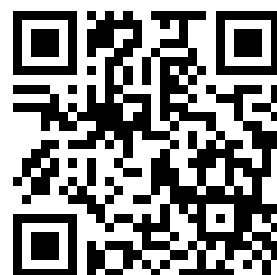
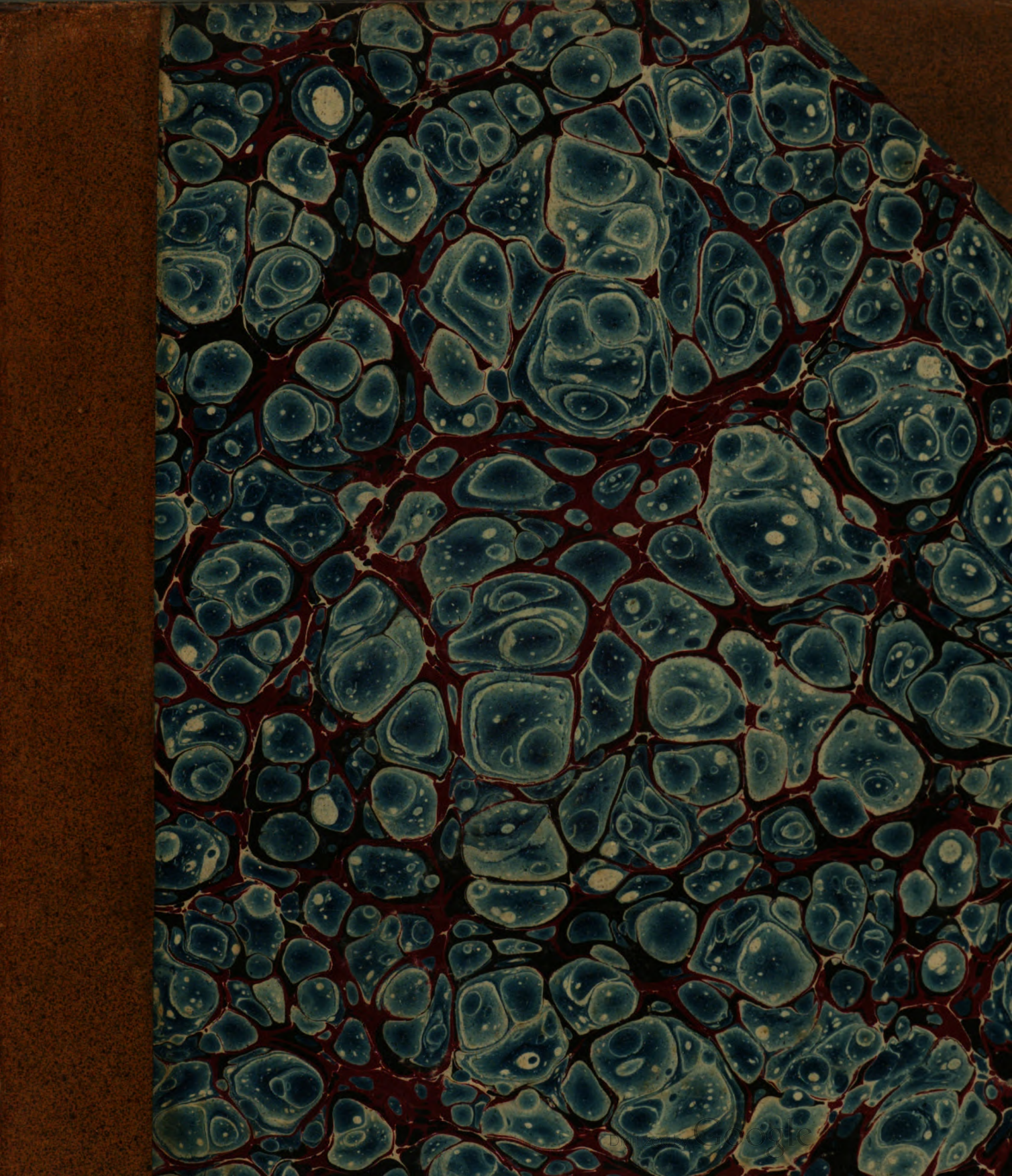

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P. Eng. $\frac{1861}{12}$

REPORTS
FROM
COMMITTEES:

TEN VOLUMES.

—(8.)—

ROYAL ATLANTIC STEAM NAVIGATION COMPANY;
TRANSPORT SERVICE.

Session
5 February — 6 August 1861.

VOL. XII.

1861.

This Book
is to be preserved in the
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Oxford

1861



REPORTS FROM COMMITTEES:

1861.

TEN VOLUMES:—CONTENTS OF THE EIGHTH 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*.

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463. REPORT from the Select Committee appointed to inquire into the Circumstances attending the Termination, by the Postmaster General, of the Postal Contract with the ROYAL ATLANTIC STEAM NAVIGATION COMPANY; together with the PROCEEDINGS of the COMMITTEE, MINUTES of EVIDENCE, APPENDIX, and INDEX - - - - - p. 1

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R E P O R T

FROM THE

SELECT COMMITTEE

ON THE

**ROYAL ATLANTIC STEAM NAVIGATION
COMPANY;**

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

APPENDIX AND INDEX.

*Ordered, by The House of Commons, to be Printed,
23 July 1861.*

Veneris, 14 die Junii, 1861.

Ordered, THAT a Select Committee be appointed to inquire into the circumstances attending the Termination, by the Postmaster General, of the Postal Contract with the Royal Atlantic Steam Navigation Company.

Martis, 25 die Junii, 1861.

Committee nominated of—

Sir John Trollope.
Sir Morton Peto.
Mr. Brown-Westhead.

Mr. Ker Seymer.
Mr. Peel.
Mr. Gregory.

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

Mercurii, 26 die Junii, 1861.

Ordered, THAT Mr. Walpole be added to the Committee.

Ordered, THAT Five be the quorum of the Committee.

Ordered, THAT the Committee do report to the House the Absence of any Member on two consecutive days.

Martis, 23 die Julii, 1861.

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

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R E P O R T.

THE SELECT COMMITTEE appointed to inquire into the circumstances attending the Termination, by the Postmaster General, of the **POSTAL CONTRACT** with the **ROYAL ATLANTIC STEAM NAVIGATION COMPANY**;—**HAVE** considered the Matters to them referred, and agreed to the following **REPORT**:—

In framing their Report on the question referred to them, your Committee are of opinion that it will be convenient to give a short sketch of the principal transactions that bear upon the contract between Her Majesty's Government and the Royal Atlantic Mail Steam Navigation Company from the date of the signing of that contract to its termination.

On the 18th January 1859, the Company proposed to Government to contract to carry mails from Galway to Portland, Boston, or New York, *via* St. John's, Newfoundland, or otherwise, for the sum of 3,000 *l.* per voyage; such voyage being the passage out and home. They also stated that they would undertake to convey telegraphic messages from the United Kingdom to British North America and the United States in six days, casualties excepted. On the 21st April 1859 a contract, based on this proposal, was entered into between Her Majesty's Government and the Company for the performance of a fortnightly mail service between Galway, Boston, and New York. Your Committee may here observe, that on the 22d October 1858, a contract, for the period of one year certain, had been concluded with the Government of Newfoundland for postal service between Galway, Newfoundland, and the United States; this service was to be monthly, and the payment at the rate of 13,000 *l.* per annum. Of this, 4,500 *l.* was to be defrayed by the Imperial Government, and 8,500 *l.* by the Colony. At the date, therefore, of the signing of the Imperial contract, the Company was performing this service, and they continued to perform it until June 1860, the date of the departure of their last vessel under the agreement with Newfoundland, the duration of which agreement had been, after the expiration of the one year, provisionally extended from month to month.

On the 10th June 1859, the Royal Atlantic Steam Navigation Company concluded a contract with Messrs. Palmer, of Newcastle, for the construction of two ships, at a cost of 95,000 *l.* each, and on the 15th June they concluded another contract with Messrs. Samuelson, of Hull, for the construction of two other ships, at a cost of 97,500 *l.* each. These ships were to be built according to lines, plans, and specifications approved of by the Admiralty. The ships were all to be delivered within eleven months. The commencement of the postal service, according to the contract, was fixed for June 1860. The Company were thus entitled to fourteen clear months, from the date of their contract, for the completion of their fleet.

In April 1859 Parliament was dissolved. On the 9th July a Committee of the new Parliament was 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; 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." At the close of the Session of 1859 this Committee made a report, but not on the Galway Contract. In January 1860 the Committee was reappointed. They made a second report on the 22d May 1860, in which they stated that it would of course be open to Parliament to decline to vote the money for carrying out the (Galway) contract, but they were not prepared to recommend that course. A further and final report was made on the 26th June 1860. The Postmaster General fixed the 26th June as the day for commencing the service; on that day the service did commence, and the House of Commons on the 9th August 1860 voted the money in pursuance of the contract. On the 7th September 1860 the Directors of the Company proposed to the Treasury that the fortnightly service should for a period not exceeding six months be changed into a monthly service. On the 25th September the "Connaught," one of the new steam ships, sailed for Boston, and was lost on the 7th October during the same voyage. On the 7th November the Directors applied for a total suspension of the service till 12th March 1861. On the 20th November this was agreed to by the Postmaster General. On the 12th December they urged that this suspension should be prolonged till the 1st June 1861. This was refused, and it was ultimately settled that the service should recommence on the 26th March.

In February 1861 the "Adriatic" was purchased in America, but did not become available to the Company until the 24th of March, when she arrived in this country. On the 18th March the new ship "Hibernia," on proceeding to Galway to recommence the service, was disabled by a gale of wind; in consequence, the service of the 26th March was omitted. The other new ship, the "Columbia," sailed on the 9th April from Galway, and returned in May, disabled by ice.

On the 23d April the "Adriatic" sailed. The Company found itself without a steamer to continue the service on the 7th May, but they tendered the "Parana" for the voyage. The Postmaster General consulted the Admiralty on the fitness of that vessel, when the following report was made to them by their surveying officer: "3 May 1861. — With reference to the paragraph in the letter from the General Post Office, calling particular attention to the fact that the Atlantic Company are bound by their contract to reach St. John's, Newfoundland, within six days after leaving Galway, and that therefore every vessel employed under the contract ought to be capable of fulfilling this stipulation, I beg to state, that a trial of the 'Parana' took place yesterday at the measured mile in Stokes Bay, her draft of water being about 13 inches under the load draft, and the water being at the time smooth: the average speed attained was 11·812 knots per hour, which is not in my opinion sufficient to secure a fulfilment of the stipulations of the contract. The hull appears to be in good and seaworthy condition. (signed) *J. Luke.*" In consequence of such report the Postmaster General informed the secretary of the Company that, having received from the Admiralty the Report of the surveyor, his Lordship found that the "Parana" was not of sufficient power to perform the stipulations of the Company's contract; and on the 15th May 1861, Mr. Hill, on the part of the Postmaster General, wrote to Mr. Boate, the secretary of the Company, stating that, under the circumstances, and on a review of the whole case, the Postmaster General felt that, in the discharge of his public duty, he had no alternative but to exercise the power reserved to him, and to declare the contract at an end.

During this period, from the commencement of the service in June 1860 to its termination in May 1861, complaints were made by the Post Office of the irregularity with which the service was performed. Several voyages were omitted under arrangements with the Post Office, and out of the nine round voyages which were made, five were made with substituted ships, unequal to the requirements of the contract.

Taking outward and homeward voyages separately, in 12 instances the Company's vessels were beyond their time, and in five instances under time. Among the instances of over time is counted the voyage of the "Connaught," on the 25th September, in which voyage that vessel was lost. The substituted vessels were the "Parana" and the "Prince Albert." The former was allowed

to

ROYAL ATLANTIC STEAM NAVIGATION COMPANY.

to sail on two occasions and the "Prince Albert" on three. On each occasion of the "Prince Albert" being allowed to be employed, a deduction of 500 *l.* was made from the subsidy. These deductions amounted to 1,500 *l.* In consequence of the inability of the Company to provide a ship approved of by the Postmaster General on the 26th March 1861, owing to the "Hibernia" breaking down on her first proceeding to take up her station at Galway, the Company became liable to the forfeiture of their contract, but they were permitted to postpone the recommencement of the service for a fortnight on payment of a penalty of 3,000 *l.* In addition to these two sums of 1,500 *l.* and 3,000 *l.* fines, in pursuance of the contract, were imposed for excess of time on the voyage on 12 different occasions. These fines amounted to 5,015 *l.* Thus the penalties and fines imposed on the Company from June 1860 to May 1861 amounted to the gross sum of 9,515 *l.*

The full amount earned by the Company amounted to 25,500 *l.*; from this is to be deducted 9,515 *l.* fines and penalties, together with a sum of 291 *l.* for ocean postage allowed to the Canadian Government, making the net amount received by the Company 15,694 *l.*

The several issues raised, and the questions in dispute between the Postmaster General and the Atlantic Company, may be conveniently considered under the following heads:

I. The construction of the Postal Contract entered into by Her Majesty's Government and the above Company, dated 21 April 1859, whether the Company were bound to take mails to St. John's, Newfoundland.

II. The penalties imposed by the Postmaster General upon the Company for substituted ships.

III. Fines imposed by the Postmaster General upon the Company for overtime.

IV. The alleged depriving of the Company of the Colonial Subsidy of 8,500 *l.* per annum.

V. The rejection of the steam ship "Parana," on the 7th May 1861.

Your Committee propose to treat these points under separate heads, stating the evidence which has been submitted, and the conclusions at which they have arrived—

I. With regard to the construction of the contract. This subject appears to be divided into two branches.

1. The legal construction of the contract itself.

2. The construction as regulated by the intentions of the contracting parties.

The Company contend that, by the strict interpretation of the contract, no obligation whatever is imposed upon them to carry mails to St. John's, Newfoundland.

In support of this view, the Company refer to the clauses of the contract, and contend that although it imposed on them the obligation to deliver telegraphic messages at St. John's, they were only bound to do so when required by the Lords Commissioners of the Admiralty. Clause 4 provides, "That the said Company will at all times during the continuance of this contract deliver such telegraphic messages as the said Commissioners may at any time or times direct, at St. John's, Newfoundland, within six days from the time of the vessel carrying them leaving Galway aforesaid; provided always, that whenever any of the said vessels shall not enter the port of St. John's, it may be lawful for the said Company to land all telegraphic messages by a branch steamer, or other vessel, or means to be provided by and at the expense of the said Company; such steamer, or other vessel or means being previously approved of by the said Commissioners; but even when such branch vessel or means is made use of, the telegraphic messages shall nevertheless be deli-

“vered at that port within such six days as aforesaid.” Clause 5 provides “That all the said vessels employed in the conveyance of Her Majesty’s mails, shall, both on the outward and homeward voyages, call at St. John’s, Newfoundland; or in the event of any of the vessels being prevented making St. John’s to the satisfaction of the Admiralty agent, or other officer in charge of Her Majesty’s mails, by stress of weather or other unavoidable cause, then and in such case the vessels shall call at Halifax, Nova Scotia; and the said Company 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, call, or touch in performance of this contract, all such of Her Majesty’s mails, passengers, and telegraphic messages as shall have to be delivered or received at such places respectively.”

The Company assert that the construction of this last clause rests on the word “*respectively*,” namely, that the Company shall deliver at each of the ports or places such mails, passengers, and telegraphic messages as by “*the terms of the contract*” shall have to be delivered at such places respectively; that is to say, mails and passengers at New York and Boston, and telegraphic messages at St. John’s.

On the other hand, the Postmaster General contends that the contract clearly imposed upon the Company the obligation to take mails to St. John’s, Newfoundland, on the grounds that the Company are required to cause mails, passengers, and telegraphic messages to be delivered at each port where the Company’s vessels are required to call, that St. John’s is expressly named in the contract, as one of the ports where the vessels shall call, both on the outward and homeward voyages, and that the direction in clause 5 to call at St. John’s could not have for its object to provide merely for the delivery of messages, because the preceding clause had already imposed that duty on the Company. The Post Office also observe, that, having regard to the position of the word *respectively* in the sentence in which it occurs, it is plainly intended to apply, not as the Company argue, to the mails, passengers, and messages, but to the several ports or places at which such mails and messages have to be delivered. The Secretary to the Post Office further states, that he knows of no instance where a postal packet company are required to call at a port, and yet are exempted from delivering mails and landing passengers at it.

The second branch of this question is the intentions of the contracting parties.

The Company contend that the intentions of the contracting parties clearly were that the Company should not be called upon to deliver mails at St. John’s, Newfoundland.

As evidence of intention the Company refer—

1. To their original tender to the Government of 18 January 1859.
2. To a letter, dated 22 February 1859, addressed by the Treasury to the Company, informing them that Her Majesty’s Government would be prepared to enter into a contract for the conveyance of mails to and from Galway and New York, and Galway and Boston.
3. To the instructions of the Treasury to the Admiralty, which apply to a mail service between Galway and New York, and Galway and Boston.
4. To the contract which is entitled “Galway, Boston, and New York Mails.”
5. To the time tables in such contract, which refer only to Galway, Boston, and New York, so far as regards mails.
6. To the fact that neither in the tender, Treasury minute, instructions to the Admiralty, nor in any correspondence between the Government and the Company, was any suggestion made as to imposing upon the Company the obligation to take mails to St. John’s.

Mr. Hamilton, the Assistant Secretary of the Treasury, was called, and he confirmed the evidence submitted to your Committee on behalf of the Company,

pany, namely, that the then existing colonial service should not be interfered with, and Mr. Hamilton referred to the following memorandum in his possession, written at the time when the contract was being settled: "The Atlantic Company object to a clause compelling them to deliver mails at St. John's, Newfoundland. They say their tender did not offer this, and that it would annul their Newfoundland contract. I think our minute and their offer did not contemplate the delivery of the Newfoundland mails. It contemplates a communication with New York, through St. John's, or Halifax, and thus, I think, the means of landing passengers, and sending mails to New York, if convenient, but not of sending mails to Newfoundland."

The evidence of Mr. Clifton, the head of the Postal Contract Department in the Admiralty, is as follows: "Was the question discussed at the time when you were present at the Treasury, whether it was intended by the contract that the Company should deliver mails at Newfoundland, or only telegraphic communications, when required to do so? Yes."—"When you say yes, am I to understand that it was only telegraphic communications which were contemplated in the contract?—Only telegraphic communications I understood to be contemplated by the contract at the time that the contract was drawn; when the tender was under discussion it was understood, at least by me, that it was contemplated to deliver mails, but it was explained to the Secretary that there was a difficulty in the vessels entering St. John's at all seasons of the year, and that, in fact, the mails could not be delivered with any degree of certainty; it was, therefore, as I understood, arranged that the telegraphic messages should, only be included in the contract, since they could be thrown overboard, and taken up by a small vessel, that might be run in under Cape Race to St. John's."

The Company also allege that the Treasury admitted, in a letter dated the 29th of August 1860, that the fair meaning of the contract, and the understanding of the contracting parties at the time it was entered into, was matter for inquiry. They also refer to the opinion of the solicitor to the Post Office Department, quoted in the evidence of the Postmaster General, which, after stating his opinion as to the obligations of the Company to take mails to St. John's, advises that the question raised by the Company "should be communicated to the Admiralty as the tender for the service, and the correspondence relating to it might show clearly what the intention was upon the subject."

It does not appear in the evidence that any inquiry was made of the Admiralty by the Postmaster General.

On the other hand, the view of the Post Office appears to be, that as the intention of calling at St. John's on every voyage out and home, and of conveying telegraphic messages to and from that port, is shown in the Company's tender, and as the Treasury Minute of the 26th March 1859 distinctly contemplated the landing of passengers at St. John's (or, failing that, at Halifax), it must have been the intention throughout that the Company should, according to the practice pursued in the case of all other contracts, convey mails also between Galway and St. John's or Halifax, according to circumstances.

Mr. Clifton states in his evidence, that although at the time the contract was drawn up he was of opinion that the Company were only bound to take telegraphic messages, he had previously understood that it was intended they should deliver mails, but that this intention had been given up, owing to the difficulty of landing such mails, a difficulty which the Secretary to the Post Office (Question 1881) considers was altogether imaginary.

Mr. Hamilton (the Assistant Secretary to the Treasury) also in his evidence states that the intention was that, when convenient, mails should be taken to St. John's, although he thinks that the obligation was limited to mails for the United States.

The Postmaster General further insists on the necessity of taking the contract as it stands, and points out also that the sanction of Parliament was given to the contract as it now stands.

Taking a review of all these circumstances, as regards the construction of the clauses in the contract referred to as involving the obligation to carry mails

to St. John's, your Committee are not prepared to express any opinion, but are satisfied by the evidence produced that it was not the intention of either of the contracting parties that Mails should be delivered at St. John's.

Your Committee may, however, here state, that though unwilling to reject evidence that was tendered on behalf of the Company as regards the delivery of mails at St. John's, they are of opinion that that question had no bearing upon the termination of the contract.

In fact, this question is immaterial for the purposes of this inquiry, inasmuch as there is no doubt that the Company were bound to call at St. John's within six days when required by the Admiralty, and the difficulty experienced by them in duly performing this part of their contract was not so much occasioned by any requirements to deliver the mails, as it was by the obligation to call at St. John's within the time prescribed.

II. Penalties imposed by the Postmaster General upon the Company for substituted ships.

The first occasion on which a fine was imposed was on the 24th day of July 1860, when a fine of 500 *l.* was imposed for permitting the "Prince Albert" to be substituted, this vessel not coming within the terms of the postal contract.

On two subsequent occasions, viz., on the 28th August, and on the 23d October, similar penalties were imposed, for permission, to start the "Prince Albert."

A penalty of 3,000 *l.* was also inflicted by the Postmaster General for postponing the recommencement of the service of the 26th March to the 9th of April following, on the application of the Company, whose ship, the "Hibernia," had met with an accident.

The Company allege that this penalty should not have been imposed, as the accident to the "Hibernia" arose from a casualty over which they had no control, and they urge that the permission, under such circumstances, to postpone the service would have been a reasonable concession, and that no fine ought to have been imposed; at all events, that no fine could be imposed beyond the amount mentioned in the contract, namely, a fine of 500 *l.* for not having a vessel ready to carry the mails, and that therefore the penalty of 3,000 *l.* was arbitrary and severe.

On the other hand, the Postmaster General alleges that it was the duty of the Company to have been prepared by the time named with more than one ship surveyed and approved: that as on their failure to recommence the service, he would have been justified in determining the contract, he considered that the imposition of a penalty in lieu of the abrogation of the contract, was an indulgence (a view which he states to have been also taken by the Company at the time), and that there is nothing in the contract limiting the fine for not having a vessel ready on the appointed day to 500 *l.*; but that, on the contrary, a fine of 500 *l.* is imposed for each and every successive period of 12 hours that shall elapse before a vessel proceeds to sea.

Your Committee are of opinion that the Postmaster General was justified in imposing these penalties.

III.—As regards imposition of fines for overtime.

On this point, the particular ground of complaint appears by the evidence brought before your Committee, to be the imposition of part of a fine of 490 *l.* for overtime in the case of the ship "Connaught," in the month of August 1860.

It appears by the evidence adduced before your Committee that the "Connaught" was prevented from landing her mails in Newfoundland by a fog of unusual density and duration; your Committee therefore recommend that so much of the fine imposed on that occasion as had reference to the delay occasioned by the fog, should be remitted.

Sir

Sir Rowland Hill, on being examined on this point, stated, that he thought it was the duty of the Postmaster General to lean towards the infliction of penalties.

In that opinion your Committee agree as a general rule, but they do not think that the rule should be applied in a doubtful case like that of the "Connaught."

IV. The alleged depriving the Company of the Colonial subsidy of 8,500 *l.* per annum.

The colonial service rested upon a contract, dated 22 October 1858, and provided for the payment of the sum of 13,000 *l.* per annum for a monthly service between Galway and St. John's, Newfoundland, and between Newfoundland and Portland, Boston, or New York. Of this sum, 8,500 *l.* was payable by the Colony, and 4,500 *l.* by the Imperial Government. Your Committee have already explained that this contract was for one year only, and that, at the expiration of that period, it had been provisionally extended until further orders. The last departure of a vessel under this agreement was in June 1860, whereupon the agreement necessarily came to an end. There was, therefore, no colonial subsidy of which the Company were, or could be, deprived by the act of the Postmaster General. But a question arose between the Government and the Company, whether the latter were obliged to carry mails to St. John's; the Company contending that they were not bound, but being willing, to carry the mails, if the Colony would continue to pay the former subsidy of 8,500 *l.*, and if they were allowed to receive such subsidy in addition to the payments under the Imperial contract.

The Imperial service is under a contract, dated 21 April 1859.

The construction of this last contract by the Postmaster General was, that the Company were bound to take mails to Newfoundland; and by the agreement which the Company signed on the 24th January 1861, they were obliged to relinquish a colonial subsidy.

Vide Appendix.

On the part of the Company it is contended, that they had a just claim to the 8,500 *l.* which they expected the Colony would contribute.

The Government at one time were not unwilling to concede the point.

In a letter addressed by the Treasury to Messrs. Vallance & Vallance, the solicitors of the Company, under date of 29th August 1860, an arrangement was proposed, under which the Company, it was stated, would be in receipt of 78,000 *l.* per annum under the Imperial contract, and 8,500 *l.* per annum under the Newfoundland contract, for which the Company were to take mails as well as telegraphic messages to and from St. John's by regular steamers, but be released from running their independent monthly line.

In a letter addressed by the Postmaster General to the Company, dated the 14th September 1860, his Lordship inquires whether the Company would agree to carry the mails to Newfoundland for a payment by the Colony of the 8,500 *l.* a year by every packet. This letter, however, remained without answer for nearly two months, and the reply at last returned was to the effect that the Company would agree, provided his Lordship, besides making other concessions, would allow the "Prince Albert" steam ship to be employed in the service of the Company in the same manner as if she were a vessel fulfilling the requirements of the contract in respect of size, speed, and power. The Postmaster General would not accept these terms, and he informed the Company that as his inquiry had not been answered in the affirmative, he withdrew it.

The Company contended that the Colony would be willing to pay the 8,500 *l.* per annum if the service were continued; and that it was only fair that they should receive the colonial payment. The Postmaster General, however, finally stated, that unless a new agreement for recommencing the service in March 1861 were signed, and the Company undertook to forego altogether the 8,500 *l.* per annum, he would declare the contract void.

The Company therefore signed the new agreement, reserving their right to appeal to the Treasury, on the ground that the intentions of the parties respecting the colonial subsidy were special circumstances in the case.

The opinion of your Committee on this point is guided by the decision they have expressed on the first head, namely, that it was not part of the original contract that mails should be delivered at St. John's, and that as a service was imposed on the Company for which they had not contracted, it is fair they should be remunerated for it.

V. The rejection of the "Parana."

It appears that the Company submitted, for the approval of the Postmaster General, the steam ship "Parana," a vessel of 2,730 tons, and 800 horse-power, to perform the service of the 7th May 1861.

The case of the Company is, that the accident to the "Columbia" and "Hibernia" were casualties over which they had no control.

They affirm that they procured the best ship that was capable of being obtained.

That under the clause in the contract permitting them to supply the place of a disabled ship, the "Parana" was an efficient ship, which ought to have been accepted as a substituted vessel; and that, at all events, according to the terms of the contract, the ship ought to have been permitted to perform the service; and the penalty which should have been inflicted would have been one of 500*l.*, under the terms of the clause for not having a suitable vessel ready.

The Company rest this part of their case upon the ground that the rejection of a ship, and the exercise of the discretionary power vested in the Post Office, must be reasonable and not arbitrary.

Another point has been raised by the Company under their protest to the Postmaster General, and upon the evidence which has been submitted to your Committee.

This point goes to the effect of calling in question the absolute legality of the rejection of the "Parana" by the Postmaster General; and consequently his right to determine the contract.

It appears that the immediate ground on which the contract was determined was the inability of the Company to provide a ship for the voyage of the 7th of May.

The Company allege that they did provide an efficient ship; namely, the "Parana," and that the Postmaster General was governed in his objection to her, not upon her inability to perform the voyage from Galway to Boston within the contract time, but upon the ground that she could not perform the voyage to St. John's within six days.

The Company admit their liability to take telegraphic messages to St. John's within six days, when so required by the Commissioners of the Admiralty or the Postmaster General, but they referred to his Lordship's and other evidence to prove that they had never been required by the Admiralty or the Post Office to take telegraphic messages to St. John's.

The Company submit, therefore, that as there was no obligation whatever imposed upon them to carry mails to St. John's within six days, the original contract and agreement being silent on this point, the rejection of the "Parana," on the ground of her inability to run to St. John's within six days was an untenable rejection.

The Company consequently contend—

1. That the "Parana" was an efficient ship for all purposes of the services, and evidence was given before your Committee, that the "Parana" had been despatched on the 7th May, and had performed the voyage to Boston in 1 day 5½ hours under the contract time, and the return voyage three hours over the contract time.

It

It was admitted that she had not performed the voyage to St. John's within six days.

2. That there is no obligation imposed upon them to take mails to St. John's within six days, and that therefore, as before stated, that the rejection was illegal.

The Postmaster General, on the other hand, contends that the Company was bound by their contract (clause 4) to reach St. John's, and there to deliver telegraphic messages, if required, within six days; that they were similarly bound to bring messages on the return voyages; that the then Postmaster General, the Duke of Argyll, had in June 1860, signified to the Company that telegraphic messages for St. John's would be sent in the mails; that it could not be ascertained until a ship was being despatched, and even then only as regards the outward voyage, whether she might not have to carry telegraphic messages; that one of the most important conditions on which the Government had granted the subsidy, and the principal recommendation of the line, as asserted by the Company themselves, was a communication, within six days, between England and America, referring your Committee in support of the statement as to the Company's assertions to the two following passages; one from their original tender, dated 18 January 1859, the other from their letter dated 29 May 1861, in answer to the notification terminating their contract. (Extract from the tender:) "We will also undertake to convey telegraphic messages from the United Kingdom to British North America and the United States in six days, casualties excepted. It is quite needless to expatiate on the great advantage thus obtained by both the Government and the public." (Extract from the letter of the Company, dated 29 May 1861:) "On commercial grounds the importance of having direct and speedy communication between Galway and St. John's cannot be overrated. This line forms a link connecting Europe with America, and reducing the communication to about six days."

The Postmaster General further contends, That he was bound, under these circumstances, to reject vessels that could not reach St. John's in six days; and that in rejecting the "Parana" for the voyage of the 7th of May, he was guided by the advice of the Lords Commissioners of the Admiralty, who, in their letter on the subject, stated they did not consider the speed of the "Parana" sufficient to secure a fulfilment of the stipulations of the contract.

Your Committee, while declining to give any opinion on the legal points raised by the Company, are of opinion that as the "Parana" was reported by the Admiralty to be unequal to the requirements of the service, the Postmaster General was justified in refusing her.

There are, however, certain special circumstances connected with this case which your Committee now deem it necessary to advert to.

Your Committee have to express their sense of the difficulties with which the Royal Atlantic Steam Navigation Company have had to contend, from the commencement of their contract until its termination.

From the date of the contract in April 1859 until the subsidy was voted in August 1860, uncertainty prevailed as to the future decision of Parliament. Several discussions took place in the House of Commons impugning the propriety of the contract. The Directors finding their operations seriously affected by these proceedings, addressed as early as the 20th July 1859, a letter to the Treasury stating how the interests of the Company had been prejudiced by these discussions. They inquired if the proceedings of the Packet Contract Committee were intended to affect the validity of the contract with them. On the 25th of the same month the Secretary of the Treasury informed the directors of the Company, "that he had nothing to add to the statement of the Chancellor of the Exchequer in Parliament, and that if the directors required a further assurance they should apply to the Select Committee to deal with the case as soon as possible." It does not appear that such application was made to the Select Committee, and the Select Committee did not deal with the question in the year 1859. On the 30th January 1860, the Committee was re-appointed; on the 22d May 1860 they made their report on the Galway Contract as above adverted to. On the 11th June the estimate for the postal services

was laid before the House of Commons, but in that estimate the amount on account of the Galway Contract was not inserted.

On the 22d June the Directors of the Company received a letter from Mr. Laing, Secretary to the Treasury, to this effect, "I am to state to you that, as the directors are doubtless aware, the Select Committee of the House of Commons are now deliberating on a further Report on the Subject of the Galway Contract, and that notice has been given in the House of a motion to negative any estimate for carrying out that contract. Under these circumstances it is impossible for their Lordships to foretell what may be the decision of Parliament, or until the final Report of the Committee is made, to give any pledges as to the course which the Government may think it their duty to adopt. In the meantime, however, as the contract has been executed, and the First Report of the Select Committee did not recommend Parliament to exercise their constitutional right (which was expressly reserved in the contract) of refusing to vote money for its fulfilment, their Lordships have not thought it their duty to act on any other assumption than that the contract would be carried out in the usual course. On this assumption they were prepared, on the one hand, to insist on the strict fulfilment by the contractors of the engagements into which they had entered, but, on the other hand, to do so in a fair spirit, and to interpose no vexatious or unnecessary impediments in carrying out those engagements. Acting in the same spirit, they are now prepared, under the circumstances above stated, and without prejudice to the ultimate course to be adopted on either side, to offer to the Company the alternative either of a short postponement of the provision requiring the commencement of the service in the month of June, until the decision of Parliament has been obtained, or of a strict compliance with its conditions, subject to that decision, and reserving to the Company its claim to be paid for any voyages actually performed in the meantime, should the decision of Parliament be unfavourable."

The motion referred to in this letter was a motion by Mr. Bouverie, on the 14th June, to this effect: "In Committee of Supply on Post Office Packet Estimates to move the rejection of the further estimate of 60,000 *l.* for the conveyance of mails between Galway and Boston and Galway and New York, if such estimates be presented."

On the 23d July 1860, the estimate for the Galway subsidy was laid before the House as a separate vote, and on the 9th August, after a division, the money was voted. It will thus appear, that the Company had commenced, and were carrying on the service nearly two months before they had obtained the requisite confirmation that the subsidy would be granted. The result of this uncertainty, according to the statement of witnesses examined on this point was to this effect, that the financial condition of the Company was thereby seriously affected; that the directors themselves were unwilling to invest their own capital in the undertaking, or to recommend their friends to do so; that public confidence in the undertaking was shaken; that the directors were prevented from placing the capital stock of the Company and from enforcing the calls; and that in consequence of the non-issue of capital and non-payment of calls, the directors were forced to enter into pecuniary arrangements under disadvantage.

1702.

In the case of the ships the same causes are represented as having,

1. Most seriously interfered with the contractors as regards the delivery of the ships, owing to the inability of the Company to pay the instalments which were to accompany the progress of their construction.

2. That the Company, by not being in a position to pay the contractors, were obliged to forego the penalties they would otherwise, by the terms of their contract, have been entitled to exact.

3. That had the ships been delivered according to the builders' contract before June 1860, it follows that the Company would at once have perceived their defects, and applied to the Post Office for the suspension of the service until these defects had been remedied, which suspension had been offered by Mr. Laing on the 22d June 1860.

In the other Atlantic contracts, your Committee will observe that there is no time table, and consequently no penalty for overtime. The only penalties are for

Vullance, 333.
Malcolmson, 1834.
Lewis 1693 to
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for the non-starting of a vessel at the appointed day of sailing. Evidence was given that no substitute vessel could be procured capable of passing the Admiralty survey as regards the speed requisite to reach St. John's in six days, and that there are probably only two steam vessels in the whole postal service capable of therein satisfying the exigencies of the Post Office.

The misfortunes that have attended the Company's new fleet have also been considered by your Committee. Within a period of six months one vessel has been lost, another disabled by storm, and the third also disabled by her encounter with ice off Newfoundland.

Your Committee conclude this Report by expressing their opinion, that the Postmaster General was justified in declining to continue a contract which in his judgment, at the time of its determination, the Company could not carry out efficiently.

Your Committee have reason to believe that the Company will be in possession of a fleet of efficient steam-ships in the course of the present year. They are of opinion that should it be deemed advisable to re-establish postal communication between the West Coast of Ireland and America, the Atlantic Steam Packet Company are deserving of the favourable consideration of Her Majesty's Government.

PROCEEDINGS OF THE COMMITTEE.

Veneris, 28^o die Junii, 1861.

MEMBERS PRESENT :

Mr. Walpole.
Sir John Trollope.
Mr. Brown-Westhead.
Mr. Ker Seymer.

Sir Morton Peto.
Mr. Gregory.
Mr. Peel.

Mr. *Gregory* was called to the Chair.

The Committee deliberated.

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

Martis, 2^o die Julii, 1861.

MEMBERS PRESENT :

Mr. GREGORY in the Chair.

Mr. Walpole.
Sir J. Trollope.
Sir M. Peto.

Mr. Ker Seymer.
Mr. Peel.
Mr. Brown-Westhead.

The *Lord Stanley of Alderley*, and Mr. *Henry Vallance*, examined.

[Adjourned till Friday next, at Twelve o'clock.]

Veneris, 5^o die Julii, 1861.

MEMBERS PRESENT :

Mr. GREGORY in the Chair.

Mr. Peel.
Mr. Walpole.
Sir John Trollope.

Mr. Ker Seymer.
Sir Morton Peto.
Mr. Brown-Westhead.

The Committee deliberated.

Mr. *Henry Vallance*, further examined.

Mr. *George Alexander Hamilton*, examined.

[Adjourned till Monday next, at One o'clock.]

15

Lunæ, 8^o die Julii, 1861.

MEMBERS PRESENT:

Mr. GREGORY in the Chair.

Mr. Ker Seymer.		Sir Morton Peto.
Mr. Peel.		Mr. Walpole.
Mr. Brown-Westhead.		Sir John Trollope.

Mr. *H. Vallance*, further examined.

Mr. *Waller Clifton*, examined.

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

Martis, 9^o die Julii, 1861.

MEMBERS PRESENT:

Mr. GREGORY in the Chair.

Sir J. Trollope.		Mr. Walpole.
Mr. Ker Seymer.		Mr. Peel.
Sir M. Peto.		Mr. Brown-Westhead.

Mr. *John Jordan*, Mr. *John Laird*, Mr. *Martin Samuelson*, and Mr. *George Bayley*, examined.

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

Jovis, 11^o die Julii, 1861.

MEMBERS PRESENT:

Mr. GREGORY in the Chair.

Mr. Walpole.		Mr. Peel.
Sir John Trollope.		Mr. Ker Seymer.
Sir Morton Peto.		Mr. Brown-Westhead.

Mr. *James Luke*, Mr. *Jeremiah Lewcock*, Mr. *John Brough Palmer*, Mr. *Thomas J. Ditchburn*, Mr. *Harvey Lewis*, a Member of the House, and Mr. *Martin Samuelson*, further examined.

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

Veneris, 12^o die Julii, 1861.

MEMBERS PRESENT:

Mr. GREGORY in the Chair.

Mr. Walpole.		Mr. Peel.
Sir John Trollope.		Sir Morton Peto.
Mr. Ker Seymer.		Mr. Brown-Westhead.

Mr. *Malcolmson*, Sir *Rowland Hill* and Mr. *W. J. Page*, and Mr. *Ambrose Shea*, examined!

[Adjourned to Wednesday next, at Twelve o'clock.]

Mercurii, 17^o die Julii, 1861.

MEMBERS PRESENT:

Mr. GREGORY in the Chair.

Mr. Walpole.
Sir M. Peto.
Mr. Peel.

Sir J. Trollope.
Mr. Ker Seymer.
Mr. Brown-Westhead.

Draft Report, proposed by the Chairman, read 1^o as follows:

1. "In framing their Report on the question referred to them, your Committee are of opinion that it will be convenient to give a short sketch of the principal transactions that bear upon the contract between Her Majesty's Government and the Royal Atlantic Mail Steam Navigation Company from the date of the signing of that contract to its termination.

2. "On the 21st April 1859 a contract was entered into between Her Majesty's Government and the Company for the performance of a fortnightly mail service between Galway, Boston, and New York. Your Committee may here observe, that on the 22d October 1858, a contract had been concluded with the Government of Newfoundland for postal service between Galway, Newfoundland, and the United States; this service was to be monthly, and the payment at the rate of 13,000 *l.* per annum. Of this, 4,500 *l.* was to be defrayed by the Imperial Government, and 8,500 *l.* by the Colony. At the date, therefore, of the signing of the Imperial contract, the Company was performing this service.

3. "On the 10th June 1859, the Royal Atlantic Steam Navigation Company concluded a contract with Messrs. Palmer, of Newcastle, for the construction of two ships, at a cost of 95,000 *l.* each, and on the 15th June they concluded another contract with Messrs. Samuelson, of Hull, for the construction of two other ships, at a cost of 97,500 *l.* each. These ships were to be built according to lines, plans, and specifications approved of by the Admiralty. The ships were all to be delivered within eleven months. The commencement of the postal service, according to the contract, was fixed for June 1860. The Company were thus entitled to fourteen clear months, from the date of their contract, for the completion of their fleet. In April 1859 Parliament was dissolved. The new Parliament met in May. On the 9th July a Committee was 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; 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.' At the close of the Session of 1859 this Committee did report, but not on the Galway Contract. In January 1860 the Committee was reappointed. Its final report on the Galway Contract was not made till 26th June 1860. The Company commenced its service on the 26th June, but the House of Commons did not ratify the contract till the 9th August 1860. On the 7th September 1860 the Directors of the Company proposed to the Treasury that the fortnightly service should for a period not exceeding six months be changed into a monthly service. On the 25th September the 'Connaught,' one of the new steam ships, sailed for Boston, and was lost on the 9th October during the same voyage. On the 7th November the Directors applied for a total suspension of the service till 12th March 1861. On the 20th November this was agreed to by the Postmaster General. On the 12th December they urged that this suspension should be prolonged till the 1st June 1861. This was refused, and it was ultimately settled that the service should recommence on the 26th March.

4. "In February 1861 the 'Adriatic' was purchased, and became one of the Company's fleet. On the 18th March the new ship 'Hibernia,' on proceeding to Galway to recommence the service, was disabled by a gale of wind; in consequence, the service of the 26th March was omitted. The other new ship, the 'Columbia,' sailed on the 9th April from Galway, and returned in May, disabled by ice.

5. "On the 23d April the 'Adriatic' sailed: on the 7th May the Company found itself without a steamer to continue the service, in consequence of the refusal of the Postmaster General to accept the 'Parana.' And on the 15th May 1861 the contract was declared by the Postmaster General to be at an end.

6. "During this period, from the commencement of the service in June 1860 to its termination in May 1861, complaints were made by the Post Office of the irregularity with which the service was performed. Exclusive of the voyages omitted under arrangements with the Post Office, it appears that, out of nine round voyages, five were made with substituted ships.

7. "Taking outward and homeward voyages separately, in 12 instances the Company's vessels were beyond their time, and in five instances under time. Among the instances of over time is counted the voyage of the 'Connaught,' on the 25th September, in which voyage

voyage that vessel was lost. In all cases, with the exception of two, viz. on the 26th June 1860, in the case of the 'Parana,' and on the 7th August with the same vessel, penalties were imposed on the Company for the substitution of a ship. These penalties amounted to 1,500*l.* In consequence of the inability of the Company to provide a ship approved of by the Postmaster General on the 26th March 1861, owing to the 'Hibernia' having become disabled, a penalty of 3,000*l.* was imposed on the Company, making the amount of penalties in all 4,500*l.* In addition to this, fines, in pursuance with the contract, were imposed for excess of time on the voyage on 12 different occasions. These fines amounted to 5,015*l.* Thus the penalties and fines imposed on the Company from June 1860 to May 1861 amounted to the gross sum of 9,515*l.*

Appendix.

8. The full amount earned by the Company amounted to 25,500*l.*; from this is to be deducted 9,515*l.* fines and penalties, together with a sum of 291*l.* for ocean postage allowed to the Canadian Government, making the net amount received by the Company 15,694*l.*

9. "The Company were also compelled to forego the Colonial subsidy of 1,000*l.* per voyage as the terms for permitting them to carry the Colonial mail three days later than the ordinary day fixed.

10. "The several issues raised, and the questions in dispute between the Postmaster General and the Atlantic Company, may be conveniently considered under the following heads :

"FIRST. The construction of the Postal Contract entered into by Her Majesty's Government and the above Company, dated 21 April 1859, whether the Company were bound to take mails to St. John's, Newfoundland; and if so, whether they were bound to do so within six days.

"SECONDLY. The penalties imposed by the Postmaster General upon the Company for substituted ships.

"THIRDLY. Fines imposed by the Postmaster General upon the Company for over time.

"FOURTHLY. The depriving the Company of the Colonial Subsidy of 8,500*l.* per annum.

"FIFTHLY. The rejection of the steam ship "Parana," on the 7th May 1861.

11. Your Committee propose to treat these points under separate heads, stating the evidence which has been submitted, and the conclusions at which your Committee have arrived—

"FIRST with regard to the construction of the contract. This subject appears to be divided into two branches.

"Firstly. The legal construction of the contract itself.

"Secondly. The construction as regulated by the intentions of the contracting parties.

12. "The Company contend that, by the strict interpretation of the contract, no obligation whatever is imposed upon them to carry mails to St. John's, Newfoundland.

13. "In support of this view, the Company refer to the clauses of the contract, and contend that although it imposed on them the obligation to deliver telegraphic messages at St. John's, they were only bound to do so when required by the Lords Commissioners of the Admiralty. Clause 4 provides, 'That the said Company will at all times during the continuance of this contract deliver such telegraphic messages as the said Commissioners may at any time or times direct, at St. John's Newfoundland, within six days from the time of the vessel carrying them leaving Galway aforesaid; provided always, that whenever any of the said vessels shall not enter the port of St. John's, it may be lawful for the said Company to land all telegraphic messages by a branch steamer, or other vessel, or means to be provided by and at the expense of the said Company; such steamer, or other vessel or means being previously approved of by the said Commissioners; but, even when such branch vessel or means is made use of, the telegraphic messages shall nevertheless be delivered at that port within such six days as aforesaid.' Clause 5 provides that all the vessels shall, both on the outward and homeward voyage, call at St. John's, Newfoundland, and that the Company shall convey in the said vessels to and from, and cause to be delivered and received at each of the ports and places at which the said vessels are to proceed, call, or touch in the performance of the contract, all such of Her Majesty's mails, passengers, and telegraphic messages as shall have to be delivered or received at such places *respectively*.

Appendix.

Clause 4.

14. "The Company assert that the construction of this last clause rests on the word '*respectively*,' namely, that the Company shall deliver at each of the ports or places such mails, passengers, and telegraphic messages as by '*the terms of the contract*' shall have to be delivered at such places respectively; that is to say, mails and passengers at New York and Boston, and telegraphic messages at St. John's; and they refer to the letter of Mr. Brady, chief clerk of Contract Department, Admiralty, who prepared the contract, and who upholds this construction.

15. "On the other hand, the Postmaster General contends that the contract clearly imposed upon the Company the obligation to take mails to St. John's, Newfoundland, on the

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ground that the words comprise the delivery of mails and telegraphic messages at each of the ports or places at which the steamers shall touch or call. In support of this view, the Postmaster General refers to the Solicitor of the Post Office, who is of opinion that the Company can be required to convey mails to St. John's.

16. "The second branch of this question is the intentions of the contracting parties.

17. "The Company have throughout contended that the intentions of the contracting parties clearly were that the Company should not be called upon to deliver mails at St. John's, Newfoundland.

18. "As evidence of intention the Company refer—

Appendix.

"Firstly. To their original tender to the Government of 18 January 1859.

"Secondly. To a letter, dated 22 February 1859, addressed by the Treasury to the Company, informing them that Her Majesty's Government would be prepared to enter into a contract for the conveyance of mails to and from Galway and New York, and Galway and Boston.

Appendix.

"Thirdly. To the instructions of the Treasury to the Admiralty, which apply to a mail service between Galway and New York, and Galway and Boston.

"Fourthly. To the contract which is entitled 'Galway, Boston, and New York Mails.'

"Fifthly. To the time tables in such contract, which refer only to Galway, Boston, and New York, so far as regards mails.

"Sixthly. To the fact that neither in the tender, Treasury minute, instructions to the Admiralty, nor in any correspondence between the Government and the Company, was any suggestion made as to imposing upon the Company the obligation to take mails to St. John's.

19. "Mr. Hamilton, the Assistant Secretary of the Treasury, was called, and he confirmed the evidence submitted to your Committee on behalf of the Company, namely, that the then existing colonial service should not be interfered with, and Mr. Hamilton referred to the following memorandum in his possession, written at the time when the contract was being settled: 'The Atlantic Company object to a clause compelling them to deliver mails at St. John's, Newfoundland. They say their tender did not offer this, and that it would annul their Newfoundland contract. I think our minute does not contemplate the delivery of Newfoundland mails. It contemplates a communication between New York, through St. John's, or Halifax, and only means, I think, the landing passengers, and sending mails to New York, if convenient, but not sending mails to Newfoundland.'

20. "The evidence of Mr. Clifton, the head of the Postal Contract Department in the Admiralty, states, 'Only telegraphic communications I understood to be contemplated by the parties at the time the contract was drawn, and when the tender was under discussion;' and he adds that the question was discussed with the Secretary of the Treasury, and that there appeared to be a difficulty in the vessels entering St. John's at all seasons of the year, and that he understood that it was arranged that telegraphic messages only should be delivered.

21. "The Company rely also upon the letter of Mr. Brady, before referred to, in which he states, 'Nothing can be clearer to my mind; and certainly when the contract was settled, it was not intended to send mails to St. John's.'

22. "The Company also allege that the question of intention of the contracting parties was brought under the notice of the Postmaster General—

"First, in a letter from the Treasury, dated the 29th of August 1860, suggesting that the fair meaning of the contract, and the understanding of the contracting parties at the time it was entered into, was matter for inquiry.

"Secondly, by the opinion of the Solicitor to the Post Office Department, referred to in the evidence of the Postmaster General, which, after stating his opinion as to the obligations of the Company to take mails to St. John's, advises that the question raised by the Company 'should be communicated to the Admiralty as the tender for the service, and the correspondence relating to it might show clearly what the intention was upon the subject.'

23. "It does not appear in the evidence that any inquiry was made of the Admiralty by the Postmaster General.

24. "The Company allege that the Postmaster General did not discuss the question or answer the case of the Company, but adhered to his view, and compelled the Company to adopt it.

25. "On the other hand, the Postmaster General alleges that he could look only to the words of the contract as submitted to him, and deal with it only as he found it.

26. "SECONDLY. Penalties imposed by the Postmaster General upon the Company for substituted ships.

27. "The

27. "The first occasion on which a fine was imposed was on the 21st day of July 1860, when a fine of 500 *l.* was imposed for permitting the 'Prince Albert' to be substituted, this vessel not coming strictly within the terms of the postal contract.

28. "On two subsequent occasions, viz., on the 28th of August, and on the 23d October, similar penalties were imposed for permission to start the 'Prince Albert.'

29. "A penalty of 3,000 *l.* was also inflicted by the Postmaster General for postponing the service of the 26th March to the 9th of April following, in consequence of an accident which happened to the 'Hibernia.'

30. "The Company allege that this penalty should not have been imposed, as the accident to the 'Hibernia' arose from a casualty over which they had no control, and they urged that the permission, under such circumstances, to postpone the service would have been a reasonable concession, and that no fine ought to have been imposed; at all events, that no fine could be imposed beyond the amount mentioned in the contract, namely, a fine of 500 *l.* for not having a vessel ready to carry the mails, and that, therefore, the penalty of 3,000 *l.* was arbitrary and severe.

31. "On the other hand, the Postmaster General alleges that, having regard to the previous intimations given to the Company, and to former irregularities, his Lordship felt that such a penalty was properly imposed; and as he would have been justified in determining the contract, he considered the imposition of a penalty, instead of so doing, to be an indulgence.

32. "THIRDLY,—As regards imposition of fines for overtime.

33. "On this point, the particular ground of complaint appears by the evidence brought before your Committee, to be the imposition of a fine for overtime in the case of the ship 'Connaught,' in the month of August 1860.

34. "The Company allege that for 37½ hours of this overtime, the ship was detained by a fog off Newfoundland of unusual duration and density, that this was one of the casualties over which they had no control, and that for the delay, in consequence, they ought not to have been fined. The Postmaster General considered that this excuse could not be admitted in mitigation of the penalties incurred for excess of time.

