 1850, and each of the said sorters shall be provided for, accommodated, and victualled in the same manner as the servant of the said naval officer under the said hereinbefore recited contract. That the said Company also shall and will, at the expiration of three calendar months' notice in writing under the hand of the Secretary of the Admiralty, alter and from time to time vary the route of all or of any of the vessels employed in carrying the said mails in the North and South Atlantic Oceans, between the latitudes of 27° north and 37° south, and 20° and 97° 52' west longitude, according to such directions as they shall so receive by any such notice, but the steam vessels of the said Company shall not be required to travel annually a greater distance in the aggregate than 547,296 nautical miles. And it is hereby agreed that, notwithstanding anything in the before-recited agreement contained, the said Company shall not be bound to employ any vessel constructed of wood only. And it is hereby agreed that all the liabilities and obligations incurred by the said Company by the hereinbefore recited articles of agreement of the 5th day of July 1850, shall, so far as the same can be made applicable to this contract and the services hereby agreed for, and the vessels employed and to be employed in the performance of such services, save and except so far as the same may not be consistent with this contract, shall be applicable to the said Company in respect of this contract and to the services hereby contracted for, and to the vessels employed or to be employed in the execution of such services, and all the powers and privileges given or reserved by such articles of agreement to the said Commissioners, their officers, servants, and agents, and to Her Majesty's Postmaster General, and his servants and agents, shall apply to this contract and to the said Company in respect thereof, and to the said service and vessels.

And it is hereby agreed that all the provisions of the hereinbefore recited articles of agreement of the 5th day of July 1850 shall, during the continuance of this contract, remain in full force, save and except so far as the same may be altered by these presents; and the said bond, bearing date the 4th day of December 1856, shall, during the continuance of this contract, remain as a security for the due fulfilment of all the provisions of such articles of agreement by and on behalf of the said Company (save and except as aforesaid), and of this contract.

That the said Company shall and will, during the continuance of this contract, convey the said mails on board the said vessels respectively, as mentioned in the Tables of Routes hereunto annexed, and all the stipulations, clauses, matters, and things, mentioned or contained in the said tables shall form part of this contract, and be observed, kept, and performed by the said Company accordingly, and subject to such stipulations, clauses, matters, and things, and to the other stipulations of this contract, the said vessels shall depart from and arrive at the several places as mentioned in such tables, on the days and at the hours or times of the day or night therein respectively mentioned or specified.

And in consideration of the due and faithful performance by the said Company of all the said services, the said Commissioners do hereby agree with the said Company, and the said Company do hereby agree with the said Commissioners, that the hereinbefore recited contract, bearing date on or about the 5th day of July 1850, save and except so far as the same may be altered by these presents, shall be and is hereby extended, and shall remain in force until the 1st day of January 1864, and then terminate, if the said Commissioners shall, by writing, under the hand of the Secretary of the Admiralty for the time being have given to the said Company, or the said Company shall have given to the said Commissioners, twelve calendar months' notice in writing, that the same shall so determine; but if neither the said Commissioners nor the said Company shall give any such notice, then the said contract shall continue in force even after the said 1st day of January 1864, until the expiration of a twelve calendar months' notice in writing as aforesaid, which may be given, and expire at any period of the year, by either of the parties hereto to the other of them, and the annual payment by or on the part of Her Majesty to the said Company shall, during the continuance of this contract, be in every respect, having reference to these presents, the same as to amount, time, and conditions of payment, as under such contract of 5th day of July 1850 excepting that such payments shall be made by bill upon Her Majesty's Paymaster General, payable in seven days from and after the respective dates thereof, instead of at sight.

And it is hereby agreed and provided that, without the consent of the said Commissioners signified in writing, under the hand of one of their secretaries, neither this contract nor any part thereof shall be assigned, underlet, or disposed of. And that in case of any part thereof being assigned, underlet, or otherwise disposed of without such consent, signified as aforesaid, or in case of any breach of this contract, or of the said contract of the 5th day of July 1850, prior to the determination thereof, on the part of the said Company, their officers, agents, or servants, in any respect, and whether there be or be not any penalty or sum of money hereby or otherwise made payable by the said Company for any such breach, it shall be lawful for the said Commissioners for executing the said office of Lord High Admiral (if they think fit), and notwithstanding there may or may not have been any former breach thereof, by writing, under the hand of one of their secretaries for the time being, to determine such contracts without any previous notice to the said Company or their agents, nor shall the said Company be entitled to any compensation in consequence of such determination; but even if such contracts be so determined, the payment of any sum of money agreed to be made shall be enforced should the same be not duly paid by the

the said Company, and the said Company shall continue liable for any liability which they may have incurred previous to any such determination. And it is also agreed that the notices or directions which the same Commissioners, or their secretary, officers, or other persons are hereby authorised and empowered to give to the said Company, their officers, servants, or agents, may, at the option of such Commissioners, or their secretary, officers, or other persons, be either delivered to the master of any of the said vessels, or other officer or agent of the said Company in the charge or management of any vessel employed in the performance of this contract, or may be left for the said Company at their office or house of business in London. And it is hereby agreed, that if, when such contracts terminate, any vessel or vessels should have started with mails in conformity therewith, such voyage or voyages shall be continued and performed, and the mails be delivered and received during the same as if such contracts remained in force with regard to any such vessels and services, and the said Company shall be paid at the rate of 9 s. 10 d. per nautical mile for such portion or portions of any voyage or voyages as may be incomplete when such contracts terminate as aforesaid.

Appendix, No. 3.

As to services of notices.

If when this contract terminates any vessel shall have started, voyage to be continued at mileage rate only, as if contract remained in force.

And it is hereby agreed and declared, that this contract shall commence from the day of the date hereof, and continue in force until the 1st day of January 1864, and then determine, if the said Commissioners shall by writing under the hand of the Secretary of the Admiralty for the time being have given to the said Company, or the said Company shall have given to the said Commissioners, 12 calendar months' notice in writing that this contract shall so determine; but if neither the said Commissioners nor the said Company shall give any such notice, this contract shall continue in force even after the said 1st day of January 1864, until the expiration of a 12 calendar months' notice in writing as aforesaid, which may be given and expire at any period of the year, by either of the parties hereto to the other of them; but, notwithstanding any such determination, the Company shall be liable for all breach of this contract on their part which may then have been committed, if any, as if this contract were in force.

Continuance of this contract.

And lastly, for the due and faithful performance of all and singular the covenants, conditions, provisoes, clauses, articles, and agreements of this contract, which, on the part and behalf of the said Company are or ought to be observed, performed, fulfilled, and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of 50,000 l. of lawful money of the United Kingdom, to be paid to our said Lady the Queen, Her heirs and successors, by way of stipulated or ascertained damages hereby agreed upon between the said Commissioners and the said Company, in case of the failure on the part of the said Company in the due execution of this contract, or any part thereof.

Company bound in 50,000 l., for due performance of contract.

In witness whereof, two of the said Commissioners for executing the office of Lord High Admiral and the said Russell Ellice and Thomas Robert Tufnell have hereunto set their hands and seals, and the said "Royal Mail Steam Packet Company" have hereunto set their corporate seal, the day and year first above written.

Signed, sealed and delivered by the said Commissioners, and by the said Russell Ellice and Thomas Robert Tufnell, in the presence of,
John Doutry.

Alex. Milne (L. s.)
Lovaine (L. s.)
Russell Ellice (L. s.)
T. R. Tufnell (L. s.)

The corporation seal of the above-named "Royal Mail Steam Packet Company" was hereunto affixed, by order of the Court of Directors, in the presence of

Rd. T. Reep, Secretary. (L. S.)
John Doutry.

TABLE, No. VIII

BRAZIL ROUTE—ONCE A MONTH.

D A T E S.				P L A C E S.	Dis- tances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coal.	From Southampton.			
Arrival.		Departure.					Days.	Hours.	Days.	Hours.		Days.	Hours.	Days.	Hours.
Day of Month.	Hour.	Day of Month.	Hour.												
		9	6 p. m.	From Southampton											
13	1 p. m.	14	8 a. m.	To Lisbon - - - - -	866	9 ½	3	19	-	19	Coal	3	19		
21	4 a. m.	22	4 p. m.	„ St. Vincent (Cape de Verd) -	1,560	9 ½	6	20	1	13	Coal	11	10		
29	4 p. m.	30	8 a. m.	„ Pernambuco - - - - -	1,600	9 ½	7	-	-	16	-	19	22		
2	3 a. m.	2	8 p. m.	„ Bahia - - - - -	410	9 ½	1	19	-	17	Coal	22	9		
5	midnight	9	8 a. m.	„ Rio de Janeiro - - - - -	720	9 ½	3	4	3	8	Coal	26	6		
12	noon	13	noon	„ Bahia - - - - -	720	9 ½	3	4	1	-	Coal	32	18		
15	7 a. m.	15	6 p. m.	„ Pernambuco - - - - -	410	9 ½	1	19	-	11	-	35	13		
22	6 p. m.	24	6 a. m.	„ St. Vincent (Cape de Verd) -	1,600	9 ½	7	-	1	12	Coal	43	-		
1	2 a. m.	1	6 p. m.	„ Lisbon - - - - -	1,560	9 ½	6	20	-	16	Coal	51	8		
5	1 p. m.	-	-	„ Southampton - - - - -	866	9 ½	3	19	-	-	-	55	19		
					10,312	-	45	4	10	15	-	-	-		

	Days.	Hours.
Time Out to Rio de Janeiro - - - - -	26	6
Ditto Home from ditto - - - - -	26	5
Course of Post - - - - -	55	19

REMARKS ON TABLE No. VIII.

THE steamers employed on this route will perform the service as prescribed by the table, exchanging, at Rio de Janeiro, mails, &c., with the vessel on route No. IX.

On the return voyage, this steamer will coal complete at Rio de Janeiro, and leave there at 8 a. m. on the 30th day after her departure from Southampton, unless that day falls on a Monday, when the departure is not to take place until the following day, Tuesday.

In case the No. IX vessel should not reach Rio de Janeiro before the time above-mentioned, and thereby a breach of contract be committed, this No. VIII steamer will await her arrival eight clear days (if necessary), beyond the appointed time for starting, after which period she will take her departure whether the No. IX vessel has arrived or not.

Whatever may be the time at which the steamers may arrive at Pernambuco and Bahia, on the outward and homeward voyages, the stoppages are to be so regulated that 12 hours daylight may be allowed to elapse before the steamers depart from those places, except in cases where the vessels may anchor by 8 a. m.; then they are to proceed the same evening, provided the weather has not prevented the landing and embarking of mails, passengers, &c.

TABLE, No. IX.

RIVER PLATE ROUTE—ONCE A MONTH.

DATES.				P. L A C E S.	Dis- tance in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coal.	From Southampton.			
Arrival.		Departure.					Days.	Hours.	Days.	Hours.		Days.	Hours.	Days.	Hours.
Day of Month.	Hour.	Day of Month.	Hour.												
	-	8	4 p. m.	Rio de Janeiro - - - -	-	-	-	-	-	-	Coal	28	23		
13	noon	14	4 p. m.	Monte Video - - - -	1,040	9	4	20	1	4	Coal	33	18		
15	6 a. m.	28	4 p. m.	Buenos Ayres - - - -	180	9	-	14	13	10	-	35	12		
29	6 a. m.	1	noon	Monte Video - - - -	130	9	-	14	2	6	Coal	49	12		
6	8 a. m.	-	-	Rio de Janeiro - - - -	1,040	9	4	20	2	8	Coal	56	14		
					2,340	-	10	20	19	4	-	-	-		

										Days.	Hours.
Time Out to Buenos Ayres	-	-	-	-	-	-	-	-	-	35	12
Ditto Home from ditto	-	-	-	-	-	-	-	-	-	36	21
Course of Post	-	-	-	-	-	-	-	-	-	85	19

REMARKS ON TABLE No. IX.

THIS No. IX. vessel, having received at Rio de Janeiro the out and other mails, &c., will deliver them according to the table, either by proceeding with them to Buenos Ayres, or by transshipping them to a smaller steamer, stationed at Monte Video for the purpose, in either case taking care to leave Buenos Ayres on the return voyage precisely at 4 p. m., on the 49th day after the out mails were dispatched from Southampton. On returning to Rio de Janeiro, the homeward mails, &c., will be delivered to the No. VIII. steamer, from which out mails will be received in exchange. This No. IX. vessel will then coal, &c., as expeditiously as possible, and proceed to perform the service as before after an interval of at least 48 hours from the time of her arrival at Rio de Janeiro from the River Plate.

NORTH AMERICAN MAILS.

ARTICLES OF AGREEMENT made this 1st day of January, in the year of our Lord 1852, 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 Halifax, in Nova Scotia, merchant, George Burns, of Glasgow, in that part of Great Britain called Scotland, merchant, and Charles M'Iver, of Liverpool, in the county palatine of Lancaster, merchant, hereinafter designated "the contractors," of the other part.

Contract dated 1st January 1852, between the Lords Commissioners of the Admiralty and Messrs. Samuel Cunard, George Burns, and Charles M'Iver (the contractors).

WHEREAS by articles of agreement bearing date on or about the 1st day of April 1850, between the Commissioners for executing the office of Lord High Admiral of the one part, and the said Samuel Cunard and George Burns and Charles M'Iver, 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 M'Iver did covenant and agree with the said Commissioners that they would convey the said mails weekly during eight months in each year, and once a fortnight during the remaining four months in each year, to and from the places and ports of embarkation therein prescribed:

Reciting the pre-existing contract between the parties of the 1st of April 1850, for the conveyance of Her Majesty's mails between England and North America,

And whereas it has been considered expedient by and between the parties hereto to enter into further arrangements for conveying the said mails between the said United Kingdom and North America, under the conditions hereinafter contained, in addition to those agreed upon by the hereinbefore recited articles of agreement:

and the expediency of further and additional arrangements in regard thereto, as follow, viz.

Now these presents witness, that, in consideration of the payment 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 conveyance by the contractors of Her Majesty's mails between England and North America by a sufficient number of steam vessels of not less than 400-horse

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power each, made to carry guns of the largest calibre;

to be kept at their own expense thoroughly equipped;

manned with competent officers (qualified pursuant to 13 & 14 Vict. c. 93), surgeon, engineers, and crew, to the approval of the Commissioners or their agents.

One of such vessels to proceed with the mails from Liverpool to Halifax and Boston, and another from Liverpool to New York, either direct or (at the option of the Commissioners or the Postmaster General) by way of Halifax, on every alternate Saturday in December, January, February, and March, at hours to be fixed by the Commissioners; and one of such vessels to proceed with the mails from Boston to Halifax and Liverpool; and another from New York direct, or by way of Halifax to Liverpool, on every alternate Wednesday in January, February, March, and April, such Saturdays and Wednesdays being also alternate with the corresponding days of departure under the pre-existing contract.

The vessels to call at Holyhead if required.

The Commissioners being at liberty to substitute any other port of Great Britain or Ireland for Liverpool, and to alter the

sioners 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 as hereinafter mentioned, by means of a sufficient number of good, substantial and efficient steam-vessels, each of such vessels being supplied and furnished with engines of not less than 400 horse power.

That the contractors, their executors or administrators, shall and will at all times, at their own cost, provide and keep sea-worthy and in complete repair from the day of the date hereof, and during the continuance of this contract, a sufficient number of good, substantial and efficient steam-vessels, of not less than 400 horse power each, and of such construction and strength as to be fit and able to carry guns of the largest calibre now used on board Her Majesty's steam vessels of war, and at the like cost adequately provide and furnish all and every of 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 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 service.

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 13 & 14 Vict. cap. 93, 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 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 so equipped and manned, and with Her Majesty's mails on board, shall on every alternate Saturday during each and every of the four following months in every year, namely, December, January, February, and March, 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 aforesaid, 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 of the four following months in every year, namely, January, February, March, and April, 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 of the four following months in every year, namely, December, January, February, and March, 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 of the four following months in every year, namely, January, February, March, and April, 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, so that the periods of departure of the vessels from Liverpool to Halifax and Boston, and from Liverpool to New York, shall be at equal intervals, and not on the same Saturday.

That the departures of the vessels under this contract from Liverpool and Boston and New York respectively on the Saturdays and Wednesdays herein mentioned, shall take place on the Saturdays and Wednesdays alternate with the Saturdays and Wednesdays on which vessels are to depart from these ports respectively under the hereinbefore mentioned contract between the parties hereto bearing date on or about the 1st day of April 1850.

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 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, any other port in the United Kingdom of Great Britain or Ireland, without making any compensation to 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

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.

That if at any time, from stress of weather or other unavoidable circumstances, the vessel conveying the said mails from Halifax to 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 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 under-mentioned 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 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.

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.

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 direct and authorise to receive the same.

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 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.

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

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days of departure, and (as also their agents) to delay departures for 24 hours.

The mails may be landed at Bristol, Falmouth, Plymouth, Southampton, Dover, or Deal, if they cannot be landed at Liverpool.

Each contract vessel to carry an officer, appointed by the Commissioners, with his servant, as their agent in charge of the mails, and as their representative generally,

by whom all discretionary questions are to be decided, subject to appeal to the Commissioners,

and who is to be provided with a first-rate cabin, place of deposit for the mails, and chief-cabin fare, free of charge, and his servant to be provided with a proper berth, and victualled, also free of charge.

But if the Commissioners require it, the commanders of the vessels are to take charge of the mails.

Boats to be provided by the contractors for landing the mails and officers in charge.

The contractors to pay a penalty of 100 £ for every case of delay or deviation not sanc-

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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.

tioned by the officer in charge;

and further penalties of 500 *l.* for the first, and 500 *l.* for every succeeding 12 hours' delay in starting from Liverpool.

All modern improvements to be supplied to the 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.

The officers in charge of the mails to have power to survey the vessels on notice to the commanders,

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 penalty shall not in anywise release or discharge the contractors, their executors or administrators, from remedying, replacing, or effectively repairing such deficiency or defect.

and all defects to be made good by the contractors under a penalty of 100 *l.* for each default.

And the Commissioners may also have the vessels surveyed by any other of their agents; and any vessel declared, by such agents, to be unseaworthy, or to require alteration or improvement, to be disqualified for further service until repaired or altered.

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.

The contractors and their servants are to obey the orders of the Commissioners or their agents as to the mails.

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.

All penalties to be as stipulated damages, and deducted out of the contract monies.

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.

Four officers in Her Majesty's military or naval service (exclusive of the officer in charge), with their wives and families, to be taken (if required) in each vessel as chief; four persons, with their wives and families, and the servants of both classes, as fore-cabin passengers, and 10 seamen, &c.,

That the contractors shall and will, when, and as often as 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 the servants of both chief and fore-cabin passengers, and any number of seamen, marines, soldiers,

soldiers, or artificers, not exceeding 10 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.

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with their wives and families, as deck 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.

Commissioned officers &c., as chief, non-commissioned, fore, and seamen, &c., as deck passengers.

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.

Allowance for their baggage.

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.

That soldiers of the Royal Artillery and Sappers and Miners and their wives shall be allowed six 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.

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.

Guns, hammocks, and bedding for troops to be conveyed free of freight.

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 is allowed to the boatswain and carpenter of the contractors' steam ships; 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 contractor's 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.

Victualling of the different classes of passengers.

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, seaman, marine, soldier, artificer and servant, conveyed as a fore-cabin or a deck passenger, at and after the rates mentioned in the following table.

Rates of passage-money to be paid for them.

TABLE OF RATES OF PASSAGE.

	CHIEF CABIN PASSENGERS.				FORE CABIN PASSENGERS.				DECK PASSENGERS.			
	Officer.	Lady.	Children between 8 & 12 Years.	Children between 3 & 8 Years.	Man.	Woman.	Children between 8 & 12 Years.	Children between 3 & 8 Years.	Man.	Woman.	Children between 8 & 12 Years.	Children between 3 & 8 Years.
	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.
Liverpool to Halifax, or Halifax to Liverpool.	30 -	25 -	each 12 10	each 6 5	15 -	15 -	each 7 10	each 3 15	4 -	4 -	each 2 -	each 1 -
Halifax to Boston, or Halifax to New York, or New York or Boston to Halifax.	4 -	2 -	1 -	- 10	3 -	2 -	1 -	- 10	2 -	1 -	- 10	- 5
Liverpool to New York direct or by the way of Halifax, or New York to Liverpool direct or by the way of Halifax.	34 -	27 -	13 10	6 15	18 -	17 -	8 10	4 5	6 -	5 -	2 10	1 5

Mem.—Children under three 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.

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That the payment for the passage ordered at the public expense 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, viz. :

"I hereby certify, that on the _____, I embarked at _____ as a _____ passenger, on board the mail steam packet _____, for 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, viz. :

"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."

Officers to pay for their wives and families at those rates.

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.

Provisions of 11 Geo. 4, c. 20, not to be affected.

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.

Accommodation to be provided for soldiers conveyed as extra deck passengers ;

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.

and small packages to be conveyed free ;

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 for the time being, or agents duly authorised, free from all costs and charges.

and stores, not exceeding five tons at one time, according to the usual freight.

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.

The contractors to be paid for the whole services contracted for at the rate of 28,340 l. per annum, by quarterly payments.

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 at sight, payable by Her Majesty's Paymaster General, a sum after the rate of 28,340 l. per annum for the performance of the whole of the services hereby contracted to be performed, by quarterly payments, and with a proportionate part of that sum should this contract terminate on any other day than a day of quarterly payment, the first quarterly payment to become due on the 1st day of April 1862.

The contract to commence on date and continue till the 1st of January 1862, and thenceforward till determined by one or other of the parties by a twelve months' written notice ;

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 1862, and thenceforward until 12 calendar months' notice in writing shall be given by either of the said parties to the other of them, that the same 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 of money or damages, should there have been any breach of this contract, previously to the determination of the same.

Provided

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Provided always nevertheless, that this contract may be determined at any period of the year, and at any time even before the said 1st day of January 1862, upon a 12 calendar months' notice in writing being given by either of the said parties to the other of them that this contract shall determine, and at the expiration of any such notice this contract shall also determine accordingly, but not so as to prevent either of the said parties availing themselves of this contract for recovering any sum of money or damages, should there have been any breach of this contract, previously to the determination of the same; and that the said Commissioners shall then have the option of purchasing from the contractors, their executors and administrators, all or any of the vessels employed in the performance of this contract at the time of the determination thereof, at such valuation as shall be put thereon by two arbitrators, one to be chosen by the said Commissioners, and the other by the contractors, their executors or administrators, or, in case of the arbitrators differing, by an umpire, to be chosen by such two arbitrators before they proceed with the reference, it being expressly understood and agreed that the payment of such valuation shall not be made until the said Commissioners shall have obtained the money by means of a Parliamentary grant or otherwise, and that the joint and concurrent award of the said arbitrators, or the separate award of the said umpire, if and when the said arbitrators cannot agree, shall be binding and conclusive upon all parties.

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unless either party determine it at an earlier period by the like notice: in which case the Commissioners are to have the option of purchasing the contract vessels at a valuation by arbitration.

And it is 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.

Submissions to such arbitrations to be made rules of court;

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.

and the contract is not to be disposed of by the contractors; and if so disposed of, or otherwise broken, may be at once terminated by the Commissioners.

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 M'Iver, 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 M'Iver, their executors or administrators, as if duly served upon or left with them.

Notices to the contractors to be served at last known residence of any one of them in England or Scotland, or upon their servants in charge of any of the vessels.

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 the Third, 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 of 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.

No Member of the House of Commons to have any share in the contract.

And lastly, for the due and faithful performance of all and singular the covenants, conditions, provisoos, 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 M'Iver do hereby bind themselves, their heirs, executors, 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 6,000 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 M'Iver (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 M'Iver, their heirs, executors, or administrators, in the due execution of this contract, or any part thereof.

General penalty of 6,000 l. on the contractors on breach or non-performance.

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

Alexander Milne (L. s.)
W. Cowper (L. s.)
S. Cunard (L. s.)
G. Burns (L. s.)
Chas. M'Iver (L. s.)

Signed, sealed, and delivered by the said Commissioners and the said Samuel Cunard, in the presence of

Jno. James.

Signed, sealed, and delivered by the said George Burns, in the presence of

F. W. Vanderkiste,
 Coll^r of Customs, Glasgow.

Signed, sealed, and delivered by the said Charles M'Iver, in the presence of

Thomas Bevis, Com^r.

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 M'Iver, of Liverpool, in the county palatine of Lancaster, merchant (hereinafter designated "the contractors"), of the other part.

Recital of contract of 1st April 1850.

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 M'Iver 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 M'Iver 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 M'Iver 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:

Recital of contract of 1st January 1852.

Contractors to convey mails.

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.

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.

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 400 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 princā ple)

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.

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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 & 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 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 manned with certificated officers, &c.

And a medical officer, &c.

Vessels and crew subject to Admiralty approval.

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.

When vessel to leave Liverpool for Halifax and Boston.

When vessel to leave Boston for Halifax and Liverpool.

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.

When vessel to leave Liverpool for New York.

When vessel to leave New York for Liverpool.

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.

Vessels to call at Holyhead if required by 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.

Where mails may be landed if vessel cannot fetch Liverpool, &c.

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.

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

If vessel be lost, &c., contractors to replace same.

And in the meantime mails to be conveyed in sailing vessels.

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 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

Admiralty at liberty to change the port of embarkation and disembarkation in the United Kingdom, and to alter times of departure,

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

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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.

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.

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

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

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

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.

Penalties for deviating, delaying departure, &c.

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

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.

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.

And that if the said Commissioners shall at any time during the continuance of this contract, think fit to intrust 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.

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 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.

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.

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

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 rate of science may suggest, and the said Commissioners may direct.

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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 £, but the payment of such penalty shall not in anywise release or discharge the contractors, their executors or administrators, from remedying, replacing, or effectively repairing such deficiency or defect.

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

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.

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.

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 and as often as 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;

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.

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.

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

Baggage space for officers (except Royal Engineers).

Appendix, No. 3. 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 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 Artillery, &c., and married officers. That soldiers of the Royal Artillery, and Sappers and Miners, and their wives shall be allowed six 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.

Conveyance of field pieces and hammocks. 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.

As to victualling of Admiralty passengers. 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 is allowed to the boatswain and carpenter of the contractors' steam-ships; 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, seaman, 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.
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
 , and landed at _____ on the _____
 to _____ To

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."

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.

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

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.

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

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

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

Appendix, No. 3. to the statute in that case made and provided, and that any witnesses examined upon any reference may be examined upon oath.

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

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 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 M'Iver, 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 M'Iver, 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.

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.

Recited contracts annulled.

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 the Third, 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 of 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 M'Iver do hereby bind themselves, their heirs, executors 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

ON PACKET AND TELEGRAPHIC CONTRACTS.

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High Admiral, and the said Samuel Cunard, George Burns and Charles M'Iver (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 M'Iver, their heirs, executors or administrators, in the due execution of this contract, or any part thereof.

Appendix, No. —

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 presence of

Jno. Doutry.

Packet Department, Admiralty, }
23 July 1859.

Appendix, No. 4.

RETURN of the NUMBER of PASSENGERS conveyed by the MAIL PACKETS between the Ports of DOVER and CALAIS. Appendix, No. —

MONTH.	1856.	1857.	1858.	1859.
January - - - -	2,791	2,185	1,911	2,218
February - - - -	3,138	2,192	1,934	1,907
March - - - -	3,412	2,640	2,449	1,862
April - - - -	2,971	2,732	2,132	2,528
May - - - -	2,962	3,078	2,417	2,162
June - - - -	3,535	3,556	3,038	2,205
TOTALS - - -	18,809	16,383	13,861	12,877
July - - - -	3,756	4,096	2,501	
August - - - -	7,108	6,156	3,410	
September - - - -	4,549	4,277	3,347	
October - - - -	4,054	2,981	2,595	
November - - - -	2,925	2,269	2,081	
December - - - -	2,378	2,308	1,909	
TOTALS - - -	43,579	38,470	29,724	

Mail Packets between Dover and Ostend—
Six Months ending June 1858 - - 2,369
" " 1859 - - 2,096
Decrease in 1859 - - 273.

South Eastern Railway Company's Packets between Dover and Calais for 1856 - 31,386
" " " 1857 - 31,291
" " " 1858 - 28,878
" " " Six Months 1859 - 10,707

N.B.—In 1858 and 1859 Return Tickets were issued between Dover and Calais at reduced fares, which was not the case in 1856 and 1857.

Appendix, No. 5.

Appendix, No 5. CORRESPONDENCE relative to the EXTENSION of the CONTRACT for the WEST COAST of AFRICA MAIL SERVICE in 1857 and 1858.

The African Steam Ship Company to the Lords of the Admiralty.

To the Right Honourable the Lords Commissioners for executing the Office of Lord High Admiral.

May it please your Lordships,

The Memorial of the African Steam Ship Company, incorporated by Royal Charter, dated 7th August 1852,

Sheweth,

THAT your Memorialists have, since the month of November 1852, conveyed Her Majesty's Mails between England, Madeira, Tenerife, and the West Coast of Africa, under a contract, bearing date the 29th January 1852.

That the said contract was originally for a period of 10 years, of which six are at the present time unexpired.

That your Memorialists undertook this service at 3s. 7d. per mile per annum, under what they at the time thought well-founded and reasonable expectations of the increase of existing, and the development of new trades, which would follow the establishment of steam communication between this country and the ivory, gold, and palm-oil districts of the western seaboard of Africa.

That although great and unquestionable benefit has accrued to the West African Colonies, and effectual impetus has been given to the native traders, most of whose operations have been in fact called into existence by the facilities afforded by your Memorialists' lines of steamers, whilst the general civilisation of the country has been greatly advanced by frequent and regular communication with England, yet the commercial results of the undertaking have so far fallen short of the original anticipations of your Memorialists, that they have sustained a loss on each working under the contract for conveyance of the mails, and have been indebted to extraneous circumstances for the small distribution of profits which they have been able to make.

That during the six months ending the 31st October last, when the operations of your Memorialists were confined to working the mail line, they not only were not enabled to obtain any return on the capital advanced, but actually sustained a positive loss of 2,800*l.* on their working account.

That your Memorialists have prepared an abstract of their profit and loss account since the commencement of their operations, and that to this, as corroborating the preceding statements, they venture to request your Lordships' attention, and at the same time humbly to solicit your Lordships' favourable consideration of their case, and that your Lordships will be pleased to accord them relief in the shape of an additional subsidy of 2s. per mile per annum, or in such other way as may to your Lordships appear reasonable and just.

That your Memorialists are most desirous, and will be prepared to meet your Lordships' views in any manner which your Lordships may point out, or think conducive to the advantage of the West African Colonies, or the benefit of the public service.

And your Petitioners will ever pray, &c.

(signed) P. D. Hadow,
Chairman.

By order of the Board of Directors,

(signed) Benjamin Fisher,
Secretary.

Enclosure to Memorial of African Steam Ship Company.

AFRICAN STEAM SHIP COMPANY,

Incorporated by Her Majesty's Royal Charter,

With an authorised Capital £. 250,000, in 12,500 shares of £. 20 each, with power to increase to £. 500,000.

Number of Shares unallotted 1,492.

Total amount of Capital subscribed, being first and second Calls of £. 5 each on 11,008 Shares, say £. 110,080.

Calls paid in advance, bearing Interest at the rate of 5 per cent. per annum, £. 21,962 10s.

Total paid-up Capital, bearing Interest and subject to dividend, £. 132,042 10s.

ABSTRACT of REVENUE ACCOUNT, from commencement up to 30th April 1856.

	£.	s.	d.		£.	s.	d.	
Amount of freight and passage-money received.	105,417	13	5	Total amount of current expenditure -	128,118	17	11	
Mail subsidy received - - -	73,019	18	-	Cost of wear and tear and marine insurance.	60,048	8	2	
Fees on transfer of Company's stock -	2	1	6	Loss of steamer "Forerunner" -	7,899	6	7	
Proceeds of boats sold - - -	32	17	9	Collision case "Hope," and "Glenburn"	668	18	11	
Profit on ships sold - - - -	4,997	2	5	Bad Debts - - - - -	136	11	4	
Net gain of ships in transport service -	40,331	19	2	Total amount of dividends paid -	26,180	3	3	
				Balance on hand - - - - -	749	1	1	
	£.	223,801	7	3	£.	223,801	7	3

ABSTRACT of REVENUE ACCOUNT for Half-year from 1st May 1856 to 31st October 1856.

	£.	s.	d.		£.	s.	d.
Balance in hand - - - - -	749	1	1	Total amount of current expenditure -	27,786	12	6
Freight and passage-money received -	25,045	16	4	Cost of wear and tear and marine insurance - - - - -	11,796	8	6
Mail subsidy received - - - - -	10,875	-	-				
Interest left after paying interest on advanced calls.	100	14	10				
Balance lost - - - - -	2,812	8	9				
	£.	39,583	1		£.	39,583	1

(signed) *Benj. Fisher,*
Secretary.

(signed) *P. D. Hadow,*
Chairman.

Secretary to the Admiralty to *J. Wilson, Esq., M. P.*

Sir,

10 February 1857.

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 accompanying copy of a Memorial from the Chairman of the Board of Directors of the African Steam-ship Company, representing the loss sustained by them in the performance of the mail service, under their contract of the 29th of January 1852, and praying for an increase of 2s. per mile per annum, on the mileage performed by their packets.

I am, &c.
(signed) *Thomas Phinn.*

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

Sir,

Treasury Chambers, 13 April 1857.

IN reply to your letter of the 10th February last, transmitting copy of a Memorial from the Chairman of the Board of Directors of the African Steam Ship Company, praying for an increase of 2s. per mile per annum on the mileage performed by their packets under contract, I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that my Lords are of opinion, that to relax the terms of contracts deliberately entered into for the performance of the public service would not only be unjust to those who may have competed for such contracts, but would entirely destroy the value of the contract system, and would be a source of serious loss in the long-run to the public.

My Lords have, therefore, come to the conclusion to act with respect to all contracts for the packet service in the same way as they do with respect to other contracts, and to insist upon their fulfilment in all cases upon the terms for which they are undertaken.

I am, &c.

(signed) G. A. Arbuthnot.

Secretary to the Admiralty to the Directors of the African Steam Ship Company.

Gentlemen,

14 April 1857.

IN reply to your Memorial, dated the 7th of February last, transmitting a statement of your expenditure in the performance of the postal service to the West Coast of Africa, and praying to be granted an increase of 2s. per mile to the present amount of subsidy, in consequence of the unprofitable results of the undertaking, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, that, on communication with the Lords Commissioners of Her Majesty's Treasury on the subject, their Lordships are of opinion, that to relax the terms of contracts deliberately entered into for the performance of the public service would not only be unjust to those who may have competed for such contracts, but would entirely destroy the value of the contract system, and would be a source of serious loss in the long-run to the public. Under these circumstances, my Lords regret they cannot entertain the prayer of your memorial.

I am, &c.

(signed) Thomas Phinn.

The African Steam Ship Company to the Secretary to the Admiralty.

African Steam Ship Company, 3, Mincing-lane, City,
London, 3 July 1857.

Sir,

ON the 7th February last, the African Steam Shipping Company, of which I am chairman, addressed to the Right Honourable the Lords Commissioners of the Admiralty a memorial, asking a relief in the shape of an additional subsidy for the fulfilment of the postal duty by the company, and this memorial stated very strong and unanswerable grounds for such relief being granted.

On the 14th of April the Directors received a reply from the Secretary of the Admiralty, which did not deny the force of the appeal, but expressed the opinion of the Lords Commissioners of Her Majesty's Treasury, that to relax the terms of contracts deliberately entered into for the performance of the public service would be unjust to those competing for such contracts, and would destroy the value of the contract system, and would be a source of serious loss in the long-run to the public; and on the above grounds their Lordships declined to entertain the prayer of the memorial.

At a meeting of the company held on the 24th ultimo, the directors felt it their duty to communicate to the shareholders the unsuccessful result of the application made to the Admiralty.

They found it further their duty to explain, through me to the shareholders, the utter inability of the company to carry out the postal contract without great loss to the company.

They had to report a greatly increased loss on the last year, and at this meeting they were unable to declare any dividend, or even payment of interest upon the capital invested.

A very strong opinion was expressed by the shareholders that the company should be wound up, unless such an increase of subsidy were granted by the Government as would enable the company to be carried on; and the directors were accordingly requested to make a fresh application to the Admiralty.

This company was formed expressly for the purpose of carrying out the contract which had been made for the postal service, and when the Royal charter had been granted to the company the contract was adopted, and has since been carried on by the company.

It is not necessary to repeat the grounds for increasing the subsidy, which have already been fully explained in the memorial of February last, nor would the directors venture to question the wisdom of the abstract rules upon which the Lords Commissioners of Her Majesty's Treasury based their refusal of the prayer of the memorial.

The directors, however, respectfully submit that an exceptional case of necessity has arisen

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ari-en which breaks down all ordinary rules, and makes it as important for Her Majesty's Government as it is to the existence of the company, that some relief should be afforded in regard to this onerous contract.

The directors are prepared to afford to the Commissioners of Her Majesty's Treasury every information in their power, and to demonstrate the utter impossibility of this or any other company or persons carrying out the existing contract without considerable annual loss.

If the Government feel that they cannot respond to this renewed appeal, it will be the duty of the directors to call a meeting of the shareholders; and they have no doubt that the determination of such meeting will be rather to wind up the affairs than to continue a contract which must permanently prevent the company from paying dividends to its shareholders.

The directors cannot contemplate such a termination of the postal contract without alarm, on account of the inconvenience to the public service, and deep regret on account of the failure of those benefits in regard to the coast of Africa, which this company was intended, and which, if remunerative to its shareholders, it was so well calculated to promote.

The company during its five years' existence has done much good in opening the West Coast of Africa; and there is no doubt that its sphere of usefulness might be greatly extended, and more public good done (if it were only by assisting the suppression of the slave trade) than is done by any other public shipping company, and yet the present subsidy is much lower than that granted to any other company.

The directors feel that they should not fulfil their duty to the Government, or to the shareholders, if they stated the urgent necessity of the case in less strong or plain language; and they suggest that a deputation from them should be allowed to wait upon the Secretary of the Treasury before the Lords Commissioners shall come to any final determination on this important matter.

I have, &c.
(signed) *P. D. Haddon*, Chairman.

Secretary to the Admiralty to the Secretary of the Treasury.

Sir,

4 July 1857.

I AM commanded by my Lords Commissioners of the Admiralty to request that you will lay before the Lords Commissioners of Her Majesty's Treasury the accompanying copy of a letter received from the Chairman of the African Steam Ship Company, renewing their appeal for an additional subsidy, without which, it is stated, that the company will be unable to carry out their contract for the conveyance of Her Majesty's mails.

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

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

Sir,

Treasury Chambers, 25 August 1857.

IN reply to your letter of the 4th ultimo, relative to the appeal of the African Steam Ship Company for an additional subsidy, without which it is stated that the company will be unable to carry out their contract for the conveyance of Her Majesty's mails, I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that my Lords regret that they would not feel justified in consenting to depart from the terms of the existing contract.

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

The Secretary of the Admiralty to the Chairman of the African Steam Ship Company.

Sir,

26 August 1857.

IN reply to your letter of the 3d of last month, representing the insufficiency of the annual subsidy paid to the African Steam Ship Company for the conveyance of Her Majesty's mails to and from the coast of Africa, to enable the directors to carry on the service without considerable loss, and that without an additional grant the company will be unable to carry on their contract,

I am commanded by my Lords Commissioners of the Admiralty to acquaint you that the Lords Commissioners of Her Majesty's Treasury have informed my Lords that they regret they would not feel justified in consenting to depart from the terms of the existing contract.

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

Appendix, No. 5.

The Earl of *Shelburne* to the Secretary to the Admiralty.

Sir.

Foreign Office, 17 December 1857.

I AM directed by the Earl of Clarendon to transmit to you copies of a letter, with its enclosures, which his Lordship has received from the African Steam Ship Company, proposing that some alterations may be made in the existing arrangements of the mail service on the West Coast of Africa; and I am to request that you will lay these papers before the Lords Commissioners of the Admiralty, and that you will state that Lord Clarendon would recommend that these alterations should be adopted.

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

P. S.—I am to request that the original enclosures in the letter from the African Steam Packet Company enclosed herewith may be returned to this office when done with.

Enclosure to the Earl of *Shelburne's* Letter to the Secretary to the Admiralty of
17 December 1857.

3, Mincing-lane, London,
26 November 1857.

My Lord,

I HAVE the honour to acknowledge your letter of 11th instant, transmitting from the Earl of Clarendon a letter and other papers from Mr. S. Clegg, of Manchester, urging that the mail steam packets should remain a longer time at Lagos, and that new mail stations should be established on the Benin and Brass rivers, for the purpose of developing the resources of the cotton-growing countries on the banks of the Niger, of which river they are the only navigable outlets yet known.

I beg to assure your Lordship of the desire of the African Steam Ship Company to afford every facility to the objects Mr. Clegg has in view.

The directors issue positive orders to the commanders of their steam packets to avoid all preference in receiving freight from the different shippers at the various ports on the coast, and they have recently dismissed two of their officers who they had reason to think were indirectly concerned in trade; but the real difficulty at Lagos is the bar, which is so uncertain in its depth of water, and so dangerous, that frequently, for days together, no communication can be maintained between the ships at anchor and the shore. The merchants at Lagos have pressed the directors to have a hulk moored off the port as a receiving ship, or to use a small steamer for the conveyance of goods and passengers across the bar. Either of these alternatives would, however, entail such an outlay in the first instance, and annual cost afterwards, that no freight or passage money would be got to repay the expense.

With regard to calling at the Benin and Brass rivers, this could be done by a modification of the mail service at little additional expense; and I have the honour to enclose a memorandum prepared by the secretary of the African Steam Ship Company, by order of the directors, showing how this can be effected without interfering materially with the present course of post.

Looking forward to the great development of trade following the exploration and opening up of the Niger and Chadda, which will naturally find its outlet at the Brass and Benin rivers, I trust that Lord Clarendon will press upon Her Majesty's Government the necessity of the mail packets communicating with these rivers, and sanction the small additional expense it will involve.

I have, &c.
(signed) *Macgregor Laird.*

I beg leave to return the documents enclosed in your communication of 11th instant.

The Secretary to the Admiralty to the Earl of *Shelburne.*

My Lord,

13 December 1857.

I AM commanded by my Lords Commissioners of the Admiralty to acknowledge the receipt of your letter of the 17th instant, transmitting copies of a letter, with the enclosures, from the African Steam Ship Company, proposing that some alterations may be made in the existing arrangements of the mail service on the West Coast of Africa, and stating that Lord Clarendon would recommend the adoption of these alterations; and I am to acquaint you, in reply, that it rests with the Lords Commissioners of the Treasury to decide whether it is desirable to incur the expense of the modifications proposed.

I am, &c.
(signed) *B. Osborne.*

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

Sir,

Treasury Chambers, 11 March 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to transmit to you, for the information of the Lords of the Admiralty, copies of a Despatch from Mr. Murray, consul at Teneriffe, and of its enclosures, dated the 30th January last; and I am to state, that although their Lordships are unable to sanction any alteration in the arrangements recently entered into with the Royal Mail Steam Packet Company for accelerating the mail service to the Brazils, the company having expressly stipulated for the exclusion from their time tables of Indiana and Teneriffe in consideration of undertaking the improved service, they would be glad to ascertain from the Lords of the Admiralty whether any measure can be adopted for ensuring greater regularity and efficiency on the part of the contractors for the mail service to the West Coast of Africa, of which complaint is made by Mr. Murray.

I am, &c.
(signed) C. E. Trevelyan.

Enclosure to Letter of the Secretary to the Treasury to the Secretary to the Admiralty.

(No. 3.)

My Lord,

Teneriffe, 30 January 1858.

I HAVE the honour to transmit herewith to your Lordship, together with its translation, a letter that has been addressed to me by the Chamber of Commerce of this province of the Canaries, expressing their deep regret at the information that has reached them of the intended cessation of the steamers of the Royal Mail Steam Packet Company to call at this port of Santa Cruz, Teneriffe, either on their outward or homeward voyages between Southampton and the Brazils after the month of April next; and the Chamber request my intervention with your Lordships to prevent, if possible, the adoption of a measure so fraught with injury to the general commerce of these islands with Great Britain and other countries.

I have little hesitation, my Lord, in supporting this petition, having been a witness of the very great advantages derived from the touching here of this line of contract steamers since their first arrival in January 1851, and their withdrawal will, without doubt, seriously injure the mercantile interests in these islands, as it will deprive the merchants of a direct and speedy means of remitting the staple export cochineal, an article greatly affected by the state of the markets, and which requires frequent communication for ascertaining the market price as well as the demand for it, and also opportunities for promptly forwarding it at the proper time. The other British contract packets belonging to the African line are less regular, both in their arrival out and departure homewards; they are much smaller vessels, and returning with full cargoes of African produce, do not offer the same advantages, nor can the same dependence be placed on them for the transmission of an article so variable in price as cochineal.

The prosperity of commercial affairs in these islands since the total failure of the wine crops has become entirely dependent upon the production and export of cochineal, the value of which is estimated at upwards of 200,000 *l.* per annum; but this large quantity is very far from being the limit to which its production will eventually be carried, as new plantations are being continually made.

Any step which, like the present, tends to lessen the facilities of making a ready and marketable remittance must have a prejudicial effect upon the quantity of British and foreign goods imported, this article cochineal being the only means of paying for them; and the Chamber of Commerce foreseeing such great results, appeal to your Lordship to use your powerful influence in their favour to avert the consequences they apprehend.

As the British packet agent here for the last seven years, I might have drawn your Lordship's attention to the considerable amount of postages collected at the agencies at Teneriffe, Rio de Janeiro, Monte Video and Buenos Ayres for the conveyance of the Spanish mails interchanged with this office, and which mails will now be diverted into foreign channels, and thereby lost to the British postal revenue; but I presume that Her Majesty's Postmaster General has already taken this subject into consideration.

The Earl of Clarendon,
&c. &c. &c.

I have, &c.
(signed) H. J. Murray.

Enclosure to Letter of the Secretary to the Treasury to the Secretary to the Admiralty.

British Consulate for the Canary Islands.

(Translation.)

Chamber of Commerce of the Canary Islands.

THE information which has reached this body of the intention of the British Government to sanction the withdrawal of the Brazil line of steamers from this port has been received

Appendix, No. 5. by them with much regret, as a measure that will cause the highest injury to commerce in general and to these islands in particular.

The establishment of this line of steamers, and their speedy and punctual service, has greatly enhanced the trade with Great Britain and given an impulse to that of these islands by increasing the mercantile transactions which existed previously. From careful estimates formed by this chamber, it is found that the exportations from this province to Great Britain exceed a million of dollars, and the importations during the like period of British manufactures amount to the same value; you will, therefore, well understand how the withdrawal of this line will prejudice the commercial relations between the two countries.

The exportation to which we allude consists principally of cochineal, the greater part of which is shipped in preference by the British Brazil steamers on account of the regularity of their voyages, and these advantages will be mutually lost by their withdrawal.

Besides this, the mails between these islands, Great Britain, and South America, are of the highest importance; this importance has been produced by the efficiency of the mail service since the establishment of the line. You are well aware that the mails despatched from this port for South America are considerable, including as they do the correspondence from the whole of the Peninsular and the return mails for these islands; Spain and the Habana are not less so; the result of which has been that countries of great commercial importance have been brought into communication by these speedy means of transit. This postal service is continually increasing to the benefit of commerce in general, and no person is better aware of the fact than yourself. All these advantages and benefits will disappear at once by the withdrawal of the steamers from this port; and this chamber of commerce, remembering the interest that you have taken on former occasions in their commercial questions, and that your enlightened Government took into consideration the representations you laid before them, are induced to apply to you again entreating you to use every effort in your power to influence Her Britannic Majesty's Government not to withdraw the Brazil line of steamers from this port. Should you obtain this concession, you will render a signal service to commerce generally, and particularly to that of these islands, which is so intimately connected in its transactions with that of Great Britain.

God preserve you many years, &c.

Santa Cruz, Teneriffe,
28 January 1858.

(signed) *Juan Larroche*, V. President.
Felix Soto, Secretary.

(True translation.)

(signed) *Henry John Murray*, Consul.

(True copies.)

(signed) *James Simpson*.

Secretary to the Admiralty to the Directors of the African Steam Ship Company.

Gentlemen,

13 March 1858.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you that under an agreement about to come into operation for accelerating the postal service to and from the Brazils, the packets of the Royal Mail Steam Packet Company will cease to call at the islands of Madeira and Teneriffe.

My Lords have received from the consul at the Canaries a report (copy of which is enclosed) representing the inconvenience anticipated by the commercial community from the withdrawal of the packets above referred to, and my Lords will be glad to learn from you whether, under the circumstances, you would be prepared to adopt any measures for ensuring greater regularity and efficiency in regard to the communication with the islands under your control.

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

The African Steam Ship Company to the Secretary to the Admiralty.

African Steam Ship Company,
(Incorporated by Royal Charter),
3, Mincing-lane, London, 6 April 1858.

Sir,

I HAVE the honour to acknowledge the receipt of your letter of 13th ult., acquainting the directors of this Company that, under an arrangement about to come into operation for accelerating the postal service to and from the Brazils, the packets of the Royal Mail Steam Packet Company will cease to call at the islands of Madeira and Teneriffe, and enclosing a report from Her Majesty's Consul at the Canaries, representing the inconvenience anticipated by the commercial community from the withdrawal of the packets above referred to, and expressing the desire of their Lordships to know if this Company are prepared to adopt any measures for ensuring greater regularity and efficiency in regard to the communication with the islands.

In

In reply, I have the honour to state that the directors of this Company have given the subject their careful consideration; they have gone minutely into the exports and imports of the islands of Madeira and Teneriffe, and into the statistics of the passenger traffic; and the result of their investigation is that the trade and passenger traffic of Teneriffe and Madeira, however important to the inhabitants of those islands, is not sufficient to pay one-third of the expense of a direct steam communication.

To ensure greater regularity and efficiency in the packet service to the West Coast of Africa would require a revision of the existing contracts, as to the size of the vessels employed in it, and the method of communicating with the palm oil rivers; and the directors respectfully submit the following suggestions to their Lordships:

That the port of departure and arrival should be Liverpool.

That the island of Goree should be omitted as a port of call.

That Cape Palmas should be substituted for Mornovia as the mail port in Liberia.

That the contract packets should go direct from Lagos to Fernando Po, and the mails be forwarded from thence by a smaller vessel to the Rivers Cameroons, Old Calabar, Bonny, and the Nun and Brass mouths of the Niger, the mail packet remaining at Fernando Po, for the return of mails.

By this arrangement a larger class of vessels, as all the ports and places proposed to be called at by the main line of packets have sufficient water, and the river service which is the great cause of delay, owing to the difficulty and danger of crossing the bars, would be performed by a vessel of light draught of water, which could at all times of tide enter them.

The island of Goree has little intercourse with the country, and in calling at it a detention of from 24 to 36 hours is occasioned. As the French line of Brazil packets are to call there, no inconvenience will be caused by its omission.

Cape Palmas is the most rising part of Liberia, and the centre of the villages inhabited by the Kroo negroes, the maritime race of Africa; it will be of very great service to Sierra Leone and the palm oil rivers if the mail packets call at Cape Palmas, as it will keep up a regular supply of those free labourers, who are in great demand both for the service of Her Majesty's cruisers on the coast and the mercantile marine, from five to six thousand being employed in both services.

It is proposed to add the Nun and Brass mouths of the Niger to the ports of call, in the Bight of Biafra, as the directors are aware that Her Majesty's Government are at present engaged in exploring that river and its tributaries, and that a large increase of trade is expected from it.

As three-fourths of the African trade centres at Liverpool, and it affords all the facilities of a postal station from its central position, it is respectfully submitted that their Lordships should appoint it the port for the departure and arrival of the mails.

The directors feel confident that the proposed arrangement would ensure the punctual arrival of the mail packets at Teneriffe and Madeira, both on the outward and homeward voyage, and the increased size of the packets would afford the passenger and cargo accommodation required by the inhabitants and visitors to these islands; while the important service to the palm oil rivers would be more efficiently performed, and the principal mouths of the Niger be regularly visited, and facilities afforded to the rising trade of that district.

The *pro formâ* time-table annexed shows the practical working of the proposed arrangements, which, if approved, the directors are ready to carry out from the 24th May, at the rate of 5s. per nautical mile, and an extension of the contract for three years.

I have, &c.,
(signed) *Duncan Campbell*, Secretary.

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

Sir,

9 April 1858.

WITH reference to your letter, 3965, of the 11th ult., enclosing copies of a Despatch from Mr. Murray, Her Majesty's Consul at Teneriffe, and its enclosures, on the subject of the West India contract packets ceasing to call at that port, and conveying the request of the Lords Commissioners of Her Majesty's Treasury that my Lords would communicate with the contractor for the mail service to the West Coast of Africa, with the view of ascertaining whether any measures can be adopted for ensuring greater regularity, and a more efficient performance of that service of which complaint is made by Mr. Murray, I am to request that you will lay before the Lords of the Treasury the accompanying copy of a letter from the African Steam Ship Company, in which they suggest the means by which the object in question may be attained.

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

Appendix, No. 5.

Secretary to the Treasury to Secretary to the Admiralty.

Sir,

Treasury Chambers, 22 April 1858.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to state to you for the information of the Lords of the Admiralty, with reference to your letter of the 9th instant, that the proposals of the African Steam Ship Company, for facilitating the postal communication with the West Coast of Africa, are substantially the same as those which have been already, on more than one occasion, under the consideration of the Treasury, and to which the preceding Board stated that they were unable to give their sanction, on the ground that the present state of the trade to the ports to which it was proposed to carry mails did not justify any such alteration in the existing postal arrangements with the West Coast of Africa.

On a full consideration of the subject their Lordships see no reason to doubt the correctness of this view, and they are, therefore, unable to entertain the proposals of the company.

I am, &c.
(signed) *C. E. Trevelyan.*

Secretary to the Admiralty to the Directors of the African Steam Ship Company.

Gentlemen,

26 April 1858.

In reply to your letter of the 6th instant, proposing a revision of the existing contract for the packet service to the West Coast of Africa, with a view to improve the communication with Madeira and Teneriffe, and expedite the service throughout, I am commanded by the Lords Commissioners of the Admiralty to acquaint you that the Lords Commissioners of Her Majesty's Treasury have, on full consideration of the subject, decided that they are not prepared to sanction the adoption of the proposed arrangement.

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

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

Sir,

Treasury Chambers, 11 June 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to transmit to you, for the information of the Lords Commissioners of the Admiralty, with reference to your letter of the 29th ultimo and its enclosure, suggesting certain improvements in the postal communication between this country and the West Coast of Africa, the enclosed copy of a letter of the Postmaster General addressed to this Board on the 9th instant, and also of a letter from the African Steam Ship Company to this Board, dated the 5th ult., and I am to state that, although it is evident that mere postal considerations would not warrant an increased subsidy for the improvement of the postal communication with the coast of West Africa, yet that, having regard to the commercial and other important considerations connected with a regular and efficient communication with the ports and mouths of rivers on that coast, and the probability, unless the terms of the contract be promptly revised, that the present communication must be abandoned by the company, having regard also to the expediency of affording increased accommodation to the islands of Madeira and Teneriffe, their Lordships are disposed to reconsider the whole subject.

In conclusion, I am to request that you will call the attention of the Lords Commissioners to your letter of the 9th of April last, and that from Mr. Campbell, the Secretary of the African Steam Ship Company therein enclosed, and request that their Lordships will favour my Lords with their opinion on the plan and terms therein proposed, or whether any more advantageous plan of a similar nature can be suggested with a view to effect the several important objects involved in the communication with the West Coast of Africa.

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

Enclosure to Letter from the Secretary of the Treasury to the Secretary to the Admiralty, dated 11 June 1858.

My Lords,

General Post Office, 9 June 1858.

REFERRING to Sir Charles Trevelyan's letter of the 12th ultimo, respecting the mail service between this country and the West Coast of Africa, I have to state that, after fully considering the subject, I cannot, upon postal grounds, recommend any increase to the present payment for this service, the payment being now about 20,000*l.* a year, while the sea postage of all the letters which these packets convey, including those to Madeira and Teneriffe, scarcely exceeds 5,000*l.* a year.

If this service did not exist, a mail would still be sent by every ship going to or from the West Coast of Africa, or Madeira or Teneriffe, and due notice of every such ship, when outward bound, would be given in the "Daily Packet List."

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

The Lords Commissioners
of the Treasury.

Enclosure to a Letter from the Secretary of the Treasury to the Secretary
of the Admiralty.

Appendix, No. 5.

The Secretary to the African Steam Ship Company to the Secretary to the Treasury.

African Steam Ship Company (Incorporated by Royal Charter),
3, Mincing-lane, London, 5 May 1858.

Sir,

I HAVE the honour to state that I am desired by the Board of Directors of the African Steam Ship Company to submit the following statement to the Lords Commissioners of Her Majesty's Treasury.

On the 13th March, the Lords Commissioners of the Admiralty requested the directors of the African Steam Ship Company to submit a plan for the more regular and efficient working of the postal communication between Madeira and Teneriffe.