35. "The Postmaster General on this point relied upon a letter from the Governor of Newfoundland, stating that no less than 32 sailing vessels entered the port of St. John's, on the 10th, 11th, 12th, and 13th days of August; as also the mail steamer from Halifax; and the Postmaster General requested the Company to furnish him with full particulars why the 'Connaught' failed to deliver the mails on the 11th of August.

36. "The Company, in reply, forwarded to the Postmaster General a letter, containing—

"Firstly. A declaration, on oath, dated 16th August 1860, of the lighthouse keeper off Cape Spear, near St. John's, which states that during the three days in question, 'the fog was as dense as he ever remembers to have seen it;' 'that it would have been very unsafe for any vessel to approach the coast,' &c. &c.

"Secondly. A telegram, dated 14th August, from the lightkeeper at Cape Race to the Company's agent at St. John's, which says, 'On the 10th, 11th, and 12th instant, dense fog and mist; wind, south-west, moderate; impossible to see this land; unsafe for a steamer to make Cape Race.'

"Thirdly. A declaration, on oath, dated 17th August, by the sub-collector of Her Majesty's Customs in that island, which states that 'the coast was enveloped in dense fog' from the 10th to the 12th August.

37. "The Company also referred to the log of the ship, showing that the 'Connaught,' in proceeding to sea, did so for the safety of the ship, and the lives of the passengers, after waiting 37½ hours off the coast of Newfoundland, amidst fog, and in dangerous currents. Vide Appendix.

38. "The Company forwarded the above documents to the Postmaster General, and the answer given was, that the claim could not be entertained.

39. "In addition to these documents, it appears from the evidence of Mr. Shea, the late Speaker of the House of Assembly in St. John's, that the fog was continuous and dense on the days before mentioned, and that it would have been dangerous for the captain to have attempted to force the port of St. John's in such weather.

40. "Mr. Shea also stated, that the sailing boats which were reported to have entered the port of St. John's, during the days before mentioned, had been detained for several days outside the harbour, and that the arrival of the mail steamer, alluded to by Sir A. Bannerman, was, after the departure of the 'Connaught,' and that she was a screw steamer of about 300 tons burden, whereas the 'Connaught' was a paddle steamer of nearly 3,000 tons.

41. "Mr. Clifton, in his evidence before referred to, states, 'that he is not aware of any instances of penalties being imposed for overtime arising from delay occasioned by fog, and that in the particular case in question, having regard to the clauses in the contract, had the packet service remained under the control of the Admiralty, no penalty would have been incurred.'

incurred.' Mr. Clifton also stated, that in the absence of an Admiralty agent on board (as was the case with the 'Connaught') the log of the ship is legal evidence.

42. "Sir Rowland Hill, on being examined on this point, stated, that he thought it was the duty of the Postmaster General to lean towards the infliction of penalties.

43. "In that opinion your Committee altogether disagree, as if such a course were adopted by the Post Office, it would have a tendency to diminish, on the part of captains of mail packets, the caution requisite for the preservation of life and property.

44. **FOURTHLY.** The depriving the Company of the colonial subsidy of 8,500 *l.* per annum.

45. "The colonial service rested upon a contract, dated 22d October 1858, and provided for the payment of the sum of 13,000 *l.* per annum for a monthly service to St. John's, Newfoundland.

46. "The Imperial service is under a contract, dated 21st April 1859.

Vide Appendix.

47. "The construction of this last contract by the Postmaster General was, that the Company were bound to take mails to Newfoundland; but, by the agreement which the Company were compelled to sign on the 24th January 1861, they were obliged to forego all claim for the colonial subsidy.

48. "On the part of the Company, it is contended, that, although willing to forego the contribution of 4,500 *l.* a year, paid by the Imperial Government towards the 13,000 *l.* colonial subsidy, they had a just claim to the 8,500 *l.* contributed by the Colony.

Appendix.

49. "In a letter addressed by the Treasury to Messrs. Vallance & Vallance, the solicitors of the Company, under date of 29th August 1860, it is distinctly stated, that, by the new arrangements then proposed, the Company should be in receipt of 78,000 *l.* per annum under the Imperial contract, and 8,500 *l.* per annum under the Newfoundland contract, for which the Company were to take mails, as well as telegraphic messages, to and from St. John's, by regular steamers, but be released from running their independent monthly line.

50. "In a letter, addressed by the Postmaster General to the Company, dated the 14th September 1860, his Lordship inquires whether the Company would agree to carry the mails to Newfoundland for a payment by the Colony of the 8,500 *l.* a year.

51. "Negotiations arose upon this question, and the Company ultimately consented to forego altogether the 4,500 *l.* contributed by the Imperial Government, and to deliver the Newfoundland mails to the colonial subsidy of 8,500 *l.* per annum. The Company allege, that after this negotiation, the Postmaster General insisted upon his construction of the contract being accepted, and also that the contract with the Colony had expired, as the approval of the Legislative Assembly of Newfoundland extending it for four years had been made upon condition that the Imperial Government should continue to contribute the 4,500 *l.* per annum, part of the 13,000 *l.*

52. "The Company contended that the Colony would be willing to pay the 8,500 *l.* per annum if the service were continued; and that as the Company had agreed to forego the Imperial contribution, it was only fair that they should receive the colonial payment. The Postmaster General, however, finally stated, that unless a new agreement for recommencing the service in March 1861 were signed, and the Company undertook to forego altogether the 8,500 *l.* per annum, he would declare the contract void.

53. "The Company therefore signed the new agreement under protest, reserving their right to appeal to the Treasury, on the ground that the intentions of the parties respecting the colonial subsidy were special circumstances in the case.

54. "It appears that, although the Postmaster General informed the Company that he considered the Colonial contract at an end, yet four days after the last-mentioned agreement was signed, his Lordship suggested to the Treasury that they should communicate the agreement to the Newfoundland Government, but that a separate letter should be addressed claiming the 8,500 *l.*, the contribution of the Colony; thus showing that the Postmaster General, whilst depriving the Company of the 8,500 *l.* per annum, upon the alleged ground that their contract with the Colony had ceased, was at the same time treating the obligation of the Colony as existing, and claiming the 8,500 *l.* per annum for the Imperial Treasury.

55. "The evidence before your Committee shows that the Colony are anxious for the continuance of the service, and copies of petitions were produced by Mr. Shea, addressed by the two branches of Legislature of Newfoundland to the Imperial Government, praying for a restoration of the contract to the Galway Company.

56. **FIFTHLY.** The rejection of the 'Parana.'

57. "It appears that the Company submitted, for the approval of the Postmaster General, the steam ship 'Parana,' a vessel of 2,730 tons, and 800 horse-power, to perform the service of the 7th May 1861.

"The

58. "The case of the Company is, that the accident to the 'Columbia' and 'Hibernia' were casualties over which they had no control.

59. "They affirm that they procured the best ship that was capable of being obtained.

60. "That under the clause in the contract permitting them to supply the place of a disabled ship, the 'Parana' was an efficient ship, which ought to have been accepted as a substituted vessel; and that, at all events, according to the terms of the contract, the ship ought to have been permitted to perform the service; and the utmost penalty which should have been inflicted would have been one of 500*l.*, under the terms of the clause, for not having a suitable vessel ready.

61. "The Company rest this part of their case upon the ground that the rejection of a ship, and the exercise of the discretionary power vested in the Post Office, must be reasonable and not arbitrary.

62. "Another point has been raised by the Company under their protest to the Postmaster General, and upon the evidence which has been submitted to your Committee.

63. "This point goes to the effect of calling in question the absolute legality of the rejection of the 'Parana' by the Postmaster General; and consequently of his right to determine the contract.

64. "It appears that the ground on which the contract was determined was the inability of the Company to provide a ship for the voyage of the 7th of May.

65. "The Company allege that they did provide an efficient ship; namely, the 'Parana,' and that the Postmaster General grounded his objection to her, not upon her inability to perform the voyage from Galway to Boston within the contract time, but upon the ground that she could not perform the voyage to St. John's within six days.

66. "This raises a very material issue, between the Company and the Postmaster General, as to the construction of the contract.

67. "Your Committee would first refer to the fact, that on the 5th August 1860, the Surveyors of the Admiralty had been called on to survey the 'Parana,' and on a former voyage they reported her as fit for temporary service between Galway and Boston. On the occasion, however, of the Company's submitting the 'Parana' for the service of the 7th of May, the Postmaster General called the special attention of the Admiralty Surveyors to the ability of the 'Parana' to go to St. John's within six days.

68. "The surveyors reported against the ship's ability to perform this service within such time; but they were of opinion that she could perform the voyage from Galway to Boston within contract time.

69. "The Company contended that, admitting their liability to take mails to St. John's, a liability which they had accepted under the agreement of the 24th January 1861, still, that neither under the original contract, nor in the last-mentioned agreement, was the time of six days named for carrying mails to St. John's.

70. "The Company admitted their liability to take telegraphic messages to St. John's within six days, when so required by the Commissioners of the Admiralty or the Postmaster General, but they referred to his Lordship's and other evidence to prove that they had never been required by the Admiralty or the Post Office to take telegraphic messages to St. John's.

71. "The Company submitted, therefore, that as there was no obligation whatever imposed upon them to carry mails to St. John's within six days, the original contract and agreement being silent on this point, the rejection of the 'Parana' on the ground of her inability to run to St. John's within six days was an untenable rejection.

72. "The Company consequently contended,—

"Firstly. That the 'Parana' was an efficient ship for all purposes of the services, and evidence was given before your Committee, that the "Parana" had been despatched on the 7th May, and had performed the voyage to Boston in 1 day 5½ hours under the contract time, and the return voyage three hours over the contract time.

73. "It was admitted that she had not performed the voyage to St. John's within six days.

74. "Secondly. That there is no obligation imposed upon them to take mails to St. John's within six days, and that therefore, as before stated, the rejection was illegal.

75. "The Postmaster General, on the other hand, contended that the Company were bound to reach St. John's, and deliver telegraphic messages, if required, within six days; that it could not be ascertained until the ship was being despatched, whether she might not have to carry telegraphic messages; that he was bound to provide for this contingency, and to have a vessel which could perform the voyage to St. John's within six days.

76. "Taking a review of all these circumstances, your Committee have to report the following conclusions on the several matters in question :—

"FIRST. The construction of the Postal Contract entered into by Her Majesty's Government and the above Company, dated 21 April 1859, whether the Company were bound to take mails to St. John's, Newfoundland, and if so, whether they were bound to do so within six days.

76a. "With respect to the strict construction of the contract, as to the obligation to carry mails to St. John's, your Committee are not prepared to pass any opinion upon the construction of the clause in the contract referring to this point, being satisfied by the evidence produced that it was not the intention of either of the contracting parties that mails should be delivered at St. John's.

"SECONDLY. The penalties imposed by the Postmaster General upon the Company for substituted ships.

77. "Your Committee are of opinion that the Postmaster General was justified in imposing these penalties.

"THIRDLY. Fines imposed by the Postmaster General upon the Company for overtime.

78. "Your Committee are of opinion that the Postmaster General was not justified in imposing a fine on the 'Connaught' for the 37 hours' overtime, when she was detained by fogs off Newfoundland.

"FOURTHLY. The depriving the Company of the Colonial Subsidy of 8,500*L*. per annum.

79. "The opinion of your Committee on this point is guided by the decision they have expressed on the first head, namely, that it was not part of the original contract that mails should be carried to St. John's. As a service was imposed on the Company for which they had not contracted, it is fair they should be paid in consequence. Your Committee are of opinion that the Company was entitled to the Colonial subsidy of 8,500*L*. per annum.

"FIFTHLY. The rejection of the steam ship 'Parana,' on the 7th May 1861.

80. "Your Committee, while declining to give any opinion on the legal points raised by the Company, are of opinion that as the 'Parana' was reported as unable to reach Newfoundland in six days, the Postmaster General, acting on the strict letter of the contract, was justified in refusing her.

81. "There are, however, certain special circumstances connected with this case which your Committee now deem it necessary to advert to.

82. "Your Committee have to express their strong sense of the extreme difficulties with which the Royal Atlantic Steam Navigation Company have had to contend, from the commencement of their contract until its termination.

303. 83. "It may be noted, that this was the first contract ever made by a Government in which the words were introduced that the subsidy was to be paid by monies to be voted by Parliament; in other words, that the ratification of this contract should be taken from the Executive, and given to the Legislature.

307. 84. "From the date of the contract in April 1859, to its ratification in August 1860, great uncertainty prevailed as to the future decision of Parliament. Several discussions took place in the House of Commons impugning the propriety of the contract. The Directors finding their operations seriously affected by these proceedings, addressed as early as the 20th July 1859, a letter to the Treasury, stating how the interests of the Company had been prejudiced by these discussions, and by the consequent comments of the press. They inquired if the proceedings of the Packet Contract Committee were intended to affect the validity of the contract with them. On the 25th of the same month, the Secretary of the Treasury informed the directors of the Company, 'that he had nothing to add to the statement of the Chancellor of the Exchequer in Parliament, and that if the directors required a further assurance, they should apply to the Select Committee to deal with the case as soon as possible.' Although the case was urgent, the Select Committee did not deal with it in 1859, but reported on the extension of another contract, which extension was not to take place till 1863. The Committee did report against the Dover contract, thereby giving rise to apprehensions, that as one contract might be annulled, so might also the other. On the 30th January 1860, the Committee was re-appointed. On the 11th June the estimate for the postal services was laid before the House of Commons, but in that estimate the amount expected to be payable on account of the Galway Contract was not inserted. In consequence of allegations reflecting on the character of some of the promoters of the Galway Company, the Select Committee proceeded to a second inquiry.

85. "On the 22d June the Directors of the Company received a letter from Mr. Laing, Secretary to the Treasury, to this effect, 'I am to state to you that, as the directors are doubtless aware, the Select Committee of the House of Commons are now deliberating on a further report on the subject of the Galway Contract, and that notice has been given in the

the House of a motion to negative any estimate for carrying out that contract. Under these circumstances it is impossible for their Lordships to foretell what may be the decision of Parliament, or until the final Report of the Committee is made, to give any pledges as to the course which the Government may think it their duty to adopt.

86. "The motion referred to in this letter was a motion by Mr. Bouverie, on the 14th June, to this effect: 'In Committee of Supply on Post Office Packet Estimates, to move the rejection of the further Estimate of 60,000*l.* for the Conveyance of Mails between Galway and Boston and Galway and New York, if such Estimates be presented.'

87. "This letter clearly intimated that Parliament might give a decision hostile to the contract, and that the course to be taken by the Government was still uncertain. In a subsequent paragraph, Mr. Laing intimated that the Treasury would, until the decision of Parliament, permit the Company to commence the service, but to indicate the uncertainty of that decision, he offered a short postponement of the service for the month of June, and reserved to the Company 'its claim to be paid for any voyages actually performed in the meantime, should the decision of Parliament be unfavourable.'

Page 132, Encl. 2,
in No. 44.

88. "On the 26th June the Contract Committee came to a second Report on the Galway Contract, and the report concludes by leaving the decision on the 'Galway Contract entirely to the judgment of the House, without suggesting any opinion of their own,' thereby weakening the effect of the former Report of the 22d May, in which the Committee had stated 'they were not prepared to recommend to Parliament to decline to vote the money for carrying out the contract.'

89. "On the 23d July 1860, the estimate for the Galway subsidy was laid before the House as a separate vote, but it was not till the 9th August, after a division, that the House of Commons finally ratified the contract. It will thus appear that the Company had commenced, and were actually carrying on the service two months before they had obtained the requisite confirmation that the subsidy would be granted. The result of this uncertainty, according to the statement of all witnesses examined on this point, was to this effect, that the financial condition of the Company was thereby seriously affected; that the directors themselves were unwilling to invest their own capital in the undertaking, or to recommend their friends to do so; that public confidence in the undertaking was shaken; that the directors were prevented from placing the capital stock of the Company and from enforcing the calls; that the dealings of the Company were paralysed by the course taken in Parliament; that but for the belief which existed that the Government was hostile to the subsidy, any amount of money might have been obtained for carrying out the enterprise; that even after the subsidy was granted, the Company did not recover the confidence that had so long been shaken; that in consequence of the non-issue of capital and non-payment of calls, the directors were forced to enter into pecuniary arrangements under disadvantage.

1702.

Vallance, 333.
Malcolmson, 1834
Lewis, 1693 to
1702.

90. "In the case of the ships the same causes are represented as having,

"First.. Most seriously interfered with the contractors as regards the delivery of the ships, owing to the inability of the Company to pay the instalments which were to accompany the progress of their construction.

"Secondly. That the Company, by not being in a position to pay the contractors, were obliged to forego the penalties they would otherwise, by the terms of their contract, have been entitled to exact.

"Thirdly. That had the ships been delivered according to the builders' contract before June 1860, it follows that the Company would at once have perceived their defects, and applied to the Post Office for the suspension of the service until these defects had been remedied, which suspension had been offered by Mr. Laing on the 22d June 1860. The Company would have thus escaped the casualties which befell their ships, the disrepute consequent on irregularities, and the necessity of constant applications to the Post Office to be permitted to employ substitute vessels.

91. "Your Committee may also call the attention of the House to the stringent conditions of this contract. For every hour over time within 24 hours the Company is liable to a fine of five pounds; after 24 hours, to a fine of ten pounds. The Company is also bound to reach St. John's within six days. On this point your Committee may remark, that they have received important evidence from Mr. Clifton, head of the Packet department, Admiralty, who states in reply to the question, "If the weather was always clear, could not the voyage from Galway (to St. John's) be performed in less than six days?—No, I should think not, not on the average; occasionally it may, but only with fair winds and favourable weather; it is a very great speed to maintain, nearly 11 knots." Also from Mr. Ambrose Shea, late Speaker of the House of Assembly, Newfoundland, who states that it is impossible for any company to carry out a contract to reach St. John's within six days with average punctuality; and that to make the attempt at all times can only be done at the risk of life and property.

923.

92. "In the other Atlantic contracts, your Committee will observe that there is no time table, and consequently no penalty for over time. The only penalties are for the non-starting of a vessel at the appointed day of sailing. The best proof of the stringency of the contract is this, that no substitute vessel could be procured capable of passing the Admiralty survey as regards the speed requisite to reach St. John's in six days, and that it is stated that there are probably only two steam vessels in the whole postal service capable of therein satisfying the exigencies of the Post Office.

93. "Your Committee, however, remark, that the Company undertook the service with the full knowledge of the conditions imposed, and that they on more than one occasion expressed their confidence of being able to carry them out; they have, however, considered it their duty to report this evidence to the House as showing that it was not want of energy, or indisposition to incur expense, which prevented the Company, when their new fleet became disabled, from procuring ships, but only the impossibility of procuring such ships as the Postmaster General, acting on the strict construction of the contract, would accept.

94. "The misfortunes that have attended the Company's new fleet have also been considered by your Committee. Within a period of six months one vessel has been lost, another disabled by storm, and the third also disabled by her encounter with ice off Newfoundland.

95. "Your Committee conclude this report by expressing their opinion, that while the Postmaster General may be considered as justified in declining to continue a contract which in his judgment, at the time of its determination, the Company could not carry out efficiently, it must not be forgotten that the Company have had to contend with difficulties beyond their control, and for which they therefore cannot be held accountable, from the date of the contract to its termination.

96. "Your Committee therefore feel themselves justified in recommending that the Company's claim for leniency and indulgence is entitled to the most favourable consideration; and, assuming the Company can give satisfactory evidence of its ability to recommence and efficiently carry on the service within a reasonable period; that the contract should be renewed, with such modifications as may insure the speediest communications with Newfoundland and North America compatible with safety, and that if the Company are to be held liable to carry mails to St. John's that they should receive the colonial subsidy as payment for that service, in addition to the subsidy under the Imperial contract."

Draft Report proposed by Mr. Walpole, read 1^o as follows:

Atlantic Royal Mail Steam Packet Company.

Copies of Correspondence:

Lords, No. 132, Sess. 1861.

Commons, Parl. Papers, Nos. 61, 216, 230.

258. 276, 277. 337. 362. 499. 514.

Parl. Paper,
H. of L. 132.
See No. 229, No.
227 and No. 238.

See Parl. Paper.
H. of C. No. 230,
p. 90.

Parl. Paper,
H. of L. No. 132.

Parl. Paper,
H. of L. No. 132,
p. 9.

Parl. Paper,
H. of L. 132,
pp. 41, 45, and 63,
64.

"In considering the circumstances which attended the termination by the Postmaster General of the Postal Contract with the Royal Atlantic Steam Navigation Company, Your Committee have referred not only to the evidence taken before them, and the documents appended to the Report, but also to such of the Parliamentary Papers as are mentioned in the margin.

"The immediate cause of the termination of the contract, and the reasons assigned for it, and the views of the Company with reference to those reasons, will be found in the letter of Mr. Hill to Mr. Boate, dated the 19th of May 1861, the reply of Mr. Boate to the Secretary of the Post Office, dated the 29th of May 1861, and the rejoinder of the Post. Office, dated the 13th of June 1861.

"On the 18th of January, 1859 the Company made a tender to the Lords Commissioners of Her Majesty's Treasury, proposing to carry mails from Galway to Portland, Boston, and New York *via* St. John's, Newfoundland, for the sum of 3,000 *l.* per voyage, such voyage being the passage out and home; and stating that they would undertake to convey telegraphic messages from the United Kingdom to British North America and the United States in six days, casualties excepted.

"On that basis a contract was made on the 29th of April 1859; and in the month of June in that year, the Company ordered four ships to be built, two by Messrs. Palmer, of Newcastle, at a cost of 95,000 *l.* each, and two by Messrs. Samuelson, of Hull, at a cost of 97,500 *l.* each. These four ships were all of them to be constructed according to lines, plans, and specifications approved of by the Admiralty, and they were to be delivered to the Company within less than a twelvemonth.

"The Postal Service, according to the contract, was to commence in June 1860.

"At the beginning of June 1860, the Postmaster General informed the Treasury that the Company had been very urgent in their requests that he should fix the day on which to dispatch the mails under the new contract; and he was therefore about to name Tuesday, the 26th instant, as the day for the first packet to leave Galway; the succeeding packets to leave on every alternate Tuesday.

"On the 5th of June 1860, Mr. Boate, the Secretary of the Company, informed Mr. Laing, the Secretary of the Treasury, that the Company would be prepared to commence the North American Service on the date fixed by Her Majesty's Postmaster General, namely, on the 26th instant.

"Unfortunately, at this time, the Company were provided with only one out of the four ships contracted to be built for them, and it soon became evident that they would have to substitute vessels unequal to the service, instead of those with which the service was contracted to be performed.

"Owing to this, and to other circumstances to which your Committee will presently advert, the Company was exposed to so many difficulties from the very outset, that it was hardly possible for them to keep the engagements into which they had entered. Before they had undertaken three voyages, it was clear that they required considerable indulgence. Towards the end of August 1860, so many irregularities had even then occurred, that the Company

were warned by the Postmaster General that unless the contract was fully performed, the Directors must apply for leave to suspend it, with a statement of the grounds upon which they might make such application; within three months, a proposal was made by them to substitute a monthly for a fortnightly service; and in a little more than four months, the Company requested the Postmaster General to suspend the contract until the month of March in the present year.

Parl. Paper,
H. of L. 132,
p. 41.

“The suspension, after some correspondence, was ultimately agreed to, and it was arranged that the service should recommence on the 26th of March 1861.

“On the 19th of March 1861, the “Hibernia” was approved of for the first voyage under the new arrangement; but before that day arrived, she was so much injured in a severe hurricane, that the Company were forced to request the substitution of the 9th of April instead of the 26th of March for the recommencement of the service.

Parl. Paper,
H. of L. 130,
p. 86.

“On the 23d of March the Postmaster General acceded to this request, imposing a penalty of 3,000 *l.*, and stating, at the same time, that this was the last deviation of any kind from the obligations of the contract which he would permit; and that if the Company (no matter from what cause) failed to dispatch a packet on the 5th of April, and on every alternate Tuesday, or failed to continue to perform in every respect the stipulations of the contract, he would terminate the contract.

Parl. Paper,
H. of L. 130,
p. 87.

“On the 25th of March, Mr. Boate, in answer to the last communication, wrote to the Secretary of the Post Office to say, that the Directors accepted the terms imposed by the Postmaster General for the postponement of the service.

Ibid.

“The service recommenced on the 9th of April, and a second voyage was made on the 23d; but no ship being ready for the 7th of May, except the ‘Parana,’ which was tendered by the Company as a substituted vessel, and the Admiralty having certified that she was not of sufficient power to secure a fulfilment of the stipulations of the contract, Mr. Hill, on the part of the Postmaster General, wrote to Mr. Boate the letter dated the 15th of May 1861; in which he stated that, under the circumstances, and on a review of the whole case, the Postmaster General felt that, in the discharge of his public duty, he had no alternative but to exercise the power reserved to him, and to declare the contract at an end.

Parl. Papers,
H. of C. No. 277,
p. 3; and H. of L.
No. 130, pp. 99-
102.

“Considering that out of 46 single voyages which the Company, by their contract, were bound to perform, not more than 17 have been performed at all; considering that the public were necessarily inconvenienced by the irregularity and uncertainty which thereby prevailed; considering that the contract was turned into a monthly instead of a fortnightly service early in the autumn; considering that it was suspended altogether for more than four months; and considering that the Company was never possessed of ships sufficient either in number or in power to perform the stipulations which the service required,—Your Committee conceive that the Postmaster General could not under the circumstances, and with a due regard to the public interests, have properly arrived at any other conclusion, than that at which he did arrive, when he declared the contract to be at an end.

“At the same time Your Committee are unwilling to close their Report without adverting to the numerous difficulties with which the Company have had to contend, in consequence of the doubts thrown upon the contract pending the inquiry of the Select Committee which was appointed in July 1859, to inquire into these packet contracts generally, and which did not report on the Galway contract until the 22d of May 1860. While any uncertainty remained on the subject, it appears from the evidence that the financial credit of the Company was, to a certain extent, affected; that public confidence in the undertaking was shaken; that the Directors were prevented from raising the capital stock of the Company, and from enforcing the calls so regularly and expeditiously as they otherwise might; that this uncertainty extended itself to those who had contracted to build the ships; and that consequently the whole contract was thrown into arrear.

“Nor are Your Committee insensible to the misfortunes which have befallen the Company in the absolute loss of the ‘Connaught,’ and the severe injuries which the ‘Hibernia’ has sustained in a recent hurricane. These unfortunate accidents greatly increased the difficulties of the Company. The loss of the ‘Connaught’ induced the necessity of suspending the contract in November 1860. The injury to the ‘Hibernia’ led to its termination in May 1861.

“It has been intimated to Your Committee that the difficulties of the Company have been still further increased by the terms and conditions of the contract itself. It is said that this is the first contract in which words were introduced, stipulating that the subsidy was to be paid out of monies to be voted by Parliament, that penalties are imposed for overtime, and that these penalties have been rigidly enforced. But it is to be remarked that the Company undertook the service with a full knowledge of these terms and conditions, and your Committee are of opinion that there is no just ground for complaining of them. With regard to the stipulation, the subsidy was to be paid for out of monies to be voted by Parliament, it was reasonable and right, in the opinion of your Committee, that such a condition should be inserted into it; in order that contracts of this description may always receive the sanction of the House of Commons, before they can be considered as finally accepted. With regard to the fines, Your Committee are of opinion that the stipulations of the contract are not in conformity with the proper recommendations made by the Committee on Packet Contracts

presided over by Lord Canning. By that Committee, in 1859, it was expressly recommended, '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 rightly enforced for every head.'

"Such regulations appear to be reasonable; and they would not preclude the Post Office authorities from taking into consideration any circumstances which might fairly admit of relaxation and indulgence under the Galway contract. Your Committee think that, excepting in one case, no grounds have been alleged for such relaxation and indulgence. But in one case it appears, by the evidence adduced before them, that the 'Connaught' was prevented from landing her mails in Newfoundland by a fog of unusual density and duration; and in the settlement of accounts they would therefore suggest that the fine enforced on that occasion should be remitted.

"On the part of the Company it is further alleged, that the non-continuance of the Colonial contract which they formerly had, to deliver mails at Newfoundland, with a Colonial and Imperial subsidy of 13,000*l.* a year, and the requirement of the Government that the Company should call and deliver such mails, when the Colonial contract was no longer in force, operated upon them very injuriously. But Your Committee are of opinion that these two contracts must be considered altogether independently of each other: that the Colonial contract had actually ceased on the 31st of December 1859; that a communication with Newfoundland *via* St. John's was an especial part of the original proposition made to the Government; that the contract was entered into upon that basis; that it was the duty of the Government, as soon as the Colonial contract was at an end, to reconsider the propriety of continuing the Imperial subsidy for carrying the mails to Newfoundland; that they offered to grant the continuance of the Colonial subsidy for the autumn of 1860; that the Company never gave any answer to that offer for those two months; and that under such circumstances it can hardly be contended the requirement made on the part of the Government, that the Company should deliver these mails at St. John's, operated injuriously on the performance of the contract, inasmuch as they were bound, at all events, to call at St. John's within six days, when the Admiralty required; and the only question between them and the Government was the amount of subsidy that for that service the Colony itself might be willing to pay.

"Upon a review of the whole case, your Committee concur that there are some circumstances which would have entitled the Company to a lenient consideration, if a reasonable probability could have been shown at the termination of the contract that they would have been able in future, and at no distant period, to perform the engagements into which they had entered, faithfully and efficiently. But such is not the case. It appears from the evidence that the Company have only one effective ship, namely, the 'Adriatic'; that it will require four, if not five months, before the 'Columbia' and 'Hibernia' can be got ready for sea; and the present Chairman has very frankly admitted, that in order to make his fleet efficient, he should wish to have an extension of time until the spring, and some modification of the contract as regards the transmission of mails to St. John's.

"In conclusion, your Committee beg leave to observe, that with reference to the circumstances briefly touched upon in the last paragraph, your Committee consider that these are matters which they are not at liberty to do more than allude to; for, if a renewal of the contract is to be granted, they are clearly of opinion that it can only be done upon the responsibility of the Executive Government, subject to the approbation of the House of Commons.

Motion made and question proposed, "That the Draft Report proposed by the Chairman be now read 2^o, paragraph by paragraph"—(Mr. *Westhead*).—Amendment proposed, to leave out the words, "the Chairman," and insert the words, "Mr. Walpole"—(Mr. *Walpole*)—instead thereof.—Question put, That the words, "the Chairman," stand part of the Question.—The Committee divided:

Ayes, 4.
Sir J. Trollope.
Sir M. Peto.
Mr. Westhead.
Mr. Ker Seymer.

Noes, 2.
Mr. Peel.
Mr. Walpole.

Main question put, and agreed to.

Paragraphs 1 to 6, agreed to, with amendments.

Paragraph 7, "Taking outward and homeward voyages," &c., postponed.

Paragraph 8, agreed to.

Paragraph 9, disagreed to.

Paragraphs 10 to 15, agreed to, with amendments.

Paragraph

Paragraph 16, "The second branch of this question, &c."—Amendment proposed, after the word "second," to insert the words, "but less important"—(Mr. Peel).—Question put, That those words be there inserted.—The Committee divided :

Ayes, 2.
Mr. Peel.
Mr. Walpole.

Noes, 4.
Sir J. Trollope.
Sir M. Peto.
Mr. Brown-Westhead.
Mr. Ker Seymer.

Paragraph agreed to.

Paragraph 17,—Amendments made.—Amendment proposed, at the end of the paragraph, to add the words, "Your Committee observe, however, that evidence of intention at variance with the plain sense of a contract ought to be received with caution, both because intentions may vary with the modifications which an agreement in course of preparation always undergoes, and because no evidence of intention can be so good as the contract itself, the deliberate and joint act of the parties concerned, and the expression of the final arrangements come to between them"—(Mr. Peel).—Question put, That those words be there added.—The Committee divided :

Ayes, 2.
Mr. Peel.
Mr. Walpole.

Noes, 4.
Sir J. Trollope.
Sir M. Peto.
Mr. Brown-Westhead.
Mr. Ker Seymer.

Paragraph, as amended, agreed to.

Paragraph 18, agreed to.

Paragraph 19.—Question put, "That this paragraph stand part of the proposed Report."—The Committee divided :

Ayes, 4.
Sir J. Trollope.
Sir M. Peto.
Mr. Brown-Westhead.
Mr. Ker Seymer.

Noes, 2.
Mr. Peel.
Mr. Walpole.

Paragraph 20, amended, and agreed to.

Paragraph 21, disagreed to.

Paragraph 22, amended, and agreed to.

Paragraph 23, agreed to.

Paragraph 24, disagreed to.

Paragraph 25, "On the other hand, the Postmaster General," &c., postponed.

Amendment proposed, after paragraph 25, to insert the words, "Taking a review of all these circumstances, as regards the construction of the clauses in the contract referred to as involving the obligation to carry mails to St. John's, your Committee are not prepared to express any opinion, but are satisfied by the evidence produced that it was not the intention of either of the contracting parties that mails should be delivered at St. John's. The Committee may, however, here state, that though unwilling to reject evidence that was tendered on behalf of the Company as regards the delivery of mails at St. John's, they are of opinion that that question had no bearing upon the termination of the contract. In fact, this question is immaterial for the purposes of this inquiry, inasmuch as there is no doubt that the Company were bound to call at St. John's within six days when required by the Admiralty, and the difficulty experienced by them in duly performing this part of their contract was not so much occasioned by any requirements to deliver the mails, as it was by the obligation to call at St. John's within the time prescribed."—Question proposed, "That the proposed paragraph be there inserted."—Amendment proposed to the proposed amendment, after the words, "contracting parties that," to insert the word "Newfoundland"—(Mr. Peel).—Question put, "That the word 'Newfoundland' be there inserted."—The Committee divided :

Ayes, 3.
Mr. Brown-Westhead.
Mr. Peel.
Mr. Walpole.

Noes, 3.
Sir J. Trollope.
Sir M. Peto.
Mr. Ker Seymer.

Whereupon the Chairman declared himself with the Noes.

Question, "That the proposed paragraph be there inserted," put, and agreed to.

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

Lunæ, 22^o die Julii, 1861.

MEMBERS PRESENT:

Mr. GREGORY in the Chair.

Sir John Trollope.
Mr. Ker Seymer.
Sir M. Peto.

Mr. Brown-Westhead.
Mr. Peel.
Mr. Walpole.

Draft Report, proposed by the Chairman, further considered.

Postponed paragraph 7 considered.—Amendments made.—Paragraph, as amended, agreed to.

Postponed paragraph 25, considered.—Amendments made.—Paragraph, as amended, agreed to.

Several paragraphs agreed to, with amendments.

Paragraph 34, "The Company allege that for 37½ hours, &c."—Amendment proposed to leave out the whole paragraph, in order to insert the words, "It appears by the evidence adduced before your Committee that the 'Connaught' was prevented from landing her mails in Newfoundland by a fog of unusual density and duration; your Committee, therefore, recommend that as much of the fine imposed on that occasion as had reference to the delay occasioned by the fog should be remitted"—(Mr. Ker Seymer)—instead thereof.—Question put, "That the paragraph proposed to be left out stand part of the proposed Report."—The Committee divided:

Ayes, 2.

Sir M. Peto.
Mr. Brown-Westhead.

Noes, 4.

Sir J. Trollope.
Mr. Ker Seymer.
Mr. Peel.
Mr. Walpole.

Proposed paragraph inserted.

Paragraphs 35 to 41, disagreed to.

Paragraph 42, "Sir Rowland Hill, on being examined, &c."—Question put, "That this paragraph stand part of the proposed Report."—The Committee divided:

Ayes, 3.

Sir John Trollope.
Sir M. Peto.
Mr. Brown-Westhead.

Noes, 3.

Mr. Ker Seymer.
Mr. Peel.
Mr. Walpole.

Whereupon the Chairman declared himself with the Ayes.

Paragraphs 43 to 50, agreed to, with amendments.

Paragraph 51, "Negotiations arose upon this question," &c.—Amendment proposed, to leave out the whole paragraph, in order to insert the words, "Subsequently to this the Company found themselves under the necessity of soliciting Lord Stanley to suspend the contract temporarily, and his Lordship agreed to the suspension, subject to the condition that whenever the service should re-commence, it should include the delivery of the mails at St. John's, and that the Company should renounce their application to receive an extra subsidy. The agreement for the suspension of the service was made upon this basis, and your Committee are unable to see any ground for the grievance which the Company have founded upon the above circumstances"—(Mr. Peel)—instead thereof.—Question, "That the paragraph proposed to be left out stand part of the proposed Report," put, and negatived.—Question put, "That the proposed paragraph be there inserted."—The Committee divided:

Ayes, 2.

Mr. Peel.
Mr. Walpole.

Noes, 4.

Sir J. Trollope.
Sir M. Peto.
Mr. Brown-Westhead.
Mr. Ker Seymer.

Paragraphs 52, 53, amended, and agreed to.

Paragraphs 54, 55, disagreed to.

Amendment

Amendment proposed, after the last paragraph to insert the words, "The opinion of your Committee on this point is guided by the decision they have expressed on the first head, namely, that it was not part of the original contract that mails should be delivered at St. John's, and that as a service was imposed on the Company for which they had not contracted, it is fair they should be remunerated for it."—(Mr. *Brown Westhead*.):—Question put, "That the proposed paragraph be there inserted."—The Committee divided :

Ayes, 3.
Sir John Trollope.
Sir M. Peto.
Mr. Brown Westhead.

Noes, 3.
Mr. Ker Seymer.
Mr. Peel.
Mr. Walpole.

Whereupon the Chairman declared himself with the ayes.

Paragraphs 56 to 65 agreed to, with amendments.

Paragraphs 66 to 69 disagreed to.

Paragraphs 70 to 82 agreed to, with amendments.

Paragraph 83 disagreed to.

Paragraphs 84 to 86 agreed to, with amendments.

Paragraphs 87, 88 disagreed to.

Paragraphs 89, 90 agreed to, with amendments.

Paragraph 91, "Your Committee may also call the attention," &c.—Question put, "That this paragraph stand part of the proposed Report."—The Committee divided :

Ayes, 2.
Sir M. Peto.
Mr. Brown Westhead.

Noes, 4.
Sir J. Trollope.
Mr. Ker Seymer.
Mr. Peel.
Mr. Walpole.

Paragraph 92, "In the other Atlantic contracts," &c.—Amendments made.—Question put, "That this paragraph, as amended, stand part of the proposed Report."—The Committee divided :

Ayes, 3.
Sir J. Trollope.
Sir M. Peto.
Mr. Brown Westhead.

Noes, 3.
Mr. Ker Seymer.
Mr. Peel.
Mr. Walpole.

Whereupon the Chairman declared himself with the Ayes.

Paragraph 93, disagreed to.

Paragraph 94, agreed to.

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

Martis, 23^o die Julii, 1861.

MEMBERS PRESENT:

Mr. GREGORY in the Chair.

Sir J. Trollope.
Sir M. Peto.
Mr. Westhead.

Mr. Ker Seymer.
Mr. Peel.
Mr. Walpole.

Paragraph 95, "Your Committee conclude this Report, &c."—Amendment proposed, to leave out the whole paragraph, in order to insert the words: "These are circumstances which might have entitled the Company to a further lenient consideration, if a reasonable probability could have been shown at the termination of the contract that they would have been able in future, and at no distant period, to perform the engagements into which they had entered, faithfully and efficiently. But such is not the case. It appears from the evidence that the Company have only one effective ship, namely, the 'Adriatic,' that it will require four if not five months before the 'Columbia' and the 'Hibernia' can be got ready for sea; and the present chairman of the Company has very frankly admitted, that in order to make his fleet efficient he should wish to have an extension of time to the spring of next year, as well as some modification of the contract as regards the transmission of mails to St. John's. Your Committee, therefore, can come to no other conclusion than that the Postmaster General acted with a due regard to his public duty, and pursued the only course which was open to him, when he declared the contract to be at

an end"—(Mr. Peel)—instead thereof.—Question put, That the words "Your Committee conclude this Report," stand part of the paragraph:—The Committee divided:

Ayes, 4.
Sir J. Trollope.
Sir M. Peto.
Mr. Brown Westhead.
Mr. Ker Seymer.

Noes, 2.
Mr. Peel.
Mr. Walpole.

Remaining words of the paragraph amended:—

Paragraph, as amended, agreed to.

Paragraph 96, "Your Committee, therefore, feel themselves justified, &c."—Amendment proposed to leave out from the word "Committee" to the end of the paragraph, in order to add the words, "have reason to believe that the Company will be in possession of a fleet of efficient steam ships in the course of the present year. They are of opinion that, should it be deemed advisable to re-establish postal communication between the west coast of Ireland and America, the Atlantic Steam Packet Company are deserving of the favourable consideration of Her Majesty's Government"—(Mr. Ker Seymer)—instead thereof. Question, "That the words proposed to be left out stand part of the paragraph," put, and negatived.—Question put, That the proposed words be there added:—The Committee divided:

Ayes, 4.
Sir J. Trollope.
Sir M. Peto.
Mr. Brown Westhead.
Mr. Ker Seymer.

Noes, 2.
Mr. Peel.
Mr. Walpole.

Paragraph as amended agreed to.

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

Question, "That the Minutes of Evidence and Appendix, be reported to The House," put, and agreed to.

Ordered, To Report.

MINUTES OF EVIDENCE.

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Martis, 2^o die Julii, 1861.

MEMBERS PRESENT.

Mr. Gregory.
Mr. Peel.
Sir Morton Peto.
Mr. Ker Seymour.

Sir John Trollope.
Mr. Walpole.
Mr. Brown Westhead.

WILLIAM HENRY GREGORY, Esq., IN THE CHAIR.

The Right Honourable the Lord *Stanley of Alderley*, attending by permission of the House of Lords; Examined.

1. *Chairman.*] I BELIEVE you are the Postmaster General?—I am.
2. Will you state to the Committee the date of your appointment?—The date of my patent is the 24th August 1860; and it appears that business was submitted to me for the first time on the 25th of August for my official consideration.
3. I think your Lordship is aware that on the 22d of October 1858 a contract was entered into between the Atlantic Royal Mail Steam Navigation Company and the Colony of Newfoundland for a postal service between Galway and St. John's, Newfoundland, and the United States of America?—Yes, I am aware of that.
4. And on the 21st of April 1859 I believe a contract was entered into between Her Majesty's Government and the same Company entitled the Galway, Boston, and New York mails, and was a contract comprising the performance of the mail service between Galway, Boston, and New York, and the United States of America?—Yes.
5. Will you put this contract in?—Yes (*delivering in the same*).
6. The time for the commencement of that proposed service was by the contract fixed for the month of June 1860, was it not?—Yes.
7. That is just 14 months from the date of the Admiralty contract?—Yes.
8. Shortly after the date of that contract Parliament was dissolved, was it not?—I believe so.
9. And on the opening of the new Session of Parliament, in July 1859, a Committee was appointed by the House of Commons to inquire into the subject of postal contracts generally?—Yes.
10. That Committee I think failed to make a report during that Session of Parliament?—Yes.
11. And in the early part of the Session of 1860 this Committee was re-appointed?—That is so.
12. But the report of that Committee was not made until the 22d of May 1860?—I believe not.
13. In that report it was stated in reference to the Galway contract, "It will of course be open to Parliament to decline to vote the money for carrying out the contract, but your Committee is not prepared to recommend this course"?—Yes.
14. I believe your Lordship is aware that a letter also was addressed by the Treasury to the Royal Atlantic Mail Company under date of the 22d of June 1860.

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1860, in which it was stated, "Under these circumstances it is impossible for their Lordships to fortell what may be the decision of Parliament, or until the final report of the Committee is made, to give any pledge as to the course which the Government may think it their duty to adopt."—Yes, that letter was from Mr. Laing to the Secretary to the Company.

15. I believe the estimate for the Company was, on that occasion, taken out of the ordinary Estimates of the year?—I have no doubt it was so.

16. There is a further estimate of 60,000 *l.* for the conveyance of the mails by certain vessels to and from Galway and Boston, and to and from Galway and New York, being the amount of payment for ten months of that year and part of the present year, the date of the estimate being the 11th of June 1860?—It is stated that it would be taken as a supplemental estimate.

17. The question, I think, then came before Parliament, whether that contract should be ratified or not, and on the 9th of August 1860, the Vote for the subsidy was carried?—That is so.

18. This Vote, therefore, took place 16 months after the date of the Company's contract?—Yes, so it would appear.

19. But I believe I am correct in stating that the Company did commence their service on the 26th of June 1860?—The 26th was the first day of the Packet Service.

20. It was, in fact, nearly two months before Parliament had actually confirmed the contract?—Yes.

21. I am also correct, am I not, in stating that on the 24th of January 1861, a new agreement was entered into between Her Majesty's Postmaster General on the one part, and the Atlantic Royal Mail Steam Navigation Company on the other part, for suspending the operation of the Galway, Boston, and New York contract until the 26th of March 1861?—Yes, that was so.

22. And on the 15th of May 1861, a notice, under the hand of one of the assistant secretaries of the Post Office, was served upon the Company, notifying the determination of the contract from the date thereof?—Yes.

23. Upon that, a correspondence ensued, did there not, between you and the Secretary of the Company, and your Lordship replied by a letter, signed by Sir Rowland Hill, and dated the 13th of June 1861?—Yes, that was so; but there was a previous letter, terminating the contract; and there is a reply from the Secretary of the Company, remonstrating against the decision of terminating the contract.

24. If you will turn to the 3d paragraph at page 120 of the correspondence, there is a statement there, that out of 46 single voyages which the Company were bound by their contract to perform in the period of its duration, namely, between the 26th of June 1860 and the 15th of May 1861, only 17 have been performed at all, and of these only three within the strict terms of the contract?—Yes, that is so.

25. Was there not a special agreement entered into between the Government and the Company, that in the first instance the service should be monthly, and subsequently that it should be suspended altogether to a certain period?—There was a concession made by the Government to the Company at their own request, that there should be in the first instance an alteration of the service from once a fortnight, which they were bound by the contract to perform, to once a month; and at the end of that period, not having any vessel to proceed with the voyage, at their request it was also further suspended, first to the 12th of March, and afterwards to the 26th of March.

26. Mr. Walpole.] You state that the concession was made to the Company by the Government, upon the application which was made to them by the Company; can you recollect when the application was made by the Company?—On the 3d of September the first proposal was made that there should be a monthly service. "In the letter received from Mr. Hill, on Saturday, a suggestion was made as to the suspension of the contract until the new vessels were all completed, and having consulted the Directors of the Atlantic Company upon the subject, we are instructed to submit to the consideration of your Lordships the following requests, namely: First, that the service shall be a monthly service until the new vessels are ready. Secondly, that immediately upon the completion of the other two vessels the service shall again revert to a fortnightly service. Thirdly, that this monthly service shall not in any case continue beyond the period of six months from the present time, and shall date from the last departure of the 'Prince

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‘Prince Albert,’ on Tuesday the 28th of August, and that consequently the next departure shall be on the 25th September. Fourthly, that the ‘Prince Albert’ should be accepted as a temporary ship, subject to approval of an Admiralty surveyor.”

27. Mr. Peel.] On the 6th of September, it appears in the following letter that they repeated that proposal?—Yes, there is a further repetition of the conditions, that they wish “the service to be monthly from 27th August last for a period of not more than six months, the Company making no claim except for the voyages performed.”

28. Therefore, the proposal of the Company in the month of September 1860 was, that the service should be allowed to be a monthly service instead of a bi-monthly service for a period of six months, dating from the 27th of August?—Exactly.

29. Was this proposal of the Company’s acquiesced in by the Government?—So far as making it a monthly instead of a bi-monthly service, it was assented to by the Government.

30. Mr. Walpole.] Was it assented to by the Government immediately?—Not immediately, but no bi-monthly service took place after that date.

31. Chairman.] Is it not the case that out of those 46 voyages which the Company were bound to perform, there were a certain number of voyages which were waived with the consent of the Government?—No doubt that is so; the statement merely means that if they had performed all the voyages which, by their contract, they were bound to perform between those periods, the number of voyages would be 46, whereas only 17 were performed, and only three of them strictly within the letter of the contract.

32. That was in consequence of the consent of the Government, was it not?—It was partly with the consent of the Government, and partly from the fault of the Company, in not having vessels qualified to perform the service.

33. The letter proceeds to state in the 4th paragraph, that at the date of the contract the Company were in possession of a contract made with the Government of Newfoundland on the 22d of October 1858 for a postal service between Galway, Newfoundland, and the United States, and then subsequently proceeds to say, “that the contract with the Colonial Government, which was only for one year, had terminated;” is not your Lordship aware that the contract, so far as the colony was concerned, was for a longer period than for one year?—I am not aware that it was so. I think it is stated by the Governor that the contract had terminated, but that the House of Assembly were willing to continue it, provisionally, upon the condition that the English Treasury should continue to contribute 4,500 *l.* a year, but only on those conditions would they be willing to continue the contract.

34. In the 16th section of the articles of agreement made on the 22d day of October 1858, “between the Atlantic Royal Mail Steam Navigation Company (limited), hereinafter designated the contractors of the one part, and the Honourable John Kent, Her Majesty’s Colonial Secretary for the Island of Newfoundland,” of the other part, it is said: “That in consideration of the said Atlantic Royal Mail Steam Navigation Company (limited), having entered into this contract for one year only, the said John Kent, as such Colonial Secretary, on behalf of the said Government of Newfoundland, doth hereby agree and covenant with the said Company, that the said Government shall use its best endeavours to obtain the sanction of the Legislature of the said colony of Newfoundland and of the Imperial Government, to a continuance of the said subsidy of the said sum of 13,000 *l.*, payable in manner aforesaid; and that in case such sanction shall be obtained, then the said parties hereto mutually covenant with each other that this contract, after the expiration of the said period of one year shall be extended and continued in force for a further period of four years certain during which extended period this agreement shall remain in force. I believe I am correct in stating that those were the words of the contract with the Colonial Government?—I am not aware of that; I do not think we have the contract before us, but the information which we received from the government of Newfoundland was to the following effect, as will be seen in the letter of Sir Alexander Bannerman to the Duke of Newcastle, dated the 6th of June 1860, in which he states, “that the contract which was entered into with the Galway Company, and sanctioned by Her Majesty’s Government, terminated on the 31st of December last, a new contract having been entered into by the Company with

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the British Government, which contract was to commence on the 1st of this month, the service to be performed by vessels of a very superior class. This contract I understood in one of your Grace's Despatches, was to be submitted to the consideration of a Committee of the House of Commons, the British Government having agreed to pay a large subsidy to the Company, who were to perform the service fortnightly, calling at St. John's on the outward and homeward passages. I understood, also, that on the representation of the solicitors of the Company, Messrs. Vallance, Her Majesty's Government had agreed, in order to prevent the stoppage of communication, to allow the monthly service to be continued by the Company until their new ships were ready. I shall feel obliged by your Grace informing me whether I am correct in what I have stated, and when the new contract with the Galway Company is to commence, as I apprehend the subsidy which has hitherto been paid in terms of the last contract, by the Imperial and Newfoundland Governments, will cease when the new contract commences. The House of Assembly of Newfoundland resolved to continue the subsidy, provided it was sanctioned by the Imperial Government, who bore a proportion of the payment to the Galway Company, in the terms of the provisions of the contract, which expired at the termination of last year."

35. Mr. Peel.] From that letter which you have read, it appears that there was a contract between the Newfoundland Government and this Packet Company for one year from the end of the year 1858?—Yes.

36. And at the end of the year 1859 that contract expired?—That contract expired at the end of the year 1859.

37. Then it appears that the Legislature of Newfoundland were willing to renew it for a period of four years, upon condition that the Imperial Government were willing also to be parties to the renewal?—Yes, and to continue the subsidy of 4,500 *l.* a year.

38. Are you aware what decision the Government at home came to with regard to that proposal?—I believe the Treasury never contemplated the continuance of the subsidy of 4,500 *l.* a-year.

39. Chairman.] That was at the expiration of the year, was it not?—Yes, it must have been after 1859.

40. Can your Lordship tell the Committee what the date was at which the Treasury positively declined to sanction the payment of 4,500 *l.* a-year?—In page 34, number 76, you will find a letter from Mr. Laing to the Postmaster General, the Duke of Argyll, in which he states, that "having obtained, as the result of pressing applications, an inferior monthly service, at a subsidy to be paid by the colony of 8,500 *l.* a-year, it seems to their Lordships certain that Newfoundland would gladly continue this subsidy for a very superior postal service, but if there should be any unwillingness to do so the conveyance of Newfoundland mails by this route must be discontinued, as it would be altogether unreasonable that Newfoundland should entirely escape at the expense of the mother country."

41. Mr. Peel.] If you refer to page 61, a letter from the Postmaster General to the Treasury, in the last paragraph, you will see the view taken by the Post Office of the arrangement as regards this Colonial subsidy; will you have the goodness to read that passage?—It is a letter of the 1st of November 1860, from the Postmaster General to the Treasury, and in the last paragraph, on page 61, I read: "It is stated in the enclosed letter from the Company, that a minute of the Executive Council of Newfoundland had extended the contract for a further period of four years; but this does not agree with the statement made by the Governor of Newfoundland, in a Despatch to the Colonial Office, dated the 10th of August last, in which he says that 'the contract between the Galway Company and the Newfoundland Government ceased on the 31st December last, and that there is no such contract now in existence,' and that all that the Legislature of Newfoundland have done was to pass 'a resolution to continue paying the Galway Company, for four years longer, 8,500 *l.* annually, provided Her Majesty's Government agreed to continue their proportion of the subsidy for the same period.' The vote is therefore altogether dependent upon a continuance of the Imperial grant, and as I trust that this grant will no longer be paid, the payment to the Company from the Colony will also cease."

42. Mr. Walpole.] Where is that Despatch, dated the 10th of August last, to which reference is made in that letter?—It being from the Colonial Office, it is

is not given; it is a letter from the Governor of Newfoundland to the Colonial Office, which was submitted to us.

43. *Chairman.*] I see in the Estimates from the Post Office Department for the year 1860-61, a sum of 4,500 *l.* for the contract entered into by the Newfoundland Government, for the conveyance of mails between Great Britain and Newfoundland, the proportion agreed to be borne by the Imperial Government; does it not appear to you that in consequence of this item in the Estimate for the Post Office Department for the year 1860-61, the arrangement between the Newfoundland Government and the Company was still held to be going on by the Imperial Government?—I apprehend that it was an estimate of the amount that would be required if the provisional arrangement, sanctioned by the Treasury, should go on for the whole year. Until the new service was in operation, of course it would be necessary for the Government to provide for the expenditure which was required for carrying on the Newfoundland service, but I do not recognise the obligation of the Government to continue that payment after the new service had come into operation, and performed those duties which had been hitherto performed by the special service from Galway to Newfoundland.

44. Your Lordship sees that the contract between the Newfoundland Government and the Company, was only for one year; yet still, I find, that virtually speaking, the contract is extended beyond the year 1859, into the year 1860-61?—It was continued provisionally, as is stated by the letter of Sir Alexander Bannermann, so long as the English Government continued the subsidy of 4,500 *l.*

45. *Mr. Peel.*] Is your Lordship aware that the decision of the Treasury was to this effect; that the contract should not be renewed for the term of four years, but should be continued temporarily only, until the new Atlantic contract took effect?—I understood that to be the decision of the Treasury.

46. That being so, it became necessary, did it not, to submit an estimate for the Colonial service?—Clearly.

47. *Chairman.*] What is the meaning of the paragraph in the letter of Mr. Laing, No. 76, that the colony of Newfoundland, "Having obtained, as the result of pressing applications, an inferior monthly service at a subsidy to be paid by the colony of 8,500 *l.* a year, it seems to their Lordships certain that Newfoundland would gladly continue this subsidy for a very superior postal service; but if there should be any unwillingness to do so, the conveyance of Newfoundland mails by this route must be discontinued." Does not that imply that if the 8,500 *l.* a year is not paid, the conveyance of the Newfoundland mails must be discontinued?—It would seem to be the opinion that if the Newfoundland people did not contribute that sum in aid of the Imperial Government, in diminution of the subsidy of 3,000 *l.* per voyage, the colony were not then entitled to that superior service to that which they had hitherto enjoyed.

48. If your Lordship will turn to page 44, to a letter from Mr. Hamilton, the Secretary to the Treasury, to Messrs. Vallance, you will perceive a passage to a similar purport to that of Mr. Laing's letter of 27th July. It states, "Without prejudice to the question of construction for the present, my Lords would observe, that it does not seem reasonable that the colony of Newfoundland should cease to contribute the sum of 8,500 *l.* a year, which they have been ready to pay for an inferior service, in the event of a superior one being substituted, and therefore they would be prepared to make the continuance of this Colonial subsidy to the Company a condition of performing the mail service to and from St. John's, whether by an independent line or by the main line; but looking at the large amount of subsidy already payable by the Imperial Government to the Company, my Lords would not think it reasonable to contribute an additional 4,500 *l.* a year from the Imperial funds, in aid of a service which, under the probable construction of the contract, they could require to be done, without extra payment, by the steamers to whose support they are already contributing 78,000 *l.* a year. If this arrangement were carried out, the Company would be in the receipt of 78,000 *l.* a year from the Imperial Government, and 8,500 *l.* a year from the Newfoundland Government, for which they would take mails as well as telegrams to and from St. John's by their regular steamers." Am I correct in supposing that Mr. Hamilton gives Messrs. Vallance to understand that the Company is to be in receipt, not only of 78,000 *l.* a year from the Imperial Government, but also of 8,500 *l.* a year from the

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Newfoundland Government, though the Imperial Government does not consider it reasonable to contribute itself 4,500 *l.* a year?—It would seem by that, as if Mr. Hamilton contemplated that the Atlantic Company should receive 8,500 *l.* a year from the Newfoundland Government; but not the additional 4,500 *l.* a year from the Imperial funds for a service to be performed either by an independent line or by the main line, if they were willing to accept it.

49. And also, I think, if you will turn to No. 103, page 46, there is a letter from Mr. Hill. “I am directed by the Postmaster General to inquire, whether if his Lordship would consent to waive his legal right to require your Company to convey mails to and from Newfoundland by the vessels employed in the American service, without any addition to the subsidy for that service, your Directors will agree to carry such mails, by every packet, for a payment to you by the Colony at the rate of 8,500 *l.* per annum;” does not that letter, on the part of the Post Office, to the Secretary of the Atlantic Royal Mail Steam Navigation Company contemplate that, in addition to their subsidy, they are to have, or may, on certain conditions, have 8,500 *l.* a year from the Colony?—It is a question between the Post Office and the Atlantic Company, whether they would agree to those conditions in waiving the legal right which the Postmaster General considered that he had to require them to deliver those mails from each packet at St. John’s. That question was asked the Company, and no answer was able to be obtained from them. Three separate applications were made to them to give their assent or dissent to the proposition so made by the Post Office, and no answer was returned till several weeks after that. The first application was made on September 14th, to which no answer was received. The second application was made on September 29th, to which the Post Office received no reply from the Atlantic Company as to whether they would assent to or dissent from the proposition; and again on October 16th, another letter was addressed to the Atlantic Company by Mr. Tilley, asking for a reply, to which also the Post Office did not receive any reply; and on October 25th, I find that the only answer given by Mr. Boate denies the obligation to deliver the mails by every vessel at St. John’s, but agrees to deliver them, not fortnightly, as proposed by us, but monthly, for 8,500 *l.* a year.

50. Am I not right in stating, that by a reference to the letter, No. 148, on page 68, the directors of the Company agree to the condition of the Postmaster General, namely, the delivery of the mails to the Colony of Newfoundland, on the understanding that the 8,500 *l.* per annum, payable by the Colony, will continue to be paid to the Company, in addition to the Imperial subsidy?—Yes, it is so stated in their letter.

51. Therefore, that is a reply, is it not?—That is on the 29th November. I stated that there was none until the 25th October, and on the 25th October they only said that they would do it once a month, and not once a fortnight, as they were required to do.

52. But on the 29th November they did agree to the condition of your Lordship, and they then understood that the 8,500 *l.* per annum should be continued to the Company, in addition to the Imperial subsidy?—Yes, they did so; but I must observe upon that point, that this subsidy of 8,500 *l.* a year, to be paid by the Newfoundland Colony, was a subsidy which would cease, unless the Imperial Treasury continued to give in addition 4,500 *l.* a year; and there was no means by which the English Government could compel the Newfoundland Government to contribute that sum, if they were not willing to contribute it.

53. Are you aware whether the Colonial Government have passed any resolutions upon that subject subsequently?—I am not aware of any resolution having been passed subsequent to that which agreed to grant a provisional subsidy upon the condition of the Imperial Treasury contributing their proportion of 4,500 *l.* a year.

54. On the 20th of November 1860, at page 66, there was a letter from the General Post Office to the Company, stating that only upon certain terms would concession be granted, namely, to suspend the mail service between Galway, Newfoundland, and the United States, until Tuesday the 12th March, and that if the Company were not prepared to continue “to fulfil all the conditions of the contract of 1859, strictly according to their fair intent and meaning, including the conveyance, without any additional payment, of mails to and from Newfoundland, by every ship employed in the service, such contract shall, without any further

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further act or any liability to a claim for damages, become null and void ;” am I correct in stating that that communication was made to the Company ?—That is quite correct.

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55. In the conditions that you made with the Company for the abandonment of the service till March, was not it one of the stipulations that they should abandon all claim to this portion of the Colonial subsidy ?—Yes, when the Company had failed to fulfil their contract, and were in the condition of having no ship to prosecute their voyages, I considered that it was my duty to clear up the doubt which had existed from the commencement as to the obligation of the Company, with regard to the Newfoundland service. The Post Office Department, from the first, had taken a very strong view, that under the provisions of the contract the Company were bound to deliver the mails at St. John’s, Newfoundland, by every vessel that would perform the duty to America. That decision was founded upon the opinion of the legal advisers of the Post Office, and seems to me to be fully and clearly borne out by the tenor of the contract. A difference of opinion existed, however, between the Post Office and the Company as to their obligations under the contract, I therefore considered that whereas a great concession was made to them of not terminating the contract, as I was enabled by the contract to do, and giving them the concession of suspending the service entirely until 26th March, I had a right to have that doubt cleared up, in order that we might have no more disputes upon the question. I considered it my duty to require as a condition of making that concession, that they should accept the interpretation which the Post Office had put upon the contract, and agree to deliver the mails by every packet which passed St. John’s.

56. Mr. Peel.] As to the separate Newfoundland service, as I understand, from the commencement of the year 1860, that service was not performed under any contract, either with the Colony or with this country ; it was a service provisionally continued, was it not ?—Yes, there was no special contract ; it was the old contract provisionally extended.

57. For how long did the Company continue to send vessels under that provisional prolongation of the agreement ?—I will not be quite certain, but I think it was up to the 23d June 1860.

58. The vessel which sailed on the 23d June, was the last vessel, as I understand, despatched by the Company under their agreement with the Colony ?—It was.

59. And it appears from your letter to the Treasury, dated the 1st November 1860, at page 61, that from that time to the date of your letter, they had neither dispatched a vessel on the separate service, nor asked for permission to forego the several voyages ?—That is so. The letter states, “Not only, therefore, is the Colonial contract of 1858 (which was only for a year) at an end, but the provisional arrangement under which, by the authority of your Lordships, the service was afterwards continued from month to month, has been terminated by the act of the Company, in not providing vessels for the service.”

60. Under those circumstances the Colonial contract and the agreement for extending the contract was altogether at an end in the month of November 1860 ?—So I considered it.

61. Was not the view of the Government with regard to the contribution to be made by the Colony of Newfoundland towards the expense of the Atlantic contract, that as the Colony had been willing to pay 8,500 l. for the indifferent monthly service between Galway and St. John’s only, it was right that the Colony should contribute a not less sum than that towards the superior service under the contract between the Home Government and this same Company ?—I understand that to be the feeling of the Treasury, and the view which they took upon the question.

62. The only dispute, therefore, between the Company and the Government was whether the contribution from the Colony, supposing the Colony were willing to make it, should be received by the Government or by the Company ?—That seemed to be the only question.

63. It had no connexion whatever with the expired colonial separate service ?—No ; I considered that the old contract for the Colonial service had entirely ceased and determined.

64. The view taken, therefore, was that the Colony ought in fairness to contribute something, but that the point should be reserved at this time, whether that contribution should be for the benefit of the Company or should go in aid

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of the subsidy paid by the Home Government?—Certainly, my impression being that there was no obligation to pay the money to the Company, but that if the Colony contributed anything it should go in diminution of the sum contributed by the Imperial Government for the whole service.

65. Mr. *Ker Seymer*.] There was a proposal made, was there not, that the Colony should pay 8,500 *l.* for the conveyance of the mail, to which the Company returned no answer?—That was a question to which they never gave a decided answer for upwards of two months, and then it was only a partial agreement to it.

66. *Chairman*.] I think that in November they did state their readiness to accept the 8,500 *l.* on your terms, did they not?—I rather think that that was after the communication to them of the agreement, because I may observe that the agreement was presented to them in November, and not signed until January.

67. At page 68, Letter 141, the Directors agree, do they not, to the conditions on the understanding that the Colonial subsidy is to be continued to them?—I think that was after the communication to them of the agreement which is enclosed in No. 147. After they had received that communication of the agreement, which agreement I may say was insisted upon by me after a personal communication with a deputation who visited me, who pressed me to take that view; and I informed them that upon such terms only could I agree to the suspension of the contract; and it was only after that, that I received a communication from the Company that they were willing to agree to those conditions with regard to the Newfoundland service. I believe that I am correct in stating that.

68. You see that the letter enclosing that first agreement from Mr. Hill to Mr. Boate, is dated 21st of November 1860?—Mr. Boate's letter to the Secretary of the Post Office, which I have just quoted, stating their willingness to accept the proposition, is dated the 29th November 1860, when the circumstances were entirely altered, and when in consequence of their not having replied to me, I considered myself no longer bound to any proposition which had previously been made.

69. May I not take it for granted from Mr. Hamilton's letter of the 29th of August 1860, that it was the intention of the Treasury then that in addition to the 78,000 *l.* a year from the Imperial Government, the Company should also be paid 8,500 *l.* from the Newfoundland Colony, for which they would take the mails as well as telegrams to and from St. John's?—That was the opinion of the Treasury, apparently.

70. There seems to have been, I think, a difference between your Lordship and the Company with regard to the construction of the contract as to the delivery of the mails at St. John's?—Yes, there was.

71. The Company seems to have been under the impression that they were only bound to deliver telegrams on being required to do so, whereas your Lordship seems to have been under the impression that they were bound to deliver the mails as well as telegrams?—Yes.

72. On referring to the original Treasury Minute, dated the 15th March 1859, which I will put into your hands, am I correct in saying that all the stipulations with regard to time seem to be limited to time between Galway and Boston and Galway and New York, and *vice versa*?—Yes, I believe it is so. I presume that you refer to provisions for pecuniary penalties for failing to do the service within a given time. There is a most stringent provision with regard to time, namely, that they shall do the service between Galway and St. John's within six days. You will see in the last paragraph, at page 56 of Paper 230, of 1859, the Treasury Minute says: "The Company at all times to deliver telegraphic messages either at St. John's (Newfoundland), or at Halifax (Nova Scotia), within six days."

73. Am I correct in stating that there is no mention in that Minute of any stipulation on the part of the Post Office that the mails shall be delivered at St. John's within six days, but only telegraphic messages?—In the Treasury Minute there certainly is not.

74. Since you have been Postmaster General have you ever dispatched any telegraphic communications to St. John's?—I am not aware that we have.

75. I think that the difference that arises between the Company and your Lordship is in consequence of an expression in the contract in which the word "respectively" is used, and which I will read to your Lordship; it is clause 5 in the contract: "That all the said vessels employed in the conveyance of
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Her Majesty's mails shall, both on the outward and homeward voyages, call at St. John's, Newfoundland; or in the event of any of the vessels being prevented making St. John's to the satisfaction of the Admiralty agent, or other officer in charge of Her Majesty's mails, by stress of weather or other unavoidable cause, then and in such case the vessels shall call at Halifax, Nova Scotia; and the said Company 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, call, or touch in the performance of this contract, all such of Her Majesty's mails, passengers, and telegraphic messages as shall have to be delivered or received at such places respectively." And I believe it is the impression of the Company that that expression "respectively" means that the mails and passengers shall be delivered at New York and Boston, and that telegraphic messages shall be sent to St. John's?—I imagine that that is the construction which the Company put upon that, but I myself cannot understand how any person merely reading the terms of that clause can doubt that they are obliged to deliver the mails and passengers at any place which they are bound to call or touch at according to the provisions of the contract.

76. *Mr. Peel.*] If the contract is looked to, as I understand, it affords no evidence whatever of the construction which is put upon it by the Company?—None whatever; it is merely what construction is to be put upon the words of the contract.

77. It affords, in your opinion, evidence quite to the contrary?—It seems to me conclusive, and it also seemed conclusive to the legal advisers of the Department, who gave it as their decided opinion that under the terms of that contract the Company were under an obligation to deliver the mails and passengers at every one of the places at which they might touch or call.

78. Do you not think that the clearest evidence should be required to support so anomalous an arrangement as that vessels should call at a place to deliver telegraphic messages, and not be required to deliver mails and allow passengers to land?—It seems to me most clear that there must be undoubted evidence to induce one to suppose that a packet which was obliged to touch or call for the delivery of the telegraphic messages should not be able at the same time to deliver the mails, which could occasion no increased trouble or inconvenience.

79. *Chairman.*] It is a very different thing, is it not, landing telegraphic messages, and landing passengers and mails; because in the one case you can put the telegraphic messages on board a boat and send them on shore; but it is a very different thing entrusting Her Majesty's mails to the danger of their being lost in going into the harbour, and, therefore, it is necessary for a vessel to put in?—I apprehend that the mails are frequently delivered from the packets into boats, and that it requires as much security for telegraphic messages as for the mails, the difference being rather the greater bulk of the one as compared with the other.

80. *Mr. Peel.*] Is it the case that the Company were willing to accept your construction of this contract, provided they were allowed to receive the extra payment from the Colony?—Yes, finally they were willing to accept it, and in the agreement they accept my entire proposition of doing the service, even without any subsidy whatever beyond the 3,000*l.* per voyage from the Imperial Government.

81. *Chairman.*] Was not that agreement arrived at on the threat that if they did not accede to that proposal, the contract should be immediately put an end to?—It was one of the conditions which I told the deputation, who came to me on the subject, I should require to be entered into by them before I could agree to the entire suspension of the contract.

82. *Mr. Peel.*] As I understand, you were not indisposed to their receiving this extra payment from the Colony; when the question before you was their proposal that the service should be a monthly service, instead of a bi-monthly service, but that afterwards, when they requested that the service should be altogether postponed, you then made it a condition of your granting the further concession required from you that they should waive their claim to this extra payment, and accept your construction of the contract unconditionally?—Undoubtedly; the question had then assumed an entirely new aspect, and I felt myself not only entitled, but required to clear up the difficulty and doubt which had before existed upon the subject.

83. An allusion has been made to the ratification by Parliament of this contract;

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tract; of course Parliament could only have judged of the intention of the contract by what they found written upon it?—Parliament could only be cognisant of the obligation which this Company entered into by the terms of the contract which was laid before them, and I therefore considered that as an additional reason for supposing that that was a duty which they were bound to perform.

84. *Chairman.*] Inasmuch as there seems to be a difficulty with regard to the construction of that clause in the contract, are you aware that there is collateral evidence coming from the Admiralty Department, as to the view which is taken by the Company of the construction of the contract?—I apprehend that the question refers to a letter from a clerk in the Admiralty.

85. Are you aware that the Contract Clerk of the Admiralty, Mr. Brady, who drew up this contract, says, “nothing can be clearer to my mind, and certainly, when the contract was settled, it was not intended to send mails to St. John’s”?—I am aware that it is so stated by the clerk; but I am not aware that any clerk in any department has any authority for stating what was the intention of any department of the Government in agreeing to any contract. It is a private letter from the clerk, not sanctioned by the Secretary of the Department, or any official person in the department.

86. *Mr. Walpole.*] Are you able to state to the Committee when any dispute as to the construction of this contract first arose?—I think it was in a very early period, before the contract came into operation. In page 11, Number 22, dated the 12th of June 1860, you will see a letter from Mr. Frederick Hill to Mr. Laing at the Treasury, enclosing a copy of the opinion of the Solicitor of the Post Office. “With reference to my letter of the 9th instant, I am directed by the Postmaster General to acquaint you, for the information of the Lords Commissioners of the Treasury, that he has since referred, for the opinion of the Solicitor of this Department, to the contract made on the 21st April 1859 with the Atlantic Royal Steam Navigation Company, and more particularly the clause which is marked in red ink in the accompanying copy, with respect to the obligation on the part of the Company, under that contract, to convey mails to and from St. John’s, Newfoundland; and enclosed is a copy of Mr. Peacock’s opinion, advising that the Company can be required to convey mails from Galway to St. John’s, Newfoundland, as well as from St. John’s to New York or Boston, on the outward voyage, and to convey mails from New York or Boston to St. John’s, and mails from St. John’s to Galway on the return voyage. The Postmaster General will be glad to receive, as early as possible, instructions on this point from the Lords Commissioners of the Treasury, that the notice proposed to be issued on the subject of the mails to be transmitted by the new line of packets from Galway, and a copy of which notice was submitted in my letter of the 9th instant above referred to, may be definitely settled. His Grace will leave it to their Lordships to communicate or not with the Admiralty, as they may think proper.” Then comes the opinion of Mr. Peacock upon the question; “By the contract the Company agree that the vessels employed in the conveyance of Her Majesty’s mails shall, both on the outward and homeward voyages, call at St. John’s, Newfoundland, or in the event of any of the vessels being prevented reaching St. John’s, then the vessels shall call at Halifax, Nova Scotia; and the Company 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, call, or touch, in performance of the contract, all such of Her Majesty’s mails, passengers, and telegraphic messages as shall have to be delivered or received at such place respectively. I am of opinion, therefore, that the company can be required to convey mails from Galway to St. John’s, as well as from St. John’s to New York or Boston, on the outward voyage, and to convey mails from New York or Boston, to St. John’s, and mails from St. John’s to Galway, on the return voyage. I would advise, however, that the question raised by the company should be communicated to the Admiralty, as the tender for the service, or the correspondence relating to it, may show clearly what the intention was on the subject.”

87. The correspondence which you have read was between Mr. Hill of the Post Office, and Mr. Laing, the Secretary of the Treasury?—Yes.

88. Where does it appear that this was communicated to the Company, and if communicated to the Company, what notice did the Company take of it?—I think I may refer you to the previous letter of the 9th of June, from Mr. Hill to Mr. Laing,

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Laing, in which he states that Mr. Weir, who is, I believe, the solicitor and general manager to the Company, had called upon him at the Post Office. The important part of the letter is the last paragraph but one. "In the course of the conversation, it appeared that Mr. Weir was of opinion that the Company was not bound to convey mails to or from Newfoundland under the second contract, and when he was told that the wording of the contract clearly provided for mails being delivered and received at every port to which the Company's vessels proceeded, or at which they called or touched, he stated that such was not the interpretation put upon the contract either by the Company or the Treasury." Therefore it is quite clear that the Company were aware of the opinion of the Post Office, at any rate at a period prior to that.

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89. Still that is a communication again from the Post Office to the Treasury; I rather want, if you could furnish the Committee with the information, to ascertain when this dispute, as to the construction of the contract, arose, as between the Government offices and the officers of the Company?—This was on the part of the Post Office a communication from the authority at the Post Office to the manager of the Atlantic Steam Navigation Company, Mr. Weir, of the view which the Post Office took of their obligations under the contract.

90. It merely states that, in the opinion of Mr. Hill, Mr. Weir was of opinion that the Company were not bound to convey the mails to or from Newfoundland?—Yes, that is so. It shows that the officers of the Company were aware of what the opinion of the Post Office was; and on the 22d of June there was a letter from Mr. Frederick Hill to Mr. Boate, No. 41, at page 19: "I am directed by the Postmaster General to request that you will state to the directors of the Atlantic Royal Mail Steam Navigation Company that as his Grace is satisfied that, by the conditions of the contract entered into by the Company on the 21st April 1859, they have undertaken to land and receive mails at St. John's, Newfoundland, both on the outward and homeward voyage, he has given directions that mails for Newfoundland may be forwarded from Galway on the 26th instant."

91. In that letter from Mr. Hill to Mr. Boate it is stated that you are of opinion that they had undertaken, by the contract, to land and receive mails at St. John's Newfoundland, both on the outward and homeward voyages, and that the Postmaster General had given directions that the mails for Newfoundland might be forwarded from Galway on the 26th instant. Did the Company acquiesce in the directions so given with reference to the delivery of the mails at Newfoundland?—I believe they did; but those are questions of what happened before I came into office, and would, perhaps, be better answered by Sir Rowland Hill or some other officer of the department. But I apprehend that the obligations was disputed by the Company to the last.

92. *Chairman.*] Did the Company protest against that interpretation of the Newfoundland contract until the time when the new arrangement was made?—Yes, they did.

93. With regard to the opinion of the solicitor to the Post Office, which your Lordship has quoted, by reference to the last paragraph in it, would it not appear that the solicitor of the Post Office was of opinion that the question "should be communicated to the Admiralty, as the tender for the service or the correspondence relating to it may show clearly what the intention was on the subject," and that by making use of that expression the solicitor to the Post Office is of opinion that some collateral evidence should be obtained with regard to the true interpretation of the disputed portion of the contract?—Yes; it certainly admits that there might be collateral evidence produced to show the intention of the two parties to the contract, but no such opinions has been given by the Admiralty as that the interpretation which has put upon it by the company is the correct one, and I cannot accept the private opinion of a clerk in the office as being a decision on the part of the department as to what the intention was with which they entered into the contract.

94. Is it not the invariable practice to name in the time table attached to every contract the ports or places where mails are to be delivered?—Generally speaking it is.

95. Is St. John's named in the time table to the imperial contract?—Not in the time table, but it is named in the body of the contract, in which it is required that they shall touch at St. John's within six days of their leaving Galway, as an essential condition of the contract.

96. *Mr. Ker Seymer.*] Your Lordship has been asked whether it would not

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appear improbable that as the vessels are required to touch at St. John's they should not deliver the mails there. Might not that have arisen from the fact that there was at that moment in operation the Colonial provisional arrangement by which the mails were at that time delivered by other vessels of the Company at Newfoundland?—It certainly might have been so, because there was nothing to prevent the Company having continued the separate service for Newfoundland upon the original contract. They might have had one service upon the old terms of 13,000*l.* a year, merely going into St. John's, Newfoundland, and out again, and if they had continued that part of the mail service there would be no necessity for them to have landed the mails at St. John's.

97. Possibly if that was so, that might account for the fact, might it not, that it was not intended to deliver the mails at Newfoundland?—Possibly.

98. Is it not a fact that we have on the papers which are before us, proof, that two vessels belonging to this Company started for Newfoundland within three days of each other, the one under the old contract, and the other under the new contract?—It is so, and it is a matter of complaint on the part of the Company.

99. Under those circumstances the vessel which sailed under the Colonial contract would be the one which would have delivered the Newfoundland mails?—Yes.

100. And there would have been no occasion for the other vessel to have landed the mails upon the same days?—Just so.

101. *Chairman.*] Is it not the fact, that under the Royal Mail Steam Navigation contract, every place at which the mails are to be delivered is stipulated, and laid down in the time table of that Company?—That may be so.

102. With regard to the excuse made by the directors of the Atlantic Company on the ground of the delay which took place in the ratification of the contract by the House of Commons, am I not correct in stating, that in the construction of all ordinary contracts, if any impediment arises to the fulfilment of a contract by the action of the one party, the contract should not be held binding, as regards the other party?—Even if that were so, I should consider it to be essential that the party to the contract who felt himself aggrieved should have asked to have an alteration in the terms, which was not the case with regard to this Company, who never asked for a postponement of the service, but were eager to continue it, and, even when it was proposed to them to suspend it they declined to do so.

103. Your Lordship is of opinion that a postponement ought to have been made at the time when the Committee of the House of Commons was sitting on the question as to whether that contract should be valid or not?—It should have been either at that time, or at some time previous to the commencement of the service.

104. In your opinion, would it not have been very prejudicial to the cause which was being decided before a Committee of the House of Commons, if the Company had virtually intimated that it was unable to carry on the very contract which was the subject of discussion before the Committee?—Admitting that to be the case, it would not apply to the later period when Parliament had retired, and when a communication was made from the Post Office to suggest that it would be more convenient, if they were unable to carry on this service, that it should be suspended.

105. When was that suggestion made by the Post Office to the Company, or to the Treasury?—It was made on the 25th of August 1860, in a letter from Mr. Hill to Mr. Boate, No. 97, at page 41, in which he says, "When the time had been appointed for the present service to commence, no application was made by the directors of the company to postpone the commencement, although it soon became evident that they were not in a position for working the service under the terms of the contract; but Lord Stanley of Alderley desires that it may be distinctly understood that after the departure of the "Prince Albert," on Tuesday next, either the contract must be fully performed, or the directors must at once apply for leave to suspend it, with a statement of the grounds upon which they make such application, as no further irregularities will be permitted."

106. *Chairman.*] I think the first proposal which was made by the Company for a suspension of the contract was on the 3d of September, at page 44, in a letter from Messrs. Vallance to the Treasury; I presume that that is the first suggestion on the part of the Company?—I think it is.

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107. And the stipulation in that case is, first, that "the service shall be a monthly service until the new vessels are ready; secondly, upon completion of the other two vessels, the service shall again revert to a fortnightly service; thirdly, that this monthly service shall not in any case continue beyond the period of six months;" and "that the 'Prince Albert' should be accepted as a temporary ship."—Yes, that was the first intimation from the Company.

108. If your Lordship will turn to page 57, No. 132, of the 25th of October, you will see that there was then a proposal made by the Company, that the contract should be monthly during the months of November and December 1860, and January and February 1861, and that the fortnightly service should commence on the 12th of March 1861?—Yes.

109. The proposal then was, on the part of the Company itself, that the service should be resumed on the 12th of March?—Yes.

110. But it was accompanied, was it not, by a stipulation that the "Prince Albert" should be accepted as one of the vessels, and subject to a certain penalty?—Yes.

111. And on the 1st of November 1860, at page 63, it is stated, "The Postmaster General will consent to the proposal of the Company, that the service shall be monthly instead of fortnightly, until the 12th of March next," that is correct, is it not?—Yes; and it is accompanied with other conditions I think; it states, "but in granting this indulgence, he" (that is, the Postmaster General), "begs that it may be clearly understood that this is the last occasion on which he will make any special regulation applicable to a single voyage only; in future, a packet must sail every fortnight on the appointed day, or the Company must at once notify their acceptance of the following conditions for a monthly service: 1st. No payment to be made for the voyages to be omitted. 2d. The Company to provide for the conveyance of the mails on the 20th instant, a vessel which shall be surveyed by the Admiralty Surveyors, and accepted by the Postmaster General one week previously, that is, by Tuesday the 13th instant. 3rd. The Company, at the same time to submit for approval the names of one or more vessels of not less than the tonnage and power specified in the contract, to be employed for the conveyance of the December mail, and to run alternately with the vessel which is to carry the mail of the 20th instant. In the event of two fit vessels being provided, one to be accepted, and the other to be submitted for approval before the 13th instant, the Postmaster General will consent to the proposal of the Company, that the service shall be monthly, instead of fortnightly, until the 12th March next; with a proviso, however, that at the period named, the contract shall be terminated if the Company are not then ready to fulfil its conditions."

112. I think your Lordship refused in that letter of the 1st of November, to permit the "Prince Albert" to be employed in the mail service?—I stated that she should not be employed unless approved of by the Admiralty Surveyors, who did not make a satisfactory report, and therefore I said that the Postmaster General felt himself not justified in agreeing to accept that vessel as one fit for the service.

113. Therefore that portion of the Company's condition that the "Prince Albert" should be employed was refused?—Yes, that was so.

114. Then turning to the letter of the Secretary of the Company at page 63, I think your Lordship will find that in consequence of the refusal of the 'Prince Albert,' they request "that the contract be suspended until March 1861, by which period the directors will have their three new ships fully equipped for the fortnightly service?"—Not in consequence of the refusal of the "Prince Albert;" there was an additional difficulty in the refusal of the "Prince Albert," but as they had no other vessel besides the "Prince Albert" to offer for the service, it was quite impossible that they could continue it; they were not in a condition to continue the service at all.

115. They had the "Parana," had they not?—The "Parana" had been rejected, and they themselves had said that they would not offer her again to the Post Office for the conveyance of the mails.

116. On the 20th November, page 66, the Post Office consented, did they not, to the postponement which the Company asked for till the 12th of March 1861?—Yes, just so.

117. Was not one of the conditions of the agreement on the part of the company that the Postmaster General's version of the Newfoundland contract should be accepted by them?—Yes.

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118. Then on the 21st November the draft of agreement was sent to the Company?—Yes.

119. This agreement was subsequently withdrawn, was it not?—It was modified to meet an objection that was made by the Company, as to a certain passage in it with regard to the contract being null and void.

120. And on the 29th November the Company agree to the terms of the Post Office, on the condition that the 8,500 *l.* per annum of the Colonial subsidy which they always claimed should be continued to them: “It is, however, of course understood, that the 8,500 *l.* per annum payable by the Colony, will continue to be paid to the Company, in addition to the Imperial subsidy”?—That was not agreed to by the department, as appeared by the letter of the 3d December 1860.

121. Then on the 12th December the Company agree to the conditions of the Postmaster General, but in consequence of those conditions to which they have hitherto objected, they ask that the complete commencement of the service should be postponed till the 1st June 1861?—Yes, that is correct, that they agreed to them with some modification with regard to the contract being null and void, which was altered, and no reason was stated that anything new had arisen which should make them wish to postpone the commencement of the service, from the 26th of March, which the Postmaster General had agreed to, until the 1st of June, which they now asked.

122. In fixing the 12th of March I think that throughout the Company have invariably coupled it with certain conditions, which conditions they did not obtain?—Some of the conditions they certainly did not obtain, but as to their readiness to be able to perform the service on the 26th March, there was nothing in those circumstances which altered the conditions, for the “Prince Albert” was rejected from the first.

123. I think that when they proposed themselves the 12th of March, they proposed it with the stipulation that the “Prince Albert” should be accepted, and when they subsequently gave up that proposal they at the same time claimed that the Colonial subsidy of 8,500 *l.* should be continued to them, and in both those instances the Post Office refused to sanction those stipulations?—I do not think the Company, or those representing the Company, ever could have had any doubt in their minds that I should have refused again to accept the “Prince Albert.” The first time the “Prince Albert” was proposed was at a personal interview with a deputation, and I told them as distinctly as I could that I could not feel myself justified in again accepting the “Prince Albert” for any voyage, and they were aware from the first that that was a condition to which I could not agree. As to the question whether they should have the 8,500 *l.* subsidy from the Colony or not, that could not have made any difference in their being unable to commence the service on the 26th of March instead of the 1st of June.

124. I am justified, am I not, in stating that this request to extend the service to March was invariably coupled with certain stipulations which you refused?—I do not think it was coupled with such conditions. If I understand it rightly, the proposition from Mr. Boate to the Post Office of the 12th of December 1860, for the total suspension of the contract till the 1st of June, makes no mention of the employment of the “Prince Albert” as a condition, nor is there any condition attached to it of their requiring the subsidy of 8,500 *l.* from the Colony of Newfoundland. All that they say is: “In acceding to the terms imposed by the Postmaster General the directors consider that they are not precluding themselves from making a representation to the Treasury with reference to the amount agreed to be contributed by the Colony of Newfoundland.”

125. On the 19th December 1860, the directors again state that they will recommence the service on the 12th of March, if the Postmaster General would allow the “Prince Albert,” to be substituted up to the 1st of June for the “Connaught,” which had been lost by fire in October 1860, that is correct, is it not?—Yes, but the loss of the “Connaught” was known to the Company previously to their communication of the 12th of December, and I believe it was known on the previous communication in November.

126. Mr. *Peel.*] Was not the reason why on the 7th of November, the Company applied for permission to have the contract suspended, that the “Connaught” had been lost?—Yes, they knew that it had been lost.

127. On the 1st of November I believe that you had agreed to a monthly service being substituted for a bi-monthly service?—Yes.

128. On

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128. On the 7th November, the news having arrived in the interval, of the loss of the "Connaught," they proposed that the service should be altogether suspended for four months?—Yes.

129. *Chairman.*] On the 24th January the Company entered upon the new agreement with the Post Office, did they not?—Yes; the Company affixed their seal to the new agreement executed by the Post Office.

130. I think I am right in stating that the Company agreed on the 24th of January 1861, to accept the new arrangements proposed by your Lordship?—Yes.

131. The company accepted that arrangement in consequence of a letter addressed to them on the 19th of January 1861, in which Mr. Hill says, "In stating that the Postmaster General declines to assent to any one of the requests contained in your letter, I am to add, that if the agreement which the company have been required to enter into be not executed within seven days from this date, his Lordship will, without further notice, declare the contract at an end." Am I not right in assuming that in consequence of that intimation, the company did accede to the new arrangement?—I do not suppose that they entered into it entirely from that motive; I suppose that they wished to relieve themselves, if possible, from the penalties which they had incurred, and also to enable them to do what they themselves had requested the department to grant at their own application.

132. At the same time, however, that they did execute this contract, they entered a protest against it, did they not?—I cannot undertake to say what motives they may have assigned as having induced them to agree to the terms of the agreement; the terms of the agreement were required a long time previously, and no decisive answer was given, and it was actually necessary that some conclusion should be come to, both with regard to the future service to relieve the company from the obligations which they had contracted, and for the relief of the department to know upon what footing it was to stand with regard to the future service.

133. In signing the contract, the directors stated, did they not, that they did so "in compliance with your letter of the 19th instant, and with a reservation of their right to apply to the Treasury on the question of the correspondence of that department as to the Colonial subsidy?"—Yes.

134. *Mr. Peel.*] The Company always contemplated the recommencement of the service in the month of March, did they not?—So they invariably stated, until they made an application to have it postponed until June.

135. Both in the proposal to substitute a monthly service for a bi-monthly service, in the letter of the 13th of September, and again on the 25th of October, they contemplated and distinctly stated, that they wished the service to recommence in the month of March 1861?—Yes; on both those occasions they stated that they would be ready to commence the service at that period, and they considered that they should then be fully qualified to continue it efficiently.

136. On the 7th of November, when they asked that the contract might be suspended, instead of being only half performed, they again repeated, did they not, their entire confidence, that by the month of March 1861 they would be in a position to carry out the service to the entire satisfaction of your Lordship?—Precisely so, and that was after they knew of the loss of the "Connaught."

137. You agreed to that proposal of theirs upon certain conditions, did you not?—Yes.

138. One of which was, that they should forthwith execute an agreement, providing that if they were not prepared to recommence the service at the period named, and to continue thenceforth to fulfil all the conditions of the contract of 1859 strictly, according to the fair intent and meaning, including the conveyance of the mails, and so on, the contract should without any further action, or any liability to claim for damage, become null and void?—Yes, that was so.

139. You have always made that a condition of your acquiescence in their applications for indulgence, have you not?—I have invariably made that a condition in every personal communication, which I have had with the gentlemen connected with the Company, and also, I believe, in every written communication which took place between the Department and the Company.

140. Was the leave to suspend the service, considering that it was in the winter time, a great advantage to the company?—It was a very great advantage

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to relieve the Company from sending vessels during the winter months, when they had great dangers to encounter from the ice in the neighbourhood of Newfoundland, and to allow them to commence the service only in the more temperate seasons of spring and summer.

141. Did you make more than a proportionate reduction of the subsidy due by the Government on account of this concession at so favourable a time for the Company?—I believe, no reduction was made with the exception that they should not receive a subsidy for voyages which they did not perform, and with the exception of the 500*L.* penalty imposed upon the “Prince Albert” each time she sailed, as being the diminution which they were justly entitled to pay, on account of the inferior service which they performed, from her being not a vessel adequate to the purpose, and according to the conditions of the contract.

142. Do you know any instance of a contract having been allowed to be suspended in the way in which it was done in the case of this Company?—So far as I know there has been no such instance.

143. *Chairman.*] Your Lordship has stated, that the allegation of the directors, that the Post Office has inflicted severe penalties upon them for any concession which has been granted to them, is incorrect?—Yes.

144. Were there many occasions on which your Lordship did not impose penalties?—I imposed no penalty upon every occasion when they did not perform the voyage, which was, as I stated before, every voyage in the 46, besides the 17 which they performed.

145. I think you are alluding to the voyages, in which you conceded, that there should be a cessation of the service?—Yes, precisely.

146. But on all other occasions I think, with the exception of one occasion, which was in the case of the “Parana,” you did impose penalties?—They were nothing but the ordinary penalties for the delay of time.

147. I presume, that the letter which was written by Mr. Hill, at page 80, No. 173, was written with your Lordship’s sanction and knowledge?—Yes.

148. I see in a paragraph in that letter the following words: “The indulgence which the Postmaster General has consented to grant to the Company, is that for which they themselves asked, and is, as his Lordship fully believes, greater than was ever granted to any other Packet Company under contract with the Government,” and I think, that in another letter of Mr. Hill’s to the Company, the words are used, that the Company has met with more indulgence as a general rule from the Post Office, than any other Company had hitherto met with?—Yes, that is so.

149. On looking at the report of Lord Canning’s Committee in 1853, the Report of the Committee on Contract Packets, I find the following passage with regard to the proceedings on the part of the Royal Mail Steam Navigation Company: “The Company admit the correctness of the return which has been presented to the House of Commons; from this return, it appears that, in the course of the last two years, the packets have only kept their stipulated time of arrival at Southampton on three occasions; that they have sometimes exceeded it by as much as 14 or 15 days, and that on the average of the two years, they have failed to keep time by four days for each voyage. It says, “Delays arising from unforeseen causes, are specially exempted, but those which arise from mismanagement or deficiency of speed in the vessels, and which are so great, or are so systematically repeated, as to amount practically to a subversion of the engagement, do, we conceive, constitute violations of contract.” Having stated those particular instances of irregularities in those voyages, the Committee report, “that the Royal Mail Company has had great difficulties to contend with, and has made great exertions, and incurred heavy expense towards establishing an efficient fleet of vessels; on the other hand, it has been treated with great indulgence by the Government, and large allowance has been made for its shortcomings, in consideration of the unfortunate losses it has met with, and the interests involved in its maintenance; the subsidy which it receives is very large, and it has never been exposed to the competition of public tender. The abandonment of the North American branch within the first year of the contract, without any corresponding diminution in the subsidy originally granted, has rendered the rate of payment per mile much higher than was agreed upon when the Company was first formed. It has, moreover, of late, been very confidently asserted that several parties would be willing to undertake the service at a much lower sum than that now paid to the Company; but while the contract

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contract remains in force, there are no means of testing the sincerity of such offers." Then it proceeds to say, "Under these circumstances, we are of opinion, that while it would not be fair towards the Company at the present moment to determine the contract, or to inflict any penalty in respect of past deviations from it, the public interest, nevertheless, demands that a stricter course than has heretofore been followed with respect to such deviation should now be adopted." Can you inform the Committee whether penalties have been imposed upon that Company, and whether there have not been as great irregularities on the part of the Royal Mail Company as on the part of the Galway Company?—I am not aware that there have been, nor am I aware that that Company were allowed to suspend the whole operation of their service for four months, as was done in this case. I beg to observe that that was in a comparatively early stage of trans-oceanic steam communication, when much greater indulgence and greater consideration would naturally be granted to such undertakings than at this advanced period, when they have been so successfully carried on for so long a time.

150. Mr. *Peel*.] Do you know whether under the contract of the West India Mail Packet Company fines can be levied when the vessels arrive after the stipulated time?—I believe not; but I am not aware how that is.

151. *Chairman*.] At the same time I am justified, am I not, in saying that large allowances were made to that Company, in consideration of the unfortunate losses that it met with, and in consideration of the interests involved in its maintenance?—I dare say allowances were made, but I still think that they were not allowances so great as those which have been made to the present Company.

152. The Committee recommend, at all events, presuming that any penalty could be inflicted in respect of past deviations from the contract, that such penalties should not be inflicted?—It may be so, but the cases may not be precisely parallel. I certainly think that there are very great differences between them.

153. Sir *John Trollope*.] Have you had the contract for the West India Mail Service under you at all?—No. All those contracts were under the Admiralty, and I am not aware of what had taken place.

154. Are you aware of the terms of the subsidy?—No, I am not.

155. It has existed for many years, has it not?—Yes.

156. *Chairman*.] I think in the very letter to which I have been referring your Lordship, of the 13th of June 1861, you say that on all this (that is with regard to the "Parana") and on all other nautical questions, your Lordship has been guided by the advice of the Lords Commissioners of the Admiralty?—Yes.

157. If you will have the goodness to turn to letter 150, page 69, I think your Lordship deducted from the subsidy a sum of 490 *l.* from the passage of the "Connaught," which it was alleged was delayed off St. John's for a period of 37½ hours, owing to a fog of unusual duration and density?—Yes, that is so.

158. The directors stated, did they not, that that delay was one which "comes within the provision of the contract, as being one over which they had not, and could not have, any control?"—Yes, they so stated.

159. And I think Mr. Hill, at page 71, states, does he not, that the excuse which the directors had "offered for the delay of the contract packet 'Connaught' on the homeward voyage from Boston to Galway cannot be admitted by his Lordship in mitigation of the penalties incurred for excess of time occupied on that voyage?"—It is so stated.

160. Did you consult the Lords Commissioners of the Admiralty with regard to their usual practice in the case of fogs?—I am not aware that I did.

161. Are you aware that when the contract services were under the Admiralty they did always make allowances for the fogs?—I was not aware of that.

162. If it be true that the Admiralty would not have imposed a penalty upon this occasion, it is quite clear that no very great indulgence was granted to the Company so far as regards the delay of the "Connaught" on that date?—It might be so in that particular instance.

163. Mr. *Walpole*.] It would be usual, would it not, under circumstances like those stated in that letter of Mr. Boate to the Secretary of the Post Office of the 3rd of December 1860, when that delay is said to have been occasioned for a period of 37½ hours, owing to a fog of unusual duration and density, that some indulgence should be granted on that account?—It would depend very much upon the circumstances of the case. There is a naval agent, an officer of the

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Admiralty, who is on board every packet, and by whose reports we should be very much guided.

164. In a letter from Mr. Hill to Mr. Boate, on the 7th of December 1860, referring to that delay, I observe that no reason is assigned by the Post Office; can your Lordship state what the reason was for the refusing the indulgence?—At this moment I cannot.

165. Mr. *Peel*.] An allusion has been made to the irregularity in the performance of the service. I find, on turning to the Company's letter at page 116, that in the paragraph at the top of the page great stress is laid upon the value of the line as forming a link connecting Europe with America, and reducing the communication to about six days. The Company are required, are they not, by their contract, to deliver telegraphic messages at St. John's, within six days' time from the vessel carrying them leaving Galway?—It is so.

166. Can you inform the Committee how often the Company's vessels, on the voyages which they have performed, have reached St. John's within that time?—I believe there is only one instance in which the Company's vessels, sailing from Galway, have reached St. John's within the stipulated time which they are bound to do in the contract, that one being the "Adriatic," which is a very excellent vessel. That is the only vessel, from Galway, that has succeeded in making the voyage to St. John's in the stipulated time, namely, six days; from St. John's there have been some that have succeeded.

167. Mr. *Walpole*.] Which voyage was that?—The "Adriatic's" voyage was on the 23d of April 1861.

168. Mr. *Peel*.] Has the overtime of the voyage to Newfoundland amounted to from one to seven or eight days?—I believe it has.

169. But no penalties have been exacted for their being behind hand?—No penalties have been exacted, because we are enabled to impose no penalties by the conditions of the contract, it being considered as an essential condition, I presume, that if they failed to perform it, that was sufficient almost, of itself, to nullify the contract.

170. Mr. *Ker Seymer*.] Reference has been made to a paragraph in a letter written on your behalf by Sir Rowland Hill, in which it is stated, that "no penalties have been levied for the many occasions upon which, prior to the signing of the agreement for the suspension of the service, the Company failed to provide any packet for the conveyance of the mails on the appointed days." Could you put in those cases?—I will do so.

171. How many occasions have there been on which no vessel was provided to carry out the mails according to the contract?—Eight outwards, and as many inwards.

172. That was prior to any proposal to suspend the contract being offered by your department?—Yes.

173. Mr. *Walpole*.] It is stated in that letter that "no penalties have been levied for the many occasions upon which, prior to the signing of the agreement for the suspension of the service, the Company failed to provide any packet for the conveyance of the mails on the appointed days;" and I understand you to state, referring to "the many occasions," that there were eight outward and eight inward voyages, in which they did not provide a packet on the appointed days?—I will make the return accurately, but I believe that to be the case.

174. Were no penalties imposed on any of those occasions?—No; on none.

175. Mr. *Peel*.] Except under peculiar circumstances, you would consider yourself obliged to enforce the due performance of those contracts, would you not?—I imagine that one is bound to do so, both in justice to the public and in justice to the service. It would be impossible to do otherwise if partiality is to be shown to one Company, by not enforcing the penalties, and not shown to another; the other Companies would have a just right of complaint that the one had been treated with unjust favour and partiality.

176. The non-enforcement in the one case, and the enforcement in the other, would expose you to imputations of unfairness?—Yes.

177. Sir *John Trollope*.] Are the other Companies tied down by such stringent conditions as this Company?—Not perhaps so stringent, but there are stringent conditions in some of them.

178. *Chairman*.] Will you state, as Postmaster General, in what contract there are any stringent conditions whatsoever?—In the Australian and Cape of Good Hope services.

179. Sir

179. Sir *John Trollope*.] Is it not the fact, that the Australian service broke down from the extreme stringency of its conditions?—I believe it did break down, and the parties lost upwards of half a million from their being unable to perform their duties under the contract. Very large sums were lost to individuals who had entered into those engagements, which they were not able to fulfil, and the Government was obliged to put an end to the contract.

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180. Sir *Morton Peto*.] Was it not usual in a contract made by the Post Office for the packet service, to have a clause giving an exemption in case of delay from fogs?—I am not aware that it has been so, but in fact those contracts have hitherto been made by the Admiralty, and it is only this year that they have been transferred to the Post Office.

181. Has not a recent contract been entered into with the London and North Western, and the City of Dublin Companies, for the acceleration of the mails to Ireland, by the Post Office or by the Admiralty?—There has been an arrangement come to.

182. Is there not a clause in the contract specially granting exemption in the case of fogs?—I believe there is.

183. *Chairman*.] On the subject of fines, was it not the case that on the 26th of March the Company applied for the postponement of the service to the 9th of April, and did you not inflict a penalty upon them of 3,000 *l.* for that?—Yes.

184. Mr. *Peel*.] Did the Company consider that concession as one to which they were scarcely entitled at the time that you made it?—I may state that it was made at the very last moment. Information had been given that the contract would be terminated according to the intimation which had been given upon the agreement which was entered into, they having no vessel fit to go. It was late in the evening when I was in the Lobby of the House of Commons, and several gentlemen connected with the Company earnestly entreated me to allow them to postpone the voyage on that occasion, upon the payment of a large fine. The fine was mentioned at that time, and no objection was made to it, and no attempt was made to diminish it; it was received by them at the time as a very great concession, and they expressed themselves as very much obliged to us for having granted it.

185. *Chairman*.] Are you not of opinion that the Company have met with very great misfortunes with regard to those new vessels which they have constructed?—Yes, and I regret extremely to say that they have met with a great number of misfortunes, and they are therefore entitled to much consideration, which, had the case been otherwise, they certainly would not have received.

186. If the vessels did meet with these misfortunes, it was not owing to any want of management on the part of the Company, but owing to other circumstances, was it not?—It would be difficult exactly to say whether that was the case or not. I am afraid, with regard to the two vessels which are now in dock at Liverpool, that there must have been some negligence, or some imperfection in their construction, for I believe them to be extremely feebly and weakly constructed, and not fit for the performance of the service. Probably the Committee will be able to have the evidence of some of the persons who are now engaged in their reparation, who will be able to make those statements, and to show what their condition is, and what their condition must have been at the time they commenced the service.