The directors replied on the 6th April, submitting a plan for the general revision of the contract, in order to ensure greater punctuality on the return voyages; and on the 26th they were informed by the Secretary of the Admiralty, that the Lords Commissioners of Her Majesty's Treasury had decided that they were not prepared to sanction the proposed arrangement.

Under these circumstances, the directors beg to bring before their Lordships the present position of the mail contract to the West Coast of Africa, with a view to its revision.

The Company have carried on the mail service to the West Coast of Africa since September 1852, and have invested for that purpose a capital of 132,000 *l*.

The total receipts from passengers, cargo, and Government contract up to the 31st October 1857 were 275,652 *l*. 15 *s*. 1 *d*.; the total expenses amount to 291,497 *l*. 5 *s*. 2 *d*., showing a loss of 15,844 *l*. 9 *s*. 11 *d*. on the working of the contract.

Owing to the profitable employment of some of their vessels in the transport service, the Company have been able to divide 26,180 *l*. as dividend amongst their proprietors; had it not been for this unlooked-for advantage, the Company must have abandoned their contract. The real loss sustained is shown by the price of their stock, which is at 50 per cent. discount.

The directors respectfully submit these statements to show the impossibility of carrying on the service at the present scale of remuneration, and that the contract must either be revised or given up.

The directors are most desirous to meet the view of Her Majesty's Government with respect to the communication between Teneriffe and Madeira being improved, but from the nature of the service on the coast of Africa, and particularly that part of it carried on in the Bight of Biafra, it is impossible to insure punctuality on the return voyages without an alteration in the mode of constructing it, and this would involve an increase in the number of steamers and consequent expense.

By the present arrangement, the mail packets which take the outward mails, bring back the homeward, so that if any accident disables the packet a whole month is lost.

The directors would propose to keep a mail packet always at the African terminus of the line to leave upon a fixed day; this would ensure punctuality on the return voyage, which at present is, from the nature of the river service in the Bight of Biafra, nearly impracticable. The mail packets have to enter the Bonny, Calabar, and Cameroons Rivers; all these have dangerous bars with channels constantly shifting; these are the great cause of the irregularity of the return mails.

The directors are aware that Her Majesty's Government have made a contract with Mr. Macgregor Laird for the exploration of the Niger and its tributaries. That factories have been established upon that river, and the first cargo of produce from the interior brought down, and that there is every probability of a great trade in cotton, palm oil, &c., being carried on upon this main artery of Africa. They propose to call off the *Nun*, and the Brass Rivers, these being the only navigable mouths of the Niger, and give this rising trade the advantage of a monthly communication with this country.

By their contract with the Admiralty, the Company are bound to have a sufficient number of steamers, not less than three of 700 tons each, or a gross tonnage of 2,100 tons. This tonnage has never proved sufficient to work the line, and by the proposed arrangement the Company would have to employ an aggregate tonnage of 5,000 tons.

The directors are aware that the increased sum required cannot be repaid Her Majesty's Government by increased postal receipts, but they trust the great and unquestionable benefits that have accrued to the West African colonies, the effectual impetus that has been given to the native traders, most of whom have in fact been called into existence by the facilities afforded them by this steam communication, the assistance rendered to Her Majesty's squadron employed in the suppression of the slave trade, and the serious loss already sustained by the Company in carrying out their contract, will induce their Lordships to sanction the revision of the contract, and the increase of the remuneration to 5 *s*. per mile.

I have, &c.
(signed) *Duncan Campbell*, Secretary.

Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

25 June 1858.

I HAVE received your letter of the 11th instant in regard to the appeal for the African Steam Ship Company for a revision of their present contract, and an increased subsidy to enable the directors to continue to carry out the same.

My Lords were prepared to find that the postal receipts on this line were quite inadequate to meet the cost of the contract, and they concur in the view of the Lords of the Treasury that commercial and other important considerations connected with a regular and efficient communication with the ports and mouths of rivers on the coast, to which may be added the means of communication with Her Majesty's ships and vessels, as well as with our colonial dependencies, as the valid grounds for maintaining and improving, even at an increased expenditure, the existing line of monthly packets.

My Lords have received from the Company the enclosed tender (dated the 21st instant), accompanied by a table of routes, by which it appears that the directors are prepared to employ six, and eventually seven, screw steamers, of an aggregate tonnage of double the amount specified in their present contract; and they propose to make Bonny the terminus on the coast for the outward packets, maintaining a branch packet for communicating with Fernando Po and the ports in the Bight of Biafra. It is contemplated at the same time to omit calling at Goree, and to add the mouth of the Benin and Brass Rivers to the ports of call, arrangements which appear to my Lords desirable with reference to the Government exploring expedition up the Niger and Chadha.

With regard to the proposition to transfer the port of departure from Devonport to Liverpool, my Lords have no observations to offer, as they presume the Postmaster General will be enabled to state how far such an alteration may affect the convenience of the public.

The subsidy heretofore paid averages, during the last five years, 22,050*l.* per annum, giving a mileage rate of less amount than that paid to any other contractors for ocean steam communication; and it appears to my Lords that the amount demanded, viz., 30,000*l.* per annum for the improved service is fair and reasonable, and by no means incommensurate to the important objects to be attained.

I am at the same time to transmit the accompanying copy of a report on this subject from the hydrographer of this department, in which my Lords fully concur.

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

Enclosure to Letter from the Secretary to the Admiralty to the Secretary to the Treasury, dated 25th June 1858.

African Steam Ship Company (incorporated by Royal Charter),
3, Mincing-lane, London, 21 June 1858.

Sir,

I HAVE the honour to state, for the information of their Lordships, that, with reference to my letter of the 5th of May last to the Secretary to the Treasury, the ships intended to be employed in the mail service to the West Coast of Africa, under the proposed revision of the contract, are the screw steamers—

	Tons.	Horse-power.
"Hope," of	1,083	200
"Athenian," of	1,040	250
"Armenian," of	978	250
"Ethiops," of	689	200
"Gambia," of	650	150
"Retriever," of	440	100
TOTAL	4,880	

The "Candaco," of 650 tons, which completed the 5,000 tons named in my letter of 5th May, was unfortunately lost on the 4th of that month on her voyage from Africa. It is intended, in order to secure punctuality in the working of the service, to replace the "Candaco" by a vessel of not less than 1,000 tons, if the proposed revision of the contract is carried out.

I also beg leave to submit a time-table of the proposed route, showing the number of ports and places visited, and the mileage performed on each voyage. This service, which embraces all the principal ports and places on the West Coast of Africa, the mouths of the Niger and the Bonny, Calabar, and Cameroons, the great seats of the palm oil trade, the directors are willing to undertake for the sum of 30,000*l.*, say thirty thousand pounds per annum.

For this sum it is proposed to employ more than double the tonnage stipulated for in the original contract, to call off three additional ports, the Benin, and Brass Rivers, and to keep a branch steamer on the coast to carry out the river service.

With the exception of Bonny being substituted for Fernando Po as the terminal port, the plan proposed is essentially the same as that contained in the scheme submitted to their Lordships on the 6th of April last.

I am

I am desired by the directors to state, that they are ready to submit the detailed account of the expenses and receipts of their vessels employed in the African mail service, to show that the sum that they have asked for is a bare remuneration for the capital employed, and will by no means repay them the loss they have sustained up to the present time on a subsidy averaging 22,000*l.*, say twenty-two thousand pounds per annum.

I have, &c.
(signed) *Dun^r. Campbell,*
Secretary.

Pro-forma Time Table, African Steam Ship Company.

PORTS.	Dates.		Distance, Miles.	Steaming.		Stoppages.		Coals.	Course of Post.	
	Arrivals.	Departures.		Days.	Hours.	Days.	Hours.		Days.	Hours.
Liverpool	1	- - - 24th, 3 p. m. -	-	-	-	-	-	-	} Course of post, 78 days.	
Madeira	2	1st, 10 a. m. -	1,537	7	19	-	12	-		
Teneriffe	3	3d, 6 a. m. -	260	1	8	-	6	-		
Bathurst	4	8th, noon -	950	5	-	1	-	-		
Sierra Leone	5	11th, midnight	480	2	12	2	-	Coals		
Cape Palmas	6	16th, 1 p. m. -	490	2	13	-	5	-		
Cape Coast Castle	7	18th, 8 p. m. -	390	2	2	1	-	-		
Accra	8	20th, 5 a. m. -	70	-	9	-	12	-		
Lagos	9	21st, 11 p. m.	240	1	9	1	21	-		
Benin	10	24th, 4 a. m. -	100	-	8	-	10	-		
Nun	11	25th, 8 a. m. -	143	-	18	-	5	-		
Brass	12	25th, 2 p. m. -	7	-	1	-	4	-		
Bonny	13	26th, 4 a. m. -	70	-	10	-	12	Coals		
Fernando Po	14	27th, 5 a. m. -	100	-	13	-	19	-		
Cameroons	15	28th, 9 a. m. -	70	-	9	1	7	-		
Old Calabar	16	30th, 6 a. m. -	120	-	14	1	3	-		
Brass	17	1st, 1 p. m. -	223	1	4	-	20	-		
Nun	18	2d, 10 a. m. -	7	-	1	-	8	-		
Bonny	19	3d, 4 a. m. -	70	-	10	2	10	-		
Lagos	20	6th, 11 p. m.	280	1	9	1	19	-		
Accra	21	9th, midnight	240	1	6	-	18	-		
Cape Coast Castle	22	11th, 3 a. m. -	70	-	9	2	7	-		
Cape Palmas	23	14th, noon -	390	2	2	-	6	-		
Sierra Leone	24	17th, 7 a. m. -	490	2	13	2	17	Coals		
Bathurst	25	22d, noon -	480	2	12	1	-	-		
Teneriffe	26	28th, noon -	950	5	-	-	12	-		
Madeira	27	30th, 8 a. m. -	260	1	8	-	12	-		
Liverpool	28	9th, noon -	1,537	8	16	-	-	-		
			10,024							

Enclosure to Letter from the Secretary to the Admiralty to the Secretary to the Treasury, dated 25 June 1858.

REPORT of the HYDROGRAPHER of the ADMIRALTY.

23 June 1858.

I ENTIRELY concur in the necessity that exists for keeping up frequent communication with all the ports on the West Coast of Africa, not only for the direct advantage of postal and commercial communication, but for the indirect yet more important benefit of the countenance given to lawful traffic, and as a check upon illegal transactions, more especially so as respects extending the service so that the steamers may call at the Brass, and Bonny Rivers. Recent proceedings in the Brass River have shown the necessity of keeping watch over the transactions of the palm oil vessels, and the proposed constant communication will bring them more immediately under the surveillance of the senior officers of Her Majesty's ships on the station.

I consider the additional service well worth the increased subsidy.

(signed) *John Washington.*

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

Sir,

Treasury Chambers, 5 July 1858.

I AM commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that my Lords approve of the tender of the African Steam Ship Company for carrying out the mail service between this country and the West Coast of Africa, which accompanied your letter of the 25th ultimo, and I am to request that a draft contract may be at once prepared and submitted for the consideration of this Board.

I am, &c.
(signed) *C. E. Trevelyan.*

Appendix, No. 5.

Secretary to the Admiralty to the Storekeeper General.

Storekeeper General,

7 July 1858.

THE Lords Commissioners of the Treasury having been pleased to accede to the terms proposed by the African Steam Ship Company for a revision of their contract for the West Coast of Africa postal service, you are to cause a draft contract to be prepared, embracing the modifications and improvements submitted in the accompanying letters of the 5th May and 21st June from the company, and as soon as the draft is prepared it is to be forwarded to my Lords for consideration.

By command of their Lordships,

(signed) *H. Corry.*

The Secretary to the African Steam Ship Company to the Secretary to the Admiralty.

Sir,

African Steam Ship Company,
3, Mincing-lane, London, 18 August 1858.

I HAVE the honour to state, for the information of their Lordships, that a clause has been introduced by the Admiralty Solicitor into the new contract for the West African mail service, which binds the company always to keep a spare steamer at the African terminus of the line, as well as a steamer for the intercolonial service.

I beg respectfully to submit, that though in the correspondence that took place, it was proposed at first to keep a spare steamer at the African terminus, without any branch steamer, the offer finally accepted by their Lordships was, that where the main line stops at Bonny, and a branch steamer conveys the mails from that point to the other rivers and Fernando Po, as the directors will have to make permanent arrangements for their coal depôts on the coast, and bind themselves to keep up an increased number of steamers for the service, involving a large outlay, they trust their Lordships will make the contract for ten years from the 24th September next.

I have, &c.
(signed) *Dun. Campbell, Secretary.*

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

Sir,

25 August 1858.

WITH reference to your letter of the 5th of last month, authorising the acceptance of the tender of the 21st of June from the African Steam Ship Company, I am commanded by the Lords Commissioners of the Admiralty to transmit to you the draft contract which has been prepared, together with a letter from the company, calling attention to the insertion in the draft of the proposition contained in their letter of the 5th of May, to keep a spare packet at the African terminus of the line, to ensure punctuality in the despatch of the packets on the homeward voyages, great irregularity in this respect being occasioned by the large packets having to enter the bar rivers in the Bight of Biafra. In their subsequent offer of the 21st of June the company proposed to obviate this difficulty by establishing a smaller class of vessel for the service beyond the Bonny, making that port the terminus of the main line of large packets. This question and the period of the duration of the contract which the company request may be extended from September 1862 to 1868, my Lords beg to refer for the decision of the Lords Commissioners of Her Majesty's Treasury.

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

Secretary of the Treasury to the Secretary of the Admiralty.

Sir,

Treasury Chambers, 14 September 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to state, for the information of the Lords Commissioners of the Admiralty, with reference to your letter of the 25th August last, that on referring to the tender made by the African Steam Ship Company on the 21st June last for the performance of the mail service between this country and the Western Coast of Africa, which was the one finally approved by my Lords, their proposal appears to have been to employ a total number of seven vessels, of an aggregate tonnage of at least 5,200 tons; one of such vessels to be employed as a branch packet for

for communicating with Fernando Po and the ports in the Bight of Biafra, making Bonny the terminus on the coast for the outward packets; and my Lords are of opinion that the contract should be framed in accordance with this undertaking. Appendix, No. 5.

With regard to the question of the period of the contract, my Lords approve of its being for the term of seven years from the 24th September 1858.

The draft contract which accompanied your letter of the 25th ult. is herewith returned.

I am, &c.
(signed) *C. E. Trevelyan.*

Secretary to the Admiralty to the Storekeeper General.

Storekeeper General,

15 September 1858.

WITH reference to your inquiry as to the intention of their Lordships to require the contractor for the African mail service to maintain a spare vessel on the coast, as well as the branch packet for the service in the Bight of Biafra, I am to send you the accompanying copy of the decision of the Lords of the Treasury on this point, as well as of the duration of the contract, and you are to cause the necessary amendments to be made accordingly.

By command of the Lords Commissioners of the Admiralty,

(signed) *W. G. Romaine.*

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

Sir,

Treasury Chambers, 22 September 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of the Lords Commissioners of the Admiralty, the enclosed copy of a letter from the Post Office, requesting to be furnished with the draft contract for the mail service with the West Coast of Africa; and I am to request that, with a view to prevent delay, their Lordships will cause a draft contract to be forwarded to the Postmaster General for his Lordship's consideration before the contract is signed.

I am, &c.
(signed) *C. E. Trevelyan.*

Enclosure to Treasury Letter of the 22d September 1858.

The Postmaster General to the Secretary to the Treasury.

(Immediate.)

Sir,

General Post Office, 21 September 1858.

IN your letter of the 5th July last, you stated that an opportunity should be afforded to the Postmaster General for examining the draft contract for the revised mail service between this country and the West Coast of Africa before the execution of that contract.

Up to the present time, the draft contract has not been forwarded to this office; and as I learn by a recent communication from the Admiralty that the African Steam Ship Company propose to commence the new service on the 24th of this month, I fear that the intention of forwarding the draft contract for examination by the Postmaster General has been overlooked.

In the absence of the Postmaster General, therefore, I beg leave to remind you of the circumstance, and to request that if the contract has not been already signed, a draft of it may be transmitted to this office.

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

The Secretary to the Admiralty to the Secretary of the Post Office.

Sir,

23 September 1858.

WITH reference to your letter of the 21st instant to the Secretary of the Treasury, respecting the contract for the revised mail service between this country and the West Coast of Africa, I am commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying draft, which the Lords of the Treasury have requested my Lords to forward direct to the Postmaster General for consideration with a view to prevent delay.

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

Appendix, No. 5.

Secretary to the Treasury to Secretary to the Admiralty.

Sir,

Treasury Chambers, 1 October 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to return to you the draft contract and time-tables of the African Steam Ship Company which accompanied your letter of the 17th ult., and I am to request that you will move the Lords Commissioners of the Admiralty to cause the Postmaster General to be informed as early as possible of the date when the packets will commence the service, in order that his Lordship may cause the necessary instructions to be issued from his department.

I am, &c.

(signed) *C. E. Trevelyan.*

Secretary of the Admiralty to the Storekeeper General.

Storekeeper General,

2 October 1858.

I RETURN you herewith the draft contract for the mail service to and from the West Coast of Africa, and so soon as it is executed, you are to cause it to be printed in the usual form, and 300 copies to be forwarded to this office for distribution.

By command of the Lords Commissioners of the Admiralty,

(signed) *H. Corry.*

Packet Department,
Admiralty, 25 July 1859.

Waller Clifton.

Appendix, No. 6.

Appendix, No. 6.

CORRESPONDENCE relating to the EXTENSION of the CONTRACT with the PACIFIC STEAM NAVIGATION COMPANY for the PACIFIC MAIL SERVICE in the Years 1857 and 1858.

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

Sir,

Treasury Chambers, 26 October 1857.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith copy of a letter from the Pacific Steam Navigation Company requesting a renewal of their contract for the conveyance of the mails along the West Coast of South America, and I am to request that, in submitting the same to the Lords Commissioners of the Admiralty, you will move their Lordships to favour my Lords with any observations they may wish to make for the information and guidance of Board.

I am, &c.

(signed) *C. E. Trevelyan.*

19 October 1857.

Enclosure of Letter from the Secretary to the Treasury to the Secretary to the Admiralty.

Sir,

Pacific Steam Navigation Company, No. 27, James-street, Liverpool,
19 October 1857.

WITH reference to the interview with which you honoured me on Friday last, I now take the liberty of stating, in writing, the grounds on which the Directors of the Pacific Steam Navigation Company solicit, at this time, a renewal of the Company's contract for the conveyance of Her Majesty's mails along the West Coast of South America.

In

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In the outset, it may be explained, that the first contract between the British Government and this Company for the conveyance of mails on the above-mentioned station, say between Panama, Callao, and Valparaiso, touching at from 14 to 16 intermediate ports, was for a monthly service, embracing a steaming distance of about 72,000 miles, at an annual subsidy of 20,000*l.* sterling.

The contract now drawing to a close is for a semi-monthly service, the steaming distance being about 144,000 miles, at the annual subsidy of 25,000*l.*, being an increase of only 5,000*l.* for double the mileage previously performed, and, up to the present time, the service has been carried on with the greatest punctuality.

These increased facilities, which involved a very large outlay for steam ships, factory work, and other plant, were accorded by the British Government, and undertaken by the Company, in consequence of the urgent applications of British merchants extensively connected with the trade and commerce of the several Republics embraced in the itinerary.

Shortly after the commencement of the semi-monthly mail contract, the expense of conducting the service was very much augmented, in consequence of the greatly increased demand for shipping at the breaking out of the war with Russia, which enhanced the rate of freight on coal, the supply of which for the use of the Company's mail packets has to be forwarded from this country, so that up to the present time, the service has not been remunerative.

As there is now, however, an improvement in this respect, the directors would be prepared to undertake a renewal of the contract at the same rate of pay as at present, with the introduction of a clause similar to that accorded to the Royal Mail Steam Packet Company granting relief in exceptional cases, such as an unavoidable advance in the rate of freight on coal, consequent on the breaking out of war between this country and any foreign power.

The necessity for an early arrangement of the new contract will be apparent to you, when it is explained that mail steam ships suitable for the climate, have to be contracted for, built, and sent out from this country to the Pacific. Under any circumstances, a considerable time is thus required to prepare. On the occasion of entering into the existing contract, it was found, after concluding negotiations with Her Majesty's Government, that nearly two years would be required to complete satisfactorily the necessary arrangements for the new service, and to place the new mail packets in the Pacific.

I may here mention that although the Company, with its present ships and other plant on the coast, is capable of carrying on the service up to the expiration of the existing contract, yet the time has arrived, when in order to take advantage of recent improvements and to maintain its position on the coast, a very large outlay on new mail steam ships, and other requisites, has become necessary, which would tend to an improvement in the service and to corresponding advantages to the Company.

The directors, however, with a contract so soon to expire, do not feel warranted in incurring the additional cost of placing new steamers on the station, until an arrangement shall have been made for its renewal.

Waiting the favour of a reply.

I have, &c.
(signed) *William Just,*
Managing Director.

The Right Honourable Sir G. C. Lewis, Bart., M.P.,
Chancellor of the Exchequer, London.

(16610/26/10).

From the Treasury to the Postmaster General.

My Lord Duke,

Treasury Chambers, 26 October 1857.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith copy of an application from the Pacific Steam Navigation for a renewal of their contract for the conveyance of the mails along the West Coast of South America, and I am to request that you will favour my Lords with any observations you may wish to make on this application, for their information and guidance.

19 October 1857.

I have, &c.
(signed) *C. E. Trevelyan.*

Pacific Steam Navigation Company,
No. 27, James-street, Liverpool.

MEMORANDUM on the Subject of Revenue from the West Coast Mail Service.

<p>If, as it is understood, the Isthmus transit toll on West Coast letters of 1s. per oz., as paid by the British Government to the Government of New Granada, amounts to 4,200 L. per annum, the gross receipts accruing to the British Post-office, computing them at the rate of 6s. 6d. per oz., would amount to the sum of - - - - -</p>	£. 27,300
<p>To which have to be added receipts derived from the carriage of newspapers, estimated at - - - - -</p>	£. 300
<p>Receipts from the conveyance of letters from port to port, collected by the Post-office agents in the Pacific, say - - -</p>	1,500
<p>Receipts from the conveyance of the United States West Coast mails, between Panama and Valparaiso, say - - - - -</p>	1,000
<p>Receipts from letters forwarded to and received from the West Coast <i>viâ</i> the United States, estimated at - - - - -</p>	1,000
	3,800
	31,100
<p>Deducting the following amount of transit toll as above, paid to the Government of New Granada - - - - -</p>	4,200
<p>Amount paid to the Panama Railroad Company, for transporting the West Coast mail matter across the Isthmus - - - - -</p>	1,800
<p>Salaries of Post-office agents, and other contingencies on the West Coast of South America, say - - - - -</p>	2,500
	8,500
<p>Would give a net revenue of - - - - -</p>	£. 22,600

Note.—To the argument that one half of the amount received from West Coast mail matter is earned by the Atlantic Contract Packets, it is replied, that the contractors received no augmentation of pay for the conveyance of West Coast mail matter between Colon and Southampton, whilst, on the other hand, they reap great benefit from the traffic in goods, passengers, and bullion, in consequence of their connexion with the Contract Mail Packets in the Pacific, all of which, as well as the entire receipts from British West Coast mail matter, would pass into the hands of United States steam shipowners (who are now urging on their Government to subsidise a mail line of steamers between Panama and Valparaiso), were the British Mail Packets to be withdrawn from the Pacific.

From the Postmaster General to the Treasury, 16th December 1857.

My Lords,

General Post-office, 16 December 1857.

WITH reference to Sir Charles Trevelyan's letter of the 26th October, respecting an application from the directors of the Pacific Steam Navigation Company, for a renewal of their mail contract, I have to state that, as a postal measure, I cannot recommend the renewal; the annual cost of this service being 25,000 L., while the revenue is estimated at about 7,000 L. only.

With regard to the apprehension of competition, referred to by the directors in their letter to the Chancellor of the Exchequer, and in the enclosed memorandum, I have myself no objection to such competition, whether native or foreign; but there may be political reasons, with which I am not acquainted, rendering it desirable to maintain the service in the hands of a British Company.

Should such a course be decided upon, I would, for reasons similar to those given in my letter of 14th ult., on Mr. Cunard's contract, advise that the payment, instead of being a fixed sum, should be based on the amount of postage received; or if this suggestion be not adopted, that the Company be debarred from conveying letters, as they have hitherto done, between certain foreign ports, on their own account, so that the whole postal revenue derived from the service may belong to this department.

I also recommend, should the contract be renewed, that no exceptional cases be allowed, such as the directors ask for; and further, in the event of renewal, I request that I may have an opportunity of revising the draft contract before its adoption.

I have, &c.

(signed) Argyll.

Secretary to the Admiralty to Secretary to the Postmaster General.

Sir,

10 November 1857.

I AM commanded by the Lords Commissioners of the Admiralty to request you will move the Postmaster General to cause my Lords to be furnished with a return for the past year of the dates of arrival and departure of the mails at the several ports along the western coast of South America at which the packets of the Steam Navigation call.

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

Secretary to the Postmaster General to Secretary to the Admiralty.

Sir,

General Post Office, 16 November 1857.

In reply to your letter of the 10th instant, I beg leave to acquaint you that there are no returns in this office from which the information you require, relative to the dates of arrival and departure of the mails at the several ports on the western coast of South America, at which the packets of the Pacific Steam Navigation Company touch, can be furnished.

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

Secretary to the Admiralty to the Pacific Steam Navigation Company.

Gentlemen,

18 November 1857.

I AM commanded by my Lords Commissioners of the Admiralty to request that you will be good enough to furnish their Lordships with the dates of arrival and departure of the mail packets at the several ports on the western coast of South America during the past year.

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

The Secretary to the Pacific Steam Navigation Company to the Secretary to the Admiralty.

Pacific Steam Navigation Company, No. 27, James-street, Liverpool,

Sir,

24 November 1857.

I AM instructed by the Directors of the Pacific Steam Navigation Company to acknowledge the receipt of your letter, addressed to the Company, under date the 18th instant, and, in compliance therewith, to transmit, for the information of the Lords Commissioners of the Admiralty, the accompanying tabular statement, showing the actual as well as the due dates of arrival and departure of the Company's contract packets, at and from the ports of Panama, Callao, and Valparaiso, during 1856.

I am respectfully to remark that, in judging of the performance of the West Coast Mail Service, their Lordships will be pleased to observe that the Company's contract packets deliver and receive mails, passengers, and cargo at upwards of twenty-five ports on the round voyage, the greater number of which are roadsteads, unlighted, and consequently unapproachable during the night, or in foggy weather.

I have, &c.
(signed) *W. M. Just.*

STATEMENT showing the Dates of ARRIVALS at and DEPARTURES from the Ports of Panama, Callao, and Valparaiso, of the MAIL CONTRACT PACKETS of the PACIFIC STEAM NAVIGATION COMPANY, for the Half Year ending the 30th June 1856.

MONTH.	P A N A M A.						C A L L A O.						V A L P A R A I S O.					
	ARRIVAL.			DEPARTURE.			ARRIVAL.			DEPARTURE.			ARRIVAL.			DEPARTURE.		
	DATE.	H. M.	Actual Dates.	DATE.	H. M.	As per Time Table.	DATE.	H. M.	Actual Dates.	DATE.	H. M.	As per Time Table.	DATE.	H. M.	Actual Dates.	DATE.	H. M.	As per Time Table.
January	5th	8.0 a.m.	6.0 a.m.	14th	10.0 a.m.	10.0 a.m.	9th	6.0 a.m.	5.30 a.m.	11th	4.0 p.m.	4.0 p.m.	6th	5.0 a.m.	8.0 a.m.	15th	11.0 a.m.	1.0 p.m.
	20th	8.0 "	8.40 p.m.	29th	10.0 "	10.0 "	9th	6.0 "	6.40 "	12th	4.0 "	4.0 "	22d	5.0 p.m.	1.30 p.m.	31st	11.0 "	2.50 "
							24th	6.0 "	6.0 "	26th	10.0 a.m.	10.0 a.m.						
February	5th	8.0 a.m.	6.45 a.m.	15th	10.0 a.m.	10.0 a.m.	9th	6.0 a.m.	5.45 a.m.	11th	4.0 p.m.	4.0 p.m.	6th	5.0 a.m.	3.0 p.m.	15th	11.0 a.m.	1.0 p.m.
	21st	8.0 "	11.45 "				9th	6.0 "	6.30 "	12th	4.0 "	4.35 "	22d	5.0 p.m.	3.30 "	29th	11.0 "	2.15 "
							24th	7.0 "	7.0 "	27th	10.0 a.m.	10.0 a.m.						
March	† 8th	8.0 a.m.	1.50 p.m.				10th	6.0 a.m.	1.55 p.m.	12th	4.0 p.m.	4.0 p.m.	23d	5.0 p.m.	11.30 a.m.	16th	11.0 a.m.	2.0 p.m.
	21st	8.0 "	9.40 a.m.	15th	10.0 a.m.	10.0 a.m.	10th	6.0 "	5.50 "	13th	4.0 "	4.15 "	† 9th	5.0 "	8.0 "			Date changed to the 1st April.
							25th	7.0 "	6.15 "	28th	4.0 p.m.	4.0 p.m.						
April	6th	8.0 a.m.	8.0 p.m.	15th	10.0 a.m.	10.0 a.m.	10th	6.0 a.m.	5.0 a.m.	12th	4.0 p.m.	4.0 p.m.	7th	5.0 p.m.	12.0 noon	1st	11.0 a.m.	2.20 p.m.
	21st	8.0 a.m.	7.15 a.m.	30th	10.0 "	10.0 "	10th	6.0 "	6.10 "	13th	4.0 "	4.0 "	23d	5.0 "	10.15 p.m.	16th	11.0 "	1.50 "
							25th	6.0 "	9.0 p.m.	27th	10.0 a.m.	10.0 a.m.						
May	7th	8.0 a.m.	5.0 p.m.	15th	10.0 a.m.	10.0 a.m.	10th	6.0 a.m.	5.30 a.m.	12th	4.0 p.m.	4.0 p.m.	8th	5.0 p.m.	7.30 a.m.	1st	11.0 a.m.	1.30 p.m.
	21st	8.0 "	11.0 a.m.	30th	10.0 "	10.0 "	10th	6.0 "	10.18 p.m.	13th	4.0 "	4.0 "	23d	5.0 "	10.15 "	16th	11.0 "	12.55 "
							25th	7.0 "	9.0 "	26th	4.0 p.m.	4.0 p.m.						
June	6th	8.0 a.m.	12.0 noon	15th	10.0 a.m.	10.0 a.m.	10th	6.0 a.m.	6.30 a.m.	12th	4.0 p.m.	4.0 p.m.	7th	5.0 p.m.	7.10 p.m.	1st	11.0 a.m.	1.10 p.m.
	21st	8.0 "	10.0 p.m.	30th	10.0 "	10.0 "	10th	6.0 "	2.15 p.m.	13th	4.0 "	4.0 "	23d	5.0 "	9.0 a.m.	16th	11.0 "	3.20 "
							25th	6.0 "	2.0 p.m.	27th	10.0 a.m.	10.0 a.m.						

* Departure delayed, waiting the arrival of the outward English mails.
 † Occasioned by the short month of February.
 N. D. — It will further be perceived, that the Time Tables are calculated on the month of 31 days; consequently, when the previous month consists of only 30 days, the due dates of arrival at Panama and Valparaiso would be the 7th and 8th respectively, as in *italics*.
 ‡ Santiago detained at the port of Valparaiso in consequence of a having prevented the embarkation of the mails.

STATEMENT showing the Dates of ARRIVALS at, and DEPARTURES from, the Ports of Panama, Callao, and Valparaiso, of the MAIL CONTRACT PACKETS of the PACIFIC STEAM NAVIGATION COMPANY, for the Half-year ending 31 December 1856.

MONTH.	PANAMA.				CALLAO.				VALPARAISO.			
	ARRIVAL.		DEPARTURE.		ARRIVAL.		DEPARTURE.		ARRIVAL.		DEPARTURE.	
	As per Time Table.	Actual Dates.	As per Time Table.	Actual Dates.	As per Time Table.	Actual Dates.	As per Time Table.	Actual Dates.	As per Time Table.	Actual Dates.	Actual Dates.	
July	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.
	7/A 8.0 a.m. 21st 8.0 "	7th 7.45 a.m. 21st 9.0 "	15th 10.0 a.m. 30th 10.0 "	15th 11.50 a.m. 30th 12.25 "	10th 6.0 a.m. 10th 6.0 " 25th 6.0 " 25th 7.0 "	9th 2.15 p.m. 10th 6.20 a.m. 25th 6.0 " 26th 1.20 "	12th 4.0 p.m. 13th 4.0 " 27th 10.0 a.m. 28th 4.0 p.m.	12th 5.0 p.m. 13th 4.50 " 27th 11.45 a.m. 28th 5.0 p.m.	7th 5.0 p.m. 23d 5.0 "	*70th 11.0 a.m. 23d 11.0 "	1st 11.0 a.m. 16th 11.0 "	1st 2.20 p.m. 16th 3.20 "
August	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.
	6th 8.0 a.m. 21st 8.0 "	9.0 a.m. 21st 3.45 p.m.	15th 10.0 a.m. 30th 10.0 "	3.10 p.m. 12.30 a.m.	10th 6.0 a.m. 10th 6.0 " 25th 6.0 " 25th 7.0 "	9th 10.45 p.m. 10th 9.0 a.m. 25th 5.55 " 26th 4.5 p.m.	12th 4.0 p.m. 13th 4.0 " 27th 10.0 a.m. 28th 4.0 p.m.	12th 5.15 p.m. 13th 5.15 " 27th 11.30 a.m. 28th 5.0 p.m.	7th 5.0 p.m. 23d 5.0 "	18th 11.50 p.m. 23d 2.30 "	1st 11.0 a.m. 16th 11.0 "	1st 3.0 p.m. 16th 1.30 "
September	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.
	6th 8.0 a.m. 21st 8.0 "	8.0 a.m. 21st 7.0 "	15th 10.0 a.m. 30th 10.0 "	12.50 p.m. 4.45 "	10th 6.0 a.m. 10th 6.0 " 25th 6.0 " 25th 7.0 "	9th 11.30 p.m. 10th 7.0 a.m. 25th 6.10 " 26th 6.20 "	12th 4.0 p.m. 13th 4.0 " 27th 10.0 a.m. 28th 4.0 p.m.	12th 5.0 p.m. 13th 5.50 " 27th 11.15 a.m. 28th 7.0 p.m.	7th 5.0 p.m. 23d 5.0 "	7th 2.30 p.m. 24th 7.30 a.m.	1st 11.0 a.m. 16th 11.0 "	1st 1.20 p.m. 16th 1.0 "
October	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.
	7/A 8.0 a.m. 21st 8.0 "	2.0 p.m. 21st 7.15 a.m.	15th 10.0 a.m. 30th 10.0 "	12.30 a.m. 9.10 "	10th 6.0 a.m. 10th 6.0 " 25th 6.0 " 25th 7.0 "	10th 8.0 a.m. 10th 10.40 " 25th 6.15 " 26th 11.45 "	12th 4.0 p.m. 13th 4.0 " 27th 10.0 a.m. 28th 4.0 p.m.	12th 5.0 p.m. 13th 5.30 " 27th 11.30 a.m. 28th 6.0 p.m.	8/A 5.0 p.m. 23d 5.0 "	6.0 p.m. 7.30 "	1st 11.0 a.m. 16th 11.0 "	1st 1.50 p.m. 16th 1.20 "
November	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.
	6th 8.0 a.m. 21st 8.0 "	6.20 p.m. 21st 9.15 a.m.	15th 10.0 a.m. 30th 10.0 "	12.45 a.m. 11.45 "	10th 6.0 a.m. 10th 6.0 " 25th 6.0 " 25th 7.0 "	10th 5.30 a.m. 10th 7.0 " 25th 6.0 " 26th 10.30 "	12th 4.0 p.m. 13th 4.0 " 27th 10.0 a.m. 28th 4.0 p.m.	12th 5.50 p.m. 13th 5.0 " 27th 12.20 " 28th 5.35 "	7th 5.0 p.m. 22d 5.0 "	10.30 p.m. 4.0 "	1st 11.0 a.m. 16th 11.0 "	1st 1.0 p.m. 16th 0.45 "
December	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.	DATE.	H. M.
	7/A 8.0 a.m. 21st 8.0 "	1.10 p.m. 21st 6.0 "	15th 10.0 a.m. 30th 10.0 "	12.20 p.m. 2.0 "	10th 6.0 a.m. 10th 6.0 " 25th 6.0 " 25th 7.0 "	10th 6.0 a.m. 10th 8.0 " 25th 12.15 " 26th 5.30 "	12th 4.0 p.m. 13th 4.0 " 27th 10.0 a.m. 28th 4.0 p.m.	12th 5.30 p.m. 13th 4.0 " 27th 12.0 a.m. 28th 5.30 p.m.	8/A 5.0 p.m. 23d 5.0 "	10.30 p.m. 11.30 a.m.	1st 11.0 a.m. 16th 11.0 "	1st 1.10 p.m. 16th 1.10 "

* The Company's contract packet "Santiago," stranded on the voyage from Callao to Valparaiso, and returned to Callao for repair. The mails were afterwards conveyed by the "Loa."
 † Occasioned by the accident to the screw of the Company's contract packet "Valdivia."

Appendix, No. 6.

Secretary to the Admiralty to Secretary to the Treasury.

Sir,

30 November 1857.

In reply to your letter of the 26th ultimo, No. 16,610³⁶/₁₀, transmitting an application from the Pacific Steam Navigation Company for a renewal of their contract for the conveyance of the mails along the west coast of South America, and requesting to be furnished with any observations which my Lords Commissioners of the Treasury have to offer, I am commanded to request you will state to the Lords Commissioners of Her Majesty's Treasury, that 25,000 *l.* per annum is paid to the Company under the existing contract, which is at the rate of 3 *s.* 6 *d.* per mile, which rate my Lords consider to be moderate.

In 1853, the Committee on Contract Packets estimated the annual receipts on account of postage at 5,441 *l.* My Lords are not aware whether the receipts have increased or diminished since that time. The Postmaster General would probably be able to give this information.

My Lords are not aware of any complaints having been made of the manner in which the service has been performed; the mails have been punctually delivered according to the time tables, and the Company have fulfilled their engagements to their Lordships' satisfaction.

It is not within their Lordships' province to discuss the value of the political or commercial advantages which are derived from the maintenance of a regular postal communication between this country and the west coast of South America. They have only to observe, that the service has secured a safe and punctual channel of correspondence with the officers in command of Her Majesty's ships on the Pacific station, which is a matter of considerable importance.

With regard to the request now made by the Company for an extension of their contract, my Lords have to remark, that the existing contract is not terminable at a fixed date, but at any time after 1st April 1860, upon 12 months' notice having been previously given by the Company, or the Lords Commissioners of the Admiralty.

There does not appear, therefore, to be any necessity for entering into a new contract, but if it appears to the Lords of the Treasury to be desirable to do so, in order to take advantage of the inducements held out by the Company of the service being improved by an outlay upon new steam ships, my Lords would recommend that the Company should be required to state what improvement they contemplate, and how soon they will be prepared to introduce it, in order that the necessary clauses may be embodied in the new agreement.

With respect to the proposal of the Company, that a coal and insurance clause should be introduced similar to that which forms part of the contract with the Royal Mail Company, the settlement of any claim which might arise under such a clause appears to my Lords to present considerable difficulties, and they are of opinion that its insertion should, if possible, be avoided; but as the Treasury, and not the Board of Admiralty, would have under the terms of the clause to decide upon such question, it is a matter for the consideration of the Lords Commissioners of the Treasury how far such a provision is necessary, and whether it would be satisfactorily carried out.

I am, &c.
(signed) *B. Osborne.*

From the Treasury to the Managing Directors of the Pacific Steam Navigation Company;
28 January 1858.

18,883-28/1.

Sir,

Treasury Chambers, 28 January 1858.

ADVERTING to your communication of the 19th October last, applying for the renewal of the contract entered into by the Pacific Steam Navigation Company for the conveyance of the mails along the west coast of South America, I am desired, &c., to request that you will state, in detail, what improvements the Directors are prepared to make in this service, and in the size and character of the ships employed in the event of their contract being renewed, and how soon they will undertake to effect these improvements.

I am also to request that you will inform their Lordships whether the Directors of the Company are prepared in continuing this service to relinquish a right which they have hitherto contended for, namely, that of carrying letters on their own account between the intermediate ports, a practice which is at variance with the general rules of the Post Office.

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

From the Pacific Steam Navigation Company to the Secretary to the Treasury;
29 January 1858.

Pacific Steam Navigation Company, 27, James-street, Liverpool,
29 January 1858.

Sir,

I HAVE the honour to acknowledge the receipt of your letter under date the 28th instant, desiring to be informed what improvement the Directors of the Pacific Steam Navigation Company

Company are prepared to make in the west coast mail service, in the event of the Lords Commissioners of the Treasury granting to the Company a renewal of their mail contract, and requesting to know if the Directors would be prepared to relinquish the right of conveying letters on the Company's account from port to port in the Pacific.

Your communication has been submitted to the Directors of the Company, and I am instructed to explain, in reply, that under the Company's contract now drawing to a close, although the prescribed power of the mail packets is only 170 horse-power (nominal), yet, in order to meet the growing requirements of the service, and notwithstanding the very serious disadvantages with which the Company have had to contend, as adverted to in my letter under date 20th October last, there are none of the Company's present contract packets, one only excepted, of less than 260 horse-power, three of them being of from 300 to 400 horse-power each; and immediately on obtaining their Lordships' sanction to the renewal of the mail contract, the Directors intend to enter into contract for the construction of, at least, another steam vessel, of from 300 to 400 horse-power; so that, under the new contract, the minimum nominal power, with the exception above adverted to, may be raised from 170 to 260 horse-power.

I am here to remark, however, that the interests of the west coast mail service, embracing as it does the Guayaquil River, and about 26 ports or open roadsteads, on the round voyage (many of them difficult of access, and approachable only during the day), would not be promoted by any great addition to the size or power of the steamers; whereas the extra expense of performing the service would, in consequence of the high price of coal and other requisites, be very considerable. At the same time, the Directors will be quite prepared, as heretofore, to give any increased facilities within their power that may be required by any department of Her Majesty's Government.

With reference to the privilege of conveying local letters from port to port in the Pacific, hitherto accorded to the Company, in consideration of the very limited rate of pay from Her Majesty's Government (under 3s. 6d. sterling per mile), I am respectfully to observe, that the receipts derived therefrom, namely, about 4,000l. sterling per annum, could not be surrendered without compensation; and as this privilege enables the Directors to conciliate the Governments of the several Republics, by providing for the conveyance of their local letters, under such arrangements as preclude the American rival undertakings from participating in that source of revenue, it partakes of something beyond a mere money value; whilst, on the other hand, these local authorities would view very unfavourably any change in this respect that would deprive them of the power of making, as heretofore, their own postal arrangements with the Company.

In conclusion, I am to solicit the favour of an early decision on the part of their Lordships, in order that the Directors may be enabled to embrace the present favourable opportunity of entering into their contracts and completing the other requisite arrangements.

I am at the same time to observe that I will be ready to wait upon you, if necessary, to afford any additional explanations that you may require.

I have, &c.
(signed) *William Just*,
Managing Director.

From the Pacific Steam Navigation Company to the Secretary to the Treasury;
10 February 1858.

Pacific Steam Navigation Company, 27, James-street, Liverpool,
10 February 1858.

Sir,

WITH reference to the letter which I had the honour of addressing to you, under date the 29th ultimo, I am instructed by the Directors respectfully to acquaint you that the Company's manager in the Pacific has announced, by the last mail, the unfortunate loss of one of the Company's contract packets. This unlooked-for event naturally enhances the anxiety, previously felt by the Directors, to provide as early as possible the requisite means for efficiently maintaining the mail service, in the event of a renewal of the contract with Her Majesty's Government, for which at least two new mail packets will now be required.

I have, &c.
(signed) *William Just*.

From the Treasury to the Directors of the Pacific Steam Navigation Company;
24 February 1858.

Gentlemen,

Treasury Chambers, 24 February 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to inform you, with reference to your communications of the 29th ultimo and 10th instant, that their Lordships have requested the Board of Admiralty to take the necessary steps for the preparation of an extended contract with you, which they hope will be found satisfactory to the Company.

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

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

Sir,

Treasury Chambers, 24 February 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to request that you will move the Lords of the Admiralty to cause a contract to be prepared for a continuation, for a further period of five years, of the mail service of the Pacific Steam Navigation Company, of the same nature, and upon the same terms as the present one, with the exception that two additional vessels are to be added to the number hitherto employed, and that the vessels themselves are to be at least 260 horse-power, instead of 170, as under the present contract.

I am to add, that their Lordships concur in the recommendation contained in your letter of the 30th November 1857, that it would be inexpedient to accede to the request preferred by the Company, for the introduction of a coal and insurance clause similar to that which is included in the contract with the Royal Mail Company.

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

Secretary to the Admiralty to the Directors of the Pacific Steam Navigation Company.

Gentlemen,

26 February 1858.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you, that the Lords Commissioners of Her Majesty's Treasury have authorised my Lords to extend your contract for the conveyance of the mails along the western coast of South America for a further period of five years, upon the condition that "two additional vessels are to be added to the number hitherto employed, and that the vessels are to be at least 260 horse power instead of 170, as under the present contract;" but their Lordships do not consider it expedient to accede to the request preferred in your communication of the 19th of October last, for the introduction of a coal and insurance clause in your contract, similar to that which is included in the contract with the Royal Mail Steam Packet Company.

My Lords request you will furnish them with a list of the names and horse-power of the steam vessels now employed by you, and that you will state when the two additional vessels will be ready, and what improvement in the service will consequently be introduced.

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

From the Pacific Steam Navigation Company to the Secretary to the Treasury;
27 February 1858.

Sir,

Liverpool, 27 February 1858.

YOUR letter under date the 24th instant, addressed to the Directors of the Pacific Steam Navigation Company, informing them that the Lords Commissioners of the Treasury had requested the Board of Admiralty to take the necessary steps for the preparation of an extended contract with the Company has been submitted to the Directors, and I am instructed to convey their best thanks for their Lordships' ready acquiescence in this matter.

I have, &c.
(signed) *William Just,*
Managing Director.

The Secretary to the Pacific Steam Navigation Company to the Secretary to the Admiralty.

Pacific Steam Navigation Company, 27, James-street, Liverpool,
3 March 1858.

Sir,

I HAVE the honour to acknowledge the receipt of your communication addressed to the Directors of this Company, under date the 26th ultimo, intimating that the Lords Commissioners of Her Majesty's Treasury had authorised the Lords Commissioners of the Admiralty to extend the Company's contract for the conveyance of Her Majesty's mails along the west coast of South America, for a period of five years, and I am to say that the same will be submitted to the Directors at their first meeting.

I have, &c.
(signed) *Per William Taggart,*
Secretary,
H. R. Baines.

The Secretary to the Foreign Office to the Secretary to the Admiralty.

Sir,

Foreign Office, 9 March 1858.

I AM directed by the Earl of Malmesbury to transmit to you, for the consideration of the Lords Commissioners of the Admiralty, a copy of a Despatch from Captain Harris, Her Majesty's chargé d'affaires in Chili, urging the expediency, for the reasons therein stated, of a communication by mail steamers being established between this country and Valparaiso.

No. 1.

I am, &c.
(signed) *Wm. Seymour Fitzgerald.*

Enclosure of Letter from the Secretary to the Foreign Office to the Secretary to the Admiralty.

My Lord,

British Legation, Santiago, 14 January 1858.

BEING about to avail myself of a year's leave of absence after five years of residence here, I think it right, before quitting my post, to call your Lordship's attention to a matter of considerable importance to British interests on this coast, namely, the communication by mail steamers.

In the United States a company has been formed to compete with, or rather to supplant (for there is hardly profit for both) the British Pacific Steam Company. The Commission appointed by Congress last year recommended a large State grant in aid, but owing to pressure of time I believe the project for that year fell to the ground, doubtless to be again resumed, unless the British Company, by a sure prospect of probability and increased facility of communication, should deter them from the competition. I need hardly point out to the importance of maintaining the British Company, in order that the conveyance of large quantities of bullion and ores, three-fourths of which are British property, as well as of the mails, should not fall into the hands of foreigners.

During the early part of my residence here, it was my duty to call your Lordship's attention to certain irregularities in the conveyance of the mails of the Pacific Steam Company, the maintenance of the contract, number of steam ships, &c. But I am able to state, that during the last three years (a very arduous one, considering the number of ports at which these vessels between Panama and Valparaiso), has been performed in the most satisfactory manner, both as respects the time table and the care of mails and passengers. If your Lordship will look at the present route table, you will observe that the Company has, since their contract with Her Majesty's Government, greatly increased the facilities of communication, touching at many more ports, and performing the voyage in considerably less time than that stipulated.

At the same time I have reason to believe, that from losses of vessels and other causes their profits have been very limited.

Under these circumstances, I take the liberty of recommending, that in the new arrangements which, I believe, are about to be made, the Government grant should be increased from 25,000 *l.* to 30,000 *l.* a year, so as to enable the Company to meet competition, and to give greater facilities of communication. The increase, therefore, to be given on condition that the voyage between Panama and Valparaiso should be made 19 instead of 22 days, as was the case five years ago. Mr. Petrie, the manager of the Pacific Steam Company on this coast, informs me that they would undertake this, with the increased grant, by means of a French steamer between Callao and Guayaquil, touching at the intermediate ports.

The conveyance of mails and passengers between Southampton and Valparaiso, and *vice versa*, would then be carried out in 44 days: 22 to Colon, 3 on the Isthmus (ample time with the railway), and 19 Valparaiso. There is another point to which I venture to call your Lordship's attention, viz., that in the arrangement made by the authorities in England for the departure of the steamer from Panama, the Pacific Company's time-table should not be stretched unnecessarily for the purpose of meeting that of the United States Packet from New York; thereby causing delay in the conveyance of the mail, and risk to the health of the passengers. I have been surprised to find some of my countrymen advocate this system, having been talked over into the belief that there has been a mischievous jealousy on the part of our mail companies, and even of Her Majesty's Government, to obstruct communication with the United States, an idea absurd and quite unfounded. The plain facts are, that the British companies, established long before that of the United States, have, both on this coast and in the West Indies' branch, vessels and numerous ports at which to touch, whilst the New York steamers make a straight course to Colon. It is obvious, then, that it is for them to meet our time tables. This was fully admitted by the American Legation here, in a communication which I had with them on the subject 18 months ago, and the United States envoy here wrote to his Government in that sense. I do not mean that the time tables of both countries being thus arranged, the British Consul at Panama should not be authorised to delay the sailing of the Panama Packet for a few hours in case of the non-arrival of the United States mail, as every means should be taken to facilitate the communication with the United States, consistent with what is due to ourselves and to the encouragement of fair enterprise.

Appendix, No. 6.

I have taken the liberty of troubling your Lordship at some length on this subject, as it is one of great prospective importance to British interests in this part of the world.

Lord Clarendon.

I have, &c.
(signed) *E. A. J. Harris.*

From the Admiralty to the Directors of the Pacific Steam Navigation Company,
10th March 1858.

Gentlemen,

Admiralty, 10 March 1858.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you that Vice Admiral Bruce has reported to their Lordships, that after three years' experience of the working of your contract packets during the period he commanded in chief on the Pacific station, he can bear testimony to the great public usefulness of the service, and to the punctuality and ability with which it is conducted.

Your packets being commanded by skilful and intelligent officers, and calculated to do credit to the country whose flag they bear.

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

Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

13 March 1858.

I AM commanded by my Lords to transmit to you, for the information of the Lords Commissioners of the Treasury, the enclosed copy of a letter from the Pacific Steam Navigation Company dated 10th March, together with the copy of an extract from the Despatch of the British chargé d'affaires, forwarded by Lord Malmesbury to this office on the 9th instant, as well as the report of the 15th January 1858, from Vice Admiral Bruce, observing that if the Lords of the Treasury approve of the arrangements proposed by the contractors for carrying out the mail service, my Lords will cause the new contract to be prepared as directed by the Treasury on the 24th of last month.

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

Enclosure in Letter from the Secretary to the Admiralty to the Secretary to the Treasury,
dated 13th March 1858.

Pacific Steam Navigation Company, No. 27, James-street, Liverpool,
10 March 1858.

Sir,

WITH reference to the letter addressed to you by the Secretary of the Company under date the 3d instant, I have now the honour to inform you that your letter of the 26th ultimo has been submitted to the directors, and I am instructed to transmit herewith a list of the Company's mail packets now in the Pacific.

I am also to acquaint you, for the information of the Lords Commissioners of the Admiralty, that arrangements are being made for a new mail paddle-wheel steam ship of 950 tons, and 320 horse-power, to be supplied under a premium for early delivery, and the contractors expect that the vessel may be ready to leave England for the Pacific in November next; but in consequence of the loss of the "Valdivia," in December last, it may be found necessary to purchase and send out immediately the second vessel, and the Directors are in hopes that they may succeed in procuring one in the course of a few days suitable for the service.

On the arrival out of these vessels, the mail service will be improved by running the packets direct through from Panama to Valparaiso and *vice versa*, thereby obviating the discomfort to passengers and other disadvantages consequent on the present interchange of steamers at the port of Callao.

I am further respectfully to observe, that the directors regret the decision of their Lordships in reference to the non-admission of the coal and insurance clause into the extended contract. It will not have escaped the notice of their Lordships that in the Company's peculiar position in the Pacific, the entire supply of coal being drawn from this country, the clause adverted to is the more requisite for the protection of the proprietors than if, as in the case of other contract packet companies, the line terminated in this country.

I am, however, desired to add that if, unfortunately, circumstances should arise similar to those called forth by the Russian war, by which great difficulty was occasioned in securing tonnage, and the freight on coal hence to the Pacific nearly doubled, the directors trust that their Lordships may be pleased to take a favourable consideration of any change that may thereby be produced in the position of the Company.

I have, &c.
(signed) *William Just,*
Managing Director.

The Secretary, Admiralty, London.

ENCLOSURE in Letter from the Managing Director of the Pacific Steam Navigation Company to Secretary to the Admiralty, dated 10 March 1858.

Mail Contract Packets of the Pacific Steam Navigation Company, now in the Pacific.

No.	NAMES.	Tonnage per Register.	Horse Power.
1	Steamer Valparaiso - - - - -	839	320
2	„ Bolivia - - - - -	509	262
3	„ Lima - - - - -	661	400
4	„ Bogota - - - - -	661	400
5	„ New Grenada - - - - -	500	220

The Mail Service being conducted as under :—

No.	Steamer—Panama.	Arrives at Valparaiso.	Leaves Valparaiso.	Returns to Panama.
1	15 January - - - -	7 February - - - -	16 February - - - -	6 March.
2	30 „ - - - -	23 „ - - - -	1 March - - - -	21 „
3	15 February - - - -	7 March - - - -	16 „ - - - -	6 April.
4	28 „ - - - -	23 „ - - - -	1 April - - - -	21 „
1	15 March.	—	—	—

No. 5 as a reserve.

After the arrival out of the two new steamers (mail packet) now to be provided and dispatched for the Pacific, the steamers “Lima” and “Bogota” will have to be brought to England in turn for new boilers and general refit.

The Company will, however, have always on the coast six mail packets, say four running and two in reserve.

Enclosure in Letter of 13th March 1858, from Secretary to the Admiralty to Secretary to the Treasury.

Working of the Pacific Steam Company's Contract Packets.

Sir,

“Monarch,” at Valparaiso, 15 January 1858.

ON leaving the station under my orders, after three years' experience of the working of the Pacific Company's contract packets, I request you will be pleased to inform the Lords Commissioners of the Admiralty that I feel bound to give my testimony to their great public usefulness, and to the punctuality and ability with which they are conducted.

2. Being commanded by skilful and intelligent officers, they are at all times to be depended upon, and do credit to the country whose flag they bear.

I am, &c.

(signed) H. W. Bruce,
Vice Admiral, Commander in Chief.

Ralph Osborne, Esq., M.P.,
&c. &c. &c.
Admiralty, Whitehall, S. W.

From the Postmaster General to the Treasury, 23 March 1858.

My Lords,

General Post Office, 23 March 1858.

WITH reference to my predecessor's letter, dated the 16th December last, reporting his views on the subject of the renewal of the contract with the Pacific Steam Navigation Company for the conveyance of the mails on the Western Coast of South America, I have

Appendix, No. 6.

the honour to transmit, for the consideration of your Lordships, in case you should not have received it from the Foreign Office, the copy of a Despatch from Captain Harris, Her Majesty's chargé d'affaires in Chili, which has been forwarded to me by the Earl of Malmesbury, pointing out the importance of maintaining the British Company, in order that the conveyance of the large quantities of bullion and ores (three-fourths of which, he states, are British property), as well as that of the mails, should not fall into the hands of foreigners.

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

5635
4899-3/3.

From the Treasury to the Postmaster General, 5th April 1858.