187. Mr. *Peel*.] What are the names of those vessels?—The “*Hibernia*” and the “*Columbia*.”

188. *Chairman*.] Those vessels were examined by the Admiralty surveyor, were they not?—They were passed by the surveyor; but at the time that one of them was passed by the Admiralty surveyor, he stated that she would only be fit to perform two voyages, and that she must be re-surveyed completely before allowing her to take another voyage. That, I think, was the “*Columbia*.” The “*Hibernia*” was the one that broke to pieces going to Cork.

189. Mr. *Peel*.] Were those voyages of the “*Columbia*” always in fine weather?—I think that the “*Columbia*’s” voyage was in April. The “*Columbia*” made one voyage, and that was not a good one.

190. *Chairman*.] The “*Hibernia*” was however passed, and the report of the Surveyor of the Admiralty was that she was perfectly satisfactory; was not that the case?—Yes; I believe her imperfections could only be discovered upon her being opened.

191. With regard to the termination of the contract, I think that on the 7th

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of May, in consequence of the misfortunes that happened to the other ships, the Company was not in a condition to offer any one of the ships that had been approved of by the Post Office?—Just so.

192. And the Company being in that strait offered to your Lordship the “Parana” which they had chartered?—Yes.

193. In consequence of an opinion of the Surveyor of the Admiralty, that that vessel could not reach St. John’s within six days, you refused, did you not, to accept that ship?—I did so. I stated to the gentlemen who saw me upon the subject, and who wished to be allowed to substitute any other vessel of equal power and tonnage, that I would agree to the substitution of any other vessel of equal power and tonnage, and which also was approved of by the Surveyor of the Admiralty as being competent to perform the duties under the contract.

194. Mr. Walpole.] When was that?—I forget the exact date; but I think when the “Parana” was offered the matter was referred to the Surveyor to know whether she was competent to perform her engagements under the contract, and the answer that he gave me was, that she was not, in his opinion, sufficient to secure the performance of the stipulations of the contract, and, therefore, I felt myself not at liberty to accept her as a vessel to sail under the contract.

195. Chairman.] Did you ask the Surveyor of the Admiralty whether the “Parana” would be fit to execute the contract as between Galway and Boston, or whether she would be able to reach St. John’s within six days?—I asked him whether she would be able to reach St. John’s within six days, which I considered to be the most important part of the duty that the Atlantic Company undertook to perform; for I may state, with regard to the communication between Ireland and America, that Sir Samuel Cunard’s packets, and other packets, make their voyages in as expeditious, and more expeditious, time than the packets from Galway to New York; but with reference to the communication with St. John’s, and by St. John’s securing a later telegraphic communication to America, it was of great importance to have that service performed within the stipulated time; I therefore considered it essential, before any vessel could be accepted for the service, that she should be enabled to perform the service from Galway to St. John’s within six days, which was the stipulated time that she engaged to do it in the contract.

196. I think there is a stipulation, is there not, in the contract, which gives permission to the contractors to send out a ship of equal tonnage without regard to speed, in the event of any ship being disabled?—I think she must be approved of by the Postmaster General before she can be sent.

197. But there is no reference, is there, in the contract to speed?—The vessel must be approved of by the Postmaster General; and he is the person who has to decide whether she is an efficient ship or not; it is not only necessary that she be of equal power and equal tonnage, but also that she shall be equally efficient for the purpose of taking the contract; and the Postmaster General must be the judge, although of course his judgment is guided by the opinion of the Admiralty surveyor, whom he consults upon such occasions. The only exception, as I understand, is that a ship provided by the Company must be built upon plans approved of by the Postmaster General; but in case of other ships, there is no stipulation with regard to the speed of one more than another, except that they shall be capable of doing the voyage in the time.

198. That applies to both the Company’s own vessels, and vessels hired by them in lieu of their own vessels?—Precisely; that those hired by them should be as efficient and able to undertake the voyage.

199. With regard to the “Parana,” in her former voyages when she was permitted by the Post Office to carry mails from Galway to Boston, did she not perform the outward voyage in one day and seven hours less than the time specified in the contract for the outward voyage?—I believe she made several satisfactory voyages between Galway, Boston, and New York, but in no one instance did she perform the voyage between Galway and St. John’s within the stipulated time; in one of her voyages home she came in the stipulated time, but we are all aware that the voyages home are made more quickly than the voyages out, in consequence of the prevalence of westerly winds.

200. Therefore, I presume that if the original construction put by the Company upon the contract was the correct one, that there was no stipulation to deliver the mails at St. John’s, but only telegraphic messages when required to do so, there would have been no objection to the “Parana” if that construction had

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had been accepted by the Post Office?—It seems to me that there is precisely the same objection with regard to telegraphic messages as with regard to landing the mails; she would equally have been obliged to deliver telegraphic messages in six days.

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201. Are not the words of the contract “if required to do so by the Commissioners”?—The Commissioners require her to deliver her letters, and therefore in that is included the delivery of telegraphic messages.

202. Presuming that the construction put by the Company upon the contract, that it was not intended that the mails should be delivered at St. John's within six days, nor the telegraphic messages unless required by the Commissioners to do so, in that case there would have been no objection to the “Parana”?—I think there would have been equally the same objection whether she was required or not. The vessel must be a vessel qualified to do it if required, even according to their own interpretation.

203. Mr. Peel.] Could you tell at the time of the acceptance of the ship whether you would be obliged to send messages or not by her?—Of course not.

204. Chairman.] Had you any communication at any time with the Chairman of the Royal Atlantic Steam Company, Mr. Malcomson, upon the subject of transferring the Postal Service between Galway and America, from Galway to Foynes?—I am not aware of any direct communication on that subject, but I think that in the course of conversation I understood from Mr. Malcomson that it might be a question whether the contract might not be advantageously transferred from Galway to Foynes. It was mentioned in casual conversation, when discussing the question as to what parts of Ireland would be most advantageous for a direct communication with America, and not any actual proposition on the part of Mr. Malcomson; and it was also in connexion with a matter which was in discussion at the time, there being a question whether there was not a contract entered into between a Company in which Mr. Malcomson was concerned, and the French Government, for the transmission of mails to Waterford, and afterwards from Waterford over to Foynes, and so to be forwarded to America. That was a matter of communication between the Post Office and the Company with which Mr. Malcomson was connected, and the Company stated they were not aware of any such communication.

205. Mr. Peel.] Is your Lordship of opinion that if any moderate further indulgence had been shown to this Company there was any chance of their being able successfully to perform the contract?—I am afraid that if it had been extended to the 1st of June, instead of the 26th of March, they would not have been in a better condition on the 1st of June than they were on the 26th of March; nor even if it had been extended to the 1st of July would they have been in a better condition, for at this moment I believe they have only one single vessel, the “Adriatic,” an excellent vessel, which has performed the voyages with more expedition than any other between America and Europe. With the exception of that vessel, I do not believe that they have one to perform the service. It is quite clear that the “Columbia” and the “Hibernia” are not in a condition to perform the service. I am informed that they will not be ready for some months to come, so that there remain only the “Adriatic,” the “Parana,” and the “Prince Albert;” I therefore felt it extremely important that we should not at the termination of the suspension of the contract, again enter into disputes and discussions, as to whether a vessel not conformable to the conditions of the contract should be employed or not; and that if they had not vessels in every respect conformable to the conditions of the contract, it had better be put an end to, than that we should go on in that very unsatisfactory manner; and therefore those were reasons which led me to the conclusion that we had better terminate than go on in this unsatisfactory manner, both to the public and to the Company; even if it had been postponed to the present time, I believe they would not have been in a condition to fulfil the contract.

206. Mr. Walpole.] You mentioned that when the offer of the “Parana” was made, the Surveyor to the Admiralty was of opinion that that vessel could not execute the contract?—On the last occasion I said it was so.

207. Is that surveyor's opinion in writing?—Yes, it is given in these papers.

208. Mr. Peel.] Do you consider an irregular service almost worse than no service at all?—For mere postal purposes I consider it quite as bad, if not worse, than no service at all; for if you cannot calculate with certainty upon the days at which a ship will perform the service, it is quite useless.

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209. *Chairman.*] In case you had postponed the service at the request of the Company till the month of June, the "Hibernia," at all events, would have escaped the accident which she met with on the 28th of March, would she not?—I cannot help thinking it a very fortunate thing that the "Hibernia" met with that accident when she was no further off than Cork?—If she had met with the same storm between Galway and Newfoundland, she probably never might have arrived at her destination.

210. *Mr. Peel.*] In fact, the fate of the "Connaught" showed how necessary it was for the Post Office to take proper precautions to see that the ships were in a condition to perform the voyage?—All the accounts which we receive show that the "Connaught" was in a very unsatisfactory condition; she was unable, at the commencement, to start; she was leaking, and there was very much water in her hold, and on the voyage on which she was burnt she was in a very unsatisfactory condition, as far as I could learn.

Henry Vallance, Esq., called in; and Examined.

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211. YOU are the Solicitor to the Atlantic Royal Mail Steam Navigation Company?—My firm, Vallance and Vallance, of Essex-street, Strand, are Solicitors to the Company.

212. On the 21st of April 1859, the contract between Her Majesty's Government and the Royal Atlantic Company to which we have already alluded was made?—It was.

213. In pursuance of that contract the Company at once proceeded, did they not, to build a steam fleet at considerable expense?—They did.

214. I think it was on the 10th of June 1859 that you entered into a contract with Messrs. Palmer, of Newcastle, for the construction of two ships, at a cost of 95,000 *l.* each?—That was so; a contract was made in pursuance of an arrangement previously entered into between the Company and the builders, providing for three ships; that is to say, a provisional contract had been made, but not entered into finally until the contract was made with the Imperial Government.

215. And you also made, in the same month, another contract with Mr. Samuelson, of Hull, for the construction of two other ships, the cost price being 97,500 *l.* each?—Yes, on the 15th of June, making four ships altogether. Messrs. Palmer's first contract contained a provision for giving the Company permission to order another ship upon the same terms, upon the Company giving them a reasonable notice, I think 12 months, for the completion of the fifth ship, it having been in contemplation at one time to build five ships; but the actual contract entered into was for four ships.

216. *Mr. Peel.*] This passage in the letter of the Company of the 18th of January 1859, is scarcely correct: "We beg respectfully to inform your Lordships that we have completed the contracts for the building of five steamships, which will be possessed of all the advantages and improvements that modern science can confer"?—It is not correct, in point of inference, that the contract had been entered into for the five; no orders had been given by the Company except as to four; that is the reason why I mentioned the circumstance, that only four were ordered; the Company had the privilege of ordering five, but they never gave distinct orders except for four.

217. This statement was made in a letter to the Government, applying for the Atlantic contract?—I think it was at that time; a provisional arrangement had been made, and a provisional contract had been sealed between the Company and Messrs. Palmer, providing for three ships, and giving a clause in the contract for the Company ordering a ship.

218. *Mr. Walpole.*] The second order was given on what date?—The first order was given on the 10th of June for two ships; the other on the 15th of June 1859 for two more ships.

219. No order was given for the fifth ship?—No order has been given for the fifth ship.

220. *Chairman.*] By the postal contract it was provided, I think, that the ships should be of not less than 2,000 tons, and not less than 450-horse power?—Two thousand tons, builders' measurement, and not less than 450-horse power each.

221. Did the contractors enter into contracts for the construction of ships
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very largely in excess of the tonnage and power mentioned in the postal contract?—Considerably so; the ships were, in round numbers, about 2,700 or 2,800 tons burthen. Messrs. Palmer's contract was 2,800 tons for each of those ships, and the horse-power, I think, was 850. Messrs. Samuelson's contract for the other two was for 2,860 tons measurement, and 800 Admiralty rule horse-power.

222. Mr. Peel.] And guaranteed to run 20 miles an hour?—Yes, and guaranteed to run 20 miles an hour in smooth water; statute miles, not nautical miles.

223. Chairman.] Were the lines, plans, and specifications of those ships submitted to the approval of the Board of Admiralty, and were they approved by them?—The lines, plans, and specifications, and models, I believe; at all events, a model of Messrs. Palmer's ship was submitted to the Admiralty, and the Company received, so far as Messrs. Palmer's contract was concerned, an intimation from the Admiralty of their approval. On the 9th of May 1859, a letter signed by the Company was sent to the Secretary to the Admiralty in these terms: "Messrs. Palmer, Brothers, & Co. of Newcastle-on-Tyne, with whom the directors of this Company have contracted for the building of two iron steam-ships for the Galway and American postal service, having deposited at the Admiralty Contract Department the plans and specifications, and the models of the proposed ships for this line, I am instructed to request you will be so good as to direct that these plans and specifications may be examined, and their approval notified to the directors at the earliest convenient period." To which letter a reply was written by Mr. Corry on the 31st of May 1859, stating, "I am commanded by my Lords Commissioners of the Admiralty to return you herewith the drawings and specifications referred to in your letter of the 9th instant, observing that nothing appears to show that the vessels would be unsuited for the conveyance of Her Majesty's mails between Galway, Boston, and New York; at the same time I am to inform you that their acceptance or otherwise under the contract, must depend on the result of the final survey and trial held on them by the officers of the Admiralty."

224. Mr. Peel.] That was according to the stipulations of the contract?—It was; the contract provided in the first clause that the lines, plans, and specifications, should be submitted to and approved of by the Admiralty, and "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."

225. I am referring to the trial of the vessels subsequently; that "the said Commissioners shall be at liberty," and so on?—"Shall be at liberty and have power to have all such vessels and engines tried in whatever manner they may at any time or times think fit, and to take whatever steps they may deem expedient to satisfy themselves of the fitness of each vessel in every respect for the said service."

226. Chairman.] Was there any bargaining or stipulation of any kind made on the part of the Company, or any attempt, in short, with a view of lowering the price which was to be paid to the contractors for building the ships?—Not to my knowledge, and I do not believe that there ever was. I think Messrs. Palmer sent, in the first instance, their own estimate of the amount at which they would build the ships, according to the specifications, and I think the acceptance was by a naked simple acceptance by the Company, after some months' discussion between the Company and Messrs. Palmer. I think, with regard to Messrs. Samuelson, that some further requirements were made of Messrs. Samuelson; there was some distinction made, I think, in the engines, and they required 2,500 *l.* more for each vessel, making 5,000 *l.* more for the two vessels.

227. The contractors were bound, were they not, to deliver those vessels within 12 months from the date of the contract?—Within 11 and 12 months.

228. Mr. Walpole.] The time fixed for the performance of the contract was the 26th of June 1860?—The Post Office fixed it during the month of June; ultimately, the Postmaster General appointed the 26th of June. The terms are that they shall be ready during the month of June 1860.

229. And orders were given for making those four vessels so that they should be completed early in June?—All the contracts provide for the delivery of the ships anterior to the time when our Company should commence our service.

230. Mr. Peel.] When were the ships begun to be built?—I think within a few

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few days after the date of the contract, but I am speaking from memory ; probably the Committee will examine the builders. I believe both builders had ordered the iron plates, and angle iron, upon the assumption that the contracts would be carried out prior to the dates of the contracts.

231. What contracts are referred to in that letter to which I have called your attention?—There was a provisional contract with Messrs. Palmer, and an understanding or agreement with Messrs. Samuelson ; but speaking from my own knowledge, no farther contracts were entered into conclusively for the commencement of the ships, beyond the fact of the provisional contract with the Messrs. Palmer, and the agreement for a contract with the Messrs. Samuelson ; I might add that the Company had resolved to accept those tenders, and to give those builders the orders in December 1858, or January 1859.

232. *Chairman.*] Was there any clause inserted, making the builders responsible for penalties in case any delay should occur beyond the time stipulated?—Yes; there was a penalty of 50*l.* a day for each ship.

233. I am to presume that the Directors of the Atlantic Company took every possible precaution in their power to ensure the construction of ships efficient in build and in power, and that their delivery should be within the time specified in the contract?—I think I can safely say that; for I may mention that the plans and specifications, and the lines of the ships, were the result of the combined opinions of several influential gentlemen who were called upon. I believe the Admiralty surveyors were consulted from time to time upon the subject, so that the specifications which were appended to the contracts were specifications arrived at after some weeks or months, I may say, of deliberation, and after taking the opinion of those persons who were most competent to give an opinion upon such a class of vessels. I may mention incidentally that I see Messrs. Palmer's contract provides the first ship to be delivered within 10 calendar months, and the second ship within 11 calendar months, that is, April and May 1860.

234. Do you find in Messrs. Palmer's contract this clause, that the vessels "shall be built of the best materials in a substantial and workmanlike manner, and finished in superior style, and the whole of the work shall be done under the inspection and subject to the approval of the Company or their surveyor for the time being, by whom all materials shall be approved, and the Company or their surveyor, and also the inspectors of the Admiralty and of Lloyd's, shall have access at all reasonable times during the progress of the works to examine the same, and the whole of the work shall be properly and substantially fastened to the satisfaction of the Company or their surveyor for the time being"?—It is so, word for word.

235. Did the Company at any time send down any surveyor to inspect those ships?—They did; they appointed a superintending surveyor, a Mr. Henderson, a shipbuilder, I believe, of great respectability and position upon the Clyde, and he appointed under him some sub-surveyors. There were resident surveyors at Newcastle, and resident surveyors at Hull; practical surveyors at Newcastle, and practical surveyors at Hull; and by the contract between the Company and Mr. Henderson, the superintending surveyor, he was to make 60 special visits, I think, to the ships during the progress of the building.

236. Does it come within your personal knowledge that any such visits were made?—I know that he did visit the ships, because I have met him there myself, but I could not speak as to the extent of his visits.

237. Are you aware that he did inspect those ships?—I am aware that reports have come to the Company, when I have been present at Board meetings, from time to time, from the surveyor, speaking of the condition of the ships from personal inspection.

238. Are you aware whether the Inspectors from the Admiralty or Lloyd's ever inspected those ships?—Not of my own knowledge. I believe both the Admiralty and Board of Trade Inspectors, at every port where shipbuilding is carried on, from time to time visit the ships, but I am not aware whether they did so in any special capacity, as inspecting those particular ships.

239. Besides the clause which I have read to you, there was another, was there not, in the builders' contract, to the effect that each of the vessels, when delivered by the builders to the Company, should be in such a state and condition as to satisfy the Board of Admiralty?—Yes; and to enable the Company to obtain a certificate of such satisfaction, it also was provided, "and the builders covenant with the Company that they, the builders, will, upon the said delivery
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of the said vessels, respectively deliver to the said Company the certificate of the Board of Trade, that such vessel is in accordance with the requisitions of the said Board, and also that each of the said vessels, when delivered by them to the Company, shall be in such a state and condition as to satisfy the Board of Admiralty, and to enable the Company to obtain from the Board of Admiralty a certificate of such satisfaction, and that each of the said vessels when delivered shall be equal to nine years A. 1 class at Lloyd's."

240. Mr. *Ker Seymer*.] I understand that those vessels were originally intended to be named after the four provinces of Ireland?—Yes.

241. Subsequently their names were altered, were they not?—Yes.

242. Was that after the loss of the "Connaught"?—Yes; after the loss of the "Connaught."

243. *Chairman*.] Will you inform the Committee what report the surveyors of the Admiralty made upon each of the three vessels which have hitherto been delivered, the "Connaught," the "Columbia," and the "Hibernia," merely giving the general substance of the report, without entering into the particulars?—The final report is on page 43 of the Parliamentary Paper, No. 337, of 1861; the engineer and surveyors' report. The first report is upon the engines, of the 7th June 1860, in which they state the result of the trial trip of the "Connaught;" "that the speed of the vessel was about 13 knots; the average revolutions of the engines was 16·6; the average pressure of steam in the boilers was 22½ lbs. on the square inch; the vacuum in the condensers was 24½ lbs. The machinery and boilers appear in every respect good and substantial, but the method of stopping and reversing the engines is, in our opinion, too slow." Then, with reference to the hull of the vessel, on the same day, the Board of Trade surveyors report deficiencies, but on the whole the vessel is well supplied; they say "With the exception of the foregoing deficiencies, we consider the vessel is well supplied with all the necessaries for the service for which she is intended," and the usual certificate was granted. A second survey was then held, it appears, on the 18th of June 1860.

244. On the 21st of June there was a report by Mr. Rubie, in which he says, that in other respects he considers the "Connaught" fit for the service she is intended for?—Yes; and on the 22d of June 1860, Captain Robertson, of the Royal Navy, Surveyor General of the Board of Trade, pointed out some defects in the vessel, but he states, "I therefore think she may be accepted as fit for the mail service, under the contract;" that was her final survey previous to commencing the service.

245. Mr. *Peel*.] Was she capable of going at the speed at which it was guaranteed that she should go?—I do not think she could; not the 20 statute miles an hour. I may mention that the Admiralty Surveyor would not give a certificate upon that point; it was matter of contract between the Company and the builders.

246. Would that form the subject of any correspondence between you and the builders, in consequence of the vessel not being able to go at the speed she was contracted for?—I cannot at this time recollect; the Admiralty Surveyor, of course, would only pass her in reference to her efficiency for the service required under the contract.

247. Sir *John Trollope*.] What was the result of his survey?—She was accepted for the mail contract, and sent round to Galway under the certificate of the Admiralty as efficient, and with a certificate of the Board of Trade.

248. Mr. *Peel*.] Are you confident that there was a survey by the Admiralty?—It appears by a letter in page 16, an Enclosure in No. 32, being a letter from Mr. Romaine to the Secretary to the Post Office, that they would consider that it would be unsatisfactory that the survey of a ship commenced by the officers of one department should be completed by those of another, thereby causing the responsibility to be divided; and as the officers of the Board of Trade had commenced the survey of the "Connaught," their Lordships thought it would be desirable that the same officers should complete it.

249. It would appear, therefore, that there was no survey by the Admiralty?—I should judge so by that.

250. Sir *John Trollope*.] If you look at the next letter, you will find that that was assented to by the Treasury?—Mr. Stephenson from the Treasury addressed to the Postmaster General a letter, in which he stated "their Lordships are therefore pleased to authorise the necessary communication being

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addressed to that department accordingly." I conclude by that, that there was no separate Admiralty survey.

251. *Chairman.*] Now, with respect to the "Hibernia," what was the state of the case with regard to her?—The "Hibernia" was sent round to Southampton for trial and survey, and with a view of the commencing the mail service on the 26th of March last.

252. *Sir John Trollope.*] By whom was the "Hibernia" built?—By Messrs. Palmer.

253. *Chairman.*] If you turn to page 3 of Paper 277, you will find something with regard to the "Hibernia"?—With regard to the "Hibernia," under date of the 4th of March 1861, there is this certificate from Mr. Lewcock: "I beg to report that the 'Hibernia' is in every respect fit to be employed for the conveyance of the mails between Galway and the United States, in accordance with the contract with the Atlantic Royal Mail Steam Navigation Company."

254. *Mr. Peel.*] When should this vessel have been ready under your contract with the shipbuilder?—The second vessel ought to have been ready in May 1860.

255. *Mr. Walpole.*] Who is Mr. J. Lewcock, who signed that certificate of the "Hibernia"?—One of the surveying officers of the Admiralty.

256. *Chairman.*] Then it appears that there was a subsequent survey after the accident to the "Hibernia"?—Yes; she put first into Cork Harbour, and then was subsequently sent round to Messrs. Laird of Birkenhead for survey; and then two Admiralty surveyors, Mr. Dinnen, the engineer surveyor, and Mr. Luke, the hull surveyor, sent a certificate on the 6th of April, which appears in Parliamentary Paper, 277, at page 4: "We have surveyed the "Hibernia" in dry dock at Messrs. Laird's yard at Birkenhead in reference to the Postmaster General's communication respecting the leaky state of that vessel, consequent on encountering a heavy gale on her passage from Southampton to Galway, and we found the whole of the butts of the flat, keel, and bottom plating, for about 180 feet amidships, very much strained." They also say, "The Company have caused a survey of the ship to be made with a view to determine what should be done to strengthen her, and in other respects to make her fit for the service she is intended for, and their proposals for this object, when decided on, will, we understand, be officially submitted for the consideration of the Postmaster General. The engines for driving the paddles are stated to have performed well; but the main shaft of the engine for driving the air pumps has been somewhat strained, and is to be replaced by a stronger one."

257. *Mr. Peel.*] They were of opinion that there was a deficiency of strength in the vessel as to render her unseaworthy?—I see it is so.

258. *Chairman.*] Will you turn in the same paper to page 20, where you will see a report from the Liverpool shipwright surveyors, James Martyn and W. Campbell; will you state to the Committee what they say?—Certificate on the 2d of April 1861, by the Liverpool shipwright surveyors: "We beg to report that the paddle steamer 'Hibernia' has arrived at this port and been placed in dry dock. We have examined her, and she appears to show great symptoms of weakness, and will require to be considerably strengthened. We therefore submit that her certificate be cancelled," and the certificate was cancelled accordingly.

259. *Mr. Peel.*] Was that the certificate of the Board of Trade?—I should think it was the certificate of the Admiralty. I apprehend that the Board of Trade would not have any jurisdiction upon that.

260. It was not a certificate given under your contract?—Yes; it was the certificate of the Admiralty Department, under the terms of our contract.

261. Was it the general certificate of the Board of Trade?—I cannot state that.

262. *Mr. Walpole.*] On page 3 you read a certificate, signed J. Lewcock, and you stated that that was the Admiralty surveyor?—I believe he is.

263. If you turn to page 20, and under date of the 2d of April 1861, which is subsequent to that, you will observe, that on the 4th of March 1861 they submitted that the certificate for that vessel should be cancelled?—Yes.

264. Then, if you turn back again to page 3, after the accidents that happened to the "Hibernia," you have the certificates of the 6th of April 1861, with that passage which you have read, stating that "The Company have caused a survey of the ship to be made, with a view to determine what should be done to strengthen

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strengthen her, and in other respects to make her fit for the service she is intended for, and their proposals for this object, when decided on, will, we understand, be officially submitted for the consideration of the Postmaster General." The first certificate is cancelled; an accident happens to the vessel, and then upon a survey being made of her, some further proposal is to be submitted to the Postmaster General; was that done?—No; the Company have now given directions for any requirements emanating from the Board of Trade and the Board of Admiralty to be carried out; that intimation was given to the surveyor of the Company as to what those requisitions would be, and the ship is now being strengthened, and other reparations are being carried out in accordance, as it is supposed, with what will be the requirements of the Board of Admiralty. I may here mention that the Board of Admiralty are not in the habit of giving certificates, or any indication in writing, of what they require to be done to render a ship efficient; they leave the responsibility upon the contractor, but the surveyors are good enough from time to time to indicate verbally the parts of the ship to which they object, and which they require to be strengthened.

265. *Mr. Peel.*] I think you are under a mistake, when in your answer to my question you say that the certificate which was recommended to be cancelled on the 2d of April 1861, at page 20, was a certificate of the Board of Admiralty; that was the certificate of the Board of Trade, was it not?—I only concluded that it was so.

266. You observe that those certificates after page 6 are the certificates of the Board of Trade surveyors?—I see they are; at all events, whether it was a Board of Trade, or an Admiralty certificate, the cancellation by either one or the other would of course render the ship incapable of performing any voyage.

267. *Chairman.*] She is at present, is she not, being repaired at Messrs. Laird's, at Liverpool, at a very large expense?—Yes; at an estimate of between 25,000*l.* and 30,000*l.*

268. That is for repairs and to render her seaworthy?—Yes; instructions have been given to them to carry out all the requisitions of the surveyor, who is the ordinary surveyor of Lloyd's at Liverpool, and of five or six other surveyors who have been down and inspected her, and have given their opinion as to the requisitions which ought to be attended to to make that ship come within the terms of the contract.

269. Now, will you go to the other ship, the "Columbia"?—The first survey of the "Columbia" is in page 4 of Parliamentary Paper 277, under the date of the 1st of April 1861.

270. *Mr. Peel.*] When should the "Columbia" have been ready according to your contract with the shipbuilders?—Within 11 calendar months from June 1859; that is, in May 1860.

271. One thousand eight hundred and sixty; it was not ready until March 1861?—Not until March 1861.

272. *Mr. Walpole.*] It was the same with regard to the "Hibernia," too, was it not?—Precisely.

273. Those two vessels are, therefore, a year in arrear?—Yes.

274. *Chairman.*] Now as to the "Columbia." Mr. Luke, the Admiralty Surveyor, states that he examined the "Columbia," and he states that she at the present time is "sufficiently seaworthy, and fit to carry the mails for two or three voyages during the summer service referred to in the contract, after which she should be carefully examined in dry dock;" and he apprehends that "it will be found that she has not that degree of longitudinal strength in her lower and upper parts which she should have to prevent straining and leakage when at sea"?—That is so; he recommends also bulwarks to be fitted to her.

275. What was the date of the "Columbia's" first voyage from Galway?—April the 9th, 1861.

276. I think it was on her return voyage that she met with an accident?—She struck on the bar at Boston, and encountered also icebergs, and upon her return to Galway, she was reported not in a condition to go on another voyage, as her paddlewheels were broken by the ice, and the vessel otherwise was supposed to have been injured. She was, therefore, sent to Birkenhead as the nearest place, I may mention, at which there is a dry dock or graving dock sufficiently large to take ships of this size; and after undergoing a survey there,

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there, reports were sent to the Company, and orders have been given to Messrs. Laird & Sons to put her in such a state and condition, as in the opinion of Messrs. Laird & Sons, and the surveyors, was necessary to render her fit for service.

277. At what cost?—The approximate estimate comes to 15,000*l.*; that is, including the additions which the Admiralty recommended, and which we considered necessary, namely, additional bulwarks, and also strengthening the ship in various parts.

278. What time did she take in the performance of her first voyage out?—She left Galway on April 9th, and arrived at St. John's on the 19th, and she arrived at Boston, which was her terminal port, on the 27th of April.

279. *Mr. Peel.*] That was eight days between St. John's and Boston?—She was seven days; it was 7.30 in the morning when she arrived.

280. How many days behind was she when she arrived at Newfoundland?—Assuming that the voyage was six days, she would be three days behindhand.

281. Four and a half days, I believe, she was behindhand?—Not according to this Table.

282. She was ten days and six hours, was she not, in getting to St. John's?—She was ten days and some hours, and therefore she was four days and some hours beyond the time.

283. She was six days and two hours over time at Boston?—I do not know what the contract time was to Boston.

284. This was before she encountered any of those difficulties which you have mentioned?—No, it was before she struck the bar, but after she had broken her wheels, as I understood, by the icebergs that she went through.

285. I thought you stated that that was on her return voyage?—No, the wheels were broken on her outward voyage; I think she was delayed some days by the side of a floe of ice, besides breaking her wheels.

286. *Mr. Walpole.*] You stated, did you not, that orders were given for two ships on the 10th of June, and two more on the 15th of June; which were those four ships?—The first two ships were Messrs. Palmer's, called the "Connaught" and the "Hibernia;" and the second were two ships of Messrs. Samuelson, the "Columbia" and the "Anglia."

287. The contract was made for the completion of those four ships within 10 and 11 months respectively, from the date of the contract?—Precisely.

288. It appears from what you have been reading now that only one of those ships was completed within the 11 months?—That is so.

289. Is there any explanation why the other three were not completed?—There are very long explanations on both sides, between the builders and the Company, as I think it will open a long subject, will you allow me to refer to that at the next meeting of the Committee.

290. *Mr. Peel.*] Has the fourth ship, the "Anglia," been delivered yet?—No, she is ready for delivery, and was stated to be ready, I understand, on the 1st of June 1861.

291. *Mr. Wapole.*] That was one of the four first?—That was the last of the four ships.

292. *Sir John Trollope.*] Has any alteration been made in her, as was suggested by one of the Admiralty surveyors?—I believe there has.

293. *Mr. Peel.*] At this moment she is still in the builder's hands, is she not?—Yes; but she is completed, and ready to be delivered to the Company; the arrangements were made for the delivery last week.

Veneris, 5^o die Julii, 1861.

MEMBERS PRESENT.

Mr. Gregory.
Mr. Peel.
Sir Morton Peto.
Mr. Ker Seymer.

Sir John Trollope
Mr. Walpole
Mr. Brown-Westhead.

WILLIAM GREGORY, Esq., IN THE CHAIR.

— Henry Vallance, Esq., called in ; and further Examined.

294. *Chairman.*] IS there any explanation which you wish to make with regard to your evidence on the last meeting of the Committee?—Perhaps the Committee will allow me to correct a statement which I made in reply to a question from the Honourable Member for Bury, with regard to an expression in the company's tender. The company's tender for the postal contract was on the 18th of January 1859, and in that tender it is stated that a contract had been entered into by the company for the construction of five ships. I have since examined the minute books of the company, and I find that on the 1st of December 1858, that is, a month prior to that tender, a provisional and conditional contract had been entered into with Messrs. Palmer & Company for three ships, and arrangements had been made with the Messrs. Samuelson for two ships, but no contract had been made. I think the word in the tender ought to have been "arrangements" instead of "contracts," as it is quite clear that no contract had been actually made.

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295. *Mr. Peel.*] What is the nature of the provisional arrangement?—The provisional contract with Messrs. Palmer is, that they should build three ships for the company, upon receiving notice from the company upon certain terms after receiving notice some two or three months. The arrangement with the Messrs. Samuelson was, that their tender was accepted for two ships, but no contract was signed ; it was delayed until a further arrangement was made with the Government with regard to the postal contract.

296. *Mr. Walpole.*] You stated that the last time the Committee met ; but your evidence upon what was really the case as to the contracts which had been entered into, is not, strictly speaking, consistent with the tender which was made in January 1859?—No.

297. Now I understand what you wish to say is, that you admit that the tender of January 1859 does not correspond with the facts of the case as represented by the word "contract," and you offer now, as an explanation, circumstances to show why that inaccuracy arose ; is that so?—It is so. Instead of the word "contract" being used in the company's tender of 18th of January 1859, it ought to have been that "arrangements" had been made for five ships.

298. *Mr. Peel.*] This tender having been accepted, were the ships built upon that provisional contract?—No ; the ships were built upon a repetition, as it were, of that provisional contract, except increasing the power and tonnage of the ships.

299. And reducing the number of them?—And reducing the number of them ; that is, four instead of five ; only four ships were ever ordered. My version would be, that the word "arrangements" ought to have been used instead of "contracts." The Company had the power to order five ships, but they never made absolute contracts for more than four.

300. *Mr. Walpole.*] At what page is that tender mentioned?—It is mentioned in Parliamentary Paper 230, page 50.

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301. *Chairman.*]

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301. *Chairman.*] I think, if you will turn to page 108 of Parliamentary Paper 132, you will see that the directors of the Company have complained that other considerations besides the defects in the ships may be pleaded by them as accounting for the irregularities and deficiencies in the service?—They do complain so.

302. And do the Company consider that those were political questions which were raised immediately after the grant of the contract, and with which the directors have no connexion whatsoever?—Entirely so; there are two branches, one political, and the other, I think, commercial. The political questions arose in Parliament, and the commercial questions arose at Liverpool and various other parts of the country which had their reflection in the House of Commons on commercial grounds against this contract; but the whole of the political part of the question involved really the question of the actual validity of the contract, and that question being involved, of course it had a most serious effect upon the directors in placing the capital of the Company. They had entered into contracts with the shipbuilders upon the assumption that the shares of the Company would be taken up by the public, but the moment the validity of the contract was called in question, that operated almost as a complete estoppel to any efforts in that direction by the Company.

303. Am I justified in saying that from June 1859 to July 1860, there were continually arising questions and discussions in Parliament which very seriously affected the status of the Galway Company in the money market?—That is so; independently of that also I may state, that up to the 9th of August 1860, when the House of Commons, after a division, confirmed the estimate for the subsidy, up to that time from the date of the contract of the 21st of April 1859, there was a general impression prevailing that the contract would not be confirmed; and on that branch of the subject I may mention that I believe that this is the first contract which has ever been made by a Government which imported the words into it that the subsidy was to be paid out of monies to be voted by Parliament. Mr. Cunard's contract, which is dated in 1858, is a contract whereby the Government absolutely engaged to pay a subsidy of 173,340*l.* per annum, and the Galway contract is a contract for 1,500*l.* per voyage, but only to be paid out of monies to be voted by Parliament; the reservation, therefore, in the contract, giving power to the House of Commons to vote the subsidy or to refuse it, was taken hold of by political writers and persons opposed to the grant of the contract, and it was held forth that, at all events, until Parliament had actually confirmed the subsidy by voting the estimate for the Company's services, the validity of the contract was really in question.

304. Am I justified in stating that the greatest uncertainty prevailed, both in the minds of the directors of the Company, and in the public mind, during the whole of the Session of 1859, as to whether that contract would ever be ratified or not?—That was so.

305. Am I also justified in stating that the same state of things and the same uncertainty continued until almost the end of the Session of 1860?—It did, until the 9th of August 1860.

306. Am I justified in stating that a letter was addressed by the Treasury to the Company, under date of the 22d of June 1860, which must have raised very considerable uncertainty in the minds of the Directors, as to whether that contract would be ratified or not?—It did; it confirmed almost the doubts as to the validity of the contract. If the Committee will allow me, I will mention the dates at which some of the particular discussions occurred in Parliament, and the correspondence that the Company had with the Government, which tended to confirm the view which the Company took, that they were unable to obtain from the Government, (perhaps properly on the part of the Government) any assurance that the contract would be confirmed. The first discussion which took place in Parliament, was on the 30th of June 1859; that was two months after the date of the contract; a question was put by Mr. Baxter to the Chancellor of the Exchequer, asking whether his attention had been called to the question of the Galway contract. On the 9th of June 1859, the Postal Contract Committee was appointed; on the 11th of July, there was a further discussion in Parliament, and on the 12th, again; on the 15th of July, the question of the Committee was again considered, and on the 19th of July, a further discussion took place

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as to the Dover contract, in which reference was made also to the Galway contract. Then, on the 20th of July, the directors of the Company, under the signature of Mr. Harvey Lewis, who is now a Member of this House, and was then the chairman of the Company, addressed this letter to the Treasury: the letter is dated the 20th of July 1859. "The directors of this Company regret much to observe the numerous misstatements which are made, both in Parliament and in the public journals, with reference to the postal contract obtained by this Company. In some quarters it is attempted to be shown that, in appointing the Committee upon postal contracts, the Chancellor of the Exchequer had in contemplation that such Committee should have power to reconsider the question as to the grant of the contract to this Company, and to put an end to it. We are aware of the general statement made by the Chancellor of the Exchequer in reference to such Committee, but statements prejudicial to this Company are industriously circulated by interested parties, and we feel called upon to address you on the subject. You are probably aware that a large proportion of the commercial public view with considerable alarm the slightest intimation that the solemn contracts of Her Majesty's Government are to be called in question by the House of Commons, and that private individuals or public companies, who have acted upon the faith of such contracts, and incurred serious responsibilities under them, are to have their interests affected by any such revision; by such a course, public confidence in such transactions must necessarily be seriously affected. The Board of Directors of this Company have received numerous applications, both by letter and verbally, from shareholders, as well as from parties who would probably invest capital in this Company, but who all desire to learn the precise position of the contract, and whether the subsidy can be effected by any proceedings of this Committee. Whatever confidence the directors may have that the contract will be upheld in its integrity, they feel that it is due to the shareholders and to the public to ask you to make such a communication to them as may enable them to allay all anxiety upon the subject by an assurance from the Lords Commissioners of Her Majesty's Treasury that the proceedings are not in any way intended to affect the validity of any contract entered into, or to break faith with the contractors, in withholding the subsidy when the time arrives for the payment of it. The directors of this Company are using their best exertions to be prepared to carry out the contract in good faith with Her Majesty's Government, and are incurring large responsibility in reference to the steam-vessels and otherwise. They trust, therefore, you will not consider the request they now make intrusive." On the 25th of July 1859, the Treasury addressed a letter, under the signature of Mr. Hamilton, to the chairman of the Company, in which he states: "I have laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 20th inst., praying for an assurance from their Lordships, that no proceedings shall be taken calculated in any way to affect the validity of the contract entered into with the Atlantic Royal Mail Steam Navigation Company, and I am desired by my Lords to acquaint you, in reply, that they have nothing at present to add to the statement already made by the Chancellor of the Exchequer in Parliament; and I am to state that, if the Company desire any further assurance, they should apply to the Select Committee of the House of Commons to deal with the case as soon as possible." That was in 1859; the Committee made its first report that year, but they made no report, nor did they make any inquiry during the Session of 1859, as to the Galway Contract.

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307. I think that they reported to annul a contract?—Yes; the report which they did make was one which annulled the prolongation of the contract for the Dover and Calais service, Mr. Churchward's contract; and the effect, of course, of the annulling of that contract was most damaging upon the affairs of the Galway contract, because it was then openly stated that Parliament had got rid of one contract which had been entered into under circumstances which were mentioned in the House; and that, therefore, that gave an opportunity for those persons who were opposing the Galway contract to argue that the probability was that the Galway contract would also be set aside. On the 26th of January 1860, there was a renewal of the notice given by the present Government, in the House of Commons, for the re-appointment of the Postal Contract Committee, and the Committee was re-appointed on the 30th of January 1860. On the 27th of March, I see a discussion arose in Parliament, on the motion of Captain Leicester

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Vernon, with regard to the Dover contract. On the 22d of May 1860, the Postal Contract Committee made its first report upon the Galway contract; and in that report there is the following passage: "The fact, however, must not be lost sight of, that in the Galway contract there was inserted, and for the first time in such contracts, an express declaration as to the subsidy being payable out of monies to be voted by Parliament, and that this was specially under the consideration of the contractors. Under these circumstances, it will, of course, be open to Parliament to decline to vote the money for carrying out the contract; but your Committee is not prepared to recommend this course." The next step taken in Parliament was upon the estimate for the postal services, which was presented to the House on the 11th of June 1860; in that estimate for the postal service the amount which was expected to be payable to the Galway Company was not inserted. A foot-note was appended to the estimate, in which it was said, that "a further estimate of 60,000*l.* for contract for the conveyance of mails by steam vessels to and from Galway and Boston, and to and from Galway and New York, (being the amount for payment for 10 months only of the year), will be presented, in case the contractors fulfil the conditions of the contract by commencing the service, as therein provided, not later than the month of June 1860." The effect of that, upon the minds of the directors, as well as upon the minds of the public, was of course to strengthen the doubts that existed. It was subsequently pressed upon the Government that the estimate for the Galway contract should be taken as a separate estimate; and an arrangement was made, I believe, in the House of Commons, that it should be taken as a separate estimate. Accordingly, on the 23d of July 1860, Parliamentary Paper, 477, a separate estimate of the amount required for the contract of the Galway service was laid upon the Table of the House, amounting to 78,000*l.*, agreeably to the pledge given by the Government.

308. Before going any further, I think you have now got up to the middle of June 1860?—Yes, I have.

309. Have you any further statement to make before proceeding to what took place after the 22d of June?—I may say that in the first Report of the Committee, in Session 1860, this passage occurs at page 13. "The Montreal Company were then and still are perfectly ready to carry the agreement into effect, if the sanction of the Government were given, and if the railway company were willing now to concur in it." That referred to the transfer by the Galway Company to the Canadian Government of this particular postal contract. That formed one of the subjects of inquiry before the Postal Contract Committee, and questions were put repeatedly to the witnesses as to the importance of having a direct communication between Ireland and Canada, and reference was made to the obligation supposed to have been entered into by the Government with the Canadian Government to further their interest with regard to some particular postal contract; and it came out in the inquiry that offers had been made by the Canadian Government to pay a certain amount of money per annum if they could secure a postal contract with Canada. In consequence of this suggestion in the report that the Montreal Company were willing to carry out that agreement if the sanction of the Government were given, and the Galway Company were willing to concur in it, a communication was made between the Government of Canada and the Company, and ultimately a contract was entered into, subject to the approval of Her Majesty's Government, for transferring the Galway contract to the Canadian Government in its integrity: It was, of course, subject to the approval of Her Majesty's Government, but they declined to approve of it.

310. It was not till later, was it; not till July?—The commencement of the negotiation was in June; it terminated in July.

311. Did the Company receive any warning on the 22d of June 1860 from Mr. Laing, who was then Secretary to the Treasury, with regard to the precarious position of the Company?—They did.

312. What were the words that were used?—It was a letter addressed by Mr. Laing from the Treasury, dated the 22d of June 1860, in which he states, "In reply, I am to state to you that, as the directors are doubtless aware, the Select Committee of the House of Commons are now deliberating in a further report on the subject of the Galway contract, and that notice has been given in the House of a motion to negative any estimate for carrying out that contract; under the circumstances

cumstances it is impossible for their Lordships to foretell what may be the decision of Parliament, or, until the final report of the Committee is made, to give any pledge as to the course which the Government may think it their duty to adopt."

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313. Am I justified in asking you whether, in the letter of Mr. Boate to the Secretary of the Treasury, there was any distinct question put to the Secretary of the Treasury whether the Treasury would be prepared to carry out the contract or not?—I think not.

314. And, therefore, am I to presume that the Company looked upon those two paragraphs as meaning that such an occurrence might take place as the negating of the contract?—They did; they thought that the Government conceived that they were not in a position to give any pledge whatever for the validity of the contract, or to express any opinion of their own upon the subject.

315. I presume that all those statements that were made in Parliament were re-echoed in the public press, and operated very disadvantageously to the financial position of the Company?—Yes.

316. Mr. *Walpole*.] Is not the next paragraph to that in these words, "In the meantime, however, as the contract has been executed, and the first report of the Select Committee did not recommend Parliament to exercise their constitutional right (which was expressly reserved in the contract) of refusing to vote money for its fulfilment, their Lordships have not thought it their duty to act on any other assumption than that the contract would be carried out in the usual course"?—Precisely. I may state that that was always the tone of the communications which we have had from the Government.

317. Then the letter from the Treasury containing those two paragraphs could have left no other impression upon the minds of the Company than that the Government were going to support the contract, if the terms of it were properly fulfilled by the Company?—I must do the Government the justice to say that they stated so. So far as the Government were concerned, they invariably stated that their opinion was in favour of the validity of the contract.

318. Then the Company could have no other opinion as to what the Government intended to do?—No, none.

319. *Chairman*.] With regard to the expression, "Their Lordships have not thought it their duty to act on any other assumption;" that was with reference to past circumstances?—Yes, entirely.

320. Mr. *Peel*.] Rather it means, that the vote would be proposed to Parliament?—Entirely so. I think the reservation, which I conclude the Government made, was a reservation that they could not say, in fact, what Parliament intended to do; and the Government generally, I think, in their communications stated their desire always to uphold in its integrity any contract made; but as the matter was then the subject of a Parliamentary inquiry, they could not pledge themselves to state what Parliament would do in the matter. I do not think that the Company had any reason at that time, nor ever contemplated, making any complaint against the Executive Government at all.

321. Mr. *Walpole*.] The Company were not prejudiced, were they, in the least degree, by that letter of the Treasury?—They were prejudiced in this way, that the Government would not state what might be done, having regard to the motion to negative the vote, because it was impossible to state what might be the result of the division in the House of Commons.

322. It was merely leaving the question as it was left by the contract itself?—Entirely so; but with a distinct declaration on the part of many opposing members that the question was to be discussed.

323. *Chairman*.] At the time that the contract was made, there was no apprehension, I presume, on your part that a Committee would be appointed to inquire into the nature of that contract?—Not the slightest; it was distinctly stated, that the Committee by its report had not recommended Parliament to confirm that contract; that was our anxiety; and yet they had not recommended to Parliament to cancel the contract.

324. Mr. *Walpole*.] You had an assurance from them that they intended to act

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upon the report of the Committee, so far as the Government was concerned; that is to say, upon the assumption that the contract was to be fulfilled?—I think that so far as the Government was concerned, we always received the assurance that they intended to carry it out faithfully.

325. *Chairman.*] The vote for the subsidy was carried upon the 9th of August 1860, was it not?—Yes.

326. That was, in fact, 16 months after the date of the Company's contract?—It was.

327. And two months after the time actually named for the commencement of the service?—It was.

328. I presume that up to the time when the contract was ratified, it was a one-sided contract, and the Company were responsible to the Government, but the Government was not responsible to the Company?—The Government was not responsible, except conditionally; that is to say, there was no obligation in the contract originally that the Government would pay; none whatever. I am giving a strictly legal opinion upon it, and I say that there was no obligation upon the Government to pay any sum whatever, but it was made conditional that they would pay, provided that Parliament voted monies to enable them to pay. Heretofore all contracts had been similar in fact to contracts made between individuals, where there is a strict obligation, as in Sir Samuel Cunard's contract on the part of the Government to pay a specific sum of money.

329. At the same time you might have been held responsible in case of any violation of the contract?—Clearly. There was this contingency, that Parliament might refuse to vote the money; but we were considered liable, up to that time, for the performance of the contract. We were under an obligation to perform the contract, though the confirmation of the contract, so far as the confirmation by Parliament went, was still in question.

330. *Mr. Walpole.*] That was a contingency which you knew you were liable to when you entered into the contract?—Clearly; as is mentioned in the Report.

331. *Chairman.*] But I presume that it was a contingency that you did not consider would be attended with all the circumstances to which you have alluded?—If it had not been understood that the Postal Contract Committee which had been appointed might call into question that contract, I do not think the directors would have ever thought of the words at all; we should have presumed that it was the ordinary obligation of the Government to pay the subsidy.

332. Do you believe that those proceedings in Parliament had a very prejudicial effect, so far as their operation upon the Company was concerned?—I am sure they had.

333. *Mr. Walpole.*] You have stated that more than once; might I just take the liberty of interposing, for one moment, to know the specific mode in which you think it operated prejudicially to the Company, between the time when the Committee was appointed, in 1859, and the time when the Committee reported that they thought that the contract ought to be acted upon; that is, between August 1859 and August 1860?—It prevented the directors making calls upon their shareholders and enforcing those calls; and it prevented them also in placing the capital stock of the Company.

334. Did not they make two calls during that time?—There was never one single call enforced during the whole period. I am not aware as to the particular dates at which the calls were made, but I know that only a very small proportion of the capital stock was placed, and that confidence in the efforts to place it did not arise till after August 1860.

335. Did it, in the least degree, interfere with the contractors who had entered into contracts to build the ships?—Most seriously. They refused to press on the works, as the contemplated financial arrangements, between the Company and themselves, were seriously interfered with. The Company were unable to pay, in cash, the instalments that were provided for by their contracts. They had to make financial arrangements with them for giving them acceptances and postponing the payments; and the effect of that was, of course, to relieve the contractors from their liability to pay the penalties provided by their contracts,
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because the contracts provided, that if the directors omitted to pay the instalments in cash, according to the terms mentioned in the contracts, the contractors were relieved from the payment of the penalty of 50*l.* per day, under which they contracted to build the ships. The consequence was, therefore, that the contractors have not only been relieved from the payment of any penalties, but we lost that complete power over them which we should have had, had we been enabled to assure them that the contract would be confirmed, and that the Company would be in a position to pay them their money.

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336. Do you believe that that was the reason why the contract to build those four ships was not completed by June 1860?—Not entirely; it was only one of the reasons; I think there were many other reasons.

337. I do not think I have observed in the correspondence that the point which you are now adverting to was brought to the notice of the Government: whether the contract would have to be performed in 1860, or whether they were not debarred from executing the contract by reason of their inability to get the ships constructed in time for it?—I think the circumstance has been referred to in several letters generally, but only generally.

338. Not specifically at all?—I think it is referred to in general terms, but not specifically.

339. It operated upon you financially more than in any other way?—Clearly so.

340. Mr. Peel.] What is the capital of the Company?—The nominal capital is 500,000*l.*

341. At the commencement of those inquiries before the House of Commons, what amount of that had been taken?—I was not aware that I should be asked financial questions; I cannot tell from memory at all; I think there was a return to that effect made to the Committee last year.

342. I understand you that the effect of these inquiries, and the general impression that the contract might not be confirmed, prevented the capital being taken up by shareholders?—So the directors thought.

343. Can you give the Committee a return showing how much capital had been taken up to the time when those inquiries commenced?—I will do so; I will hand in a return of the amount of capital subscribed for at the time when the Postal Contract Committee was appointed in July 1859.

344. You state that those who had subscribed declined paying up in consequence of the uncertainty of the contract?—I think I shall be able to satisfy the Committee upon that point, but speaking from my impression, I am sure that the directors refrained to enforce any call upon them from that period until the time when the postal contract was confirmed on the 9th of August 1860; at all events no legal proceedings were taken against any of the shareholders though calls were in arrear; I think I shall be able to show from the dates of the calls made, and of the payments of them, that the delay in payment arose generally from the uncertainty prevailing. I can furnish the Committee, through the Secretary, with a general return of that.

345. Have we your contract with the builders before us?—Yes.

346. Does it state at what dates the instalments were to be made?—Yes, in five instalments, according to the progress made in the building of the ships; when the keel was laid, the first instalment was payable.

347. You state that a degree of progress had been made by those shipbuilders which would have entitled them to instalments which the Company were unable to pay?—Certainly; the Company were bound to make financial arrangements, and they paid them partly in acceptances; the builders will be called before the Committee, and they will state their own views. I do not wish to disparage the builders by making complaints against them for non-delivery of the ships. They allege that by reason of the uncertainty prevailing as to the means of the Company to pay them, arising from the question as to the validity of the contract, they relaxed in their endeavours very much indeed to complete the ships within the time. I only allege that as one of the reasons, because I may mention that there were also other reasons.

348. Sir John Trollope.] Payments were to be made from time to time to the builders, were they not?—Yes, they were.

349. Were those terms complied with or not?—They were not.

350. The Company were unable to do it?—Yes.

351. Owing to the difficulties which you have described to the Committee?—

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Entirely.

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Entirely. The directors had relied upon placing the whole of the capital, and would have done so but for the discussions that took place.

352. Did that delay the completion and delivery of the ships to you?—It did, because the builders, knowing that they were not able to get their money (the amount payable to each builder was, in round figures, 200,000 £.), were not very much disposed to go on building ships which might not be available for other services if this service had fallen through.

353. How many have been delivered up to this time?—Three, and the fourth is ready for delivery now.

354. Mr. Peel.] Were the first complaints between the shipbuilders and the Company on the part of the Company against the shipbuilders, or on the part of the shipbuilders against the Company for not paying them?—I cannot really say; I should say that there were mutual complaints both ways. The Company were constantly complaining of the builders, and very angry complaints have arisen; the builders, on the other hand, retorted by stating that the Company could not expect them to fulfil their part of the contract so long as they were not being paid.

355. Mr. Walpole.] You have seen this correspondence set out, in what we call the Lords' Paper?—Yes.

356. In those first 21 pages, carrying down the transactions to the period when the contract would have to be commenced, I cannot find that the Company ever represented that they were unable to provide ships to fulfil the contract in consequence of the delays, and the uncertainty to which you have been alluding; am I or am I not right in that?—My general impression is, that no complaint was lodged with the Government.

357. They never alleged that they could not commence the contract, because they had not got the ships?—I think not.

358. Chairman.] I presume that they were not particularly anxious to make the statement that they had not funds to pay for the ships?—No; they made no direct representation with regard to the non-delivery of the ships. I should mention that it does not appear from the present inquiry, but it does from the newspapers which I have in the room, that the discussions which arose, and leading articles in various influential papers, all called in question the validity of the contract, stating that the matter was before Parliament; and therefore there was the reservation that Parliament would not sanction the contract; and although Government treated the contract upon a totally different, and more independent, and more honourable footing, and although, so far as the Government were concerned, they would affirm the integrity of the contract, yet, as they had properly reserved the payment of the subsidy to Parliament, they could give no positive opinion as to what Parliament would do. The correspondents of newspapers, and the writers of leaders in newspapers, constantly wrote upon the assumption that as the whole subject must come before Parliament, there would then be an opportunity of throwing over the contract altogether; and the public acted upon that, and no assurance that was given by the Company, and no confidence which they had in the fair and honourable dealing of the Government, influenced the public.

359. Mr. Walpole.] That would affect you very materially in a financial point of view, and in all your affairs, would it not?—There is no doubt of that whatever; and that no assurance given by the Government, if they had given us an assurance that they themselves would undertake to uphold the contract, would have been able to have stemmed the tide which set in against the Galway Company, and the strong prejudices which set in against it both politically and commercially.

360. Chairman.] As the vote for the subsidy was not carried in the House of Commons until 16 months after the date of the Company's contract, the directors are of opinion, are they not, that they ought to be entitled to a period of 16 months from the date of the contract for making their necessary preparations?—That was their view.

361. It appears, however, that you did commence the execution of the contract two months before the House of Commons had ratified it?—We did, very nearly two months; on the 29th of June, in a discussion which took place upon the Galway Contract, it was reported that, "Mr. Laing promised that an opportunity should be given to the House of fully discussing the question of the Galway Contract, which would suffer no prejudice from not being introduced into the

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present vote; it was impossible for the Government to give a positive pledge as to the course they would pursue in regard to the contract until they had considered the Report of the Select Committee which had just been presented to the House, but had not yet been printed." That was on the 29th of June, and the Report of the Committee was on the 22d of May; I think that was the tone which Mr. Laing generally took throughout, that whatever opinion the Government might entertain as to the desirableness of fulfilling faithfully any contract, still, when the contract had been impugned, and referred to a Select Committee, they reserved to themselves any expression of opinion till the Committee had reported.

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362. Mr. *Walpole*.] That statement of Mr. Laing's is perfectly consistent with another statement which he made to you in the same letter that I adverted to before, on the 22d of June, where he uses these words: "acting in the same spirit" (that is, what they consider a spirit of fairness towards the Galway Company), "they are now prepared, under the circumstances above stated, and without prejudice to the ultimate course to be adopted on either side, to offer to the Company the alternative either of a short postponement of the provision requiring the commencement of the service in the month of June, until the decision of Parliament has been obtained, or of a strict compliance with its conditions, subject to that decision, and reserving to the Company its claim to be paid for any voyages actually performed in the meantime, should the decision of Parliament be unfavourable." Therefore the Treasury communicated to you, before that speech was made by Mr. Laing in the House of Commons, that they would allow you, if you wished to adopt that course, to postpone the commencement of the contract. That is perfectly consistent with Mr. Laing's statement, is it not?—Entirely so; I may mention, on that point, that any temporary service upon such an assumption would not have enabled the directors to have obtained capital; no person would have paid capital under such circumstances.

363. *Chairman*.] Did you make any application for postponement at that time?—I think not; clearly not.

364. Did you consider that any application for postponement might have exercised a very prejudicial effect upon the decision of the Committee which was then sitting?—I think information was given to the directors by every person, that it would have a very prejudicial effect upon the vote for the subsidy.

365. Did Mr. Laing give you or any of the directors of the Company to understand that the postponement of the service would have a very prejudicial effect before that Committee?—My impression is, that he did. I have endeavoured to refer to some of my minutes upon the subject, but I cannot identify the matter with any particular date, and, therefore, I should be extremely sorry to allege that he did. I have spoken to Mr. Harvey Lewis, and he recollects a communication being conveyed to the directors, of the general impression of the Government, and that without desiring to advise the Company as to what course they (the Government) should take, an intimation was given that no doubt the commencement of the service would have a beneficial impression upon the House, and that its omission might prejudice the Company; but there was nothing beyond that.

366. Mr. *Peel*.] Your attention was called from the first, was it not, to the provision of the contract, that the monies to be paid under that contract were to be monies voted by Parliament?—Fully. The directors and the advisers of the Company were always aware of that.

367. That must, therefore, have rendered the matter uncertain whether the monies would be voted till the time arrived for taking the vote?—It did.

368. It was not possible that the vote should be taken prior to the commencement of the service, according to the practice of Parliament; that is to say, with regard to a vote in that year?—It might have been taken in the vote for the Postal Estimate in May; it might have been included in that without the foot note.

369. But in that month your ships should have been approaching completion, and have been ready for delivery, should they not?—Yes, I think they should.

370. The effect of all those discussions in Parliament, and before the Committee, in paralyzing the Company had passed away after the close of the Session, had it not?—Not quite I think. I think that the vote of Parliament had given an assurance now that the subsidy would be affirmed; but speaking my own opinion (and I think I speak also the opinion of the Board), the effect will never pass away, so far as the present capital goes.

371. Still, with the full knowledge and conviction that you had of the condition

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of the Company, you were confident in the months of September and October, and the subsequent months, that the service could commence the latest in the month of March this year?—Yes, I quite agree with that; that, so far as the contract was concerned, there was no doubt then, I think.

372. Therefore, any delays that may have taken place after the month of March in this year could not have been owing in any way to the proceedings in the Sessions of 1859 and 1860?—I think they were, because the difficulties that had arisen before had necessarily tended to interfere with the capability of the Company in carrying out its engagements. If we had had the ships delivered in time, we could have carried out the service more effectually. Had the Parliamentary Committee of 1859 inquired into the Galway contract, and made its report during that year, instead of on the 9th of August 1860, if in fact we had had a confirmation of the contract by Parliament in 1859, it would have given us nearly 12 months to have prepared our ships and found our capital.

373. Still, in the months of September and October, you felt confident that you would be in a condition, if the service were allowed to be postponed, then to resume the service, and carry it out regularly in the month of March following?—The directors were under that conviction.

374. And they repeatedly stated it to the Government, did they not?—I think they did; I think that appears in the correspondence.

375. Mr. *Ker Seymour*.] May I draw your attention to page 41 No. 98, a letter from Mr. Boate, dated the 26th of August 1860, towards the end of which he states, “the builders are now incurring heavy penalties for non-delivery of the remaining vessels;” is it consistent with that statement, that in consequence of the non-payment of the instalments, the builders were not incurring penalties?—Yes, quite consistent with it; at that time I have no doubt he thought it was the case, upon the assumption that we held the builders responsible for the contracts. I am now speaking as to the effect upon the arrangements with the builders, by which we have been compelled to forego the penalties under the contracts: only one of the builders had delivered one ship by that time, and three ships remained to be delivered; and although we gave notice from time to time to the builders, that we were holding them responsible for all the penalties when we came to a settlement and adjustment of their claims, we were compelled to forego all the penalties, being satisfied (on my opinion, having advised the Company upon the legal part of it), we could not enforce one single shilling against them.

376. I understand from you, that it was part of their bargain, that unless the instalments were paid, you could not enforce the penalties: you have not paid the instalments, and therefore, practically, those heavy penalties were not incurred?—I should state that there were almost half a dozen arrangements with the builders, from time to time, by which they have agreed to allow certain instalments paid partly in cash, and partly in bills, to be admitted as *bond fide* payments under the contracts. In August 1860, there was one ship delivered, and at that time, two others were to be delivered by Messrs. Samuelson, and one other had to be delivered by the Messrs. Palmer; each of them, of course, would be liable to penalties; and I have no doubt that the Company and the secretary concluded, when that letter was written, that the builders were incurring heavy penalties; I am speaking now of the result when we finally settled accounts with each builder, and I say that we have not received or enforced one single shilling of penalty of any kind. We have agreed upon the amounts to be paid to all the builders with the exception of the account with the Messrs. Samuelson, which involves some question of 2,000*l.* or 3,000*l.* on some details, and the Company claim a penalty of 5,000*l.*; the accounts relating to the other instalments have all been arranged, and not 1*s.* of the penalties has been enforced, nor in my opinion could penalties be enforced against the builders.

377. Could you state what steps were taken by the company to inspect the vessels during their building?—I mentioned, on the last day of my examination before the Committee, that a Mr. Henderson was appointed by the Company, and he had resident surveyors both at Newcastle and at Hull, and from time to time I think surveyors have been sent down, independently of the resident and duly appointed surveyors.

378. Mr. *Brown Westhead*.] Supposing that this new provision, that this contract should be subject to confirmation by Parliament, had not been inserted in the contract, do you suppose that your Company would have been able to raise
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its capital, and to conform in other respects to the terms of the contract?—I think so; I think there is no doubt that it would have obtained capital in the first instance.

379. Mr. Peel.] Those words were inserted with your full knowledge and concurrence were they not?—Entirely so. I do not think the company attached any importance to them, because they were words inserted under the Act of Parliament, with a view to protect the payments to contractors, nor would they have been thought of until the question arose in the appointment of the Committee, pointing out that those words had been inserted, and that, therefore, there was a good opportunity for Parliament exercising its supervision upon a matter which, politically and commercially, was strongly objected to.

380. Sir Morton Peto.] The difficulties with regard to those penalties, or rather the fact of your not enforcing them, did not arise until after the discussions, and until you came to settle the accounts with the contractors?—Clearly not. The contractors throughout protested that they were not liable to penalties, by reason of the breach of contract, on the part of the Company, in not paying the instalments; and the Company, on the other hand, until the final settlement, had repeatedly insisted upon the builders being liable to penalties. The Company had invariably reserved their right to those penalties, until the final settlement had been come to with Messrs. Palmer & Co. as to their two ships, and Messrs. Samuelson as to one of their ships, already delivered. One of the essential elements was, that those legal questions should be settled; and the Company, therefore, waived their right to any claim for penalties.

381. I understood you to state to the Committee, without hesitation, that the non-enforcement of the claims arise from those discussions in Parliament?—Yes; the non-enforcement of the claims and the non-taking up of the capital also, arose from the general doubts which existed as to the validity of the contract; and as to the ultimate confirmation of it, and as to the inability, as it were, of the Company to carry on the service, unless the contract was confirmed by Parliament.

382. Mr. Walpole.] They affected the price of the shares, did they not?—Yes, very seriously.

383. And having affected the price of the shares, they prevented the possibility of making calls so rapidly?—Entirely.

384. I cannot find that there was anything else but the financial prejudice, which this uncertainty occasioned to the Company?—That is so; if we could have used any assurance of the Government as a complete answer to the claims made, we should have gone on satisfactorily; but the Government said, we cannot give any distinct pledge, because now the matter is taken out of our hands; it is given into the hands of a Committee, and until that Committee has made its report, we can give no pledge of what will be ultimately our view; but upholding generally their intention to perform faithfully their obligation.

385. Chairman.] But those financial difficulties hampered and embarrassed the Company?—There is no doubt whatever that it was so.

386. Mr. Peel.] But you have promised, have you not, to hand in to the Committee a return showing how much capital was subscribed for when those calls were made, and the extent of the capital when those calls were paid up, and so on?—Yes, I will do so.

387. Chairman.] The directors of the Company have complained, have they not, that the Post Office department has inflicted very severe penalties upon them for every concession that has been granted—Yes.

388. Will you state to the Committee any instances in which the Company consider that they have reason to complain?—I think in every instance I may state, except the instance of the "Parana" going out on the 27th of June 1860, which was the first day of the commencement of the service, a penalty has been inflicted for any departure whatever from the terms of the contract, and a fine independently of the penalties payable under the terms of the contract. Lord Stanley in his evidence mentioned that he had not inflicted a penalty in the case of the "Parana" which went out on the 27th of June, and it was not inflicted under these circumstances. The "Connaught" was fixed to leave Galway on the 26th of June, but after she had her mails and passengers on board, in steaming out of the harbour an accident occurred to a part of her machinery. The "Parana" was in Galway Harbour at the time, and Captain Patey, the Ad-

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miralty agent, as I understand, telegraphed to the Post Office Department for permission to put the mails immediately on board the "Parana," who had her coal and crew on board ready to steam out of the harbour. The reply was declining it, and the mails were taken out of the "Connaught" and put on the railway train, and I am told were on their way to Londonderry, and not until after some remonstrance and some appeal was made to the Postmaster General were the mails ultimately permitted to be put on board the "Parana." This I believe was done by telegraph. The mails were put on board, and she took the mails; but with that exception, I think in every case, speaking to the best of my recollection, a fine has been inflicted for any concession made.

389. Mr. *Walpole*.] I think the "Parana" did not commence her first voyage until August?—On the 26th of June she went out.

390. If you look at page 36 you will see this letter: "In reply to your letter of the 2d instant, I beg to enclose a certificate signed by the Postmaster General, exempting the steamship 'Parana,' which is about to be employed in conveying the mails of the 7th instant from Galway to the United States, from the operation of the Passengers Act." So that I think she must have sailed on the 7th of August?—I think that must have been her second voyage. Her first voyage was in June 1860; she went in lieu of the "Connaught" in consequence of the accident to the "Connaught" which I have mentioned.

391. *Chairman*.] I think you will see, by turning to page 23, enclosure in No. 48, a letter from Mr. Boate to Mr. Laing, in which the following words occur: "It would, therefore, be most convenient to the Company, if my Lords will be pleased to direct that the officers of the Board of Trade may be instructed to inspect the 'Parana' now lying in Galway Harbour, on Tuesday or Wednesday next"?—Just so; she went out on the 27th of June; the second journey, the one to which the Right Honourable Member refers, is the one on the 7th of August. The "Connaught" was appointed to sail on the 26th of June in commencing the mail service, and, in consequence of an accident in steaming out of the harbour, her mails were put on board the "Parana," and she took that voyage.

392. That was the only occasion on which a fine was not enforced, was it not?—I think that was the only occasion on which the Postmaster General did not impose the fine for substituting another ship.

393. Mr. *Peel*.] The "Parana" was employed a second time, was she not?—Yes.

394. There was no fine imposed upon that occasion, was there?—I cannot recollect.

395. Did the "Parana" sail on a second voyage?—She did.

396. On that occasion there was no fine imposed, was there?—On the 7th of August she sailed again, but I do not know whether the fine was imposed.

397. You say that fines were imposed when the "Prince Albert" sailed?—Yes.

398. Was that a vessel not coming within the terms of the contract?—The Company rather contended that she did come within the terms of the contract.

399. But is not the Postmaster General the judge whether she comes within the terms of the contract or not?—He is.

400. Was not it, therefore, in his power to refuse to permit the vessel to be employed at all?—Yes, it was.

401. Do not you consider that it was a concession to the Company, allowing the subsidy to be earned in payment of the penalty of 500*l.*?—I should have held it to be a concession if it had been given without inflicting a fine upon the Company, but the Company having paid for it I think it was no concession.

402. Was not it open to the Postmaster General to have required the Company to provide vessels in accordance with the conditions of the contract?—It was.

403. And did the Postmaster General allow the "Prince Albert," a vessel not complying with those conditions, to be employed on payment of a fine of 500*l.*?—Yes; he did.

404. Was not it more for the advantage of the Company that a fine of that amount should be paid, than that they should be obliged to forego the voyage altogether, and forfeit the subsidy of 3,000*l.*?—Clearly so; but still the public convenience would have been equally served if the "Prince Albert" had been allowed to go to sea, and the Company had been only charged penalties accord-
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ing to their contract. I must again remind the Committee that the postal contract is a penal contract, and any omission to perform the service, within the times of the table, subjects the Company to a penalty of 5*l.* and 10*l.* an hour. The Company have, throughout, thought that in the construction of this contract a principle has been adopted, which is not applicable to a penal contract, not only enforcing penalties for over time, and therefore getting the service performed at a much less costly amount than that provided for by the contract, but by their inflicting fines, in addition to that for substituting a vessel which does not, in the opinion of the Postmaster General, come strictly within the terms of the contract. The Company were thereby paying in two ways; they were paying twice over. If the vessel be one which does perform the service within the time, it is quite clear that no fine should be inflicted, because we perform the service; but on the other hand, if a vessel does not perform the public service, then, of course, the stipulated penalty under the contract is inflicted.

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405. Mr. *Walpole*.] The question with regard to the "Prince Albert" was not a question of overtime, but whether she was a vessel which ought to be allowed to sail in accordance with the conditions of the contract?—Precisely.

406. In that case, 500 *l.* was imposed, and she was allowed to be substituted for a vessel, though, even in the opinion of the Admiralty, she was not quite the vessel which did fulfil all the terms of the contract; is not that so?—Yes; but as she was a vessel equal, if not superior, to any screw vessel that goes out of the Port of Liverpool, and as fine a vessel as can go across the Atlantic, the Company felt aggrieved, of course, that there was any fine in addition to the ordinary penalties.

407. Mr. *Ker Seymer*.] Will you turn to page 46; I find on the 14th of September 1860, that you are instructed to use this expression, in writing to the Treasury: "The Company, however, feel, that throughout they have been met in all stages of the affair by so much consideration by Her Majesty's Government, that they are desirous of meeting the suggestion made;" therefore, I think, on the whole, the Company felt that they had been treated with consideration?—So far as the Treasury goes, the Company have acknowledged that they have received every consideration and courtesy, and attention, and liberality which they had any reason whatever to expect. At the same time, I may mention that the Company did not intend that to apply (and I hope I may say that respectfully) to the mode in which the contract has been construed at the Post Office.

408. Then that expression "Her Majesty's Government," was intended to apply to the Treasury, rather than to the Post Office?—It was.

409. *Chairman*.] This letter was addressed to the Treasury, was it not?—Yes.

410. Mr. *Peel*.] With the exception of those three fines upon the "Prince Albert," on account of her being a vessel not according to the conditions of the contract, were all the fines, fines for over time?—No.

411. I am speaking now of the time before the contract was suspended, between June and September 1860?—The Postmaster General enforced fines; for instance, he compelled the Company to forfeit money for not sending the colonial mails on the Saturday, but sending them on the following Tuesday.

412. You are speaking now of another service, the Newfoundland service?—Yes; in June and July 1860.

413. Was that a withholding of the subsidy under the new contract?—Yes.

414. I am now speaking of the Atlantic Contract; with the exception of the three fines for the employment of the "Prince Albert," were all the fines, fines for over time?—Yes; and in the case of the "Parana," in May 1861, there was a fine of 3,000 *l.*

415. I am speaking now of the period before the contract was suspended; were all the fines exclusively fines for over time?—Yes, but there were penalties for the substitution of ships, in addition to the penalties for over time.

416. Can you tell the Committee what the total amount of fines for over time was?—Upon the summer contract, 2,945 *l.*

417. Mr. *Walpole*.] Will you distinguish the fines for substitution of one ship for another, and the fines for over time; as I understand you, the fines imposed for the substitution of one vessel for another were only imposed three times?—Only three times, amounting to 1,500 *l.* Then the fines for over time were 2,945 *l.*; sea postage, deducted by reason of some of the mails having been sent on board one of the Canadian ships, 291 *l.*, making a total, 4,736 *l.*

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418. Mr. Peel.] With regard to that sea postage, was that to indemnify the Government for the payment which they had to make to another Company on account of the vessels belonging to the Atlantic Company, not carrying the mails? —Yes; but the Company had reason to complain that the mails were put on board that ship, it was totally against their consent; it was pending the negotiation for the transfer to the Canadian Government of the contract. The announcement that the mails would be sent by the “Connaught,” was withdrawn from the Post Office circular, and it was stated that the mails would be sent by the “North Briton.” The Company protested to the Postmaster General, that it would be a most severe blow to the Company if their ships sailed out of Galway Harbour without a mail bag on board, and they protested against the mails being put on board the “North Briton.” It appears, however, that the mails were put on board; but, ultimately, in consequence of a communication which I made to the Treasury, the Treasury addressed a letter to the Postmaster General, urging that he should put the mails on board the Company’s ship. That was done to some extent, but part of the mails having been already put on board the “North Briton,” when we applied for the subsidy, the Postmaster General refused to pay the subsidy. I then communicated with the Treasury, and Mr. Laing wrote a letter to the Postmaster General, or communicated with him on the subject, stating that, at all events, we were entitled to the subsidy, less any amount which might have been actually paid, and which we were willing to pay to the “North Briton” for taking out the mails, and 291 *l.* was deducted; but that was a deduction under circumstances upon which the Company protested at the time. I may mention now, that the total amount of the subsidy which has been received by the Company under that contract, is 14,764 *l.*

419. That is, less the fines?—Yes.

420. Sir John Trollope.] What is the amount of the fines?—£.4,736; that is the total amount of deduction for fines; and after deducting those fines, the net amount received by the Company for the whole service that they have performed is 14,764 *l.*; we have earned 19,499 *l.* for six voyages and a half: the “Connaught” went down at the other end of the voyage.

421. Chairman.] In those fines have you included the penalties for substitution? —Yes; for the “Prince Albert.”

422. Mr. Walpole.] Am I correct in stating that the fines that have been imposed, amount altogether to 4,736 *l.*?—Yes; for those three services, and there is something still further.

423. What you would have received under the contract, would have been 19,499 *l.*?—Yes.

424. And you deduct those fines which you say have been imposed, which reduces what you received to 14,764 *l.*; is that correct?—Yes; it is.

425. Mr. Brown Westhead.] You say there is something still further?—Yes.

426. Chairman.] Will you go on to the other penalties?—First, there is a penalty imposed on the 7th of May 1861.

427. Mr. Peel.] You are now passing to a subsequent period when the service recommenced, on the 26th of March?—Yes; when the service was to recommence, under the contract of the 24th of January 1861. The “Hibernia” was placed upon the line for the commencement of this service on the 26th of March; but in consequence of the accident to the “Hibernia,” an application was made to the Postmaster General to permit one of three other vessels to be substituted for the “Hibernia” for the commencement of the service on the 26th of March.

428. On what day was that application made?—The first was on the 14th of March 1861, and on the 15th, Mr. Frederick Hill wrote to the Company, in reply to a letter of the previous date, with reference to the steamer “Adriatic,” which had just been purchased by the Company; and on the 22d of March, at page 86, Mr. Boate, the secretary of the Company, wrote to the Post Office: “I have the honour to state, for the information of the Postmaster General, that the steam ship “Hibernia,” which was surveyed and accepted for the postal service to America, and was to have been dispatched from Galway on the 26th instant, encountered a severe hurricane in the Channel on the 18th and 19th instant, and has sustained some damages, which must be repaired before she can proceed on her voyage to America, but these repairs cannot be completed by Tuesday next. The steam ship “Columbia” is now under survey at Southampton, which will

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not be completed before Monday, she cannot, therefore reach Galway for departure on Tuesday next."

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429. *Chairman.*] You submitted the "Adriatic," did you not?—Yes, we did.

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430. You also submitted the "Parana" and the "Magdalena"?—Yes; both of them coming under the terms of the contract, as we conceived.

431. The Postmaster General refused the "Adriatic" in consequence of her not having been surveyed, and the "Parana" in consequence of her having been previously refused, and refused the "Magdalena" on account of deficient speed:—Yes; and he imposed a penalty of 3,000*l.* upon the Company.

432. *Mr. Peel.*] At the time that you offered the "Adriatic" she was not in this country?—Just so; but we informed the Postmaster General that we would telegraph to her at Cork to discharge what mails and passengers she had on board, and send her on to Galway immediately; she was coming from America with the Cunard mails on board (in consequence of an accident to one of Sir Samuel Cunard's ships), which were put on board without any certificate or survey. In consequence of the accident to the "Hibernia," we presumed that we should be treated in the same spirit, and that if the "Adriatic," a publicly known ship of great power and efficiency, could be stopped at Queenstown and sent round to Galway in consequence of the casualty to the "Hibernia," no formal survey in dry dock, sending her round to Southampton, would be required.

433. Am I to understand that the 26th of March, when this approaching service was to re-commence, you had no ship of your own, and that you offered to the Postmaster General the "Adriatic" on the 14th of March to be surveyed by the Admiralty Surveyor, in dry dock at Southampton, on the 21st instant?—Yes.

434. And that ship on the 22d of March, within four days of the recommencement of the service, had not arrived at Queenstown from America?—I do not know the date of her arrival.

435. On the 22d of March, it appears from page 86, that even then, within four days of the recommencement of the service, the ship "Adriatic" was only "expected at Queenstown from New York in the course of the next 24 hours"?—That is so.

436. Do you complain that the Postmaster General did not at once agree to that vessel being employed without any opportunity even of surveying her?—The Company felt aggrieved upon the ground that the "Adriatic" was a vessel of known power and efficiency, and that having regard to the casualty which had happened to the "Hibernia" and to the fact that the "Columbia" was under Admiralty survey at Southampton, for the immediate urgency of the case, the "Adriatic" was not immediately accepted, or at all events, the "Parana" or the "Magdalena."

437. *Chairman.*] I suppose that the "Adriatic" might have been accepted for one journey, and in case she failed in performing the service in proper time, then she might have been subjected to a fine, and the Postmaster General might have refused her thereafter?—Yes; she had only been put forward under special circumstances; the Company appealing to the Postmaster General to consider those circumstances, and to allow her to go out without an Admiralty survey.

438. *Mr. Peel.*] Do you complain that she was not accepted, and that a fine was imposed because the Company could not start a fitting vessel?—I do not think we complained at that time; I think we did at another time. We only offered the "Adriatic," supposing she was in time to start; and we offered the "Parana" and the "Magdalena." I do not think the question arose so much as to the "Adriatic."

439. Let me call your attention to the evidence given by Lord Stanley of Alderley, in his answer to Question 184, in which he states, "It was late in the evening, when I was in the lobby of the House of Commons, and several gentlemen connected with the Company earnestly entreated me to allow them to postpone the voyage, on that occasion, upon the payment of a large fine. The fine was mentioned at that time, and no objection was made to it, and no attempt was made to diminish it; it was received by them, at the time, as a very great concession, and they expressed themselves as very much obliged to us for having granted it"?—I was not present at that time. The mention of the fine came from Lord Stanley, but the Company assented to it, and they wrote their assent.

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440. Is that the only fine that has been levied upon the Company, upon that account?—So far as the Imperial contracts were concerned.

441. Were all the fines that were incurred during the time that the question of postponing the service was under consideration, remitted?—None were imposed during the suspension; it was assented to as a kind of tacit acquiescence in the monthly service, in the first instance, and an acquiescence in the suspension. Lord Stanley has imposed no fines during the time that the Company have not been performing any service.

442. During all the time that the question of suspending the service was under discussion, he imposed no fines?—Certainly not, because notification was given of the mails not being sent, and therefore no public inconvenience has arisen from it.

443. Have you stated now the whole of the fines that were levied?—I think so.

444. Can you state what was earned before the suspension of the service, and what was earned after the re-commencement of it?—The amount earned before the suspension of the service was 19,500 *l.*, but the penalties and fines enforced were 4,736 *l.*, leaving 14,764 *l.* actually received. The amount earned after the recommencement was 6,000 *l.*, but the fines amounted to 5,070 *l.*

445. Mr. *Brown Westhead.*] In what time did the vessels which were substituted perform their voyages?—The “Parana,” notwithstanding her refusal, on the 7th of May, was sent out, and notice was given to the Postmaster General that the Company would, pending any question, and without prejudice to any question, take all the mails on board without asking for any subsidy; and she performed the outward voyage in one day, three hours, thirty minutes, under the contract time; and her return voyage, I think, was four or five hours over the contract time.

446. Mr. *Peel.*] That was after the service was at an end?—Yes. The “Adriatic” has performed her voyage from St. John’s, as I learnt from a telegram yesterday, within five days.

447. Mr. *Brown Westhead.*] With regard to the vessels that were substituted, in respect of which a fine was paid, did they perform their duty within the given time?—The first substituted vessel on which the fine was paid was the “Prince Albert;” on the 4th July 1860, a fine of 500 *l.* was inflicted for allowing her to take the mails, and 20 *l.* penalty for four hours over time on the home voyage; she performed her voyage outward within the time.

448. Mr. *Peel.*] Can you state the time to Newfoundland first; I believe she was bound to do the voyage to Newfoundland in six days; was she 15½ hours over time in reaching Newfoundland?—I should think about that.

449. Mr. *Brown Westhead.*] How did she perform the whole service?—She was over her time at St. John’s, Newfoundland, but she performed the voyage to New York within the contract time; her return voyage was performed from Newfoundland one hour under the time, but she was four hours over time on the whole voyage, for which the penalty of 20 *l.* was imposed.

450. Mr. *Peel.*] Now give us her second voyage?—The “Prince Albert” again left on August the 28th, and to St. John’s, she was one day 20 hours over the six days, and over time to New York to the extent of one day; and the penalty of 130 *l.* was inflicted. On her return voyage, she was one hour under her time at St. John’s, but one hour over time upon the whole voyage, upon which a penalty of 5 *l.* was imposed.

451. Now, can you state her third voyage?—The third voyage was on October the 23d; she was four and a half days over time to St. John’s, and to New York, three days three hours over time upon the whole voyage, and the penalties were 640 *l.* for over time. On her return voyage, she was over time from St. John’s to Galway one day 15 hours, and from America, four days five hours, and the penalties inflicted were 950 *l.* On that voyage, I see the penalties altogether were, 500 *l.* fine for substitution, and 1,560 *l.* for penalties.

452. This is the vessel that you complain was not accepted by the Postmaster General when the service recommenced in the month of March?—Yes, and our complaint is, on the ground that she has made, I believe, the finest passages across the Atlantic that any ship has ever made, except, perhaps, the “Persia” and the “Adriatic.”

453. Is

453. Is it not clear that, if one great advantage of this service was, that telegraphic messages could be carried from Galway to Newfoundland in six days, that advantage was altogether lost when the vessel occupied 10 days in the voyage?—On a special occasion that may be so.

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454. That was the only winter voyage in this list, was it not?—Yes; but out of 52 voyages, it might probably not occur above once or twice; the Committee must bear in mind that the "Prince Albert" was only put forward temporarily as a substituted vessel..

455. I spoke of the voyage being a winter voyage, but I observe by your contract that the month of October is included in the summer service?—Yes; but the month of November is not, and she came back in November; the last fine that was imposed was upon her return voyage, which was a winter voyage; independently of this, also, in our time table there is this anomaly, that there is more time given for us to take our mails to Boston than there is to New York, although New York is a considerably longer voyage.

456. Mr. *Walpole*.] That is regulated by the contract, I suppose?—Yes; it is under a mistaken calculation. The tables were calculated upon the basis of the average of Sir Samuel Cunard's voyages according to the Post Office returns. Of course, having to call at Halifax lengthens the voyage to Boston, whereas, if he goes direct to New York he shortens it; and as our time table was based upon Sir Samuel Cunard's, it gives one day more to go to Boston than to New York, though we have to call every voyage out and home, at St. John's, Newfoundland.

457. *Chairman*.] Are there not many instances of Sir Samuel Cunard's vessels being many days behind in performing their service?—Yes; there are plenty of instances, but he is under no penalty for performing the voyage beyond the given time, and he has neither time table nor penalties for over time.

458. Sir *John Trollope*.] Are there penalties and a time table in any of the other ocean steam contracts?—There is in the Dublin contract.

459. I mean on long sea voyages?—No.

460. Is there a penalty for overtime in the West India mail contract?—Perhaps the Committee will allow me to reserve my opinion upon that subject, in order that I may refer to the contracts; but in Sir Samuel Cunard's contract, there are no penalties for non-performance within a given time, and no time table; the only obligation in the contract is, that the vessel shall perform her voyage with all possible speed.

461. Mr. *Peel*.] Did you undertake to go to New York and Boston in less time than Sir Samuel Cunard's vessels take?—We did.

462. Is that the reason why your time table has been so arranged as to require you to perform the distance to New York in less time than to Boston?—Clearly.

463. The Cunard vessels go in a shorter time to New York than they do to Boston?—Yes. The arrangements are referred to in a letter which I addressed to the Treasury myself after the tender, that the calculation of the tables based upon Sir Samuel Cunard's time, was calculated upon the direct route between Galway and Boston, and Galway and New York, as Sir Samuel Cunard's were; but we had imposed upon us as one of the conditions of the contract, to call at St. John's every time.

464. However, the imposition was your own, and whatever was the effect of it, it emanated from yourselves?—At all events we assented to it, but it emanated from the Treasury.

465. Mr. *Walpole*.] We must take it in this sense, must we not, that the Company assented to those time tables being inserted?—Entirely; and the Company have made no complaint on that account.

466. *Chairman*.] From subsequent investigation, have your directors come to the conclusion that it would be almost impossible to carry out the contract without occasional derelictions, owing to its stringency?—I think so entirely.

467. Mr. *Walpole*.] That last answer of yours is a very important one, and I should like to know a little more about it. You state that the Company had arrived at the conclusion, that they could not perform the contract, as I understand you, according to the terms and provision on which the contract is drawn up; is that so?—Not in the strict sense; that some vessels, as the "Adriatic" has done, will perform the voyages from St. John's, as she did yesterday, within five days; but if an accident occurs to one of the Company's ships, it is utterly impossible to replace that ship by any ship of equal tonnage and power and speed, for the reason, that

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in an emergency there are no ships to be had, that is to say, no paddle steamers of sufficient power to go to St. John's within six days, which the Company can possibly get, either by purchase or charter, and therefore if an accident does happen, and one of the Company's ships is laid up, it is quite impossible to find a ship upon which the Company or the Government can rely, for performing the voyage to St. John's within six days, if the Company are to be under obligations to take the mails there.

468. The Company were perfectly cognizant of those facts, were they not, before entering into the contract?—Quite so.

469. They were well aware when they entered into the contract that that was part of the obligation, and they took it into account?—Yes, and we take it into the account now, but not to take mails to St. John's; that is the whole difference under the new contract of January last.

470. *Sir John Trollope.*] How long is that contract for?—It is a confirmation of a contract for seven years, from the date of June 1860.

471. It is a renewal of the old contract, is it not?—It is rather an interpretation of a clause imposing upon the Company the obligation according to the view of the Postmaster General under the first contract, to take mails to St. John's as well as telegraphic messages.

472. *Mr. Walpole.*] Did you ever represent to the Government that if the Newfoundland part of the contract was included in this, you could not carry into execution the contract secondly entered into unless some relaxation was made in that respect?—I do not recollect any direct communication; it has been a matter of discussion when our directors have attended upon the Postmaster General, and when he has urged upon the Company to take the mails to St. John's, all the difficulties, and dangers, and delays, have been urged upon him as reasons why the Company forbore to assent to that view.

473. *Chairman.*] In fact, you were protesting almost up to the date of the termination of the contract against the construction of the contract on the part of the Postmaster General?—Entirely so. So far as the Newfoundland contract goes, the Company are willing to carry the mails there for 8,500*l.* a year; but if it imposes upon them additional penalties if they do not deliver the mails there within six days, and they are under penalties for not delivering the mails at Boston and New York, it is a most serious hardship upon the Company. The Company may be two or three days behind at St. John's, but they are not suffering penalties for that; whereas, if they fail through the attempt at delivering at St. John's to perform the contract to Boston and New York, they incur very heavy penalties for the non-delivery of these mails; and the hardship which they feel is, that having imposed upon them the necessity of delivering mails at St. John's, which compels them to go into St. John's Harbour at all times of the year, and sometimes waiting outside the harbour in consequence of a fog or of large floes of ice in the spring of the year, they will thereby every year incur penalties for the non-delivery of the mails at Boston or New York.

474. Are the Committee to assume that in all cases where the Company's ships have met with accidents, and where the Company has been unable to fulfil the provisions of the contract, the directors have spared no expense whatever, but have done everything in their power to procure ships of sufficient speed to carry out the service efficiently?—They have, at a very heavy cost indeed, in order to do it.

475. Have they searched for those vessels wherever they could find them?—Yes, they have.

476. But they have been unable to find them?—They have.

477. Therefore, those vessels were not forthcoming, and it has not been owing to any inability on the part of the Company to pay for them in case they had been found?—Certainly not; the vessels do not exist, and are not capable of being obtained.

478. *Sir Morton Peto.*] With regard to those particular voyages which you have given us of the "Prince Albert," particularly the third; have you any explanation to offer to the Committee of the time occupied in that voyage?—I am unable to do so without looking through the log of the ship; but in respect of one of the voyages I may mention, in which a fine was inflicted, we had some correspondence with the Postmaster General, and on the ground that the ship was detained, I think a period of 37½ hours, off St. John's in a fog, and we sub-

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submitted that that should be taken into account; but it was refused, and the penalty was inflicted.

479. Mr. *Walpole*.] Was that the case referred to by Lord Stanley?—Yes, in the case of the “*Connaught*.”

480. Sir *Morton Peto*.] In that case was the statement as presented; is the log confirmed by the Admiralty officer on board?—I conclude the Admiralty agent himself certified it; in the case of the “*Prince Albert*” the Admiralty officer certified that on the outward voyage the ship had been detained 24 hours by head winds and heavy weather.

481. Mr. *Brown Westhead*.] What voyage was that?—The “*Prince Albert’s*” voyage of August the 28th.

482. Sir *Morton Peto*.] Your contract does not in any way protect you in cases of that kind?—On that point, if the Committee will allow me, I will give an explanation. The 5th clause of the contract, rendering it obligatory to the Company to deliver the mails, begins, “And the said Company doth hereby further agree, that all the said vessels employed in the conveyance of Her Majesty’s Mails, shall, both on the outward and homeward voyages, call at St. John’s, Newfoundland, or in the event of any of the vessels being prevented making St. John’s to the satisfaction of the Admiralty Agent, or other officer in charge of Her Majesty’s Mails, by stress of weather or other unavoidable cause.” It must be a cause coming in the opinion of the Admiralty Agent on board, within the meaning of the words “unavoidable cause.” In the negotiations with the Government in regard to this contract, a paper was put into my hands containing the correspondence between the Government and the Holyhead and Dublin Company, in which it was pointed out to me that the only unavoidable causes were to be construed in this way, that “if from any cause” (I am reading from the letter of the Treasury of the 10th of September 1857, in the correspondence between the Treasury and the London and North Western Railway Company); “if from any cause (not attributable to the Post Office) the time allowed be in any instance exceeded, a deduction shall be made from the sum payable under this contract at the rate of 1 l. 14 s. for every minute of excess, except in the case of delay ‘arising from causes beyond control,’” and those are alleged to be “on the sea stoppages by snow storms, fog, collisions, and delay to save life.” In my report to the Company as the result of my negotiations with the Government, (and in which Mr. Hamilton and Mr. Stephenson themselves put down the heads of the contract based upon the Treasury Minute) I mention this as the interpretation which the Government would put upon sea casualties; “casualties have heretofore been construed by the Government as casualties arising from head-winds, stoppages by storms, fogs, collisions, or any other cause which, in the opinion of the captain of the ship, prevents his making that progress which he thinks he ought to do under the contract.” In the case of the “*Connaught*,” when the ship was detained for 37 hours by a fog, the Company conceived that they were entitled to have no fine imposed upon them arising from that cause.

483. Mr. *Peel*.] Surely fogs must be constantly expected on the passage to Newfoundland?—Yes, on the banks of Newfoundland.

484. The delay arising from that cause was taken into account, was it not, in the contract for a voyage of six days?—Clearly not; the fog is accidental; it is not a continual circumstance.

485. *Chairman*.] Are there not constantly fogs between Holyhead and Dublin?—Yes.

486. Are the fogs taken into consideration in the contract now with the London and North Western Company?—Yes, that is one cause of exemption.

487. Sir *Morton Peto*.] When you paid this penalty, did you do so under protest?—Yes; and we appealed to the Postmaster General to allow the 37½ hours.

488. Mr. *Walpole*.] Do you observe that by the contract, it does not seem to depend upon him, but upon the certificate of the Admiralty officer or agent?—Entirely so.

489. Therefore, it rested with him to say whether the stress of weather or other unavoidable cause was sufficient to prevent the mails from going to St. John’s?—It did.

490. Will you have the goodness to look to page 69 of the House of Lords Paper, where you will find a letter from Mr. Boate to the Secretary to the Post-office, in which it seems that a penalty of 490 l. had been imposed upon them for

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the excess of time in the performance of a voyage by the "Connaught;" the words are:—"The Directors observe that a deduction is made of 490*l.*, as a penalty under the contract for excess of time in the performance of the service," and then Mr. Boate goes on to say, "As they conceive that this has been done under misapprehension, I am instructed to call your attention to the circumstance that the "Connaught" was delayed off St. John's, Newfoundland, for a period of 37½ hours, owing to a fog of unusual duration and density, which utterly prevented the ship making St. John's on the homeward voyage." Will you then turn to page 71, where you will find a letter from Mr. Hill to Mr. Boate, in which he states: "I have laid before the Postmaster General your letter of the 3d instant, and in reply, I am directed to state to you, for the information of the Directors of the Atlantic Royal Mail Steam Navigation Company, that the excuse offered for the delay of the contract packet, 'Connaught,' on the homeward voyage from Boston to Galway, cannot be admitted by His Lordship in mitigation of the penalties incurred for excess of time occupied on that voyage." Were any reasons ever assigned to the Company why those penalties were still enforced?—None; there are none assigned in the letter, and the Company felt themselves much aggrieved.

491. Did you still remonstrate after that?—No. In December 1860, we were not in a position to remonstrate.

492. Were there any inquiries made as to the allegation contained in Mr. Boate's letter, that there was this fog of unusual duration and density?—Not to my knowledge; I should think not. The account was sent back from the Post Office, amended according to the ordinary practice of that department by inflicting the fine, and making out the balance for the Paymaster to pay; therefore, we had no alternative. It is conclusive when the Postmaster General decides it.

493. Mr. *Peel*.] That vessel never entered the harbour of St. John's at all, did she?—No; she came there, and waited 37½ hours, hoping to be able to take the passengers in. We had an action brought against the Company by a passenger, and had to pay damages for not delivering a passenger there. The captain waited 37½ hours, and after consulting the chief officer, and calling upon the passengers for their opinion, they decided, with one or two exceptions, to come to Galway. The Company offered free passages back to St. John's for all the passengers who were intended for St. John's, and they gave free passages also to London to several who would not remain in Galway till the next ship sailed.

494. What was the reason for the "Connaught" not going into the Harbour of St. John's?—The captain in the exercise of his discretion thought that might wait there 24 hours longer, as there was no probability of the fog lifting. It sometimes lifts for half an hour, and the captain can make his observations, and can see whether he will run the chance of running in the fog but the fog never lifted up, and he was obliged to come on to Galway.

495. Sir *Morton Peto*.] There is a clause in the contract with regard to penalties, with this marginal note. "When Company not liable for certain penalties," and the clause reads thus: "Provided always, that the said Company shall not be liable to any penalties for delay in proceeding to sea on the day, and at the hour fixed, or for excess of time in performing any voyage, 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 any control." Can you inform the Committee, distinctly, whether when that was discussed between yourself and the Treasury, those circumstances were discussed as to what they referred to, and can you state distinctly what those circumstances were?—I can, and I can state the circumstances positively from referring to my own report of the result of my interviews with the Treasury. On the date which I mentioned, I reported to the Board the result of the interviews, and the heads of the contract agreed upon between Mr. Hamilton, Mr. Stephenson, and myself, and in that report I stated that a liberal interpretation was to be given to that clause. I was referring to the correspondence between the Treasury and the London and North Western Company, with regard to the Holyhead and Dublin service.

496. Mr. *Peel*.] Which contract had then been signed, had it not?—I cannot say as to that.

497. It was signed just before that, in the beginning of the year 1859, was it not?—

not?—I cannot say; at the interview which I had with the Treasury in March 1859, it must have been signed.

498. Therefore you had that contract before you?—I do not know whether I had the contract before me; I had this document. I do not know whether it is part of the contract. I have this explanation to give, that when the Treasury write back to the contractors, they state in this clause, that "If from any cause not attributable to the Post Office, the time allowed be in any instance exceeded, arising from causes beyond control," then they give an explanation, "namely, on the sea, stoppages by snow, storms, fog, collisions, and delay to save life." I acted upon that assumption, and reported so to the Board, and we allowed the general words to be in upon the assumption that the interpretation of those words would be a liberal interpretation, and that fog, at all events, was a circumstance which was utterly beyond our control.

499. If that was the intention of both sides, why could not you have put the word in the clause; you had this contract before you at the time, had you not?—No, I had this correspondence before me at the time; I am not sure whether those words are in the contract or not.

500. Mr. *Walpole*.] Adverting to that proviso, which the honourable Baronet has just alluded to, it seems to make the obligation to pay the penalty dependent upon proof whether in point of fact there were any circumstances preventing the mails from being landed at St. John's, such circumstances being circumstances over which the Company had no control?—Yes.

501. You have taken the case of this fog of 37½ hours of unusual density and duration, preventing the "Connaught" from going to St. John's, could you not under that proviso have raised the question whether you were liable to pay the penalty or not?—Yes; but I think that every one knows the danger of a contractor raising a question with a department about 200 *l.* or 300 *l.* where the Admiralty officer on board, I presume, certifies against you, and when the head of that department, namely, the Postmaster General, in reply to remonstrance and appeal, writes and says, "I will not admit your excuse," and gives no reasons for his refusal.

502. You acquiesced in it without asking for reasons, did you not?—Yes; I presume that the Postmaster General had some reasons or some evidence, though we were not aware of them.

503. *Chairman*.] I presume that your relations with the Postmaster General were not of that very affectionate description that you believed that you were likely to get any very great relaxation?—I do not think that the Postmaster General would intentionally have done us any injustice; but I think he might have paid some attention to our remonstrance as well as to the advice of his own officials.

504. Besides the matter of fines, I think the Company consider that they have reason to complain of the construction which has been put by the Post-office upon that portion of the contract which referred to touching at Newfoundland?—They do.

505. I believe I am justified in saying that the Company are of opinion that they were bound by their contract to deliver telegraphic messages at St. John's at any time that the Commissioners might so direct, but that they were not bound to deliver mails at the same place by the terms of the contract?—Clearly.

506. Upon what grounds do the Company justify that construction of the contract?—I will state them as shortly as I can to the Committee. Two questions arise upon this branch of the subject, the one as to the literal construction of the contract, and the other as to the intention of the contracting parties. The Company attach very great weight to the consideration that whatever might be the literal construction of the contract, the intention of the contracting parties ought to have been taken into the account, and has, in fact, been acknowledged by the Treasury as an important element in the consideration of it. So far as the Postmaster General is concerned he has uniformly adhered to the literal construction of it, stating that he had had the contract before him, and could only go by what he found in the terms of the contract. According to our interpretation of it, the Company have urged upon both the Duke of Argyll and Lord Stanley of Alderley, first, that the construction which the Postmaster General seeks to put upon the contract is not the one which strictly it would bear; but, secondly, assuming for a moment that the Postmaster General's construction is correct, whatever interpretation the Postmaster General for the time being may put upon

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it, the intention of the parties ought to be taken into consideration. Now, if the Committee will allow me, I will call their attention, as shortly as I can, to an accurate and literal construction of the contract. The clauses must be considered separately, or there may be some confusion. The first clause in the contract merely renders it obligatory upon the Company to prepare ships that they will "at all times, during the continuance of this contract, diligently, faithfully, and to the satisfaction of the said Commissioners, provide, maintain, keep sea-worthy, and in complete repair and readiness," ships "for the purpose of conveying, as hereinafter provided, all Her Majesty's mails," &c. All the obligation imposed upon the Company there is, that they will maintain ships properly manned and equipped, and built according to the approval of the Admiralty, and that they will have them tried and certified according to the opinions of the Admiralty officers. The second clause simply defines the summer and winter services.

507. I think I am justified in saying that the words of the first clause provide for a fortnightly communication from Galway to Boston, and from Boston to Galway, and fortnightly from Galway to New York, and from New York to Galway alternately, without mentioning any other place?—Yes; but that would turn more upon the intention of the parties. I am now upon the construction of the contract. The third clause is a clause by which the Company agree that they will, during the continuance of the contract, diligently, and "with all possible speed," (which is the usual term in postal contracts), "convey Her Majesty's mails on board the said vessels respectively, as hereinafter mentioned. That such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall on such days, and at such hours as the said Commissioners may at any time or times appoint immediately after Her Majesty's mails are embarked, from time to time, put to sea from the several ports, and at the times mentioned in the time table marked A, hereunto annexed, and shall perform the several voyages out and home as mentioned in the said table." That clause, therefore, simply imposes upon the Company an obligation to carry mails between the ports mentioned in the time table, and within the times mentioned in such table. It is expressly limited, as the Committee will see, to the performance of a service between the several ports mentioned in the time table, namely, Galway and Boston, and Galway and New York, and at the times mentioned in the time table.