My Lord,

Treasury Chambers, 5 April 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to inform you, in reply to your Lordship's letter of the 23d ultimo, that instructions have already been conveyed to the Board of Admiralty to enter into a renewed contract with the Pacific Steam Navigation Company for a further period of five years from the expiration of the present contract.

In consideration of the extension which is conceded to them, the Company bind themselves to add two additional vessels to the number hitherto employed, and to make use of vessels of considerably greater power than is stipulated for under the existing contract.

They have, likewise, undertaken to run their vessels direct between Panama and Valparaiso, instead of changing steamers at Callao, as at present.

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

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

Sir,

Treasury Chambers, 5 April 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords of the Admiralty, with reference to your letter of the 13th ultimo, that my Lords approve of the arrangements proposed by the Pacific Steam Navigation Company for carrying out the mail service, and I am to request that the new contract may be concluded on the terms stated in the letter from this department of the 24th February last.

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

The Secretary of the Admiralty to Storekeeper General.

Storekeeper General,

6 April 1858.

THE Lords Commissioners of Her Majesty's Treasury, having been pleased to grant to the Pacific Steam Navigation Company an extension of their contract for the conveyance of the mails along the Western Coast of South America, for a further period of five years, on the same terms, but with the condition, "that two additional vessels are to be added to the number hitherto employed, and that the vessels are to be at least 260-horse power, instead of 170, as under the present contract;" you are to cause a draft contract to be prepared accordingly, embracing the arrangements detailed in the accompanying letter, dated* the 10th ultimo, from the Company, which have been approved by the Treasury.

* See above.

The draft, when completed, is to be forwarded to me, with the papers enclosed.

By command of the Lords Commissioners of the Admiralty,

(signed) *H. Corry.*

The Storekeeper General to the Secretary to the Admiralty.

Admiralty, 21 April 1858.

WITH reference to their Lordships' order of the 6th instant, I beg to transmit herewith a draft of a contract with the Pacific Steam Navigation Company, for the conveyance of the mails along the Western Coast of South America, for a further period of five years, embracing the alterations therein pointed out.

The Right Hon. H. L. Corry, M. P.

R. Dundas.

Secretary to the Admiralty to the Directors of the Pacific Steam Navigation Company.

Gentlemen,

24 April 1858.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying draft contract, for the extension of the period of your contract for the postal service between Panama and Valparaiso, and for the improvement of the service; and I am to call your attention to the several notations in the margin of the draft, and request you will submit such emendations as you may wish to make, before my Lords refer the draft to the Postmaster General.

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

The Pacific Steam Navigation Company to the Secretary to the Admiralty.

Pacific Steam Navigation Company, No. 27, James-street, Liverpool,
27 April 1858.

Sir,

YOUR letter, under date the 24th instant, accompanied by the draft of the articles of agreement for an extension of the Company's contract with the Lords Commissioners of the Admiralty for the conveyance of Her Majesty's mails in the Pacific, has been submitted to the directors of the Company, and I am now respectfully to solicit the favourable consideration of their Lordships to the emendations that the directors would desire to make in the said articles of agreement. I am also to state, for the information of their Lordships, that it is now confidently expected that the Company's paddle-wheel steam ship, to be named "The Callao" (of 830 tons register and 320-horse power), building under contract with Messrs. Randolph, Elder, & Co., of Glasgow, will be ready to leave Liverpool for the Pacific early in November next.

I have, &c.
(signed) *Wm. Just,*
Managing Director.

Secretary to the Admiralty to Secretary to Postmaster General.

Sir,

4 May 1858.

I AM commanded by my Lords Commissioners of the Admiralty to request you will lay before the Postmaster General the accompanying draft contract, for the improvement of the postal service between Panama and Valparaiso, and for the extension of the period of the present contract with the Pacific Steam Navigation Company; and my Lords request that the draft may be returned, with any suggestions that the Postmaster General may offer, in order that it may be submitted to the Lords Commissioners of the Treasury for consideration and approval.

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

The Secretary to the Post Office to the Secretary to the Admiralty.

Sir,

General Post Office, 26 May 1858.

WITH reference to your letter of the 4th instant, I am directed by the Postmaster General to return to you the accompanying draft contract for the Pacific mail service with the Pacific Steam Navigation Company, and to acquaint you, for the information of the Lords Commissioners of the Admiralty, that his Lordship considers it very desirable that their Lordships should have power to terminate the contract at any time, on payment of a sum of money.

As regards the time-table appended to the contract, I am to state, that as no ports but Panama, Callao, and Valparaiso are specified, his Lordship thinks it will be better to omit the words, "including such intermediate ports as may be sanctioned and authorised by the Lords Commissioners of the Admiralty," in the heading, and to insert at the foot of the table, after the words "subject to such alterations," the words "including the addition of other ports of call."

The 15th and 30th or 31st are put down as the days for the departure of the packets from Panama; but the 13th and 28th are the days at present fixed by the Admiralty, and although a further application from the Company in favour of the former days has been received, and is now under consideration, it seems to the Postmaster General desirable to adhere to the 13th and 28th in the table.

There appears to be a clerical error with respect to the days for the departure of the return packet from Callao. The 4th is put down in the table; but it is presumed this date should be the 12th.

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

Appendix, No. 6. Secretary to the Admiralty to the Directors of the Pacific Steam Navigation Company.

Gentlemen,

29 May 1858.

THE Postmaster General having stated to my Lords Commissioners of the Admiralty, that he considers it very desirable that their Lordships should have power in the new contract for the Pacific postal service to terminate the contract at any time on payment of a sum of money, and also that the dates of the 15th and 30th, or 31st, at present inserted in the draft contract for the days of departure for the packets from Panama, should be altered to the 13th and 28th, I am commanded by my Lords to request you will state, with as little delay as possible, whether you see any and what objection to the introduction of the provision above referred to, and to the alteration of the date as proposed.

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

From Pacific Steam Navigation Company to the Secretary to the Admiralty.

Sir,

Liverpool, 31 May 1858.

I HAVE the honour to acknowledge the receipt of your letter addressed to the directors of the Pacific Steam Navigation Company, under date 29th instant, inviting observations from them on certain emendations now proposed by the Post Office Department in the contract with the Company for the conveyance of Her Majesty's mails in the Pacific, and I am instructed to state in reply, with reference to the suggestion, namely, that a clause should be inserted empowering the Lords Commissioners of the Admiralty to terminate the contract at any time, on payment of a sum of money, that under such a stipulation the directors would not have felt themselves justified in going into the large outlay now being made for steam ships, and other requisites for the extended period of service, an outlay incurred by the directors under the belief that the said service was for a fixed definite period, as under the existing contract.

In regard to the alterations in the dates of departure of the Company's contract packets from Panama, namely, from the 15th and 30th to the 13th and 28th of each month, as now proposed to be inserted in the schedule to be annexed to the deed of contract, I am respectfully to remark with reference to the letter which I had the honour of addressing to you, under date the 12th instant, that it is believed that such change will be found entirely at variance with the spirit of the memorials addressed some time ago to his Grace the late Postmaster General, and signed by nearly all the British merchants connected by trade with the several republics on the West Coast, and, if carried out, would occasion irregularities in, and prove otherwise most injurious to the service, and would no doubt also lead to the establishment of a competing line of mail steamers between Panama and Valparaiso, which will be ruinous to the interests of the Pacific Steam Navigation Company.

In connexion with this subject, I beg to transmit herewith an extract from a letter received from the Company's agent at Panama, under date 3d instant, from which their Lordships will perceive that the outward West Coast mails of the 2d April only reached Panama on the 29th of that month, and the goods for the South Pacific on the following day.

It will further be perceived that the American mails for the West Coast went forward in due course by the contract packet of this Company.

I am therefore, in conclusion, to express the earnest hope of the directors, that under the circumstances hereinbefore set forth, their Lordships will be pleased to dispense with the proposed additional clause, and also to allow the dates of departure to remain as at present.

I have, &c.
(signed) J. W. Just,
Managing Director.

EXTRACT from Letter received by the Directors of the Pacific Steam Navigation Company from the Company's Agent at Panama, under date 31st May, as referred to in a Letter addressed to the Secretary of the Admiralty, under date 31st idem.

"I WROTE you last on the 23d ultimo, *via* Southampton, and I have now to acknowledge the receipt of your communication of the 1st ultimo, by the West India mail, which reached this place on the afternoon of the 29th ultimo.

"Owing to the late arrival at Colon of the West India packet, the goods for the South Pacific ports did not reach here until the afternoon of the 30th ultimo.

* * * * *
"The 'Bolivia' sailed for the south at about 8 p. m. on the 30th ultimo, with both English and American mails, 23 passengers, and very little freight."

From Pacific Steam Navigation Company to the Treasury.

Sir,

London, 3 June 1858.

I NOW take the liberty to transmit herewith a memorandum on the subject of the inter-
view with which you favoured Mr. Turner and me on Tuesday last; also a copy of the
letter received by the directors of the Company from the Admiralty, setting forth the
satisfactory manner in which the mail service in the Pacific has been conducted.

Geo. H. Hamilton, Esq., M. P.,
Treasury.

I have, &c.
(signed) William Just.

MEMORANDUM on the subject of the proposed Change of the Dates of Departure of the
Pacific Steam Navigation Company's Contract Packets from Panama, namely, from the
15th and 30th, to the 13th and 28th of each month.

1st. THE Company's contract packets in the Pacific perform a semi-monthly service
between the ports of Panama, Callao, and Valparaiso, embracing about 24 to 26 interme-
diate ports on the round voyage, and involving a steaming distance of about 144,000 miles
per annum, in connexion with the Royal Mail Steam Packet Company's Contract Packets,
exchanging mails at the Isthmus of Panama.

2d. It is essential to the success of the contract packets in the Pacific that the greatest
possible regularity be maintained in the arrivals at and departures from the various ports
of call, nearly all of which are open roadsteads, unlighted, and accessible by the Company's
packets only during daylight. Further, at many of these ports the passengers who come
from the far interior would, if detained waiting for the steamers, be either houseless and
exposed at night, or compelled to go by native sailing-vessels, to the serious injury of the
Company's revenue, on which from passengers and freight of merchandise the Company
mainly depend.

3d. That during the first eight voyages of the current year, the delivery of the outward
English mails at Panama was on one occasion on the 16th of the month (January), or one
day late for even the time of departure, as now fixed, and the last advices from Panama
bring intelligence of the delivery there on the afternoon of the 29th of April of the mails of
the 2d of that month, and of the goods on the following day. Thus showing that in two
cases out of eight the proposed change to the 13th and 28th would have occasioned delay
in the despatch of the mail contract packets from Panama, and consequently irregularity
throughout the whole line of coast.

4th. In addition to the foregoing, which are respectfully urged against the proposed change
in the dates of departure from Panama, it appears to be admitted on all hands that it is
desirable to combine as far as possible a connexion between the British contract packets in
the Pacific and the United States mail packets running between New York and Colon
(Aspinwall). For such connexion the British merchants resident in the Pacific, and those
in this country connected with the trade of the West Coast, have memorialised his Grace the
late Postmaster General; and the British Post Office Department have been in communica-
tion with the Post Office authorities in the United States, with the view of obtaining greater
harmony between the British and American mail packets converging at the Isthmus of
Panama. The result of this correspondence has been an acceleration of the speed of the
United States mail packets running between New York and Colon (Aspinwall), so that for
the eight voyages ending 30th April last, or say, from 1st January to that date, the United
States outward West Coast mails have (with but one exception) gone forward, in due course, by
the contract packets of this Company. Whereas, were the change in question to be carried
out, it would again, inevitably, cut off the direct communication between British merchants
and their correspondents in the States, and deprive American merchants of a direct mail
service with the several republics on the West Coast of South America, inasmuch as it would
lead to a detention of 14 days on the Isthmus of Panama of the United States correspon-
dence. Under such a change, it is believed that the United States Government would be
induced to listen to the urgent entreaties of American subjects, for a subsidised line of
American mail steamers along the whole extent of coast between Panama and Valparaiso,
which would prove ruinous to the interests of the Pacific Steam Navigation Company, and
preclude the possibility of the performance of a British mail service in the Pacific at the
present low rate of subsidy, namely, something under 3s. 6d. sterling per mile.

London, 3 June 1858.

(signed) William Just,
Managing Director.

From the Secretary to the Admiralty to the Secretary to the Treasury.

Sir,

Admiralty, 4 June 1858.

I AM commanded by my Lords Commissioners of the Admiralty to transmit for the con-
sideration of the Lords Commissioners of Her Majesty's Treasury the accompanying draft
contract for the improvement of the Pacific mail service, and extension of the present term;

0.26—Sess. 2.

3 I 2

I am

Appendix, No. 6.

I am at the same time to request you will state to their Lordships that the Postmaster General has suggested that power should be taken "to terminate the contract at any time, on payment of a sum of money," and that the dates for the departure of the packets from Panama should be altered from the 15th and 30th, or 31st, to the 13th and 28th of the month.

The contractors have demurred to these alterations, and my Lords desire me to transmit a copy of their communication for the consideration of the Lords of the Treasury, observing that my Lords are not prepared to recommend the emendations suggested.

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

From the Treasury to the Postmaster General.

My Lord,

Treasury Chambers, 10 June 1858.

REVERTING to your Lordship's letter of 23d March last, I am desired by the Lords Commissioners of Her Majesty's Treasury to transmit to you the enclosed letter from the Secretary of the Admiralty, transmitting a draft contract between Her Majesty's Government and the Pacific Steam Navigation Company for the improvement of the Pacific mail service, together with a letter from the managing director of the Company, dated the 3d inst., and its enclosures, and I am to request that you will favour their Lordships with your opinion upon the objections offered to the alterations proposed in the dates of departure from Panama, viz., from the 15th and 30th to the 13th and 28th of each month, and I am particularly to direct your Lordship's attention to the 3d and 4th objections in the memorandum which accompanies Mr. Just's letter.

I am, &c.
(signed) *C. E. Trevelyan.*

From the Postmaster General to the Treasury.

My Lords,

General Post Office, 17 June 1858.

I HAVE the honour to return the accompanying papers, with the draft of a new contract between Her Majesty's Government and the Pacific Steam Navigation Company for the conveyance of mails in the Pacific.

With regard to the objections offered by the Company to the alterations which I proposed in the days to be named in the contract for the departure of the packets from Panama, I beg to observe, that under the latest orders issued by the Admiralty, the Company are required to despatch their packets on the 13th and 28th of the months, and I consider, therefore, that those days should be specified in the new contract as the authorised days.

It is true that the Company have urged a reconsideration of the question, and, in order that I may be enabled to decide upon the course to recommend, I have requested the Earl of Malmesbury to ascertain, through Her Majesty's Ministers in Chili and Peru, the views of the British merchants generally on this subject.

Some time must necessarily elapse before this information can reach me.

As the Admiralty have full power to alter the days of sailing, the question is not of much importance; but it seems inexpedient to take any steps which shall have the appearance of acceding, without further inquiry, to the alteration asked for by the Company.

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

From the Treasury to the Secretary to the Admiralty.

Sir,

Treasury Chambers, 22 June 1858.

I AM desired by my Lords Commissioners of Her Majesty's Treasury to return to you the draft contract with the Pacific Steam Navigation Company for the conveyance of mails in the Pacific, which accompanied your letter of the 4th instant, and to signify to you, for the information of the Lords Commissioners of the Admiralty, my Lords' approval thereof.

I am, however, to request that a clause may be inserted, giving power to the Lords of the Admiralty, if such power do not exist in the former contracts recited in the present agreement, to vary the times of departure of the mail packets, in case it may appear expedient to do so.

My Lords are informed by the Postmaster General that the days of departure from Panama have recently been altered from the 15th and 30th to the 13th and 28th of each month, an alteration which must be accordingly embodied in the time-table annexed to the draft contract; but as the change is unacceptable to the Company, my Lords may deem it expedient to authorise the resumption of the former dates of departure, in case the opinion and wishes of the British merchants in Chili and Peru, to whom a communication on the subject has been addressed through the Foreign Office, shall prove to be in favour of such a course.

I am, &c.
(signed) *C. E. Trevelyan.*

The Secretary to the Pacific Steam Navigation Company to the Secretary to the Admiralty. Appendix, No. 6.

Pacific Steam Navigation Company, No. 27, James-street, Liverpool.

Sir,
24 July 1858.

I AM instructed by the Directors of the Pacific Steam Navigation Company to remark, with reference to the schedule of sailings affixed to the extended contract with this Company for the conveyance of Her Majesty's mails in the Pacific, that, notwithstanding the insertion in said schedule of the 13th and 28th of each month, as the dates of departure of the Company's contract packets from Panama, it is understood that the existing arrangements are to remain in force, unless, on the receipt by Her Majesty's Government of replies to the communications which have been addressed to Her Majesty's Ministers in Chili and Peru on the subject, it should appear that the British merchants resident on the coast were desirous of a change to the above-mentioned earlier dates of departure from Panama.

I am further to observe that, according to the Company's latest advices from the Pacific, an extract from which I beg to enclose, it appears that the United States West Coast mails continued to go forward from Panama by the contract packets of this Company, on the 15th and 30th of each month, and that there is now every prospect of the present harmony being maintained so long as these dates remain unaltered.

I have, &c.
(signed) *William Just,*
Managing Director.

Enclosure to Letter from the Secretary to the Pacific Steam Navigation Company to the Secretary to the Admiralty.

EXTRACT from Letter received by the Directors of the Pacific Steam Navigation Company from their Agent at Panama, under date 17th June 1858, and referred to in their Letter to the Admiralty, of 24th July 1858.

"As the United States Mail Steam Ship Company have now faster and better steamers than formerly, there is, in my opinion, every probability of the United States mails and passengers for the South Pacific continuing to go forward in due course."

The Secretary to the Admiralty to the Directors of the Pacific Steam Navigation Company.

Gentlemen,

Admiralty, 13 August 1858.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying copies of the supplementary contract entered into with the Pacific Steam Navigation Company, extending the period of the present contract for the Pacific mail service.

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

MAILS PACIFIC.

ARTICLES OF AGREEMENT made the 6th day of April, in the year of our Lord 1858, between the Pacific Steam Navigation Company of the first part, George Malcolm, of Liverpool, in the county palatine of Lancaster, merchant, and William Bates, of Liverpool aforesaid, merchant, of the second part, and 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 third part:

WHEREAS by certain articles of agreement, bearing date on or about the 23d day of September 1850, and made or expressed to be made between the said Company of the one part, and the said Commissioners, on behalf of Her Majesty, of the other part, the said Company did, for the consideration therein mentioned, contract and agree with the said Commissioners to convey Her Majesty's mails between Panama and Callao and Callao and Valparaiso, in South America, and such other intermediate ports only as shall be approved of or directed by the said Commissioners by means of a sufficient number, not less than six, of good, substantial and efficient steam-vessels as in the said articles of agreement mentioned:

Recital of contract of 23 Sept. 1850.

And whereas by a bond, also bearing date on or about the 23d day of September 1850, under the corporate seal of the said Company, and under the hands and seals of the said George Malcolm and William Bates, the said Company and the said George Malcolm and William Bates became jointly and severally bound to Her Majesty in the penal sum of 3,500 *L.* for the due performance by or on the part of the said Company of the said hereinbefore recited contract of the 23d day of September 1850:

Also bond of same date.

Appendix, No. 6. And whereas by other articles of agreement, bearing date on or about the 13th day of November 1850, and made between the said Company of the one part, and the said Commissioners, for and on behalf of Her Majesty, of the other part, the duration of the hereinbefore recited contract of the 23d day of September 1850 was altered, as in such articles of agreement of the 13th day of November 1850 is mentioned:

Also bond of same date. And whereas by a bond, also bearing date on or about the 13th day of November 1850, under the corporate seal of the said Company, and under the hands and seals of the said George Malcolm and William Bates, the said Company, George Malcolm and William Bates became bound to Her Majesty in the penal sum of 3,500 *l.* for the due performance by or on the part of the said Company of the last hereinbefore recited contract, bearing date the 13th day of November 1850:

And whereas the said Commissioners, on the part of Her Majesty, have, with the privity of the parties hereto of the second part, determined to enter into this further contract with the said Company.

Number and description of vessels, &c. to be provided. Now these presents witness, that the said Company doth hereby covenant, promise, and agree with the said Commissioners, for and on behalf of Her Majesty, as follows (that is to say), that the said Company shall and will provide for the conveyance of Her Majesty's mails, under this contract and under the hereinbefore recited contract of the 23d day of September 1850, two new good, substantial and efficient steam-vessels, each of such vessels to be supplied with new and first-rate appropriate steam-engines, of not less than 260-horse power, and the said Company do also covenant and agree that all other the steam-vessels to be employed under this contract and also under the said contract of the 23d day of September 1850, shall be supplied with first-rate appropriate steam-engines of a like power (except one of the said vessels, which shall be supplied with first-rate appropriate steam-engines of not less than 220-horse power), instead of steam-engines of not less than 170 collective horse power, as required by the said contract, and which vessels shall be employed in the conveyance, between the ports hereinbefore mentioned and referred to, of 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, or 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 so conveyed), so that such mails shall be conveyed as aforesaid by means of a sufficient number (not less than six) of such good, substantial and efficient steam-vessels.

Vessels, &c. to be approved of by Admiralty. That all the vessels employed under this contract, and also their engines, equipments, engineers, officers, and crews, shall be subject in the first instance, and from time to time, and at all times afterwards to the approval of the said Commissioners, and of such other persons as shall at any time, or from time to time, have authority from the said Commissioners to inspect and examine the same.

Company to convey mails according to table annexed. That the said Company shall and will, during the continuance of this contract, convey the said mails on board the said vessels respectively, as mentioned in the table of routes hereunto annexed, and all the stipulations, and all the matters and things mentioned and contained in the said table, shall form part of this contract, and be observed, kept, and performed by the said Company accordingly, and, subject to such stipulations, matters, and things, and to the other stipulations of this contract, the said vessels shall depart from and arrive at the several places as mentioned in such table on the days therein respectively mentioned or specified.

Liabilities incurred by Company, and powers of Admiralty, &c. under former contracts to be applicable to this contract. And it is hereby agreed, that all the liabilities and obligations incurred by the said Company by the hereinbefore recited articles of agreement of the 23d day of September and 13th day of November 1850, respectively, shall, so far as the same can be made applicable to this contract and the services hereby agreed for, and the vessels employed, and to be employed, in the performance of such services (save and except so far as the same may not be consistent with this contract), be applicable to the said Company in respect of this contract, and to the services hereby contracted for, and to the vessels employed, or to be employed, in the execution of such services, and all the power and privileges given or reserved by such articles of agreement, and each of them, to the said Commissioners, their officers, servants, and agents, and to Her Majesty's Postmaster General, and his servants, and agents, shall apply to this contract, and to the said Company in respect thereof, and to the said services and vessels.

Contract of 23 Sept. 1850, to remain in force save as altered by this. And it is hereby agreed, that all the provisions of the hereinbefore recited articles of agreement of the 23d day of September 1850, shall during the continuance of this contract remain in full force, save and except so far as the same may be altered by these presents.

Contract of 23 Sept. 1850, to remain in force (save as aforesaid) until 1 April 1864, and afterwards determinable by a 12 calendar months' notice. And in consideration of the due and faithful performance by the said Company of all the said services, the said Commissioners do hereby agree with the said Company, and the said Company do hereby agree with the said Commissioners, that the hereinbefore recited contract, bearing date on or about the 23d day of September 1850, save and except so far as the same may be altered by these presents, shall be, and is hereby extended, and shall remain in force until the 1st day of April 1864, and thenceforward until the expiration of a twelve calendar months' written notice, to be given at any time after the said 1st day of April 1864,

1864, to the said Company, by writing, under the hand of the Secretary of the Admiralty for the time being, or to the said Commissioners by the said Company, and at the expiration of any such notice which may terminate at any period of the year, the said contract shall cease; and the annual payment by or on the part of Her Majesty to the said Company, shall during the continuance of this contract be in every respect, having reference to these presents, the same as to amount, time, and conditions of payment as under such contract of 23d day of September 1850, excepting that such payments shall be made by bills on Her Majesty's Paymaster General, payable in seven days from and after the respective dates thereof, instead of at sight.

And it is hereby agreed and provided, that without the consent of the said Commissioners, signified in writing under the hand of one of their secretaries, neither this contract nor any part thereof, shall be assigned, underlet, or disposed of, and that in case of any part thereof being assigned, underlet, or otherwise disposed of, without such consent signified as aforesaid, or in case of any breach of this contract, or of the said contract of the 23d day of September 1850, on the part of the said Company, their officers, agents, or servants, in any respect, and whether there be, or be not, any penalty or sum of money hereby or otherwise made payable by the said Company, for any such breach, it shall be lawful for the said Commissioners for executing the said office of Lord High Admiral (if they think fit, and notwithstanding there may or may not have been any former breach thereof), by writing, under the hand of one of their secretaries for the time being, to determine such contracts, without any previous notice to the said Company or their agents, nor shall the said Company be entitled to any compensation in consequence of such determination; but even if such contracts be so determined, the payment of any sum of money agreed to be made shall be enforced should the same be not duly paid by the said Company, and the said Company shall continue liable for any liability which they may have incurred previous to any such determination.

Contract not to be assigned, &c. without consent. In case of assignment, &c. or breach of this or contract of 23d September 1850, Admiralty may determine contracts without previous notice or compensation.

And it is also agreed that the notices or directions which the same Commissioners, or their secretary, officers, or other persons, are hereby authorised and empowered to give to the said Company, their officers, servants, or agents, may at the option of such Commissioners, or their secretary, officers, or other persons, be either delivered to the master of any of the said vessels, or other officer or agent of the said Company in the charge or management of any vessel employed in the performance of this contract, or may be left for the said Company at their office or house of business in Liverpool, or at their, or any of their last known places or business or abode, and any notices or directions so given or left, shall be binding on the said Company.

As to service of notices.

And it is hereby agreed that if, when such contracts terminate, any vessel or vessels should have started or should start with the mails in conformity therewith, such voyage or voyages shall be continued and performed, and the mails be delivered and received during the same as if such contracts remained in force with regard to any such vessels and services, but the said Company shall not be entitled to any payment or compensation for the same.

As to vessels which have started or may start after termination of this contract.

And it is hereby agreed and declared, that this contract shall commence from the day of the date hereof, and continue in force until the 1st day of April 1864, and thenceforward until the expiration of a twelve calendar months' written notice, to be given at any time after the said 1st day of April 1864 to the said Company by writing under the hand of the Secretary of the Admiralty for the time being, or to the said Commissioners by the said Company, and at the expiration of any such notice, which may terminate at any period of the year, this contract shall cease and determine; but notwithstanding any such determination, the Company shall be liable for all breach of this contract on their part which may then have been committed, if any, as if this contract were in force.

Continuance of this contract.

And it is hereby agreed that the said bonds, severally bearing date the 23d day of September 1850 and the 13th day of November 1850, shall remain as a security for the due fulfilment of all the provisions of such respective articles of agreement by and on behalf of the said Company, and shall also be a security for the due performance by the said Company of the services which the said Company will, during the continuance of this contract, have to perform in pursuance thereof.

Bonds to continue as a security for performance of former contract and of this 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 said Company are or ought to be observed, performed, fulfilled, and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of 4,000 l. of lawful money of the United Kingdom to be paid to our said Lady the Queen, Her heirs, and successors, by way of stipulated or ascertained damages hereby agreed upon between the said Commissioners and the said Company in case of the failure on the part of the said Company in the due execution of this contract, or any part thereof.

Company bound in 4,000 l. for due performance of contract.

In witness whereof, the said Company have hereto set their corporate seal, and the said George Malcolm and William Bates have set their hands and seals, and two of the Commissioners for executing the office of Lord High Admiral have hereto set their hands and seals the day and year first above written.

Appendix, No. 6.

The corporate seal of the above-named "Pacific Steam Navigation Company" was hereto affixed, by order of the Court of Directors, in the presence of

Geo. Goldfinch,
Commander, R.N.
Francis D. Lowndes,
Notary Public, Liverpool.
William Taggart,
Secretary of said Company.



L. S.

Signed, sealed, and delivered by the said George Malcolm, in the presence of

Geo. Goldfinch,
Commander, R.N.
Francis D. Lowndes,
Notary Public, Liverpool.
William Taggart.

George Malcolm, (L.S.)

Signed, sealed, and delivered by the said William Bates, and by the said Commissioners, in the presence of

Jno. Doutry.

Wm. Bates. (L.S.)
Alex. Milne. (L.S.)
Lovaine. (L.S.)

TABLE of Mail Service between the Ports of Panama, Callao, and Valparaiso, in the Pacific, which shall be conducted semi-monthly as follows, namely,—

ONE OF THE SIX MAIL PACKETS TO

Depart from Panama on the	Arrive at Callao on the	Depart from Callao on the	Arrive at Valparaiso on the
13th of each month.	23d of each month.	28th of each month.	7th of each month.
28th " "	8th " "	13th " "	23d " "

RETURNING :

Depart from Valparaiso on the	Arrive at Callao on the	Depart from Callao on the	Arrive at Panama on the
16th of each month.	25th of each month.	27th of each month.	6th of each month.
1st " "	10th " "	12th " "	21st " "

Subject to such alterations as the Lords Commissioners of the Admiralty may from time to time order and direct (including the addition of other intermediate ports of call).

Witness,

Geo. Goldfinch,
Commander, R.N.
Francis D. Lowndes.
William Taggart,
Secretary of said Company.



L. S.

The Secretary to the Pacific Steam Navigation Company to the Secretary to the Admiralty.

Appendix, No. 6.

Pacific Steam Navigation Company, No. 27, James-street, Liverpool,
14 August 1858.

Sir,

I AM desired by the Directors of the Pacific Steam Navigation Company to acknowledge the receipt of, and to thank you for, the copies which accompanied your letter of the 13th instant, of the supplementary contract, extending the period of the Company's present contract for the mail service in the Pacific.

I have, &c.
(signed) *William Taggart,*
Secretary.

TREASURY MINUTE ; dated 17 August 1858.

Transmit a copy of the enclosed contract to each of the following offices : Foreign, Colonial, Board of Trade, War, and Post Office.

Packet Department, Admiralty, }
26 July 1859.

WALLER CLIFTON.

Appendix, No. 7.

COPY of a LETTER which accompanied the TENDER of Messrs. *Jenkins & Co.* for the performance of the DOVER, CALAIS, and OSTEND MAIL SERVICE in the Year 1854. Appendix, No. 7.

To the Secretary of the Admiralty.

Sir,

17, Esplanade, Dover, 26 January 1854.

IN presenting to their Lordships the foregoing tender for the performance of the mail service between Dover and Calais and Dover and Ostend, we beg most respectfully to submit the following alterations and propositions for the consideration of the Admiralty :—

1. In the printed form we have tendered five new boats and a spare vessel, but the limited period of the contract compels us to ask a larger sum for the service than we could afford to charge for a longer term. If their Lordships should be disposed to extend the term of the contract to eight years certain, we would humbly beg to offer to perform the work with the six boats* detailed in the printed form, at the rate of 14,000 *l.* per annum, being a reduction in the cost of the service, for eight years, of 8,000 *l.*

* 5 to be built.
"Undine."

2. We are prepared to take off the hands of the Admiralty two of the present Dover packets, constructed of iron, namely, the "Onyx" and "Violet," at a fair valuation, for the purpose of continuing them in the performance of the service, in conjunction with three new boats and a spare one, and under such arrangement, the two Admiralty boats being more expensive in their working than the new vessels we propose to build, we would submit as our tender for four years, 15,500 *l.* per annum; but should their Lordships grant us a contract for eight years, we would engage to perform the service for 13,500 *l.* per annum.

3. We also beg to state that we would undertake to perform the service, and meet all the requirements of their Lordships, by employing only five instead of six boats on the station. In the event of such an arrangement meeting their Lordships' sanction, we would engage to carry out the contract with four new boats and a spare vessel for four years, at 13,000 *l.* per annum; but under a contract extended to eight years, we should be prepared to accept the sum of 12,000 *l.* per annum.

4. Should their Lordships deem it advisable to allow five boats to be sufficient for the work, we are prepared in that case also to purchase Her Majesty's packets "Onyx" and "Violet,"

Appendix, No. 7.

"Violet," and with them and two new and a spare vessel, we would undertake to perform the service for four years at 13,500*l.* per annum, and if extended to eight years, at 12,500 *l.* per annum.

We beg respectfully to add, that in making our estimates for the performance of the above services, we have prepared ourselves to submit to the great temporary disadvantages of the extraordinary high prices of iron, coal, tallow, oil, freights, &c., and, in fact, everything connected with maritime business. We trust therefore to a moderation of the present excessive rates, and an increasing development of the continental traffic, for the return for our capital and profit for our labour.

In conclusion, we most humbly beg to submit to their Lordships' favourable consideration, that Mr. Jenkins has been engaged for many years in conveying despatches across the Channel, during which time the steam vessels under his command have been employed in bringing over from Calais and Boulogne the Government Overland India Mails.

We beg to submit the following gentlemen as our sureties for the due execution of the contract:—

Edward Baldwin, Esq., 35, Hyde Park-square. Reference to be made to Stevenson, Salt & Co., Bankers, Lombard-street.

Henry Robertson, Esq., Lawn Cottage, Hampstead, and 7, Salisbury-street, Strand. Reference to be made to H. H. Lindsay, Esq., Shipowner and Shipbroker, East India Chambers, Leadenhall-street.

We have, &c,
(signed) *Hy. Jenkins & Co.*

Packet Department, }
2 August 1859. }

WALTER CLIFTON.

Appendix, No. 8.

Appendix, No. 8. CORRESPONDENCE relative to the Extension of the CONTRACT with the ROYAL MAIL STEAM PACKET COMPANY for the WEST INDIA MAIL SERVICE, in the Years 1856 and 1857.

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

Sir

Treasury Chambers, 23 October 1856.

I AM commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you copy of a letter from the Foreign Office, with copies of two despatches from Mr. Christie, Her Majesty's Minister at Parana, containing suggestions for improving the postal communication with the River Plate, and I am to request that you will state to the Lords Commissioners of the Admiralty, that as their Lordships have felt obliged to reject the plans suggested, of granting a subsidy for the conveyance of the mails by a separate steamer from La Plata up to Parana, they will be glad if the Lords of the Admiralty will place themselves in communication with the Directors of the Royal Mail Steam Packet Company, and ascertain if they will consent to the arrangement now proposed by the Government of the Argentine Republic.

I am also to state, that if the arrangement is practicable, my Lords would regard it as one of great importance to the mutual interests of all parties.

I am, &c.
(signed) *C. E. Trevelyan.*

15 October 1856.

Enclosure to Letter from the Secretary to the Treasury to the Secretary to the Admiralty,
dated 23 October 1856.

Sir,

Foreign Office, 15 October 1856.

I AM directed by the Earl of Clarendon to transmit to you, to be laid before the Lords Commissioners of Her Majesty's Treasury, copies of two despatches from Mr. Christie, Her Majesty's Minister at Parana, containing suggestions for improving the postal communication with the River Plate, and I am to request that, in laying these papers before their Lordships, you will state that Lord Clarendon is of opinion that Mr. Christie's suggestions are well deserving the consideration of Her Majesty's Government.

James Wilson, Esq.
&c. &c. &c.

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

Enclosure to Letter from the Secretary to the Treasury to the Secretary to the Admiralty,
dated 23 October 1856.

My Lord,

Parana, 20 August 1856.

I THINK it right to bring to your Lordship's notice several points of public interest connected with the Royal Mail Steam Packet Service for the River Plate, trusting that Her Majesty's Government may induce the Company to consider them.

These points are—

1. The present long detention of passengers and mails for the Plate at Rio Janeiro.
2. The importance of having a steamer of larger class than the one now employed, and fitted with spar decks, between Rio Janeiro and Monte Video.
3. The practicability of shortening the course of post between England and Buenos Ayres by 25 days, if not a month.
4. The extension of the line to Rosario and Parana.

1. The powerful steamers now employed by the Company between Southampton and Rio arrive at the latter place on the 2d or 3d of each month. The passengers and mails for the Plate do not proceed until the 13th. This delay, besides being inconvenient for passengers and the postal service, is expensive to the Company, as they pay their contractors for the maintenance of the passengers during the 10 or 11 days of detention.

2. The passage from Rio to Monte Video, for which five days are allowed by the Company's tables, might be easily made in four, if the large steamers which go to Rio went on to Monte Video. The small steamer now employed is too small for the proper accommodation of passengers, and general dissatisfaction is felt on that account. It is the decided opinion of competent persons whom I have consulted, that, owing to the prevalence of strong gales during the winter season, the steamer navigating between Rio and Monte Video should not be a single-deck steamer such as is now employed, but one fitted with spar decks. I have had a strong motive for inquiry into this subject, as in my passage from Rio to Monte Video we encountered, on the 14th and 15th of May, a storm which placed us in considerable danger; having no spar deck we were frequently threatened with seas which, if they had broken on deck, would have put the fires out, and rendered the ship unmanageable. The ship's log, to which the Company have the power of referring, will doubtless confirm this statement. I have further to state that the steamer was at the time much out of repair, and not in a proper state to encounter the risk of such weather. She is to go home shortly to be repaired. It is the intention of the Company to replace her by a still smaller steamer. They may, I hope, consider the propriety of sending their large steamers on to Monte Video, and employing the small one only in the river, for which it is well adapted.

3. The course of post between Southampton and Buenos Ayres is now, according to the Company's tables, 96 days. Of this there might be saved 9 days of detention at Rio in the outward voyage, 2 days by employing a large steamer as far as Monte Video, 11 days out of the present fortnight's detention at Buenos Ayres before returning, and 3 days, at least, out of the present detention at Rio on the homeward voyage. This would make a total saving of 25 days. Indeed I have no doubt that a saving of 30 days is practicable, which would bring the course of post between England and Buenos Ayres exactly to what it is at present between England and Rio.

4. Your Lordship is aware that some time since, in reply to a suggestion from the Argentine Government, the Company signified their readiness to continue their line to Parana on their being paid 12,000*l.* a year, subject to an investigation at the end of a year of the expenses and profits, with a view to a reduction of the subsidy, if it should then be found too large. This Government regards the demand as extravagant, and it is difficult

Appendix, No. 8.

to consider the Company's proposal a serious one. The outside expense of the monthly voyage from Buenos Ayres to Parana and back, according to an estimate which I have obtained from a competent person, and of which I enclose a copy, would be 400*l.* There would be profits from passengers and freight to be set against this, but there might be a loss of 150 *l.* a month at first. The Argentine Government would, I have reason to believe, have made no difficulty about paying a subsidy of this amount. The Company stated that they would require to build a new steamer for the navigation of the Parana, but their River Plate steamer now lies 14 days at Buenos Ayres every month, and the voyage thence to Parana and back may be performed in six. That steamer, moreover (the "Camilla"), could always come up easily to Parana; she draws less than ten feet. Her Majesty's ship "Rifleman," which brought me here, draws 12, and she came up when the river is at its lowest. Her Majesty's ship "Vixen," which brought Sir C. Hotham up, draws 15 feet. Using the two river steamers which they now possess, the "Camilla" and the "Prince," the Company might perform the service to Parana and at the same time reduce the course of post between England and Buenos Ayres as above explained.

There is a general opinion in these parts that the Company neglect the River Plate, and I am informed that no member of the direction has visited the river since the first opening of the line, to make himself personally acquainted with the wants and capabilities of this part of their service.

The profits made by the Company are large, and the River Plate is not likely to be an exception to the rule that increased facilities and conveniences will develop traffic and swell profits.

Lord Clarendon, &c. &c. &c.

I have, &c.
(signed) *W. D. Christie.*

Enclosure to Despatch from Her Majesty's Minister at Parana to the Foreign Office, dated 27 August 1856.

THE only steamers at present running between Buenos Ayres and Parana are the "Uruguay," under the Monte Vidian flag, which has no regular times of starting, and goes up as far as Asuncion, and the "Asuncion," under the United States flag, running regularly twice a month between Buenos Ayres and Parana, touching at St. Nicolas and Rosario.

The "Asuncion" is very badly managed and has very bad accommodation, and I do not doubt that the "Camilla," if she came up to Parana, would carry away all her custom.

The voyage from Buenos Ayres to Rosario is performed in 48 hours, and from Rosario to Parana in 20; back again, with the stream, from Parana to Rosario in 12, and from Rosario to Buenos Ayres in 28.

The "Asuncion" brings up on an average from Buenos Ayres to Rosario 50 passengers, and 15 from Rosario to Parana; but, as I said before, her accommodation is very bad; there are only berths in the after cabin for 25. She cannot carry more than 50 tons of cargo.

The charge for passengers by the "Asuncion" is, between Buenos Ayres and Rosario, 24 hard dollars, or 2*l.* 8*s.*; the charge for freight, 10 hard dollars, or 2*l.* per ton measurement of 40 cubic feet; the same for dead weight.

I would strongly recommend the Royal Mail Company, if they send the "Camilla" up, to reduce the charge for freight; they might then calculate on always getting as much cargo as they can carry in the up voyage, as the sailing vessels take so much time to get up the river. The provincial dealers would prefer paying a somewhat higher freight to get their goods up in four days by a steamer, instead of 20 days by a sailing vessel.

The value of the imports of Rosario for 1855 was \$ 4,280,349, or about 802,565 *l.* Of the exports for the same year, \$ 2,898,719, or about 543,509 *l.* Of these last, \$ 1,267,221, or about 237,603 *l.* were for exports for Brazil, United States, and Europe; and the steamer might calculate on a portion of these on her return voyage, to take to Rio and Europe.

When the new measure of direct commerce with Rosario comes into operation (in February 1857), the Company may calculate on bringing a quantity of goods direct from England and from Rio to Rosario, and additional profits between Europe and Buenos Ayres, which will be derived from goods to and from the interior provinces, should be calculated in addition to the actual receipts between Buenos Ayres and Parana.

I think the Company may safely calculate on receiving every trip (to and fro) for passengers, \$ 15 or 3*l.* per head between Buenos Ayres and Rosario, say 50 each way, 300 *l.*; and for goods at \$ 7 per ton, at 150 tons, \$ 1,050 or 210 *l.*; and the expense of the up and down voyage each time will be about 400 *l.*

There should be a coal depôt at Rosario. Wood is to be had in abundance between Rosario and Parana, which might serve for the town voyages, and by which there might be a saving in fuel.

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The treaty between Paraguay and Brazil having opened the river up to the rich Brazilian province of Mattagrosso, there will now be a great increase of trade in the river, and Brazilian steamers will soon be put on the river. If the "Camilla" came regularly up to Parana, smaller Brazilian steamers would be sure to carry on the further traffic between Parana and Albuquerque, the port of the province of Mattagrosso. Other causes of increased traffic will soon begin to operate. A contract has been entered into by the Argentine Government with capitalists of undoubted means for navigating the Salado by steam. The Bermigo River has been explored with the same view. A railroad is projected from Rosario to Cordova. Diligences now go regularly from Rosario to Cordova, Mendoza, Tremnan, and Salta.

It is much to be desired that the Royal Mail Company should send one of their directors to observe the development of the Upper Provinces of the Confederation, and generally they would do well to accelerate the commission between the confederation and England, and send their steamers as far as Parana, the present capital, before competition is established.

Parana, 26 August 1856.

(signed) Joseph Dale,
Her Britannic Majesty's Vice Consul.

Enclosure to Letter from the Secretary to the Treasury to the Secretary to the Admiralty, dated 23d October 1856.

My Lord,

Parana, 27 August 1856.

With respect to my despatch, No. 11, of the 20th instant, on the arrangements of the Royal Mail Steam Packet Company for the service of the River Plate, I am authorised by the Argentine Government to state that they are ready to pay to the Company 100 l. a month for one year, if they will send their steamer on every month from Buenos Ayres to Rosario and Parana. This offer is made in the belief that the steamer which now performs the service to Buenos Ayres, and lies there every month for a fortnight, is available for the proposed voyage to Parana, and that the Company will not require to provide a new one.

In corroboration of my statement in No. 11, as to the ease with which the Royal Mail Company's steamer "Camilla" could go up to Parana, I subjoin an extract of a despatch from Captain Gore, Her Majesty's late chargé d'affaires to the Argentine Confederation, and a naval officer, to your Lordship, of 15th March 1854.

"The facility with which so large a ship as Her Majesty's ship 'Virgin,' drawing 14 feet 6 inches, can navigate the Parana has forcibly impressed on me how exaggerated have been the apparent difficulties of this river navigation; and during the three voyages I have made in her, as far as the city of Parana, there has never been a single check after passing through the Martin Garcia Channel."

I enclose a memorandum, drawn up by Mr. Dale, Her Majesty's Vice Consul at Rosario, as to the probable receipts of the steamer between Buenos Ayres and Parana, the sources of traffic, and the prospects of its development.

I think that the Argentine Government have made a liberal offer. I know that they cannot afford to give more. They hope that at the end of a year the Company will be satisfied that, without any subsidy, this extension of their arrangements will be profitable. In the meantime, in order to insure the commencement of a direct steam communication between Europe, Rosario, and Parana, they are willing to offer, for one year, a premium to the Royal Mail Steam Company, their great object being to develop the commerce and resources of the Upper Provinces of the Confederation.

Lord Clarendon, &c. &c. &c.

I have, &c.
(signed) W. D. Christie.

Enclosure to Despatch from Her Majesty's Minister at Parana to the Foreign Office, dated 20th August 1856.

ESTIMATE of Expense of a voyage from Buenos Ayres to Parana and back.

Five days' coal, 16 tons a day, at 4 l. - - - -	£.
Wear and tear, tallow, oil, &c., at 10 l. - - - -	320
Pilotage, say - - - - -	50
	25
TOTAL - - - - -	£. 395

This does not include officers' and men's wages, &c.

Appendix, No. 8.

The Secretary to the Admiralty to the Directors of the Mail Steam Packet Company.

Gentlemen,

27 October 1856.

In transmitting to you the accompanying copy of a despatch and its enclosures, addressed by Her Majesty's Minister at Parana to the Secretary of State, respecting the postal service in the River Plate, I am commanded by my Lords Commissioners of the Admiralty to call your particular attention to the various suggestions therein contained for expediting the transmission of the mails, and to request that you will report fully on the several points adverted to, explaining more especially under what circumstances the mails have been detained at Rio beyond the period of 48 hours, fixed by their Lordships, on the 1st of March last, and whether you are prepared to entertain the proposition of the Government of the Argentine Republic as to sending the packet up to Parana during the interval she has hitherto remained unemployed at Buenos Ayres.

I am, &c.
(signed) *Thos. Phinn.*

Secretary to the Royal Mail Steam Packet Company to Secretary to the Admiralty.

Royal Mail Steam Packet Company,
55, Moorgate-street, London,
11 November 1856.

Sir,

I AM instructed to acknowledge the receipt of your letter of the 27th ultimo, with copies of despatches, dated 20th and 27th August, from the British Minister at Parana to Her Majesty's Secretary of State for Foreign Affairs, upon several points connected with the postal service between England, Rio de Janeiro, and the River Plate, and proposing, on behalf of the Government of the Argentine Republic, that the Company's contract steamer should proceed up the river monthly during the interval hitherto allowed for her stoppage at Buenos Ayres, and requesting, moreover, an explanation as to certain alleged detentions at Rio de Janeiro of the mails for the River Plate.

As regards point 1, which treats of the "present long detention of passengers and mails for the River Plate and Rio de Janeiro," I am to state that such detention when it occurs, results from the arrival of the outward packet at Rio de Janeiro before she is due there; could those arrivals be calculated upon with certainty, there would be no difficulty in altering the tables of routes to meet, to some extent, the views expressed in the despatch of the British Minister at Parana; but as these early arrivals are not invariable, and as it sometimes happens that through stress of weather, or other causes, the outward packet does not reach Rio de Janeiro until within a day or so of the contract times, any alteration of the table of routes at present might produce irregularity in the mail service, and lead to confusion. The directors, however, have for some time had under consideration the question of accelerating the delivery of the mails on the Brazil route, as stated in a letter to the Secretary of the Admiralty, dated 9th August 1855; and when the measures now in progress for that purpose are matured, a revised table of routes for the Brazil and River Plate service will be submitted for the approval of their Lordships.

As regards point 2, which suggests the expediency of "having a steamer of larger class (E.) than the one now employed, and fitted with a spar deck, between Rio de Janeiro and Monte Video," I am to state that the paddle-wheel steamer "Camilla," which has been engaged in the mail service between Rio de Janeiro and the River Plate since 12th November 1853, is of 539 tons register, and 250 horses power, and has performed that service regularly and without accident. The same may be said of the paddlewheel steamer "Prince," of 398 tons register and 200 horses power, which, having been employed on the Rio de Janeiro and River Plate route for a space of two and a quarter years prior to the "Camilla," has again been sent out to relieve that vessel, which it is intended to bring to England and thoroughly refit; after which, she will resume her present service, and allow the "Prince" to return to England for the other purposes of the Company. It is true that neither the "Camilla" nor the "Prince" has a spar deck, as vessels of their class are not calculated to carry over; and were a steamer of the proportions and tonnage necessary for a spar deck to be stationed between Rio de Janeiro and the River Plate, her draft of water would be too great to allow her to enter the river roads at Buenos Ayres, which it is necessary she should do, not only as regards the easy communication it affords for mails and passengers with the shore, but as respects the facility it allows for the overhaul of the steamer's machinery, which she has not time to do at Rio de Janeiro, and which could not be done in the outer roads of Buenos Ayres, as it would be requisite there to have the engines at command in case a pampéro should suddenly arise, as is frequently the case.

With regard to the safety at sea of steam vessels without spar decks, their Lordships are aware that steamers of the class of "Camilla" and "Prince" are employed all over the world at all seasons, and in all seas where their services are required.

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As to the proposal to send the large steamers to Monte Video, instead of their stopping at Rio de Janeiro as at present, I am to remark that such an arrangement would involve the necessity of providing a fourth large steamer, and that the Company has no vessel of that description available for the purpose. The draft of a large steamer, moreover, being much greater than that of the smaller one at present employed (and which enters the bay of Monte Video, and therefore is well sheltered from most winds). She would be compelled to anchor outside the Bay, and the coaling and other service be much retarded by the rough weather frequently experienced there, and from which she would have no shelter.

Point 3, which treats of the practicability of shortening the course of post between England and Buenos Ayres by 25 days, if not a month, I am to reply to as follows.

The course of post with the Brazils must regulate that with the River Plate, as whatever the former may be, there must with a monthly communication always be an interval of a month for the route between Rio de Janeiro and Buenos Ayres; as before stated, however, measures are in progress with a view to reduce the course of post on this line, as far as practicable, and when completed will so far meet the recommendation of Mr. Christies.

Point 4, upon the extension of the line to "Rosario and Parana," is one upon which the directors feel themselves unable to acquiesce in the opinions expressed in the Despatches of the British Minister at Parana.

In the first place, to perform that service properly, an additional steamer would be requisite, as if after the arrival of "Camilla" with the outward mails at Buenos Ayres, her present stoppage there were done away with by her receiving orders to proceed up the Parana, she would have no time for overhaul, and must speedily get out of order, and become insufficient. Were such to happen, moreover, the entire mail service between Southampton and the Parana would break down. In the first place, the time which Her Majesty's ships "Rifleman" and "Vixen" may have taken to proceed up and down that river could scarcely regulate the movements of a mail steamer which would be expected to navigate by night as well as by day, and under every circumstance of wind, weather, and current, all the year round; that too in a river where the navigation is impeded by shifting shoals, spits and banks, and occasionally by submerged islands, where scant provision exists of leading lights, buoys, beacons, or even of experienced pilots.

With regard to the amount of subsidy, viz., 100*l.* a month, which Her Majesty's Minister reports he is authorised by the Argentine Government to state that they are ready to pay to the Company, I am to remark, that the directors consider it utterly inadequate, even if the offer were made by Her Majesty's Government, instead of that of the Argentine Republic; for while the amount of revenue derivable from the sources indicated by Mr. Christies must be extremely precarious, the cost of everything appertaining to such service would necessarily be very great; under the circumstances, therefore, the directors desire me to state that, after mature deliberation, they are compelled to adhere to the terms specified in the letter addressed to their Lordships on 17th January 1856.

In reply to the complaint of alleged detention at Rio de Janeiro of the mails for the River Plate "beyond the period of 48 hours fixed by their Lordships in their letter of 1st March last," I am to observe that there is no actual foundation for it, as the outward mails for the River Plate are due at Rio de Janeiro on the 8th of each month at 11 p.m.; whereas the River Plate steamer is only due at Rio on the 11th of each month at 8 a.m., or two days nine hours after the outward mails have reached there; and as in their Lordships' letter of the 1st March they direct that the River Plate steamer shall remain at Rio "at least 48 hours," it will be seen that no departure from the latter arrangement has taken place.

As requested, I beg to return herewith the Despatches enclosed in your letter.

I have, &c.
(signed) *Rd. T. Reep,*
Secretary.

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

Sir,

Admiralty, 15 December 1856.

In reply to your letter of the 23d of October last, 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 their Lordships submitted to the Royal Mail Steam Packet Company the proposition of Mr. Christie, Her Majesty's Minister at Parana, for improving the postal communication with the River Plate, and they called at the same time on the directors to state whether they would undertake to extend the packet line to Rosario and Parana, on the terms offered by the Government of the Argentine Republic. It appears, however, by the accompanying copy of a letter from the Company, that, after full deliberation, the offer

Appendix, No. 8. is considered wholly inadequate to the expense, and that the directors cannot depart from the terms specified in their previous communication of the 17th of January last, viz., 12,000*l.* per annum for the service in question.

The objections urged by the directors on account of the difficulties attending the navigation of the River Plate, appeared to my Lords to be founded on erroneous information, and they therefore called on the hydrographer to report fully as to the feasibility of Mr. Christie's suggestions, and the validity of the Company's objections on nautical grounds, and a copy of his remarks are transmitted herewith, accompanied by a report from Captain Sullivan, who surveyed a portion of the river, by which the Lords of the Treasury will perceive that the dangers alluded to are little to be apprehended.

James Wilson, Esq., M. P.,
&c. &c. &c., Treasury.

I am, &c.
(signed) R. Osborne.

REPORT of the Hydrographer of the Admiralty, dated 9 December 1856, on accelerated Mail Communication to and from the Brazils, Buenos Ayres, and Parana.

9 December 1856.

IN accordance with the Board Minute report to (relative to the accelerated mail communication with Buenos Ayres and Parana) "whether Mr. Consul Christie's proposal can be carried out, and as to the validity of the objections made by the Royal Mail Steam Packet Company," I have no hesitation in stating, first, that Mr. Christie's proposal can be carried out with ease, and ought to be so done, at a trifling increase of expense; secondly, that I consider the objections of the Company to be utterly invalid, and, as regards the risk of the navigation of the River Parana, to be without foundation.

Although quite satisfied in my own mind on the subject, I thought it better, in a point of so much importance, to be fortified with the opinion of Captain Sullivan, R.N., who actually made a survey of the River Parana and part of the River Plate, and who took the "Gorgon," drawing 17 feet of water, far above the town of Parana, in the year 1845.

I annex his letters, and I entirely concur with him on the following points:—

1. That the Steam Packet Company should be required to run their large steamers on to Monte Video, and not to turn the passengers and mails into a small steamer at Rio de Janeiro, as they now do, for the worst part of the voyage, namely, between that port and the River Plate.

2. That a suitable vessel of light draught, say from eight to nine feet, should be provided to meet the large steamers at Monte Video, and to run between that port, Buenos Ayres, and Parana.

3. That there are no "shifting shoals," or "spits," or "banks," or "submerged islands," as stated by the Company, to prevent such a vessel navigating the River Parana, and going into the roadstead at Buenos Ayres at all seasons of the year.

4. That the homeward-bound mail should not leave Rio until 24 hours after the arrival of the mail from England, and that the mail should be required to arrive in England four days at least prior to the departure of the next outward-bound mail, in order to give the merchants of Manchester and Glasgow time to answer their letters, thus reducing the present course of post to Rio from 85 days to 60 days, and to Buenos Ayres from 110 to 83 days.

Into the question of expense I am not called upon to enter. I may, however, state, that the great increase of accommodation, personal, commercial, and political, afforded by this arrangement, would warrant some slight additional subsidy, if insisted upon. But it is reported that the profits on the Brazil line are so handsome, that if the present Company decline to meet the demands of the public service, and the rising importance of the South American States, there would be no great difficulty in finding another company ready to do so.

(signed) John Washington,
Hydrographer.

P. S.—Since writing the above, I have received the official report to Congress, after exploration of the Rivers Parana and Paraguay by the United States steamer "Waterwitch," Lieutenant Page. This vessel, drawing nine feet water, in the months of August and September, when the river is at the lowest, went 700 miles above Ascension, or 1,500 miles above Buenos Ayres, without being stopped from want of water in the river.

(signed) J. W.

Dear Captain Washington,

Guildford, 19 November 1856.

I ONLY received your note with Mr. Christie's letter and other papers relating to the mail steamers to South America, and the proposal for extending that route to Parana, on my return home to-day.

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The views of Mr. Christie on these questions are, I think, generally very correct, and more particularly on that portion of the route between Rio Janeiro and Monte Video. I have for many years held an opinion very similar; and when there was a prospect of a company being formed for running the mails to South America about ten years since, I sketched a plan for it very nearly the same as that now suggested by Mr. Christie within the last two months. I have been in communication with parties interested in the question; and it was my intention shortly to have called your attention to the very serious inconvenience of the present arrangements.

The large steamers leave Southampton on the 9th of every month, and remaining about 10 days at Rio Janeiro, return to Southampton in from 60 to 64 days. I believe there have been a few instances in which they returned one day before the outward steamer sailed, allowing answers to letters received to be sent from London, but not from the important districts in the north. By the contract, I believe, they are allowed three days longer, so that merchants have to lose nearly a month in answering their letters.

The passengers to the River Plate, after being unnecessarily detained at Rio Janeiro, have to move into a small steamer, in which they must frequently encounter the worst weather of the whole voyage from England. Even were a larger steamer put on that branch line, so long as the one from England remains at Rio Janeiro 10 days, and returns with the answers to the mail she took out, so long must her arrival in England be too late to ensure her letters either being answered immediately. To ensure this, her arrival should not be delayed beyond the 5th, or at most the 6th, of the month. That this could easily be done, even by vessels of second-rate speed, such as those now on the line, I will show by the following outline of the plan I propose: steamer to leave England November 9th; arrive at Rio Janeiro December 5th; remain three days; arrive at Monte Video, 13th. Small steamer from Monte Video: arrive at Buenos Ayres, 15th; leave Buenos Ayres, 23d; steamer leave Monte Video, 25th; arrive at Rio Janeiro, 30th.

This allows five days at Rio for taking in cargo, coaling, &c., until the December steamer arrives.

Leave Rio Janeiro January 5th or 6th, 24 hours after the December mail arrives; arrive in England February 5th.

This allows 56 days for the passage to and from Rio Janeiro, three days at that port on the outward, and five days on the homeward voyage, for cargo, coaling, &c., and 12 days at Monte Video. No coaling would, I think, be required there, as in moderate weather, particularly on the voyage back to Rio Janeiro, the engines might be worked expansively. Even if six days each way was occupied on the passage, it would give ample time both at Buenos Ayres and Rio Janeiro.

By the present plan, merchants at Rio Janeiro get answers to their letters in about 85 days, and at Buenos Ayres in about 110 days. By the proposed plan they would receive them at Rio Janeiro in 59 days, and at Buenos Ayres in 83 days; yet the passages would not be made at a higher rate of speed than they are at present. It is true that four vessels are required for this plan, and a smaller branch one for the River Plate. Allowing the large ones to be 400-horse power and the small one of 100-horse power, it would require 1,700-horse power to work the line. At present, supposing the large ones used to be 400-horse power with the branch steamer from Rio Janeiro, 1,450-horse power is taken to work it; so that the difference is not very great. A very strong feeling exists among River Plate residents, that the branch steamers now used are too small for the purpose, and I certainly agree both with them and Mr. Christie, that a larger one should be employed. If that was done, it would bring the amount of horse power for working the line nearly up to what would be required for the plan I propose.

There is, I believe, no doubt that this line has proved one of the most profitable that has been contracted for; and if the present contractors were to decline giving this important benefit to the public at a comparatively small increased cost, I cannot suppose there would be any difficulty in getting other parties to carry it out for the same sum the Government now pay for carrying the mails.

It is quite true that there would be a little more inconvenience originally in landing and embarking at Monte Video; but it would be trifling compared to the additional comfort of going the whole voyage in a large and comfortable vessel, instead of changing into a very inferior one, as at present.

The time I have allowed for the voyages both ways is so ample, that I am convinced it may easily be reduced one or two days each way; but as it would be useless for the steamer to leave Rio Janeiro until after the arrival of the following mail from England, the time at Buenos Ayres might be nine or ten days, instead of eight, which would give ample time to send a vessel to Parana and back. Mr. Christie is quite right in his opinion on the navigation of that splendid river. Vessels drawing 12 feet could, I think, go to Parana at all times of the year; but there could be no doubt about it if only drawing 10 feet. I took the "Gorgon," drawing 17 feet, far above Parana, and between November and June the "Firebrand," drawing 16 feet, passed up and down constantly. The chief difficulty was on the flats below Martin Garcia, where a low river prevented these steamers passing.

To insure safe and rapid passages at all seasons, it would be better to have a vessel drawing only eight feet water, which is as much as any vessel should draw if using the "inner roads" of Buenos Ayres at all times. The same vessel that took the passengers from Monte Video to Buenos Ayres would answer well for the river work. One of

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300 tons, and 100-horse power, built for the purpose, need not draw above six feet water. If the traffic required a larger one, a vessel of 500 tons, and about 150-horse power, with a speed of at least 10 knots, would not exceed eight feet draught of water.

The changes in the channels of the river are very much less than the directors suppose. During the time we were up the river no change of any kind took place in the depth or direction of the different passes, and I was able to run those large steamers at full speed down the stream, over the most difficult passes, by the same marks I had used in taking them up months before; and allowing for the variation of the height of the river, the depth was the same within a few inches. From 1845 to 1852, when the "Locust" and "Vixen" went up, the changes were very trifling, and principally above Parana.

There would, of course, be a slight risk of getting on shore through a blunder of the pilot, particularly on the downward passage; and it would, therefore, be desirable not to depend on a single steamer for both services. The one used between Monte Video and Buenos Ayres would be able to make several trips each month, besides that with the mails; and the one for the river work could easily make a second trip each month, during which she would have time to tow vessels up if required.

I do not pretend to give an opinion on the profits of these river passages. The question is quite secondary to the all-important one of the large steamers going on to Monte Video, and returning to England at least three days before the outward mails leave.

Some hours would be gained by those in London, and nearly a day in the manufacturing districts, if the steamers sailed from the most western port to which there is a railway. This would be still more important in the case of vessels arriving at night, as the western ports are more easily entered if the night is dark. Also in the case of fogs, which are more frequent to the eastward.

Believe me, &c.
(signed) *B. F. Sullivan.*

Secretary to the Foreign Office to Secretary to the Admiralty.

Sir,

Foreign Office, 5 January 1857.

I AM directed by the Earl of Clarendon to transmit to you copies of a Despatch and its enclosure from Her Majesty's Minister at Rio de Janeiro, containing suggestions by which the mail service between this country and Brazil might be expedited; and I am to request that you will lay this Despatch before the Lords Commissioners of the Admiralty, and that you will state to their Lordships that it appears to Lord Clarendon that there can be no doubt that the passage ought to be made more quickly than at present; but his Lordship does not know what inconvenience would be produced by the packets not touching at Lisbon.

I am, &c.
(signed) *E. Hammond.*

Enclosure to Letter from the Secretary to the Foreign Office to the Secretary to the Admiralty, dated 5 January 1857.

Mr. P. Campbell Scarlett to Lord Clarendon.

My Lord,

Rio de Janeiro, 17 November 1856.

I TAKE advantage of the return to England of the Royal Mail Steam Packet "Camilla," to draw your Lordship's attention to the subject of an important improvement which might be effected for the mutual interests of England and Brazil, in regard to steam communication between the two countries. Soon after the arrival of the Royal Mail Steam Packet Company's "Tamar," on the 2d instant, Captain Leicester, R.N., who came out in her to take command of Her Majesty's ship "Madagascar," stationed in this port, called upon me, and made some observations about the rapidity with which the "Tamar" had made the voyage out here from Southampton, being, exclusive of stoppages, only 18 days at sea.

I requested Captain Leicester to send me some statement of the capability of the vessels of the Company to increase the facilities of communication, in order to ascertain what saving of time was practicable; and I herewith enclose an extract of a private letter which that officer has written to me on this subject.

By this it appears that if these steamers were to omit touching at Lisbon, Teneriffe, and Pernambuco, the whole voyage from Southampton to Rio, touching at Madeira, St. Vincents, and Bahia, would only occupy 20 days and 12 hours, or *vice versa*, including a delay of six days at Rio.

Captain Jellicoe, of the "Tamar," says he can undertake to land passengers and cargo, both ways, in 48 days, by omitting the places I have mentioned, without increasing the ordinary speed of the vessel.

I here beg to observe, that a line of Brazilian steam packets run twice a month between Rio, Bahia, and Pernambuco, so that it would be easy for passengers to and from Pernambuco to reach either of those places to meet the Southampton steamer.

Your

Your Lordship will observe, that in corresponding with Rio de Janeiro a whole month would be gained by this arrangement, which both for public convenience, as regards all the Eastern ports of South America, and for Her Majesty's service in particular, is very desirable.

Captain Jellicoe is on his way to Southampton in the "Tamar," and could be referred to, if necessary, to test the accuracy of the statement given to me by Captain Leycester.

I have, &c.
(signed) *P. Campbell Scarlett.*

Lord Clarendon.

Enclosure in Letter from Mr. *P. Campbell Scarlett* to Lord Clarendon, dated 17th November 1856.

Extract of Letter from Captain *Leycester* to Mr. *Scarlett*, dated Her Majesty's Ship "Madagascar," Rio de Janeiro, 13 November 1856.

You were desirous of knowing the time required by one of the Royal Mail Steam Packet Company's ships to run from England to this capital and back.

On the 13th instant, I saw the captain of the "Tamar," and he gave me the following data, which he had forgotten to furnish me with on a previous occasion.

According to the present plan, the quickest run out was made in 23 days 15 hours, including stoppages.

The quickest run home, including stoppages, 23 days 2 hours. The above was done in the same voyage and without any difficulty, that is, the vessel was not forced beyond her ordinary and usual rate of going.

Captain Jellicoe, of the "Tamar," also informed me that his vessel, providing he did not touch at Lisbon, Teneriffe, and Pernambuco, would do the passage either out or home in 20 days 12 hours.

"Therefore," he says, "allow me to take cargo and passengers, and touch going and coming at Madeira, St. Vincent's and Bahia, also allowing me six days at Rio, I will do the whole outward and homeward voyages from and to Southampton in 48 days."

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

Sir,

Admiralty, 14 January 1857.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you, for the purpose of being laid before the Lords Commissioners of Her Majesty's Treasury, copies of a letter from the Secretary of State for Foreign Affairs, covering a communication from Her Majesty's Minister at Rio de Janeiro, suggesting that the postal communication between this country and the Brazils could be materially expedited by the packet ceasing to touch at the intermediate ports

J. Wilson, Esq., M. P.,
Treasury.

I am, &c.
(signed) *R. Osborne.*

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

Sir,

Treasury Chambers, 14 January 1857.

IN reply to your letter of the 10th ultimo, as to the acceleration of the mail communication to and from the Brazils, Buenos Ayres, and Parana, I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that their Lordships request that the observations of Captain Washington and Captain Sullivan alluded to may be communicated to the present contractors for this service, in order that they may state if they are prepared to make any new offer to carry out the improvements suggested.

I am at the same time to request to be informed when the present contract will expire.

I am, &c.
(signed) *C. E. Trevelyan.*

Appendix, No. 8.

The Secretary to the Admiralty to the Directors of the Royal Mail Steam Packet Company.

Gentlemen,

Admiralty, 20 January 1857.

WITH reference to your letter of the 11th of November last, reporting on the several propositions from Her Majesty's Minister at Parana for accelerating and extending the mail communication with the River Plate and the Brazils, I am commanded by my Lords Commissioners of the Admiralty to transmit for your consideration a report from the hydrographer of the Admiralty on the subject, accompanied with the observations of Captain Sullivan on the navigation of the river, and my Lords will be glad to know whether you are prepared to make any new offer to carry out the improvements suggested.

I am, &c.
(signed) *Thomas Phinn.*

Secretary to Royal Mail Steam Packet Company to Secretary to the Admiralty.

Royal Mail Steam Packet Company, No. 55, Moorgate-street,
London, 29 January 1857.

Sir,

I AM instructed to acknowledge the receipt of your letter dated the 20th instant, with its enclosures, relating to propositions from Her Majesty's Minister at Parana, for accelerating and extending the mail communication with the River Plate and the Brazils, and I am respectfully to state, that the directors of this Company will give their best attention to the subject, and transmit their reply with the least possible delay.

I have, &c.
(signed) *Rd. T. Reep,*
Secretary.

Secretary to the Royal Mail Steam Packet Company to Secretary to the Admiralty.

Royal Mail Steam Packet Company, No. 55, Moorgate-street,
London, 14 February 1857.

Sir,

WITH reference to my letter dated the 29th ultimo, I am instructed by the Court of Directors of this Company respectfully to submit the following observations in reply to your communication of the 20th idem, and the correspondence alluded to therein.

The question of accelerating the mail communication with the Brazils and the River Plate necessarily involves several important considerations.

When the present contract was entered into, the terms of remuneration were based upon the speed which was then contemplated as the rate to be maintained under ordinary circumstances. The directors from previous experience were able to determine with tolerable accuracy what the cost would be of performing the service at the speed proposed with ships of 400-horse power between Southampton and Rio de Janeiro, and a smaller vessel between that port and the River Plate, and their offer was regulated accordingly.

Although the contract speed has in many cases been exceeded by the vessels lately employed on the Brazil line, and the directors are anxious to accelerate the communication by all reasonable means in their power, yet they would not be justified without fair compensation in entailing upon the Company the additional cost that would be incurred if they bound themselves to maintain a higher speed than is now required in fulfilment of the contract.

The same objection applies to the employment of four, instead of three large steamers. If the vessels from England continued the voyage from Rio de Janeiro to Monte Video, as proposed, four steamers of the Atlantic class would be required for the service, and the expense to the Company would be very largely increased thereby.

To meet this increase of expense, there would be but little increase of traffic, for, as the line would still be a monthly one, the freight and passenger receipts would continue nearly on the same footing as at present.

The directors, however, are far from desiring to place impediments in the way of carrying out the wishes of the public; on the contrary, they are anxious to meet them, and with that view will be happy, if the Lords Commissioners of the Admiralty desire it, to enter into an amended contract, the terms of which shall be sufficient to warrant the Company in making the arrangements necessary to perform the service in the manner proposed in the correspondence transmitted by their Lordships.

With reference to the remark made by the hydrographer of the Admiralty, that he "considers the objections of the Company to be utterly invalid," the directors desire me respectfully to observe, that the difficulty which they apprehended in regard to coaling large steamers, and to other proceedings at Monte Video, is partly obviated by the proposal that

the ship from Europe should stop to coal at Rio de Janeiro both going and returning, instead of performing that operation at Monte Video, as the directors had contemplated.

The opinion expressed by the directors in their former letter, that an additional vessel would be required to carry on the service between Buenos Ayres and Parana, if that extension were adopted, is confirmed by Captain Sullivan's suggestion, that "it would be desirable not to depend on a single steamer for both services," that is the service between Monte Video and Buenos Ayres, and that between the latter port and Parana.

I have, &c.
(signed) *Rd. T. Reep,*
Secretary.

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

Sir,

Admiralty, 18 February 1857.

IN reply to your letter of the 14th January, I am commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying copy of the reply my Lords have received from the Directors of the Royal Mail Steam Packet Company on the question of accelerating the mail communication with the Brazils and the River Plate, which was submitted on the 20th of last month to their consideration, in conformity with the desire of the Lords Commissioners of the Treasury.

J. Wilson, Esq. M. P.,
Treasury.

I am, &c.
(signed) *R. Osborne.*

From the Postmaster General to the Treasury, 2 June 1857.

To the Right Honourable the Lords Commissioners of Her Majesty's Treasury.

My Lords,

General Post Office, 2 June 1857.

IN returning the enclosed papers, which were referred to me by Mr. Wilson on the 20th January last, I beg to acquaint your Lordships that I am fully sensible of the great inconvenience experienced by the mercantile community engaged in correspondence with Brazil, owing to the mail packets from Rio de Janeiro arriving at Southampton a few days after the outward packet has been despatched; and that, since the enclosed Despatch from Her Majesty's Minister in Brazil was transmitted to me, I have received a representation on the same subject from the Manchester Commercial Association.

Before, however, proceeding further, it seems to me desirable that the Admiralty should ascertain whether the Royal Mail Steam Packet Company would be willing to omit touching at Lisbon, Teneriffe and Pernambuco, as proposed; and whether, in consideration of such omission, they would make any deduction from the amount which they now receive for the conveyance of the Brazil mails.

If your Lordships concur in this view, I request you will move the Lords Commissioners of the Admiralty to communicate with the Company accordingly.

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

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

Sir,

Treasury Chambers, 10 June 1857.

WITH reference to your letter of the 14th of January last, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that before taking any steps towards altering the existing arrangement for postal communication between this country and Brazil, by the adoption of the proposal of Her Majesty's Minister at Rio Janeiro, my Lords request their Lordships will ascertain whether the Royal Mail Steam Packet Company would be willing to omit touching at Lisbon, Teneriffe and Pernambuco, and whether, in consideration of such omission, they would make any deduction from the amount which they now receive for the conveyance of the Brazil mails.

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

Appendix, No. 8. The Secretary to the Admiralty to the Directors of the Royal Mail Steam Packet Company.

Gentlemen,

Admiralty, 13 June 1857.

I AM commanded by my Lords Commissioners of the Admiralty to acquaint you that the question of accelerating the communication between this country and the Brazils is still under the consideration of the Government, and my Lords wish to be informed whether you would be willing to omit touching at Lisbon, Teneriffe, and Pernambuco, and whether, in consideration of such omissions, you would make any deduction from the amount you now receive for the conveyance of the Brazil mails.

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

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Royal Mail Steam Packet Company, No. 55, Moorgate-street.

London, 17 June 1857.

Sir,

I AM instructed to acknowledge the receipt of your letter, dated the 13th instant, relative to the question of accelerating the communication between this country and the Brazils, and, in reply, I am desired by the Court of Directors respectfully to state that so large a portion of the revenue accruing to this Company on the Brazil line is derived from Lisbon, Teneriffe, and Pernambuco, that the omission of these places would be attended with a very heavy loss, instead of a gain to this Company.

I have, &c.
(signed) *Rd. T. Reep,*
Secretary.

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

Sir,

Admiralty, 19 June 1857.

WITH reference to your letter of the 10th instant on the subject of accelerating the communication between this country and the Brazils, I am commanded by my Lords Commissioners of the Admiralty to transmit to you, for the information of the Lords Commissioners of Her Majesty's Treasury, the copy of a letter from the Royal Mail Steam Packet Company, by which it appears that if the packets were to cease to touch at Lisbon, Teneriffe, and Pernambuco, the omission of these places would be attended with a very heavy loss, instead of gain to the Company.

James Wilson, Esq., M.P.,
Treasury.

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

From the Postmaster General to the Treasury, 7 July 1857.

To the Right Honourable the Lords Commissioners of Her Majesty's Treasury.

My Lords,

General Post Office, 7 July 1857.

I HAVE received Mr. Wilson's letter of the 25th ultimo, accompanied by the copy of a letter from the Secretary of the Admiralty, and of its enclosure from the Royal Mail Steam Packet Company, by which it appears that if the packets of the Brazil line omitted to touch at Lisbon, Teneriffe, and Pernambuco, such an omission would entail a heavy loss on the Company.

Under these circumstances, I beg to suggest that your Lordships should cause the Secretary of State for Foreign Affairs to be informed with reference to Mr. Hammond's letter to the Secretary of the Admiralty of the 5th January last, that it will not be expedient to sanction the amended scheme proposed in the Despatch from Her Majesty's Minister at Rio de Janeiro.

Since that Despatch, however, was written, an arrangement has been made under your Lordships' authority for sending additional mails from this country to Brazil, by two lines of private steamers, which arrangement will obviate much of the inconvenience complained of by Mr. Scarlett, and I request that your Lordships will inform the Earl of Clarendon accordingly.

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

Treasury Minute, 10th July 1857.

WRITE to Mr. Hammond in accordance with the suggestion of the Postmaster General:

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Appendix, No. 8.

Royal Mail Steam Packet Company, No. 55, Moorgate-street,
London, 29 July 1857.

Sir,

As chairmen of the Royal Mail Steam Packet and European and Australian Royal Mail Companies, we have the honour to address you on the subject of proposals which have been made to Her Majesty's Government for an amalgamation of the two companies.

The object of such amalgamation is to secure a more efficient performance of the Australian Mail service; and as the completion of the necessary arrangements cannot be effected until the consent of the Lords Commissioners of the Admiralty has been obtained to certain proposed alterations in the existing contracts of the two companies, we beg to submit the following for their Lordships' consideration, and to express our hope that the same will meet their approval.

1. That the present contract of the Royal Mail Steam Packet Company, which is terminable on the 1st January 1862, shall be extended two years, so as to make it of equal duration with the contract of the European and Australian Royal Mail Company.

2. That the restriction to wooden vessels in the existing contract of the Royal Mail Steam Packet Company shall be cancelled, by omitting the words "to be built of wood," in the first paragraph of that contract.

3. That five days additional be allowed for performance of the homeward voyage from Australia, during the strength of the south-west monsoon.

4. That payments for the Australian service be made quarterly, as customary under other mail contracts, without the production of certificates, as at present required, any penalties incurred being abated from the first payment subsequently becoming due.

5. The paragraph in the Australian contract which states, "that if when this contract terminates, any vessels or vessel should have started or should start with the mails, in conformity or in intended 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 said company shall not be entitled to any payment in compensation for the same," shall be altered, so as to entitle the company to payment for such voyage or voyages at the contract rate.

6. That a coal and insurance clause shall be introduced into the contract for the Australian service, similar in its main features to that contained in the contracts with the Royal Mail and the British North American Steam Packet Companies.

We beg leave to add that, on obtaining their Lordships' sanction to the foregoing, it is the intention of the directors of the Royal Mail Steam Packet Company to proceed at once to construct the necessary number of suitable ships to place the West India service on a permanently efficient footing.

Requesting the favour of an early reply,

We have, &c.

(signed) *Charles Edward Mangles*,
Chairman of the Royal Mail Steam Packet Company.

(signed) *John Orr Ewing*,
Chairman of the European and Australian Royal Mail Company.

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

Sir,

Admiralty, 10 August 1857.

I AM commanded by my Lords Commissioners of the Admiralty to request that you will lay before the Commissioners of Her Majesty's Treasury the accompanying copy of a letter signed by the chairman of the Royal Mail Companies, on the subject of proposals which they state have been made to Her Majesty's Government for an amalgamation of the two companies, and I am desired to state, that my Lords do not consider that it would be advisable to sanction alterations in the contract in question, involving the extension of the contract with the Royal Mail Steam Packet Company for two years, without offering the contracts for these services for competition; and I am further to request that you will draw the attention of the Lords of the Treasury to a letter, dated the 14th ultimo, from the Peninsular and Oriental Steam Navigation Company, a copy of which was forwarded to you on the following day, in which that company request to be allowed to tender for the conveyance of the Australian mails, in the event of alterations being made in the existing contract.

J. Wilson, Esq., M.P.,
&c. &c. &c., Treasury.

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

Appendix, No. 8.

The Secretary to the Post Office to the Secretary to the Admiralty.

Sir,

General Post Office, 18 August 1857.

I AM directed by the Postmaster General to transmit to you, for the consideration of the Lords Commissioners of the Admiralty, the enclosed copy of a memorial which his Grace has received from the Manchester Commercial Association, adverting to the inconvenience felt by the merchants trading with Brazil, through having to post their letters for the outward packet two or three days before they receive the letters brought by the homeward packet.

The memorialists suggest three measures by which the existing arrangements may be improved, and an earlier arrival of the Brazil packet effected; viz. (1), an acceleration of speed; (2), an alteration in the scheme for the branch service to and from the River Plate; and (3), the omission of Madeira or Teneriffe as a port of call.

With regard to the last suggestion, his Grace perceives, from a letter addressed by Mr. Romaine to the Secretary of the Treasury, on the 19th June last (a copy of which has been transmitted to this office), that the Royal Mail Packet Company have recently stated, that a large part of the revenue accruing to the company is derived from Lisbon, Teneriffe and Pernambuco; but as he is anxious that any improvement which may be practicable should be effected in this service, the Postmaster General will be glad if the Lords Commissioners of the Admiralty will cause inquiry to be made, whether much loss would attend the omission of Teneriffe only; and, if so, whether Madeira could be left out of the scheme with advantage.

R. Osborne, Esq., M.P.,
&c. &c. &c., Admiralty.

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

Enclosure to Letter of the Secretary to the Post Office to the Secretary to the Admiralty,

Manchester Commercial Association,
26 January 1857.

My Lord Duke,

PERMIT me on behalf of the directors of this Association to represent to your Grace the very great inconvenience which is experienced by the merchants trading to South America, in consequence of being compelled to despatch their monthly correspondence one or two days before the arrival of their advices from thence, a state of things which is by no means a matter of necessity, but, on the contrary, I would respectfully submit, may be readily obviated by a simple adherence to the plan originally laid down for the detention of the mail steamers at the several ports of destination, shown below:

Steamer leaves Southampton on the 9th; arrives at Lisbon, 13th; at Madeira, 15th; at Teneriffe, 16th; at St. Vincent, 20th; at Pernambuco, 27th; at Bahia, 29th; at Rio, 2d or 3d; and ought to leave Rio, 9th or 10th, or 8th or 9th; Bahia, 13th; Pernambuco, 15th; St. Vincent, 22d; Teneriffe, 26th; Madeira, 27th; Lisbon, 29th; and arrives at Southampton, 3d or 4th.

The mails should be despatched from Rio for the River Plate 48 hours after the arrival of the steamer, stopping one day at Monte Video outwards, seven days at Buenos Ayres, and two days at Monte Video homewards, thus allowing ample time for the return to Rio prior to the departure of the following steamer.

The above scheme is based upon the actual performance of one of the vessels now carrying the mails, and she has been detained at Rio 10 or 12 days instead of six; but by limiting the detention to six days, the arrival at Southampton three or four days before the departure of the mail, may be insured.

A still further saving of time and expense might be effected by not requiring the South American steamer to call at Madeira or Teneriffe, the reasons which induced the British Government to order the old Brazilian packet to touch at those places having long ceased to exist.

I may observe, in conclusion, that the present rate of steaming of the South American packet averages about seven and a half miles per hour, while the North American mails are carried at the rate of 13 miles per hour.

Commending this very important subject to your Grace's favourable consideration,

His Grace the Duke of Argyll.

I have, &c.
(signed) *M. Ross, V.P.*

Secretary of the Admiralty to the Directors of the Royal Mail Steam Packet Company.

Gentlemen,

24 August 1857.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying copy of a memorial addressed to the Postmaster General by the Manchester Commercial Association, representing the inconvenience they experience in consequence of being obliged to post their letters for the Brazils two or three days before they receive those brought by the homeward packet; and I am to call your attention to the statements in your letter, dated 11th November 1856, that you "have for some time had under consideration the question of accelerating the delivery of mails on the Brazil route, and when the measures now in progress for that purpose are matured, a revised table of routes for the Brazils and River Plate service will be submitted," and to state that their Lordships will be glad to receive

receive from you the revised table to which you allude; and with reference to your letter of 17th June last, they wish to be informed whether much loss would follow the omission of Teneriffe only, and, if so, whether Madeira could be left out of the scheme with advantage; and with reference to former correspondence, their Lordships desire me to express their opinion that some improvement in this portion of the service conducted by you is called for.

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

Secretary to the Treasury to the Secretary of the Admiralty.

Sir,

Treasury Chambers, 8 October 1857.

IN reply to your letter of 10th August last, relating to the projected amalgamation of the Royal Mail Steam Packet Company and the European and Australian Royal Mail Company, I am commanded by my Lords Commissioners of Her Majesty's Treasury to observe, in reference to the proposal for extending the contract for the first-mentioned company for two years, that my Lords cannot consent to such a request on the ground of any proposed arrangements to be made between that company and the European and Australian Royal Mail Company, the connexion between these companies and the Government being entirely independent of each other. I am to state, however, in reference to your letter of 18th February last, and the correspondence which has taken place respecting an improvement of the Brazilian and River Plate mails, which has long been urgently called for, both by the trading community at home and the British interests in South America, that if the Royal Mail Company is prepared to adopt a more efficient and satisfactory service to those parts, and to make a general improvement in their vessels by an adequate additional outlay of money, my Lords will be prepared, in conformity with the practice which has always been followed in relation to other mail companies, to grant the short extension now asked for.

I am to request that this proposal may be submitted without loss of time to the Royal Mail Company, and that their answer may be forwarded to this Board as early as possible.

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

Secretary to the Admiralty to the Directors of the Royal Mail Steam Packet Company.

Gentlemen,

WITH reference to the letter dated the 29th of July last, from Mr. Mangles and Mr. Ewing, relating to the projected amalgamation of the Royal Mail Steam Packet Company, and the European and Australian Royal Mail Company, I am commanded by my Lords Commissioners of the Admiralty to observe, in reference to the proposal for extending the period of your contract from the 1st of January 1862 to January 1864, that such an extension cannot be granted on the ground of any proposed arrangement to be made between you and the European and Australian Company; the connexion between you (as well as that company) and the Government being entirely independent of each other.

I am to state, however, in reference to your letter of the 14th of February last, and the correspondence which has taken place respecting an improvement of the Brazilian and River Plate mails which has long been urgently called for, both by the trading community at home, and the British interests in South America, that if you are prepared to adopt a more efficient and satisfactory service to those parts, and to make a general improvement in your vessels by an adequate additional outlay of money, the Lords Commissioners of Her Majesty's Treasury will be prepared to authorize the extension of your contract to the period specified.

I am, &c.
(signed) *R. Osborne.*

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Royal Mail Steam Packet Company, 55, Moorgate-street,
London, E. C., 14 October 1857.

Sir,

I AM instructed by the Court of Directors of this company to acknowledge the receipt of your letter dated the 9th instant, specifying the conditions upon which the Lords Commissioners of Her Majesty's Treasury are prepared to authorize an extension of two years to the company's contract.

With regard to the condition relating to the Brazil line, I am respectfully to submit herewith a table for an acceleration of that service, in which it is provided that the homeward shall reach England three days before the departure of the outward ship, and I am to state that the directors undertake to make arrangements for performing the route as therein proposed, and commencing the same as soon as possible.

I am to remark, however, that such acceleration can only be attained by a large outlay in fitting ships for the purpose, and by excluding from the route table the islands of Madeira and Teneriffe, which exclusion will occasion a considerable loss of revenue to the company.

With respect to the condition that a general improvement in the company's vessels shall

Appendix, No. 8.

be effected by an adequate additional outlay of money, I am to state that the directors agree to this requirement also, and they acquiesce in it the more readily, from a conviction that the disposition evinced by other countries to compete with Great Britain in the maintenance of steam communication by means of subsidized companies, demands that every effort should be made to secure the superiority which we at present enjoy.

In thus executing the wishes of Her Majesty's Government, the directors feel that they are adopting a course most conducive to the public interests, and consequently one which they hope will entitle them to a continuance of that equitable consideration, without which they would not be warranted in making the outlay necessary to accomplish the objects proposed.

I have, &c.
(signed) *Rd. T. Keep,*
Secretary.

Enclosure (No. 1) to Letter of the Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

TABLE, No. 8.

BRAZIL ROUTE.—Once a Month.

D A T E S.		P L A C E S.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coals.	From Southampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	9 - 6 p.m. -	From Southampton—	-	-	-	-	-	-	Coal	—	—
13 - 1 p.m. -	14 - 8 a.m. -	To Lisbon - - -	866	9½	3	19	-	19	Coal	3	19
21 - 4 a.m. -	22 - 4 p.m. -	„ St. Vincent (Cape de Verd).	1,560	9½	6	20	1	12	Coal	11	10
29 - 4 p.m. -	30 - 8 a.m. -	„ Pernambuco - -	1,600	9½	7	-	-	16	- -	19	22
2 - 3 a.m. -	2 - 8 p.m. -	„ Bahia - - -	410	9½	1	19	-	17	Coal	22	9
5 - Midnight	10 - 8 a.m. -	„ Rio de Janeiro -	720	9½	3	4	4	8	Coal	26	6
13 - Noon -	14 - Noon -	„ Bahia - - -	720	9½	3	4	1	-	Coal	33	18
16 - 7 a.m. -	16 - 6 p.m. -	„ Pernambuco - -	410	9½	1	19	-	11	- -	36	13
23 - 6 p.m. -	25 - 6 a.m. -	„ St. Vincent (Cape de Verd).	1,600	9½	7	-	1	11	Coal	44	—
2 - 2 a.m. -	2 - 6 p.m. -	„ Lisbon - - -	1,560	9½	6	20	-	16	Coal	52	8
6 - 1 p.m. -	- - -	„ Southampton - -	866	9½	3	19	-	-	Coal	56	19
			10,312	-	45	4	*11	15	-	-	-

	Days.	Hours.
Time out to Rio de Janeiro - - - - -	26	6
Ditto home from - ditto - - - - -	26	5
Course of Post - - - - -	56	19

REMARKS ON TABLE, No. 8.

The steamer employed on this route will perform the service as prescribed by the Table, exchanging at Rio de Janeiro mails, &c., with the vessels on Route No. 9.

On the return voyage this steamer will coal complete at Rio de Janeiro, and leave there at 8 a.m. on the 31st day after her departure from Southampton, unless that day fall on a Monday, when the departure is not to take place until the following day, Tuesday. In case the No. 9 vessel should not reach Rio de Janeiro before the time above-mentioned, this No. 8 steamer will await her arrival eight clear days (if necessary) beyond the appointed time for starting, after which period she will take her departure, whether the No. 9 vessel has arrived or not.

Whatever may be the time at which the steamers may arrive at Pernambuco and Bahia on the outward and homeward voyages, the stoppages are to be so regulated that 12 hours daylight may be allowed to elapse before the steamers depart from those places, except in cases where the vessels may anchor by 8 a.m.; then they are to proceed the same evening, provided the weather has not prevented the landing and embarking of mails, passengers, &c.

* This should be 10.—W. C.

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Enclosure (No. 2) to Letter from the Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

TABLE, No. 9.

RIVER PLATE ROUTE—Once a Month.

DATES.		PLACES.	Distance in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coal.	From Southampton.	
Arrival.	Departure.				Days.	Hours.	Days.	Hours.		Days.	Hours.
—	8 - 4 p.m.	From Rio de Janeiro	-	-	-	-	-	-	Coal	28	22
13 - Noon	14 - 4 p.m.	To Monte Video	1,040	9	4	20	1	4	-	33	18
15 - 6 a.m.	28 - 4 p.m.	„ Buenos Ayres	130	9	-	14	13	10	-	35	12
29 - 6 a.m.	1 - Noon	„ Monte Video	130	9	-	14	2	6	Coal	49	12
6 - 8 a.m.	-	„ Rio de Janeiro	1,040	9	4	20	2	8	Coal	56	14
			2,340	-	10	20	19	4	-	-	-

	Days.	Hours.
Time out to Buenos Ayres	35	12
Ditto, home from ditto	37	21
Course of post	86	19

REMARKS ON TABLE, No. 9.

Embracing Alteration per Admiralty Letter, dated 1 March 1856.

THIS No. 9 vessel, having received at Rio de Janeiro the out and other mails, &c., will deliver them according to the Table, either by proceeding with them to Buenos Ayres, or by transhipping them to a smaller steamer, stationed at Monte Video for the purpose; in either case taking care to leave Buenos Ayres on the return voyage precisely at 4 p. m., on the forty-ninth day after the out mails were dispatched from Southampton.

On returning to Rio de Janeiro, the homeward mails, &c., will be delivered to the No. 8 steamer, from which out mails will be received in exchange. This No. 9 vessel will then coal, &c., as expeditiously as possible, and proceed to perform the service as before, after an interval of at least 48 hours from the time of her arrival at Rio de Janeiro from the River Plate.

Secretary to the Admiralty to Secretary to the Treasury.

Sir,

16 October 1857.

WITH reference to your letter of the 8th instant, stating the conditions which the Lords Commissioners of Her Majesty's Treasury would be prepared to grant to the Royal Mail Steam Packet Company an extension of two years to the contract for the conveyance of the mails to and from this country, the West Indies, and the Brazils,—

I am commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying copy of a letter from the Company, in which the Directors state their readiness to accede to the conditions specified, and explain the measures they propose to adopt in regard to accelerating the postal service with the Brazils.

James Wilson, Esq., M. P.,
Treasury.

I am, &c.
(signed) W. G. Osborne.

Secretary to the Treasury to Secretary to the Admiralty.

Sir,

Treasury Chambers, 2 November 1857.

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, for the information of the Lords Commissioners of the Admiralty, copy of a letter from Mr. Hill, on the subject of an extension of the contract held by the Royal Mail Steam Packet

Appendix, No. 8. Packet Company, for the conveyance of mails to and from this country, the West Indies, and the Brazils; and I am to state that, subject to the conditions contained in the enclosed letter, and in the previous correspondence, and to such an arrangement for an improvement in the vessels employed on the West India station as shall be satisfactory to the Lords Commissioners of the Admiralty, an agreement may be entered into for extending the existing contract by two years.

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

Enclosure in Letter dated 2d November 1857, from Secretary to the Treasury to Secretary to the Admiralty.

Sir,

General Post Office, 28 October 1857.

In the absence of the Postmaster General, I have the honour to return the accompanying papers, transmitted to his Grace on the 24th instant.

As it appeared by Mr. Romaine's letter of the 16th instant, that an extension of two years to the contract with the Royal Mail Steam Packet Company had been conditionally promised by the Lords Commissioners of the Treasury, before the papers were referred to this department, I have not felt myself at liberty to offer any observations with respect to the expediency of making such a concession, and I have confined myself to considering the improvements in the existing mail service which the Company should be required to make on the contract being renewed.

I have accordingly placed myself in communication with Captain List, the Chairman of the Board of Management of the Royal Mail Steam Packet Company; and having stated to him the several measures which appear to me to be called for, I am happy to say the Directors of the Company have agreed to adopt all these measures.

1st. The Company will engage to provide accommodation for sorting letters, &c., on board their packets during the voyage, and to convey, without extra charge, a clerk and a letter sorter, or two letter sorters, in lieu of the Admiralty agent and his servant, the Post Office, however, paying the cost of the erection and fittings of the sorting room.

2dly. The time-tables submitted in Mr. Reep's letter to the Secretary of the Admiralty shall be altered, so as to make the packets leave Rio and arrive at Southampton one day earlier.

3dly. The acceleration on the Brazil line to commence within six months, and the acceleration on the West India line to commence within 20 months from the present time

4thly. It is to be clearly understood, in future, that the time-tables form part of the contract.

I enclose copies of the minutes and correspondence in which these points have been agreed upon.

In the short space of time which has been allowed me to examine this question, I have not been able to discover any other modifications of the existing contract which require amendment.

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

Secretary to the Admiralty to the Directors of the Royal Mail Steam Navigation Company.

Gentlemen,

7 November 1857.

WITH reference to your letter of the 14th of last month, I am commanded by the Lords Commissioners of the Admiralty to acquaint you, that they have been apprised that, on communication with the Secretary of the Post Office in regard to the new arrangement of the postal services with the Brazils, you have acceded to certain alterations of the dates of the arrival and departure of the packets. My Lords, therefore, request you will submit amended time-tables for this line, showing the arrangement contemplated, and state at the same time when you will be prepared to commence the improved service. Their Lordships also request you will specify the nature of the "general improvement" in regard to the vessels employed under your contract, that you state, in your communication of the 14th ultimo, you are willing to make, in consideration of the continuation of your contract for an additional period of two years.

I am, &c.
(signed) *R. Osborne.*

Secretary to the Admiralty to Secretary to the Treasury.

Appendix, No. 8.

Sir

20 November 1857.

WITH reference to your letter, No. 16,956, of the 2d instant, and its enclosures, authorising, on certain conditions, the extension of two years of the existing contract with the Royal Mail Steam Packet Company, 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 before concluding the agreement with the Company my Lords desire to submit, that although by the time tables agreed upon at the Post Office the course of post between this country, Rio de Janeiro, and Buenos Ayres will be considerably accelerated, yet at the same time no provision has been made for establishing a service between Buenos Ayres and up the Parana River, for which service my Lords understood that the Government of the Argentine Republic have expressed their readiness to contribute, and which has been much pressed in former correspondence by Her Majesty's Ministers to that Republic as a point of considerable importance.

My Lords also desire me to observe, that complaints have been made of the smallness of the vessels employed between Rio and Buenos Ayres, and they would suggest either that the Company should, upon re-consideration, adopt the views of Mr. Christie, supported by the authority of the Hydrographer of the Admiralty and of Captain J. B. Sullivan (whose opinions on the subject were enclosed to you on the 15th December last), that their large steamers should run to Monte Video, or that a clause should be inserted in the new arrangement, providing that vessels of a larger class shall be employed in the service between Rio and Buenos Ayres.

James Wilson, Esq. M.P.,
&c. &c. &c.

I am, &c.
(signed) R. Osborne.

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Royal Mail Steam Packet Company, 55, Moorgate-street,
London, E. C., 12 December 1857.

Sir,

WITH reference to the extension for two years of this company's contract for the conveyance of Her Majesty's mails to and from the West Indies, Brazils, &c., I am instructed by the Court of Directors respectfully to inquire, whether it be the desire of the Lords Commissioners of the Admiralty that a new contract should be executed for the purpose, no intimation from their Lordships upon this point having yet been received.

I have, &c.
(signed) Rd. T. Reep,
Secretary.

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

(18,339 $\frac{1}{2}$.)

Sir,

Treasury Chambers, 17 December 1857.

IN reply to your letter of the 20th ultimo, relating to the conditions for an extension of the contract of the Royal Mail Steam Packet Company for a period of two years, I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of the Lords Commissioners of the Admiralty, that in reference to the proposal for establishing a service up the Parana, it appeared to my Lords that the trifling contribution which the Argentine Government was prepared to make would leave an expenditure to be incurred by this country far beyond what the object would justify, and my Lords were not therefore prepared to undertake it.

With regard to the service from Rio to the River Plate, my Lords understood that the Royal Mail Steam Packet Company had been in communication with the Admiralty, and had undertaken to discontinue the use of the "Prince" upon that station, against which so much complaint had been made, and to place upon it packets of a larger and more powerful class, to ensure the better performance of the service; and my Lords are of opinion that such an arrangement should form one of the conditions of the extended period of the contract.

I have, &c.
(signed) James Wilson.

Appendix, No. 8. Secretary to the Admiralty to the Directors of the Royal Mail Steam Packet Company.

Gentlemen,

12 January 1858.

I AM directed by the Lords Commissioners of the Admiralty to request you will state when you will be prepared to commence the accelerated service to the West Indies by the employment of the more powerful steamers proposed to be built, and what steps you are prepared to take for placing a vessel of a more powerful class on the Buenos Ayres and Monte Video station.

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

From the Postmaster General to the Treasury, 1st February 1858.

My Lords,

General Post Office, 1st February 1858.

I WISH to be enabled to state in my annual report to Parliament, which is now in preparation, whether any improvement will be effected during the present year in the mail service between this country and Brazil and the River Plate, and I request, therefore, that your Lordships will be pleased to inform me what decision has been come to with respect to the application of the Royal Mail Steam Packet Company for an extension of their mail contract, upon which subject a report was addressed to your Lordships by this department on the 28th October last.

The Lords Commissioners of the Treasury.

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

Treasury Minute, 5th February 1858.

TRANSMIT, for the information of the Postmaster General, copies of their Lordships' Minute* of 31st October on the letter of 28th October herein referred to (No. 16,956/57), and also of the Admiralty letter of 20th November, and Minute† thereon of 17th December on the same subject.

The Secretary to the Post Office to the Secretary to the Admiralty.

Sir,

General Post Office, 10 February 1858.

IN reply to an inquiry recently addressed by the Postmaster General to the Lords of Her Majesty's Treasury, as to the decision which had been arrived at with reference to an application made by the Royal Mail Steam Packet Company in October last, for an extension of their mail contract, on the understanding that an improvement should be made in the service between this country and the Brazils and the River Plate, their Lordships have transmitted, for his Grace's information, copies of a Treasury Minute dated the 31st October last, of a letter which their Lordships received from the Admiralty dated the 20th November, and of their Lordships' Minute thereon dated the 17th December 1857, all relating to this subject.

It appears from the documents above described that the Treasury authorised the Lords Commissioners of the Admiralty to enter into an agreement with the Royal Mail Company for extending the existing contract for two years, under certain conditions; but it is not shown whether the new contract has yet been executed, nor, if so, when the altered service will commence.

I am to request, therefore, that the Lords Commissioners of the Admiralty will be good enough to inform the Postmaster General how this matter at present stands, in order that, if necessary, his Grace may issue amended instructions to the officers of this department at the several ports to and from which the Brazil and River Plate contract packets convey mails.

R. Osborne, Esq., M. P., &c. &c. &c.
Admiralty, S. W.

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

Secretary to the Admiralty to Secretary to the Postmaster General.

Sir,

11 February 1858

IN reply to your letter of the 10th instant, 88 T, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, that the extension of the contract with the Royal Mail

* Treasury letter to Admiralty of 2 November 1857.

† Letter to Admiralty of 17 December 1857.

ON PACKET AND TELEGRAPHIC CONTRACTS.

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Appendix, No. 8.

Mail Steam Packet Company has not yet been concluded, and that notice will be given to the Postmaster General of the time when the acceleration of the Brazil mail service is to commence.

F. Hill, Esq.,
General Post Office.

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

Secretary to the Admiralty to Storekeeper General.

Storekeeper General,

25 February 1858.

You are to cause a draft contract to be prepared for the extension of the present contract with the Royal Mail Steam Packet Company to January 13th, 1864, on the following conditions:—

1. Acceleration of Brazil service, in accordance with the time table enclosed in a letter from the Company of November 11th, 1857 (which is transmitted herewith for guidance), the new table to commence on 9th of May.
2. The Company to provide one iron paddle-wheel steamer of not less than 1,000 tons' builder's measurement, with engines of 250 horses power, to be ready for sea within 15 months from 1st March 1858, for the service between Rio de Janeiro and the River Plate. The Company to be permitted to employ the "Camilla," or a steamer of not less tonnage and horse-power, in case of the larger vessel being unavoidably under repair.
3. The Company to provide three new iron ships of not less than 3,000 tons, builders' measurement, with new and appropriate engines of 800 horses power, for the transatlantic service, to be ready for sea in 20 months from January 14th, 1858.
4. Acceleration of West India service to commence at the same date, according to time tables to be fixed by the Board of Admiralty.
5. The Company to provide accommodation for sorting letters, &c., to the satisfaction of the Postmaster General, on board any of their vessels employed under contract, and to convey without extra charge a clerk and letter sorter, or two letter sorters, in lieu of the Admiralty agent and his servant. The cost of the erection and fittings of the sorting rooms to be defrayed by the Postmaster General.

Copies of the correspondence between the Company and the Postmaster General are transmitted for guidance as to details as well as of a letter from the Company, dated 14 January 1858.

By command of the Lords Commissioners of the Admiralty,
(signed) *R. Osborne.*

P. S.—The enclosures being in original, are to be returned with the draft contract.

Enclosure, No. 1.

The Secretary to the Royal Mail Steam Packet Company to the Secretary of the Post Office.

Royal Mail Steam Packet Company, 55, Moorgate-street,
27 October 1857.

Sir,

IN reply to your letter of yesterday, I am instructed to remark that my communication of the same date was intended to embrace your proposal that the time tables should form part of the contract, and it was thought that the reference made to the Minutes of Conference, and to a subsequent interview between yourself and Captain Liot, had that effect. As, however, you do not so understand it, I am desired by the directors to state, agreeably with your request, that they agree to the said proposal.

I have, &c.
(signed) *R. T. Reep,*
Secretary.

F. Hill, Esq.

Enclosure, No. 2.

The Secretary to the Royal Mail Steam Packet Company to the Secretary of the Post Office.

Royal Mail Steam Packet Company, 55, Moorgate-street,
24 October 1857.

Sir,

WITH reference to a conference which took place this morning at the General Post Office between Mr. Frederic Hill and Captain Liot, the chairman of the Board of Management of this Company, upon the subject of arrangements for sorting the letters and newspapers

Appendix, No. 8. papers on board the contract steamers engaged in carrying the mails between Southampton and Brazil, I am desired to state as follows :

1. The Royal Mail Steam Packet Company will be happy to convey a Post Office clerk and a letter sorter on board each of the steamers on the said lines, if Her Majesty's Government desire it, instead of an Admiralty Agent and his servant; and the individuals so conveyed shall be accommodated and victualled after the plan now adopted on board the West India mail packets, with the Admiralty agents and their servants.

2. Should Her Majesty's Government arrange to withdraw the Admiralty Agent and his servant, and employ two Post Office clerks instead, no extra charge will be made to the Government for any additional expense that may be incurred by the Company on the score of victualling, provided the said Post Office clerks occupy a double cabin; they would, however, be treated as first-class passengers.

3. The additional charge for providing a sorting room on board each of the packets employed upon the two lines would only be to cover the cost to the Company of its construction and fittings, the expense of which would not exceed 100 *l.* for each ship.

Should it be found hereafter that any extension of accommodation were necessary for the more perfect performance of the measure herein treated of, the Royal Mail Steam Packet Company would be willing to agree to it, provided such extension did not involve any unreasonable amount of expense to the Company; but that point they would be perfectly content to leave to the equitable consideration of Her Majesty's Postmaster General.

There would be no extra charge for the services of men to convey to and from the mail room the bags and boxes containing the letters which might have to be sorted.

I am to suggest that you will be pleased to issue instructions that detailed plans of the fittings of the proposed sorting rooms be furnished me at your convenience.

I have, &c.
(signed) *R. T. Reep,*
Secretary.

Rowland Hill, Esq.

Enclosure, No. 3.

Minutes of Conference between Mr. *Frederic Hill* and Captain *Liot*, at the General Post Office, this 24th of October 1857.

THE time tables shall be altered so as to take off one day from the stay at Rio and give one more day in England, by bringing the homeward packet to Southampton one day earlier. If it should be found that the new service is done within the time allowed to the extent of 24 hours, the additional delay at Rio shall be restored; but the latter change is not to be made until after the expiration of 12 months from the adoption of the new scheme.

The acceleration shall commence on the Brazil line in six months from the present time at the latest, and on the West India line in 18 months from the expiration of this year at the latest.

Mr. *Frederic Hill* proposed that the time tables shall form part of the contract, in accordance with the strongly expressed opinion of the Committee on Contract Packets in 1853, and with the provisions of the contracts with the Peninsular and Oriental Steam Navigation Company; but to this proposal Captain *Liot* stated that he did not feel himself authorised to accede without consulting the Board of Directors of the Royal Mail Packet Company.

Captain *Liot* delivered to Mr. *Frederic Hill* a letter, agreeing to provide accommodation on board the West India and Brazilian packets for sorting letters during the voyage.

Enclosure, No. 4.

The Secretary to the Royal Mail Steam Packet Company to the Secretary of the Post Office.

Royal Mail Steam Packet Company,
No. 55, Moorgate-street.
26 October 1857.

Sir,

With reference to the Minutes of Conference between yourself and Captain *Liot*, Chairman of the Board of Management of the Royal Mail Steam Packet Company, held at the General Post Office on the 24th instant, and also as respects Captain *Liot's* verbal communication to you this day on behalf of the Royal Mail Steam Packet Company, I am to acquaint you that the directors of that body approve and confirm the several points agreed upon between yourself and Captain *Liot* upon the occasions alluded to, viz :

“The time tables for the Brazil route shall be altered so as to take off one day from the stay

stay at Rio, and give one more day in England, by bringing the homeward packets to Southampton one day earlier. If it should be found that the new service is done within the time allowed to the extent of 24 hours, the additional day at Rio shall be restored, but the latter change is not to be made until after the expiration of 12 months from the adoption of the new scheme.

"The acceleration shall commence on the Brazil line in six months from the present time at the latest, and on the West India line in 18 months from the expiration of this year at the latest.

"Mr. Frederic Hill proposed that the time table shall form part of the contract, in accordance with the strongly expressed opinion of the Committee on Contract Packets in 1853, and with the provisions of the contracts with the Peninsular and Oriental Steam Navigation Company.

"Captain Liot delivered to Mr. Frederic Hill a letter, agreeing to provide accommodation on board the West India and Brazilian packets for sorting letters during the voyage."

Frederic Hill, Esq.

I have, &c.
(signed) R. T. Reep.

Enclosure, No. 5.

The Secretary of the Post Office to the Secretary to the Royal Mail Steam Packet Company.

Sir,

General Post Office, 26 October 1857.

I HAVE to acknowledge the receipt of your letter of this day's date, in which you inform me that the Directors of the Royal Mail Steam Packet Company approve and confirm the several points agreed upon between Captain Liot and myself at the conference which took place at this office on Saturday last, with respect to the proposed extension of the Company's contract for the West India and Brazil mail service.

Upon reference, however, to the Minutes of that Conference, the directors will perceive that Captain Liot did not agree to my proposal that the time tables should form part of the contract, and that this point was specially reserved for the decision of the directors.

To prevent all misunderstanding, therefore, I have to request that you will inform me whether the directors agree to the time tables forming part of the new contract.

R. T. Reep, Esq.,
55, Moorgate-street, E. C.

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

Enclosure, No. 6.

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Royal Mail Steam Packet Company, 55, Moorgate-street,
London, 11 November 1857.

Sir,

I AM instructed by the Court of Directors of this Company to acknowledge the receipt of your letter, dated the 7th instant, and, in compliance with the desire therein contained, to transmit herewith amended time tables for the postal service on the Brazil line, which, if approved by the Lords Commissioners of the Admiralty, the directors propose to commence on the 9th May 1858.

In reply to the latter part of your letter, respecting the "general improvement" alluded to in my communication of the 14th ultimo, I am desired to state that the directors are prepared to incur the expense of constructing three new iron ships of great capacity, say about 3,000 tons each, for the Atlantic portion of the West India service, and they entertain a confident expectation that, when these new ships are placed on the line with the "Atrato" and "La Plata," the Contract Mail service, throughout the whole of its branches, &c., will be maintained in a way to ensure general satisfaction.

I have, &c.
(signed) R. T. Reep,
Secretary.

TABLE, No. 8.

BRAZIL ROUTE.—Once a Month.

DATES.		PLACES.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coal.	From Southampton.	
Arrival.	Departure.				Days.	Hrs.	Days.	Hrs.		Days.	Hours.
—	9 - 6 p.m. -	From Southampton—									
13 - 1 p.m. -	14 - 8 a.m. -	To Lisbon - - -	866	9½	3	19	-	19	Coal	3	19
21 - 4 a.m. -	22 - 4 p.m. -	„ St. Vincent (Cape Verds).	1,560	9½	6	20	1	12	Coal	11	10
29 - 4 p.m. -	30 - 8 a.m. -	„ Pernambuco - -	1,600	9½	7	-	-	16	-	19	22
2 - 3 a.m. -	2 - 8 p.m. -	„ Bahia - - -	410	9½	1	19	-	17	Coal	22	9
5 - Midnight	9 - 8 a.m. -	„ Rio de Janeiro -	720	9½	3	4	3	8	Coal	26	6
12 - Noon	13 - Noon -	„ Bahia - - -	720	9½	3	4	1	-	Coal	32	18
15 - 7 a.m. -	15 - 6 p.m. -	„ Pernambuco - -	410	9½	1	19	-	11	-	35	13
22 - 6 p.m. -	24 - 6 a.m. -	„ St. Vincent (Cape Verds).	1,600	9½	7	-	1	12	Coal	43	-
1 - 2 a.m. -	1 - 6 p.m. -	„ Lisbon - - -	1,560	9½	6	20	-	16	Coal	51	8
5 - 1 p.m. -	—	„ Southampton - -	866	9½	3	19	-	-	-	55	19
			10,312	-	45	4	10	15	-	-	-

	Days.	Hours.
Time out to Rio de Janeiro - - - - -	26	6
Ditto home from ditto - - - - -	26	5
Course of Post - - - - -	55	19

REMARKS ON TABLE, No. 8.

The steamers employed on this route will perform the service as prescribed by the Table, exchanging at Rio de Janeiro mails, &c., with the vessel on route No. 9.

On the return voyage, this steamer will coal complete at Rio de Janeiro, and leave there at 8 a. m. on the 20th day after her departure from Southampton, unless that day falls on a Monday, when the departure is not likely to take place until the following day, Tuesday.

In case the No. 9 vessel should not reach Rio de Janeiro before the time above mentioned, this No. 8 steamer will await her arrival eight clear days (if necessary) beyond the appointed time for starting, after which period she will take her departure, whether the No. 9 vessel has arrived or not.

Whatever may be the time at which the steamers may arrive at Pernambuco and Bahia on the outward and homeward voyages, the stoppages are to be so regulated that 12 hours' daylight may be allowed to elapse before the steamers depart from those places, except in cases where the vessels may anchor by 8 a. m.; then they are to proceed the same evening, provided the weather has not prevented the landing and embarking of mails, passengers, &c.

TABLE, No. 9.

RIVER PLATE Route.— Once a Month.