508. Mr. *Walpole*.] It says, "put to sea from the several ports"; it does not say anything about between what ports?—No; "from the several ports mentioned"; the ports and voyages are mentioned out and home in the table. The table of course I need not now remind the Committee relates simply to the voyages between Galway and New York, and Galway and Boston. Then the fourth clause renders it obligatory upon the Company to deliver telegraphic messages at St. John's, Newfoundland, within six days from the time of the vessel leaving Galway. There is a special provision following that clause, "that whenever any of the said vessels shall not enter the port of St. John's, it may be lawful for the said Company to land all telegraphic messages by a branch steamer or other vessel or means to be provided by and at the expense of the said Company." When that clause was discussed I objected to the delivery of telegraphic messages at the port of St. John's; it was stated that we may deliver the telegraphic messages, being a small handful of papers, on board a pilot ship, a fishing ship, or a boat, and deliver them at Cape Race on the land, and not at the port of St. John's; or the Company may land them in the ship's boat and let them go across to St. John's, and the ship may go on upon her voyage. Therefore they gave the Company the utmost latitude as to the mode in which the Company were to deliver those telegraphic messages. The telegraphic messages are a bundle of papers which probably a man may carry in his pocket; but the mails, amounting to between 10 and 20 packages, sometimes weigh a ton, I believe; at all events more than could be conveniently carried by a man across the land. The Government therefore, in consideration of that clause, gave us certain latitude, because we claimed to have the privilege of delivering telegraphic messages by any means, not only by a vessel. The next clause is the one upon which the difficulty has arisen, namely, the Company bind themselves that they will "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, call, or touch, in performance of this contract, all such of Her Majesty's mails, passengers,

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passengers, and telegraphic messages as shall have to be delivered or received at such places respectively."

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509. Mr. *Peel*.] As you state that the Company have the option of the selection of any means they please of landing those messages, it appears from a sentence in that clause—"such steamer or other vessel or means being previously approved of by the said Commissioners," meaning the Commissioners of the Admiralty?—Clearly so.

510. Therefore it could not have been the impromptu means you suppose; it must have been means approved of before the vessel started?—No; approved of probably by the Admiralty agent on board. The commissioners would have their agent on board; there is a mail boat on board for delivering the mail bags; but there is no boat specially for the delivery of telegraphic messages; and the Admiralty agent might in the exercise of his discretion, if he had no mails to deliver, allow the telegraphic messages to be delivered by a pilot; there is no Government obligation as to the general telegraphic messages. The clause with regard to telegraphic messages can only oblige the Company to deliver such telegraphic messages as the said commissioners may at any time or times direct, and they have never once directed one single telegraphic message to be delivered at St. John's yet.

511. Mr. *Walpole*.] Who are the commissioners?—The Lords Commissioners of the Admiralty or the Postmaster General. I assume upon the transfer that the Postmaster General has the same power; he has never required a single telegraphic message to be delivered at St. John's, and the Company have never been required by the Government to deliver any telegraphic messages there.

512. They took for granted, that under the contract, you were going to call at the port, and, therefore, telegraphic messages might have been delivered?—Clearly that was not so understood by the Company. The next clause provides, "The Company hereby further agree that all the said vessels employed in the conveyance of Her Majesty's mails, shall both on the outward and homeward voyages call at St. John's, Newfoundland."

513. What does that mean?—For the purpose of delivering telegraphic messages when so required by the Lords Commissioners of the Admiralty, or by the Postmaster General.

514. Where are the words that import that?—I apprehend that those words may be assumed to be introduced there. It says, that except when prevented by stress of weather, "they 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, call, or touch, in performance of this contract, all such of Her Majesty's mails, passengers, and telegraphic messages, as shall have to be delivered or received at such places respectively."

515. That is perfectly consistent with the clause just before; that is, in the event of vessels being prevented from going to St. John's, you are to go back upon the 3d clause, and messages are to be delivered by such vessel, or other means, as you can provide, satisfactory to the Commissioners. The two clauses are perfectly consistent?—Quite so, according to my construction, if I may be allowed to add an interpretation, namely, "delivered at such places respectively," that is to say, telegraphic messages at St. John's, Newfoundland, and mails at the places mentioned in the time table.

516. You are adding the word "respectively," to the messages, and not to the places; whereas the Postmaster General adds it to the places?—I am adding it to "such places respectively;" but there is no obligation to deliver the mail at St. John's. There are two clauses in the contract, one providing for the delivery of mails at the place mentioned in the time table mentioned in clause 3; and the 4th clause is a clause requiring the Company to deliver telegraphic messages. Then the 5th clause provides, that the Company shall deliver such messages as are mentioned in clause 4, and such mails as are mentioned in clause 3, at the places respectively to which each of those telegraphic messages and mails have to be delivered. I confess that that appears to me to be the most obvious interpretation.

517. *Chairman*.] You mean that telegraphic messages are to be delivered at Newfoundland, and mails and passengers at Boston?—Yes; there are two clauses. The one says, "that the Company shall, within the time named in the time table, deliver the mails at certain points mentioned in the time table." Another clause is, "that the Company shall deliver telegraphic messages, at a given time, at
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another port." Then it says, the Company shall, unless prevented "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, call, or touch, in performance of this contract, all such of Her Majesty's mails" as have to be delivered (I should add the words) "by the terms of this contract," "as have to be delivered at such ports and places as are mentioned in this contract."

518. Mr. *Walpole*.] Supposing you go straight to Boston, or straight to New York, and do not attempt to touch at St. John's, Newfoundland, but you fall in with some vessel, and ask them to take your mails, instead of your going there, could you do that?—No; and that is a ground of complaint which the Company have; they could do it with telegraphic messages; they could deliver telegraphic messages by some other means than putting the ships into the port of St. John's.

519. Without attempting to go near St. John's?—Not without attempting to go near St. John's, because it says here "Provided, whenever the vessel shall not enter;" I do not mean to say we shall not attempt to enter, though there is latitude given in that respect; but if, in the exercise of his discretion, the captain does not choose to enter the port of St. John's, but goes up to the point of land at the mouth of the harbour, and meets a fishing boat or a Company's boat, or a steam tender, and sends the telegraphic messages, I contend that we do fulfil the terms of our contract, by delivering telegraphic messages at the port of St. John's, if they are so delivered; but if, according to the next clause, we are under obligation to take the mails there, that is a very different affair; we cannot throw the mails overboard into fishing smacks, or send them on in boats.

520. Why could you not as easily deliver the mails as the telegraphic messages?—Because the mails are so much heavier than telegraphic messages; a telegraphic message a man puts in his breast pocket, but a mail he could not.

521. What would the mails to St. John's weigh?—I cannot tell; a bag weighs about 56 lb. The mails also contain very important remittances; they contain money and valuable bills of exchange, whereas, the telegraphic messages are only messages.

522. Mr. *Peel*.] Can you explain why, if by the 4th clause of this contract, you are under the obligation of delivering telegraphic messages at Newfoundland, in the 5th clause, the contract should have gone on to require you to call at St. John's, Newfoundland?—We always intended to do so. Our tender was, that we would call there for the purpose of delivering telegraphic messages.

523. But the 4th clause required you to deliver telegraphic messages; for what purpose was this addition to that requisition made of calling at St. John's, Newfoundland?—It requires that we should call there; that is, it compels the company to call there, because it was part of our contract that we were, on every outward and homeward voyage, to attempt to call at St. John's; that was one of the conditions of our tender.

524. What did you mean by that?—That we intended to call off St. John's, and not to go into the port of St. John's. The port of St. John's is sometimes a dangerous place to enter, and particularly with large ships required under the present postal contract.

525. Did not the 4th clause of this contract provide for the delivery of telegraphic messages at St. John's?—Yes, it did; but the delivery of passengers and mails was not the understanding of the company under this contract; it provides expressly that we shall deliver such messages by some other means approved of; that is to say, by a steam tender or a fishing boat, or any other means in our power.

526. Was the 5th clause intended to repeal the 4th?—No, it was rather a confirmation of it, that at all such places we should call, and that we should touch at Newfoundland every voyage, and deliver at such places, as we are bound to do, such telegraphic messages and mails at the places respectively.

527. If no reference had been made in the 5th clause to your calling at Newfoundland, you would, under the 4th, have been obliged to deliver telegraphic messages at St. John's?—Yes, whenever required.

528. What was the object of requiring you, in the 5th clause, to call at St. John's?—In order to ensure that we should deliver them whenever it should be required.

529. That was already secured by the 4th clause, was it not?—No; the two clauses, in a legal sense, provide, for the duty of the company, that they shall deliver

deliver mails at certain places, and telegraphic messages at another place; and then the general clause provides that we shall always call outwards and homewards at St. John's, and deliver the mails and telegraph messages, if required to be delivered at such places respectively; that is to say, as regards the places mentioned in the time-table, in the manner provided by such time-table; and I would also call the attention of the Committee to the fact that there is no mention whatever of any obligation on the company to deliver the mails at St. John's, Newfoundland, within any time whatever.

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530. Mr. *Walpole*.] There is an obligation upon the Company to deliver telegraphic messages in six days?—Yes.

531. How could they do that without touching, at any rate, at St. John's?—For the reason I have mentioned, that they may go within 50 miles of the coast of St. John's, and if they have no telegraphic messages on board, they need do no more, but at all events, they need not go into port; they can communicate with St. John's other than by ships of the Company.

532. Mr. *Peel*.] Let me call your attention to your own tender in the month of January 1859, at page 50 of Parliamentary Paper, 230, of 1859. Your first proposal is this: "We therefore propose to contract to carry mails from Galway to Portland, Boston, or New York, *via* St. John's, Newfoundland, or otherwise, for the sum of 3,000 *l.* per voyage;" then three paragraphs lower down, you say, "We will also undertake to convey telegraphic messages from the United Kingdom to British North America and the United States in six days"—It says further, "Casualties excepted".

533. Is it not clear that quite independently of your conveying telegraphic messages, you were by that proposal bound to carry the mails from Galway to Portland, *via* St. John's, Newfoundland, and that you were not to call at St. John's to convey telegraphic messages, but for the carriage of the mails?—No; I do not think that that was the interpretation put by the Treasury, or by the Company upon that proposal.

534. *Chairman*.] If you will turn to the letter of the Postmaster General to the Lords of the Treasury, at page 53 of Parliamentary Paper, 230, of a subsequent date, you will see that Lord Colchester, alluding to an arrangement of the Company for touching at Newfoundland, expresses great doubt whether "the arrangement in a nautical point of view is judicious, owing to the risk and delay caused by the heavy fogs which prevail off Newfoundland"—Yes.

535. Do you consider that that observation on the part of the Postmaster General to the Lords of the Treasury altered in any way the condition of the proposal that you made?—I can state of my own knowledge that throughout the whole of the negotiation this question of calling at St. John's was repeatedly discussed, and the objection raised by the Company is, that from the first they never contemplated taking the mails there, but that they should have the means of communicating with St. John's without having imposed upon them the obligation of putting their ships into port; and I state distinctly, that never in the whole course of the discussion was any word ever breathed as to any obligation of the Company to deliver mails at St. John's.

536. Mr. *Walpole*.] There was with regard to calling at St. John's, was there not?—Clearly.

537. You have stated that so distinctly that I do think you had not better make it so positive as you have done until you have looked at the written paper. Will you follow me for one minute. I want you really to see the case as, since the Committee last met, it has presented itself to my mind from reading over those papers; it is in order, since these are written documents, you may not state anything that might have escaped your memory that I ask you to refer to those documents. You will find in the communications from the Postmaster General to the Lords of the Treasury, there was a letter doubting the contract altogether, and amongst other doubts it mentioned the touching at Newfoundland in consequence of fogs. Will you turn to page 56, which contains a Treasury Minute, dated the 15th of March 1859, where "Sir Stafford Northcote and Mr. Hamilton state to the Board that since the date of their Lordships' Minute on the subject of the tender of the Atlantic Royal Mail Steam Navigation Company for the conveyance of the mails between Galway and North America, they have been in communication with the promoters of that Company, and have agreed upon the following terms as the basis of a contract to be entered into between Her

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Majesty's Government and the Company, subject to the approval of their Lordships." Here are the terms stated:—"1. As regards the time of the service." Then at the bottom of that page: "The Company at all times to deliver telegraph messages either at St. John's, Newfoundland, or at Halifax, Nova Scotia, within six days." That is consistent with your view. Then if you will turn to No. 5, page 57, you will find these words: "The vessels to call at St. John's, Newfoundland, both on the outward and homeward voyage whenever possible; but when, from circumstances which shall appear to the Admiralty Agent to justify it, the vessels shall be prevented making St. John's, then they shall call at the port of Halifax;" is that so?—Yes.

538. Then it goes on: "Write to the Admiralty that my Lords have determined to enter into a contract with the Atlantic Royal Steam Navigation Company for the performance of a fortnightly mail service between Galway and Boston and Galway and New York, alternately, on the terms before stated." That is, calling at St. John's?—Yes.

539. Now, if you turn to your own letter, which is the very next document, dated the 22d of March 1859, you will see that you called the attention of the Treasury specifically to this point, and you state: "The object of calling at St. John's is, doubtless, the importance attached to the delivery of telegraphic messages; still, having regard to the penalties provided by Clause No. 2, you will readily see that it would be inconsistent that the Company should be subject to penalties of so onerous a character for the non-performance of voyages which are calculated upon a direct route between Galway and Boston, or Galway and New York, and yet be compelled to deviate so far from the course as to call at St. John's." You there distinctly raise the question, and you go on to say: "The directors are fully impressed with the importance of the communication with St. John's, and they do not desire to shrink from their determination to perform the voyage between Galway and St. John's within six days. We suggest, therefore, that when the vessels are required to go to St. John's, one day's time should be added to the time mentioned for the voyages direct to New York and Boston." That is your suggestion?—Yes.

540. Now look at the Treasury Minute of the 26th of March 1859: "Write to Messrs. Vallance that a communication with New York, *via* St. John's, Newfoundland, or otherwise, by telegraph, in six days, was a part of the original proposition made by the Atlantic Royal Mail Steam Company, and formed one of the grounds upon which Her Majesty's Government considered themselves warranted in granting the subsidy for the service. My Lords, therefore, cannot in any way dispense with that condition. My Lords having already made allowance for the delay which, under ordinary circumstances, may be occasioned by the deviation from the direct course to New York, in order to admit of the vessels calling at St. John's or Halifax, cannot sanction any further modification of the time within which the service is to be performed, that is, as to the additional day." Then, it goes on: "But, inasmuch as there may be difficulties and additional delays in the large steamers actually calling, in the sense of going into port at St. John's or Halifax, my Lords will not object to any arrangement of which the Lords Commissioners of the Admiralty may approve, by which the communication with either of those places within six days, and the landing of passengers can be secured without obliging the postal steamers of the Company to incur the delay and difficulty of going into the ports of St. John's or Halifax." Does not that explain the whole contract, and make all the rest consistent?—Yes; I think quite consistent with the evidence which I have given before the Committee. The Company always contemplated delivering telegraphic messages at St. John's, but there is not one word in that Treasury Minute or correspondence which refers to the obligation of the Company to deliver mails at St. John's.

541. But you must call and deliver passengers; how are you to do that?—That is very often done by tender steamers sent out, and by other means. But if the interpretation of the contract be taken with regard to the intention, I venture to submit, with great deference to the Committee, that there is nothing in the Treasury Minute imposing the obligation, but, on the contrary, it contains independent evidence that there was no obligation to be imposed upon the Company to deliver mails.

542. Was not it rather the intention, that since there would be difficulty and delay in the ships entering the port, license was to be given to the Company to send mails and passengers into the port without the steamer herself going into it?—

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it?—Never; and never did one single syllable, to my knowledge, ever pass between the Government and the Company as to imposing upon the Company the obligation to take the mails to St. John's, and if you will allow me to say so, the very document which you have read, my letter to the Treasury upon the 22d of March, at page 58, shows that we even contemplated an accidental calling there, because I state, "We suggest, therefore, that when the vessels are required to go to St. John's, one day's time should be added to the time mentioned for the voyages."

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543. That is positively refused, is it not?—I quite understand that; but I am only referring to that as illustrating the impression upon the minds of the contracting parties, in the arrangement with the Government it was proposed, that when we should be so required to deliver telegraph messages (and that is my suggestion), we should have one day allowed whenever we were so required; but the Treasury Minute peremptorily refused any extension of time, and kept us to the original tender, namely, that we were to call at St. John's on every voyage out and home.

544. Supposing they had given you that additional day's time, would you have been obliged to go to St. John's or not?—Yes.

545. Then the refusal to you is the same?—I hope the Committee understand that we have never disputed the liability to go to St. John's with telegraphic messages; we did not deny that at all; we believed that we were bound to call at St. John's on every voyage out and home, to deliver telegraphic messages; but we might take advantage of the exemption, although the Company have never done it; and our obligation even to deliver telegraphic messages is only when so required by the Lords Commissioners or by the Postmaster General, but the Company have never shrunk from the responsibility to go there. I hope that in stating that, I am not raising a technical difficulty; the Company intended to go to St. John's every time. But with regard to the intention of the contracting parties, I hope the Committee will allow me to mention also what other evidence there is existing in the correspondence showing the intention of the parties with respect to the contract. The Treasury Minute is a minute referring entirely to the contract for carrying mails between Galway, Boston, and New York. The contract itself is called, in its very title, the Galway, Boston, and New York mails. There is no mention in the timetables of St. John's, and there is no mention in any of the terms of the contract, except in clause 5 under the general terms, of the obligation of the company to deliver any mails anywhere. In the opinion, I may mention, of the solicitor of the Post Office Department, which has also been referred to the Committee, he states that he is also of opinion that the strict interpretation of the contract might impose upon the company the obligation to deliver the mails at St. John's, but still that the intention of the parties should be referred to; and he says that inquiry should be made to see what the intention of the parties was. In a letter also from the Treasury upon the same subject to the Postmaster General, they state that whatever the construction of the contract may be, the construction sought to be put upon it by the Postmaster General may be adopted, provided it is not at variance with the intention of the parties on the direct understanding come to between them. A letter from Mr. Hamilton to the Postmaster General puts that very clearly. The company therefore have contended not upon the strict interpretation of the contract, but as to what was the intention of the contracting parties, and I have ventured to submit to the Postmaster General that if there be a doubt raised upon the construction, then it is the duty of the contracting parties to go back to the original intention of the contracting parties, and not to have a construction forced upon them which is at variance with their conscientious belief in another construction, but that the matter being then in doubt should have been the subject of negotiation, or at all events should have been referred back to the general intention of the parties. That is all that the company have contended for with the Postmaster General; and the complaint that they make is, that a construction adverse to their views has been forced upon them, under a condition that unless they adopted that view, and took the mails to St. John's within six days, their contract would be put an end to. In ordinary contracts between individuals which admitted of doubt as to the construction, it would be set right by a court of equity, if it was clearly and distinctly shown that the intention of the contracting parties was not that which appears upon the ordinary

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ordinary construction of the contract. That is all that the company have contended for before the Postmaster General.

546. Do you look upon that construction as important to you for the purpose of getting larger pay for the delivery of the mails, or as important to you to avoid the delays which would be occasioned by going to St. John's?—In both ways. The construction of the Postmaster General deprives the Company of 8,500*l.* a year; and if that construction be adopted they would incur more than that amount of penalties for the delivery of the mail there.

547. *Mr. Peel.*] How does it deprive the Company of 8,500*l.* a year?—Because the terms of the new contract, made on the 24th of January, are, that we shall deliver the mails at St. John's, Newfoundland, without seeking for any further remuneration for the service.

548. Where are you to get that 8,500*l.*?—From the Colony.

549. Have you any contract with the Colony?—Yes; we have a provisional contract, that the Colony will contribute 8,500*l.* a year for the double service that they contracted for.

550. Are you aware that the consent of the Colony to continue that subsidy was upon condition of its being acquiesced in by the Home Government?—No; Lord Stanley stated that the condition of its continuance was the continuance by the Imperial Government of the subsidy of 4,500*l.* a year; but I am informed from the Colony that, so far as the Colony were concerned, they only made it a condition that they would pay, provided that the Government pay such a sum as to ensure the service; but if the Colony understands that the service can be performed for that contribution they will gladly pay it.

551. Are you speaking now of the resolution of the Legislature of Newfoundland, to which Lord Stanley referred, or of the views at present entertained in that Colony?—Both; in the first instance the Colony contemplated continuing the contract, provided the Imperial Government would pay their contribution, and they did that upon the assumption that the Company would not deliver the mails unless 13,000*l.* per annum were paid. The Company have since agreed to forego the Imperial subsidy of 4,500*l.* per annum; they were willing to take the mails to the Colony for 8,500*l.* The Colony would be willing to continue their contribution, but the Home Government claim now that contribution in diminution or towards the payment of the 78,000*l.* a year. That is what the Company complain of.

552. You told the Committee that the Commissioners of the Admiralty or the Postmaster General have never required you to deliver telegraphic messages at St. John's?—I inquired of the secretary of the Company, and have got a statement to that effect.

553. I will refer you to page 19 of Paper 132, where there is a letter of Mr. Frederic Hill to Mr. Boate, on the 22d June 1860, a few days before the service commenced, stating that "all telegraphic messages sent to this office for transmission by the packets will be forwarded in such mails;" that was requiring the Company to deliver telegraphic messages at St. John's?—I do not think the Company took any.

554. *Chairman.*] Were any telegraphic messages sent on that occasion?—None were sent; it was an indication to say to us that we might send them; but we never sent one for the Post-office; we telegraph to our own officers.

555. *Mr. Peel.*] Whatever messages were sent, were sent in the mails to Newfoundland?—No; I think clearly not; they would not put telegraphic messages in the mail bags, it would be of no use. There is a telegraphic office at St. John's, and when we send telegraphic messages they are carried over as the ordinary telegraphic messages in this country, and delivered to the telegraphic office there; they are not sent as a part of the postal arrangements.

556. *Chairman.*] I think this passage is merely prospective; in case any telegraphic messages are sent, they are to be forwarded with the mails?—None could be sent under these terms, because sending telegraphic messages in that way would not be a Government obligation; they would go in the mail bag, they would go as letters. In Question 74, Lord Stanley is asked "Since you have been Postmaster General, have you ever despatched any telegraphic communications to St. John's? His answer is, "I am not aware that we have."

557. Another subject of complaint on the part of the Company is that they have

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have been obliged to forego the 8,500 *l.* a year, which they received as part of the colonial subsidy?—Yes. H. Vallance, Esq.

558. Was that colonial subsidy originally contemplated both by the Treasury and by the Post Office?—It was. 5 July 1861.

559. Have you any evidence to give upon that point?—As showing the intention of the Government, that the contribution of 8,500 *l.* a year paid by the colony should be continued, whatever the arrangements were between the Company and themselves, I refer the Committee to a letter at page 44, of the 29th of August last; it is a letter from the Treasury, addressed to my firm, and signed by Mr. Hamilton. After speaking of the Estimates for the Service having been voted by Parliament, the paragraph I refer to is, “As the Company are bound by the terms of the contract to call at or off St. John’s, Newfoundland, for the purpose of delivering telegraphic messages.” You observe that there is no reference to mails there at all, and I would call the attention of the Committee to this fact that that letter was written two months after the commencement of the service. “As the Company are bound by the terms of the contract to call at or off St. John’s, Newfoundland, for the purpose of delivering telegraphic messages, it is understood by the Post Office that they are bound to carry mails also to and from St. Johns” (not understood by the Treasury) “without extra charge, unless it can be clearly shown that this is contrary to the fair meaning of the contract, and to the understanding of the parties at the time.” That is what I mentioned some time ago.

560. *Chairman.*] It is clear from this passage that the writer, Mr. Hamilton, at all events, does not affirm that the Company were bound to carry mails to St. John’s, and that there is, at all events, a considerable doubt as to the construction of the contract?—Yes, that letter is written in consequence of communication between the Postmaster General and the Treasury, in which the Postmaster General had intimated what his construction of the contract was that the Company were liable. The Treasury then say, that the Postmaster General says (not that the Treasury says) that you are under an obligation to carry the mails unless it can be clearly shown what was the understanding of the parties. And then, further down, the next paragraph suggests, “It does not seem reasonable that the colony of Newfoundland should cease to contribute the sum of 8,500 *l.* a year, which they have been ready to pay for an inferior service in the event of a superior one being substituted, and therefore they would be prepared to make the continuance of this colonial subsidy to the Company a condition of performing the mail service to and from St. John’s, whether by an independent line or by the main line; but looking at the large amount of subsidy already payable by the Imperial Government to the Company, my Lords would not think it reasonable to contribute an additional 4,500 *l.* a year from Imperial funds in aid of a service which, under the probable construction of the contract, they could require to be done without extra payment by the steamers to whose support they are already contributing 78,000 *l.* a-year. If this arrangement were carried out” (the whole question is involved in this paragraph) “the Company would be in the receipt of 78,000 *l.* a year from the Imperial Government, and 8,500 *l.* a year from the Newfoundland Company, for which they would take mails as well as telegrams to and from St. John’s, by their regular steamers, but be relieved from the necessity of running an independent monthly line. Upon that assumption, the Company acted entirely. They assumed that it was without reference to the strict construction of the contract; at all events, it was a suggestion made by the Government, and the Company were quite willing to adopt, to take 8,500 *l.* a year from the Colony, and carry the mails to St. John’s, or wherever any of their steamers touched. In a communication, however, which the Company had from Lord Stanley subsequently to that, no mention is made whatever of the intention of the parties to the contract, or the fair meaning of the contract; but the construction which is sought to be forced upon the Company is the strict, literal construction of the contract, according to the view which the Postmaster General has suggested. In a letter in corroboration of that view addressed also by the Postmaster General to the Company, on the 14th September 1860, Letter, No. 103, at page 46, of the Lords’ Return, the Secretary says: “I am directed by the Postmaster General to inquire whether, if his Lordship would consent to waive his legal right to require your Company to convey mails to and from Newfoundland by the vessels employed in the American service, without any addition to the subsidy for that service, your Directors will

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agree to carry such mails by every packet for a payment to you by the Colony at the rate of 8,500 *l.* per annum, on the simple understanding that the present Special Mail Service to Newfoundland shall merge in the Main or American Service." Lord Stanley stated, that although that proposition was made on the 14th of September, not having been replied to in the interim, it fell to the ground. On the 17th September, 1860, the Company stated, in a letter at page 47, in acknowledging the letter: "As some of the Directors are absent, and Mr. Vallance, the Company's Solicitor, who has carried on the correspondence with the Treasury, is also out of town, I beg permission on behalf of the Company to defer a reply to your letter."

561. Mr. *Walpole.*] When did they give you an answer?—We had a deputation to Lord Stanley on the 25th of October 1860, and at that interview Lord Stanley finally suggested that the deputation should communicate their views in writing, stating in fact, in detail, what had transpired at that interview; the letter, which is at page 57, begins: "In compliance with the request of his Lordship the Postmaster General, that this Company should submit in writing their views upon the several points which formed the subject of discussion, at the interview which the Directors had with Lord Stanley, of Alderley, on Thursday the 11th instant, I have now for his Lordship's consideration," and so on; and the first condition lower down the page of that letter is, "The views of the Company, therefore, on the several matters brought under the attention of the Postmaster General, are as follows, and which the Directors respectfully trust may meet with his Lordship's acquiescence. First, the Company is willing (subject to the following conditions) to reduce the Newfoundland subsidy by the sum of 4,500 *l.* after the end of the present financial year, making it in fact 8,500 *l.* per annum from the 1st of April 1861, the mails to be delivered monthly by the same steamers which perform the service under the Imperial Contract." The Company therefore, by that letter, distinctly stated their acquiescence in foregoing the 4,000 *l.* a year, claiming to have 8,500 *l.* a year. Then by letter, Number 136, from the Postmaster General to the Treasury, on the 1st of November, the Postmaster General states that he had applied to the Company, asking them whether, if he would consent to waive his legal claim in this respect, they would agree to convey a mail to Newfoundland by every packet, for a colonial payment of 8,500 *l.* a year, but this inquiry not having received an affirmative reply falls to the ground. The Company submit that they had given an affirmative reply, and that they were willing to take mails to St. John's for 8,500 *l.* a year.

562. Mr. *Peel.*] When did they state that?—In the letter which I have just read of the 25th of October; the Company were willing, subject to the following conditions, to reduce the Newfoundland subsidy, and take 8,500 *l.*

563. Mr. *Ker Seymer.*] Was not the difference between them this, that the Company proposed to perform the service monthly, and the Postmaster General proposed that it should be fortnightly?—No, that question did arise; but it cannot be said that the Company quite acquiesced in taking the mails fortnightly. Letter Number 132: "The mails to be delivered monthly by the same steamers which perform the service, under the Imperial contract," not fortnightly.

564. The Postmaster General having proposed it fortnightly?—Yes.

565. Mr. *Peel.*] You then made it another condition, I see, of your acquiescence in these terms, that the "Prince Albert" should be accepted as one ship to perform the monthly service?—We did.

566. To that the Postmaster General objected?—He does not state his reason for objecting; and in the next communication upon this subject the Postmaster General states, that he conceives that by the terms of the contract we are bound to take the mails without any subsidy, and insists upon our doing so; he does not give us an opportunity of discussing the matter as to any modifications that we might require, or the terms which we had proposed.

567. Mr. *Walpole.*] Does he say that you are bound to take mails without any subsidy from the colony?—Entirely; and I find by the correspondence that there is a letter from the Postmaster General to the Government suggesting that the Colony should pay 8,500 *l.*, and that the Government should receive it. That we complain of, and in our protest against it we have reserved our right to appeal to the Treasury upon the simple ground of good faith and the intention of the contracting parties; and upon that letter of Mr. Hamilton's of the 29th of August, and Lord Stanley's letter, to which I have just referred, it appears that, at all events, if the Colony did pay, as we were sure they would, we should get 8,500 *l.* a year.

We,

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We, therefore, protested against the arrangement, reserving our right to appeal to the Treasury to pay the 8,500*l.* I now find that Lord Stanley has suggested to the Treasury that they should ask for the 8,500 *l.* a year, and keep the money.

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568. Mr. *Brown Westhead.*] In diminution of the 78,000*l.*?—Yes, to be paid by the Colony to the Government, and not to us.

569. Mr. *Walpole.*] Where is Lord Stanley's letter to the Government?—At page 62: "If your Lordships agree in my recommendation, the amount to be voted by the legislature of Newfoundland should be paid over to this department in aid of the expense of the packet service, as I fully concur in the opinion expressed in Mr. Laing's letter of the 27th of July last, that it would be altogether unreasonable that Newfoundland should entirely escape, at the expense of the mother country, the payments which she voluntarily made for an inferior service, before the Imperial contract was concluded."

570. Mr. *Peel.*] What was the answer of the Treasury to that?—It is on the 17th of November, at page 65: "Adverting to your letter of the 1st instant, enclosing a copy of a communication which your Lordship had caused to be addressed to the Atlantic Royal Mail Steam Navigation Company, dispensing, on certain conditions, and for a time, with the complete performance of their contract of April 1859, I am desired by the Lords Commissioners of Her Majesty's Treasury, to state that they entirely agree with your Lordship, that it should be clearly and fully understood and provided that, if at the end of the period limited for the concession, the Company shall still not be in a position to fulfil all the obligations of the contract, it must then be terminated and finally abandoned." There is no mention of the question of the 8,500*l.* a year in that letter. Then, upon the 20th of November, three days after the receipt of that letter from the Treasury, the Postmaster General writes to the Company, at page 66 of Parliamentary Paper, 132, No. 144, and for the first time conveys preremptorily to the Company, his intention that he will permit the suspension of the mail service until the 12th of March, but only on the following conditions, which was the first time which it was put into such language: "That the Company shall forthwith execute an agreement with this department, providing, that if they are not prepared to recommence the service at the period named, and to continue thenceforth to fulfil all the conditions of the contract of 1859, strictly according to their fair intent and meaning, including the conveyance, without any additional payment of mails," (that is the first time that appears), "to and from Newfoundland, by every ship employed in the service, such contract shall, without any further act, or any liability to a claim for damages, become null and void;" that was on the 20th of November. Then, on the 21st of November, No. 147, page 67, the Post Office enclose to the Company a draft of the agreement; that agreement having been submitted to me for my approval on behalf of the Company, I found two very objectionable clauses in it, and the agreement was subsequently returned to the Post Office, and the substituted agreement was not forwarded to the Company, till the 3d of January 1861.

571. Mr. *Walpole.*] What are the two objectionable clauses?—About the fifth or sixth line from the bottom, the agreement provides, that on the failure of the Company to fulfil the obligations of the contract, then "every clause, matter, and thing herein contained, shall become absolutely null and void." That clause was never inserted, I believe, in any Government contract, clearly not in any postal contract, I believe, that has ever been prepared: the original contract gives the power to the Lords Commissioners of the Admiralty, or to the Postmaster General under the new arrangement, to determine a contract after a breach of the contract; but this clause would have put the Company in this position, that if from any accidental cause whatever, over which they had no control, they had failed to put a ship forward on the 12th or the 26th of March (it was altered to the 26th), or if any circumstances over which they have no control had detained them, then the postal contract would have thereby become null and void. Independently of that, there is a clause in the middle of the contract in the next page 68: "And whereas a question has arisen between the said Company and the Postmaster General, as to the construction of the lastly hereinbefore recited clause of the said hereinbefore recited contract, and to the nature and extent of the services to be performed by the said Company thereunder, and for the purpose of settling such question, and specifying the true intent, meaning and construction of such clause, and the services to be performed" under the agreement. We had protested up to that time that the true intent and meaning was no obligation

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on the Company to take the mails, but that we had conceded it as a matter of arrangement; I objected also to that clause; and in the last line but two it is stated also, that the Company acknowledge that they will perform all the service, "as if the true intent, meaning, and construction as by these presents defined," which we object to. Lord Stanley in his evidence stated that the agreement sent to the Company on the 21st of November 1860, was not executed till the 24th of January. I call the attention of the Committee to the fact that the Company corresponded with the Postmaster General, and protested against having such stringent clauses in the agreement.

572. Have we got the Agreement of the 24th of January?—It is in page 76 of the Parliamentary Paper, 132. I may say, in justice to Lord Stanley, that those clauses which I objected to were modified in the new Agreement, which new Agreement was sent to the Company on the 3d of January.

573. Mr. Peel.] Is the clause in that new Agreement now substantially the same as the corresponding one in your original contract?—It is now in accordance with the terms of the original contract.

574. Though you agreed to the terms imposed by the Postmaster General, you reserved your right of appealing to the Treasury about this 8,500 l.?—Yes.

575. Will you read that passage, in Mr. Boate's letter, at page 72?—"In acceding to the terms imposed by the Postmaster General, the directors consider they are not precluding themselves from making a representation to the Treasury, with reference to the amount agreed to be contributed by the Colony of Newfoundland."

576. Therefore your view was, with reference to this colonial contribution, that though you had signed this Agreement it was open to you to make an application to the Treasury, to allow any contribution received from the Colony to be paid to yourselves rather than to go in diminution of the subsidy paid by Parliament?—We were not aware, at that time, of the communication made by the Postmaster General to the Treasury, which contemplated asking the Colony to pay it. We still had a confident reliance that the Treasury would not allow us to receive so great an injustice as to be deprived of 8,500 l., if the Colony were willing to pay it.

577. When you speak of injustice you are assuming that your construction of the contract was the right one?—No. I am assuming that there was a separate contract also for 8,500 l., and apart from that, the Colony were willing to pay us.

578. Were you performing that separate service?—We should have done.

579. Had you been performing it?—Up to the 26th of June, we had.

580. That was up to the commencement of the Atlantic service?—Yes; we performed the service afterwards. We took the Colonial mails on board, which according to my construction we were not bound to do.

581. That turns entirely upon the assumption, that your construction of the contract is the right one?—Yes; but I am guided by the fact, that up to the 21st of August the Treasury itself assumed that we had a claim to the 8,500 l. The Postmaster General also assumed that there was some ground for it, because he asked if we would consent to take the mails then, if the Colony would consent to pay 8,500 l. The letter of the 29th of August 1860, from the Treasury, addressed to my firm, distinctly pointed out that the Company would be in the receipt of 78,000 l. a year, under the Imperial contract, and 8,500 l. under the Colonial contract.

582. Mr. Walpole.] In the agreement of January last, you settled the question, did you not, by providing in that agreement that the Company are to carry both mails and passengers?—Yes, I have stated that there is no obligation under any contract that we shall take the mails within six days; I hope the Committee are clear upon that point.

583. How does that appear in the agreement?—By the utter absence of any obligations imposed upon the Company as to time.

584. What you say is this: that though that agreement is not to supersede the agreement of April 1859, yet, inasmuch as in your view of the case there is no obligation to take the mails within six days to Newfoundland, you would not have been obliged under the agreement of January 1861 to do so?—That is so.

585. But you would have been obliged to go to Newfoundland in six days, would you not?—I admit that for telegraphic messages, but that it must not be taken

taken as any part of the ground for annulling our contract that we are not enabled to deliver the mails at St. John's in the six days. H. Vallance, Esq.

586. Then you are bound to be in St. John's within six days?—Yes, so far as telegraphic messages are concerned. 5 July 1861.

587. Mr. Peel.] What was the service which you undertook to perform under the contract with Newfoundland?—To deliver the mails monthly.

588. From where to where?—From Galway to St. John's, and, I think, from St. John's to New York.

589. Did you contemplate that that service from Galway to St. John's, and from St. John's to Newfoundland or Boston, should go on simultaneously with the Imperial service from and to the same places?—Yes. Does the honourable Member mean that question to apply as to whether we contemplated receiving 13,000*l.* a year, in addition to the 78,000*l.* a year?

590. Now, did you intend that the two services should continue?—I cannot say at any particular period what was intended as to the two services; our hope was that the regular mails by the two services might be merged into one.

591. That was your intention?—I cannot say that it was our intention, but it, no doubt, weighed with the directors in their arrangements that they would put both mails on board one ship; in fact, they requested the Postmaster General to allow them to do so.

592. After the contract had commenced?—Yes; the first request was made in this way: we were under an obligation to send mails to St. John's on Saturday the 23d of June, for which our subsidy was 1,000*l.* per voyage, and the Postmaster General fixed the 26th of June for the commencement of the Imperial contract; we asked permission to be spared sending the slower ship, the "Golden Fleece," on the Saturday, and to put the Colonial mails on board the fast ship on the Tuesday; the Postmaster General refused to allow us to do so, and we sent two ships. It is clear that it must have been a great loss to the Company to send two ships over the same line within three days of each other.

593. Did you ask that you might receive a double subsidy if you were allowed to put the Newfoundland mails on board that ship?—Yes, clearly; because we were performing the full service, the Colony paying 8,500*l.* for that service, and it was no loss to the Government, and if we chose to perform the two services by one ship, it was what we were entitled to have the benefit of; and an additional advantage would have been that the Colony would have had their mails sent in a quicker vessel on the Tuesday three days afterwards, and the Government would not have been injured by it, nor the Postmaster General either. Perhaps I may be allowed to mention, that Lord Derby stated in his evidence before the Committee, that one of the grounds for giving the contract to this Company was, that we had embarked very large sums indeed, and had incurred great losses, and that we were able to run between Galway and North America.

594. Mr. Peel.] Was it not intended also that one line should succeed to the other?—Never by us.

595. You intended that the two lines should continue side by side?—So far as the two lines go; that may be another question, but our prospectus and all our declarations to the public had been based upon the fact that we should receive the 13,500*l.* and the 78,000*l.*, leaving us to perform the service in the most efficient manner we could; we were under obligations to perform the Imperial service in a satisfactory manner, and we were sure that the performance of that service would enable us to perform satisfactorily to the Colony the Colonial service.

596. Mr. Walpole.] Do you mean that you think the Government contemplated, when the second contract was entered into, there being another contract as to St. John's then in force, but only continuing for one year, that you were to have the benefit of that prior contract continued, and not covered by the second contract at all?—I have not the slightest doubt in the world about it, that that was always contemplated; and when the appeal was made that we should forego the 4,500*l.* contributed by the Imperial Government, the letter of the Treasury contained this suggestion, that at all events 8,500*l.* should be contributed by the Colony, because we proposed to give them a far more valuable service; a fast service, rather than the slow service which they had contracted for; and Mr. Hamilton's letter distinctly points out that the Company would therefore be in receipt of 78,600*l.* a year from the Imperial contract, and 8,500*l.* a year from the Colonial contract.

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597. Mr. Peel.] Of what possible advantage could the Colonial service, from Galway to Boston, *via* St. John's, have been to the Home Government, when they had another service provided for between the same places?—I quite understood that the Government were not going to pay for it, and we acceded to that view; we did not ask the Government to pay anything towards the Colonial service, but we thought that we ought not to be deprived of any sum that the Colony chose to contribute out of their own resources.

598. Mr. Walpole.] You must qualify your former answer to the extent that you did not contemplate that the Imperial Government would be paying 4,500 *l.* a year under the first contract, in addition to the payment of 78,000 *l.* under the second?—I may state that we did contemplate it, although, when we came to argue it, we conceded that point; we contemplated it, and we announced it to our shareholders, making the contemplated subsidy 91,000 *l.* a year: but the moment any suggestion was made by the Treasury or the Postmaster General as to the 4,500 *l.*, the directors at once assented to forego that part of the subsidy, but they thought it was not proper to forego the claim upon the Colony, seeing that the Colony was, by means of the Postmaster General, obtaining a double service, and a much more valuable one, than that which they had contracted for.

599. Mr. Brown Westhead.] Am I right in supposing that, after the Imperial contract was entered into, if the strict terms had been insisted upon on the part of the Government, you would have been obliged to have continued the two distinct services, the one from Galway to St. John's for the benefit of the Colony, and the other from Galway calling at St. John's to deliver telegraph messages, and going on thence to Boston and New York?—That is so; and not only was that a matter of opinion, but it was a matter of fact; for the Postmaster General did insist upon it. I need not remind the Committee that two large ships departing from a port like Galway, within three days of each other monthly, must be run at a very serious loss to the Company.

600. Notwithstanding that, I take it that they conceived that, under the strict terms of both those contracts, they would have been compelled to perform both services?—Just so.

601. Then, as a matter of arrangement and general economy, you asked leave to be allowed to suspend a certain portion of the service, or to transfer it to a more rapid vessel?—We asked to be permitted to take the Newfoundland mails, which would ordinarily leave Galway on Saturday in the much faster vessel which could leave on Tuesday; but the Postmaster General refused his consent to our doing it. But on the second voyage he consented to it, on condition of our foregoing the 1,000 *l.* subsidy.

602. Mr. Peel.] When was it that the Colonial service commenced?—Some time in the early part of January 1859.

603. And you had a contract for it?—Yes.

604. Is it not true that that contract was only for one year?—Yes, because it was a contract made by the Government when the Legislature was not sitting; but it contained a clause that the Executive Government shall apply to the Legislature to obtain an extension for four years, and that renewal having been obtained, the contract is for four years more.

605. Mr. Walpole.] It is not quite so definite as that; it is that they will use their best endeavours?—Yes.

606. Mr. Peel.] I believe that that was subject to the view of the home Government. The Treasury Minute of the 1st of December 1858, at page 30, of Parliamentary Paper 230, of 1859, says, "Write to Mr. Elliot that my Lords, referring to their Minute of 7th October, are pleased to sanction the payment for one year of the sum of 4,500 *l.* in aid of the sum of 8,500 *l.* agreed to be contributed by the Colony of Newfoundland to the Atlantic Royal Mail Steam Navigation Company, according to the article of the agreement," and so on. The contract, therefore, was approved of by the Home Government for a period of one year only?—Yes.

607. When did that contract expire?—It would expire at the end of 1859.

608. Was not a proposal made by the Colony to the Home Government to renew it for a further period?—I am not aware; I believe a resolution was passed by the Legislature extending the contract for four years certain. Of course the whole contract was subject to the approval of the Imperial Government.

609. What was the decision of the Home Government upon the proposal to renew the contract?—I am not aware, but the communications which I had with the

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the Treasury during the year 1860 gave me the impression, and it was in fact conveyed to me, that pending the negotiation as to the Galway service, the service should be provisional, as Lord Stanley said, until the commencement of the service, when some further arrangements might be made.

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610. In the month of December 1859 a proposal was made, was there not, to the Home Government to renew this colonial contract?—I am not aware.

611. Will you look at this letter, showing the view taken by the Home Government in the proposal to renew the service (*handing a Letter to the Witness*)?—I conclude that the Colony intended to continue the Newfoundland service until they received further instructions from the Treasury.

612. What is the date of that letter?—December the 29th, 1859.

613. Mr. *Walpole*.] That was just at the time when the Colonial contract was about to terminate, was it not?—Yes.

614. Mr. *Peel*.] When the contract was continued it was continued only temporarily, until it should be seen whether the Atlantic contract was not going to be in operation?—I quite understood from the Treasury that after the expiration of the first year, it was only under a provisional arrangement that the colonial service was carried on, and that there was no definite acquiescence in the four years' continuance by the Treasury; I quite conclude that.

615. It never could have been the intention of either side that the two services should continue together?—Pardon me; it was most distinctly understood on our side, and, I believe, on the side of the Government; but we do not complain of the Government withdrawing their 4,500*l.* a year as their contribution; all that we ask is not to be deprived of that which the colony is willing to pay for this service.

616. Mr. *Brown Westhead*.] You studiously avoided committing yourselves to convey the mails to St. John's?—Invariably.

617. Your object was to ensure to yourselves the payment for that special service in respect of the Colony?—Decidedly; and further, because under the original tender that we made to the Government, and in the arrangements of that contract, there never was any intention whatever on the part of the Company, or on the part of the Government, to require that we should deliver the mails at St. John's for 78,000*l.* a year. Every document is entirely at variance with any such conclusion. The 16th clause in the Colonial contract is, that they shall use their best endeavours with the Legislature, and they did obtain the sanction of the Legislature. The Legislature of Newfoundland, both branches of it, have since passed resolutions, and forwarded, I believe, petitions to the Home Government, praying for the restoration of this contract.

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

618. YOU are Permanent Secretary to the Treasury, are you not?—I am Assistant Secretary to the Treasury.

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Esq.

619. In your capacity as political secretary to the Treasury, and as permanent secretary, you had to deal with this question of the Galway contract, had you not?—Yes; as political secretary I had to deal with the Newfoundland service, the first of the two services. I had ceased to be political secretary almost contemporaneously with the question of American service. I ceased to be political secretary on the 21st of January, and I think it was about the same time that the first proposition on the part of the Atlantic Company was made.

620. I may take it for granted, I believe, that you are perfectly competent to speak as to the intention of the Treasury in drawing out the contract of the Galway, Boston, and New York contract?—I should have some hesitation in saying that I was competent to speak with regard to the intention of the Government having ceased at the time to be the recognised organ of the Government, but I think I was fully cognizant of all that took place.

621. A difficulty has arisen with regard to the construction of the terms of that contract upon the subject of the delivery of mails and telegraphic despatches at St. John's; was it, so far as you are acquainted with the circumstances of the case, the intention of the Government at the time that that contract was drawn up that the Company should be bound by the terms of that contract to convey mails to St. John's, or only telegraphic despatches when required by the Commissioners to do so?—The subject was very fully considered amongst the

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the various officers of the Treasury with whom the advice to be given to the Government rested, and amongst the rest, the question of whether the Company were to be bound to deliver the mails for Newfoundland was considered. I happened to find amongst my papers a memorandum, which I have here, and which will show how the question arose. It is a memorandum which I made at the time when those negotiations were pending, probably early in the month of March, for Mr. Stephenson, who has just left the room. I made it in consequence of a communication which had been made to me by the proposed contractors, probably by Mr. Vallance. It is this: "Mr. Stephenson. The Atlantic Company object to a clause, page 3, compelling them to deliver mails at St. John's, Newfoundland; they say, their tender did not offer this, and that it would annul their Newfoundland contract. I think our Minute and their offer did not contemplate the delivery of the Newfoundland mails; it contemplates a communication with New York through St. John's or Halifax, and thus, I think, the means of landing passengers and sending mails to New York, if convenient, but not of sending mails to Newfoundland." Mr. Stephenson and myself, and Sir Stafford Northcote, discussed the subject afterwards very fully, and the result will be found in the statement which was made to the Treasury on the 15th of March 1859 as the basis of the agreement upon which the contract was founded. You will find it in Parliamentary Paper 230, which has been already referred to since I came into the room by the Right Honourable Member for the University of Cambridge; the Treasury Minute, dated the 15th of March 1859. This was the result of the consideration which was given, founded upon those and some other objections which the Atlantic Company had made to what had been originally suggested; and, therefore, this, I think, may be taken as the deliberate and ultimate decision of the Treasury at the time with regard to the whole question.

622. Mr. *Walpole*.] But did they mean by that phrase, the vessel to call at St. John's, Newfoundland, both on the outward and homeward voyages, whenever possible?—I think that is conveyed in what I have read to the Committee; I think our Minute and their offer did not contemplate the delivery of the Newfoundland mails; it contemplates a communication with New York through St. John's or Halifax, and thus, I think, the means of landing passengers and even of sending mails to New York, if convenient, but not of sending mails to Newfoundland. The Committee will observe that there was a subsisting contract for conveying the mails to Newfoundland; so far as I was concerned, I always endeavoured to keep the two questions separate. The existing contract for the delivery of mails to Newfoundland was to endure only for a year; I thought that, pending the continuance of that contract, it was not desirable to mix it up with the other; and, therefore, it was that I thought it was not desirable to compel the Company to perform the service which they had already undertaken to perform as regards the delivery of the mails at Newfoundland.

623. Except that the first contract would not have expired before the second came into operation; the two would not then run simultaneously?—Certainly not. I never contemplated that. I always contemplated that when the Newfoundland contract had terminated, the question should be raised as to the merging of the two services.

624. Mr. *Peel*.] Then it was intended that the Post Office might send the American mails to St. John's, but not the Colonial mails?—I think so. I do not say that they should have been forced, because the landing at St. John's was rather a contingency; it was contemplated that there might be difficulties in landing.

625. Still the intention was, that those vessels should be required to call at St. John's, there to land passengers, and there also, if the Post Office wished it, to land the mails intended for America?—Yes; when convenient.

626. But only that the mails intended for the Colony of Newfoundland should not be sent by it?—That the existing service for Newfoundland should not be interfered with.

627. *Chairman*.] When you say "convenient," do you mean convenient to the Company?—As a matter of convenience generally. I presume that the Government and the Company would consult each others' convenience.

628. This matter was fairly brought under your consideration, in the Minute of Lord Colchester to the Lords of the Treasury of the 18th of February, 1859, was it not?—Yes.

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629. When you contemplated on the 29th of August 1860, the merging of the two services, that is so say, the Colonial and what I may call the Imperial services into one, did you then contemplate that the Company should receive 8,500 *l.* a year from the Newfoundland Colony?—I cannot say that; in the discussions preliminary to the Treasury Minute of 15th March 1859, that question was considered, but, as far as I was concerned, I contemplated that the question of the payment to the Company with regard to performing the Newfoundland service, should be fairly taken into account at the proper time, and that it should be considered that the Company, having had imposed upon them a service which was not originally contemplated, and which might entail delays and other results, might probably be entitled to claim that payment.

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630. Mr. Peel.] Do you mean that the exemption of the mails of the Colony of Newfoundland arose from an unwillingness on the part of the Home Government to interfere with the contract which the Colony of Newfoundland had made with regard to the transmission of its own mails between Newfoundland and this country?—Partly; there had been some correspondence about the whole matter, and the Colony had required, some months previously, various conditions, and, it was not very easy to say to what extent the services might be conveniently merged; but I certainly always contemplated that an effort should be made to merge them when an opportunity offered.

631. Mr. Ker Seymer.] As those vessels from Galway were vessels going either to New York or Boston, what possible object could there be in landing the United States' mails or passengers at St. John's?—There might be possibly a saving, and Halifax as well as St. John's was comprised, but I do not know that there would have been much convenience or saving in landing the American mails. We had two great objects in view, one was to expedite the postal communication with America; and the other was to secure the advantage of a telegraphic communication in six days. The second, of course, could only be effected by their calling at St. John's. I should like just to state to the Committee, in consequence of an observation made by Mr. Vallance, when he spoke of the letter of the 29th of August as having conveyed my mind upon the subject, that my impression is, that it will be found that the Minute upon which that letter was founded, was not written by me.

632. Mr. Walpole.] It was signed by you?—Yes.

633. Chairman.] It conveyed the opinion of the Treasury?—Yes, it conveyed the opinion of the Treasury. I am only anxious to state this, because, having been politically engaged in the earlier part of the transactions, I felt some delicacy in conveying my own mind upon the subject in reference to the latter part of it.

Lunæ 8° die Julii, 1861.

MEMBERS PRESENT.