DATES.		PLACES.	Distance in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coal.	From Southampton.	
Arrival.	Departure.				Days.	Hrs.	Days.	Hrs.		Days.	Hours.
—	8 - 4 p.m.	Rio de Janeiro	—	—	—	—	—	—	Coal	28	22
13 - Noon	14 - 4 p.m.	Monte Video	1,040	9	4	20	1	4	Coal	33	18
15 - 6 a.m.	28 - 4 p.m.	Buenos Ayres	130	9	—	14	13	10	—	35	12
29 - 6 a.m.	1 - Noon	Monte Video	130	9	—	14	2	6	Coal	49	12
6 - 8 a.m.	—	Rio de Janeiro	1,040	9	4	20	2	8	Coal	56	14
			2,340	—	10	20	19	4	—	—	—

	Days.	Hours.
Time out to Buenos Ayres	35	12
Ditto, home from ditto	36	21
Course of post	86	19

REMARKS ON TABLE, No. 9.

Embracing Alterations per Admiralty Letter, dated 1st March 1856.

This No. 9 vessel, having received at Rio de Janeiro the out and other mails, &c., will deliver them according to the Table, either by proceeding with them to Buenos Ayres, or by transhipping them to a smaller steamer stationed at Monte Video for the purpose; in either case taking care to leave Buenos Ayres, on the return voyage, precisely at 4 p. m. on the 49th day after the out mails were despatched from Southampton.

On returning to Rio de Janeiro, the homeward mails, &c., will be delivered to the No. 8 steamer, from which out mails will be received in exchange. This No. 9 vessel will then coal, &c., as expeditiously as possible, and proceed to perform the service as before, after an interval of at least 48 hours from the time of her arrival at Rio de Janeiro from the River Plate.

Enclosure No. 7.

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Royal Mail Steam Packet Company, 55, Moorgate-street,
London, 14 January 1858.

Sir,

IN reply to your letter of the 12th instant (S), I am instructed by the Court of Directors of this Company respectfully to state, that they have accepted tenders for the construction forthwith of two paddle-wheel steamers of iron of 3,090 tons, builders' measurement, each, to be fitted with engines of 800-horse power; they are in treaty, moreover, for the building of a third steamer of similar dimensions and horse power, all of which they hope to have ready for sea in 20 months from the time of signing the contract with Her Majesty's Government, or as much earlier as possible. These three steamers are intended for the West India Transatlantic Mail Service, and when ready, will complete that portion of the service.

I am further to state, that the directors agree to build one iron paddle-wheel steamer of about 1,000 tons, builders' measurement, and 250-horse power, for the mail service between Rio de Janeiro and the River Plate, and have her ready for sea in 15 months from the date of the signing of the contract with Her Majesty's Government, or earlier if possible; they propose, however, that should it become necessary to withdraw her for repair, they shall be at liberty temporarily to replace her with the "Camilla," or other vessel of similar size and power.

I have, &c.
(signed) J. M. Lloyd, pro Secretary.

Appendix, No. 8.

The Secretary to the Post Office to the Secretary to the Admiralty.

Sir,

General Post Office, 25 February 1858.

IN a correspondence which took place between this department and the Treasury in October last, on the subject of the proposed extension for two years of the contract with the Royal Mail Steam Packet Company for the conveyance of the mails between this country and the West Indies and Brazil, the Postmaster General informed the Lords of the Treasury that, after communicating with the Company, he had ascertained that they were willing, in the event of the extension being granted to them, to provide accommodation for sorting letters, &c. on board their packets during the voyage, and to convey, without extra charge, a clerk and a letter sorter, or two letter sorters, in lieu of the Admiralty agent and his servant, the Post Office, however, paying the cost of the erection and fitting up of the sorting rooms.

The Postmaster General considers it very desirable that no time should be lost in arranging for the sorting of mails on board the West India and Brazil contract packets; and his Grace thinks it probable that, although the Lords Commissioners of the Admiralty have not yet finally arranged with the Royal Mail Steam Packet Company for the extension of their contract, the Company, if applied to, would be inclined to afford the necessary facilities for this duty, on the terms above stated, without waiting the formal extension of their contract.

I am, therefore, to request that the Lords Commissioners of the Admiralty will be good enough to communicate with the Company, and to ascertain whether they are willing to proceed with the erection of the requisite sorting cabins on board their packets both on the West India and Brazil lines, and to allow the arrangements for sorting on board to commence as soon as the cabins can be completed.

R. Osborne, Esq., M.P.,
&c. &c. &c., Admiralty.

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

Secretary to the Admiralty to Secretary to the Postmaster General.

Sir,

26 February 1858.

IN reply to your letter of the 25th instant, I am commanded by my Lords Commissioners of the Admiralty to acquaint you, for the information of his Grace the Postmaster General, that final arrangements have been made for the extension of the contract with the Royal Mail Steam Navigation Company, including a clause upon the subject of sorting the mails on board.

Rowland Hill, Esq.,
&c. &c. &c.

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

The Storekeeper General to the Secretary to the Admiralty.

Admiralty, 13 March 1858.

WITH reference to their Lordships' Minutes of the 25th ultimo, I beg to transmit herewith a draft contract for the extension of the present contract with the Royal Mail Steam Packet Company, for the conveyance of mails to the West Indies and Brazils to the 1st January 1864, for their Lordships' approval.

The papers are herewith returned.

The Right Honourable
H. L. Corry, M.P.

(signed) *J. R. Clark,*
For Storekeeper General.

Secretary to the Admiralty to Storekeeper General.

Storekeeper General,

20 March 1858.

WITH reference to the accompanying draft contract with the Royal Mail Steam Packet Company for an extension of the period of their contract, and for the improvement of the Brazil service, &c., I am to acquaint you, that as the Company object to the insertion of the clause, page 10, for the completion of any voyages commenced, but not completed at the period of the termination of the contract, but without payment on account thereof, my Lords will consent to allow the contract mileage rate of 9 s. 10 d., to be made applicable to such portions of voyages as may be incomplete at the date the contract is closed.

With regard to the question of the bond, it appears desirable that security to the amount of 50,800 l. should be taken to cover the original and supplementary contracts, when the previous bond for that amount may be cancelled.

So soon as these emendations are made, the draft is to be returned, in order that it may be submitted for final approval to the Treasury and Post Office.

By command of their Lordships,
(signed) *W. G. Romaine.*

The Storekeeper General to the Secretary to the Admiralty.

Admiralty, 26 March 1858.

WITH reference to their Lordships' order of the 20th instant, I beg to transmit herewith a draft of the proposed contract with the Royal Mail Steam Packet Company for an extension of the period of their present contract, and for the improvement of the Brazil service, &c., with the emendations therein pointed out.

The Right Honourable
H. L. Corry, M. P.

(signed) *J. R. Clark,*
For Storekeeper General.

Secretary to the Admiralty to Secretary to Postmaster General.

Sir,

19 March 1858.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you, for the purpose of being laid before the Postmaster General, the draft of the contract proposed to be entered into with the Royal Mail Steam Packet Company, by which they are granted an extension of the period of their present contract, and an obligation is imposed upon them for the improvement of the Brazil mail service, and my Lords request that you will move his Lordship to inform them whether the provisions therein contained meet with his approval.

Rowland Hill, Esq.,
&c. &c.

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

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Royal Mail Steam Packet Company, 55, Moorgate-street,
London, E. C., 29 March 1858.

Sir,

THE directors of this Company having perused the draft recently prepared of the new contract for the conveyance of the mails to and from the West Indies, Brazils, &c., instruct me respectfully to beg the attention of the Lords Commissioners of the Admiralty to the word "additional," which is introduced in reference to the new ships the Company is now building for the service.

As the term in question has not been used in any part of the correspondence that has taken place with their Lordships on the subject, and as it was never contemplated by the directors that the new ships should be used otherwise than as substitutes for old ones, I am to propose, for their Lordships' consideration, that the word be omitted, and that the portion of the clause in which it appears should run as follows: "by means of a sufficient number of new steam vessels, as hereinafter mentioned."

I have, &c.
(signed) *R. T. Reep,*
Secretary.

The Secretary to the Royal Mail Steam Packet Company to the Secretary to the Admiralty.

Royal Mail Steam Packet Company, 55, Moorgate-street,
London, E. C., 6 April 1858.

Sir,

WITH reference to my letter dated the 29th ultimo, I am instructed by the directors of this Company to state, that at the time it was written, they had not noticed that the restriction to wooden ships contained in the old contract was continued in the draft for the new one, and as it was proposed that such restriction should be cancelled, I am respectfully to request that a clause to that effect may be added to the new contract, the Lords Commissioners of the Admiralty having already sanctioned the use of iron in the construction of new ships.

I have, &c.
(signed) *Rd. T. Reep,*
Secretary.

Appendix, No. 8.

Secretary to the Admiralty to Storekeeper General.

Storekeeper General,

13 April 1858.

A CLAUSE is to be inserted in the supplementary contract with the Royal Mail Steam Packet Company to annul the restriction originally provided as to the employment of wooden vessels.

By command of their Lordships,

(signed) *H. Corry.*

The Secretary to the Post Office to the Secretary to the Admiralty.

Sir,

General Post Office, 15 April 1858.

HAVING laid before the Postmaster General your letter of the 29th ultimo, enclosing the draft of an additional contract proposed to be entered into with the Royal Mail Steam Packet Company, I am directed by his Lordship to transmit to you, and to request that you will communicate to the Lords Commissioners of the Admiralty, the accompanying observations of the solicitor of this department, to whom the draft has been referred.

With reference to the date named in the contract as the limit within which the West India mail service shall be accelerated, viz., the 14th September 1859, I am desired to point out that, at the conference which took place at this office, the Chairman of the Board of Management of the Royal Mail Company agreed to accelerate the service in question within 18 months from the end of last year, and the period named in the draft seems, therefore, later than it should be.

As respects the provision in folio 9 for terminating the contract, the Postmaster General desires me to suggest that, after the words "as aforesaid," in lieu of the words "shall be given at any period of the year by either of the parties hereto to the other," the following illustration should be inserted, "Their, if such a notice be given on the 1st day of February 1863, this contract shall continue in force until the 1st day of February 1864, and so on."

In the remarks on Table No. 8, it is stated that in case the No. 9 vessel shall not reach Rio de Janeiro before the day specified for the No. 8 vessel to leave that port on the return voyage, the latter shall await her arrival eight clear days, if necessary. The Postmaster General considers that it will be desirable to add a few words to the effect that the foregoing provision shall not be held to imply that such a delay in the arrival of the No. 9 vessel can take place without an infraction of the terms of the contract.

In making these remarks upon the draft contract submitted to him, the Postmaster General offers no opinion upon the general question of extending the contract of the 5th July 1850, as such extension was, he understands, conditionally promised before the subject came under the notice of this department.

The Right Hon. H. Corry, M.P.,
&c. &c. &c., Admiralty.

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

Enclosure to Letter from the Secretary to the Post Office to the Secretary to the Admiralty.

MR. PEACOCK will be so good as to look over this draft contract, and to furnish me with his observations upon it.

With reference to provisions in folios 3 and 4, I shall be glad to have Mr. Peacock's opinion whether full power is given to the Lords Commissioners of the Admiralty to decide upon the extent to which the West India mail service shall be accelerated, and whether this acceleration is independent of any additional number of steamers to be constructed or otherwise obtained.

5 April 1858.

(signed) *F. H.*

The provisions in folios 3 and 4 appear to give the Lords of the Admiralty power to decide upon the extent of time to which the West India mail service is to be accelerated; but if their Lordships are to have the power to alter the routes and to increase the distance to be performed by the Company, a clause to this effect should be introduced.

The acceleration to be required is not, I think, independent of, but is to be performed by, the vessels to be constructed or obtained as specified in this supplemental contract.

If the services specified in the several tables annexed to the original contract have been in any respect varied, the variation should be mentioned in the supplemental contract, and if no additional pecuniary consideration is to be paid for the substituted services, it should be so stated. A clause may also be advisable declaring that the original contract shall have exactly the same operation as if the substituted services, and the vessels by which they are to be performed, had been expressly mentioned in a table thereunto annexed.

Messrs.

Messrs. Ellice and Tufnell are not bound in the penalty of 50,000 £. to perform the substituted services. Whether the supplemental contract would have the effect of releasing them from their liability under their bond of the 4th December 1856, is a question that should be fully considered. A copy of that instrument is not with the papers.

It may deserve consideration whether, instead of a supplemental contract, the Company and Messrs. Ellice and Tufnell should not be required to enter into an entirely new contract, and a new bond, in which the substituted services should be included. Supplemental contracts frequently lead to doubts and difficulties, which occasion great embarrassment.

9 April 1858.

(signed) *M. A. P.*

Secretary to the Admiralty to the Solicitor to the Admiralty.

Sir,

19 April 1858.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying letter (15th instant) from the Postmaster General, with a report from the solicitor to that department on the draft contract with the Royal Mail Steam Packet Company; and my Lords request you will report your opinion on the several points adverted to, returning the enclosures with your report.

F. Robson, Esq., &c.

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

Solicitor of the Admiralty to the Secretary of the Admiralty.

(No. 287.)

Proposed Contract with the Royal Mail Steam Packet Company.

Sir,

20 April 1858.

WITH reference to the commands of my Lords Commissioners of the Admiralty, signified to me by the letter of Mr. Romaine, of the 19th instant, S., whereby I was directed to report my opinion on the several points adverted to in a letter from the Secretary of the Post Office to you, of the 15th instant, and the accompanying copy report from the Solicitor of that department, I take the liberty of making the following submissions for the consideration of their Lordships.

As regards the letter of the Secretary—

1st. If the acceleration was arranged to take place within 18 months from the end of last year, I think that the draft should be altered accordingly, by inserting the 30th June 1859, instead of the 14th September 1859.

2dly. I think it will be better not to insert any illustration as to when the contract is to terminate by notice, although inserting the words, "and any such notice may expire at any period of the year," will be an improvement.

3dly. I think that it will be advisable to add the few words referred to as regards the remarks on Tables No. 8.

As regards the report of the Solicitor of the Post Office department—

1st. As regards the power to alter routes, and to increase distance, I think, if these be intended, it will be advisable to state specifically what is meant.

2dly. I see no objection to insertion, at page 2, immediately before the words "Now these presents witness," the words "but without any further pecuniary consideration being paid to the said Company." As regards the declaratory clause referred to, I think that the same is unnecessary.

3dly. I understand that it is intended that Messrs. Ellice and Tufnell will enter into a new bond, which might extend not only to the supplemental, but also to the original contract, save so far as the original contract may be altered by the supplemental contract.

4thly. I do not see that the present supplemental contract need lead to any doubt or difficulty as to what is intended.

I return the papers.

I am, &c.
(signed) *W. F. R.*

Secretary to the Admiralty to the Secretary of the Treasury.

Sir,

28 April 1858.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying draft contract with the Royal Mail Steam Packet Company, for the improvement of the Brazil service, and the transatlantic communication with the West Indies, in consideration of the extension of the period of the existing contract; and my Lords request you will move the Lords Commissioners of Her Majesty's Treasury to inform my Lords if the draft contract, as amended, meets with their approval.

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

Appendix, No. 8.

From the Postmaster General to the Treasury, 11 May 1858.

My Lords,

General Post Office, 11 May 1858.

I HAVE the honour to return to your Lordships the enclosed draft contract for the improvement of the Brazil mail service, transmitted to me in Sir Charles Trevelyan's letter of 30th ultimo.

This draft had previously been referred to this department from the Admiralty, and in a letter dated the 15th ultimo, I suggested various alterations, some of which I perceive have been adopted.

The only further suggestion which I have to make is, that, after the words "save and except as aforesaid," interlined in page 7, the words "and of this contract" should be inserted, so as to prevent its being said that the bond, during the continuance of the supplemental contract, is applicable as a security for the performance of the provisions contained in the original contract only.

The Lords Commissioners of the Treasury.

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

Treasury Minute, 14th May 1858.

TRANSMIT extract of this letter to the Secretary of the Admiralty, and request that the words suggested by the Postmaster General may be inserted in the contract.

Return the contract, and state that my Lords are pleased to approve of it, subject to this alteration.

Secretary to the Treasury to Secretary of the Admiralty.

Sir,

Treasury Chambers, 17 May 1858.

I AM desired by the Lords Commissioners of Her Majesty's Treasury to return to you the draft contract for the improvement of the Brazil mail service which accompanied your letter of the 28th ultimo.

I am also to transmit to you the enclosed extract from a letter on this subject from the Postmaster General, and to request that the words therein suggested may be inserted in the contract.

Subject to this alteration, I am desired by their Lordships to convey to you their approval of the terms of the contract.

I am, &c.
(signed) *C. E. Trevelyan.*

Enclosure in Letter from Secretary to the Treasury, dated 17th May 1858, to Secretary of the Admiralty.

Extract from a Letter from the Postmaster General, dated 11th May 1858.

"The only further suggestion which I have to make is, that after the words 'save and except as aforesaid,' interlined in page 7, the words 'and of this contract' should be inserted, so as to prevent its being said that the bond, during the continuance of the supplemental contract, is applicable as a security for the performance of the provisions contained in the original contract only."

Secretary to the Admiralty to Storekeeper General.

Storekeeper General,

18 May 1858.

HEREWITH you will receive the draft contract with the Royal Mail Steam Packet Company for the improvement of the Brazil service, &c.; and the Lords Commissioners of Her Majesty's Treasury having signified their approval of the draft, with the emendation suggested in the accompanying memorandum from the Postmaster General, you are to cause the contract to be engrossed with the emendation in question, and duly executed; after which it is to be printed in the usual course, and 200 copies are to be forwarded to this office.

By command of the Lords Commissioners of the Admiralty.

(signed) *W. G. Romaine.*

The Secretary to the Royal Mail Steam Packet Company to the Secretary
to the Admiralty.

Royal Mail Steam Packet Company, No. 55, Moorgate-street,
London, E. C., 28 May 1858.

Sir,

THE directors having become aware, from a perusal at Somerset House of the recently altered draft of the contract with this Company for the conveyance of mails, that the date for accelerating the West Indian service has been altered from the 14th of September 1859 to the 30th of June 1859, instruct me respectfully to submit that, although in a letter dated the 26th October 1857, addressed to Frederick Hill, Esq., of the General Post Office, it was arranged that the proposed acceleration should commence in eighteen months from the end of the past year, yet, when the question of time was subsequently reviewed, and became the subject of correspondence with the Lords Commissioners of the Admiralty, twenty months was named, as will be seen by reference to a letter from this Company, dated the 14th January last; and as this latter period has for many months past been regarded as the one adopted, and accordingly been inserted in the draft, I am to express the hope of the directors that their Lordships will not object to its being retained.

The introduction of the prolonged period will not occasion any delay in commencing the accelerated service, as the moment the new ships can be got ready they will be employed to perform it.

The directors have also been informed that no member of their Board can be admitted as security for the fulfilment of the contract. This new feature in the arrangement will, if persisted in, place the directors in an unpleasant position. As regards themselves, they have no objection to become individually responsible, because they fully understand the nature of the undertaking; but they feel great reluctance to ask other parties to incur obligations, the character of which they are unable to estimate, more especially as extreme sensitiveness is experienced by most people upon such matters.

Under those circumstances, the directors trust their Lordships will approve of the two sureties already proposed, viz., Messrs. Ellice and Tufnell, the latter of whom is a director of the Company.

I have, &c.
(signed) *Rd. T. Reep*, Secretary.

Secretary to the Admiralty to Secretary of the Treasury.

Sir,

31 May 1858.

I AM commanded by my Lords Commissioners of the Admiralty to transmit to you the copy of a letter from the Royal Mail Steam Packet Company, requesting that the date for accelerating the service in the contract which was approved by the Lords Commissioners of the Treasury on the 17th instant may be altered from the 30th June to the 14th September 1859, and my Lords request the consent of the Lords of the Treasury to this alteration.

My Lords request the decision of the Lords of the Treasury in regard to the sureties proposed by the Company.

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

Secretary to the Treasury to Secretary to the Admiralty.

Sir,

Treasury Chambers, 26 June 1858.

I HAVE laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 31st ultimo, enclosing copy of a communication from the Royal Mail Steam Packet Company, requesting that the date for accelerating the West India service, in the recently altered contract with that Company for the conveyance of mails, may be altered from the 30th of June to the 14th of September 1859; and I am desired by their Lordships to state to you, for the information of the Lords Commissioners of the Admiralty, that my Lords see no objection to such alteration of date.

I am also to state that their Lordships are of opinion that Messrs. Ellice and Tufnell may be accepted as the sureties of the Company.

I am, &c.
(signed) *C. E. Trevelyan*.

The Secretary to the Admiralty to the Storekeeper General.

Storekeeper General,

Admiralty, 1 July 1858.

I SEND you herewith a copy of the Treasury letter of the 26th ultimo, approving of the date at which the acceleration of the West Indian mail service is to commence being altered from the 30th June 1859 to the 14th September 1859, and also of Messrs. Ellice and Tufnell being accepted as sureties for the due performance of the contract.

The contract, when completed, is to be printed in the usual form, and copies sent to this office for circulation.

By command, &c.

(signed) *H. Corry*.

Appendix, No. 8.

The Secretary to the Admiralty to the Directors of the Royal Mail Steam Packet Company.

Gentlemen,

Admiralty, 28 July 1858.

I AM to transmit to you the accompanying copies of the supplementary contract entered into with you for the extension and improvement of the West India and Brazil mail service.

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

WEST INDIA AND BRAZIL MAILS, &c.

ARTICLES OF AGREEMENT made the 25th day of February, in the year of our Lord 1858, between the Royal Mail Steam Packet Company of the first part, Russell Ellice, of Lombard-street, in the city of London, banker, and Thomas Robert Tufnell, of Northfleet, in the county of Kent, Esquire, of the second part, and 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 third part.

Recital of contract of 5th July 1850.

WHEREAS by certain articles of agreement, bearing date on or about the 5th day of July 1850, and made, or expressed to be made, between the said Commissioners on behalf of Her Majesty of the one part, and the said Company of the other part, the said Company did, for the consideration therein mentioned, contract and agree with the said Commissioners to convey Her Majesty's mails, as mentioned in the Tables of Routes (numbered 1 to 8 inclusive), as in the said articles of agreement mentioned:

Also bond of 4th of December 1856.

And whereas by a bond, bearing date on or about the 4th day of December 1856, under the corporate seal of the said Company, and under the hands and seals of the said Russell Ellice and Thomas Robert Tufnell, the said Company and the said Russell Ellice and Thomas Robert Tufnell, became bound to Her Majesty in the penal sum of 50,000*l.* for the due performance by or on the part of the said Company, of the said hereinbefore recited contract of the 5th day of July 1850:

And whereas the said Commissioners on the part of Her Majesty have, with the privity of the parties hereto of the second part, determined to enter into this further contract with the said Company, but without any further pecuniary consideration being paid to the said Company:

Company to convey mails on Brazil route according to tables annexed.

West India mails to be accelerated not later than 14th September 1859.

Now these presents witness, that the said Company doth hereby covenant, promise, and agree with the said Commissioners for and on behalf of Her Majesty as follows; that is to say, that the said Company shall and will, on the 9th day of May 1858, and from time to time thereafter, and at all times during the continuance of this contract, in substitution on and after that day of the Brazil route contained in Tables No. 7 and 8 annexed to the said articles of agreement of the 5th day of July 1850, diligently, faithfully, and to the satisfaction of the said Commissioners, convey Her Majesty's mails on the Brazil route in accordance with the Tables No. 8 and No. 9 hereto annexed; and also shall and will, not later than the 14th day of September 1859, accelerate on the West India line generally, in accordance with the time tables to be hereafter fixed by the said Commissioners, all Her Majesty's West India 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 so conveyed by means of a sufficient number of steam-vessels.

Number of vessels and tonnage, &c.

That the said Company shall and will provide for the transatlantic portion of the West India service, three new, good, substantial, and efficient iron steam-ships, of not less than 3,000 tons burthen each, builders' measurement, each of such vessels to be supplied with new and first-rate appropriate steam-engines, of not less than 800-horse power, and which ships shall be in every respect complete and ready for sea in 20 calendar months from the 14th day of January 1858.

When vessels to be completed.

Another vessel to be provided for conveying mails between Rio de Janeiro and the River Plate.

That the said Company shall and will provide one other new, good, substantial, and efficient iron steam-vessel with paddle-wheels, of not less than 1,000 tons burthen, builder's measurement, to be supplied with new and first-rate appropriate steam-engines, of not less than 250-horse power, which vessel shall be in every respect complete and ready for sea within 15 calendar months from the 1st day of March 1858, and shall be employed in the conveyance of Her Majesty's mails between Rio de Janeiro and the River Plate; but should the said vessel be unavoidably under repair, the said Company shall be at liberty to employ on the same service the "Camilla" steam-vessel belonging to the said Company, or some other steamer of not less tonnage and horse power.

Room for sorting letters to be provided on board vessels.

That the said Company shall and will provide on board each of the vessels to be employed under this contract, and also under the hereinbefore recited contract of the 5th day of July 1850, a proper room for sorting letters, to be constructed and fitted in all respects to

to the satisfaction of Her Majesty's Postmaster General, at a cost not exceeding 100*l.* for each vessel, and which cost shall in each case be defrayed by Her Majesty's Postmaster General, and also shall and will, when required so to do by the said Commissioners, receive, victual and convey, and allow to remain on board each of the said vessels, in lieu of the Admiralty agent and his servant, a clerk and letter sorter, or two letter sorters, as the case may be, without any extra charge whatsoever, which said clerk shall be treated as a first-class passenger, and be provided for, accommodated, and victualled in the same manner as if he were the naval officer in charge of the mails on board the vessels employed under the said contract of the 5th July 1850, and each of the said sorters shall be provided for, accommodated, and victualled, in the same manner as the servant of the said naval officer under the said hereinbefore recited contract. That the said Company also shall and will, at the expiration of three calendar months' notice in writing under the hand of the Secretary of the Admiralty, alter and from time to time vary the route of all or of any of the vessels employed in carrying the said mails in the North and South Atlantic Oceans, between the latitudes of 27° north and 37° south, and 20° and 97° 52' west longitude, according to such directions as they shall so receive by any such notice, but the steam-vessels of the said Company shall not be required to travel annually a greater distance in the aggregate than 547,296 nautical miles. And it is hereby agreed that notwithstanding anything in the before-recited agreement contained, the said Company shall not be bound to employ any vessel constructed of wood only. And it is hereby agreed that all the liabilities and obligations incurred by the said Company by the hereinbefore recited articles of agreement of the 5th day of July 1850, shall, so far as the same can be made applicable to this contract, and the services hereby agreed for, and the vessels employed and to be employed in the performance of such services, save and except so far as the same may not be consistent with this contract, shall be applicable to the said Company in respect of this contract, and to the services hereby contracted for, and to the vessels employed, or to be employed in the execution of such services, and all the powers and privileges given or reserved by such articles of agreement to the said Commissioners, their officers, servants, and agents, and to Her Majesty's Postmaster General, and his servants and agents, shall apply to this contract and to the said Company in respect thereof, and to the said service and vessels.

Appendix, No. 8.

Clerk and letter sorters to be received on board.

Clerk to be treated as a first-class passenger.

Sorters to be treated as the servant of naval officer.

Admiralty may alter route of vessels.

Company not bound to employ a vessel constructed of wood only.

Liabilities incurred and powers of Admiralty, &c., under former contract to be applicable to this contract.

And it is hereby agreed, that all the provisions of the hereinbefore recited articles of agreement of the 5th day of July 1850, shall during the continuance of this contract remain in full force, save and except so far as the same may be altered by these presents; and the said bond, bearing date the 4th day of December 1856, shall, during the continuance of this contract, remain as a security for the due fulfilment of all the provisions of such articles of agreement, by and on behalf of the said Company (save and except as aforesaid) and of this contract.

Former contract and bond to remain in force.

That the said Company shall and will, during the continuance of this contract, convey the said mails on board the said vessels respectively, as mentioned in the Tables of Routes hereunto annexed; and all the stipulations, clauses, matters, and things mentioned or contained in the said tables shall form part of this contract, and be observed, kept, and performed by the said Company accordingly, and subject to such stipulations, clauses, matters, and things and to the other stipulations of this contract, the said vessels shall depart from and arrive at the several places as mentioned in such tables on the days and at the hours or times of the day or night therein respectively mentioned or specified.

Mails to be conveyed as mentioned in annexed tables.

And in consideration of the due and faithful performance by the said Company of all the said services, the said Commissioners do hereby agree with the said Company, and the said Company do hereby agree with the said Commissioners, that the hereinbefore recited contract, bearing date on or about the 5th day of July 1850, save and except so far as the same may be altered by these presents, shall be and is hereby extended and shall remain in force until the 1st day of January 1864, and then terminate, if the said Commissioners shall by writing, under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners, twelve calendar months' notice in writing, that the same shall so determine; but if neither the said Commissioners nor the said Company shall give any such notice, then the said contract shall continue in force, even after the said 1st day of January 1864, until the expiration of a twelve calendar months' notice in writing as aforesaid, which may be given and expire at any period of the year by either of the parties hereto to the other of them, and the annual payment by or on the part of her Majesty to the said Company, shall, during the continuance of this contract, be in every respect, having reference to these presents, the same as to amount, time, and conditions of payment as under such contract of 5th day of July 1850, excepting that such payments shall be made by bill upon Her Majesty's Paymaster General payable in seven days from and after the respective dates thereof, instead of at sight.

Former contract to remain in force until 1st January 1864, and then or afterwards determinable by notice.

Payments to company.

And it is hereby agreed and provided, that without the consent of the said Commissioners, signified in writing, under the hand of one of their secretaries, neither this contract, nor any part thereof, shall be assigned, underlet, or disposed of. And that in case of any part thereof being assigned, underlet, or otherwise disposed of without such consent signified as aforesaid, or in case of any breach of this contract, or of the said contract of the 5th day of July 1850, prior to the determination thereof on the part of the said Company, their officers, agents, or servants in any respect, and whether there be or be not any penalty or sum of money, hereby or otherwise, made payable by the said Company

Contract not to be assigned, &c. without consent.

In case of assignment, &c., or breach of this or former contract, Admiralty may determine for

Appendix, No. 8.

contracts without previous notice or compensation.

As to services of notices.

If when this contract terminates, any vessel shall have started, voyage to be continued at mileage rate only as if contract remained in force.

Continuance of this contract.

Company bound in 50,000 l. for due performance of contract.

for any such breach, it shall be lawful for the said Commissioners for executing the said office of Lord High Admiral (if they think fit), and notwithstanding there may or may not have been any former breach thereof, by writing, under the hand of one of their secretaries for the time being, to determine such contracts without any previous notice to the said Company or their agents, nor shall the said Company be entitled to any compensation in consequence of such determination; but even if such contracts be so determined, the payment of any sum of money agreed to be made shall be enforced should the same be not duly paid by the said Company, and the said Company shall continue liable for any liability which they may have incurred previous to any such determination. And it is also agreed that the notices or directions which the same Commissioners, or their secretary, officers, or other persons, are hereby authorized and empowered to give to the said Company, their officers, servants, or agents, may, at the option of such Commissioners, or their secretary, officers, or other persons, be either delivered to the master of any of the said vessels, or other officer or agent of the said Company in the charge or management of any vessel employed in the performance of this contract, or may be left for the said Company at their office or house of business in London. And it is hereby agreed, that if when such contracts terminate, any vessel, or vessels should have started with mails in conformity therewith, such voyage or voyages shall be continued and performed, and the mails be delivered and received during the same, as if such contracts remained in force with regard to any such vessels and services, and the said Company shall be paid at the rate of 9s. 10d. per nautical mile for such portion or portions of any voyage or voyages as may be incomplete when such contracts terminate as aforesaid.

And it is hereby agreed and declared, that this contract shall commence from the day of the date hereof, and continue in force until the 1st day of January 1864, and then determine, if the said Commissioners shall by writing, under the hand of the Secretary of the Admiralty for the time being, have given to the said Company, or the said Company shall have given to the said Commissioners, twelve calendar months' notice in writing that this contract shall so determine; but if neither the said Commissioners nor the said Company shall give any such notice, this contract shall continue in force even after the said 1st day of January 1864, until the expiration of a twelve calendar months' notice in writing as aforesaid, which may be given and expire at any period of the year by either of the parties hereto to the other of them; but notwithstanding any such determination, the Company shall be liable for all breach of this contract on their part which may then have been committed, if any, as if this contract were in force.

And lastly, for the due and faithful performance of all and singular the covenants, conditions, provisoes, clauses, articles, and agreements of this contract, which on the part and behalf of the said Company are, or ought to be, observed, performed, fulfilled, and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of fifty thousand pounds of lawful money of the United Kingdom to be paid to our said Lady the Queen, Her heirs and successors, by way of stipulated or ascertained damages hereby agreed upon between the said Commissioners and the said Company in case of the failure on the part of the said Company in the due execution of this contract, or any part thereof.

In witness whereof, two of the said Commissioners for executing the office of Lord High Admiral, and the said Russell Ellice and Thomas Robert Tufnell, have hereunto set their hands and seals, and the said "Royal Mail Steam Packet Company" have hereunto set their corporate seal the day and year first above written.

Signed, sealed, and delivered by the said Commissioners, and by the said Russell Ellice and Thomas Robert Tufnell, in the presence of

John Doutry.

Alex. Milne. (L.S.)

Lovaine. (L.S.)

Russell Ellice. (L.S.)

T. R. Tufnell. (L.S.)

The corporate seal of the above-named "Royal Mail Steam Packet Company" was hereunto affixed, by order of the Court of Directors, in the presence of

Rd. T. Reep,
Secretary.

John Doutry.

L. S.

TABLE, No. 8.

BRAZIL ROUTE.—Once a Month.

DATES.				PLACES.	Distances in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coal.	From Southampton.		
Arrival.		Departure.					Days.	Hours.	Days.	Hours.		Days.	Hours.	
Day of Month.	Hour.	Day of Month.	Hour.											
		9	6 p.m.	From Southampton										
13	1 p.m.	14	8 a.m.	To Lisbon - - - -	866	9½	3	19	-	19	Coal	3	19	
21	4 a.m.	22	4 p.m.	„ St. Vincent (Cape de Verd).	1,560	9½	6	20	1	12	Coal	11	10	
29	4 p.m.	30	8 a.m.	„ Pernambuco - - -	1,600	9½	7	-	-	16	-	-	19	22
2	3 a.m.	2	8 p.m.	„ Bahia - - - -	410	9½	1	19	-	17	Coal	22	9	
5	Midnight	9	8 a.m.	„ Rio de Janeiro - -	720	9½	3	4	3	8	Coal	26	6	
12	Noon	13	Noon	„ Bahia - - - -	720	9½	3	4	1	-	Coal	32	18	
15	7 a.m.	15	6 p.m.	„ Pernambuco - - -	410	9½	1	19	-	11	-	-	35	13
22	6 p.m.	24	6 a.m.	„ St. Vincent (Cape de Verd).	1,600	9½	7	-	1	12	Coal	43	-	
1	2 a.m.	1	6 p.m.	„ Lisbon - - - -	1,560	9½	6	20	-	16	Coal	51	8	
5	1 p.m.	-	-	„ Southampton - - -	866	9½	3	19	-	-	-	-	55	19
					10,312	-	45	4	10	15	-	-	-	-

	Days.	Hours.
Time out to Rio de Janeiro - - -	26	6
Ditto home from - ditto - - -	26	5
Course of Post - - - - -	55	19

REMARKS ON TABLE, No. 8.

The steamers employed on this route will perform the service as prescribed by the Table, exchanging at Rio de Janeiro, Mails, &c., with the vessel on route No. 9.

On the return voyage this steamer will coal complete at Rio de Janeiro, and leave there at 8 a.m. on the 30th day after her departure from Southampton, unless that day falls on a Monday, when the departure is not to take place until the following day, Tuesday.

In case the No. 9 vessel should not reach Rio de Janeiro before the time above mentioned, and thereby a breach of contract be committed, this No. 8 steamer will await her arrival eight clear days (if necessary) beyond the appointed time for starting, after which period she will take her departure, whether the No. 9 vessel has arrived or not.

Whatever may be the time at which the steamers may arrive at Pernambuco and Bahia, on the outward and homeward voyages, the stoppages are to be so regulated that 12 hours' daylight may be allowed to elapse before the steamers depart from those places, except in cases where the vessels may anchor by 8 a.m.; then they are to proceed the same evening, provided the weather has not prevented the landing and embarking of mails, passengers, &c.

TABLE, No. 9.

RIVER PLATE ROUTE.—Once a Month.

DATES.				PLACES.	Distance in Miles.	Speed per Hour.	Steaming.		Stoppages.		Coal.	From Southampton.			
Arrival.		Departure.					Days.	Hours.	Days.	Hours.		Days.	Hours.	Days.	Hours.
Day of Month.	Hour.	Day of Month.	Hour.												
	—	8	4 p.m.	Rio de Janeiro - - -	-	-	-	-	-	-	Coal	28	22		
13	Noon -	14	4 „	Monte Video - - -	1,040	9	4	20	1	4	Coal	33	18		
15	6 a.m. -	28	4 „	Buenos Ayres - - -	180	9	-	14	13	10	-	35	12		
29	6 „ -	1	Noon	Monte Video - - -	180	9	-	14	2	6	Coal	49	12		
6	8 „ -	-	-	Rio de Janeiro - - -	1,040	9	4	20	2	8	Coal	56	14		
					2,340	-	10	20	19	4	-	-	-		

	Days.	Hours.
Time out to Buenos Ayres - - - - -	35	12
Ditto home from ditto - - - - -	36	21
Course of Post - - - - -	85	19

REMARKS ON TABLE, No. 9.

This No. 9 vessel, having received at Rio de Janeiro the out and other mails, &c., will deliver them according to the Table, either by proceeding with them to Buenos Ayres, or by transhipping them to a smaller steamer, stationed at Monte Video for the purpose, in either case taking care to leave Buenos Ayres on the return voyage precisely at 4 p.m., on the 49th day after the out mails were dispatched from Southampton. On returning to Rio de Janeiro the homeward mails, &c., will be delivered to the No. 8 steamer, from which out mails will be received in exchange. This No. 9 vessel will then coal, &c., as expeditiously as possible, and proceed to perform the service as before, after an interval of at least 48 hours from the time of her arrival at Rio de Janeiro from the River Plate.

Secretary to the Royal Mail Steam Packet Company to Secretary of the Admiralty.

Royal Mail Steam Packet Company, 55, Moorgate-street,
London, E. C., 2 August 1858.

Sir,

I AM desired to acknowledge receipt of your letter of the 28th ultimo, and to state that the directors of this company are much obliged for the copies of the supplementary contract which accompanied it.

I have, &c.
(signed) *Rd. T. Reep,*
Secretary.

Packet Department, Admiralty,
30 July 1859.

WALLER CLIFTON.

Appendix, No. 9.

The following Letter was read by the Chairman :

Appendix, No. 9.

My dear Sir,

Library, 9 August 1859.

THE Committee being about to consider their Report on the case of Mr. Churchward's Contract, I think that it is better for me to abstain from attending their meeting to-day.

As my own conduct in the transactions connected with the extension of the contract is in question, it is impossible for me to vote upon the Report ; and I think my colleagues would only find my presence during the discussion an embarrassment.

I have already expressed my views upon the subject, and have nothing to add to them.

Thanking you personally, and thanking also the other Members of the Committee, for the expressions yesterday used with regard to myself,

I remain, &c.

R. Cobden, Esq., M.P.

(signed) *Stafford H. Northcote.*

P. S.—If the Committee should see no inconvenience in such a course, I should be glad that this letter should be placed upon your Minutes, or that the fact of my having absented myself should in some other way be recorded.

Appendix, No. 10.LETTER from *J. G. Churchward*, Esq., to *R. Cobden*, Esq., M.P., Chairman.

Appendix, No. 10.

Royal and Imperial Mail Steam Packet Service,
(Dover, Calais, and Ostend),

Sir,

Admiralty Yard, Dover, 9 August 1859.

I PERCEIVE, by the reports, that an erroneous impression seems to prevail with respect to my packets in the French Mail Service.

I beg respectfully to state that I can withdraw the French boats at any time, by substituting others ; they are only partly French : they are English vessels, *Franceised* for the particular service. I believe the clause enabling the French Government to purchase, in the event of war, is merely a formal one ; the effect would be compensation to the contractor. The hulls of the vessels only are French, and, in an extreme case, the hulls only are liable to be purchased. The machinery is not French ; it always continues English ; and I am under a bond to the French Customs' authorities to re-export the engines when the vessels cease to run in the French Packet Service. They cannot be sold in France.

I presume, however, that it is sufficient for the purposes of my English contract that I have the required number of boats available for the service I am engaged to perform for the British Government, and it does not matter whether I am the proprietor of them, or whether I borrow them, so long as I have them ; it can make no difference, therefore, whether I own the three French packets, or whether *J. G. Churchward*, the English contractor, borrows their services from *De Clebrattel & Churchward*, the French contractors. If the boats have other engagements that will preclude them from being employed in the English service, I am bound to provide others ; but I am, I consider, free from interference until default be made.

I have, &c.

Richard Cobden, Esq., M.P.,
Chairman of Select Committee on Packet
and Telegraphic Contracts, &c. &c.

(signed) *J. G. Churchward.*

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discussed in his presence, *Phinn* 4633-4635—Witness has every confidence in Mr. Clifton, *ib.* 4636.

See also *Acceptance of Lowest Tender. Accountant General of the Navy. Admiralty Agents. Admiralty Vessels (Dover Contract). Calais (Landing, &c. of Mails). Dover Election. Excursion Trips (Dover Mail Packets). Extensions of Dover Contract. Extensions or Renewals (Generally). French Pds at Service. Investigation by Departments. Lorraine, Lord. Parliamentary Control. Penalties. Personal Communications. Political Influence. Private Secretary to the First Lord of the Admiralty. Responsibility. Special Services (Dover Contract). Surveys of Vessels. Treasury, The.*

Admiralty Agents. Employment on several lines of Admiralty agents in superintending the conduct of the service; particular functions exercised by these agents or naval officers, *Clifton* 33-37. 40-42—Process now being carried out of employing Post Office officers in lieu of naval officers on board the vessels, *ib.* 36, 37. 43-49—Usefulness of the naval officer in charge of the mails, more especially when the penalties are discretionary; it is only on the home lines where he can properly be dispensed with, *ib.* 145-159. 220-227. 247.

Admiralty Vessels (Dover Contract). The Dover and Calais service had, previously to witness's contract in 1854, been performed by the Admiralty, *Churchward* 745. 1066—Particulars as to the first tender of the firm of Henry Jenkings & Co., of which witness was a member, having provided that five new vessels should be constructed; modification subsequently, which ended in the purchase, on credit, of three Government vessels, *ib.* 1743-1769—Reference to the tender of Messrs. Henry Jenkings & Co. in 1853, by which five new vessels were engaged to be provided; probable cause of its non-acceptance, *Clifton* 2337-2344—The boats purchased from the Admiralty were not so fast as the others, and were not able to go thirteen knots an hour, *M'Ilwaine* 3935-3941.

Offer by Messrs. Henry Jenkings & Co., dated 8th February 1854, to purchase the "Onyx," "Violet," and "Ondine," from the Admiralty, *App.* p. 318, 319—Letter from Messrs. Jenkings & Churchward to the Secretary to the Admiralty, dated 11th May 1855, relative to the loss of the "Dover" or "Undine," and praying for relief on account of the losses suffered in connexion with the purchase of the Admiralty vessels, *ib.* 304, 305—Correspondence in May and July 1855, relative to the purchase of the Admiralty steamer "Garland," *ib.* 304, 305. 309.

See also *Extensions of Dover Contract, I. 2. "Ondine," The. Speed. "Violet," The.*

Africa, West Coast of. Tabular statement as to the original contract on 29th January 1852, for the conveyance of the West Coast of Africa mails, and as to the extension on 7th July 1858, *App.* p. 324, 325.

Copy of contract with the African Steam Ship Company, dated 29th January 1852, *App.* p. 337-343.

Copy of further agreement or contract, dated 3d March 1852, relative to the performance of the service, *App.* p. 343, 344.

Copy of further agreement or contract with the African Steam Ship Company, dated 7th July 1858, *App.* p. 344-353.

Correspondence relative to the extension of the contract for the West Coast of Africa mail service in 1857 and 1858, *App.* p. 406-420.

American (North) Mail Service. Efficient conduct of the Cunard or American service, in which the penalties are discretionary, *Clifton* 259-262—Reference to the Cunard contract as one of the exceptional cases in which it might be proper to grant an extension without competition, *Stephenson* 473-479. 525-527—New service to the Bahamas included in the extension in 1858 of the Cunard contract, *ib.* 526—Belief that for 100,000*l.* (in lieu of 176,000*l.*), or a sum equal to the receipts from American postage, contractors could not be found to perform the service efficiently and regularly, *ib.* 552-573. 604-609—The American postage is about 120,000*l.* a year, *ib.* 552—Approval of open tender for the American contract, *ib.* 577-582. 707-711.

Further evidence relative to the cost and duration of the American contract, and the action of the Treasury in the matter, *Stephenson* 603-618—Total of 320,000*l.* paid annually for Trans-Atlantic postage, including 78,000*l.* for the Galway line, and 50,000*l.* from the Canadian government, *ib.* 613-617—Reference to the withdrawal of the United States subsidy to the Collins' line, *ib.* 618—Recent proposal by Sir Samuel Cunard to land and call for the mails at Queenstown fortnightly, for 13,000*l.* a year, *Hamilton and Stephenson* 713-716. 718.

Tabular statement as to the original contract for the North American mails, dated 1 January 1852, and as to the extension thereof, dated 24 June 1858, *App.* p. 324, 325.

Copy

American (North) Mail Service—continued.

Copy of contract with Mr. Cunard, and others, for the conveyance of the North American mails, dated 1st January 1852, *App. p.* 391-398.

Copy of agreement or contract, dated 24th June 1858; extension thereby of the contract of the 1st January 1852, *App. p.* 398-405.

See also *Cost of Packet Contracts. Galway and New York Contract.*

Australian Mail Service. Higher charge paid by Government for the contract with the European and Australian Company because of the condition of absolute penalties, *Clifton* 160-173. 228-233—Particulars as to the failure of the European and Australian Company to perform the service, and as to its having subsequently been carried on by the Royal Mail Company, *ib.* 234-239. 391-403—Transfer of the contract from the Royal Mail Company to the Peninsular and Oriental Company at higher terms, and without absolute penalties, *ib.* 240-242—Remission, to a limited extent, of some of the penalties to which the European and Australian Company were liable, *ib.* 243-247—Difficulty, for some years past, in regard to the performance of the Australian contract, *ib.* 272-284.

In the case of the Australian contract, as well as of the Cape contract, the penalty was absolute only as regards the time of performing the voyage after the departure of the vessel, *Clifton* 296-303—Recommendation made by the Admiralty for a remission of penalties in the Australian case, *ib.* 309, 310—Practice as regards penalties in the case of the Australian contract with the Royal Mail Company; they took up the original contract for a limited number of voyages, and on certain conditions, *ib.* 391-403—Failure of the Royal Mail Company in their performance of the service, *ib.* 404-407—Failure of the Peninsular and Oriental Company in the Australian service, notwithstanding their magnificent new ships, *ib.* 407—Additional service undertaken by the Peninsular and Oriental Company for the larger terms, under their Australian contract, *ib.* 408-413.

In order to illustrate the course pursued by the Treasury, and the considerations by which they are guided in the formation of contracts, witness explains the steps taken respectively by the Treasury, Post Office, and Admiralty, in the matter of the Australian contract, *Hamilton* 420, 421. 423.

The Australian colonies pay, as a general principle, one-half of the subsidy, *Stephenson* 635—Explanation in regard to the new Australian service, showing that for the subsidy of 180,000 *l.* the Peninsular and Oriental Company are put to the expense only of the additional service from the Mauritius to Australia, *ib.* 685-703—Penalties levied on the Peninsular and Oriental Company for not keeping time under the Australian contract; several occasions on which time has not been kept, *Clifton* 2512-2516. 2528-2532—Part taken respectively by the Treasury and the Admiralty, in the formation of the Australian contract, and of the Cape contract with Mr. Dundas, both of which failed, *Phinn* 4623-4629.

See also *Ship Letter Mails.*

Australian Mails (Dover and Calais). See *Special Services (Dover Contract).*

B.

Belgian Mail Service. Expectation of witness in taking the original Dover and Ostend contract in 1854 at a very low rate, that he might obtain the Belgian service from Ostend to Dover; constant communication with the Belgian authorities on the subject, without anything definite having been settled up to the present time, *Churchward* 777-785. 804-811. 847—Objection, on the part of the Belgian Government, to enter into arrangements with witness on account of the short period which his English contract had to run, *ib.* 780, 781. 1070-1072—Probable effect upon witness's English contract if the Belgian Government were to make certain alterations in their postal service between Ostend and Dover, *ib.* 790. 813-815—The Belgian service is done by three packets belonging to the Belgian Government, *ib.* 909-911.

The service from Dover to Ostend could better be performed *viâ* Calais, but the Belgian Government are anxious to keep up the present service, *Clifton* 2191-2201—The Belgian service might be conducted *viâ* Calais, but that the Belgian Government object to the mails being transmitted through France, *Eborall* 3171-3179.

Way in which Mr. Churchward answered the objections raised by the Postmaster General on the ground of the Ostend mail, *Sir S. H. Northcote* 3439—The Belgian Government have not raised any difficulty with the Post Office on the score of the shortness of the English contract, *Page* 4032-4034. 4077—Way in which, as regards the Belgian service, the extension till 1870 may be productive of inconvenience, *Hill* 4447-4449—Possibility of arrangements under the contract for carrying out certain alterations in regard to the Ostend service, *ib.* 4487-4491—Doubt as to Mr. Churchward
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having ever suggested or carried out a day-service to Ostend, *Hill* 4499-4502. 4516, 4517 — There is one mail daily from Dover to Ostend, and one from Ostend to Dover, half the service being provided by the Belgian Post Office; similar arrangement previously to 1854, *ib.* 4528-4530.

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Bombay and Suez Mail Service. Arrangement by which the Bombay and Suez contract of July 1854 was made, *Clifton* 322-326 — Explanation as to there having been no open tender for the Bombay and Aden service, *Stephenson* 717. 736.

Boulogne. See *East Kent Railway Company.* *Folkestone to Boulogne.* *South Eastern Railway Company*, 5. 7.

Brazilian Mails. Copy of contract with the Royal Mail Company in regard to the West India and Brazilian mails, dated 5th July 1850, *App. p.* 368-386.

Copy of further agreement or contract, dated 25th February 1858, *App. p.* 387-391.

Correspondence relating to the extension of the contract with the Royal Mail Company for the West India and Brazilian services in the years 1856 and 1857, *App. p.* 442-478.

Breach of Contract. Course of representation to the Admiralty in the event of a packet failing to perform the contract in point of time, &c., *Clifton* 38, 39.

C.

Calais (Landing, &c., of Mails). Explanation as to the payment of 1,200*l.* a year in respect of a new steamer about to be put on at Calais, *Churchward* 1870-1876 — Propriety of the payment made to Mr. Churchward under the contract, although the small vessel to be provided at Calais for landing the mails is not yet put on, *Clifton* 2068-2070 — Inaccuracy of a statement that Mr. Churchward formerly offered to put on a small steamer at Calais for 300*l.* a year, *ib.* 2094-2098 — Reference to former correspondence, &c., on the subject of the employment of a small steamer in landing and embarking at Calais; impression as to this having been brought before Lord Lovaine, *ib.* 2436-2453 — Without extra payment, the Admiralty could not have compelled the putting on of this vessel, *ib.* 2449-2451. 2475-2478 — Probability of the Treasury not having been aware of the Admiralty correspondence on the subject of the employment of a small vessel at Calais, *ib.* 2454-2458 — Great convenience if there were a small boat for landing the mails at Calais, *McIlwaine* 3971-3973.

Cape of Good Hope Contract. Failure of the Cape contract, made on the principle of absolute penalties; partial remission of the penalties, *Clifton* 248-255 — Efficient conduct of the present Cape service, *ib.* 256, 257. 263-265. 289-295 — The present contract of Mr. Mercer is prolonged by six days, as compared with the contract of Mr. Dundas, *ib.* 289-295 — Unfitness of the vessels employed under the Cape contract with Mr. Dundas, *ib.* 307.

Impression that, instead of paying half the cost of the contract, the colony pays only 5,000*l.* out of 33,000*l.*, *Hamilton* 536.

Capital of Contractors. Very inconsiderable capital required by contractors for public works as compared with contractors for packet mails, *Clifton* 4275-4277.

Witness did not consider it necessary to inquire into Mr. Churchward's means, *Sir S. H. Northcote* 3378, 3379.

Statement as to witness having privately warned Sir Robert Peel and Mr. Cowper against Mr. Churchward, as a contractor, not having capital enough; nevertheless, it was known, before the original contract was signed, that he was a partner in the firm of Jenkins & Co., *Osborne* 4648-4662.

See also *Outlay of Capital (Extension of Dover Contract).*

Carnegie, The Honourable Captain Swynfen Thomas, R. N. (Analysis of his Evidence.) — Was for a short period one of the Lords of the Admiralty in the late Government, 1367 — Was not, officially, in any way conversant of the transactions relating to the contract for the Dover and Calais mail service, 1368, 1369 — Particulars relative to a conversation, early in April, between Mr. Churchward and witness, in the presence of Mr. Murray, 1370-1379. 1430.

At the interview, early in April, Mr. Churchward spoke freely and openly on the subject of the contract, and seemed anxious that it should be renewed before the Dover election was over; examination as to the actual words used; witness clearly understood that Mr. Churchward's support of him at the election was to be contingent upon a renewal of the contract, 1374. 1401-1409. 1421-1429. 1466. 1469-1477. 1486-1488.

Remark

Carnegie, The Honourable Captain Swyufen Thomas, R.N. (Analysis, &c.)—continued.

Remark by Mr. Churchward that "they" were anxious to defer signing the renewal of the contract until after the election, and that if "they" wanted him to return two Government candidates he should feel obliged to do so, but that he would rather support witness and Mr. Osborne; examination hereon, 1374-1376. 1408, 1409. 1419, 1420. 1428, 1429. 1433-1436. 1451-1453. 1495-1503. 1507.

Frequent confidential conversations between Mr. Murray and witness relative to the Dover election, in connexion with the renewal of the postal contract; witness does not recollect the precise words used on these occasions by Mr. Murray, but understood that Mr. Churchward was to support him at the election, provided the contract were renewed, 1380-1389. 1410-1412. 1447, 1448—Witness had no communication, relating to the contract, with any of the Lords of the Admiralty, or with any Government official, 1380. 1396. 1414. 1418. 1508. 1514-1517.

Evidence in explanation of witness's refusal to stand for Dover; reasons assigned for having considered such a course incompatible with honour, 1390-1396. 1413. 1439-1446. 1460-1466. 1484-1488—Examination as to the position occupied by Mr. Murray, and the weight to be attached to his representations, 1397-1400. 1414-1418. 1437, 1838. 1447-1450. 1467, 1468. 1489-1494.

The subject of contracts did not fall under witness's department in the Admiralty; Mr. Churchward's contract would not have come before him, 1412. 1453. 1463—Witness was not aware, at the time of his interview with Mr. Churchward, that the Admiralty had, six weeks previously, recommended the renewal of the contract; had he been aware of this fact, it certainly would have caused him to feel differently in the matter, 1431, 1432. 1460-1462—The detailed practice in regard to contracts was not known to witness in April, nor did he clearly understand the functions exercised respectively by the Admiralty and Treasury, 1452-1459. 1478-1483.

Circumstance of witness not having communicated to any other Lord of the Admiralty his feeling in regard to the renewal of Mr. Churchward's contract, 1504-1506—The Admiralty doubtless possess a certain influence in seaports, 1509, 1510—Other means than by that of objecting to the renewal of Mr. Churchward's contract, by which the Admiralty might have exercised influence in the matter, 1511-1513.

[Second Examination.]—Produces a letter from Mr. Murray, dated 6th April 1859, and written by desire of Sir J. Pakington, relative to witness standing for Dover, 1885-1887. 1901—Adheres to his former account of what passed at the interview with Mr. Churchward, 1888—Reference to other letters received by witness from Mr. Murray, and production of one, dated 5th April 1859, in which the name of Mr. Churchward is mentioned in connexion with the question of witness contesting Dover, 1890-1907.

[Third Examination.]—Clear understanding when witness accepted office that he was to seek a seat in Parliament; propriety thereof, 3658-3663—Further statement upon the question of Admiralty influence in seaports, and the feeling of witness in regard to the influence to be exercised by Mr. Churchward, 3664-3675—As regards a certain passage in a letter from Mr. Murray to witness, about his standing for Devonport or Dover, witness felt himself pledged to stand only for such places as afforded any reasonable chance of success, 3676-3682. 3787.

Further statement as to the opinion entertained by witness of the duties and official position of the private secretary to the First Lord; reference to former evidence hereon, 3683-3687—Circumstance of witness not having implied that Mr. Murray, in certain conversations with witness upon election matters, represented the election committee in Victoria-street alluded to in one of his letters, 3688-3691.