Mr. Gregory.
Mr. Peel.
Sir Morton. Peto.
Mr. Ker Seymer.

Sir John Trollope.
Mr. Walpole.
Mr. Brown-Westhead.

WILLIAM GREGORY, Esq., IN THE CHAIR.

Henry Vallance, Esq., called in ; and further Examined.

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634. *Chairman.*] CAN you put in the Return which Mr. Peel asked for on the last meeting of the Committee?—I am not in a position to put it in now, but I expect to be able to do so in the course of the day. The Secretary of the Company will be here, and he will bring it with him. I would ask the Committee to allow me to explain an inconsistency in an answer which I gave on the former day, to Question No. 445, which was put to me by the Honourable Member for York. I have not had an opportunity of going through the whole of the evidence since the Committee met on Friday, but as I came down to the House, I read a portion of it, and I saw that in answer to Question 445, I stated that notice was given to the Postmaster General that the company would, pending any question, and without prejudice to any question, take the mails on board without asking for a subsidy. I stated there, that, though notice was given, the “Parana,” notwithstanding her refusal on the 7th of May, was sent out, and notice was given to the Postmaster General that the company would, pending any question, and without prejudice to any question, take all the mails on board without asking for any subsidy.” I prepared a letter for the secretary, and was under the impression that a letter had been forwarded to the Postmaster General in those terms; but I find, on reference to the correspondence, that the letter is not there, and I have since sent to the secretary on the subject. At the moment, I had placed in my hands a copy of a letter, some time in April, I think it is, in which that offer was made, but it does not appear to have been made with reference to the voyage on the 7th; at least, I cannot find it.

635. *Mr. Brown-Westhead.*] You say that the letter was dated in April?—It is an offer which is annulled by the Post Office; there is a letter on the 20th of May, at page 106, No. 235, in which letter intimation was given that the “Prince Albert” would be sent in the ordinary course, and the paragraph in the letter is, “without making any charge whatever or demanding any subsidy or compensation.” I do not find, therefore, that any letter of that character was sent with regard to the voyage on the 7th of May; therefore, I wish to correct that part of my evidence, and perhaps the Committee will allow me an opportunity on a future occasion, after I have perused the evidence, to make any corrections which I may deem necessary; I have only had the copy put in my hands during the last hour, and have not had an opportunity of reading it.

636. *Mr. Walpole.*] There is one matter which I could not quite make out with

with reference to the original offer in January 1859 to the Treasury; in that offer the company mentioned, did they not, that they had four ships contracted for?—No, the original offer showed they had contracted for five.

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637. There were then five ships contracted for; but according to your evidence, when you began your evidence, the contracts were entered into for four ships in the June of the following year?—Yes; the Committee will recollect, although it appears not clear here (perhaps I did not explain myself sufficiently), that I never stated that there were five contracted for.

638. As you commenced your evidence, apparently it would have rested in this way, that in June 1859 you contracted for the building of four ships with a provisional arrangement for the building of a fifth?—No, that is not so.

639. You entered into a contract for building four ships, did you not?—Yes.

640. Six months prior to that, before the contract was entered into, and when the offer was made by the company to the Government, that is to say, in the month of January 1859, the company stated that they had four ships then contracted for?—Five. The Honourable Member for Bury called my attention to the tender, which was not under my supervision at the time, and the tender states that the company had contracted for five ships; I, therefore, knowing that that was not the fact, suggested that had I drawn up that tender I should have stated that arrangements had been made for five ships, for the fact is, that a provisional and conditional contract was made with Messrs. Palmer for three ships, and an arrangement had been made with Messrs. Samuelson for two.

641. That I understand; but what I mean is, that apparently the first time the contract was made for building the ships under the contract, between the Government and the company, was in June 1859; whereas, it appears that the company represented that they had made a contract to a similar effect in the preceding month of January; am I right in that, or was that contract entered into or not?—The contract was entered into.

642. Were the ships being built between January and June?—No; I mentioned that it was a provisional and conditional contract, that they would build the ships upon notice being given by the company, requiring them to go on with them.

643. Mr. Peel.] Was there no contract for the building of even a single ship?—Not absolutely. I intended to convey to the Committee that it was a provisional contract only for three ships.

644. Was there no contract, either provisional or definite, for the remaining two ships?—No legal contract. I am speaking from memory now; a tender had been made for two others, or rather an arrangement had been made with Messrs. Samuelson that they should build two others, but there was no contract signed until the 15th of June.

645. Mr. Walpole.] Then that expression in the letter of the 18th of January 1859 is not accurate, that the company had completed the contracts?—I intended to convey to the Committee that it was not accurate. I intended to state in the answer to the question by the honourable Member for Bury, that the word "contract" should not have been used; but that the word "arrangements" ought to have been put in.

646. Mr. Peel.] It is stated that not only was there a contract for building those ships, but there was a guarantee by the contract that they should run a given distance in a given time?—That was part of the contract.

647. Was there a guarantee with that contract?—Yes; the contract was made provisionally, that the contractors agreed to build for the company three ships within a given time; after the company notified in writing their requirement to have the ships built.

648. Am I to understand that there was not even a provisional contract with regard to two out of those five steam-ships?—That is so; there was a proposal sent in to build, tenders accepted, and, I believe, the terms agreed upon; but the signature of the contract was deferred, I believe, I can state from my own experience it is very commonly done, until the company required the building of the ships.

649. What was the date of that tender, and the date of the provisional agreement?—On the 1st of December 1858, a provisional and conditional contract with Messrs. Palmer for building three ships was signed; I cannot tell

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the date of the tender; it must have been anterior to that. On the 15th of December the question was discussed as to giving orders to proceed; on the 28th of January, the time for giving the order was extended, by mutual consent, between Messrs. Palmer and the Company.

650. What was the time allowed by that provisional agreement?—I should think that it probably would be extended for one or two or three months more, for giving the order; then, subsequently to that, as far as Messrs. Palmer were concerned, an absolute contract was signed on the 10th of June for building two ships; and I should tell the Committee, as I think I mentioned, that the ships ordered ultimately were larger than those which were mentioned in the provisional contract.

651. By the terms of that contract, was it provisional, on the acceptances by the Government of the company's offer to carry the mails, or provisional upon the order from the company to the shipbuilders to build the ships?—Provisional upon the order by the company to the builders to build the ships.

652. There was no reference whatever to the acceptance of the contract by the Government to carry the mails?—I think it would not be so; it would simply give the company, at the very hour when they got their contract, power to order three ships, and to have those ships delivered within a given time, according to their contract.

653. When would the tender for the other two ships be?—I see, on the 13th of December 1858, one offer or tender, and on the 15th of December there was an acceptance of Messrs. Samuelson's tender to build two ships.

654. Acceptance, in what sense?—I should think there would be a resolution of the Board stating that the tenders of Messrs. Samuelson were accepted, but, perhaps, deferring the signature of the contract to a given day.

655. Mr. Walpole.] To prevent taking you by surprise, I wish to call your attention to this, because of the circumstance which I am going to mention; if that be so, the representation which was made by the company to the Government on the 18th of January 1859, that they had actually contracted to build those ships, was a part of the representation upon which the Government entered into the contract in April; did you understand it so?—Yes; I thoroughly understood it so.

656. That has a material bearing upon this question, to this extent: that the Government may have been under the impression, down to the month of June, that the company had actually contracted to build those ships which would enable them to commence the contract in June 1860?—It would be disrespectful on my part to question anything stated by the Board, but I hope I may say for my own justification, that having had so much to do with the subsequent correspondence after the Treasury Minute, I was no party to that statement, but I have no doubt it was done *bond fide*.

657. I merely wanted to call your attention to the fact whether the Government may not have been considered as entering into a contract with a firm belief, in their own minds, that the company had six months more for building those ships than it appeared afterwards they had?—Yes; my attention was not particularly called to that subject until the Honourable Member for Bury called my attention to it in this statement; I know that absolute contracts had not been made, but that in the absence of their legal adviser, the directors might have been led into that expression; I know, from my own knowledge, that they had entered into a provisional and conditional contract for three ships, and judging from the acceptance from the note from the secretary of the 15th of December, they had accepted a tender for two more, but if I had drawn that tender I should have put in some words other than "contract." I may mention that in the negotiations with the Government (which occurred when I took up the business, that is, after the Treasury Minute, which was the first time I intervened) no stress was laid by the Government upon the company having stated that they had entered into contracts for five ships, nor did the company represent, through me, that there was any urgency for it.

658. Chairman.] By reference to your letter, of the 29th of May, 1861, at page 107, of Parliamentary Paper 132, I see you state, that in pursuance of the contract of the 21st of April 1859, "The company took steps to construct four large and powerful steamships, with a view of carrying out the proposed service

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in a full and complete manner;" and then you state that, "The preparation of the lines, plans, and specifications of ships of such size and power, necessarily occupied some time; but on the 10th day of June, 1859, arrangements were sufficiently advanced to enable the company to enter into a contract with Messrs. Palmer & Co., of Newcastle, for the construction of two of the ships, at a cost of 95,000 *l.* each ship." Then, I presume, by the statements you made on the 29th of May, you considered that this was the ratification of this previous provisional contract?—Yes; that is so. Holding myself responsible, in a great measure, for that letter, I stated there what was in my mind till I came into this Committee-room; that I only treated the contract, with the builders, as dating from the 10th and the 15th June 1859. I never intended to represent that the company had been dealt hardly with, by reason of having entered into a contract six months after; nor did I intend to press it upon the Government as any ground for their granting a subsidy. I had wholly overlooked the provisional contracts until the Honourable Member for Bury called my attention to the word "contract," which, I think, was not the proper word. In fact, a provincial contract had been entered into for five ships, and a tender had been submitted and accepted by the Board for two others; but the fact, if stated in that manner, would not have had any more influence, though it would have been quite accurate; still I, am sorry for the misstatement.

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659. Mr. Peel.] Let me ask you a question, not upon a similar inaccuracy of statement, but still as to a statement with regard to the proceedings of the company, which does not afterwards appear to have been fully carried out. If you turn to the letter of the secretary, 132, page 57, you there find that the company informed the Post Office that they had "decided on building immediately two additional vessels of greater power and tonnage than those already built, so as to ensure the full and efficient performance of the contract." Was any order given for building those two additional vessels?—None. I can state, from my own knowledge, that the directors had determined in the autumn of 1860 to build two additional steamers; my impression is that it was after intimation had come of the loss of the "Connaught." I do not know whether the dates will coincide, but I can state, from my own knowledge, that they had determined to do so. I was at Hastings at the time that the loss of the "Connaught" occurred, and the secretary came down to me with a telegram of the loss, and I came immediately to London and communicated with some of the directors present. They asked my opinion, and I stated, I believe in writing, but at all events verbally, that the course they ought to adopt was immediately to make contracts for two other ships of different power and different tonnage, by other builders than those who had been employed before. That view was ultimately changed, because negotiations then arose with a view of purchasing three ships belonging to the Collins' line in America, of which the "Adriatic" was one; and the negotiation ultimately ended in one of the directors going to America and reporting against the advisability of purchasing the "Baltic" and the "Atlantic," which, I think, were the other two, and in favour of purchasing the "Adriatic," which was, therefore, determined upon; but the building of two new ships never assumed the form of a contract.

660. Chairman.] As regards the suspension of the contract, what was the date of the first application which was made by the company to the Post Office for that suspension?—On the 7th of November 1860, in letter No. 140, at page 63 of Parliamentary Paper 132.

661. Mr. Peel.] May I call your attention to a letter, dated the 3d of September 1860, at page 44?—It is enclosure No. 2, in letter No. 102, and the paragraph is at page 45. That letter was addressed by my firm to the Lords Commissioners of the Treasury, and the first paragraph of the proposal is, that the service shall be a monthly service until the new vessels are ready.

662. You there stipulated, did you not, "That this monthly service shall not in any case continue beyond the period of six months from the present time"?—Yes.

663. That being until when?—That would be until March 1861.

664. You then stipulated, did you not, that you should recommence the fortnightly service in the month of March?—Yes, we did; I think that the company throughout, in this question of the monthly service, until the change took place

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for the actual suspension, always contemplated commencing the service again in the month of March; that was their proposition throughout.

665. *Chairman.*] Am I right in supposing that they contemplated, during that monthly service, that the "Prince Albert" should be accepted as a temporary ship?—That was essentially one of the conditions, otherwise the company could not have performed the service. The arrangements that they had made with the builders, and the promises and assurances given by the builders, led them to believe that at all events if the "Prince Albert" was accepted, as is stated in the 4th paragraph, as a temporary ship only, the contract could be performed.

666. *Mr. Walpole.*] That condition was refused from the commencement, directly by the Post Office; they would not listen to it?—Not immediately; the Committee will see there is no letter for a long time afterwards.

667. *Mr. Peel.*] The "Prince Albert" was not a ship within the conditions of the contract, was she?—I think she was not.

668. What was the other ship which you had then?—In September it was the "Connaught."

669. Had not the company stated before then that the ship "Leinster" was ready?—Not ready; I do not recollect any statement of that kind; it was that she would be ready to be delivered; it is in the same letter, 102, page 44.

670. Let me call your attention to the first enclosure in letter 44, page 19, before the commencement of the service; you see there that the company propose to carry the mails on the 24th of July, by the ship "Leinster"?—Yes, that statement was made upon the representation of the builders, who will be called before the Committee, and the correspondence will be referred to, to show that they gave the company a distinct assurance that the ships would be ready by the time named.

671. Was any explanation offered to the Post Office, when the company proposed that the "Prince Albert" should be accepted, why the "Leinster" was not ready, as you offered that vessel on the 24th of July?—I do not recollect that there was. I think that the Postmaster General, and the Government generally, were aware of the state of our ships, as they were under survey from time to time by the Government officers; and they were as fully informed as we could be, although not officially informed. If the Honourable Member for Bury will allow me to revert again to my letter, at page 44, he will see that we state that "The 'Leinster' was launched on Saturday last, the 1st of September, and will be delivered to the company in the course of 10 days or a fortnight;" and I have in my hands a letter from the builder himself, dated the 2d of August, in which he states that the "Leinster" will not be perfectly finished, so as to be ready for launching, before the 30th; she will then be quite complete, and go to sea in a few days afterwards.

672. *Mr. Walpole.*] Then she would not be ready by the 30th of August?—Yes, ready for launching, and a few days afterwards ready for service. My letter states that she was launched on the 1st of September, and will be delivered to the company in the course of 10 days or a fortnight.

673. *Mr. Peel.*] The "Leinster" being the "Hibernia," when was she actually offered for survey; was it on the 11th of March 1861?—She was not surveyed before then, but I cannot state, from my own knowledge, as to the offer.

674. Is the "Leinster" the same ship which, on the 25th of October the company informed Lord Stanley, at an interview with him, was actually ready. If you turn to page 58, at the top of the page you will see these words: "His Lordship is informed that the second new ship, the "Leinster," (now called the "Hibernia,") was ready, and the Directors would have been prepared to have performed the monthly service with the "Connaught" and "Leinster," had his Lordship declined to receive the "Prince Albert;" how is that consistent with your statement just now, that it was an indispensable condition of your offer with regard to the monthly service, that the "Prince Albert" should be accepted, since it here appeared that if the "Prince Albert" was not accepted, the company had the means of performing the monthly service with the "Leinster"?—That was an indispensable condition of that letter. The 5th paragraph of the letter states that the company offer the "Prince Albert."

675. *Mr. Walpole.*] You made that an indispensable condition on the part of the company, but the Postmaster General was deaf to it?—We submitted it as one of the conditions; that was in September 1860.

676. That

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676. That condition never was accepted?—The Postmaster General never would accept the “Prince Albert” at all. H. Vallance, Esq.

677. Mr. Ker Seymer.] As I understand your proposal of the 3d of September, you did not absolutely offer the “Prince Albert,” but you thought it necessary to have her in case of accident. You state also that “although two vessels could perform this service” (that is the “Leinster” and the “Connaught”), “still the company are anxious to have a third vessel, so as to guard against accidents, and not to commence the fortnightly service until the whole four vessels are delivered and passed by the Government.” Therefore, you assumed that the “Leinster” was ready to go to sea?—We did; but in the same letter, to which the Honourable Member for Bury has referred, we state that the “Leinster” was ready, but the condition of the “Prince Albert’s” acceptance was still re-asserted.

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678. Mr. Peel.] The “Connaught” having been lost at that time?—Yes, but still the acceptance of the “Prince Albert” was reasserted. The 5th condition is, that on the 25th of October the “Prince Albert” be accepted as one of the ships to perform the monthly service.”

679. At that time you had lost the “Connaught,” had you not?—Yes.

680. Therefore, you proposed that the “Prince Albert” should take the place of the “Connaught,” and that you should perform the service with the “Prince Albert” and with the “Leinster”?—Whether taking her place or not, we always felt that we should have to call upon the “Prince Albert” as one of the ships, and still more so when the “Connaught” was lost; but we had hoped from the assurance of the builders, which is mentioned in the next paragraph, that the “Leinster” would have been ready in time to have taken her part of the monthly service, giving us time to have had the other ship completed. The “Prince Albert” was ready to go to sea at a moment’s notice, and the “Leinster” might have been ready if required to go to sea in a month or two months if it had been a monthly service.

681. Mr. Walpole.] You see in the letter of the 6th of September, which is three days afterwards, you appear to put that point with regard to the “Prince Albert,” a little differently; if you look at the ninth suggestion, which says, “The company to have permission to use the ‘Prince Albert,’ or ‘Parana,’ for any voyage, if by accident, over which the company have no control, one of their new ships should be unable to go.” You put it in that form on the 6th of September?—Yes; because we did not of course anticipate the accident which happened.

682. I mean that on the 3d of September; you seem to make it a *sine qua non*, that the “Prince Albert” should be accepted, and on the 6th of September you do not put it so strongly as that, but you merely say that she is to be a ship in reserve?—I do not desire to make any observation which might reflect upon the builders or the company’s surveyors at all, because they will be called before you; but throughout the whole of the period, we were under the impression, acting upon the assurance of the builders, that the ships would be ready almost from fortnight to fortnight, or at least in three weeks or a month, and our communication made to the Postmaster General was based upon the distinct written assurance of the builders; but as the time elapsed from September to October, and the ships were not delivered, we were compelled to press again upon the Postmaster General the acceptance of the “Prince Albert” or some other mode of getting out of the difficulty, as the difficulty was created not by ourselves, but by the failure of the builders to deliver the ships according to their assurances.

683. Mr. Peel.] Must not the effect of those statements have been, to a certain extent, without any blame to the company, to mislead the Post Office?—I quite admit that when we were stating that the “Leinster” was ready, and that the arrangements would be made in a fortnight, it might have been misleading them. I do not desire to separate the Post Office, or to make them responsible for any assurance given to us, except that we desired to share the responsibility of those assurances.

684. Chairman.] You were under the impression at that time, from the assurances which you received from the builders, that your ships would be ready, and that the company would be in a position to carry out the service in March 1861?—I had not the slightest doubt whatever about it, and the directors believed it also.

685. What was the reply that you received to that proposal of the 7th of November 1860, to the Post Office; did the Government accept the offer of a

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monthly service?—The first proposal on behalf of the company, for a monthly service was in the month of September 1860.

686. *Mr. Peel.*] To whom was that proposal made?—It was made to the Lords of the Treasury. My first application was made to them, I think, and I think it was repeated on the 7th of November 1860.

687. *Mr. Walpole.*] The application for the suspension was in November, and the application for the monthly service was prior to that; was that so?—Yes; the application for the monthly service was on the 25th of October.

688. *Mr. Peel.*] Does it appear from those papers which have been presented to Parliament, that upon receiving that application of the company's to be allowed to substitute a monthly service for a fortnightly service, the Treasury took the opinion of the Postmaster General, as to whether that proposal of the company should be accepted?—I think it does.

689. Does it also appear that the Treasury proposed that, if it was accepted, it should be accepted upon the condition that if the service did not recommence at the time that the company proposed that it should recommence, that then powers should be taken to terminate the contract?—Yes; the communication of the Treasury to the Postmaster General was to that effect.

690. Upon the 25th of October, the company appear to have renewed their offer about a monthly service, did they not?—They did.

691. What is the offer that they there make; what stipulation did they make with regard to the recommencement of the service?—The offer is contained in letter No. 132, at page 57; that offer was made in consequence of a request by the Postmaster General, conveyed to a deputation which waited upon his Lordship, that the company should state their views in writing with regard to the service, and also with regard to their construction of the obligation of the company to take the mails to Newfoundland. The first condition was that the company were willing to reduce the Newfoundland subsidy by the 4,500*l.* paid by the Government, and to take the mails monthly after the end of the present financial year, for 8,500*l.* per annum. The second condition was to "deliver telegraphic messages at St. John's by every steamer (that is fortnightly), agreeably with the terms of the Imperial contract of the 21st April 1859;" that condition was waived. The third condition was, that "The company is not to be bound on the homeward voyage to return to Halifax with telegraphic messages." The fourth condition was, "The service under the Imperial contract to be allowed to be a monthly service during the ensuing months of November, December, January and February (the next departure to be on the 20th November), and the fortnightly service to commence on the 12th March 1861." The fifth condition was, "That the 'Prince Albert' be accepted as one of the ships to perform the monthly service, subject to a penalty of 500*l.* for each voyage, and subject to any penalties to be incurred under the terms of the contract." That was the condition on the 25th of October.

692. The effect of that offer was to give to the company for a monthly service between this country and Newfoundland, and America, 3,000*l.* from the Imperial Government in lieu of less than 400*l.*, which they had been receiving during the year 1859, and the early part of 1860?—No; during 1859, we had been receiving for all our Newfoundland voyages 1,000*l.* per voyage.

693. You reserve your claim to the Newfoundland portion of the subsidy, do you not?—The first condition is that we shall receive 8,500*l.* from the colony.

694. Therefore, the effect of this offer was, that the Home Government should pay you for the monthly service 3,000*l.* for the double voyage, in lieu of the payment of less than 400*l.*, which they had been making during the year 1859, and the early part of 1860, or the twelfth part of 4,500*l.*?—I do not take that view at all; there are two contracts, the Newfoundland contract and the Imperial contract. If we agreed to forego 4,500*l.* per annum under the Newfoundland contract, the colonial Government had nothing whatever to do with it; it was a concession made by us, as we conceived, to the Imperial Government; and we therefore claimed, if we delivered the mails at St. John's, to have the 8,500*l.* per annum, which was contributed by the colony; and we claimed also 3,000*l.* for the round voyage under the Imperial contract.

695. During the year 1859 and the early part of 1860 had there not been a monthly service between Galway, Newfoundland, Boston and New York?—No, not for the Imperial purposes at all; there was a colonial contract.

696. Had the Home Government no power to send the mails under the separate Newfoundland

Newfoundland contract?—Decidedly, to send the mails, but they had no control over us, not the least; we are perfectly independent of the Imperial Government with regard to this service.

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697. Mr. *Walpole*.] You had no power of enforcing a Newfoundland contract during the year 1860?—Certainly we had, as between ourselves and the Newfoundland Government.

698. My question had reference to yourselves and the Imperial Government?—No; we were told by the Treasury, as appears in one of the letters in that Parliamentary Paper, that our claim must be on the Newfoundland Government. We applied to the Treasury for payment, and they referred us to the colony, and said, "We have nothing whatever to do with you;" nor had they.

699. Mr. *Peel*.] Are you not aware that the extension of the Newfoundland contract by the Newfoundland Government was conditional upon the consent of the Home Government?—No, and I am much obliged to the Honourable Member for asking me that question. According to the information received by the company it was not conditional; the colony were willing to pay such a sum of money as would ensure the service, provided the Imperial Government would contribute their part to ensure such a service; but if the company chose to forego their claim upon the Imperial Government for the performance of the service, the colony was not injured. The colony were very anxious to have the service, and upon that point I may refer to the answer given by Lord Stanley before this Committee, in which he reiterates that the condition was that the colony would contribute, provided the Imperial Government sanctioned it; and he argued that as the Imperial Government had not sanctioned the continuance of this colonial subsidy, therefore the contract had fallen to the ground. His Lordship argued with us, that we were bound to take the whole of the Imperial and colonial mails for the Imperial subsidy; but I find that immediately after the date of the agreement, made by the company on the 24th of January 1861, the very first letter that Lord Stanley addressed to the Treasury informs them that the company had entered into the contract; and at page 82, letter 176, the Postmaster General, so far from conceding that the colony were not intending to continue the subsidy of 8,500 *l.* per annum, advises the Treasury to inform the colony of the arrangements made with the company to deliver the mails monthly, and in the last paragraph occurs this most important passage, which says: "Your Lordships will no doubt cause a separate communication to be addressed to the Government of Newfoundland, respecting the continuation to be made by that Government hereafter towards the amount of the Imperial subsidy, as their payments direct to the company have ceased."

700. Mr. *Peel*.] But there is no mention there of any contract binding the Newfoundland Government to make the payment?—No; but Lord Stanley in all his communications with us has argued, and has stated that under our contract it was an obligation imposed upon us to take mails, and the mother country took credit for having conferred a benefit upon the colony, but depriving the company of 8,500 *l.* per annum; throughout all our negotiations we appealed to the fact of the consent of the colony to continue to pay us the 8,500 *l.* Lord Stanley said: "I insist upon my construction of the contract being that you must carry the mails without any payment from the colony," and yet, four days after that contract was signed, I find that the recommendation to the Government was, that the Government should apply to the colony, upon the assumption that the colony should still continue to make the payment of 8,500 *l.*

701. Mr. *Walpole*.] Mr. Hill made a proposal to you early in the autumn of 1860; that is to say, if the Imperial Government were no longer to continue to pay 4,500 *l.*, under the colonial contract, they would be perfectly willing that you should go on with the colonial contract, and receive 8,500 *l.* from the colonial Government, provided there was no charge to be made upon the Imperial Government?—Precisely. And those were the terms which we assented to.

702. That application was distinctly made to the company in the month of October, but I do not think that any answer was given to it until late in the month of November?—Lord Stanley stated that four letters had been written without an affirmative reply; but four letters had not been written without a reply.

703. But there was not any letter, in reply, which referred to that 8,500 *l.*?—Precisely. We stated, in October, that the Company were willing to take 8,500 *l.* per annum.

704. Mr. *Peel*.] But you acknowledged, did you not, that the agreement, between

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between the company and the colony, of October 1858, was a contract for one year only?—Yes.

705. Did you also agree, or is it not according to your contract, that the Imperial Government shall approve of it?—It is subject to the sanction of the Home Government; that is only, of course, with regard to the 4,500*l.* which the Government were to pay.

706. That was understood between the two parties to the contract?—Yes.

707. And it was approved of?—Yes; but I think that the condition had reference to the most important fact of that contribution of 4,500 *l.* per annum; the colonial contract was made upon that condition, as appears in page 12 of Parliamentary Paper 230.

708. Did not the Colonial Office, on the 24th of December 1858, when a proposal was made so early as that period that the contract should be extended, instruct the Government of Newfoundland that it must be understood, that before the question of any extension of the present contract can be entertained, it must be subjected for the approval of Her Majesty's Government?—Yes.

709. When the proposition was made for extending the contract, did not the Home Government object to a renewal of the contract for a time certain, and state that it might continue provisionally until they issued fresh instructions upon the subject?—The communication which Mr. Laing made was, that, having regard to the commencement of the Imperial service, both services would have to be considered together, and therefore the service might be considered as provisional only until the Imperial contract commenced; but, throughout the whole of it, I say that the condition or reservation, on the part of the Imperial Government, referred exclusively to their contribution of 4,500 *l.* per annum; and the instant the company agreed to give up that, then I say the Colonial Government ought to have been left to the company, and not to the Government.

710. But they were not left to your company?—No; they were not left, by Lord Stanley's construction of the contract.

711. Nor have the Government of Newfoundland ever acknowledged that there has been a contract with the company since the commencement of 1859?—Yes, pardon me; the Legislature of Newfoundland have continued their contract for four years more, making it a five years' contract.

712. What do you mean by the Legislature?—I mean the Legislative Assembly of Newfoundland.

713. Which is only a part of the Legislature, I suppose?—It is the executive part of it, I believe; it is the only one which is referred to in the contract. The 16th clause, at page 29, says: "In consideration of the said Atlantic Royal Mail Steam Navigation Company (limited) having entered into this contract for one year only, the said John Kent, as such Colonial Secretary, on behalf of the said Government of Newfoundland, doth hereby agree and covenant with the said company that the said Government shall use its best endeavours to obtain the sanction of the Legislature of the said Colony of Newfoundland, and the Imperial Government, to a continuance of the same said subsidy of the said sum of 13,000 *l.*, payable" per annum.

714. But, in fact, neither the consent of the Legislature nor of the Imperial Government has ever been obtained?—I am told that the Legislature of Newfoundland has voted for the continuance, and that the contract is, so far as the colony is concerned, a contract for four years more, but subject of course to the reservation of the consent of the Imperial Government.

715. Mr. *Walpole*.] The contract of 1858 with regard to the colonial mails to Newfoundland was for one year certain, was it not?—Yes.

716. By the 16th provision in that contract, which is in page 29 of the Postal communication correspondence, Parliamentary Paper 230, there was a power of extending that contract for four years more with the sanction of the Colonial and Imperial Governments?—Yes.

717. Unless that joint sanction was given there was no power, was there, on the part of the company of enforcing the continuance of that contract beyond the year 1859?—No.

718. On the 31st of December 1859 the colonial contract therefore was terminated?—Yes; I do not know at what date the Legislature of Newfoundland extended it, but it was extended.

719. It was not extended with the consent of the Imperial Government, and therefore the contract could not be extended so that the company could enforce it under

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under clause 16, unless the Imperial Government had consented?—No; I quite admit that.

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720. The Imperial Government had not consented to the extension on the 31st of December 1859?—They had not.

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721. Consequently, in strict legal construction, the contract of 1858 had expired by the 31st of December 1859?—Yes.

722. From January 1860 down to the end of June 1860 provisional arrangements were made with your company, there being no new contract made and the old contract not being extended, by means of which you carried the mails under the old terms; that is so, is it not?—Yes, with the consent of the Government.

723. From the month of July down to the end of the year, in point of fact, you never did carry the mails?—Certainly, we did carry the mails.

724. From the month of July?—Yes; every voyage we have gone we have carried the mails to Newfoundland, except when we could not get in there.

725. But not under the colonial contract?—That is a point in discussion; we have said that we carry them under the colonial contract, claiming the 8,500 *l.* a year, except when Lord Stanley imposes a fine upon us; the fine imposed upon us is the forfeiture of the colonial subsidy for one voyage, showing, in fact, a recognition on the part of the Postmaster General that the colonial contract was still in existence. We have actually departed with the mails under his Lordship's sanction, and claimed 1,000 *l.* per voyage.

726. Will you look at the letter from Mr. Hill to Mr. Boate on the 14th of September 1860?—In September 1860 the thing had completely changed its character.

727. In the month of July there was no dispute?—No.

728. You were to receive 8,500 *l.* a year from the colony, and you were to receive 4,500 *l.* a year, or at that rate, from the Imperial Government?—Yes.

729. There was no dispute about it then?—No.

730. But there was a dispute whether, under even the new contract of 1859, you were still to take those mails, receiving 4,500 *l.* from the Imperial Government?—Yes.

731. On the 14th of September 1860, Mr. Hill, on the part of the Post Office, writes to Mr. Boate, the secretary of the company, a letter, in which he makes a distinct proposal as to the Newfoundland mail; that it should be carried out, the two contracts being merged into each other, and the colony were still to pay 8,500 *l.*; is not that so?—Yes.

732. Then, at that time, the Post Office were perfectly willing to concede to you the thing which you are now contending for, namely, that 8,500 *l.* should be paid to you still by the colony, and then the two services were to merge the one into the other?—Yes.

733. But you never accepted that proposition?—Afterwards we had a deputation who waited upon Lord Stanley, and, subsequently, we sent a letter to Lord Stanley, which was the end of the negotiation, upon the 25th of October, in which we do assent to that view.

734. But your immediate response to that is, that the directors or the chairman of the company, I forget which, are out of town, and, therefore, until you can see them, you cannot give an answer to that proposal?—Precisely; at that period of the year, we had only five or six of our directors living in Ireland, and it was impossible to summon a board of directors to discuss that proposal.

735. So that that proposal, which was made to you on the 14th of September 1860, and which is all that you are contending for now, might have been granted and secured to the company in that agreement if they had chosen to accept it; is not that so?—No; with great deference to the Right Honourable Member, it is not so, because we did try to accept it.

736. Supposing you had closed with the offer then, or within a fortnight from that time, that would have been all that you are contending for?—If we had closed, it would have been an acceptance.

737. Then you would have had all the benefit of the contract?—It would be so no doubt, but I must refer to various letters and correspondence which took place between the company and the Government to show some reason why it was not accepted; the company have argued and have put that point as our strongest point to Lord Stanley, that he was good enough to consider at one time that the company would have been entitled to the colonial subsidy of 8,500 *l.* a year, and then in the letter which we find at page 61, number 136, on the 1st of November

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vember 1860, he communicates to the Treasury that he had made that offer; Lord Stanley communicates that to the Treasury, and then follows this: "As stated in the first paragraph of this letter, the directors of the company have indeed been asked whether if I consented to waive my legal claim in this respect" (that is, as to the construction of the contract), "they would agree to convey a mail to Newfoundland by every packet for a colonial payment of 8,500 *l.* a year, but this inquiry not having received an affirmative reply, falls to the ground." We only, on that point, asked Lord Stanley to abide by the offer which he had made.

738. *Mr. Peel.*] You coupled his acceptance of the proposals made in your letter with a condition that he should take the "Prince Albert" also, did you not?—Yes.

739. Which his Lordship had always rejected?—Yes, but Lord Stanley might have refused the "Prince Albert," and said, I will still continue the 8,500 *l.*; and the Committee will see that the next letter upon the subject of the claim upon the colony is on the 20th of November 1860, letter 145, in which the Postmaster General states that, agreeably with the communication made in his letter of the 1st of November, he then states definitely, for the first time, his construction of the contract; and the secretary states: "I am now directed by Lord Stanley, of Alderley, to request that you will state to the directors of the company that he cannot concur in the construction which they seek to put upon the clauses of the contract of April 1859, which refer to the packets touching at Newfoundland." It will be seen, therefore, that from the 1st of November until the 20th of November, Lord Stanley took time to consider the views of the company with regard to the construction, and conveyed in his letter an intimation that he would write to the company a further note, and the letter which the company took as the conclusive reply of Lord Stanley was on the 20th of November 1860.

740. *Mr. Walpole.*] The two contracts were entirely distinct, were they not?—Yes, they were entirely distinct.

741. From the 14th of September till November, if you had chosen to accept that offer made by Mr. Hill to Mr. Boate, could you not have continued the second contract of 1859 as a contract by itself, and continued the colonial contract also, if you were willing to receive for that contract 8,500 *l.* a year from the colony?—Yes.

742. *Mr. Peel.*] The receipt of 8,500 *l.* from the colony is one question, and the construction of the Imperial contract is another, is it not?—Entirely.

743. At one time the Postmaster General was willing, was he not, that the company should receive the 8,500 *l.* a year from the colony if the colony were willing to pay it?—No, there was no such condition made.

744. I believe it was not in the power of the Postmaster General to force the colony to make a payment which they did not choose to make?—He was willing that the company should have its claim, and we personally requested Lord Stanley that he would not interfere with the colonial payment; that is all we asked of him.

745. But the construction by the Post Office of the Imperial contract never varied, did it?—No, not so far as we learned; his Lordship always considered that we were bound to take the mails to Newfoundland.

746. You quoted a letter from the Post Office, of the 20th of November, which you stated you regarded as a definitive communication from that office, with reference to the meaning of the Imperial contract; that communication was precisely identical, was it not, with a similar communication from the Post Office of the 22d of June?—Yes. I stated that it was definitive; it was in confirmation of Lord Stanley's previous views, no doubt.

747. Are you aware that a resolution of the Legislature of Newfoundland, which was passed on the subject of the renewal of the contract, was to this effect, that they would "continue paying the Galway Company for four years longer 8,500 *l.* annually, provided Her Majesty's Government agreed to continue their proportion of the subsidy for the same period, namely, 4,500 *l.*"?—I am not aware of that. I have no knowledge whatever of the subject. The Speaker of the House of Assembly of Newfoundland is in this country. I propose, with the permission of the Committee, to offer him as a witness; he will be able to tell us what took place.

748. You have given us the opinion of the Legislative Assembly of Newfoundland upon this subject; now, I will read you the opinion of the government of Newfoundland

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Newfoundland, expressed on the 10th of August 1860, in a communication to the Colonial Office: "I beg leave to call the attention of the Postmaster General to the fact that the contract between the Galway Company and the Newfoundland government ceased on the 31st of December last; that there is no such contract now in existence, and that I was more than once informed that no new arrangement could be made with the Galway Company without the consent of Her Majesty's Government"—I cannot dispute that. I only know the fact that the Legislative Assembly of Newfoundland have continued it, and that there are petitions, which I have in my hands, from both branches of the Legislature, which have been forwarded to me, praying the continuance of the communication with St. John's and the restoration of the subsidy; but I hope the Committee will understand that our simple and narrow ground of complaint is, that when once Lord Stanley had suggested to us to consider whether we would take mails to St. John's fortnightly under the Imperial contract, the company would do so, agreeing to that construction of the contract, provided the colony continued that payment of 8,500*l.* a year.

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749. *Chairman.*] What were your reasons for not accepting the offer which was made to you on the part of the Post Office on the 14th of September 1860?—The cause of the delay arose from the fact that, on the 14th of September 1860, when the Postmaster General's proposition was received, the directors and myself were absent, as Mr. Boate mentioned in his letter on the 29th, and ultimately a request was made, on the 4th of October, to Lord Stanley, or rather to the Secretary of the Post Office, stating the directors of this company having "fully considered the correspondence which has passed between this company and the Post Office Department, as well as that with the Treasury, in reference to the existing postal contracts and the various points involved in such correspondence; and as the present Board of Directors has only recently been appointed, they have deemed it necessary to make a personal examination of the ships already built for the company, and those still in process of completion, with a view of making themselves acquainted with the exact position of affairs;" and then we ask for a personal interview with the Postmaster General. Then some time is occupied before a deputation could get before Lord Stanley; it does get before him, and, ultimately, on the 25th of October, letter 132 was written.

750. When that deputation went before Lord Stanley, it was a request, on his part, that any observation which you had to make upon that subject should be put in writing?—Yes.

751. Therefore, this letter of the 25th of October is the result of the interview which the directors had with the Postmaster General at the Post Office?—Yes; I should state that at that interview they urged upon Lord Stanley not only their views as to the construction, but also the claim for the 8,500*l.* payable by the colony; and they also claimed to have the "Prince Albert" accepted as a temporary ship.

752. Then this letter of the 25th of October may be considered as virtually a reply to the letter of the 15th of September?—Yes; and at the interview I do not think Lord Stanley was indisposed to acquiesce in the view of the company that they should receive the 8,500*l.*; the difficulty then was our calling at St. John's on every voyage, and Lord Stanley spoke to me during the interview, and said, "What is the objection; you have proposed to go there monthly with the telegraphic messages, why not deliver the mails fortnightly, and take the 8,500*l.* per annum. It was conceded in fact at that interview, that if the colony were willing to pay we were to have the payment, and go there fortnightly with each mail, and Lord Stanley assented to the view of the company, that we should still retain the colonial subsidy of 8,500*l.* Until the 25th of October, therefore, there was no withdrawal on behalf of the Postmaster General of the proposition which he suggested, that we should still continue to receive the 8,500*l.* per annum.

753. *Mr. Walpole.*] Did you accept that offer at all?—I cannot say that we accepted it in its integrity; but I must claim the indulgence of the Committee to look at the letter of the 25th, which contains the terms on which we proposed to continue the service; those terms being the result of the interview which we had with Lord Stanley, the terms being stated in writing at his request as the terms on which we would continue it.

754. *Chairman.*] Under those three first stipulations you agreed to accept 8,500*l.*, and the two last stipulations have reference to the substitution of the monthly service for the fortnightly service?—Yes; that we should have the subsidy from the colony, and that the "Prince Albert" should be accepted.

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755. Mr. *Walpole*.] You proposed other terms than those in your colonial contract, which you knew were controverted?—Yes, we did propose other terms which we conceived we had a right to suggest; it was not simply a question of the acceptance of the terms, as the directors felt they were not justified in giving that acceptance.

756. *Chairman*.] Was not there another question in dispute between you and the Post Office at the time of that interview, namely, that the service should become a monthly service; therefore, there were two questions at issue at that moment between you and the Post Office, the one being the acceptance of the 8,500 *l.* from the Colonial Government, and the other being the alteration of the service into a monthly service, both of which matters were embraced in those five proposals?—They were.

757. Mr. *Peel*.] But no objection was made by the Treasury or the Post Office to the arrangement of a monthly service?—No, only as regards the ship.

758. You, on the 16th of September, stipulated for permission to use the "Prince Albert;" you had been told on the 14th of September that, under no circumstances, could the Postmaster General agree to that condition; and on the 25th of October, you made it a condition of your acceptance of the arrangement that the "Prince Albert" should be employed as one of the ships?—Yes, subject to the penalty of 500 *l.* per voyage, and subject to all the penalties incurred under the contract.

759. *Chairman*.] Did you on the former occasion offer the "Prince Albert," subject to a penalty of 500 *l.* for each voyage, besides the penalties which might be incurred under the terms of the contract?—I think, on the former occasion, it was put that the "Prince Albert" or the "Parana" should be substituted for any voyage if any accident occurred, or if the new ship should not be ready; it was not an absolute condition.

760. On the 3d of September, did you not offer merely that the "Prince Albert" should be accepted as a temporary ship?—That is all.

761. Finding that that was rejected, you, on the 25th of October, offered the "Prince Albert," subject to the penalty of 500 *l.* for each voyage, and any penalties which might be incurred under the contract?—Yes.

762. Therefore, that altered the terms on which you offered the "Prince Albert"?—Yes.

763. Mr. *Peel*.] On the other hand, on the 6th of September, your proposal was, that the "Prince Albert" should be allowed to be used as a ship in reserve in case of accident, whereas you ask on the 25th of October that she might be accepted to perform the regular service?—Only for the monthly service; she would not have made above two voyages at the utmost.

764. You only contemplated a monthly service upon the 6th of September?—No; but we anticipated having our new ships. At the utmost extent the concession which we asked on the 25th of October, so far as regards the "Prince Albert," was that she should go two, or on the outside, three voyages. But then, of course, the company had been informed during that period of the loss of the "Connaught."

765. Not at the time when you wrote your letter of the 25th of October?—Yes; we had had an intimation of the loss of the "Connaught." The next paragraph says: "The unfortunate loss of the "Connaught," the news of which reached London only on Saturday last, the 20th instant, has deprived the company of one of their new ships. The directors trust that this loss having arisen from circumstances over which they had no control, may entitle them to his Lordship's consideration, and that some indulgence may be extended to the company."

766. Knowing that the "Connaught" had been lost, that you had no other ship of your own, and that the "Prince Albert" could not be accepted by the Postmaster General, what was the next proposal which you made?—To suspend the contract altogether.

767. On what date was that proposal?—The 7th of November 1860, at page 63.

768. What were the terms of that proposal?—A letter, 140, from the secretary of the company to the Post Office, acknowledging the letter of the 1st instant, in which Lord Stanley refused the "Prince Albert," absolutely, and stated for the first time definitively the confirmation of his views with regard to the construction of the contract and the obligation of the company to carry the mails; and then the company's letter says: "That in consequence of the intimation contained in the above letter, that the 'Prince Albert' cannot be again accepted for the mail services,

services, a decision which the directors were not prepared to receive after the Admiralty survey which she recently passed, they have used every possible exertion to provide, either by purchase or charter, a ship to replace this vessel, in order to propose a monthly service with the 'Leinster,' and another ship." Then the directors call attention to the accompanying reports from their general manager and broker, showing their inability to provide any ship whatever; and then, after stating that the rejection of the "Prince Albert" had created an additional difficulty, they "submit for his Lordship's consideration, that the contract be suspended until March 1861, by which period the directors will have their three new ships fully equipped for the fortnightly service." Upon the 7th of November, for the first time, we applied for an absolute suspension. On this branch of the subject perhaps the Committee will allow me to state that I have two reports, one from the manager of the company, and the other from the ship-broker, which state in detail what I may state generally, that there are no ships to be had in this country capable of performing the service within the time required by the Postmaster General; the required paddle steamers of a given power and tonnage to go at a given speed. The only steamers that can do that are, first, Cunard's, and he has not one to spare; and if he had one to spare, probably we should not have the advantage of it. The other paddle steamers are the Royal Mail steamers, which steamers we have chartered from time to time, and tendered for acceptance; the Peninsular and Oriental Company's steamers are not sufficiently large, and therefore I may state confidently, that there are no steamers to be had in this country whatever which can fully and effectually carry out this service within the strict terms of the contract, except the steamers which we are building.

769. Before you made that proposal of the 7th of November with regard to the monthly service, you had been informed by the Postmaster General, that if he consented to your applications for indulgence, it must be upon the clear understanding that at the period named by yourselves for the renewal of the contract, the contract should be terminated if the company were not then ready to fulfil those conditions?—Yes; we had.

770. Mr. *Ker Seymer*.] After the words, "March 1860," you say, "by which period the directors will have their three new ships fully equipped for the fortnightly service;" were those the "Hibernia," the "Columbia," and the "Anglia"?—Yes; they were.

771. You had received such intimations from the builders, that you might fairly state that they would be ready at that time?—Positively.

772. Can you state why they were not ready?—As I said before, the Committee will take the opinion of the builders and surveyors; they were only not ready because they were not complete; they were not in a fit state.

773. Do you wish that we should have the evidence of the builders themselves?—Yes, and of the surveyors, who will speak of the state of the ships.

774. What surveyors do you mean?—The surveyors who surveyed the ships from time to time on behalf of the company, and on behalf of the Government also. I may state generally that we did not get them, because the ships were not ready; the builders had not completed the ships.

775. Mr. *Peel*.] As you had been disappointed in your previous statement with regard to those ships, why should you have gone on repeating the same statement?—Because of the anxiety which the directors had to complete the contract, and the distinct reassurance that they had from the builders, both verbally and in writing, that the ships would be ready; and I am sure the directors entertained the most sincere and conscientious belief that we should be ready by March 1860, until so late a period pending those negotiations, that the company saw their inability to fulfil them, and, as it will be seen by the subsequent correspondence, we asked for a suspension till the 1st of June 1860. The negotiations had continued so long, that the company began to foresee that there was a danger of not having their ships, and also a danger of Lord Stanley refusing any substituted ship, and the company then asked for the 1st of June; that day was named for the delivery of the first ship. The ships were not there, and that is all the answer that I can give, the ships were not ready.

776. *Chairman*.] On the 7th of November, as you state, you applied for a suspension of the contract, and on the 20th of November you received a letter from the Secretary to the Post Office, No. 144, page 66, stating that the concession for the suspension of the mail service to the 12th of March 1861 should be granted upon two conditions, one that the company should execute an agreement

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to this effect, that the construction of the Post Office with regard to the conveyance of the mails to and from Newfoundland should be accepted by the company; was not that one?—Yes, it is so.

777. And the other was, that in case the company did not fulfil all the conditions of the contract, it should become *de facto* null and void without any claim for damages?—Yes.

778. *Mr. Peel.*] Those being in effect the same conditions which had been stipulated for before by the Postmaster General on the 1st of November, in accepting the proposition about the monthly service?—Not in those terms; in effect they were the same.

779. It appears to have been his view that those were conditions which he was bound to stipulate on the part of the public at the time that he was asked to make large concessions to the company?—He so stated in this letter.

780. *Mr. Walpole.*] It was not unreasonable, was it, that he should have so stipulated on behalf of the community?—No.

781. *Chairman.*] On the former occasion the 8,500 *l.* was contemplated; but it was not contemplated on the present occasion?—We have always contemplated it; but the letters, both of the 1st of November and of the 20th of November, leave out the 8,500 *l.* The letter of the 1st of November does not quite convey to the company the fact that Lord Stanley contemplates depriving us of the 8,500 *l.*; but his letter to the Treasury, of that date, does so distinctly; Lord Stanley's letter to the Treasury, of that date, says, that as the Company have not accepted it, the proposal falls to the ground.

782. *Mr. Walpole.*] The letter of the 20th of November, was simply dealing with the contract of 1859?—Yes.

783. But the letter to the company, of the 1st of November, does not convey, in the same terms as it does to the Treasury, that Lord Stanley intends to deprive the company of 8,500 *l.* a year?—Certainly not.

784. Because he was dealing in that letter with the contract of 1859?—Yes; what I mean to convey is, that at the time when we wrote that letter, we were not distinctly aware, nor were we, until the letter of the 20th of November aware that Lord Stanley required us to deliver the mails, foregoing the Newfoundland subsidy. The last paragraph of that letter, at page 66, calls our attention to it by putting "including the conveyance without any additional payment."

785. *Chairman.*] In the letter which you received upon the same day, the 20th of November 1860, the Postmaster General informed you, that in his opinion "the contract required the company to land and embark mails at Newfoundland, as part of the service paid for by the subsidy of 3,000 *l.* per voyage?—That was a reply to the argumentative letter, which we had forwarded to him some time previously; and as to which he stated, in the letter of the 1st November, that he would consider and write upon it at a future period. The letter begins by saying: "With reference to my letter of the 1st instant," stating that he would cause a further communication to be addressed to us; so that up to that period we were in hopes that the arguments which we had submitted to Lord Stanley would convince him that, at all events, if the company did carry mails to Newfoundland, we should not be deprived of the colonial subsidy. Lord Stanley might have adhered to his construction of the contract, but we separated that question from the fact of the colonial subsidy being paid to us, supposing we assented to his view of the contract; we had always kept the two subjects distinct.

786. On the 21st he forwarded in draft a new agreement for the acceptance of the company, did he not?—Yes, he did.

787. On the 29th of November did the company communicate with the Post Office upon the subjects which had been previously in dispute?—Yes, and we again refer to the fact in that letter of the 29th of November 1860, that the Directors conclude that this was intended, that is to say, the 8,500 *l.* per annum, payable by the colony, will continue to be paid to the company in addition to the Imperial subsidy.

788. Upon that condition they agreed to accept the new arrangement with regard to the delivery of the mails at Newfoundland?—Yes, but Lord Stanley does not adopt that view.

789. *Mr. Walpole.*] Lord Stanley had nothing whatever to do with the 8,500 *l.* payable from Newfoundland, had he; was not that an arrangement which could only be entered into between the Treasury, the colony, and the company?—Yes.

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790. The agreement which the Postmaster General did enter into with you was an agreement solely relating to the postal service between this country and America, touching at Newfoundland. He could not enter into any contract with you as to whether the colony were to pay you 8,500 *l.*?—Just so, but Lord Stanley's condition to us was that we should agree to take the mails there without any additional payment whatever, and that, in fact, in effect deprived us of 8,500 *l.*

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791. Did that mean without any payment on the part of the Imperial Government, or without any payment on the part of the Imperial and Colonial Governments?—Both, I am confident.