Further examination to the effect that witness's main reason for not contesting Dover was, that he thought Mr. Churchward's business at the Admiralty was still pending, and that his support of witness was to be a consideration of such business being supported by the Admiralty; had witness known of the Admiralty letter of the 24th February, his scruples would most probably have been entirely removed, 3692 *et seq.*

Witness never sent a confidential agent to Dover, nor knew of any such agent having been sent by others, to report upon his chances of success there; passages in Sir Benjamin Hall's speech adverted to hereon, 3697-3703—Witness had no communication whatever with Sir Benjamin Hall until he telegraphed to him from Cork, as reported in his speech, 3698. 3802. 3815, 3816—Witness selected Youghal as a place likely to return him, but did not stand for it, 3724-3728—As regards a conversation between witness and Mr. Corry, a few days before witness's resignation, about not contesting Dover, witness did not allude to the question of the contract, because he considered it a secret between Mr. Murray and himself, 3729-3740.

Examination in regard to witness having, when he resigned office, withheld from the First Lord the confidential communication or proposal made by Mr. Murray, whilst he subsequently mentioned to others the reasons, to some extent, which induced him to resign, 3741-3771.

Carnegie, The Honourable Captain Thomas Swynfen, R. N. (Analysis, &c.)—continued.

Reference to a letter from Sir J. Pakington to witness, dated 5th April, relative to his coming forward for Dover, 3772-3778—Witness once went with Mr. Murray to the committee in Victoria-street: he did not see any members of the Government there, 3779-3783—Witness looked upon Mr. Murray as representing the First Lord in his communications with witness about contesting Dover or some other place, 3784-3786—Upon the merits of the Dover contract witness formed no opinion, 3810, 3811.

One reason why witness objected to stand for Dover was that he could not hope to retain the representation, 3818-3822. 3829-3831—Witness had several conversations with Mr. Murray alone, almost of the same nature as the conversation when Mr. Churchward was present, 3823-3829—Explanation as to witness having said, in his letter to the "Times," that he could not hope for success at Dover unless by resorting to means which he could not condescend to adopt, 3829-3851—Witness thought that Mr. Churchward's attendance at the Admiralty was in order to forward the business of the contract through that department, 3856-3859.

Chancellor of the Exchequer. Witness communicated with the Chancellor of the Exchequer in reference to the last extension of the Dover contract, but practically the decision rested with witness, *Sir S. H. Northcote* 3416-3421.

Churchward, Joseph George. (Analysis of his Evidence.)—Contractor for the postal service between Dover and Calais, 737—The first contract was for 4½ years from the 1st April 1854; this was renewed in June 1855, up to June 1863; 738-741—The second contract, to expire in 1863, was renewed under date the 26th April 1859, up to the 26th April 1870; 742-744—Understanding that in the case of other contracts renewals are often made long before the expiry of the original term, 745.

Explanation upon several points (such as the loss of two vessels, the erection of costly works, &c.), put forward in a letter from witness on the 14th February 1859, as entitling him to favourable consideration from Government, 745-766. 992-1010. 1054-1065. 1099-1142—Expectation of witness, in taking the original contract at a very low rate, that he might obtain the Belgian service from Ostend to Dover; constant communication with the Belgian authorities on the subject, without anything definite having been settled up to the present time, 777-785. 804-811. 847—Objection on the part of the Belgian Government to enter into arrangements with witness on account of the short period which his English contract had to run, 780, 781. 1070-1072—Condition of the French contract, that it does not expire until 1870; 780, 781.

Particulars relative to the negotiations between witness, or Captain Smithett, and the French Government relative to an improvement of the French postal service; exception taken by the authorities in France to any further arrangements, unless witness's English contract were extended, 780-789. 815-827. 847-857. 883-887—Probable effect upon witness's English contract if the Belgian Government were to make certain alterations in their postal service between Ostend and Dover, 790. 803-815.

Remarks in reference to a letter from the Postmaster General to the Lords of the Treasury, dated 10th March 1859, in which certain objections are made to an extension of witness's contract, 791-804—Special payment under witness's new contract, whereby he undertakes to provide for special services and for any increase in the Indian and Australian mails; examination on this point, 794-802. 833-838. 902-908. 1154 *et seq.* 1321-1325.

Way in which the extension of witness's contract has been beneficial as regards the negotiations between the English and French Post Offices, 815-827—The negotiations with the French Post Office are being carried on by the English Post Office, but witness has been the moving spring in the matter, 816-819. 847-859. 883-887—Witness would never have ordered a new boat, at a cost of about 14,000*l.*, nor incurred other outlays of capital, but for an extension of the contract, 828-845. 1065.

Explanation that the constant negotiation or communication between witness and the French and Belgian Governments, between 1857 and 1859, was the cause of his having suspended correspondence with the Admiralty in 1857, and of his not having renewed it till early in 1859, by which period the matter in negotiation had been considerably advanced, 846-859. 1247-1264. 1364, 1365—Witness frequently saw the Assistant Secretary at the Post Office about the contract, 858. 877. 1277—Reference to one or two private explanatory letters between witness and Mr. Hamilton on the subject of the contract, 860-874—Witness saw Mr. Hamilton on several occasions relative to the progress that was being made in the contract, 875, 876—At the Admiralty he has spoken on the subject with Mr. Baring, Sir A. Milne, and Mr. Clifton, 878-881. 953-961.

Reference to a letter from witness to Mr. Hamilton, dated 4th April 1859, in which he says that no compensation could be offered him equivalent to that of an extension of the contract, 888-892—About the 13th April he had an interview with Sir Stafford Northcote and Mr. Hamilton, and afterwards received a letter from the former, approving of an extension of the contract for seven years, 893-898—Although it was omitted in the contract to provide that witness should not enter into any further contract with a foreign government during the continuance of his English contract, he has lately written to the

Treasury,

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Treasury, adopting such provision; this omission from the contract did not at the time attract his attention, 899-901. 947-952.

The Belgian service is done by three packets belonging to the Belgian Government, 909-911—Circumstance of witness's original French contract of 1855 having been obtained when his English contract had but a very short period to run, 912-916—Witness keeps three vessels under the French contract, but employs these as well as three others in working both services, so that he considers that he complies with the condition of supplying six vessels for the English service, 917-946. 1026, 1027. 1034-1037. 1306-1309.

Particulars relative to a conversation at the Admiralty early in April between witness and Captain Carnegie, in the presence of Mr. Murray; in his remarks to Captain Carnegie about the pending Dover election, witness positively denies that he ever said a word about an extension of his contract, 962-968—Witness was not in the habit of communicating with Mr. Murray on the subject of the contract, 969, 970—Explanation as to witness having voted for Mr. Osborne at the previous election, and having opposed him on the last occasion, 971-975. 1022-1025. 1075, 1076—Explanation relative to a charge that at the Plymouth election of 1852 witness had bribed certain voters with promises of places, 976-981. 1017-1021. 1319, 1320.

Circumstances under which witness first became connected with the Dover postal service; he had previously been naval editor of different newspapers, 982-991—Statement as to the Secretary of the Admiralty having recommended an extension of the contract about six weeks before witness's conversation with Captain Carnegie, 1011-1016. 1091-1095—It was about the 6th January that witness renewed his communications with the English Government about a renewal of the contract, 1028-1030.

As regards a suggestion by the Postmaster General, that the payment should be regulated according to the work performed, or per trip, the passenger traffic was not taken into consideration in this suggestion, 1031-1033—Reference to the expenditure per voyage in coal, &c., 1038-1043—Importance of the passenger and goods traffic across the Channel; great falling off therein for the last few years, 1044-1050. 1354-1358—The competition for the contract in 1854 was very severe, but witness's tender was by a great deal the lowest, 1051-1053.

Considerable saving to the public by the contract with witness in 1854; 1066-1068—Extension of witness's original contract, in consideration of his losses, by Lord Aberdeen's Government, 1073, 1074—The present contract, as extended, has been signed, and witness has received payment under it, 1077-1081. 1326-1330—Further reference to the favourable intimations received by witness from the Treasury on the 15th April, and from the Admiralty on the 23d February; he considered that these justified him in concluding that the contract would be extended, 1082-1099.

In applying for a renewal of the contract in 1855, witness did so on the ground that it would otherwise be a dead loss to him, 1143, 1144—Understanding as to the authority to be exercised by the Admiralty in regard to the manning, &c., of the six vessels contracted for by witness, 1145-1152—Additional work devolving upon witness as regards special services and the Indian and Australian mails, in consideration of which an increased sum is now allowed, 1154 *et seq.*—Further statement as to witness having applied for an extension of the contract, not only on account of his losses, but of the pending arrangements for an improved French service, 1221-1245.

The English Government have power to alter the hours of departure, but in carrying out improved arrangements in conjunction with the French Government, witness's consent is essential, 1246. 1271-1286—When witness applied, in January 1859, with respect to the extra Indian mail services, he had it in contemplation to apply subsequently for an extension of the contract, 1265-1268—As regards the contemplated improvements in the French postal service, witness explains that a new contract is not contemplated, and that notwithstanding his French contract up to 1870, the adoption of such improvements has turned very much upon the extension of the English contract, 1269-1305.

Reference to the objections which have been made by the Admiralty to the employment of witness's vessels on pleasure excursions, and to the permission on the subject in his present contract, 1310-1316—Witness never conversed with Mr. Lygon in regard to the Dover election, in connexion with the contract, 1317, 1318—Captain Truscott, the superintending officer of packets at Dover, is brother of Mr. Truscott, who was said to have been implicated in the Plymouth election of 1852; 1331-1336.

Impression that Mr. Hamilton told witness of the Admiralty letter of 23d February, 1337, 1338—Communications between Mr. Hamilton and witness in January and April 1859 adverted to; explanation hereon as to the course of witness's official communications having been with the Admiralty, 1339-1353—Reference to a testimonial signed by several Members of Parliament as to the efficiency of witness's vessel, the "Prince Frederick William," 1359-1363.

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Churchward, Joseph George. (Analysis of his Evidence)—continued.

[Second Examination.]—Further explanation of the reasons which caused witness to suspend negotiations with the Admiralty in 1857, and to renew them in 1859; letter of the 10th June last adverted to hereon, 1726-1742—Particulars as to the first tender of the firm of Henry Jenkings & Co., of which witness was a member, having provided that five new vessels should be constructed; modification subsequently, which ended in the purchase on credit of three Government vessels, 1743-1769.

Examination in regard to the manning of the six vessels now employed under the English and French contracts, with reference more especially to the employment of French (as well as of English) commanders in carrying the English mails; grounds on which witness justifies the course pursued, 1770-1817. 1863-1866—Nature of the prohibition under the French contract as to the diversion of the vessels from the service; the practice of employment of the vessels is not at variance with this prohibition, 1818-1831. 1849, 1850. 1867, 1868.

Reference to the clause as to the contractors employing the vessels to their own advantage; this was introduced in May last, after consideration by Mr. Lygon and by Mr. Clifton, 1832-1836. 1846—Doubt as to any contractor continuing a service from year to year, which might be terminable after 12 months' notice, 1837-1839—Evidence showing that when witness applied in 1855 for a renewal of the contract, the English Government knew of the French contract, 1840-1845—Witness has never incurred any penalties; there was one complaint, which was satisfactorily explained, 1847, 1848.

Practice as to the running of the boats on week days and on Sundays, 1851-1854—Payment of 6*l.* for each special trip, and 6*l.* for the return trip, if made in ballast; propriety of the latter payment, 1855-1862. 1869—Mileage rate at which certain trips, at 20*l.* 18*s.* per trip, are calculated, 1858—Explanation as to the payment of 1,200*l.* a year in respect of a new steamer about to be put on at Calais, 1870-1876—Witness delivers, in certain correspondence; he cannot produce any of the correspondence with the French authorities, 1876, 1877.

Further denial that witness ever said anything about the contract at the interview with Captain Carnegie, 1878-1881—Witness never gave anyone reason to imagine that his support of Captain Carnegie at Dover would depend upon the renewal of the contract, 1882—Witness at first intended to oppose only Sir W. Russell's return, but subsequently took an active part against Mr. Osborne because of his imputations against witness's establishment, *ib.*—There are about 52 voters in connexion with witness's establishment; he believes that every one of them voted "right," 1883, 1884.

[Third Examination.]—Further explanation of the circumstances which induced witness to vote for Mr. Osborne, and also for Sir William Russell, in 1857, whilst at the recent election he actively opposed Mr. Osborne, 4141-4158—Witness further denies, most emphatically, that his support of the two Government candidates had any reference to the Government renewal of his contract, 4145-4151—Circumstance of the deputy chairman, and other officers of the South Eastern Company, having canvassed at Dover for Mr. Osborne, 4159, 4160.

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As regards certain conditions laid down in the Treasury Minute of the 15th April, but omitted from the contract, witness would have accepted them had they been required; he is not disposed, however, to make any reduction on the payment of 25*l.* for extra services, as now performed, 4176-4182—Explanation as to the contract speed of 13 knots an hour not being always kept up, 4184—Witness's new vessel will cost 15,000*l.*, and will go at the rate of 16 knots in fine weather, 4183-4187.

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Importance of the competing route to be supplied by the East Kent line; it will save from 12 to 14 miles in the distance to Dover, and will prevent a monopoly in the hands of the South Eastern Company, 4209-4211. 4231-4239—Offer of the South Eastern Company to buy witness's boats and his contracts, 4212—Witness would withdraw his boats but for his English contract, 4213, 4214—Determination of the Northern of France Company not to let the South Eastern Company have the monopoly of the Channel,

Report, 1859—continued.

Churchward, Joseph George. (Analysis of his Evidence)—continued.

Channel, 4215-4218—The erection of a low-water pier at Folkestone for 15,000*l.* is altogether impracticable, 4219-4225.

Churchward, Mr. The Committee report that it is in evidence that Mr. Churchward on the eve of the last general election, at the time when the extension of his contract was under consideration at the Treasury, volunteered his support as an influential elector for Dover, to Captain Carnegie, if he should become a candidate for that borough, on the expectation that his contract was to be extended, and expressed his intention, if required, to vote for two Government candidates for Dover, *Rep. p. iii.*

See also *Dover Election.* *Extensions of Dover Contract.* *French Postal Service, 6.* *Personal Communications (Extensions of Dover Contract).* *Political Influence.*

Clifton, Waller. (Analysis of his Evidence.)—Chief clerk in the Steam Machinery and Packet Department of the Admiralty, 1-3—The Admiralty always puts out the tenders after previous arrangement with the Treasury, 3, 8, 9—Investigation by the Admiralty on receiving intimation from the Treasury, that a certain line of postal communication is contemplated, 4-7—The terms of the invitation for tender are settled by the Treasury, by whom also the tenders received are considered and decided upon, 4, 7.

Province of the Admiralty to transmit all letters by sea, except in the case of the Dublin and Holyhead contract, 9—Duty of the Admiralty to enforce penalties, 10—In some cases the Admiralty cannot remit penalties, and the remission rests with the Treasury, 10, 11—The duty of making the contracts was transferred from the Post Office to the Admiralty about the year 1837; 12—The proposition to establish steam communication to various parts of the world was the cause of the Government placing the matter under the investigation of the Admiralty, 13, 14. 96-103.

Explanation as to the discontinuance of the regulation by which the Admiralty was to see that the vessels were so constructed as to be available in case of war, 15-21. 28-32—Importance of the duty fulfilled by the Admiralty, of surveying the vessels, and of requiring them to be properly constructed for the purpose of carrying the mails, 22-27. 33. 66-74. 359-367—Employment, on several lines, of Admiralty agents in superintending the conduct of the service; particular functions exercised by these agents or naval officers, 33-37. 40-42—Process, now being carried out, of employing Post Office officers in lieu of naval officers on board the vessels, 36, 37. 43-49.

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Advantage rather than disadvantage in Mr. Churchward being allowed, conditionally, to employ his vessels on other than postal service; a former Board of Admiralty interfered on this point, but penalties were never enforced, 2083, 2084. 2107-2115. 2162-2174—The vessels are all manned and navigated in accordance with the interpretation put upon the contract, 2085—Several circumstances which render the Dover service a very expensive one; frequent damage during the passage, 2086, 2087.

Greater efficiency secured through the extension of the contract, 2090-2093—Inaccuracy of the statement that Mr. Churchward formerly offered to put on a small steamer at Calais for 300 l. a year, 2094-2098—The proceedings at the Admiralty in connexion with contracts are all carried on in the department under the Civil Lord, any matter of great importance being laid before the Board, 2122-2125—When the Admiralty has recommended the extension of a contract and the matter has passed through the Treasury, the question is considered to be entirely decided, 2126-2128—In the matter of the Dover contract, the decision of the Admiralty was given on the 23d February, 2129-2132.

Particulars relative to some complaints from private sources that the Dover service was not efficiently performed; the fact has been far otherwise, 2175-2190. 2422-2427—The service from Dover to Ostend could better be performed *via* Calais, but the Belgian Government are anxious to keep up the present service, 2191-2201—All applications for mail packet contracts are first reported upon by witness, who, before reporting, generally has personal communication with the contractors, 2207-2213.

Explanation as to the first communications from Mr. Churchward on the subject of extra claims, and as to his subsequently having represented his losses as ground for consideration, 2214-2227—How far, in recommending the renewal of the contract, witness took into account the question of losses, 2228-2242. 2293-2297. 2361-2366—Circumstance of witness not having consulted any one out of his department as to the expediency of the renewal, 2246-2248. 2268, 2269. 2372.

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Explanation as to the question of receipts from passenger traffic not being considered by the Admiralty in dealing with tenders, 2351-2358—With regard to witness not having consulted the Post Office authorities before he recommended the renewal of the Dover contract, he explains that it was not his province to do so, 2372-2404—As regards the letter of the Postmaster General on the 10th March, objecting to the extension of the contract, it was not brought officially before witness, nor was it written until about a month after witness's recommendation in favour of an extension, 2377-2384.

Circumstance of a speed of 13 knots an hour, as implied in the Dover contract, not being generally required or enforced; explanation hereon as to the non-infliction of penalties on this point, 2405-2412. 2483-2488—Advantage through the better vessels put, or being put, upon the station, although they may not be required to go at an increased speed, 2412. 2470, 2471. 2489-2492—Doubt whether witness ever read or brought before Lord Lovaine the letter from Mr. Churchward in 1854, offering to perform the service at a much less cost if not required to have six vessels, 2428-2435.

Reference to former correspondence, &c., on the subject of the employment of a small steamer in landing and embarking at Calais; impression as to this having been brought before Lord Lovaine, 2436-2453—Without extra payment the Admiralty could not have compelled the putting on of this vessel, 2449-2451. 2475-2478—Probability of the Treasury not having been aware of the Admiralty's correspondence, &c., on the subject of the employment of a small vessel at Calais, 2454-2458—Advantage if, in the arrangement of the preliminaries of all new services, the several departments were to meet together, 2459-2463.

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Clifton, Waller. (Analysis of his Evidence)—*continued.*

Further reference to the frequency of accidents and losses between Dover and Calais, on account of the danger of the service, 2464-2474—Additional and perfectly different services which Mr. Churchward undertook in 1859 for 2,500 L, as compared with the services in 1857 for 1,500 L, 2479-2482—Impression that it was always known at the Admiralty that Mr. Churchward's vessels were employed in the French service, but the Admiralty has always ignored any official knowledge of the French contract, 2493-2511. 2521.

Penalties levied on the Peninsular and Oriental Company for not keeping time under the Australian contract; several occasions on which time has not been kept, 2512-2516. 2528-2532—Complaint by the Director General of the French Post Office as to the vessels under the French contract carrying the English mails; this complaint has never been followed up, 2517-2527—Explanation as to the mileage rate of 9 s. 6 d. per mile having been allowed to Mr. Churchward for certain extra services, 2533-2538.

[Third Examination.]—Experience of witness in matters connected with the machinery, cost, speed, &c., of steam packets; reference often made to him thereupon, 4265-4270. 4335-4338—Greater care taken in the Admiralty inspection of vessels than in the inspection by the Board of Trade, 4271-4274—Very inconsiderable capital required by contractors for public works, as compared with contractors for packet mails, 4275-4277—Further statement of the grounds for calculating that the payment under the extended contract is a good bargain to the public, 4278-4280—Absence of foundation for some complaints by Mr. Norfor as to the conduct of the service, 4281-4291.

Circumstance of two applications, previously to the renewal of the Dover contract in 1855, having been refused by the Admiralty, 4292-4299—Explanation that the application by Messrs. Jenkins and Churchward, dated 23d May 1855, has been lost, and with it any memorandums upon it which, if forthcoming, might account for the reasons why the extension was ultimately conceded, 4292-4325. 4366-4405—There is a record that the paper of the 23d May was given out to witness from the Record Office, and returned by him, 4319-4325.

Several other respects (independently of the conveyance of the mails) in which the contract with Mr. Churchward is of benefit to the public service, 4326-4334—Circumstance of the Accountant General not having been referred to in order to examine whether the contract was unremunerative, 4339-4346. 4407, 4408.

Statement as to witness, in reporting in favour of the extension at certain terms, not having notified that the service did not require so many as six vessels, 4347-4365. 4406.—The requirement of six vessels was partly in order to allow for the purchase of the Admiralty vessels, 4406. 4409, 4410—As regards the report that the contract of 1855 was unremunerative to Mr. Churchward, the French subsidy was not taken into consideration, 4411-4414.

[Fourth Examination.]—Statement showing that the letter from Messrs. Jenkins & Co., dated 23d May 1855, could not have been mislaid in witness's department, 4571-4576—Reference to a minute by Sir Charles Wood, dated 5th July 1855; this does not throw any light upon the Admiralty letter of the 20th June previously, 4577-4583—Reference to the minute upon which the letter of the 20th June was based; it was doubtless the act of the whole Board, 4584-4597.

Improbability of the letter of the 23d May 1855 having been made a circulation paper, 4598-4602—Doubt whether the Post Office or the Treasury were consulted in regard to the extension in 1855; 4605-4608—The preliminaries of packet contracts were about this period arranged very much by personal conferences between the Superintending Lord and the heads of the chief departments, 4608.

[Fifth Examination.]—Before the recent extension of Mr. Churchward's English contract, witness was aware of the existence of the French contract, but not of the terms of it, and had been cautioned in 1855 against having any official cognizance of it, 4742-4760—There is no clause enabling the English Government to take the boats by giving compensation, 4759. 4763-4768—It was known previously to the extension in 1855 that three of the six boats were employed in the French service, 4761, 4762—As Mr. Churchward is to have eight boats, he will have five separately for the English service, which will be sufficient, 4769-4777.

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Colonial Mail Services. Expediency of the principle of admitting other elements into the consideration of colonial contracts besides the element of the amount of postage; the latter, however, should be an important element, *Hamilton* 444-450—Part payment by the colonies in the case of certain contracts, *Stephenson* 533-538—Consultation of the wishes of the colony in regard to the contract where it pays the whole or the major part of the subsidy, *ib.* 637, 638.

See also *Australian Mail Service.* *Cost of Packet Contracts.*

Commutation

Report, 1859—continued.

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Competing Routes (Dover and Calais Postal Service). See *East Kent Railway Company. South Eastern Railway Company, 7.*

Competition. Recommendation by the Committee of 1853, that no contract should be taken except by public tender, *Clifton 136*—Particular cases of renewal, modification, or extension of contract for the last few years, showing that public competition has not been resorted to; propriety thereof, *ib. 321-348. 368-385*—Expediency of public competition in the case of original contracts, *ib. 374-376*—Doubt as to the Report of the Committee of 1853 having ever been brought before the Admiralty by the Treasury, *ib. 386-390.*

General rule to throw the contracts open to public tender; cases in which exception is made to this rule, *Hamilton 454-462*—Witness is in favour of introducing as large an amount of competition as possible, but considers that in some cases extension of contract is desirable, *ib. 458. 462-469*—With a very few exceptions the system of open tender should always be resorted to, *Stephenson 470-472. 479. 519-530*—Rule of the Admiralty to put up all new contracts to public tender, *Clifton 2270-2277*—Witness fully approves of the rule of submitting all new contracts to public competition, *Stephenson 2775-2782.*

See also *American (North) Mail Service. Extensions of Dover Contract. Extensions or Renewals (Generally).*

Construction of Vessels. Explanation as to the discontinuance of the regulation by which the Admiralty were to see that the vessels were so constructed as to be available in case of war, *Clifton 15-21. 28-32*—As regards mail steamers being built of wood or iron, there has been no limitation latterly, *Hamilton 729-732.*

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Corry, The Right Honourable Henry Thomas Lowry (Member of the Committee). (Analysis of his Evidence.)—Was Secretary to the Admiralty during the pending of the late renewal of the Dover contract, 4679—Particulars of a conversation between Captain Carnegie and witness subsequently to the decision of the former not to stand for Dover; not the slightest allusion was made by Captain Carnegie to Mr. Churchward or his contract as the reason for his decision in the matter, 4680-4695.

Explanation as to witness not having known till recently of Mr. Churchward's contract with the French Government; it was always known in the packet department of the Admiralty, but seems to have been officially ignored, 4696, 4697. 4700, 4701. 4728-4732—As regards a clause in the French contract empowering the French Government to take three of the vessels, in the event of war, by giving compensation, had witness known of such clause he would have opposed the late extension, and considers that the extension in 1855 should equally have been withheld on this score, 4698-4738—In 1855 it was well known that Mr. Churchward had only six boats for the two services, 4739-4741.

Cost of Packet Contracts. Witness considers that the first charge upon the postal revenue is to supply reasonably all parts of Her Majesty's dominions with postal communication, *Hamilton 446-448. 732*—Millions of money are, ultimately, involved in some contracts, *Hamilton 659. 664, 665; Stephenson 2928-2930*—Reference to the Report of the Committee of 1853 as laying down the principle that lines of postal communication, as with the colonies and America, should be supported even at a dead loss, *Stephenson 547-549*—Loss sustained on the American and great colonial lines, *ib. 550-552.*

See also *Parliamentary Control.*

Cunard Contract. See *American (North) Mail Service.*

D.

Daily Service (Dover and Calais). Practice as to the running of the boats on week days and on Sundays, *Churchward 1851-1854*—There are two mails daily from Dover to Calais, and from Calais to Dover, one-half being provided under the French contract, *Hill 4525-4527.*

Dover, Calais, and Ostend Postal Contract. See *Admiralty Vessels. Belgian Mail Service. Calais (Landing, &c. of Mails). Capital of Contractors. Dover Election. East Kent Railway Company. Efficiency of Service. Extensions of Dover Contract. Folkestone to Boulogne. French Postal Service. Number of Vessels. Original Contract. Outlay of Capital. Passenger Traffic. Personal Communications. Political Influence. Private Secretary to the First Lord of the Admiralty. South Eastern Railway Company. Special Services.*

DOVER ELECTION:

1. *Communications between Mr. Churchward, Mr. Murray, and Captain Carnegie.*
2. *Conversation between Mr. Churchward and Mr. Lygon.*
3. *Interview between Mr. Churchward and Sir Stafford Northcote.*
4. *Letters from Mr. Murray to Mr. Ryan and Mr. Whitmore.*
5. *Refusal of Captain Carnegie to stand for Dover, and subsequent Retirement from the Admiralty.*
6. *Explanation on the part of the late First Lord of the Admiralty.*
7. *Circumstances under which Sir Henry Leake contested Dover.*
8. *Question as to a Confidential Agent having been sent to Dover to report upon Captain Carnegie's chances of Success.*
9. *Part taken by Mr. Churchward in the late Election and in the previous one.*
10. *Condemnation by the Committee of the Proceedings of Mr. Churchward and Mr. Murray.*

1. *Communications between Mr. Churchward, Mr. Murray, and Captain Carnegie:*

Particulars relative to a conversation at the Admiralty, early in April, between witness and Captain Carnegie, in the presence of Mr. Murray; in his remarks to Captain Carnegie about the pending Dover election, witness positively denies that he ever said a word about an extension of his contract, *Churchward* 962-968—Statement as to the Secretary of the Admiralty having recommended an extension of the contract about six weeks before witness's conversation with Captain Carnegie, *ib.* 1011-1016. 1091-1095.

Particulars relative to a conversation, early in April, between Mr. Churchward and witness, in the presence of Mr. Murray, *Carnegie* 1370-1379. 1430—Mr. Churchward spoke freely and openly on the subject of the contract, and seemed anxious that it should be renewed before the Dover election was over; examination as to the actual words used; witness clearly understood that Mr. Churchward's support of him on the election was to be contingent upon a renewal of the contract, *ib.* 1374. 1401-1409. 1421-1429. 1466. 1469-1477. 1486-1488—Remark by Mr. Churchward that "they" were anxious to defer signing the renewal of the contract until after the election, and that if "they" wanted him to return two Government candidates he should be obliged to do so, but that he would rather support witness and Mr. Osborne; examination hereon, *ib.* 1374-1376. 1408, 1409. 1419, 1420. 1428, 1429. 1433-1436. 1451-1453. 1495-1503. 1507.

Frequent confidential conversations between Mr. Murray and witness relative to the Dover election in connexion with the renewal of the postal contract; witness does not recollect the precise words used on these occasions by Mr. Murray, but understood that Mr. Churchward was to support him at the election, provided the contract were renewed, *Carnegie* 1380-1389. 1410-1412. 1447, 1448.

Witness is quite sure that nothing was said about the renewal of the Dover contract at the interview between Mr. Churchward and Captain Carnegie, in the presence of witness; believes that Captain Carnegie confounds with what passed on that occasion some of the conversations which he had privately with witness about the same period, *Murray* 1519-1538. 1611—Particulars as to the origin and nature of several communications between witness and Mr. Churchward about the contract and about the Dover election; explanation as to witness having written to the Treasury as to the progress being made in the settlement of the contract, *ib.* 1539 *et seq.* 1608-1610. 1612 *et seq.* 1673-1687. 1691.

Statement in explanation of the several conversations between witness and Captain Carnegie in regard to the latter contesting the Dover election; witness told him that Mr. Churchward meant to support him, and probably mentioned the circumstance that the postal contract was pending, but denies that he ever gave him to understand that Mr. Churchward's support was conditional upon the renewal of the contract, *Murray* 1586-1607. 1651-1672. 1692—Captain Carnegie has since assigned to witness other reasons for not contesting Dover than the proceedings in connexion with the contract, *ib.* 1688-1690.

Further denial that witness ever said anything about the contract at the interview with Captain Carnegie, *Churchward* 1878-1881—Witness never gave anyone reason to imagine that his support of Captain Carnegie at Dover would depend upon the renewal of the contract, *ib.* 1882.

Witness adheres to his former account of what passed at the interview with Mr. Churchward, *Carnegie* 1888—Reference to letters received by witness from Mr. Murray, and production of one dated 5 April 1859, in which the name of Mr. Churchward is mentioned in connexion with the question of witness contesting Dover. *ib.* 1890-1907—Witness had several conversations with Mr. Murray alone, almost of the same nature as when Mr. Churchward was present, *ib.* 3823-3829.

Witness

DOVER ELECTION—continued.

1. *Communications between Mr. Churchward, &c.*—continued.

Witness further denies most emphatically, that his support of the two Government candidates had any reference to the Government renewal of his contract, *Churchward* 4145-4151.

2. *Conversation between Mr. Churchward and Mr. Lygon :*

Witness never conversed with Mr. Lygon in regard to the Dover election in connexion with the contract, *Churchward* 1317, 1318—Witness had some conversation with Mr. Churchward about the Dover election, and Mr. Churchward asked him to become a candidate; but most assuredly nothing was said or implied about a renewal of the contract in connexion with the election, *Lygon* 1950-1952. 1993-1995. 2029-2031.

3. *Interview between Mr. Churchward and Sir Stafford Northcote :*

At the interview between Mr. Churchward and witness, previously to witness's assent to the extension of the contract, the former never ventured to urge the extension of the contract, on the ground that he intended to take an active part in the Dover election; on the contrary, he once appealed to Mr. Hamilton, "whether he had not always pressed it upon public grounds," which was confirmed by Mr. Hamilton, *Sir S. H. Northcote* 3607.

4. *Letters from Mr. Murray to Mr. Ryan and Mr. Whitmore :*

Circumstance of witness having written to Mr. Ryan of the Treasury, and also to Mr. Whitmore, one of the Lords of the Treasury, with a view to expediting the contract, *Murray* 1582-1591. 1619. 1628-1645. 1679-1687. 1691—Reference to a letter from Mr. Herbert Murray to Mr. Whitmore, about expediting Mr. Churchward's business, in order that he might go down to Dover; how this came to witness's notice, *Sir S. H. Northcote* 3498-3514. 3543.

5. *Refusal of Captain Carnegie to stand for Dover, and subsequent Retirement from the Admiralty :*

Evidence in explanation of witness's refusal to stand for Dover; reasons assigned for having considered such a course incompatible with honour, *Carnegie* 1390-1396. 1413. 1439-1446. 1460-1466. 1484-1488—The subject of contracts did not fall under witness's department in the Admiralty; Mr. Churchward's contract would not have come before him, *ib.* 1412. 1453. 1463—Witness was not aware at the time of his interview with Mr. Churchward that the Admiralty had six weeks previously recommended the renewal of the contract; had he been aware of this fact it certainly would have caused him to feel differently in the matter, *ib.* 1431, 1432. 1460-1462.

Circumstance of witness not having communicated to any other Lord of the Admiralty his feeling in regard to the renewal of Mr. Churchward's contract, *Carnegie* 1504-1506—The Admiralty doubtless possesses a certain influence in seaports, *ib.* 1509, 1510—That is, in dockyard seaports, or seaports of that class, *ib.* 3664, 3665—Other means than by that of objecting to the renewal of Mr. Churchward's contract, by which the Admiralty might have exercised influence in the matter, *ib.* 1511-1513.

Witness produces a letter from Mr. Murray, dated 6th April 1859, and written by desire of Sir J. Pakington, relative to witness standing for Dover, *Carnegie* 1885-1887. 1901—Clear understanding, when witness accepted office, that he was to seek a seat in Parliament; propriety thereof, *ib.* 3658-3663—Further statement upon the question of Admiralty influence in seaports, and the feeling of witness in regard to the influence to be exercised by Mr. Churchward, *ib.* 3664-3675—As regards a certain passage in a letter from Mr. Murray to witness about his standing for Devonport or Dover, witness felt himself pledged to stand for such places only as afforded reasonable chance of success, *ib.* 3676-3682. 3787.

Further statement to the effect that witness's main reason for not contesting Dover was that he thought Mr. Churchward's business at the Admiralty was still pending, and that his support of witness was to be in consideration of such business being supported by the Admiralty; had witness known of the Admiralty letter of the 24th February, he repeats that his scruples would most probably have been entirely removed, *Carnegie* 3692 *et seq.*—Witness selected Youghal as a place likely to return him, but did not stand for it, *ib.* 3724-3728.

As regards a conversation between witness and Mr. Corry, a few days before witness's resignation, about not contesting Dover, witness did not allude to the question of the contract, because he considered it a secret between Mr. Murray and himself, *Carnegie* 3729-3740—Examination in regard to witness having, when he resigned office, withheld from the First Lord the confidential communication or proposal made by Mr. Murray, whilst he subsequently mentioned to others the reasons, to some extent, which induced him to resign, *ib.* 3741-3771.

Reference to a letter from Sir J. Pakington to witness, dated 5th April, relative to his coming forward for Dover, *Carnegie* 3772-3778—Upon the merits of the Dover contract

DOVER ELECTION—continued.

5. *Refusal of Captain Carnegie to stand for Dover, &c.*—continued.

tract witness formed no opinion, *Carnegie* 3810, 3811—One reason why witness objected to stand for Dover, was that he could not hope to retain the representation, *ib.* 3818-3822. 3829-3831—Explanation as to witness having said in his letter to the "Times," that he could not hope for success at Dover, unless by resorting to means which he could not condescend to adopt, *ib.* 3829-3851.

Particulars of a conversation between Captain Carnegie and witness, subsequently to the decision of the former not to stand for Dover; not the slightest allusion was made by Captain Carnegie to Mr. Churchward or his contract as the reason for his decision in the matter, *Corry* 4680-4695.

Question as to there being any inconsistency between the reason assigned by Captain Carnegie for his resignation, and the reason assigned for not contesting Dover, *Lord Llanover* 4789-4802. 4832-4834. 4838-4840—As regards the circumstance of Captain Carnegie having produced some confidential letters before the Committee, witness states that he has a very high opinion of him as a man of honour, *ib.* 4817-4819—Reasons for concluding that Captain Carnegie acted quite rightly in retiring from the Board of Admiralty, *ib.* 4839, 4840.

6. *Explanation on the part of the late First Lord of the Admiralty:*

Witness had never heard of the interview between Mr. Churchward and Captain Carnegie in the presence of Mr. Murray, *Sir J. S. Pakington* 1695—Witness never held any conversation with Captain Carnegie which would justify him in saying that he was required to contest Dover, and to resort to means incompatible with his honour; explanation hereon as to witness having suggested to Captain Carnegie to stand for Dover as a place for which a Government candidate was likely to be elected, *ib.* 1697. 1700-1714—Witness never wrote to Captain Carnegie about contesting Dover, nor, so far as he recollects, did he authorise Mr. Murray to write to him on the subject, *ib.* 1699—Witness had never spoken to Mr. Churchward until after the Dover election, but had heard that, as the Government postal contractor, he was a person of much influence, and that he would support Government candidates, *ib.* 1708-1714.

With regard to a certain letter from Mr. Murray to Captain Carnegie, dated 6th April 1859, the circumstance of witness having directed it to be written had entirely escaped his recollection, *Sir J. S. Pakington* 1908.

7. *Circumstances under which Sir Henry Leuke contested Dover:*

Sir John Pakington never said anything to witness about his getting into Parliament, or about his contesting Dover, *Sir H. Leake* 4244. 4246—Witness first intended to contest Devonport, *ib.* 4245—Witness never heard one word about Mr. Churchward's contract in connexion with his going to Dover; neither Mr. Churchward nor Mr. Herbert Murray ever alluded to the contract, *ib.* 4247-4262.

8. *Question as to a Confidential Agent having been sent to Dover to report upon Captain Carnegie's chances of Success:*

Witness never sent a confidential agent to Dover, nor knew of any such agent having been sent by others, to report upon his chances of success there; passages in Sir Benjamin Hall's speech in the House of Commons adverted to hereon, *Carnegie* 3697-3703—Witness had no communication whatever with Sir B. Hall until he telegraphed to him from Cork, as reported in his speech, *ib.* 3698. 3802. 3815, 3816.

Examination in reference to a statement in witness's speech in the House of Commons on the 12th April as to a confidential agent having been sent to Dover, and having reported that there was little or no chance there for Captain Carnegie; witness declines to state by whom he was thus informed, but he fully believes that an agent was sent down, that his report was unfavourable, and that such report was communicated to Captain Carnegie, *Lord Llanover* 4780 *et seq.*

Witness does not know by whom this confidential agent was sent to Dover, but it was told him that he was sent by some one connected with the Admiralty, or with those who were managing the Conservative elections, *Lord Llanover* 4781, 4782. 4810. 4825-4830—Witness derived no information from any one connected with the Admiralty, *ib.* 4783—He did not receive any of his information from Captain Carnegie directly, nor, as he believes, indirectly, *ib.* 4803, 4804. 4812. 4835—He does not know whether Captain Carnegie was aware that an agent had been sent to Dover, *ib.* 4836, 4837.

9. *Part taken by Mr. Churchward in the late Election and in the previous one:*

Explanation as to witness having voted for Mr. Osborne at the previous election, and having opposed him on the last occasion, *Churchward* 971-975. 1022-1025. 1075. 1076—Witness at first intended only to oppose Sir W. Russell's re-turn, but subsequently took an active part against Mr. Osborne because of his imputations against witness's establishment,

Report, 1859—continued.

DOVER ELECTION—continued.

9. Part taken by Mr. Churchward in the late Election, &c.—continued.

establishment, *Churchward* 1882—There are about fifty-two voters in connexion with witness's establishment; he believes that every one of them voted "right," *ib.* 1883, 1884.

Further explanation of the circumstances which induced witness to vote for Mr. Osborne, and also for Sir William Russell, in 1857, whilst at the recent election he actively opposed Mr. Osborne, *Churchward* 4141-4158.

When witness first stood for Dover, Mr. Churchward volunteered to support him, and witness was returned, *Osborne* 4674-4678.

10. Condemnation by the Committee of the Proceedings of Mr. Churchward and Mr. Murray:

The Committee report that it is in evidence that Mr. Churchward, on the eve of the last general election, at the time when the extension of his contract was under consideration at the Treasury, volunteered his support to Captain Carnegie, if he should become a candidate for Dover, on the expectation that his contract was to be extended, and expressed his intention, if required, to vote for two Government candidates for Dover, *Rep. p. iii*—Circumstance of the renewal of the contract having been recommended by the Admiralty at least six weeks before the date of the conversation alluded to, *ib.*

The Committee consider that the conduct of Mr. Murray was open to grave censure; but they have not sufficient evidence to show that any member of the Government was cognisant of the communications between Mr. Murray, Mr. Churchward, and Captain Carnegie, *Rep. p. iv.*

The Committee submit, for the consideration of the House, whether Mr. Churchward, in having resorted to corrupt expedients affecting injuriously the character of the representation of the people in Parliament, has not rendered it impossible for the House of Commons, with due regard to its honour and dignity, to vote the sums of money necessary to fulfil the agreement for the extension of the contract, *Rep. p. iv.*

See also *Political Influence. Private Secretary to the First Lord of the Admiralty. South Eastern Railway Company*, 8.

Dublin and Holyhead Contract. Province of the Admiralty to transmit all letters by sea, except in the case of the Dublin and Holyhead contract, *Clifton* 9.

Advantage in the Holyhead and Kingstown service being carried on by the London and North Western Company, *Eborall* 3074. 3187-3190.

Duration of Contracts. There is no positive rule as to the length of contracts, *Clifton* 109, 110; *Stephenson* 531—Recommendation, in the Report of the Committee of 1853, as to the duration of contracts, *Clifton* 134, 135—Impression as to the Committee of 1853 having recommended that contracts should not exceed five years; reference hereon to the Report of the Committee as not coinciding with this impression, *Stephenson* 532. 539-546—Further reference to the Report of the Committee of 1853, as recommending generally a shorter duration of contracts, *ib.* 586—Approval of a contract for a long term of years, if the conditions are favourable to the public, *Eborall* 3318-3320.—See also *Terminable Contracts.*

E.

East Kent Railway Company. As regards the South Eastern Company contemplating to carry the mails from Folkestone to Boulogne, such course would to some extent have reference to competition with the East Kent Company, *Eborall* 3222-3225—Witness has not heard of any contemplated amalgamation of the East Kent Company with the South Eastern Company; eventually it is inevitable, *ib.* 3226. 3273. 3282—How far any prejudice to the public might arise if the South Eastern Company had the mail contract, and if competition arose between them and the East Kent Company, *ib.* 3271*-3284—Advantage to the South Eastern Company if, before any arrangements with the East Kent Company, they had the over-sea mail traffic, *ib.* 3311, 3312.

Advantage of witness's competing line from Dover to Calais, and, as proposed, from Dover to Boulogne, more especially when the East Kent Railway is opened, *Churchward* 4208-4239—Importance of the competing route to be supplied by the East Kent line; it will save from twelve to fifteen miles in the distance to Dover, and will prevent a monopoly in the hands of the South Eastern Company, *ib.* 4209-4211.

Belief that there are no arrangements for any long period with the South Eastern Company which prevent the Post Office deriving advantage from the competition of the East Kent Company, *Hill* 4503-4508.

Explanation of the distance respectively by the East Kent route and the South Eastern route from London to Dover, Folkestone, and other points, *Eborall* 4897. 4906—It is eleven miles shorter from London to Dover by the East Kent route *via* Strood, than by

East Kent Railway Company—continued.

the South Eastern line, but the mails could not be advantageously conveyed by the former route, *Eborall* 4897. 4900-4906—There is no foundation for rumours of amalgamation between the two lines, *ib.* 4898—The question of an amalgamation was never taken into consideration by the South Eastern Company in trying for the contract, *ib.* 4899.

Eborall, Cornelius Willes. (Analysis of his Evidence.)—General manager of the South Eastern Railway Company, 3036, 3037—The South Eastern Company carry the mails between London and Dover, and have steamers running between Folkestone and Boulogne and between Dover and Calais, 3038-3040—The Company have an Act under which they hold steamers plying as at present, but have no Act under which they can run to Ostend, 3041-3047. 3154.

The Company are advised that they can, legally, run boats to Ostend; but if not they might charter them in the name of the secretary or chairman of the Company; question as to the propriety of this latter course, 3048-3051. 3103-3111. 3294-3310—Probability of Parliament sanctioning an application by the Company to run to Ostend, 3051. 3180-3186.

Statement as to the Company having tendered in 1854 to carry the mails between Dover and Calais for 16,520*l.* per annum, whilst Mr. Churchward tendered to perform both the French and Belgian services for 15,500*l.*; explanation as to this unduly high tender on the part of the Company, 3052-3061. 3197-3204—The Company have expressed to the Post Office their willingness to compete for the French service, and were not aware of the intended renewal of Mr. Churchward's contract; such renewal, so long before expiry, took them completely by surprise, 3062-3066. 3095-3097. 3138-3143.

Statement that the South Eastern Company would have tendered to perform the same services as under Mr. Churchward's contract at much lower terms; witness is not prepared to specify terms, but his Company would undertake the contract for several thousand pounds less than Mr. Churchward is to receive, 3067-3073. 3098-3102. 3191-3195. 3205-3209. 3227-3231. 3237-3245—Evidence in support of the proposition that it would be to the public advantage if the mail service across the Channel were in the hands of the Railway Company, and that no injurious monopoly would result, 3074-3078. 3083-3086. 3123-3137. 3155-3159. 3187-3196. 3261-3269. 3276-3278.

The South Eastern Company get about 15,000*l.* a year for the railway mail service, the arrangement being made with Mr. Page and Mr. Frederick Hill, 3079-3082—The Company have eight steamers, running in the daytime only; they would probably provide two or three more boats if they had the contract, 3084-3086—In the event of the South Eastern Company carrying the mails from Folkestone to Boulogne a low-water landing place or pier would be necessary at Folkestone; small cost at which this might be constructed, 3087, 3088. 3091, 3092. 3210-3222. 3232-3236.

Decrease during the last few years of the passenger traffic between Folkestone and Boulogne and between Dover and Calais, 3089. 3144-3153—Witness cannot say why his Company did not tender in 1854 for the Ostend service, 3112-3115—Arrangement between the Company and Mr. Churchward whereby competition in passenger fares is avoided, 3121, 3122—Probability of the Company obtaining the French contract if Mr. Churchward lost the English contract, 3129-3134.

Witness did not interfere in any way in the late election for Hythe and Folkestone, 3160-3163—He has heard that the deputy chairman of the Company took some steps towards canvassing Dover, 3164-3168—Names of the directors; they are of various political opinions, 3169, 3170.

The Belgian service might be conducted *via* Calais, but that the Belgian Government object to the mails being transmitted through France, 3171-3179—As regards the South Eastern Company contemplating to carry the mails from Folkestone to Boulogne, such course would to some extent have reference to competition with the East Kent Company, 3222-3225—Witness has not heard of any contemplated amalgamation of the East Kent Company with the South Eastern Company; eventually it is inevitable, 3226. 3273. 3282—The South Eastern have just commenced to run the mail train from London to Dover in two hours, for which acceleration they get an increased subsidy from the Post Office, 3246-3253.

Probable competition between the Company and Mr. Churchward in the event of certain contemplated changes in the mail service leading to an abstraction of the Company's passengers; such competition, as causing loss, might lead to an application to Government for increased payment, 3254-3263—The Company would undertake that their boats should carry the mails at the rate of thirteen miles an hour, 3270, 3271—How far any prejudice to the public might arise if the South Eastern Company had the mail contract, and if competition arose between them and the East Kent Company, 3271*. 3284.

The South Eastern Company would undertake a contract, at reduced terms, for three years,

Eborall, Cornelius Willes. (Analysis of his Evidence)—continued.

years, and would build two or three additional boats on the strength of such contract, 3285-3293—Advantage to the South Eastern Company if, before any arrangement with the East Kent Company, they had the over-sea mail traffic, 3311, 3312—Mean of security to the public that the Company, having obtained a contract at reduced terms, would not revert to increased terms at the end of the contract, and when Mr. Churchward might no longer be a competitor, 3313-3322.

The Company would most likely have been willing to tender, in 1859, for a service not to commence till 1863; 3323-3327—In 1855 the Company were not invited to tender; they would probably have offered as favourable terms then as now, 3328-3338.

[Second Examination.]—Since his former examination witness has consulted his Board, and is authorised to state that they would undertake to perform the service, as under Mr. Churchward's contract, for the sum of 12,000 *l.* a year, for a period of not less than five years, 3881-3889—As regards the power of the Company to undertake the Ostend service, witness does not apprehend any difficulty, 3890—Way in which the difficulty of there being Members of Parliament on the Board may be got over, 3891-3900—Recent arrangement with the Post Office for an accelerated night mail on witness's line; this was negotiated between witness and Mr. Page, 3901-3909.

[Third Examination.]—Explanation of the distance respectively by the East Kent route and the South Eastern route from London to Dover, Folkestone, and other points, 4897. 4906—It is eleven miles shorter from London to Dover by the East Kent route *viâ* Strood, than by the South Eastern line, but the mails could not be advantageously conveyed by the former route, 4897. 4900-4906—There is no foundation for rumours of amalgamation between the two lines, 4898—The question of an amalgamation was never taken into consideration by the South Eastern Company in trying for the contract, 4899.

Efficiency of Service (Dover Contract). Advantage of the late extension of the contract in its having led to the construction of an additional first-class packet, *Churchward* 828-845. 1065; *Clifton* 2040. 2042. 2090. 2116-2121; *Stephenson* 2610-2614—Witness has never incurred any penalties; there was one complaint, which was satisfactorily explained, *Churchward* 1847, 1848—Belief that there is but one opinion as to the efficiency of the service, *Lygon* 2005. 2014.

Greater efficiency secured by the extension of the contract, *Clifton* 2090-2093—Particulars relative to some complaints from private sources that the Dover service was not efficiently performed; the fact has been far otherwise, *ib.* 2175-2190. 2422-2427—Advantage, under the present contract, in the vessels being safer than those first on the station, *ib.* 2326-2329. 2367—Advantage through the better vessels put, or being put, upon the station, although they may not be required to go at an increased speed, *ib.* 2412. 2470, 2471. 2489-2492—Doubt as to the trains being ever kept waiting, unless there has been a fog, *ib.* 2485-2487—It was clearly understood at the Treasury that the service had been well performed, *Stephenson* 2594, 2595—More efficient conduct of the service, which witness expected to be obtained during the four unexpired years of the contract, by granting the extension, *Sir S. H. Northcote* 3359. 3371-3391. 3395-3406—Witness took into consideration the fact that the service was being very well performed, *ib.* 3371-3373. 3534, 3535—For the sake of improving the service up to 1863, witness knew that he risked the chance of some possible improvement subsequently, *ib.* 3375-3377.

Further evidence as to the question of efficiency of service having weighed with witness in recommending an extension, *Sir S. H. Northcote* 3440-3458. 3497. 3525-3528—Sufficiency of the penalties to have enforced fulfilment of the terms of the contract, *ib.* 3442-3444. 3451-3453—Witness does not admit the accuracy of the expression that Mr. Churchward was "bribed into efficiency of service," *ib.* 3445-3458—Greater efficiency secured at once by granting the renewal, *ib.* 3604-3606—Absence of complaints against the way in which the service has been performed, *ib.* 3608, 3609.

Witness, as Admiralty superintendent at Dover, was satisfied with the way in which Mr. Churchward performed the service, *M'Ilvaine* 3912-3918. 3932-3934. 3969-3979—There were occasional delays, through stress of weather, which witness always reported to the Admiralty; but as long as the boats arrived in time for the trains, witness did not consider it necessary to report, even though a speed of thirteen knots an hour may not have generally been attained, *ib.* 3915-3917. 3923-3931. 3974-3978.

Opinion at the Post Office as to the efficient conduct of the service by Mr. Churchward, *Page* 4066, 4067—Absence of foundation for some complaints by Mr. Norfor, as to the conduct of the service, *Clifton* 4281-4291.

Effects of the extension, in 1855, to lead to greater efficiency of service, *Sir C. Wood* 6866-4869. 4874.

See also *Admiralty Vessels.* *Outlay of Capital.* *Speed.*

Elections of 1859. See *Dover Election.* *Political Influence.*
60.2—Sess. 2. 3 R 3

European and Australian Steam Navigation Company. See *Australian Mail Service.*

Excursion Trips (Dover Mail Packets). Reference to the objections which have been made by the Admiralty to the employment of witness's vessels on pleasure excursions, and to the permission on the subject in his present contract, *Churchward* 1310-1316—Explanation relative to the clause as to the contractors employing the vessels to their own advantage; this was introduced in May last, after consideration, by Mr. Lygon and Mr. Clifton, *ib.* 1832-1836. 1846.

Several interviews and considerable discussion between Mr. Churchward and witness, in regard to the contractor employing the vessels to his own advantage; witness objected to a clause submitted hereon, by Mr. Churchward, and drew up another and more stringent one, which was not inserted until considered by Mr. Clifton and the Solicitor to the Admiralty; remarks in justification of the conditional permission given by this clause, *Lygon* 1938-1943. 1957-1959. 1973-1999. 2015-2019. 2023-2029—Advantage, rather than disadvantage, in Mr. Churchward being allowed, conditionally, to employ his vessels in other than postal service; a former Board of Admiralty interfered on this point, but penalties were never enforced, *Clifton* 2083, 2084. 2107-2115. 2162-2174.

Expenditure, Public. See *Cost of Packet Contracts.*

EXTENSIONS OF DOVER CONTRACT:

I. Extension in June 1855:

1. Additional Period granted by this Extension.
2. Grounds for the Extension; Proceedings of the Admiralty in the Matter.
3. Loss of the Letter applying for the Extension.
4. Non-reference to the Treasury or Post Office.
5. Copy of the Contract as extended.
6. Condemnation by the Committee of the Course pursued.

II. Extension in April 1859:

1. Additional Period granted by this Extension.
2. Character and Dates of Mr. Churchward's Applications in the Matter.
3. Explanation as to the Admiralty Recommendation of the Extension.
4. Consideration of Objections raised by the Postmaster General.
5. Proceedings and Views of the different Treasury Officials; ultimate Grant of the Extension explained.
6. Efficiency of Service taken into consideration in granting the Extension.
7. Losses under the Contract and Lowness of the Terms taken into consideration.
8. Accidental Omission of certain Treasury Conditions in the Execution of the Contract.
9. Payment made under the Contract as extended.
10. Copy of the extended Contract.
11. Condemnation by the Committee of the Course pursued.
12. Suggestion whether Parliament should not abstain from voting the Monies for the Contract.

I. Extension in June 1855:

1. Additional Period granted by this Extension:

Extension, in 1855, of Mr. Churchward's contract up to 1863, or by a period of four years and eight months, *Clifton* 341-348—The first contract, which was for four and a half years from the 1st April 1854, was renewed in June 1855 up to June 1863, *Churchward* 738-741.

2. Grounds for the Extension; Proceedings of the Admiralty in the Matter:

Extension of witness's original contract, in consideration of his losses, by Lord Aberdeen's Government, *Churchward* 1073, 1074—In applying for a renewal of the contract in 1855, witness did so on the ground that it would otherwise be a decided loss to him, *ib.* 1143, 1144—Extension unconditionally, in 1855, upon grounds similar to those upon which the late extension was conceded, *Clifton* 2047-2056—The renewal of the contract in 1855 was, equally with the late renewal, against witness's principle, *Stephenson* 2764-2767. 2809-2811—Circumstance of two applications, previously to the renewal of the Dover contract in 1855, having been refused by the Admiralty, *Clifton* 4292-4299.

Reference to a minute by Sir Charles Wood upon the extension of the Dover contract in June or July 1855, *Phinn* 4534. 4537—As regards a letter under witness's signature, dated 20 June 1855, in which the assent of the Admiralty is given, "after full consideration,"

EXTENSIONS OF DOVER CONTRACT—continued.

I. Extension in June 1855—continued.

2. Grounds for the Extension, &c.—continued.

tion," to a third application from Messrs. Jenkins and Churchward for an extension of their contract, witness cannot explain the grounds upon which such extension was granted, and was not cognizant of the previous steps in reference thereto, *Phinn* 4534, 4535-4556-4562.

Reference to a minute by Sir Charles Wood, dated 5 July 1855; this does not throw any light upon the Admiralty letter of the 20th June previously, *Clifton* 4577-4583—Reference to the minute upon which the letter of the 20th June was based; it was doubtless the act of the whole Board, *ib.* 4584-4597—Impression as to Mr. Churchward's purchase of the Admiralty boats having had something to do with the grant of an extension, *Phinn* 4630.

Witness, who was Parliamentary Secretary to the Admiralty in 1855, has only a general recollection of the letter of the 23d May, *Osborne* 4640-4644—When the extension of 1855 was granted, witness had no thought of going to Dover, *ib.* 4645-4647-4922—Impression that the extension granted in the Admiralty letter of the 20th June 1855 was in consideration of the purchase by Mr. Churchward of the Admiralty vessels, *ib.* 4648.

Witness produces the *présis* of the papers put in the Record Office of the Admiralty, and reads the entry relative to the paper of the 20th June 1855, *Spalding* 4778, 4779.

Sir Robert Peel or Captain Milne could probably give detailed information to the Committee in regard to the extension of the Dover contracts in June 1855; it was their province to attend to such business, *Sir C. Wood* 4844, 4846-4848, 4856, 4857, 4886, 4887—Belief as to the reasons which induced the Admiralty to accede to Mr. Churchward's application of the 23d May 1855, although similar applications had previously been refused; his loss, through the purchase of the Admiralty vessels, and the rise of prices through the pressure of the war, were the main reasons, *ib.* 4844, 4845, 4849, 4854, 4866-4875—Outline of the course pursued at the Board of Admiralty in dealing with the case in question; minutes of the Board adverted to hereon, *ib.* 4846-4848, 4854-4857, 4896—In 1855 political reasons could not have influenced the grant of the extension, whilst in 1857, the year of the general election, an application for extension was refused, *ib.* 4850-4852—Probable difference of opinion at the Board in regard to the extension, there having been two minutes on the same day, and the first minute having been cancelled, *ib.* 4857, 4896—Opinion that the extension in 1855 was the best thing for the public service, *ib.* 4870-4872.

Correspondence between Messrs. Jenkins and Churchward and the Admiralty in 1855 in reference to the extension of the Dover contract, *App. p.* 303-309—Copy of letter from the Secretary to the Admiralty to Messrs. Jenkins and Churchward, dated 20 June 1855, stating the consent of the Admiralty to grant the extension on certain conditions, *ib.* 307.

8. Loss of the Letter applying for the Extension :

Explanation that the application by Messrs. Jenkins and Churchward, dated 23 May 1855, has been lost, and with it any memorandums upon it which, if forthcoming, might account for the reasons why the extension was ultimately conceded, *Clifton* 4292-4325, 4366-4405—There is a record that the paper of the 23d May was given out to witness from the Record Office, and returned by him, *ib.* 4319-4325.

Efforts of witness to obtain a register of all incoming letters at the Admiralty adverted to, in connexion with the circumstance of the letter of Messrs. Jenkins and Churchward on the 23d May 1855 being missing, *Phinn* 4536—If any minute of the letter of the 23d May were not a Board minute, there would be no record of it in the General Minute Book, but any special minute of the Board would be so recorded, *ib.* 4536-4547, 4557-4561—Statement as to letters having frequently been detained a very long time in Mr. Clifton's department; the letter of the 23d May may have been thus lost, *ib.* 4538.

Improbability of the letter of the 23d May having been treated as a circulation paper, *Phinn* 4548-4555; *Clifton* 4598-4602—Statement showing that the letter from Messrs. Jenkins & Co., dated 23d May 1855, could not have been mislaid in witness's department, *ib.* 4571-4576—Witness is confident that the letter of the 23d May was never put in circulation at the Admiralty, *Osborne* 4636—Letters were frequently missing at this period, and Mr. Phinn instituted an inquiry into the matter, *ib.* 4637-4639.

Copy of the letter from Messrs. Jenkins and Churchward to the Secretary to the Admiralty, dated 23d May 1855, *App. p.* 306, 307.

Report, 1859—continued.

EXTENSIONS OF DOVER CONTRACT—continued.

I. Extension in June 1855—continued.

4. Non-reference to the Treasury or Post Office :

In 1855 any question as to the renewal of a contract went direct to the Financial Secretary at the Treasury, or should have done so, *Stephenson* 2704, 2705. 2807-2811—Irregularity of the renewal in 1855 was made by the Government without reference to the Treasury, *ib.* 2807-2811—Doubt whether the Post Office or the Treasury were consulted in regard to the extension in 1855, *Clifton* 4605. 4608—Probability of the extension of 1855 having been made without consulting the Treasury, *Phinn* 4620—Witness does not know whether there was any written communication of the Admiralty with the Treasury about the extension, *ib.* 4630, 4631—Circumstance of the extension in 1855 not having been submitted either to the Treasury or the Post Office; this was doubtless wrong, *Sir C. Wood* 4853, 4854. 4864, 4865. 4873-4878.

5. Copy of the Contract as extended :

Copy of the contract, as extended, with Messrs. Jenkins and Churchward for the Dover, Calais, and Ostend service, dated 20th June 1855; *App. p.* 310-313. 329-332.

6. Condemnation by the Committee of the Course pursued :

The extension, in June 1855, of the term from the 1st October 1858 until the 20th June 1863, was agreed to by the Admiralty without previous consultation with the Treasury or the Post Office, and does not appear, from the evidence laid before the Committee, to have been made with due care and consideration for the public service, *Rep. p.* iii.

II. Extension in April 1859 :

1. Additional Period granted by this Extension :

The second contract to expire in June 1863, was renewed under date the 26th April 1859 up to the 26th April 1870; *Churchward* 742-744.

2. Character and Dates of Mr. Churchward's Applications in the Matter :

Explanation upon several points (such as the loss of two vessels, the erection of costly works, &c.), put forward in a letter from witness on the 14th February 1859, as entitling him to favourable consideration from the Government, *Churchward* 745-766. 992-1010. 1054-1065. 1099-1142—Explanation of the reasons which caused witness to suspend negotiations with the Admiralty in 1857, and to renew them in 1859; letter of the 10th June last, adverted to hereon, *ib.* 846-859. 1247-1264. 1364, 1365. 1726-1742—Reference to a letter from witness to Mr. Hamilton, dated 4th April 1859, in which he says that no compensation could be offered him equivalent to that of an extension of the contract, *ib.* 888-892—About the 13th April witness had an interview with Sir Stafford Northcote and Mr. Hamilton, and afterwards received a letter from the former, approving of an extension of the contract for seven years, *ib.* 893-898.

It was about the 6th January that witness renewed his communications with the English Government about a renewal of the contract, *Churchward* 1028-1030—As regards the favourable intimations received by witness from the Treasury on the 15th April, and from the Admiralty on the 23d February, he considered that these justified him in concluding that the contract would be extended, *ib.* 1082-1099—When witness applied in January 1859 with respect to the extra Indian mail services, he had it in contemplation to apply subsequently for an extension of the contract, *ib.* 1265-1268—More fear of competition in 1859 than in 1857, *ib.* 1301-1303—Impression that Mr. Hamilton told witness of the Admiralty letter of 23d February, *ib.* 1337, 1338.

Explanation as to the first communications from Mr. Churchward to the Admiralty on the subject of extra claims, and as to his subsequently having represented his losses as grounds for consideration, *Clifton* 2214-2227—A letter from Mr. Churchward, on the 11th January 1859, shows that he had it then in contemplation to ask for more favourable terms, *ib.* 2335, 2336—Circumstance of Mr. Churchward having stated in his letter of the 11th January that he should have to apply for more favourable terms, *Stephenson* 2702, 2703—The application of Mr. Churchward, on the 14th February, was a development of the first application, and proposed that he should have a reduced money compensation and an extension of the contract, *Sir S. H. Northcote* 3348-3353—Witness had an interview with Mr. Churchward, in which the latter explained his grounds in asking for an extension, *ib.* 3359-3362.

3. Explanation as to the Admiralty Recommendation of the Extension :

Witness was not, officially, in any way conversant with the transactions relating to the contract for the Dover and Calais mail service, *Carnegie* 1368, 1369—Witness had no communication relative to the contract with any of the Lords of the Admiralty, or with any Government official, *ib.* 1380. 1396. 1414. 1418. 1508. 1514-1517—The detailed practice in regard to contracts was not known to witness in April, nor did he clearly understand the functions exercised respectively by the Admiralty and Treasury, *ib.* 1452-1459. 1478-1483.

Witness

EXTENSIONS OF DOVER CONTRACT—continued.

II. Extension in April 1859—continued.

3. Explanation as to the Admiralty Recommendation, &c.—continued.

Witness does not recollect the Dover contract having been brought before him officially at the Board of Admiralty; moreover the final settlement of the contract rested with the Treasury, *Sir J. S. Pakington 1717-1725*.

Witness was Civil Lord of the Admiralty from about the 11th March until the end of June, *Lygon 1909-1911*—The renewal of the Dover contract was recommended by the Admiralty before witness became a member of the Board, *ib. 1912. 1915, 1916. 1931-1933*—Certain questions in connexion with the contract were pending when witness joined the Board, the details of which were chiefly arranged by Mr Clifton, *ib. 1912-1922. 1930. 1934*—As regards the non-resort to competition and the fairness of the terms of the contract, witness took up the business as he found it on assuming office, *ib. 1960. 1970-1972*.

Offer made by Mr. Churchward to commute the extraordinary charges to a fixed payment of 2,500 *l.* a year provided the contract were extended, *Clifton 2034. 2043. 2103-2106*—Witness reported in favour of the foregoing proposition and explains the grounds upon which he concluded that its adoption would be advantageous to the public service, and upon which he recommended that the extension should be until 1870; examination in detail hereon, *ib. 2035-2063. 2088-2106. 2133-2161. 2202 et seq.*—In the matter of the extension of the contract, the decision of the Admiralty was given on the 23d February, *ib. 2129-2132*.

Circumstance of witness not having consulted any one out of his department as to the expediency of the renewal, *Clifton 2246-2248. 2268, 2269. 2372*—With regard to witness not having consulted the Post Office authorities before he recommended the renewal of the Dover contract, he explains that it was not his province so to do, *ib. 2372-2404*—As regards the letter of the Postmaster General of the 10th March, objecting to an extension of the contract, it was not brought officially before witness, nor was it written until about a month after witness's recommendation in favour of an extension, *ib. 2377-2384*—Doubt whether witness ever read or brought before Lord Lovaine the letter from Mr. Churchward in 1854, offering to perform the service at a much less cost if not required to have six vessels, *ib. 2428-2435*.

Considerable amount of information which the Admiralty had the power of supplying to the Treasury in regard to the Dover service, irrespectively of the considerations put forward by the Post Office, *Stephenson 2783-2804*—Impropriety in the Admiralty not having referred to the Treasury in 1857 the proposition then made by Mr. Churchward, *ib. 2805, 2806*.

Further statement of the grounds for calculating that the payment under the extended contract is a good bargain for the public, *Clifton 4278-4280*—Several other respects (independently of the conveyance of the mails) in which the contract with Mr. Churchward is of benefit to the public service, *ib. 4326-4334*.

4. Consideration of Objections raised by the Postmaster General:

Remarks in reference to a letter from the Postmaster General to the Lords of the Treasury, dated 10th March 1859, in which certain objections are made to an extension of witness's contract, *Churchward 791-804*—Witness frequently saw the assistant Secretary of the Post Office about the contract, *ib. 858. 877. 1277*—Witness does not understand the objection as raised in the letter of the Postmaster General, *Clifton 2395-2397*—In regard to the interview between witness and Mr. Churchward, which was on the 13th or 14th April, witness read thereat certain passages from the Postmaster General's letter of the 10th March, and explains the arguments of Mr. Churchward in reply to such letter, *Sir S. H. Northcote 3424-3439*.

Witness was not consulted as to the answer given by the Post Office to the Treasury letter in regard to the extension; such answer was prepared from instructions received from Mr. Frederick Hill, *Page 4009-4018*—It has not yet been found that the Post Office has been fettered in its negotiations with foreign countries through the recent extension; reference hereon to the possible abandonment of the present Belgian service, *ib. 4049, 4050. 4063-4065*—Long official experience of witness adverted to, *ib. 4053-4056*—He considers that the arrangements with Mr. Churchward are on the whole favourable to the public service, but has not formed any opinion upon the question of the recent extension until 1870, *ib. 4057-4062. 4066-4070. 4126, 4127*—The draft of the Dover contract was not submitted to the Post Office, *ib. 4119*.

Upon the whole, witness thinks that had the question of the recent extension been submitted to him, he would have recommended such extension, *Page 4126-4132*—Witness has seen all the correspondence on the subject of the recent extension that has been sent from the Treasury, *ib. 4133-4140*.

The question of the recent extension of the Dover contract came before witness from the Treasury, and he prepared a draft letter for the consideration of the Postmaster
o.26—Sess. 2. 3 S General,

Report, 1859—continued.

*EXTENSIONS OF DOVER CONTRACT—continued.*II. *Extension in April 1859—continued.*

4. Consideration of Objections raised by the Postmaster General—continued.

General, and probably conferred personally with him on the subject, *Hill* 4418-4422—Witness still adheres to the objections urged against the extension in the letter from the Postmaster General of the 10th March, *ib.* 4423. 4434, 4435—Impression that after the Postmaster General's letter of the 10th March, the Post Office did not receive any further communication from the Treasury, *ib.* 4424-4427—Reference to an interview between Mr. Churchward and witness about the 10th March, when the former asked witness to expedite the matter so far as the Post Office was concerned, *ib.* 4428-4433—Belief that all the correspondence between Mr. Churchward and the Admiralty was submitted to witness, *ib.* 4437-4439.

Question as to any material advantage or disadvantage to the public if Mr. Churchward had been obliged to throw up the contract, *Hill* 4461-4463—The extension, as likely to produce injury to the South Eastern Company, has not hitherto produced disadvantage in regard to further arrangements of the Post Office with the Company; apprehension on this point, *ib.* 4446-4467. 4494—Witness does not recollect having ever expressed any modification of the opinions set forth in the letter of the 10th March, *ib.* 4495-4498.

5. Proceedings and Views of the different Treasury Officials; ultimate Grant of the Extension explained:

Reference to one or two private explanatory letters between witness and Mr. Hamilton on the subject of the contract, *Churchward* 860-874—Witness saw Mr. Hamilton on several occasions relative to the progress that was being made with the contract, *ib.* 875, 876—Communications between Mr. Hamilton and witness in January and April 1859, adverted to; explanation hereon as to the course of witness's official communications having been with the Admiralty, *ib.* 1339-1353.

Circumstance of certain conditions laid down by the Treasury in a minute of the 1st April not having been communicated to the Admiralty, *Lygon* 2008-2013—It was the duty of the Treasury, and not of witness, to consult with the Post Office, *Clifton* 2398-2404.

Witness produces and reads certain correspondence and Treasury minutes on the subject of the renewal of the Dover contract in 1859, *Stephenson* 2539 *et seq.*—Reference to a memorandum by witness made within a day or two after receiving the Postmaster General's report of the 10th March, in which he says there are strong claims for favouring Mr. Churchward, but objects to an extension of the contract, *ib.* 2548-2554—Memorandum by Mr. Hamilton, dated 22d March, in which for several reasons an extension of the contract is recommended, *ib.* 2555-2557—Memorandum by Sir Stafford Northcote, dated the 1st April; direction therein to Mr. Hamilton to see Mr. Churchward on the question of the increased payment to be made during the residue of the contract, *ib.* 2558—Subsequent memorandum by Mr. Hamilton, enclosing letter from Mr. Churchward, dated 4th April, in which he says that no compensation could be offered him equivalent to an extension of contract, *ib.* 2559, 2560.

After Mr. Churchward's letter of the 4th April, and after a discussion at the Treasury, it was decided upon to extend the contract, and witness was directed to draw up a minute on the subject, *Stephenson* 2561-2570—Alterations made by Sir S. Northcote in the minute as prepared by witness, *ib.* 2571-2578—Explanation of witness's objection to the extension of the contract; he thought that Mr. Churchward had a strong case for consideration, but objected on principle to the extension proposed, *ib.* 2596-2609—When witness wrote the minute objecting to the renewal of the Dover contract, he had seen the Postmaster General's letter of 10th March, *ib.* 2626-2628—He repeats that his objection was a general one; and that there were strong grounds which entitled Mr. Churchward to favourable consideration, *ib.* 2629-2631.

Explanation generally of the part taken by witness upon the question of renewal; besides his memorandum on the subject, he had several conversations with Sir S. Northcote and Mr. Hamilton, in which he always objected to a renewal, *Stephenson* 2643, *et seq.*—Constant discussions at the Treasury during the interval between the Postmaster General's letter of the 10th March and the Treasury minute of the 15th April, *ib.* 2656-2662. 2680-2682—Presence of witness at an interview between Mr. Churchward and Sir S. Northcote about the 13th April; allusion made by Mr. Churchward on this occasion to the matter of the Galway contract, *ib.* 2669-2672.

The public convenience, as well as the losses sustained by Mr. Churchward, was considered in deciding upon the question of renewal, *Stephenson* 2698-2701—Circumstance of all the Admiralty's previous correspondence not having been before witness when considering the question of renewal, *ib.* 2724-2737—Probable reason why the contract was not sent in draft to the Treasury before it was finally signed by the Admiralty, *ib.* 2737-2746—It was not witness's province to consult others on the question of renewal,

Stephenson

EXTENSIONS OF DOVER CONTRACT—continued.

II. Extension in April 1859—continued.

5. Proceedings and Views of the different Treasury Officials, &c.—continued.

Stephenson 2771-2774.—Evidence showing that the Dover contract is not the only instance in which the views of the Post Office have not been adopted by the Treasury, *ib.* 2973-3016.

Besides considering the Postmaster General's letter of the 10th March, witness consulted Mr. Stephenson and Mr. Hamilton before deciding in favour of an extension, *Sir S. H. Northcote* 3354-3359.—Explanation of witness's reasons for the adoption of a course at variance with the views of the Postmaster General and Mr. Stephenson, *ib.* 3359 *et seq.*—The objection of the Postmaster General was one of principle, he having been equally opposed to all extensions without competition, *ib.* 3359. 3364-3367.—Mr. Stephenson's objection was also one of general principle, and he considered the case a strong one, *ib.* 3359. 3363-3367.—Witness did not act on Mr. Churchward's information only; the matter came guaranteed from the Admiralty, *ib.* 3372-3374. 3463-3470. 3519-3523.

Although witness was at first in favour of an increased compensation rather than an extension up to 1870, he did not entirely concur in the objections raised by the Postmaster General and Mr. Stephenson, *Sir S. H. Northcote* 3427-3434.—Witness did not consider it the business of the Treasury, but rather of the Admiralty, to seek information before extending the contract, *ib.* 3463-3472.—Communication between Sir W. Jolliffe and witness, just prior to the commencement of the Dissolution, about the extension of the contract; witness then stated that his impression was against an extension, but he had not considered all the papers on the subject, *ib.* 3473, 3474. 3477-3480. 3516-3518.

Arguments which induced witness not to adhere to his resolution, as first formed, of deferring all action upon the contract until after the Dissolution, *Sir S. H. Northcote* 3473. 3484. 3524.—Witness did not send for Mr. Churchward until long after the interview with Sir W. Jolliffe, *ib.* 3475, 3476.—Statement as to a money compensation having been first proposed to Mr. Churchward, and as to his reply that no compensation would be equivalent to an extension, *ib.* 3481-3492.

6. Efficiency of Service taken into consideration in granting the Extension :

Clear understanding at the Treasury that the service had been well performed, *Stephenson* 2594, 2595; *Sir S. H. Northcote* 3371-3373. 3534, 3535. 3608, 3609.—Expectation of still greater efficiency during the four unexpired years of the contract by granting the extension; weight attached to this consideration, *ib.* 3359. 3371. 3391. 3395-3406. 3604-3606.—Weight attached by witness to the efficient performance of the service previously to the extension, *ib.* 3371-3373. 3534, 3535. 3608, 3609.—Possible improvement subsequent to 1863, risked for the improved service up to that period, *ib.* 3375-3377.

Further examination as to the consideration given to the question of efficiency of service in deciding upon an extension, *Sir S. H. Northcote* 3440-3458. 3497. 3525-3528.—The penalties were doubtless sufficient as a means of enforcing fulfilment to the letter of the contract, *ib.* 3442-3444. 3451-3453.—It is not the case that the contractor was "bribed into efficiency," *ib.* 3445. 3458.

7. Losses under the Contract, and Lowness of the Terms taken into consideration :

Information received by witness from a private source, that the contract was not remunerative to Mr. Churchward, *Clifton* 2044-2046. 2293, 2294.—Several circumstances which render the Dover service a very expensive one; frequent damage during the passage, *ib.* 2086, 2087.—How far, in recommending the renewal of the contract, witness took into account the question of losses, *ib.* 2228-2242. 2293-2297. 2361-2366.—Further reference to the frequency of accidents and losses between Dover and Calais, on account of the danger of the service, *ib.* 2464-2467.

In recommending an extension of the Dover contract, witness had before him the fact, that the service had been undertaken on very low terms, *Sir S. H. Northcote* 3371.—Remark relative to Mr. Churchward's statement, that but for an extension, he would be ruined, *ib.* 3493-3496.—Consideration given to the question of Mr. Churchward's losses in acceding to an extension, *ib.* 3603.—As regards the report that the contract of 1855 was unremunerative to Mr. Churchward, the French subsidy was not taken into consideration, *Clifton* 4411-4414.

8. Accidental Omission of certain Treasury Conditions in the Execution of the Contract :

Explanation as to two important provisions suggested by Sir S. Northcote (one of which referred to further French contracts) not having been comprised in the Treasury letter to the Admiralty, *Stephenson* 2579-2587.

EXTENSIONS OF DOVER CONTRACT—continued.II. *Extension in April 1859*—continued.

8. Accidental Omissions of certain Treasury Conditions, &c.—continued.

Further explanation in regard to the Treasury letter to the Admiralty, founded on the minute of the 15th April, having omitted certain provisions in the minute; witness takes upon himself the blame of this omission, *Stephenson* 2706-2723.

Belief that witness secured greater advantages than if he had recommended competition; explanation hereon as to certain conditions in his minute not having been inserted in the contract, *Sir S. H. Northcote* 3389-3394—Explanation that witness never saw the articles of agreement of the 26th April, until after they were completed by the Admiralty, so that he could not remedy the omission in the final Treasury letter to the Admiralty, *ib.* 3544-3557.

9. Payment made under the Contract, as extended:

The present contract, as extended, has been signed, and witness has received payment under it, *Churchward* 1077-1081. 1326-1330—Explanation as to money having been paid to Mr. Churchward under his new contract, without the direct sanction of the Treasury; the usual course was followed, *Stephenson* 2887-2917.

10. Copy of the extended Contract:

Copy of the extended agreement or contract dated 26th April 1859, *App. p.* 333-336.

11. Condemnation by the Committee of the course pursued:

The Committee have failed to discover sufficient public grounds to justify the extension, to the 26th April 1870, which appears to have been conceded by the Treasury on the recommendation of the Admiralty, but in opposition to the views of the Postmaster General, and, as appears to the Committee, without sufficient inquiry into the grounds upon which the claim for the extension of the contract was preferred, *Rep. p.* iii.

12. Suggestion whether Parliament should not abstain from voting the Monies for the Contract:

The Committee submit for the consideration of the House, whether Mr. Churchward, in having resorted to corrupt expedients, affecting injuriously the representation of the people in Parliament, has not rendered it impossible for the House of Commons, with due regard to its honour and dignity, to vote the sums of money necessary to fulfil the agreement to extend his contract from the 20th June 1863 to the 26th April 1870, *Rep. p.* iv.

See also *Accountant General of the Navy. Admiralty Vessels. Belgian Mail Service. Calais (Landing, &c. of Mails). Capital of Contractors. Chancellor of the Exchequer. Dover Election. East Kent Railway Company. Efficiency of the Service. Folkestone to Boulogne. French Postal Service. Number of Vessels. Original Contract. Outlay of Capital. Personal Communications. Political Influence. Private Secretary to the First Lord of the Admiralty. South Eastern Railway Company. Special Services. Speed.*

Extensions or Renewals (Generally). Explanation as to the practice of renewal of contracts before their proper termination; this is always done unless the contract has been badly performed, *Clifton* 111-124—The initiative is taken by the Admiralty in the event of renewal of contract, and the principle of public tender does not apply in such cases, *ib.* 313-320. 340-358—In the case of renewals generally, competition might be resorted to sometime before the expiration of the contracts, *Stephenson* 524. 528-530—Understanding that in the case of other contracts than that of witness renewals are often made long before the expiry of the original term, *Churchward* 745.

General practice of the Treasury to renew contracts before expiry; advantages of such practice, *Clifton* 2042. 2088, 2089. 2100-2102—When the Admiralty has recommended the extension of a contract, and the matter has passed through the Treasury, the question is considered to be entirely decided, *ib.* 2126-2128—The rule as regards renewal is based upon the proper performance of the service, *ib.* 2278-2281.

Reference to a Treasury Letter in 1857 on the question of the renewal of the Royal Mail contract, in which it is stated that "my Lords will be prepared, in conformity with the practice which has always been followed in relation to other mail companies, to grant the short extension now asked for," *Stephenson* 2986.

Witness much questions whether it is advisable that competition should, as a rule, be applied to the renewal or extension of packet contracts, *Sir S. H. Northcote* 3368-3370—Strictly speaking, the Admiralty should not extend contracts without consulting the Treasury, *ib.* 3416. 3422—Power of the Admiralty legally to extend some contracts without consulting the Treasury, as in the extension of the Dover contract in 1855, *ib.* 3416. 3422, 3423—Objection held by witness against extensions generally, that is, without competition, *Hill* 4436. 4483-4485.

Report, 1859—continued.

Extensions or Renewals (Generally)—continued.

Tabular statement as to all extensions or renewals of over-sea postal contracts since the year 1853; and copies of contracts and renewals of contracts, *App. p.* 324-405—Statements of the grounds for extension in each case, *ib.* 325.

See also *Competition. Duration of Contracts. Post Office.*

F.

Facilities of Postal Communication. Great commercial and social advantages through increased facilities of postal communication, *Hamilton* 732, 733.

See also *Cost of Packet Contracts. Oceanic Postage.*

Folkestone to Boulogne. Probability of the South Eastern company carrying the mails *via* Folkestone and Boulogne for a small subsidy, if the night service were dispensed with; obstacles to such arrangement, *Clifton* 2311-2325. 2345-2350—In the event of the South Eastern Company carrying the mails from Folkestone to Boulogne, a low-water landing-place would be necessary at Folkestone; this might be constructed for about 15,000 *l.*, *Eborall* 3087, 3088. 3091, 3092. 3210-3222. 3232-3236—The proposal by the South Eastern Company to carry the mails from Folkestone to Boulogne has some reference to the competition by the East Kent route to Dover, *ib.* 3223-3225—The erection of a low-water pier at Folkestone for 15,000 *l.* is altogether impracticable, *Churchward* 4219-4225—Importance of going from Dover to Boulogne, and of avoiding the tidal harbour of Folkestone, *ib.* 4226-4239.

Form of Contract. There is a general form of contract, but this is subject to modification, *Clifton* 108.

FRENCH POSTAL SERVICE (DOVER AND CALAIS):

1. *Duration of the French Contract with Mr. Churchward.*
2. *How far the Admiralty were cognisant of the Contract.*
3. *Employment of Three Vessels, out of Six, in the French Service.*
4. *Right of the French Government to purchase Three of the Vessels in the Event of War.*
5. *The Possession of the French Contract a Reason for the Extension of the English Contract.*
6. *Contemplated Improvement, jointly, of the French and English Services; Reason therein for the recent Extension.*
7. *Undertaking by Mr. Churchward in regard to further French Contracts.*

1. *Duration of the French Contract with Mr. Churchward:*

Condition of the French contract that it does not expire until 1870, *Churchward* 780, 781—The French contract was taken for 15 years from February 1855, *ib.*

2. *How far the Admiralty were cognisant of the Contract:*

Evidence showing that when witness applied in 1855 for a renewal of the English contract, the Admiralty knew of the French contract, *Churchward* 1840-1845—Before the renewal of the contract the Admiralty were cognisant of the fact that the ships did not all sail under the English flag, *Lygon* 1961. 2000-2004—Impression that it was always known at the Admiralty that Mr. Churchward's vessels were employed in the French service, but the Admiralty have always ignored any official knowledge of the French contract, *Clifton* 2493-2511. 2521—Explanation as to witness not having known till recently of Mr. Churchward's contract with the French Government; it was always known in the packet department of the Admiralty, but seems to have been officially ignored, *Corry* 4696, 4697. 4700, 4701. 4728-4732.

It was known previously to the extension in 1855 that three of the six boats were employed in the French service, *Clifton* 4761, 4762—Before the recent extension of Mr. Churchward's English contract witness was aware of the existence of the French contract, but not of the terms of it, and had been cautioned in 1855 against having any official cognizance of it, *ib.* 4742-4760—Witness knew in 1855 that there was a French contract with Mr. Churchward, but did not think it necessary to inquire into it; he has no recollection of any instructions to Mr. Clifton not to inquire into the terms of such contract, *Sir C. Wood* 4858-4863. 4876-4881. 4891—Witness was aware in 1855 of the existence of a French contract, but did not think it necessary to inquire into its terms, *Osborne* 4923-4925.

3. *Employment of Three Vessels, out of Six, in the French Service:*

Witness keeps three vessels under the French contract, but employs these, as well as three others, in working both services, so that he considers that he complies with the condition of supplying six vessels for the English service, *Churchward* 917-946. 1026, 1027. 1034-1037. 1306-1309—Nature of the prohibition under the French contract as to the diversion of the vessels from the service; the practice of employment of the vessels is not at variance with this prohibition, *ib.* 1818-1831. 1849, 1850, 1867, 1868.

Report, 1859—*continued.***FRENCH POSTAL SERVICE (DOVER AND CALAIS)—continued.****3. Employment of Three Vessels, out of Six, in the French Service—continued.**

Control exercised under the contract over the vessels sailing under the French flag, as well as over those under the English flag, *Lygon* 1962-1969. 2005-2007—The employment of three of the vessels in carrying the French mail is no infringement of the contract; similar practice under other contracts, *Clifton* 2076-2080. 2413-2421—Complaint by the Director-general of the French post-office as to the vessels under the French contract carrying the English mails; this complaint has never been followed up, *ib.* 2517-2527—When witness was Admiralty superintendent at Dover, there were three under the French flag and three under the English, but the English mails were always brought under charge of an English captain, *M'Ilwaine* 3921, 3922.

4. Right of the French Government to purchase Three of the Vessels in the Event of War :

As regards a clause in the French contract empowering the French government to take three of the vessels in the event of war, by giving compensation, had witness known of such clause he would have opposed the late extension, and considers that the extension in 1855 should have been equally withheld on this score, *Corry* 4698-4738—Doubt as to Mr. Churchward being able to keep his English contract if, in case of war, the French government took three of the vessels; the compensation might enable him to supply three others, *ib.* 4709-4725—There is no clause enabling the English Government to take the boats by giving compensation, *Clifton* 4759. 4763-4768—Reference to the clause in the French contract giving the French government a right to take three of the vessels in the event of war; had witness been aware of this clause he would not have granted the extension in 1855, *Sir C. Wood* 4889-4895.

Letter from Mr. Churchward to the Chairman of the Committee, dated 9th August 1859, explaining that his engagements in regard to the French boats do not and need not interfere with his performance of the English contract, *App. p.* 479.

5. The Possession of the French Contract a Reason for the Extension of the English Contract :

The connexion of Mr. Churchward with the French contract service was one of the reasons assigned by Sir S. Northcote for his ultimate decision, *Stephenson* 2623-2625—Reason for granting an extension in the circumstance of Mr. Churchward possessing the contract with the French government, *Sir S. H. Northcote* 3359. 3394. 3407-3412. 3497—Argument of Mr. Churchward that his having the French contract was favourable rather than otherwise to his application for extension, *ib.* 3437—Improbability of competition by means of different persons performing the French and English services; the French service only could not keep a contractor going, *ib.* 3595-3601—Lower terms for the English contract through the contractor having the French contract also, *ib.* 3602.

6. Contemplated Improvement, jointly, of the French and English Services ; Reason therein for the recent Extension :

Particulars relative to the negotiations between witness, or Captain Smithett, and the French Government, relative to the French postal service; exception taken by the authorities in France to any further arrangements, unless witness's English contract were further extended, *Churchward* 780-789. 815-827. 847-857. 883-887—Way in which the extension of witness's contract has been beneficial as regards the negotiation between the English and French post offices, *ib.* 815-827—The negotiations with the French post office are being carried out by the English post office, but witness has been the moving spring in the matter, *ib.* 816-819. 847-859. 883-887.

Explanation that the constant negotiation or communication between witness and the French and Belgium Governments, between 1857 and 1859, was the cause of his having suspended correspondence with the Admiralty in 1857, and of his not having renewed it till early in 1859, by which period the matter in negotiation had been considerably advanced, *Churchward* 846-859. 1247-1264. 1364, 1365. 1726-1742—Circumstance of witness's original French contract of 1855 having been obtained when his English contract had but a very short period to run, *ib.* 912-916.

Further statement as to witness having applied for an extension of the contract, not only on account of his losses, but of the pending arrangement for an improved French service, *Churchward* 1221-1245—The English Government have power to alter the hours of departure, but in carrying out improved arrangements in conjunction with the French Government witness's consent is essential, *ib.* 1246. 1271-1286—As regards the contemplated improvements in the French postal service, witness explains that a new contract is not contemplated, and that notwithstanding his French contract, up to 1870, the adoption of such improvements has turned very much upon the extension of the English contract, *ib.* 1269-1305—Witness cannot produce any of the correspondence with the French authorities, *ib.* 1876, 1877.

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FRENCH POSTAL SERVICE (DOVER AND CALAIS)—continued.

6. Contemplated Improvement, jointly, of the French and English Services—continued.

In the correspondence between the English and French post office, the latter have never raised any difficulty through the English contract terminating in 1863, *Page* 4019-4024. 4077, 4078—Reference to the recent acceleration of the night mail between London and Dover, as forming part of a proposition by Mr. Churchward, and as being part of an intended improvement of the French and English services, *ib.* 4025-4031. 4035-4040—Impracticability, without Mr. Churchward's assent, of making the contemplated improvements in the French service conjointly with the English service, *ib.* 4041-4048—Negotiations between Mr. Churchward and the French Government adverted to; how far they may have facilitated negotiations between the English and French post offices, *ib.* 4073-4088.

Twofold object of witness's negotiations with the French Government, for changing the night mail to a day mail; this can be carried out when the South Eastern and the Northern of France Railways agree upon the subject, *Churchward* 4161-4166—Explanation as to the time of departure of witness's boat from Dover not yet being altered, conjointly with the recent acceleration of the mail from London, *ib.* 4167.

Witness does not see the weight of Mr. Churchward's argument, that the extension till 1870 would facilitate the negotiations with the French Government; probability, however, of Mr. Churchward being correct on this point, *Hill* 4440-4446. 4452-4460—Very effectual improvements embraced in Mr. Churchward's proposition for an alteration in the French and English service; great credit is due to him for the scheme, *ib.* 4442-4444. 4452-4454.

7. Undertaking by Mr. Churchward in regard to further French Contracts :

Although it was omitted in the contract to provide that witness should not enter into any further contract with the French Government during the continuance of his English contract he has lately written to the Treasury adopting such provision; this omission from the contract did not at the time attract his attention, *Churchward* 899-901. 947-952—The contract having been completed without certain provisions, Mr. Churchward was, by desire of Sir S. Northcote, communicated with, and he said that he considered himself bound to make no new contract with the French Government without the consent of the Treasury, *Stephenson* 2583-2590.

See also *Manning, &c. of Vessels.*

G.

Galway and New York Contract. Departure from the rule of competition in the case of the Galway and New York Packet Contract, *Hamilton* 460, 461—Government pay 4,500*l.* out of 13,000*l.* for the contract to Newfoundland, *Hamilton* 535; *Stephenson*, 614—Payment of 78,000*l.* a year for the contract to New York, &c., *Stephenson* 614.

"*Garland*," *The.* Correspondence between the Secretary to the Treasury and Messrs. Jenkins and Churchward in 1855, relative to the purchase by the latter of the "*Garland*" steamer from the Admiralty, *App. p.* 304, 305. 309.

H.

Hamilton, George Augustus. For Analysis of his Evidence, see *Stephenson, William, and George Augustus Hamilton.*

Hill, Frederic. (Analysis of his Evidence.)—One of the assistant secretaries at the Post-office; has had the postal packet service under his charge for five or six years, 4415-4417—The question of the recent extension of the Dover contract came before witness from the Treasury, and he prepared a draft letter for the consideration of the Postmaster General, and probably conferred personally with him on the subject, 4418-4422—Witness still adheres to the objections urged against the extension in the letter from the Postmaster General of the 10th March, 4423. 4434, 4435.

Impression that after the Postmaster General's letter of the 10th March, the Post Office did not receive any further communication from the Treasury, 4424-4427—Reference to an interview between Mr. Churchward and witness about the 10th March, when the former asked witness to expedite the matter so far as the Post Office was concerned, 4428-4433—Objection held by witness against extensions generally, 4436. 4483-4485—Belief that all the correspondence between Mr. Churchward and the Admiralty was submitted to witness, 4437-4439.

Witness did not see the weight of Mr. Churchward's argument that the extension till 1870 would facilitate the negotiations with the French Government; probability however of Mr. Churchward being correct on this point, 4440-4446. 4452-4460—Very effectual improvements embraced in Mr. Churchward's proposition for an alteration of the French and English service; great credit is due to him for the scheme, 4442-4444. 4452-4454—Way in which as regards the Belgian service the extension till

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1870 may be productive of inconvenience, 4447-4449—Witness consults the chief secretary in important cases of contracts, 4450.

Question as to any material advantage or disadvantage to the public if Mr. Churchward had been obliged to throw up the contract, 4461-4463—The extension, as likely to produce injury to the South Eastern Company, has not hitherto produced any disadvantage in regard to further arrangements of the Post Office with the Company; apprehension on this point, 4464-4467. 4494—Probability of the South Eastern Company offering advantageous terms for the performance of the sea service, 4467-4475—If Mr. Churchwood's boats were withdrawn, a competitor against the South Eastern Company might readily be found, 4470. 4480.

Circumstance of one of the South Eastern directors having called upon witness about three years ago, and asked when the contract would terminate; there has been no communication on the subject from the Company recently, 4476-4478. 4492-4494. 4531, 4532—Statement as to witness not having alluded in the letter of the 10th March to the probability of the South Eastern Company competing for the service, 4479-4486—Possibility of arrangements under the contract for carrying out certain alterations in regard to the Ostend service, 4487-4491.

Witness does not recollect having ever expressed any modification of the opinions set forth in the letter of the 10th March, 4495-4498—Doubt as to Mr. Churchward having ever suggested or carried out a day service to Ostend, 4499-4502. 4516, 4517—Belief that there are no arrangements for any long period with the South Eastern Company, which prevent the Post Office deriving advantage from the competition of the East Kent Company, 4503-4508—Statement in regard to the conduct of the negotiations for the recent acceleration of the night mail to Dover; the arrangement was chiefly made by Mr. Page for the Post Office, and by Mr. Eborall for the Company, 4509-4514. 4518-4524.

There are two mails daily from Dover to Calais, and two from Calais to Dover, one half being provided under the French contract, 4525-4527—There is one mail daily from Dover to Ostend, and one from Ostend to Dover, half the service being provided by the Belgian Post Office; similar arrangement previously to 1854; 4528-4530.

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Improvement of Service (Dover, Calais and Ostend). See *Efficiency of Service.* *French Postal Service*, 6. *Outlay of Capital.*

Indian Mail Service. Modification from time to time of the contract with the Peninsular and Oriental Company for the mail to India, *Clifton* 327-331—Approval of the invitation of new tenders before the expiry of the contract with the Peninsular and Oriental Company for the Indian and Australian service, *Stephenson* 590-592—Reference to the circumstance of the Peninsular and Oriental Company having a monopoly of the Indian service; contracts for the Cape route were entered into with other parties, but they failed, *ib.* 667-684.

Indian Mails (Dover and Calais). See *Special Services (Dover Contract).*

Inland Mail Contracts. Doubt whether in the consideration of inland contracts at home, communication is withheld because the amount of postage would not pay, *Hamilton* 449—Control exercised by the Treasury in the matter of the Post Office contract between London and Dublin, *Stephenson and Hamilton* 487-490—Belief as to there being a reference by the Post Office to the Treasury in cases of inland contracts involving any new question of expenditure, *ib.* 489. 491—Examination showing that in ordinary inland contracts the Treasury does not exercise discretion as to the amount to be paid on the part of the Post Office, *Stephenson* 492-502.

Investigation by Departments. Suggestion for the amendment of the practice as regards the meetings of the different departments, to consider the contracts when first proposed; want of concert at present, *Clifton* 62-64. 91, 92. 2459-2463—Explanation in regard to Mr. Clifton's statement, that there was a want of concert between the Admiralty, the Post Office and the Treasury, *Hamilton* 422. 440, 441—Approval of the action of the Treasury, Admiralty, and Post Office, rather than any of one of those departments, *Stephenson* 574-576.

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Jenkins, Henry & Co. See *Admiralty Vessels.* *Capital of Contractors.* *Extensions of Dover Contract, I.* *Original Contract (Dover and Calais Mail Service).*

Jolliffe, The Right Honourable Sir William Hylton, Bart. (Member of the House).—(Analysis of his Evidence.)—Was Secretary to the Treasury under the late Government, 3629

Jolliffe, The Right Hon. Sir William Hylton, Bart., M.P.—(Analysis, &c.)—continued.

3629— Never had the slightest communication with Mr. Churchward in regard to the election at Dover in connexion with the contract; did not know Mr. Churchward nor the nature of his contract, 3630-3636—In an interview with Sir Stafford Northcote about the Dover election, witness told him how expedient it was that any contract business of Mr. Churchward at the Treasury should be kept distinct from election business, 3631. 3637-3639.

Belief that Mr. Churchward's influence at Dover was first mentioned to witness by a friend at Greenwich; witness had previously recommended Devonport as a place where Captain Carnegie, as a Government candidate, would be much more likely to succeed, 3634-3636. 3643-3653—Witness was constantly urging the expediency of the Lords of the Admiralty having seats in Parliament, and frequently communicated with Mr. Herbert Murray about Captain Carnegie standing for some place, 3640-3647. 3654—Witness had not the slightest idea why Captain Carnegie refused to go to Dover, 3655, 3656.

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Leake, Rear Admiral Sir Henry. (Analysis of his Evidence.)—Understood on being appointed a Lord of the Admiralty, that he was to succeed Sir Richard Dundas; the name of Captain Carnegie was never mentioned, 4241-4243—Sir John Pakington never said anything to witness about his getting into Parliament, or about his contesting Dover, 4244. 4246—Witness first intended to contest Devonport, 4245—Witness never heard one word about Mr. Churchward's contract in connexion with his going to Dover; neither Mr. Churchward nor Mr. Herbert Murray ever alluded to the contract, 4247-4262.

Llanover, The Right Honourable Lord. (Analysis of his Evidence.)—Examination in reference to a statement in witness's speech in the House of Commons, on the 12th April, as to a confidential agent having been sent to Dover, and having reported that there was little or no chance there for Captain Carnegie; witness declines to state by whom he was thus informed, but he fully believes that an agent was sent down, that his report was unfavourable, and that such report was communicated to Captain Carnegie, 4780 *et seq.*

Witness does not know by whom the confidential agent was sent to Dover, but it was told him that he was sent by some one connected with the Admiralty, or with those who were managing the conservative elections, 4781, 4782. 4810. 4825-4830—Witness derived no information from any one connected with the Admiralty, 4783—Question as to there being any inconsistency between the reason assigned by Captain Carnegie for his resignation, and the reason assigned for not contesting Dover, 4789-4802. 4832-4834. 4838-4840—Witness did not receive any of his information from Captain Carnegie directly, nor, as he believes, indirectly, 4803, 4804. 4812. 4835.

As regards the circumstance of Captain Carnegie having produced some confidential letters before the committee, witness states that he has a very high opinion of him as a man of honour, 4817-4819—Witness does not know whether Captain Carnegie was aware that an agent had been sent to Dover, 4836, 4837—Reasons for concluding that Captain Carnegie acted quite rightly in retiring from the Board of Admiralty, 4839, 4840.

London, Chatham and Dover Railway Company. See *East Kent Railway Company.*

Losses (Dover and Calais Mail Service). Reference to the loss of two vessels in the service, and explanation as to their not having been fully insured, *Churchward* 747-756. 992-1006. 1054-1056. 1102-1105.

See also *Extensions of Dover Contract*, I. 2, II. 2, 3. 7.

Lovaine, Lord. Explanation as to Lord Lovaine having tendered himself for examination before the Committee; his evidence was not deemed essential, *Corry* 4702, 4703.

Lygon, the Hon. Frederick (Member of the House).—(Analysis of his Evidence.)—Was Civil Lord of the Admiralty from about the 11th March until the end of June, 1909-1911—The renewal of the Dover contract was recommended by the Admiralty before witness became a member of the Board, 1912. 1915, 1916. 1931-1933—Certain questions in connexion with the contract were pending when witness joined the Board, the details of which were chiefly arranged by Mr. Clifton, 1912-1922. 1930. 1934—The private secretary to the First Lord has no functions in regard to contracts, and the First Lord himself only decides upon the general question, 1923-1929.

Settlement by witness of the question with regard to payment for back voyages from Calais to Dover, when a special service was performed and the vessel returned in ballast, 1934-1937—Several interviews and considerable discussion between Mr. Churchward and witness, in regard to the contractor employing the vessels to his own advantage; witness objected to a clause submitted hereon by Mr. Churchward, and drew up another and more stringent one, which was not inserted until considered by Mr. Clifton and the

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Lygon, The Right Hon. Frederick, M.P. (Analysis of his Evidence)—continued.

solicitor to the Admiralty; remarks in justification of the conditional permission given by this clause, 1938-1943. 1957-1959. 1973-1999. 2015-2019. 2023-2029.

Circumstance of Mr. Churchward having asked witness to expedite matters for him with the Treasury; there was nothing improper in this, nor in his having applied to Mr. Murray with a similar object, 1944-1950. 2020-2022—Witness had some conversation with Mr. Churchward about the Dover election, and Mr. Churchward asked him to become a candidate, but most assuredly nothing was said or implied about a renewal of the contract in connexion with the election, 1950-1952. 1993-1995. 2029-2031—Witness does not recollect that Mr. Murray particularly interested himself in the contract, 1954-1956.

As regards the non-resort to competition, and the fairness of the terms of the contract, witness took up the business as he found it on assuming office, 1960. 1970-1972—Before the renewal of the contract the Admiralty were cognisant of the fact, that the ships did not all sail under the English flag, 1961. 2000-2004—Control exercised under the contract over the vessels sailing under the French flag, as well as over those under the English flag, 1962-1969. 2005-2007—Belief that there is but one opinion as to the efficiency of the service, 2005. 2014—Circumstance of certain conditions laid down by the Treasury, in a Minute of the 15th April, not having been communicated to the Admiralty, 2008-2013.

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McIlwaine, Captain William, R.N. (Analysis of his Evidence).—Was Admiralty superintendent of the packet service at Dover for three and a half years, up to the end of March last, 3910—Was satisfied with the way in which Mr. Churchward performed the service, 3912-3918. 3932-3934. 3969. 3979—There were occasional delays through stress of weather, which witness always reported to the Admiralty; but so long as the boats arrived in time for the trains witness did not consider it necessary to report, even though a speed of thirteen knots an hour may not have been generally attained, 3915-3917. 3923-3931. 3974-3978.

There were generally six vessels under witness's inspection, some one of them being usually undergoing repairs, 3919-3921—There were three under the French flag and three under the English; but the English mails were always brought under charge of an English captain, 3921, 3922—The boats purchased from the Admiralty were not so fast as the others, and were not able to go thirteen knots an hour, 3935-3941—Considerable advantage if Mr. Churchward were to incur the expense of more powerful boats, 3943-3948. 3980-3982.

Witness did not consider the "Ondine" equal to the service in bad weather, or to a speed of thirteen knots an hour; statement hereon as to her having been approved of by the Admiralty surveyors, 3943. 3980. 3983-4000—Statement relative to the loss of the "Violet;" question as to this having occurred from her unseaworthiness, or from a break down in her machinery, 3949-3968—Great convenience if there were a small boat for landing the mails at Calais, 3971-3973.

Manning, &c. of Vessels (Dover Contract). Understanding as to the authority to be exercised by the Admiralty in regard to the manning, &c. of the six vessels contracted for by witness, *Churchward* 1145-1152—Examination in regard to the manning of the six vessels now employed under the English and French contracts, with reference more especially to the employment of French (as well as of English) commanders in carrying English mails; grounds on which witness justifies the course pursued, *ib.* 1770-1817. 1863-1866—The vessels are all manned and navigated in accordance with the interpretation put upon the contract, *Clifton* 2085.

See also *French Postal Service*, 2, 3.

Masters of Vessels. Usefulness of the duties rendered by the master of the vessel where there is no naval officer on board; among other things an abstract of the log is sent to the Admiralty, *Clifton* 50-55.

Mauritius, The. The Mauritius pays entirely for the service between Aden and the Mauritius, *Stephenson* 636. 685-695—The Mauritius contract is merely for the service from Aden, *Hamilton* 691. 693.

Mercer, Mr. See *Cape of Good Hope Contract*.

Modification of Contracts. Instances of modification of contract where competition would have been inadvisable, *Clifton* 321 *et seq.* *Stephenson* 519-523.

Monopoly of Route (Dover and Calais). See *East Kent Railway Company.* *Northern of France Railway Company.* *South Eastern Railway Company.*

Murray, Herbert. (Analysis of his Evidence).—Was private secretary to the First Lord of the Admiralty under the late Government, 1518—Is quite sure that nothing was said about

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about the renewal of the Dover contract at the interview in April between Mr. Churchward and Captain Carnegie in the presence of witness; believes that Captain Carnegie confounds with what passed on that occasion some of the conversations which he had privately with witness about the same period, 1519-1538. 1611.

Particulars as to the origin and nature of several communications between witness and Mr. Churchward about the contract and about the Dover election; explanation as to witness having written to Mr. Ryan and Mr. Whitmore at the Treasury as to the progress being made in the settlement of the contract, 1539, *et seq.* 1608-1610. 1612 *et seq.* 1673-1687. 1691.

Statement in explanation of the several conversations between witness and Captain Carnegie in regard to the latter contesting the Dover election; witness told him that Mr. Churchward meant to support him, and probably mentioned the circumstance that the postal contract was pending, but denies that he ever gave him to understand that Mr. Churchward's support was conditional upon the renewal of the contract 1586-1607. 1651-1672. 1692—Captain Carnegie has since assigned to witness other reasons for not contesting Dover than the proceedings in connexion with the contract, 1688-1690.

[Second Examination.] After witness's letter to Captain Carnegie on the 5th April it was open to the latter to have implied that witness represented the election committee in Victoria-street, and not the Government, 3860, 3861—Witness expressed his own opinion and gave his own advice in the letter of the 5th April 3862, 3863—Circumstance of witness having been at the Admiralty the agent for the Gibraltar telegraph, he however was not a contractor, as Mr. Churchward was, 3865-3869—Twofold capacity in which witness held conversations with Mr. Churchward, 3870-3872—Doubt as to any member of the Government having been upon the election committee which sat in Victoria-street, 3873-3880.

Murray, Mr. The Committee consider that the conduct of Mr. Murray was open to grave censure, *Rep. p. iv.*

See also *Dover Election.* Private Secretary to First Lord of the Admiralty.

N.

New Postal Lines. In the first instance applications for new postal lines are mostly made to the Post-office and thence to the Treasury, *Hamilton* 416. 429—The original applications come from different services, according to the different circumstances of each case, *Stephenson* 430.—See also *Competition.*

New Zealand Contract. Reference to the New Zealand contract as one in which public competition was not resorted to, *Clifton* 2272-2276.

North of Europe Steam Navigation Company. Abstract of tender on the part of the Company for the performance of the Dover and Calais service in January 1854, *App. p. 317*—Letter from the Admiralty dated 28 January 1854, declining the tender, *ib.* 318.

Northcote, Sir Stafford H., Bart. (Member of the Committee). (Analysis of his Evidence).—Was Secretary to the Treasury under the late Government 3339, 3340. Was a party to the Treasury Minute of the 3d February, relative to Mr. Churchward's application for compensation for extra services, 3341-3347—The application of Mr. Churchward on the 14th February was a development of the first application, and proposed that he should have a reduced money compensation and an extension of the contract, 3348-3353—Besides considering the Postmaster General's letter of the 10th March, witness consulted Mr. Stephenson and Mr. Hamilton before deciding in favour of an extension, 3354-3359.

Explanation of witness's reasons for the adoption of a course at variance with the views of the Postmaster General and Mr. Stephenson, 3359 *et seq.* The objection of the Postmaster General was one of principle, he having been equally opposed to all extensions without competition, 3359. 3364-3367.—Mr. Stephenson's objection was also one of general principle, and he considered the case a strong one, 3359. 3363-3367.

More efficient conduct of the service which witness expected to be obtained, during the four unexpired years of the contract, by granting the extension, 3359. 3371. 3391. 3395-3406—Reason for granting an extension in the circumstance of Mr. Churchward possessing the contract with the French Government, 3359. 3391. 3407-3412. 3497—Witness had an interview with Mr. Churchward in which the latter explained his grounds for asking for an extension, 3359-3362.

Witness much questions whether it is advisable that competition should as a rule be applied to the renewal or extension of packet contracts, 3368-3370—In recommending an extension of the Dover contract, witness had before him the fact that the service had been undertaken on very low terms, 3371—Also that the service was being very well performed, 3371-3373. 3534, 3535—Witness considered it undesirable that the

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South Eastern Railway Company should get the contract; his grounds for such conclusion, 3371. 3384-3389. 3414. 3529-3533. 3564-3568—Witness did not act on Mr. Churchward's information only; the matter came guaranteed from the Admiralty, 3372-3374. 3463-3470. 3519-3523.

For the sake of improving the service up to 1863, witness knew that he risked the chance of some possible improvement subsequently, 3375-3377—Witness did not consider it necessary to inquire into Mr. Churchward's means, 3378, 3379—Confusion of responsibility in regard to the department by which information should be procured before deciding upon any contract, 3380-3383. 3416. 3471, 3472.

Belief that witness secured greater advantages than if he had recommended competition; explanation hereon as to certain conditions in his minute not having been inserted in the contract, 3389-3394—Witness attaches but very little weight to the report, that the South Eastern Company would undertake the contract for 2,000 l. or 3,000 l. a year less, 3413, 3414—Witness communicated with the Chancellor of the Exchequer in reference to the extension, but practically the decision rested with witness, 3416-3421.

The Admiralty should not, properly speaking, extend any contract without consultation with the Treasury, 3416. 3422—Power of the Admiralty legally to extend some contracts without consulting the Treasury, as in the extension of the Dover contract in 1855; 3416. 3422, 3423—In regard to the interview between witness and Mr. Churchward, which was on the 13th or 14th April, witness read thereat certain passages from the Postmaster General's letter of the 10th March, and explains the arguments of Mr. Churchward in reply to such letter, 3424-3439.

Although witness was at first in favour of an increased compensation rather than of an extension up to 1870, he did not entirely concur in the objections raised by the Postmaster General and Mr. Stephenson, 3427-3434—Further evidence as to the question of efficiency of service having weighed with witness in recommending an extension, 3440-3458. 3497. 3525-3528—Statement as to witness having inserted a clause in the Treasury Minute providing for a reduced payment in accordance with a reduced number of Indian and Australian mails; this clause was accidentally omitted from the letter to the Admiralty, 3459-3462—Witness did not consider it the business of the Treasury, but rather of the Admiralty, to seek information before extending the contract, 3463-3472.

Communication between Sir W. Jolliffe and witness, just prior to the announcement of the dissolution, about the extension of the contract: witness then stated that his impression was against an extension, but he had not considered all the papers on the subject, 3473. 3474. 3477-3480. 3516-3518—Advice of Sir W. Jolliffe to keep the contract business altogether distinct from election matters, 3473—Arguments which induced witness not to adhere to his resolution, as first formed, of deferring all action upon the contract until after the dissolution, 3473. 3484. 3524—Witness did not send for Mr. Churchward until long after the interview with Sir W. Jolliffe, 3475. 3476.

Further statement as to a money compensation having been first proposed to Mr. Churchward, and as to his reply, that no compensation would be equivalent to an extension, 3481-3492—Remarks relative to Mr. Churchward's statement, that but for an extension he would be ruined, 3493-3496—Reference to a letter from Mr. Herbert Murray to Mr. Whitmore about expediting Mr. Churchward's business, in order that he might go down to Dover; how this came to witness's notice, 3498. 3514. 3543.

Speed of the boats adverted to in connexion with the inefficient Admiralty vessels bought by Mr. Churchward, 3536-3542—Explanation that witness never saw the articles of agreement of the 26th April, until after they were completed by the Admiralty, so that he could not remedy the omissions in the final Treasury letter to the Admiralty, 3544-3557—Opportunities of the Admiralty for testing the truth of contractors' statements, and for supplying useful information to the Treasury, 3558-3563. Witness understood that the South Eastern Company could not undertake the Ostend service, 3564—Policy of the Government not to allow railway companies to hold steamboats, 3565. 3568—Modification by witness since 1853 of the views then expressed by him as one of the Treasury Committee upon packet service, 3569-3571—Evidence in regard to the extra service through the Indian mails, which were considered as entitling Mr. Churchward to an increased sum of 2,500 l., instead of 1,500 l., 3572-3594.

Improbability of competition by means of different persons performing the French and English services; the French service only could not keep a contractor going, 3595-3601—Lower terms for the English contract through the contractor having the French contract also, 3602—Consideration given to the question of Mr. Churchward's losses, in acceding to an extension, 3603—Further reference to the greater efficiency secured by at once granting the renewal, 3604-3606.

At the interview between Mr. Churchward and witness, the former never ventured to urge the extension of the contract, on the ground that he intended to take an active part

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Northcote, Sir Stafford H., Bart. (Analysis of his Evidence)—continued.

part in the Dover election; on the contrary, he once appealed to Mr. Hamilton "whether he had not always pressed it upon public grounds," which was confirmed by Mr. Hamilton, 3607—Further reference to the absence of complaints against the way in which the service has been performed, 3608, 3609.

Objection to the subsidies for packet contracts depending upon the annual votes of the House of Commons upon the same principle as the annual votes for public works, 3610-3612—Reference to the alteration of system whereby contracts are now paid for out of monies voted by Parliament, instead of out of the post office revenue, 3613, 3614, 3616—Great importance of the contracts first receiving the sanction of Parliament; how this might be effected, 3615.

Explanation as to its having been provided in the Galway contract at witness's suggestion, that the contractors were to be paid "out of the monies to be provided by Parliament," 3616. 3619-3623—The pending election at Dover, and the promised support of Mr. Churchward to Government candidates, had no influence whatever upon witness in deciding the question of the extension, except that it made him put it off longer than he otherwise should have done, 3617, 3618—Power of the House of Commons to withhold the money for the contract, 3620. 3624-3928.

Northcote, Sir S. H., Bart. Letter from Sir Stafford Northcote to the Chairman of the Committee, dated 9 August 1859, expressing his intention to abstain from attending the meeting of the Committee during their consideration of the Report on the case of Mr. Churchward's contract, *App. p.* 479.

Northern of France Railway Company. Explanation as to the Northern of France Company having at one time given a subsidy to the South Eastern Company, and having afterwards withdrawn it, *Churchward* 4204-4207—Determination of the Northern of France Company not to let the South Eastern Company have the monopoly of the Channel traffic, *ib.* 4215-4218.

Number of Vessels (Dover Contract). The contract of 1854 provided that there should be as many as six vessels, merely because the Admiralty wished the contractor to purchase their old vessels on the station, *Clifton* 2072-2075—There were generally six vessels under witness's inspection, some one of them being usually under repair, *Mc Ilwaine* 3919-3921—Statement as to witness, in reporting in favour of the late extension, at certain terms, not having notified that the service did not require so many as six vessels, *Clifton* 4347-4365. 4406—The requirement of six vessels was partly in order to allow for the purchase of the Admiralty vessels, *ib.* 4406-4409, 4410—In 1855 it was well known that Mr. Churchward had only six boats for the two services, *Corry* 4739-4741—As Mr. Churchward is to have eight boats altogether, he will have five, separately, for the English service, which will be sufficient, *Clifton* 4769-4777.

See also *French Postal Service*, 2, 3.

O.

Oceanic Postage. Advantages anticipated from facilities of communication through the oceanic lines, *Hamilton* 732, 733—Considerable reduction already effected in the rates of ocean postage, *ib.* 734, 735.

"*Ondine*," *The.* Witness did not consider the "Ondine" equal to the service between Dover and Calais in bad weather, or to a speed of 13 knots an hour; statement hereon as to her having been approved of by the Admiralty surveyor, *Mc Ilwaine* 3943-3980. 3983-4000.—See also *Admiralty Vessels, &c.*

"*Oneida*," *The.* Importance of the Admiralty survey in the case of the "Oneida," *Clifton* 26, 27.

Open Tenders. See *Competition.*

Original Contract (Dover and Calais Mail Service). The original contract in 1854, for the Dover and Calais service, was thrown open to public competition, *Clifton* 338-340—The competition for the contract in 1854 was very severe, but witness's tender was by a great deal the lowest, *Churchward* 1051-1053—Considerable saving to the public by the contract with witness in 1854, *ib.* 1066-1068—As regards Mr. Churchward's original tender having been much the lowest, witness disapproved of its acceptance on that ground merely, *Osborne* 4662-4667. 4673.

Conditions of the tenders to be made (in 1854) for the contract between Dover and Calais, and between Dover and Ostend, *App. p.* 315, 316.

Abstract of tenders for the contract; terms offered respectively by the South Eastern Railway Company, the North of Europe Steam Navigation Company, and Messrs. Henry Jenkins & Co. *App. p.* 317.

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Report, 1859—continued.

Original Contract (Dover and Calais Mail Service)—continued.

Correspondence relating to the formation of the contract entered into with Messrs. Jenkings and Churchward in the year 1854, for the Dover, Calais, and Ostend mail service, *App. p.* 314-320.

Copy of the contract with Messrs. Jenkings and Churchward, dated 1st April 1854, *App. p.* 320-323. 326-329.

Tabular statement as to the original contract for the Dover, Calais, and Ostend service, dated 1st April 1854, and terminable on 1st October 1858, *App. p.* 324, 325.

Copy of a letter, dated 26 January 1854, which accompanied the tender of Messrs. Jenkings & Co. for the performance of the Dover, Calais, and Ostend service, *App. p.* 441, 442.

Osborne, Ralph Bernal. (Analysis of his Evidence.)—Is confident that the letter from Messrs. Jenkings & Co. to the Admiralty, dated 23 May 1855, was never put in circulation at the Admiralty, 4636—Letters were frequently missing at this period, and Mr. Phinn instituted an inquiry into the matter, 4637-4639—Witness, who was Parliamentary Secretary to the Admiralty in 1855, has only a general recollection of the letter of the 23d May, 4640-4644—Until the general election of 1857 witness had no intention of going to Dover, 4645-4647.

Circumstance of witness having given particular instructions that Mr. Churchward should not be admitted into his room at the Admiralty, 4645-4650. 4657—Impression that the extension granted in the Admiralty letter of 20th June 1855 was in consideration of the purchase by Mr. Churchward of the Admiralty vessels, 4648—Statement as to witness having privately warned Sir Robert Peel and Mr. Cowper against Mr. Churchward as a contractor, as not having capital enough; nevertheless, it was known before the contract was signed, that he was a partner in the firm of Jenkings & Co., 4648-4662.

Reference to the circumstance of Mr. Churchward having been reported to have been implicated in bribery at a Plymouth election, 4652. 4668-4671—Mr. Churchward used to be constantly at the Admiralty, 4656, 4657—Witness warned Sir Maurice Berkeley against having Mr. Churchward in his room, 4657, 4658—As regards Mr. Churchward's original tender having been much the lowest, witness disapproved of its acceptance on that ground merely, 4662-4667. 4673—When witness first stood for Dover Mr. Churchward volunteered to support him, and witness was returned, 4674-4678.

[Second Examination.] Explanation of the circumstances under which witness used his influence in 1857 in obtaining a cadetship, which Mr. Churchward had asked for, and also applied to Mr. Churchward in 1858 to oblige him by taking two men into his service, 4907-4921—Reason for witness's objection to see Mr. Churchward without the presence of a third person, 4915—When the extension of 1855 was granted, witness had no thought of going to Dover, 4922—Witness was aware in 1855 of the existence of a French contract, but did not think it necessary to inquire into its terms, 4923-4925.

Ostend and Dover Mail Service. See *Belgian Mail Service.* *Extensions of Dover Contract.*

Outlay of Capital (Extension of Dover Contract).—Witness would never have ordered a new boat, at a cost of about 14,000 *l.*, nor incurred other outlays of capital, but for an extension of his contract, *Churchward* 828-845, 1065—The extended contract has probably led to the building of the new vessel to be put on the station, *Clifton* 2040. 2042. 2090. 2116-2121; *Stephenson* 2610-2614—Increased expenditure at once undertaken by Mr. Churchward, in consequence of the extension, *Stephenson* 2845-2847; *Sir S. H. Northcote* 3445-3450—Considerable advantage if Mr. Churchward were to incur the expense of more powerful boats, *McIlwaine* 2943-2948—Witness's new vessel will cost 15,000 *l.*, and will go at the rate of 15 knots in fine weather, *Churchward* 4183-4187.

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Pacific Mail Service.—Tabular statement as to the original contracts, dated respectively 29 August 1845, and 23d September 1850, for the Pacific Mails, and as to the extensions thereof, dated 13th November 1850, and 6th April 1858, *App. p.* 324, 325.

Copy of contract with the Pacific Steam Navigation Company, dated 23d September 1850, *App. p.* 353-357.

Copy of agreement, dated 13th November 1850, as to the duration of the contract of the 23d September 1850, *App. p.* 357, 358. 363.

Table showing the sailings of the company's vessels twice a month, and the mode of working the line with four steamers, *App. p.* 358, 359. 364.

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Pacific Mail Service—continued.

Copy of agreement with the Pacific Steam Navigation Company, dated 6th April 1858; conditions therein, in addition to those in the contract of 1850, *App. p.* 365-367.

Correspondence relating to the extension of the contract with the Pacific Steam Navigation Company in the years 1857 and 1858, *App. p.* 420-441.

Page, William James. (Analysis of his Evidence.)—One of the senior clerks in the secretary's office at the post office; has had under his charge for the last 15 years, all the correspondence relating to colonial and foreign mails, 4002-4004—Has copies of all the correspondence between the Post Office and the Treasury, relative to the extension of the Dover contract, 4005-4008—Was not consulted as to the answer given by the Post Office to the Treasury letter, in regard to the extension; such answer was prepared from instructions received from Mr. Frederick Hill, 4009-4018.

Witness does not suggest draft answers or letters at the Post Office, but occasionally makes suggestions to the secretaries upon the letters as instructed by them, 4009-4018. 4072. 4136—In the correspondence between the English and French Post Office, the latter have never raised any difficulty through the English contract terminating in 1863; 4019-4024. 4077, 4078—Reference to the recent acceleration of the night mail between London and Dover, as forming part of a proposition by Mr. Churchward, and as being part of an intended improvement of the French and English services, 4025-4031. 4035-4040.

The Belgian Government have not raised any difficulty with the Post Office on the score of the shortness of the English contract, 4032-4034. 4077—Impracticability without Mr. Churchward's assent of making the contemplated improvements in the French service, conjointly with the English service, 4041-4048—It has not yet been found that the Post Office has been fettered in its negotiations with foreign countries through the recent extension; reference hereon to the possible abandonment of the present Belgian service, 4049, 4050. 4063-4065.

Statement as to witness having differed in opinion from Mr. Frederick Hill, in regard to the threatened opposition of the South Eastern Company, 4051, 4052. 4071, 4072, 4124, 4125. 4135, 4136—Long official experience of witness adverted to, 4053-4056—He considers that the arrangements with Mr. Churchward are on the whole favourable to the postal service, but has not formed any opinion upon the question of the recent extension until 1870; 4057-4062. 4066-4070. 4126, 4127—Disapproval of the South Eastern Company holding the contract for the sea and land service, 4058-4061—Efficient conduct of the service by Mr. Churchward, 4066, 4067.

Negotiations between Mr. Churchward and the French Government adverted to; how far they may have facilitated negotiations between the English and French Post Offices, 4073-4088—Way in which the question of expense enters into the consideration of the Post Office, as well as of the Treasury, 4089-4092. 4100-4104—Failure of the experiment to carry on the Australian postal service by ship letter mails, 4093-4099—Opinion that the correspondence carried between England and France is sufficient to justify the expense of the Dover contract, 4105—Since 1857 the Indian mails have been doubled, and are now weekly; improvements otherwise, as regards the Indian mail, 4106-4114.

Rule of the Post Office to report against extensions of contracts, 4115-4117—Province of the Treasury to consult the Post Office in regard to postal considerations, 4118-4122—The draft of the Dover contract was not submitted to the Post Office authorities, 4119—Province of the Admiralty to consider the contracts in a naval point of view, 4123.

Upon the whole, witness thinks that had the question of the recent extension been submitted to him, he would have recommended such extension, 4126-4132—He has seen all the correspondence on the subject that has been sent from the Treasury, 4133-4140.

Pakington, The Right Honourable Sir John Somerset, Bart., G.C.B. (Analysis of his Evidence.)—Explains that any conversations held by Mr. Murray with Captain Carnegie or Mr. Churchward were so held without the authority of witness, and so far as he recollects, without his knowledge, 1694, 1695. 1698, 1699. 1715, 1716—Had never heard of the interview early in April between Mr. Churchward and Captain Carnegie, in the presence of Mr. Murray, 1695—Never held any conversation with Captain Carnegie which could justify him in saying that he was required to contest Dover, and to resort to means incompatible with his honour; explanation hereon as to witness having suggested to Captain Carnegie to stand for Dover as a place for which a Government candidate was likely to be elected, 1697. 1700-1714.

Witness never wrote to Captain Carnegie about contesting Dover, nor, so far as he recollects, did he authorise Mr. Murray to write to him on the subject, 1699—Witness had never spoken to Mr. Churchward until after the Dover election, but had heard that,

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Pakington, The Right Hon. Sir J. S., Bart. (Analysis of his Evidence)—continued.

as possessing the Government postal contract, he was a person of much influence, and that he would support Government candidates, 1708-1714—Witness does not recollect the Dover contract having been brought before him, officially, at the Board of Admiralty; moreover the final settlement of the contract rested with the Treasury, 1717-1725.

[Second Examination.]—With regard to a certain letter from Mr. Murray to Captain Carnegie, dated 6th April 1859, the circumstance of witness having directed it to be written had entirely escaped his recollection, 1908.

Panama to Valparaiso. Reference to the renewal, in 1858, of the line from Panama to Valparaiso for a period of six years, *Clifton* 121-123. 137-139.

Parliamentary Control. Witness considers it a part of the proper functions of the Executive Government to enter into packet contracts without the direct sanction of Parliament in each case, *Hamilton* 660, 661—Doubt whether, if the House of Commons were to refuse any subsidy, the parties could obtain redress from the Government, *ib.* 662-666.

Examination in reference to the insertion of the words in the Galway and Dover Contracts, "that the payments to the contractor are to be made out of the monies provided by Parliament;" object and effect of this provision, *Stephenson* 2828 *et seq.*—Feeling of contractors that contracts made by Government are binding; Government is in fact practically bound by them; question hereon as to the effect of a refusal by Parliament to sanction such contracts, *ib.* 2830 *et seq.* 2931-2953—Inconvenience and delay if all contracts for postal service entered into by Government were subject to the future ratification by Parliament, *ib.* 2848. 2852-2868. 2918-2930. 2954-2972. 3017-3035—Approval of Parliament withholding the money in the event of any corrupt contract being entered into by Government, *ib.* 2942. 2952. 2953.

Objection to the subsidies for packet contracts depending upon the annual Votes of the House of Commons upon the same principle as the annual Votes for Public Works, *Sir S. H. Northcote* 3610-3612—Reference to the alteration of system whereby contracts are now paid for out of monies voted by Parliament, instead of out of the Post Office revenue, *ib.* 3613, 3614. 3616—Great importance of the contracts first receiving the sanction of Parliament; how this might be effected, *ib.* 3615—Explanation as to its having been provided in the Galway Contract, at witness's suggestion, that the contractors were to be paid "out of the monies provided by Parliament," *ib.* 3616. 3619-3623—Power of the House of Commons to withhold the money for the Dover or any other contract made by the Government, *ib.* 3620. 3624-3628.

See also *Repudiation of Dover Contract.* *Telegraphic Companies.*

Passenger Traffic (Dover and Calais.) Importance of the passenger and goods traffic across the Channel; great falling off therein for the last few years, *Churchward* 1044-1050. 1354-1358—Decrease during the last few years of the passenger traffic between Folkestone and Boulogne, and between Dover and Calais, *Eborall* 3089. 3144-3153—Arrangement between the South Eastern Company and Mr. Churchward, whereby competition in passenger fares is avoided, *ib.* 3121, 3122—Probable competition between the company and Mr. Churchward, in the event of certain contemplated changes in the Mail Service leading to an abstraction of the Company's passengers; such competition, as causing loss, might lead to an application to Government for increased payment, *ib.* 3254-3263—The mail traffic would not be remunerative without the passenger traffic, and there is great competition for the latter, *Churchward* 4188-4195.

Return of the number of passengers conveyed by the mail packets between the ports of Dover and Calais, *App.* p. 305.

Passenger Traffic (Generally.) Value attached by steamboat companies to the fact of their being mail boats also, *Stephenson* 704-712—Explanation as to the question of receipts from passenger traffic not being considered by the Admiralty in dealing with tenders, *Clifton* 2351-2358.

Payment of Contractors. See *Parliamentary Control.*

Pecuniary Arrangements. See *Parliamentary Control.* *Responsibility.* *Treasury, The.*

Penalties. Duty of the Admiralty to enforce penalties, *Clifton* 10—In some cases the Admiralty cannot remit penalties, and the remission rests with the Treasury, *ib.* 10, 11—Conditional liability to penalties in the case of the Cunard and other lines, *ib.* 56, 57—Unconditional liability to penalties in the late Australian contract, the same being considered by the contractors as a great injustice, *ib.* 58-61.

The principle of the penalties is always laid down in the tender, *Clifton* 218, 219—There have been only two contracts with absolute penalties, and both have failed, *ib.* 258. 287. 288.—Disapproval of the principle of absolute penalties, as compared with that of discretionary penalties; failures under each system, *ib.* 266-288—The penalties in one voyage may equal, but not exceed, the proportion of subsidy for the voyage *ib.* 305, 306.

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Penalties—continued.

Strict enforcement generally of penalties, *Stephenson* 622, 623—Approval of the principle of severe penalties rigidly enforced, *ib.* 624-628—In the infliction or remission of penalties the Admiralty have never been swayed by political considerations, *Clifton* 2059-2061.

See also *Admiralty Agents. American (North) Mail Service. Australian Mail Service. Cape of Good Hope Contract.*

Peninsular and Oriental Steam Navigation Company. See *Australian Mail Service. Indian Mail Service.*

Personal Communications (Extensions of Dover Contract). At the Admiralty witness has spoken about the late renewal of his contract with Mr. Baring, Sir A. Milne, and Mr. Clifton, *Churchward* 878-881. 953-961.—Circumstance of Mr. Churchward having asked witness to expedite matters for him with the Treasury; there was nothing improper in this, nor in his having applied to Mr. Murray with a similar object, *Lygon* 1944-1950. 2020-2022—Explanation as to Mr. Churchward's applications having been made to the Admiralty, rather than direct to the Treasury, *Stephenson* 2673-2675—Witness thought that Mr. Churchward's attendance at the Admiralty was in order to forward the business of the contract through that department, *Carnegie* 3856-3859.

Circumstance of witness having discouraged the frequent personal communications of Mr. Churchward with Mr. Clifton and others at the Admiralty; probable objects of these communications, *Phinn* 4539-4546. 4570—Circumstance of witness having given particular instructions that Mr. Churchward should not be admitted into his room at the Admiralty, *Osborne* 4645. 4650. 4657—Mr. Churchward used to be constantly at the Admiralty when witness was Secretary, *ib.* 4656, 4657—Witness warned Sir Maurice Berkeley against having Mr. Churchward in his room, *ib.* 4657, 4658.

Witness never had any communication with Mr. Churchward about the renewal in 1855, *Sir C. Wood* 4844. 4850—Explanation of the circumstances under which witness, though discountenancing personal communication with Mr. Churchward, used his influence, in 1857, in obtaining a cadetship which Mr. Churchward had asked for, and also applied to Mr. Churchward, in 1858, to oblige him by taking two men into his service, *Osborne* 4907-4921—Reason for witness's objection to see Mr. Churchward without the presence of a third person, *ib.* 4915.

See also *Private Secretary to First Lord of the Admiralty.*

Phinn, Thomas, Q. C. (Analysis of his Evidence.)—Was second Secretary to the Admiralty in 1855; entered upon his duties there about the 20th of May in that year, 4533—Reference to a minute by Sir Charles Wood upon the extension of the Dover contract in June or July 1855; 4534. 4537—As regards a letter under witness's signature, dated 20th June 1855, in which the assent of the Admiralty is given, "after full consideration," to a third application by Messrs. Jenkins and Churchward for an extension of their contract, witness cannot explain the grounds upon which such extension was granted, and was not cognizant of the previous steps in reference thereto, 4534, 4535. 4556. 4562.

Efforts of witness to obtain a register of all incoming letters at the Admiralty adverted to, in connexion with the circumstance of the letter of Messrs. Jenkins & Co. on the 23d May 1855 being missing, 4536—If any minute upon the letter of the 23d May were not a Board minute, there would be no record of it in the general minute book, but any special minute by the Board would be so recorded, 4536. 4547. 4557-4561—Statement as to letters having frequently been detained a very long time in Mr. Clifton's department; the letter of the 23d May have been thus lost, 4538.

Circumstance of witness having discouraged the frequent personal communications of Mr. Churchward with Mr. Clifton and others at the Admiralty; probable objects of these communications, 4539-4546. 4570—Improbability of the letter of the 23d May having been treated as a circulation paper, 4548-4555—Explanation of the practice followed in considering applications from contractors; witness used to send such matters to Mr. Clifton for his opinion, but frequently did not adopt his views, and in any important case would submit the matter to the First Lord, 4553. 4563-4570—In cases of extension, the terms were practically settled and recommended by Mr. Clifton, 4569.

[Second Examination.]—Further statement of the practice in witness's time as regards the adoption or non-adoption of suggestions by Mr. Clifton, 4609-4618—Joint responsibility of the Treasury and Admiralty in regard to the extension of the Dover contract in 1855; 4619-4623—Part taken respectively by the Admiralty and the Treasury in the formation of the Australian contract, and of the Cape contract with Mr. Dundas, both of which contracts failed, 4623-4629.

Witness does not know whether there was any written communication of the Admiralty with the Treasury about the Dover extension in 1855; 4630, 4631—Impression as to Mr. Churchward's purchase of the Admiralty boats having had something to do with
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Phinn, Thomas, Q. C. (Analysis of his Evidence)—*continued.*

the grant of an extension, 4630—Further statement as to the part taken by witness in regard to the papers about the Dover contract, 4631—All inquiries and investigations went through Mr. Clifton's department, and any dissent from his views was discussed in his presence, 4633-4635—Witness has every confidence in Mr. Clifton, 4636.

Plymouth Election of 1852. Explanation relative to a charge that at the Plymouth election of 1852, witness had bribed certain voters with promise of place, *Churchward* 976-981. 1017-1021. 1319, 1320.

Reference to the circumstance of Mr. Churchward having been reported to have been implicated in bribery at a Plymouth election, *Osborne* 4652. 4668-4671.

Political Considerations (New Postal Lines). Political considerations form an important element in deciding upon any postal line, *Stephenson* 432, 434.*

Political Influence (Extension of Dover Contract). Witness has no reason whatever for supposing that any member of the Board of Admiralty or of the Government was influenced by political considerations with regard to the extension of the Dover contract, *Clifton* 2038. 2059-2067. 2081, 2082—The recommendation to renew the contract emanated, in fact, not from any political officer, but from witness, *ib.* 2038.

Advice of Sir William Jolliffe to witness to keep the contract business altogether distinct from election matters, *Sir S. H. Northcote* 3473—The pending election of Dover, and the promised support of Mr. Churchward to Government candidates, had no influence whatever upon witness in deciding the question of the extension, except that it made him put it off longer than he otherwise should have done, *ib.* 3617, 3618—In conversation with Mr. Whitmore, witness deprecated all interference with the contract in connexion with the election, *ib.* 3513, 3514.

Witness never had the slightest communication with Mr. Churchward in regard to the election at Dover in connexion with the contract; did not know Mr. Churchward nor the nature of his contract, *Sir W. H. Jolliffe* 3630-3636—In an interview with Sir Stafford Northcote about the Dover election, witness told him how expedient it was that any contract business of Mr. Churchward's at the Treasury should be kept distinct from election business, *ib.* 3631. 3637-3639—Belief that Mr. Churchward's influence at Dover was first mentioned to witness by a friend at Greenwich; witness had previously recommended Devonport as a place where Captain Carnegie as a Government candidate would be much more likely to succeed, *ib.* 3634-3636. 3643-3653—Witness was constantly urging the expediency of the Lords of the Admiralty having seats in Parliament, and frequently communicated with Mr. Herbert Murray about Captain Carnegie standing for some place, *ib.* 3640-3647. 3654—Witness had not the slightest idea why Captain Carnegie refused to go to Dover, *ib.* 3656, 3666.

Doubt as to any member of the Government having been upon the election committee which sat in Victoria-street, *Murray* 3873-3880.

Neither at the Admiralty, nor the Treasury, were the officers with whom the decision rested influenced in granting the renewal of the contract by any corrupt or political influence, *Rep. p. iii, iv.*

See also *Dover Election.* *Private Secretary to First Lord of the Admiralty.*

Post Office. Transfer from the Post Office to the Admiralty of the duty of making contracts about the year 1837, *Clifton* 12-14—Submission by the Treasury of the tenders for the approval of the Post Office, *ib.* 199. 208-212—Invariable reference to the Post Office for their opinion of each case, although the Treasury acts independently of such opinion, just as it does of the opinion of the Admiralty, &c., *Hamilton* 423-426. 442-450—Probable instances of disregard of the advice of the Post Office in other cases besides the last three contracts, *Stephenson* 583-585. 629. 642-644—Circumstance of the Post Office being opposed generally to the principle of renewal, *ib.* 3009-3016.

Witness, who is one of the senior clerks in the Secretary's Office, at the Post Office, has had under his charge for the last 15 years all the correspondence relating to Colonial and foreign mails, *Page* 4002-4004—Witness does not suggest draft answers or letters at the Post Office, but occasionally makes suggestions to the secretaries upon the letters as instructed by them, *ib.* 4009-4018. 4072. 4136—Way in which the question of expense enters into the consideration of the Post Office, as well as of the Treasury, *ib.* 4089-4092. 4100-4104—Rule of the Post Office to report against all extensions of contracts, *ib.* 4115. 4117—Province of the Treasury to consult the Post Office in regard to postal considerations, *ib.* 4118-4122.

Witness, who is one of the Assistant Secretaries at the Post Office, has had the postal packet service under his charge for five or six years, *Hill* 4415-4417—He consults the Chief Secretary in important cases of contract, *ib.* 4450.

See also *Admiralty Agents.* *Extensions of Dover Contract, I. 4, II. 4.* *French Postal Service, 6.* *Inland Postal Contracts.* *Investigation by Departments.* *Postage.* *Responsibility.* *South Eastern Railway Company,* *Treasury, The.* *Postage.*

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Postage. In the consideration of contracts, the Admiralty does not take any account of the amount of postage likely to be received, *Clifton* 65—Although the opinion of the Post Office is invariably taken, the postage is only one element in the matter, *Stephenson* 431-437. 483, 484—Loss of revenue upon the reduction of postage in 1839 adverted to; immense increase of letters and of postal revenue since that period, *Hamilton* 732, 733—Opinion that the correspondence carried between England and France is sufficient to justify the expense of the Dover contract, *Page* 4105.

See also *Colonial Mail Services*.

Preliminaries of Contracts. Advantage if, in the arrangement of the preliminaries of all new services, the several departments were to meet together, *Clifton* 62-64. 91, 92. 2459-2463—The preliminary communications in regard to contracts are generally made to the Treasury by other departments, *Hamilton* 416. 429.

See also, *Admiralty, The. Investigation by Departments. Post Office. Treasury, The.*

Premises at Dover. That part of witness's extended contract, relating to the premises at Dover, was executed by the present Board of Admiralty, *Churchward* 1846.

"Prince Frederick William," The. Reference to a testimonial signed by several Members of Parliament as to the efficiency of witness's vessel, the "Prince Frederick William," *Churchward* 1359-1363.

Private Secretary to the First Lord of the Admiralty. Witness was not in the habit of communicating with Mr. Murray on the subject of the contract, *Churchward* 969, 970—Examination as to the position occupied by Mr. Murray, and the weight to be attached to his representations, *Carnegie* 1397-1400. 1414-1418. 1437, 1438. 1447-1450. 1467, 1468. 1489-1494—Any conversations held by Mr. Murray with Captain Carnegie or Mr. Churchward, were so held without the authority of witness, and, so far as he recollects, without his knowledge, *Sir J. S. Pakington* 1694, 1695. 1698, 1699. 1715, 1716—The private secretary to the First Lord has no functions in regard to contracts, and the First Lord himself only decides upon the general question, *Lygon* 1923-1929—Witness does not recollect that Mr. Murray particularly interested himself in the Dover contract, *ib.* 1954-1956—Mr. Herbert Murray never had any communication with witness upon the subject of the contract, *Clifton* 2064-2067.

As regard the frequent communications between Mr. Churchward and the present secretary to the First Lord of the Admiralty, there was nothing unusual in the application to the latter to expedite the matter, *Stephenson*, 2676, 2677. 2689-2697—Consideration of the question as to the propriety of the part taken in political or election matters by Mr. Murray, as private secretary to the First Lord, *ib.* 2750-2763. 2812-2827.

Further statement as to the opinion entertained by witness of the duties and official position of the private secretary to the First Lord; reference to former evidence hereon, *Carnegie* 3683-3687—Circumstance of witness not having implied that Mr. Murray, in certain conversations with witness upon election matters, represented the election committee in Victoria-street alluded to in one of his letters, *ib.* 3688-3691—Witness did not believe that the Admiralty, as a public department, had any cognizance of Mr. Murray's communications with witness about standing for Dover, *ib.* 3740—Witness once went with Mr. Murray to the Committee in Victoria-street; he did not see any members of the Government there, *ib.* 3779-3783—Witness looked upon Mr. Murray as representing the First Lord in his communications with witness about contesting Dover or some other place, *ib.* 3784-3786.

After witness's letter to Captain Carnegie, on the 5th April, it was open to the latter to have implied that witness represented the election committee in Victoria-street, and not the Government, *Murray* 3860-3861—Witness expressed his own opinion and gave his own advice in the letter of the 5th April, *ib.* 3862, 3863—Circumstance of witness having seen at the Admiralty the agent for the Gibraltar telegraph; he however was not a contractor as Mr. Churchward was, *ib.* 3865-3869—Twofold capacity in which witness held communication with Mr. Churchward, *ib.* 3870-3872.

The Committee consider that the conduct of Mr. Murray was open to grave censure, *Rep. p. iv.*

See also *Dover Election*.

Proceedings of the Committee. Rep. p. v-xii.

Public Tender. See Competition.

R.

Reappointment of Committee. The Committee recommend that the important matters referred for their investigation may be again brought under the notice of a Committee at the earliest opportunity, *Rep. p. iv.*

Remission of Penalties. See *Penalties*.

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Removal of Service. Clause in the packet contracts in regard to the removal of the service from one port to another, *Clifton* 304.

Renewals or Extensions of Contracts. See *Extensions of Dover Contract. Extensions or Renewals (Generally).*

Repudiation of Dover Contract. The Committee, whilst most anxious to fulfil all engagements entered into in good faith between the Government and individuals, submit for the consideration of the House whether Mr. Churchward, in having resorted to corrupt expedients, affecting injuriously the character of the representation of the people in Parliament, has not rendered it impossible for the House of Commons, with due regard to its honour and dignity, to vote the sums of money necessary to fulfil the agreement to extend his contract from the 20th June 1863 to the 26th April 1870, *Rep. p. iv.*

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Responsibility. Consideration of the functions exercised by the Admiralty, as well as by the Treasury and the Post Office, in connexion with the contracts; distinct functions discharged by each department, *Clifton* 75-94. 174-217. 349-358—Confusion of responsibility in regard to the department by which information should be procured before deciding upon any contract, *Sir S. H. Northcote* 3380-3383. 3416. 3471. 3472—Joint responsibility of the Treasury and Admiralty in regard to extensions involving new regulations and additional payments, *Phinn* 4619-4623.

See also *Admiralty, The. Post Office. Treasury, The.*

Royal Mail Contract. Explanation as to the extension in 1857 of the contract with the Royal Mail Company; improvement thereby of the Brazilian service, *Clifton* 124. 140-144—Reference to the extension in 1857 of the contract with the Royal Mail Steam Company, and to a certain memorandum in which the circumstances of the extension are mentioned, *Stephenson* 2979-3005.

Copy of contract with the Royal Mail Steam Packet Company dated 5th July 1850, *App. p. 368-386.*

Copy of further agreement or contract with the Royal Mail Company, dated 25th February 1858, *App. p. 387-391.*

Correspondence relating to the extension of the contract with the Royal Mail Company in the years 1856 and 1857, *App. p. 442-478.*

See also *Australian Mail Service.*

S.

Security for Performance of Contracts. Difficulty on the score of persons tendering whose ability to perform the contract there may be reason to doubt, *Stephenson* 566-568. 579. 640—Security generally for efficient performance up to the end of the contract, in the event of a new contract being previously entered into with other parties, *ib.* 593-596. 619-621.

Security given by witness under both the French and English contracts, *Churchward* 4196-4198.

Ship Letter Mails. Failure of the experiment to carry on the Australian postal service by ship letter mails, *Page* 4183-4299.

Smithett, Captain. When Captain Smithett, who is connected with the Dover contract, pilots the vessels conveying the Queen or other persons of distinction, no charge is made for his services, *Clifton* 4329, 4330.

SOUTH EASTERN RAILWAY COMPANY:

1. *Arrangement with the Company for the Service between London and Dover.*
2. *Recent Acceleration of the Night Mail to Dover.*
3. *Tender by the Company for the Dover and Calais Contract of 1854.*
4. *Non-Invitation to the Company to tender for the Dover and Calais Service in 1855 or 1859.*
5. *Willingness and Ability of the Company to undertake the Service to Calais at Reduced Terms.*
6. *Question as to their Ability to undertake the Service to Ostend.*
7. *Whether desirable or otherwise that the Company should perform the Sea Service as well as the Land Service.*
8. *Part taken by Officials of the Company in Election Matters.*

1. *Arrangement with the Company for the Service between London and Dover:*

The South Eastern Railway Company get about 15,000 l. a year for the railway mail service between London and Dover, the arrangement having been made with Mr. Page and Mr. Frederick Hill, *Eborall* 3079-3082.

2. *Recent Acceleration of the Night Mail to Dover:*

The South Eastern Company have just commenced to run the mail train from London Dover in two hours, for which acceleration they get an increased subsidy from the Post Office,

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SOUTH EASTERN RAILWAY COMPANY—continued.

2. *Recent Acceleration of the Night Mail to Dover*—continued.

Office, *Eborall* 3246-3253.—Further reference to the recent arrangement with the Post Office for an accelerated night mail on witness's line; this was negotiated between witness and Mr. Page, *ib.* 3901-3909.—The acceleration to Dover is part of an intended improvement of the French and English services, *Page* 4025-4031. 4035-4040.—Statement in regard to the negotiations for the recent acceleration of the night mail to Dover; the arrangement was chiefly made by Mr. Page for the Post Office, and by Mr. Eborall for the South Eastern Company, *Hill* 4509-4514. 4518-4524.

3. *Tender by the Company for the Dover and Calais Contract of 1854 :*

The tender of the South Eastern Company for the original contract was greatly in excess of Mr. Churchward's tender, *Clifton* 2321. 2332.—Statement as to the Company having tendered in 1854 to carry the mails between Dover and Calais for 16,520 *l.* per annum, whilst Mr. Churchward tendered to perform both the French and Belgian services for 15,500 *l.*; explanation as to this unduly high tender on the part of the Company, *Eborall* 3052-3061. 3197-3204.

Abstract of tender on the part of the Company, in January 1854, for the performance of the service between Dover and Calais, *App. p.* 317.

4. *Non-Invitation to the Company to tender for the Dover and Calais Service in 1855 or 1859.*

Witness heard that the South Eastern Railway Company would compete for the contract if allowed to expire in 1863; he did not consider it his province to inquire, in his private capacity, into the terms which the Company might offer, *Clifton* 2282-2310.—The Company have expressed to the Post Office their willingness to compete for the French service, and were not aware of the intended renewal of Mr. Churchward's contract; such renewal, so long before expiry, took them completely by surprise, *Eborall* 3062-3066. 3095-3097. 3138-3143.—In 1855 the Company were not invited to tender; they would probably have offered as favourable terms then as they now do, *ib.* 3328-3338.—Circumstance of one of the South Eastern Directors having called on witness about three ago, and asked when the contract would terminate; there has been no communication from the Company recently, *Hill* 4492-4494. 4531, 4532.—Statement as to witness not having alluded in the letter of the 10th March to the probability of the South Eastern Company competing for the service, *ib.* 4479-4486.

5. *Willingness and Ability of the Company to undertake the Service to Calais at Reduced Terms :*

Statement that the South Eastern Company would have tendered to perform the same services as under Mr. Churchward's contract at much lower terms; witness is not prepared to specify terms, but his Company would undertake the contract for several thousand pounds less than Mr. Churchward is to receive, *Eborall* 3067-3073. 3098-3102. 3191-3195. 3205-3209. 3227-3231. 3237-3245.—The Company have eight steamers running in the day time only; they would probably provide two or three more boats if they had the contract, *ib.* 3084-3086.—Probable objections to changing the mail night service into a day service, *ib.* 3196. 3258-3260.—The Company would undertake that their boats should carry the mails at the rate of thirteen miles an hour, *ib.* 3270, 3271.—The Company would undertake a contract, at reduced terms, for three years, and would build two or three additional boats on the strength of such contract, *ib.* 3285-3293.—The Company would most likely have been willing to tender in 1859 for a service not to commence till 1863, *ib.* 3323-3327.

Witness attaches but very little weight to the report that the South Eastern Company would undertake the contract for 2,000 *l.* or 3,000 *l.* a year less than the present contract, *Sir S. H. Northcote* 3413, 3414.

Since his former examination witness has consulted his Board, and is authorised to state that they would undertake to perform the service, as under Mr. Churchward's contract, for the sum of 12,000 *l.* a year, for a period of not less than five years, *Eborall* 3881-3889.—Way in which the difficulty of there being Members of Parliament on the Board may be got over, *ib.* 3891-3900.

Probability of the South Eastern Company offering advantageous terms for the performance of the sea service, *Hill* 4467-4475.

6. *Question as to their Ability to undertake the Service to Ostend :*

The South Eastern Company could not undertake the service to Ostend, *Clifton* 2285, 2286. 2333, 2334.

As regards the power of the Company to undertake the Ostend service witness does not apprehend any difficulty, *Eborall* 2890.—The Company have an Act under which they hold steamers plying as at present, but have no Act under which they can run to Ostend, *ib.* 3041-3047. 3154.—The Company are advised that they can legally run boats to Ostend, but if not they might charter them in the name of the secretary or chairman of the Company; question as to the propriety of this latter course, *ib.* 3048-3051. 3103-3111.

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SOUTH EASTERN RAILWAY COMPANY—continued.

6. *Question as to their Ability to undertake the Service to Ostend*—continued.

3111. 3294-3310—Probability of Parliament sanctioning an application by the Company to run to Ostend, *Eborall* 3951. 3180-3186—Witness cannot say why his Company did not tender in 1854 for the Ostend service, *ib.* 3112-3115.

Witness understood that the South Eastern Company could not undertake the Ostend service, *Sir S. H. Northcote* 3564.

7. *Whether desirable or otherwise that the Company should perform the Sea Service as well as the Land Service:*

Objectionable monopoly if the South Eastern Company were the contractors, *Clifton* 2302-2306. 2359, 2360.

Evidence in support of the proposition that it would be to the public advantage if the mail service across the Channel were in the hands of the Railway Company, and that no injurious monopoly would result, *Eborall* 3074-3078. 3083-3086. 3123-3137. 3155-3159. 3187-3196. 3261-3269. 3276-3278—Advantage of the combination of arrangement when the land and sea services are in the same hands, *ib.* 3077, 3078. 3278—If Mr. Churchward were not on the line at all, the Company would continue to carry the mails at the reduced rate proposed, *ib.* 3123. 3195—Probability of the Company obtaining the French contract if Mr. Churchward lost the English contract, *ib.* 3129-3134—Means of security to the public that the Company having obtained a contract at reduced terms, would not revert to increased terms at the end of the contract, and when Mr. Churchward might no longer be a competitor, *ib.* 3313-3322.

Witness considered it undesirable that the South Eastern Company should get the contracts; his grounds for such conclusions, *Sir S. H. Northcote* 3371. 3384-3389. 3414. 3529-3533. 3564-3568—Policy of the Government not to allow railway companies to hold steam-boats, *ib.* 3565. 3568—Statement as to witness having differed in opinion from Mr. Frederick Hill in regard to the threatened opposition of the South Eastern Company, *Page* 4051, 4052. 4071, 4072. 4124, 4125. 4135, 4136—Disapproval of the South Eastern Company holding the contract for the sea and land service, *ib.* 4058-4061—Offer of the South Eastern Company to buy witness's boats and his contracts, *Churchward* 4212—Witness would withdraw his boats but for his English contract, *ib.* 4213, 4214.

If Mr. Churchward's boats were withdrawn, a competitor against the South Eastern Company might readily be found, *Hill* 4470. 4480.

8. *Part taken by Officials of the Company in Election Matters:*

Witness did not interfere in any way in the late election for Hythe and Folkestone, *Eborall* 3160-3163—Witness heard that the deputy chairman of the Company took some steps towards canvassing Dover, *ib.* 3164-3168—Names of the directors; they are of various political opinions, *ib.* 3169, 3170—Circumstance of the deputy chairman and other officers of the South Eastern Company having canvassed at Dover for Mr. Osborne, *Churchward* 4159, 4160.

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Spalding, Augustus F. M. (Analysis of his Evidence.)—Produces the précis of the papers put in the Record Office at the Admiralty, and reads the entry relative to the paper of the 20th June 1855; 4778, 4779.

Special Services (Dover Contract). Special payment under witness's new contract, whereby he undertakes to provide for special services, and for any increase in the Indian and Australian mails; examination on this point, *Churchward* 794-802. 833-838. 902-908, 1154 *et seq.* 1321-1325—As regards a suggestion by the Postmaster General that the payment should be regulated according to the work performed, or per trip, the passenger traffic was not taken into consideration in this suggestion, *ib.* 1031-1033—Additional work devolving upon witness as regards special services and the Indian and Australian mails, in consideration of which an increased sum is now allowed, *ib.* 1154 *et seq.*—Payment of 6 *l.* for each special trip, and 6 *l.* for the return trip if made in ballast; propriety of the latter payment, *ib.* 1855-1862. 1869—Mileage rate at which certain trips, at 20 *l.* 18 *s.* per trip, are calculated, *ib.* 1858.

Settlement by witness of the question with regard to the payment for back voyages from Calais to Dover, when a special service was performed, and the vessel returned in ballast, *Lygon* 1934-1937.

Reference to the claim preferred by Mr. Churchward, in the autumn of 1858, for extraordinary and special services; concurrence of the departments in January 1859, that the claim was equitable, *Clifton* 2033, 2034—Calculation showing, as regards special services, a saving of at least 150 *l.* a year by the commuted payment of 2,500 *l.* a year. *ib.* 2040, 2041—In 1857 the refusal of the Admiralty to compound for the special services, by the payment of 1,500 *l.*, was made without reference to the Treasury, *Clifton*

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Any refusal by a former Board of Admiralty to agree to a commuted payment for extra services was not laid before the Treasury before the recent extension, *Stephenson* 2591-2593—In consideration of an extension, Mr. Churchward was apparently willing to take a smaller commuted payment for losses, &c., *ib.* 2615-2619—Witness suggested a commuted payment of 3,000 *l.*, but Mr. Churchward said that such arrangement would not answer his purpose, *ib.* 2620-2622—The letter of the Admiralty of the 17th January refers merely to a claim of compensation for extra services, and the question of renewal was first brought before witness by the Admiralty letter of the 23d February, *ib.* 2633-2642—Witness recollects having suggested to Sir S. Northcote a larger commutation payment than 2,500 *l.*; he preferred such arrangement to an extension of the contract, *ib.* 2683-2688. 2747-2749.

Witness was a party to the Treasury Minute of the 3d February, relative to Mr. Churchward's application for compensation for extra services, *Sir S. H. Northcote* 3341-3347—Statement as to witness having inserted a clause in the Treasury Minute, providing for a reduced payment in accordance with a reduced number of Indian and Australian mails; this clause was accidentally omitted from the letter to the Admiralty, *ib.* 3459-3462—Evidence in regard to the extra service through the Indian mails, which were considered as entitling Mr. Churchward to an increased sum of 2,500 *l.* instead of 1,500 *l.*; *ib.* 3572-3594.

Since 1857 the Indian mails have been doubled, and are now weekly; improvements otherwise as regards the Indian mail, *Page* 4106-4114—As regards certain conditions laid down in the Treasury Minute of the 15th April, but omitted from the contract, witness would have accepted them had they been required; he is not disposed, however, to make any reduction in the payment of 2,500 *l.* for extra services, as now performed, *Churchward* 4176-4182—Saving through the use of the packets in carrying persons of distinction, *Clifton* 4326, 4327.

Explanation as to the Admiralty, in 1855, having complied with an application from Mr. Churchward, on the 29th June 1855, for the continuance of a payment of 2,000 *l.* a year, in respect of certain services, *Sir C. Wood* 4882-4885.

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Speed (Dover Mail Service). Question of increased efficiency by the renewal of the contract adverted to in connexion with the limit upon the rate of speed up to the year 1870, *Clifton* 2249-2267. 2368-2371—Circumstance of a speed of thirteen knots an hour, as implied in the *Dover* contract, not being generally required or enforced; explanation hereon as to the non-infliction of penalties on this point, *ib.* 2405-2412. 2483-2488—The service is made very much a time service, and the speed is not so much looked to, *ib.* 2485.

Speed of the boats adverted to in connexion with the inefficient Admiralty vessels bought by Mr. Churchward, *Sir S. H. Northcote* 3536-3542—Four of witness's boats can steam fourteen knots an hour; the "Ondine" can go thirteen, but not in rough weather, *Churchward* 4168-4175. 4187—Explanation as to the contract speed of thirteen knots an hour not being always kept up, *ib.* 4184.

Explanation as to witness, as Admiralty Superintendent at Dover, not having always reported when the speed has been less than thirteen knots an hour, *M'Ilwaine* 3915-3917. 3923-3931. 3974-3978—The "Prince Frederick William" and the "Vivid" were fast boats, *ib.* 3939.

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(Mr. *Hamilton*.) The preliminary communications in regard to contracts are generally made to the Treasury by other Departments, 416—The Treasury, in making inquiry as to the expediency of any contract, are guided, not only by the question whether the enterprise will pay, but by political and commercial considerations as well, 416-419. 423-427—In elucidation of the course pursued by the Treasury, and of the considerations by which it is guided, witness instances the case of the Australian service, and explains the steps thereon in conjunction with the Post Office and Admiralty, 420, 421. 423.

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the Post Office for their opinion of each case, although the Treasury acts independently of such opinion, just as it does of the opinion of the Admiralty, &c., 423-426. 442-450—In the first instance, applications for new postal lines are mostly made to the Post Office, and thence to the Treasury, 429.

(Mr. *Stephenson*.) The original applications come from different sources, according to the different circumstances of each case, 430—Although the opinion of the Post Office is invariably taken the postage is only one element in the matter, 431-437. 483, 484—Course taken in the Treasury in regard to each application: the decision ultimately rests with the Chancellor of the Exchequer and the First Lord of the Treasury, 438, 429.

(Mr. *Hamilton*.) Expediency of the principle of admitting other elements into the consideration of colonial postal contracts besides the element of the amount of postage; the latter, however, should be an important element, 444-450—Doubt whether, in the consideration of inland contracts at home communication is withheld because the amount of postage would not pay, 449.

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(Mr. *Stephenson*.) With a very few exceptions the system of open tender should always be resorted to, 470-472. 479. 519-530—Reference to the Cunard contract as one of the exceptional cases in which it might be proper to grant an extension, without competition, 473-479. 525-527—Grounds for concluding that the Treasury rather than the Post Office is the proper department for carrying out postal contracts across the sea, 480-486. 502-518.

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Memorandum by Sir Stafford Northcote, dated the 1st April; direction therein to Mr. Hamilton to see Mr. Churchward on the question of the increased payment to be made during the residue of the contract, 2558—Subsequent memorandum by Mr. Hamilton, enclosing letter from Mr. Churchward, dated 4th April, in which he says that no compensation could be offered him equivalent to an extension of the contract, 2559, 2560.

After Mr. Churchward's letter of the 4th April, and after a discussion at the Treasury, it was decided upon to extend the contract, and witness was directed to draw up a minute on the subject, 2561-2570—Alterations made by Sir S. Northcote in the minute as prepared by witness, 2571-2578—Explanation as to two important provisions, suggested by Sir S. Northcote (one of which referred to further French contracts), not having been comprised in the Treasury letter to the Admiralty, 2579-2587—The contract having been completed without the two provisions alluded to, Mr. Churchward was, by desire of Sir S. Northcote, communicated with, and he said that he considered himself bound to make no new contract with the French Government without the consent of the Treasury, 2583-2590.

Any refusal by a former Board of Admiralty to agree to a commuted payment for extra services was not laid before the Treasury, 2591-2593—It was clearly understood at the Treasury that the service had been well performed, 2594, 2595—Explanation of witness's objection to the extension of the contract; he thought that Mr. Churchward had a strong case for favourable consideration, but objected, on principle, to the extension proposed, 2596-2609.

The extended contract has probably led to the building of the new vessel to be put on the station, 2610-2614—In consideration of an extension Mr. Churchward was, apparently, willing to take a smaller commuted payment for losses, &c., 2615-2619—Witness suggested a commuted payment of 3,000 *l.*, but Mr. Churchward said that such

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arrangement would not answer his purpose, 2620-2622—The connexion of Mr. Churchward with the French contract service was one of the reasons assigned by Sir S. Northcote for his ultimate decision, 2623-2625.

[Third Examination.]—When witness wrote the minute objecting to the renewal of the Dover contract he had seen the Postmaster General's letter of the 10th March, 2626-2628—He repeats that his objection was a general one, and that there were strong grounds which entitled Mr. Churchward to favourable consideration, 2629-2631—The letter of the Admiralty of the 17th January, refers merely to a claim of compensation for extra services, and the question of renewal was first brought before witness by the Admiralty letter of the 23d February, 2633-2642.

Explanation generally of the part taken by witness upon the question of renewal; besides his memorandum on the subject he had several conversations with Sir S. Northcote, and Mr. Hamilton, in which he always objected to a renewal, 2643, *et seq.*—Constant discussions at the Treasury during the interval between the Postmaster General's letter of the 10th March and the Treasury Minute of the 15th April, 2656-2662. 2680-2682—Presence of witness at an interview between Mr. Churchward, and Sir S. Northcote, about the 13th April; allusion made by Mr. Churchward on this occasion to the matter of the Galway contract, 2669-2672.

Explanation as to Mr. Churchward's applications having been made to the Admiralty rather than direct to the Treasury, 2673-2675—As regards the frequent communication between Mr. Churchward and the private secretary to the First Lord of the Admiralty, there was nothing unusual in the application to the latter to expedite the matter, 2676, 2677. 2689-2697—Witness recollects having suggested to Sir S. Northcote a larger commutation payment than 2,500*l.*; he preferred such arrangement to an extension of the contract, 2683-2688. 2747-2749.

The public convenience, as well as the losses sustained by Mr. Churchward, was considered in deciding upon the question of renewal, 2698-2701—Circumstance of Mr. Churchward having stated in his letter of the 11th January, that he should have to apply for more favourable terms, 2702, 2703—In 1855 any question as to the renewal of a contract went direct to the Financial Secretary at the Treasury, 2704, 2705.

Further explanation in regard to the Treasury letter to the Admiralty, founded on the Minute of the 15th April having omitted certain provisions in the Minute; witness takes upon himself the blame of this omission, 2706-2723—Circumstance of all the previous Admiralty correspondence not having been before witness when considering the question of renewal, 2724-2737—Probable reason why the contract was not sent in draft to the Treasury before it was finally signed by the Admiralty, 2737-2746.

Consideration of the question as to the propriety of the part taken in political or election matters, by Mr. Murray, as private secretary to the First Lord of the Admiralty, 2750-2763. 2812-2827—The renewal of the contract in 1855 was, equally with the late renewal, against witness's principle, 2764-2767. 2809-2811—It was not witness's province to consult others on the question of renewal, 2771-2774—He fully approves of the rule of submitting all new contracts to public competition, 2775-2782.

Considerable amount of information which the Admiralty had the power of supplying to the Treasury in regard to the Dover service, irrespectively of the considerations put forward by the Post Office, 2783-2804—Impropriety in the Admiralty not having referred to the Treasury in 1857 the proposition then made by Mr. Churchward, 2805, 2806—Irregularity if the renewal in 1855 were made by the Government without reference to the Treasury, 2807-2811.

Examination in reference to the insertion of the words in the Galway and Dover contracts, "that the payments to the contractor are to be made out of monies provided by Parliament;" object and effect of this provision, 2828, *et seq.*—Feeling of contractors that contracts made by Government are binding; Government is in fact practically bound by them; question hereon as to the effect of a refusal by Parliament to sanction such contracts, 2830, *et seq.* 2931-2953.

Inconvenience and delay if all contracts for postal services entered into by Government were subject to the future ratification by Parliament, 2848. 2852-2868. 2918-2930. 2954-2972. 3017-3035—Explanation as to its having been required that in contracts with Telegraph Companies an Act of Parliament should be obtained, 2852, 2853. 2858, 2859. 3019, 3020—Explanation as to money having been paid to Mr. Churchward under his new contract, without the direct sanction of the Treasury, 2887-2917.

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memorandum in which the circumstances of the extension are mentioned, 2979-3005—Circumstance of the Post Office being opposed generally to the principle of renewal, 3009-3016.

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Terminable Contracts. Advantage of the condition of making contracts terminable upon notice to be given after a certain date, *Stephenson* 587-589—Doubt as to any contractor continuing a service from year to year, which was terminable after 12 months' notice, *Churchward* 1837-1839.

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Course taken in the Treasury in regard to each application; the decision ultimately rests with the Chancellor of the Exchequer and the First Lord of the Treasury, *Stephenson* 438, 439—Ground for concluding that the Treasury, rather than the Post Office, is the proper department for carrying out postal contracts across the sea, *ib.* 480-486. 502-518—Doubt as to the extent to which the Treasury is guided by the Report of 1853, *ib.* 601, 602—Expediency of the discretion in the Treasury to act independently of the Post Office or Admiralty, *ib.* 629-633.

Statement showing that the Treasury, after due consultation with other departments, but without the immediate ratification of Parliament, sanctions the terms of contracts involving in the aggregate an enormous expenditure of public money, *Hamilton*, 645-659. 664, 665—The Treasury is the proper department for checking the financial arrangements, *ib.* 721. 724, 725—Expediency of the Treasury not being bound by merely postal considerations, *Stephenson* 2975. 3006-3008*—Modification by witness since 1853, of the view then expressed by him as one of the Treasury Committee upon Packet Service, *Sir S. H. Northcote* 3569-3571.

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Truscott, Captain. Captain Truscott, the superintending officer of packets at Dover, is brother of Mr. Truscott, who was said to have been implicated in the Plymouth election of 1852, *Churchward* 1331-1336.

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"Violet," The. Statement relative to the loss of the "Violet;" question as to this having occurred from her unseaworthiness, or from a break down in her machinery, *McIlwaine* 3949-3968.

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West Indies. Tabular statement as to the original contract for the mails to the West Indies, dated 5th July 1850, and as to the extension thereof, dated 25th February 1858, *App. p.* 324, 325.

Copy of contract with the Royal Mail Steam Packet Company, dated 5th July 1850, *App. p.* 368-386.

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Wood, The Right Honourable Sir Charles, Bart., G.C.B. (Member of the House). (Analysis of his Evidence.)—Was First Lord of the Admiralty in May 1855; 4841-4843—Sir Robert Peel or Captain Milne could probably give detailed information to the Committee in regard to the extension of the Dover contract in June 1855; it was their province to attend to such business, 4844. 4846-4848. 4856, 4857. 4886, 4887—Witness never had any communication with Mr. Churchward, 4844. 4850.

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Circumstances of the extension in 1855 not having been submitted either to the Treasury or the Post Office; this was doubtless wrong, 4853, 4854. 4864, 4865. 4873. 4888—Witness knew in 1855 that there was a French contract with Mr. Churchward, but did not think it necessary to inquire into it; he has no recollection of any instructions to Mr. Clifton not to inquire into the terms of such contract, 4858-4863. 4876-4881. 4891—Effect of the extension in 1855 to lead to greater efficiency of service, 4866-4869. 4874—Opinion that the extension in 1855 was the best thing for the public service, 4870-4872.

Explanation as to the Admiralty having complied with an application from Mr. Churchward on the 29th June 1855, for the continuance of a payment of 2,000 £ a year in respect of certain services, 4882-4885—References to the clause in the French contract giving the French Government a right to take three of the vessels in the event of war; had witness been aware of this clause, he would not have granted the extension, 4889-4895.

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