792. *Chairman.*] Was it not contemplated that this 8,500 *l.* should be paid into the Imperial Treasury to recoup the Imperial Treasury?—Lord Stanley's letter, dated the 28th of January 1861, four days after we had signed that contract, specially calls the attention of the Treasury to the fact, and recommends them to write a separate letter and ask the Colonial Government to pay them the 8,500 *l.*

793. *Mr. Peel.*] Had you not informed the Postmaster General that you took the same view that a Member of the Committee has taken, that you consider it a question with which the Postmaster General had no concern; and did you not state in your letter, No. 155, "In acceding to the terms imposed by the Postmaster General, the directors consider they are not precluding themselves from making a representation to the Treasury with reference to the amount agreed to be contributed by the Colony of Newfoundland, but they will not trouble the Postmaster General on this point"?—Yes, we took this point; I hope I may make this intelligible, as the views of the company, to the Committee. When Lord Stanley insisted upon our signing the contract, and threatened to declare the contract void, unless that contract was signed, the directors passed a resolution of their Board, stating that they felt constrained to sign it, rather than involve the interests of the shareholders by refusing to sign it, and thereby having the contract declared void; they had failed to impress Lord Stanley with their construction of the contract, and they had failed to impress upon Lord Stanley the importance of looking to the intention of the parties; they naturally conceived, as they do now, that the Treasury would not do them so great an injustice as to deprive them of the 8,500 *l.* per annum, if that 8,500 *l.* per annum were paid by the colony, after the letter of the Treasury, in which the Treasury, on the 29th of August 1860, distinctly states that it shall be paid to the Company by the colony, in addition to the 78,000 *l.* per annum. Throughout the whole correspondence with the Postmaster General, though the company urged upon his Lordship to look at the intention of the parties, he never once refers to it, but repeatedly says, "I take the contract as I find it; I have nothing whatever to do with the intention of the parties." But the effect of his action with the company was to compel the company to sign the agreement to deliver the colonial mails to the Colony of Newfoundland every fortnight, without any payment whatever. The contract does include the delivery of the mails at St. John's, and thereby, in effect, it deprives the company of all claim upon the colony; because that would be the effect if the contract was sent to the colony as it is intended to be sent by Lord Stanley; for, on the 28th of January, he says to the Treasury, in Letter No. 176, at page 82, "With reference to the correspondence that has taken place on the subject of the inability of the Atlantic Royal Mail Steam Navigation Company to perform the mail service stipulated for in their contract, I beg to inform your Lordships that the agreement which I required the Company to enter into as the sole condition upon which I would relieve them from the penalties already incurred, and would consent to a temporary suspension of the service, was executed on the 24th instant. I transmit herewith some copies of the agreement, one of which, I think, should be forwarded at once to the Governor of Newfoundland through the Secretary of State for the Colonies. It will be necessary to direct the attention of his Excellency" (that is the Governor of Newfoundland) "to the clause in this agreement, which clears up all doubt, if any existed, respecting the obligation of the company to convey mails to and from St. John's by every packet, as a part of the service undertaken for the Imperial subsidy of 3,000 *l.* per double voyage. He should also be informed that it has been distinctly intimated to the company, that by their omission to provide, since June last, vessels for the conveyance of mails to and from Newfoundland under the Colonial contract, the separate service has ceased," and that they have forfeited any claim of that kind. And the last paragraph is, "Your Lordships will no doubt cause a separate communication to be addressed to the

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Government of Newfoundland respecting the contribution to be made by that Government hereafter towards the amount of the Imperial subsidy, as their payments direct to the company have ceased." So that the effect of that is, to tell the colony that they will get their mails delivered by the Atlantic Company without any contribution, but that their contribution, in future, must be made to the Government, towards the 78,000 *l.* a year. So that Lord Stanley was, in fact, not only giving us his view of the construction of the contract, but depriving us of the payment which we might have had from the colony, and seeking to have it for the Government.

794. *Mr. Walpole.*] How does it rest in point of fact now as between you and the Treasury, or between you and the colony?—Between ourselves and the colony we have not made any communication, but as between us and the Treasury, I attended one afternoon and submitted it to the Honourable Member for Bury, asking permission to attend him on the subject to represent the state of the case to the Government, and he was good enough to say that he would see me at any time that it was convenient to myself or the directors to attend, but we have never made any formal application to the Government since. I had, in fact, an interview with the Right Honourable Member, and stated the views of the company, and that we contemplated making a further application to the Government.

795. Supposing you had gone on with your contract on the 26th of March, until which day it was suspended, and continued to leave the mails at St. John's, Newfoundland, do you consider that, under the agreement, you would have had no claim upon the colony for the 8,500 *l.* a year?—We should have had none upon the colony, but we should have had, in point of equity, a very strong claim upon the Treasury.

796. You did not intend by that agreement to forego your claim to the 8,500 *l.* a year which would be contributed by the colony for the mail service to Newfoundland, but you admitted by the agreement that you have given up the claim upon the Imperial Treasury for the 4,500 *l.* a year which they contributed; is that the state of the case?—Precisely.

797. But nothing definitive was settled upon that point?—No.

798. Must we not treat that agreement here simply as an agreement between you and the Post Office, amounting to this and no more, that when you are to have no payment over and above that 78,000 *l.* a year, it means under that particular agreement from the Imperial Treasury irrespective of what you might get from the colony?—Clearly so; I think we have bound ourselves to deliver the mails fortnightly at Newfoundland, and we ask from the Home Government no further payment than the 78,000 *l.*

799. But you are not precluded from asking the Treasury for the 8,500 *l.* from the colony?—No; I think that our claim for the payment of that sum is strengthened by this letter, by which I see that Lord Stanley suggested to the Treasury that they should ask for that payment on account of their payment of the 78,000 *l.*

800. Does that circumstance in any way operate either on this side or on the other side for the revocation or continuance of the contract, so as to have any bearing whatever upon the question?—I have no doubt whatever, as that letter has gone out, that we should have great difficulty with the colony unless we had the co-operation of the Treasury.

801. You do not quite follow me; what I meant was, that the contract having been terminated on the part of the Post Office, has the circumstance of its being left uncertain, whether the 8,500 *l.* was still to be paid to you or not, had any bearing, or has it any bearing, upon the termination of the contract on the part of the Post Office?—It has had an effect upon the minds of our directors.

802. It, no doubt, has had a very material effect; but has it had any effect with regard to the question which the Committee are investigating here, namely, the termination of the contract by the Postmaster General?—I think so.

803. Would you be kind enough to show the Committee in what way?—It was a step of very great hardship towards the company, placing them in the difficulty which they were in first with the Treasury, even if the Treasury should be disposed to give the 8,500 *l.* a year, and creating a great difficulty in addition to that, as it placed our colonial service under the terms of the Imperial contract.

804. *Mr. Peel.*] At your interview with me, when you stated that you were intending to represent, on the part of the company, the grounds on which you consider that any contribution made by the colony should be paid to yourselves rather than to the Government, did I not inform you that at any time you chose

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to call and make that representation, I should be willing to go into the question?—You did, in the most cordial and courteous manner possible.

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805. Mr. *Walpole*.] When was that?—It must have been in the month of February last.

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806. That was before the termination of the contract, was it not?—Yes, after the signature of the agreement, and before the termination of the contract.

807. Am I not right in saying that that one circumstance has no bearing upon the matter which the Committee are inquiring into now, namely, the termination of the contract on the part of the Postmaster General?—It has this bearing, that it is made a condition at variance with the views of the company; because if we had kept the colonial and Imperial contracts separately, we should never have been compelled to sign that contract on the 24th of January.

808. As I understand you, the Honourable Member for Bury told you that the whole question of the 8,500 *l.* was to be left open?—No; we had no intimation from the Treasury that it was to be left open; on the contrary, when the Honourable Member was good enough to say that he would hear any representation that I had to make, and when I found that Lord Stanley had sent out that contract, by which they were to get the mails fortnightly, and that the Postmaster General had expressed a strong view that the obligation of the contract compelled the company to take the mails, I had to appeal to the Treasury to vary the terms of the two contracts. It was a matter of great difficulty, but I did not apprehend, ultimately, any difficulty with the Treasury, because originally the whole affair rested with the Treasury; but it has placed the company in very great difficulty.

809. It is not one of the circumstances which disabled you from fulfilling the contract?—No; clearly not.

810. *Chairman*.] You confine yourself, in that answer, strictly to the question of the 8,500 *l.* per annum?—Entirely; not at all to the question of the general communications, the correspondence, the negotiations and the grounds for complaint we had against the Post Office.

811. Sir *John Trollope*.] It might be a ground for your terminating the contract, but not on the part of the Government, inasmuch as the 8,500 *l.* paid from the colony to the Imperial Government would be to the advantage of the Treasury?—Entirely.

812. Therefore, it would not be for you to render the contract null and void, because that subsidy was to be paid to the Treasury instead of to the company?—No; but it deprives us, of course, of an important element in getting our new capital.

813. Still you did sign an agreement with the Post Office, knowing that the money would be stopped from you?—Precisely; but feeling confident that the justice of the Treasury would give us the 8,500 *l.* if they ever got it from the colony. I was not aware that they had applied for it, until I saw it in the correspondence.

814. That question still remains open between yourselves and the Treasury, does it not, rather than between you and the colony?—Yes, it does.

815. *Chairman*.] What was the date of your next application to extend the suspension of the service from March to June?—The first suggestion was made in the letter of the 12th of December, page 71, No. 155; that letter acknowledged the agreement, as also the letter of the Postmaster General, sent to them on the 3d of December, and stated, "The very serious effect of those conditions has naturally called for mature consideration," on the part of the company, and that they had determined in deference to his Lordship's views to assent to them. Then they finally suggest at page 72, in the 14th paragraph, "Still with a view of defining a time for the complete commencement of the service, the directors would name the 1st June next, as the time at which the condition should take effect, if by that time the company are not prepared to commence the service fully, but giving the company permission to commence it earlier."

816. Did you receive a reply from the Post Office?—Yes; on the 17th of December the secretary received letter No. 160, on page 73, in which the Secretary of Post Office states to the company that he is directed by the Postmaster General to inform the company, "That he sees no reasons for granting this further indulgence and extending the period for the suspension of the mail service beyond March next."

817. On the 19th of December, the company ask, do they not, for a reconsideration

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tion of the subject?—Yes; and they appeal on the ground of the hardship of any measure which will tend to render this contract null and void under the special circumstances which surround the case.”

818. Is it not true that the company again pressed that the “Prince Albert” should be allowed, and stated that if it was necessary that the service should be recommenced on the 12th of March, they would be prepared to do so, provided that the “Prince Albert” should be allowed to be substituted up to the 1st of June?—Yes; they say, “It is of the utmost importance to bear in mind that there are no vessels in this country which can be purchased to supply the place of the “Connaught,” but if his Lordship, the Postmaster General, is anxious to have the service recommenced on the 12th of March, the directors will at once enter into an engagement to recommence it on that day, if his Lordship will allow the “Prince Albert” to be substituted for the “Connaught,” up to the 1st of June next.”

819. Then, on the 26th of December, the Postmaster General refuses to give the extension to the 1st of June, and he also refuses to accept the “Prince Albert” from March to June?—He does.

820. Mr. Peel.] But he postpones the service a fortnight, does he not?—Yes, until the last day in March, and in the same letter he assents to some suggestions made for the alteration of the draft contract. In Lord Stanley’s evidence, he stated that the draft contract had been forwarded to the company on the 17th of December, but the Committee will see by the letter dated the 3d of January 1861, from the Post Office, letter 166, at page 76, that the draft of the amended agreement was not sent to them until the 3d of January.

821. I observe that on the 26th of December the Postmaster General again warned the company very distinctly, “That in the event of the company not being prepared to recommence the service on the appointed day, and thenceforward to perform the conditions of the contract strictly according to their fair intent and meaning, his Lordship will at once exercise his power of terminating the contract?”—Yes; there is no doubt that during the whole of that period the company were fully aware of Lord Stanley’s intention to do it, and upon that ground they thought it a very severe measure, and they signed the contract against their own conviction of its justice, but to prevent the threat being carried out of breaking the contract.

822. On the 7th of November, the company had first made this proposal for the suspension of the contract, and had expressed, had they not, their full confidence that by the period named, namely, the 1st of March, they would be in a position to carry out the service to the entire satisfaction of his Lordship?—I think they did, and they fully believed that it would be so. Then, when the draft agreement came in December, it contained clauses which they could not assent to, and they sent back the agreement to the Post Office, calling Lord Stanley’s attention to two very onerous clauses, which were never inserted in contracts before; and the amended agreement was sent them on the 3d of January, and signed ultimately on the 24th. But in each letter there was some variation, or some suggestion of variation as to the terms.

823. All this was while the contract was suspended, was it not?—Yes.

824. No ship had sailed since when?—Since the 23d of October; then on the 16th of January 1861, the company again made an appeal to Lord Stanley under a letter dated that day; letter 171, at page 79.

825. You have complained, have you not, of this power of terminating the contract, as placing you at the mercy of your shipbuilders?—Yes, it placed us altogether in the power of our shipbuilders. At that time we had arrangements with the shipbuilders to deliver the ships by a definite period; as the Committee know, in the construction of large steamers of this character there are always additions and extras, and I advised the Board if they signed this contract, when they called upon the builders for the delivery of the ships, the builders would only deliver them on the settlement of the accounts and payment of the balance, and we might be in a position to have to pay a large disputed amount, and forego the penalties, which otherwise we should not be compelled to pay had we ample time given us to settle the matters between ourselves and the builders.

826. *Chairman.*] Before you go to letter 173, let me refer you to the 16th of January 1861, letter 171; am I not right in stating that in that letter you objected very strongly to the stringency of this new contract, because you were afraid that penalties might arise, and that you would be placed entirely in the hands of the builders?—Yes, we were; we had proposed, at page 80, that the
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service should commence on the 26th of March, the day named by the Postmaster General; but that the condition in the contract should be that the service should be on the 1st of June, in order that we might provide against accidental delay or omission in the performance of the service in the early part of the time.

827. That was refused on the 19th of January 1861, was it not?—It was. I observe the next letter from the Treasury to the Postmaster General suggests a degree of leniency which was not communicated to us or conveyed in the letter of the 19th. The Treasury suggest, "That my Lords presume that your Lordship will reserve to yourself liberty to act as you may think proper, in case, upon failure to sign within the appointed time, the default should be accounted for in a manner satisfactory to you."

828. *Mr. Peel.*] You had consented to sign the contract within seven days?—Yes; Lord Stanley's letter was written upon the letter from the Treasury of the 18th. Lord Stanley's letter was the 19th, but it was in a very peremptory manner. The last paragraph states: "In stating that the Postmaster General declines to assent to any one of the requests contained in your letter, I am to add that if the agreement which the company have been required to enter into be not executed within seven days from this date, his Lordship will without further notice declare the contract at an end." There was no further reply to that letter.

829. *Mr. Walpole.*] That is preceded by two paragraphs in which the Postmaster General points out the great indulgence, as the Postmaster General says, which he had granted to the company, greater than had ever been granted to any other packet company before, and that the suspension was in point of fact the greatest of all indulgences, because it was granted at a time when the service of the company would be peculiarly hard. I mean to say, in justification of the Post Office, that you must not take one paragraph of the letter without taking the other; and the reason which they had stated, that no indulgence had ever been given to any packet company equal to that which has been granted to this company, they assign as a reason why they are absolute in enforcing the agreement according to the terms proposed—I think the Committee will find ultimately that there is no indulgence which has been granted to this company which has not been granted to other companies, having regard to the peculiar circumstances of the case. First, there is no other company which has ever been under an agreement by which the subsidy is provided to be paid under a Parliamentary vote, and there is no company in which there are such penalties for over-time, and so strict a time-table, except the Dublin and Holyhead Company. Then following that letter of the 19th of January from the Postmaster General, the company on the 24th of January signed the agreement, and forwarded to the Postmaster General their respectful protest in letter 175.

830. *Chairman.*] Did the directors enter any minute upon their board minute book, stating that that agreement had been executed by the company, solely in order to avert the immediate avoidance of the original contract, and that it was done solely under the pressure of existing circumstances?—They did; and I have here a copy of the minute of the 23d of January; and it concludes by stating, "That an intimation be also given, that the agreement has been executed by the company solely in order to avert the immediate avoidance of the original postal contract, threatened by the Postmaster General."

831. Was the letter prepared upon the basis of that minute?—Yes.

832. And the letter of the 24th of January was the letter to which it refers?—Yes.

833. In that letter there is a protest?—Yes.

834. *Mr. Walpole.*] You cannot seriously contend that any company can execute an agreement under protest, and say that they are not to be bound by the agreement?—So far as the legal construction of the agreement goes, we could not contend that; but as we had two departments to deal with, the one the Treasury and the other the Postmaster General, we signed the agreement rendering the company under obligation to carry the mails, but we protested against being compelled to sign it under a threat, hoping that the whole circumstances might be taken into consideration by the Treasury.

835. You were required to sign it within seven days, you yourselves having proposed that very agreement in the month of November preceding?—No, not that agreement.

836. It was substantially that agreement, that is to say, for the suspension of the contract till the month of March?—No doubt, and during that time special circumstances arose from time to time.

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837. Surely there is nothing very severe in a public department saying, when the company itself proposes that a suspension of a most important contract, for the benefit of the public, should be made till the month of March (and I find that the correspondence goes on for two months as to whether it is to be signed or not), we must have this agreement signed, or there must be an end of the contract?—On the other hand, the company thought there was nothing very great in the concession made by Government to begin a service for which they were not paying till the service was performed; the mere question of beginning in the month of March, or in the month of June, would not involve any inconvenience; and, therefore, the Government were not paying for the service, and the company thought that it was no great concession if the company asked for a further time for the commencement of it.

838. *Chairman.*] Was it not a concession, accompanied with stipulations, which you never considered the company were bound by in the original contract?—Clearly; and it was under protest that we consented to take mails to St. John's.

839. Therefore your protest was against your being forced to accept their construction of the original contract?—Yes.

840. *Mr. Peel.*] You thought it reasonable, did you not, that the contract should be terminated if you did not complete it by the time stipulated?—That would depend upon the special circumstances of the case; it would depend upon the time when we began the service.

841. Was your protest directed against that condition?—It was directed against Lord Stanley's construction, and the deprivation of 8,500 *l.* a year against both.

842. *Chairman.*] When did the Company re-commence the service?—On the 9th of April.

843. *Mr. Peel.*] When ought you to have commenced it?—On the 26th of March.

844. The Postmaster General waived the exercise of his rights on the 26th of March, did he not?—Yes, he did, by imposing a penalty of 3,000 *l.* upon the company for not performing the service.

845. For which the company expressed their obligations, did they not?—Yes.

846. *Chairman.*] Then came, subsequently, the question of the "Parana;" am I right in saying that the company contend that the "Parana" would have been, to all intents and purposes, a fit and proper vessel for the service in case the Postmaster General had not imposed upon them his version of the construction of the Newfoundland contract?—Yes, but it was beyond that; the Committee will see that by the terms of the notice of the Postmaster General in terminating the contract, at page 103, enclosure in No. 229.

847. *Mr. Walpole.*] Before going to that, let me call your attention to page 87, where there are two letters, which seem to me to be exceedingly important upon this part of the case, namely, the actual termination of the contract. The first letter is written by Mr. Hill to Mr. Boate, on the 23d of March 1861, in which you will see this sentence, which is a very strong one: "His Lordship desires me to state, however, that in thus abstaining to exercise in this one instance his full right, he merely holds in suspense his power of annulling the contract; that this is the last deviation of any kind from the obligations of the contract which he will permit, and that if the company (no matter from what cause) fail to despatch a packet on the 9th of April, and on every alternate Tuesday, or fail to continue to perform, in every respect, the stipulations of the contract, he will terminate the contract. You have already, on behalf of the company, stated your acceptance of these conditions; but I am desired to add that an official letter, confirming that statement, must be delivered at this office not later than the evening of Monday next, the 25th instant." That, of course, is only the Post Office letter, and therefore it does not bind you, unless you accept it?—The next letter accepted it.

848. You accept it in these terms: you say, "In acknowledging the receipt of your communication of the 23d instant, No. 283 M., I have the honour to state, for the information of his Lordship the Postmaster General, that the directors of the company accept the terms imposed by Lord Stanley of Alderley for the postponement of the service until Tuesday the 9th April next"?—Yes.

849. Taking those two letters together, I suppose upon the point upon which you

you were going to remark, namely, the actual termination of the contract, we must have reference to those two letters to see whether the contract had been strictly fulfilled or not, must we not?—Yes; the acceptance of all the terms meant merely the terms for postponing our voyage.

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850. Do you mean that that is not an acceptance of the terms imposed by Lord Stanley in that letter, whose terms I have read to you; that is to say, do you accept the mode in which Lord Stanley states the terms upon which he consents to postpone the voyage?—I should think the Secretary writing such a letter as that, wrote it with the authority of the Board; it would have no meaning whatever except as confirming the terms proposed by Lord Stanley in his letter of the previous date, the 23d, namely, the penalty of 3,000 *l.*, which occurs at page 86.

851. But it refers to the letter of the 23d, does it not?—Yes.

852. I want to know what construction you put upon those two letters, because it would seem that the whole question of the actual termination of the contract depends upon the meaning which is to be put upon those two letters, as to whether it was a rightful termination or not?—I think the letters will bear the construction which I state, namely, that it is upon the imposing of a penalty of 3,000 *l.* that he will authorise the recommencement of the service to be postponed. Then he states the grounds for satisfying the company that he is not dealing with them harshly, and then the final paragraph is, "State your acceptance of these conditions." Those terms surely can only refer to the sum of the 3,000 *l.* penalty imposed on his consenting to the request of the company.

853. Mr. Peel.] Might not the Post Office have argued in this way: Under the agreement for the postponement of this service we have the power, if it does not recommence at the stipulated time, of terminating this contract?—Yes.

854. It has not recommenced, and if therefore we waive our right to terminate the service, it may be that we shall lose it altogether, and therefore we make it a condition that if we do not exercise it this time, should there be a subsequent failure we shall still have the right of putting an end to the contract?—Yes.

855. That is to say, that is the condition which I (speaking on behalf of the Post Office) make for not exercising the power upon this present occasion; you have agreed to accept that condition verbally, and I ask you to do it by an official letter; you do do it by an official letter; and now am I to understand you to state that that letter merely means that you acquiesce in the payment of 3,000 *l.* if the service is postponed for a fortnight, and not in the Postmaster General retaining his power of putting an end to the contract in the case of subsequent forfeiture?—I should say certainly not; for the company only intended to accept the terms of 3,000 *l.*, because the agreement required no confirmation from them. I do not pretend to say that the omission to accept the other conditions at all weakened the effect of the contract of the 24th of January; because the Postmaster General had absolute power under that contract to terminate the agreement at that time.

856. What do you understand that Mr. Hill means by the acceptance of those conditions in the last paragraph in his letter; do you understand that it does not apply to the preceding paragraph?—In my opinion it does not; it applies to imposing the conditions of 3,000 *l.* We had repeatedly had correspondence with the Post Office before upon similar subjects, and the conditions had always been how much we chose to pay for the particular forfeiture, or the particular failure; and I do not think the agreement required any confirmation on our part. I do not think that our assent to those conditions would make the agreement any more valid. I think that the Postmaster General had full and absolute power under the agreement to act as he did, and that any assent of ours, if our letter of the 25th must be construed as an assent, did not render that agreement higher or more valuable, I do not think it made it more important to the company. The company acknowledged that they have put their seal to the agreement, and the agreement therefore must be construed so.

857. Mr. Walpole.] Then the difference is this, that the company would acknowledge that by the necessary legal terms of the agreement the Postmaster General could, of course, terminate that contract if the conditions were not strictly fulfilled; but there is a difference between this case and the company after the agreement was signed recognising the propriety of the contract being terminated if certain terms or conditions mentioned by Lord Stanley were not strictly complied with?—The company at that time fully intended and expected that they would be able to perform the service satisfactorily.

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858. I understand you that that letter does not refer to that paragraph?—Certainly not.

859. *Chairman.*] Lord Stanley had it in his power, had he not, according to the new agreement, to determine the contract in case of any failure on your part to observe its conditions?—Yes.

860. Therefore there was no necessity, was there, for him to ask the company whether they were prepared to submit to conditions which he had the power of enforcing himself according to the new agreement?—No.

861. Consequently, am I right in assuming that the only question which Lord Stanley was justified in asking the company upon the subject of those engagements was this; are you willing to accept those terms, namely, to pay the 3,000 *l.*, or have the contract determined?—That was our view of it, certainly.

862. *Mr. Peel.*] Notwithstanding that, he did distinctly ask for your acceptance of those conditions which he himself recites in this letter?—Yes, excepting in construing that letter; I should state that the only conditions which he asks are those by which he imposes a penalty of 3,000 *l.*; and the other paragraph, to which reference has been made, only volunteers Lord Stanley's opinion upon the matter.

863. If he chooses to call that a condition, it is open for him to do so, is it not?—It is not a condition; it does not appear to me so. If the Committee ask my opinion, it is Lord Stanley's expression of his intentions as to what he will do in the event of the company not commencing the service on the 9th of April.

864. *Mr. Walpole.*] More than that; he says, that in a conversation in which I suppose you had stated your willingness that those conditions should be the conditions imposed upon the company; and he asked you to put them in writing. Did you put them in writing?—I again say, that no assurance from the company could put the agreement any higher than it is.

865. But as a warning to the company, and as constituting an equitable ground for terminating the agreement, instead of merely a strictly legal ground, it certainly puts the question higher, does it not?—No; I think it is only a warning. We took it as a warning, and we admit that we received that warning as the first warning after the new agreement.

866. You received the warning and acquiesced in it, did you not?—Yes; I think we did. Perhaps the Committee will allow me to call their attention to one very short point with regard to the "Parana." When the "Parana" was refused, she was refused on a certificate, obtained by the Postmaster General from the Board of Admiralty, of her inability to go to St. John's within six days. I hope the Committee will allow me now to repeat the argument which I ventured to state before, namely, that there is no obligation whatever upon the Company to take mails to St. John's in any given time whatever. There is an obligation to take the mails, under the new agreement, but there is no time named at all. I therefore submit, most respectfully, to Lord Stanley and the Postmaster General's department, that the power under which they assume to terminate the agreement is not within the conditions of the contract. If the "Parana" had been rejected on the ground that she was unable to perform the voyage to Boston within the time indicated by the time table, it would have been perhaps a *bond fide* rejection; but it appears by a letter from the Postmaster General to the surveyors, that their attention is not called to the fact, whether she can perform the voyage to Boston under the terms of the Imperial contract within the time named in the time table, but it expressly calls attention to the ability of the ship to perform the service to St. John's. The letter appears as No. 58, in Parliamentary Paper, 337, page 25, from Mr. F. Hill to Mr. Romaine at the Admiralty, dated 30th April 1861; and it says, "I am directed by the Postmaster General to request that you will state to the Lords Commissioners of the Admiralty that the Atlantic Royal Mail Steam Navigation Company have tendered the steamer "Parana," now lying at Southampton, for the conveyance from Galway of the mails for Boston of the 7th proximo; and I am to request that the Lords Commissioners will be good enough to cause this vessel to be surveyed, and to inform his Lordship whether she is found to be in all respects fit for the service in which the company propose to employ her." It then states that a further survey was made on the "Parana;" but the last paragraph, the one to which I wish to call the attention of the Committee, says, "In reference to that report, the Postmaster General considers it important that the surveying officers should be reminded on the present occasion that, whether the packet be bound for Boston or New York, the Atlantic Company are bound by their

their contract to reach St. John's, Newfoundland, within six days after leaving Galway; and every vessel employed under the contract ought, therefore, to be able to attain such a speed as will secure a fulfilment of this stipulation." In that report the surveyor of the Admiralty reports, that she will not go to St. John's within six days. I contend that under the terms of the original contract, and under the terms of the new contract of the 24th of January, the Committee will see that there is no time whatever named within which we shall deliver mails; and as there is no time named, it follows that the rejection of the ship, because she will not perform the service to St. John's within six days, is, and I say it respectfully, not within the terms of the contract.

867. Mr. Peel.] Do you not yourself admit that you were liable to carry telegraphic messages?—If required by the Lords Commissioners.

868. How could you tell that you would not be required?—I believe, as a fact, that they have never been required to take telegraphic messages by the Lords Commissioners.

869. Is it not right that it should be insisted upon that the ship should be able to perform the voyage which she was bound to perform?—Then the contract could be broken by not having performed the service, but not by our not having anticipated what we might never have been called upon to perform.

870. If, by your own admission, this contract required you to go to Newfoundland in six days, was it not right to reject a ship which was thought to be incapable of performing the voyage in six days?—It requires us to call at St. John's, but not in six days.

871. It requires you to deliver telegraphic messages, by your own admission?—Certainly, when required by the Lords Commissioners of the Admiralty to deliver telegraphic messages at St. John's within six days, but there is no obligation upon the company to go to St. John's within six days, except for that special purpose, and in the clause under which the Postmaster General considered that we were bound to take the mails there, no time whatever is named.

872. Mr. Walpole.] If the contract required you to deliver telegraphic messages at St. John's within six days from the time she departs, and if the contract further requires you to call at St. John's, using the very words of the contract, irrespective of the question of mails altogether, would you not be bound to be there within six days, and to deliver telegraphic messages?—If so required to deliver them; but in the clause which compels the company to call at St. John's, and at the other places mentioned in the time table, it says, so far as regards the places mentioned in the time table within the time named, but it omits the time.

873. But how could the Admiralty surveyors give you a proper certificate as to the vessel being capable of doing that which she was bound to do by the contract, unless the vessel was able at any rate to go in six days, in case the Admiralty should require that the telegraphic messages should be sent?—There are two answers that would be given to that; the first is, that the Admiralty officer ought to have been asked whether the ship would perform the whole mail service under the contract to be performed by this company, and his answer would have been, that, so far as regards the Imperial mails, the ship would have been capable of performing the service within the time stipulated, that is, going to Boston and New York, but if the ship should have been required to deliver telegraphic messages at St. John's within six days, she could not have done it.

874. But if you give me that answer, that he could not certify to the Post Office that she could take the telegraph messages in six days, was she a fit and proper vessel to go?—The answer to that is, that up to that period the Commissioners had never required the company to take telegraphic messages, and there was no probability of the Commissioners ever requiring the company to take telegraphic messages; and it was an immaterial issue whether she could go to St. John's in six days, if she performed the actual postal service within the time named.

875. Mr. Peel.] Would not the Post Office have put it out of its power to send telegraphic messages if it had accepted a ship which, by the admission of the surveyor, could not ensure the performance of the voyage to Newfoundland within six days?—Certainly not; because she was put forward as a substituted ship for a special service, under the disabling clause, as I call it, of our contract, and, therefore, there must be a reasonable rejection of the ship under that clause; and we contend that it was an unreasonable rejection of the ship upon an immaterial point; that the material point was kept out of the view of the Surveyor of the Admiralty, who had to report upon it. And as to the failure of the "Parana" to

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perform the service, as a matter of fact the "Parana" went out after that certificate and performed the voyage. She did not go to St. John's within six days, because she was not required to do so; no message was offered to go by her, and, therefore, so far as the public service was concerned, she was a ship fully able to perform the postal service.

876. *Mr. Walpole.*] Do I correctly understand you, that she had called at St. John's and had gone on to Boston, within the clause, and landed her mails at Boston within the time prescribed by the contract?—Certainly; and the proof of what I say, that she could do it, is that she did do it within one day and four or five hours. I think it was under the time stipulated for by the Post Office.

877. That was in the first voyage, was it not?—In the third voyage, she accomplished it in one day and three and a half hours under the time stipulated that she would not.

878. You contend that the "Parana" was a fit vessel, and consequently this was not a legal termination of the contract?—Most unconditionally, I contend that. But the Committee will understand that, in the appeal which the company have made to the Government on the subject, they do not desire to put it upon the strict legal grounds, but upon the ground of fair construction and fair dealing; and that, we know that the contract was submitted to the Postmaster General, and that the same course was not followed as would have been followed between individuals, if there had been a reasonable doubt upon the construction of the contract; and I submit that a contract of such an important character as this, should not be void to as against the company upon a doubtful point.

879. *Chairman.*] The Committee are not to understand from what you have just stated, that you have considered that, in the regular postal service, you may escape from going to Newfoundland within six days, as a general rule; but merely that, in this present instance, in consequence of the "Parana" being a substituted ship by the disabling clause, you consider that, as there were no telegraphic messages given you upon that occasion, you might avail yourselves of that vessel, without violation of the contract?—Solely with that view, that no ship was required to go to St. John's within six days.

880. *Mr. Peel.*] Did you not receive notice from the Post Office, in the year 1860, that all telegraphic messages would be sent in the mails?—I do not recollect; but if so, that would not alter the terms.

881. *Chairman.*] Would that come under the denomination of telegraphic messages respectively required by the Commissioners to be delivered?—Certainly not.

882. *Mr. Peel.*] The Postmaster General on the 22d of June 1860, informs you that all telegraphic messages are in future to be forwarded in the mails to St. John's?—Yes.

883. You had bound yourselves, had you not, to carry the mails to St. John's at this time?—Yes.

884. And you had also received notice, in the month of June 1860, that telegraphic messages would be forwarded with the mails?—We had.

885. Therefore, how is it possible for you to tell that the Post Office might not require to send telegraphic messages by this very ship?—The answer is, as Lord Stanley himself stated, that we have never been required to take them, and you must know, so far as any special requisition goes, that the company has never been required; there has never been a telegraphic message sent by the Lords Commissioners of the Admiralty to the knowledge of the company, nor have they ever been required to take one.

886. *Chairman.*] Presuming that the contract had been suspended until the 1st of June, will you inform the Committee how far the company would have been benefited by that suspension?—The "Hibernia" and the "Columbia" would have been the ships within the power of the company; we should have had the "Hibernia," the "Columbia," the "Adriatic," and the "Anglia," which was ready, the builders state, on the 1st of June; she would have come on the service in the course of July.

887. *Mr. Walpole.*] Supposing the "Parana" had been accepted for the May voyage, what ship would you have sent for the June voyage?—I have not the list with me, but a list was made out; the "Adriatic" would have been back by that time.

888. *Chairman.*] Do you think from the accounts we have heard of those ships, that you would have been in a much better position on the 1st of June?—Yes, in this

this way ; the "Columbia" and the "Adriatic" would not have taken their voyages at that period ; there is most danger across the Atlantic (not as stated by Lord Stanley in the winter months when the ice is fast bound in the St. Lawrence), but in the spring months when the ice gets loosened, and frozen fields of ice come down across the course which the ships have to take ; therefore, the dangerous months are the spring months. The "Columbia," therefore, would have gone upon her two voyages as permitted by the Admiralty surveyor in the summer months, and the "Hibernia," might have been strengthened, and the "Adriatic" might have taken her place. The "Anglia" also would have been delivered on the 1st of June, and as I mentioned before those three ships would have performed the service, and we should shortly have an opportunity of strengthening the ships, and putting on additional bulwarks if we had begun the service in June, instead of beginning it in March.

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889. *Chairman.*] You do not agree that it was rather providential, as Lord Stanley stated, that the "Hibernia" met with her accident where she did, or probably she would have gone down bodily in case she crossed the Atlantic?—I do not. Besides, Lord Stanley stated in the House of Lords that if the company, in commencing their contract, made only one failure, he should not have felt justified in terminating the contract, but, as in commencing our service, we had not only failed to commence it on the day of the month but had afterwards offered another ship, he therefore felt justified in breaking the contract.

890. *Mr. Peel.*] At Question 544, you were asked, "Supposing they had given you that additional day's time, would you have been obliged to go to St. John's, or not?" and your answer was "Yes." Was not that additional day granted to you?—No; not that additional day. You see there that an additional day was given, but not the additional day which I requested in the letter which I wrote to the Treasury on the subject.

891. Because, I find, in a question which was put to Mr. Hamilton by a Member of the Committee on Packet and Telegraphic Contracts, that on having undertaken to go out and home in four days under the time occupied by the Cunard vessels in their tender, the arrangement made was this, as Mr. Hamilton states, that "the way in which we estimated the time" (in your time table) is this: "Sir Samuel Cunard's average, from London to Boston, 14 days 20 hours during the winter; and then we deducted, London to Liverpool 6 hours; then Mr. Lever's proposed saving, as it is called, of 2 days; making 12 days 14 hours; then add a margin for the detour to St. John's, Newfoundland, of 1 day, making 13 days 14 hours. We afterwards squeezed the company out of 2 hours less than that, and the terms of the contract are 13 days 12 hours, and the same calculations apply to the different branches of the service." Upon that answer I should collect that you would allow this day for going to Newfoundland in your time table?—No, we allow the day that Mr. Hamilton refers to; but my answer refers to a letter which I find addressed to the Treasury on the 26th of March 1859, at page 58, of Parliamentary Paper 230, of 1859, in which I state in one paragraph, "We suggest, therefore, that when the vessels are required to go to St. John's, one day's time should be added to the time mentioned for the voyages direct to New York and Boston;" that would be, in fact, another day.

892. That day was given to you, was it not?—No; one day was given us, but not the other day. Our time was based upon this simple calculation; we took the average of the Cunard times from the Post Office returns during the preceding year; we deducted two days from the amount, and then added one, which was, in effect, a saving to the postal service of about one day. Then, when the Treasury required us to go into St. John's on every voyage, I suggested to the Treasury that they should give us one day additional for every time we were compelled to go into St. John's; but the Treasury refused it.

893. *Mr. Walpole.*] Had you proposed that originally on the 18th of January?—Yes; I think we are anxious to get another day.

894. Then your proposal was to go *via* St. John's from the beginning, and you tried to get another day?—Yes, when we were required to go into St. John's. I think my letter says, "when we are required to go into St. John's."

895. No, there is nothing about requiring the company to go into St. John's?—Yes, I think there is in the letter which I have written.

896. No, it is "to go to St. John's," not "into St. John's." If you look at page 50, you will see that your original proposal was this: "We therefore pro-

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pose to contract to carry the mails from Galway to Portland, Boston or New York, *via* St. John's, or otherwise, for the sum of 3,000*l.* per voyage, such voyage being the passage out and home." Then, in the letter which you have read from page 58, you had thought it over to see whether your time would do, and you tried to get another day, and you say, "We suggest, therefore, that when the vessels are required to go to St. John's (not into St. John's harbour), one day's time should be added to the time mentioned for the voyages direct to New York and Boston." That condition you yourselves proposed, and you wanted to vary from it, but the Treasury did not agree to it?—That is so.

897. *Chairman.*] Have you compared together the two contracts, namely, the Galway contract and the contract made by Sir Samuel Cunard?—I have.

898. Am I right in stating that the terms of the Galway contract are extremely stringent, and that the terms of Sir Samuel Cunard's contract are comparatively speaking extremely lenient?—They are.

899. The Galway contract is a penalty contract?—Yes, it is a penal contract.

900. There is, I think, a clause stipulating that a penalty of 5*l.* per hour shall be imposed for every day in which the company's vessels are behindhand, for the first 24 hours, and a penalty of 10*l.* for every hour after the first 24 hours; is that correct?—It is.

901. Is there any such penalty imposed by the contract upon Sir Samuel Cunard?—Certainly not; none whatever; the obligation of his contract is, that he shall proceed with all possible speed; I think those are the words.

902. The Cunard contract was renewed in 1858, was it not?—Yes.

903. *Mr. Walpole.*] You are speaking of the period since 1858?—Yes.

904. *Mr. Peel.*] Was the contract of 1858 anything more than a renewal of an old contract?—It was a new contract in detail of the 24th of June 1858, between the Lords Commissioners of the Admiralty and Messrs. Cunard; many of our clauses are copied from that contract, almost verbatim.

905. *Chairman.*] With regard to the ships in the Galway contract it is stipulated that the ships are to be of not less than 4,200 tons burden, and not less than 400 horse-power?—Yes, 450 horse-power.

906. With regard to Samuel Cunard's contract the vessels are not to be less than 400 horse-power, but I think there is no stipulation whatsoever with regard to tonnage?—None whatever, with regard to the direct service; there is a stipulation that they should not be less than 1,400 tons for the New York and Nassau service.

907. In the Galway contract a provision is made, is there not, that the payment shall be out of monies to be voted by Parliament?—That is so.

908. In Sir Samuel Cunard's contract there is no such stipulation whatever, but it provides that the subsidy shall be an annual payment?—Yes, it is to be an annual payment by Her Majesty's Government.

909. I think I am justified in saying that no penalty whatever has been imposed from the commencement of Sir Samuel Cunard's contract up to the present day?—None that I am aware of.

910. *Mr. Peel.*] Although there is no stipulation as to the tonnage of the Cunard ships, while you are required, as you state, to have vessels of 2,000 tons, are you aware that the tonnage of the Cunard ships varies from 1,729 tons to 3,587 tons?—It varies down to 500 tons, I should think; he has not four ships equal to the four ships which we are required to have; he has only one ship equal to ours.

911. Are you aware that he has five ships which are more than 2,000 tons each?—I dare say he has.

912. Though not required by his contract to have vessels of any particular amount of tonnage?—I dare say it is so; I may add one remark, that in this very contract of ours, Lord Colchester recommended to the Treasury that when they imposed penalties for over time we should have a premium for being under time; but there is no premium for under time given to us.

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

W. Clifton, Esq.

913. *Chairman.*] YOU are, I think, at the head of the Packet Department in the Admiralty?—I was so, so long as it remained with the Lords Commissioners of the Admiralty, up to April of last year.

914. Did

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914. Did any communications pass between you and the Treasury upon the subject of the contract with the Atlantic Mail Steam Navigation Company?—I attended on several occasions at the Treasury by direction of the Secretary.

915. Was the question discussed at the time when you were present at the Treasury, whether it was intended by the contract that the company should deliver mails at Newfoundland, or only telegraphic communications, when required to do so?—Yes.

916. When you say yes, am I to understand that it was only telegraphic communications which were contemplated in the contract?—Only telegraphic communications, I understood to be contemplated by the contract at the time that the contract was drawn; when the tender was under discussion it was understood, at least by me, that it was contemplated to deliver mails, but it was explained to the Secretary that there was a difficulty in the vessels entering St. John's at all seasons of the year, and that, in fact, the mails could not be delivered with any degree of certainty; it was, therefore, as I understood, arranged that the telegraphic messages should only be included in the contract, since they could be thrown overboard and taken up by a small vessel, that might be run in under Cape Race to St. John's.

917. Has the infliction of the fines and penalties upon vessels for delays in the performance of their service come under your cognizance?—Yes.

918. What is the course which has hitherto been pursued by the Admiralty upon the subject of fogs; are fogs considered to be circumstances coming within the control of the contracting parties, or not coming within the control of the contracting parties?—I am not aware of any instance of a penalty being imposed for over time arising from delay occasioned by fog whilst the packet service was immediately under my supervision.

919. If the packet service had remained under the Admiralty, instead of being transferred to the Post Office, would you, in accordance with your usual practice, have inflicted a fine of 490 l. upon the "Connaught" for being 37 hours delayed by a very great fog off the coast of Newfoundland?—I consider that no penalty would be incurred under the contract, a clause specifying that penalties shall only be inflicted if arising from causes under the control of the contractors.

920. Mr. Peel.] Is it common with these contracts to have a fine for over time?—No, but we have had several time contracts, as they are called; the European and Australian contract was a time contract.

921. Were the penalties imposed there with great strictness?—Yes; but there was a clause in that contract which provided that penalties should be levied for delay from whatever cause arising; in this contract there is no such clause; there is an exempting clause for penalties arising from causes beyond control.

922. Fogs are very common off Newfoundland, are they not?—Exceedingly.

923. If the weather was always clear, could not the voyage be performed from Galway in less than six days?—No, I should think not; not on the average; occasionally it may, but only with fair winds and favourable weather; it is a very great speed to maintain nearly 11 knots.

924. How many knots were those ships required to go in the hour?—Nearly 11 to get within the contract time as it is stated.

925. Sir Morton Peto.] In taking the time under this contract, would you not deem it to be the time which would be employed under ordinary circumstances by a vessel of the class described?—I scarcely understand the question.

926. My question is a question particularly relating to this clause with reference to exemption; I am imagining that a vessel of the class that were to be provided is provided; then I ask you whether the time calculated is not that time which she should take provided there are no circumstances beyond control which occasion a longer time?—I presume it is contemplated so in the contract.

927. Then will you just describe those particular circumstances referred to in this clause: "Provided always that the said company shall not be liable to any penalties for delay in proceeding to sea on the day and at the hour fixed, or for excess of time in performing any voyage, 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." One of those circumstances would be fogs, I presume?—Yes, I should say so.

928. Assuming a ship to be closed in with icebergs, or to be in a position not to be able to proceed from icebergs, would that be a circumstance not under their control?—Certainly.

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929. The mode of the delay would be certified, I presume, by the Admiralty agent on board?—Yes.

930. I imagine that this clause is intended that if the company having provided the requisite ships have done all in their power, if fogs and icebergs or any circumstances which they can certify occasion a longer time than that specified in the contract, then the penalty shall not be imposed?—Certainly.

931. And that is the usual custom of the Admiralty, is it not, in reference to all such contracts?—In reference to other contracts which are not time contracts.

932. But with reference to those which are time contracts, that under such a clause as that which I have read you would not impose a penalty upon the company if the circumstances were such as I have described, and not being under the control of the company?—Certainly, you could not impose a penalty.

933. *Mr. Peel.*] What evidence would you require that there was a fog, in order to allow the ship to be exempted for over time?—The journal of the packet officer, in which he states the cause of the delay.

934. Has your attention been called to the fine which was imposed upon the ship "Connaught," although, as it is stated, she was detained for several hours off Newfoundland?—No, that is since the packet office has been under the Postmaster General; I am not aware of the circumstances of that case.

935. What evidence ought the Committee to require to satisfy itself that there was a fault?—The report of the commissioner placed on board in charge of the mails, to see to the due performance of the contract.

936. And who can produce that to the Committee?—The Post Office, I presume.

937. *Mr. Walpole.*] It would be the Admiralty agent on board, would it not?—Yes; but he is responsible now to the Postmaster General.

938. *Mr. Peel.*] What is the evidence required by the contract to justify the non-exaction of the penalty?—The cause being beyond control must be proved to the satisfaction of the authorities.

939. In what way; would it be by some entry in the book of the Admiralty agent on board?—Yes, or by the log of the ship.

940. *Chairman.*] Would you consider the log of the ship as legitimate proof?—Yes, certainly; if it is properly signed and kept, it is legal evidence.

941. *Mr. Peel.*] The vessels sailing under Sir Samuel Cunard's contract must be constantly encountering fogs; what is the course which those vessels take?—They generally proceed at their full speed, so we understand, through the fogs; but then their course is a long way to the southward of Cape Race generally, and they avoid the ice by going further south.

942. They generally go in sight of Cape Race, do not they?—Not always; in foggy weather they keep well south of the land.

943. *Chairman.*] In many instances am I not right in saying that Sir Samuel Cunard's vessels are two or three days in arrear?—Yes, occasionally, from stress of weather, and other causes beyond control.

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Martis, 9^o die Julii, 1861.

MEMBERS PRESENT:

Mr. Gregory.
Mr. Peel.
Sir Morton Peto.
Mr. Ker Seymer.

Sir John Trollope.
Mr. Walpole.
Mr. Brown-Westhead.

WILLIAM GREGORY, Esq., IN THE CHAIR.

John Jordan, Esq., called in; and Examined.

944. *Chairman.*] ARE you the Surveyor of Iron Ships for the Liverpool Underwriters' Association?—I am. *John Jordan, Esq.*

945. What experience have you had in the surveying of ships?—I have been five years Surveyor to the Liverpool Underwriters; I was a shipbuilder for eight years, and an engineer for the balance of 23 years. I have had 23 years' experience altogether.

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946. Were you called upon at any time to examine the "Hibernia"?—I was.

947. Can you recollect what was the day when you first saw the vessel, and where did you see her?—I saw her at Messrs. Laird & Sons' graving-dock, at Birkenhead, as the water was leaving her; the morning when she was put into the graving-dock.

948. Was that on the 30th of March?—I think it was; at all events, it was in the month of March.

949. *Mr. Peel.*] At whose invitation did you go to see her?—At that of the Atlantic Mail Company.

950. *Chairman.*] Did you furnish any reports from time to time to the company, upon the subject of that vessel?—I did.

951. When did you last examine her?—One day last week; I think it was on Wednesday last. I have been in London ever since. I have examined her daily almost since she has been in the dock, or occasionally, at all events, during every week.

952. Have you made a careful examination of her hull?—I have.

953. What was the state of the hull of the "Hibernia," when you examined it; so far as you could then ascertain?—When the water was leaving the vessel, before it had well got out of the dock; as soon as we could get under the bottom we found the water running out from every butt and some of the seams, and many of the rivets the whole length of the flat bottom; the bilge butts were very much strained, and the butts in the upper strakes were very much strained.

954. *Mr. Peel.*] Were those defects in construction, or arising from any accident that had happened to the ship?—I think they arose both from errors of construction, and from imperfect workmanship; unsound rivetting.

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955. *Chairman.*] Will you be good enough to continue your account of the state of the ship?—The diagonals upon the upper deck were very much strained, and the water and dirt leaked down through the planks of the deck, on the under side of the deck, showing the diagonal plates on the deck amidships were also very much shaken, and the water came through the rivets, evidently showing that the vessel had been working considerably, and was deficient in longitudinal strength, both laterally and vertically.

956. Did the plates under the engine show any signs of opening?—They did; they had drawn considerably, and had worked backwards and forwards in a manner, showing that the vessel was about breaking asunder, or opening up in the bottom.

957. Did you find that she was deficient at all in longitudinal fastening?—I did; there were no keelsons worthy the name for a ship of that magnitude.

958. On examining the rivetting, did you find the butt plates and the rivets so loose as to be practically worthless as a means of attaching the plates together?—I did; they were capable of being drawn up to their places by screw-bolts, so as to push the rivets through, and after knocking their heads off, they were found to be quite slack in the neck, and not fitting the holes on the inside.

959. Did you find anything the matter with the gunwale of the vessel?—Yes, the gunwale angle iron that ran along the stringer plate was very badly punched, and imperfectly rivetted.

960. With regard to the deck, what did you think of that?—The gunwale itself was very light, and of a form I do not think calculated at all to have any strength in it.

961. Was the deck entirely unprovided with bulwarks?—Yes; there was a netting carried round upon some wrought iron stanchions, but it was very exposed indeed, and not fit at all to cross the Atlantic, especially in frosty and hard tempestuous weather.

962. *Mr. Peel.*] Was she not finished then?—She was finished after a fashion; the wire netting was put all round the stanchions, but it would never keep the wind off, nor the water; if the sea came on board, the passengers and crew were quite unprotected.

963. Do you suppose that that was in accordance with the conditions of the contract with the shipbuilders?—I should imagine it was; they would have put bulwarks around, I should imagine, if it had been specified; the object had been to diminish the resistance to a fast going boat, so as to offer as little obstruction to the wind and advancing waves as possible; but that is not at all the thing for a passenger vessel.

964. You think that was the intention?—I think so; it was intended to diminish the resistance of the vessel passing through the water, and through the air.

965. *Chairman.*] Did you find, on examination of the vessel, that any damage had arisen to her which, in your opinion, was the result of an error of construction; do you, for instance, take the case you have mentioned, of the bulwarks, to be one?—The question of the bulwarks would refer more to the protection of the passengers and the comfort of the crew, and their ability to perform their duties with a strong vessel; it would be very difficult indeed to say how much was due to the imperfect rivetting, or how much to the want of longitudinal strength, but the two aggravated each other very much.

966. *Mr. Walpole.*] Had you seen the "Hibernia" before her accident?—No; I may mention that upon a former survey, to ascertain the extent of this imperfect rivetting, I had the keel-plate taken off, and it was so badly fitted that it was quite impossible that it could have kept the water out; the butts of the keel plate, instead of being properly rivetted in the usual way, were screwed up with screw pegs, and only three in each butt, instead of being properly rivetted; that was a very bad job. The remainder of the ship was generally well plated, and the framing pretty strong, and the material seemed good; but owing to the defect in the keel-plate, and the rivetting and the defective sort of gunwale, I fancy that it was not possible that she could have performed her work satisfactorily.

967. *Chairman.*] Do you think that some of the damage which arose to the ship did arise from the bad workmanship?—Certainly.

968. *Mr. Peel.*] There was no fault to find with the design of the ship, was there?—No, I think not; she was of a peculiar shape, but for a fast vessel perhaps opinions might vary.

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969. The vessel was not so long that the requisite strength could not be given to it?—No, I think not.

970. *Chairman.*] Did you find, on examination of the ship, that she was built according to the terms of the contract, with the best material, and that, substantially, she was finished in a superior style?—The finish was not superior, certainly; the materials, and the rivets especially, were exceedingly good iron, and the plates themselves seemed good, but the workmanship I cannot say so much about; the rivetting is certainly deficient, it is unsound; it does not fill the holes properly.

971. Would you say that the rivetting is so defective from carelessness that a great deal of the weakness of the vessel may be attributed to that cause?—The rivets are very small in the neck; whether that may be attributed to carelessness or not, one can hardly say, but they were certainly loose in the holes.

972. Is the finish equal to the usual Clyde and Liverpool finish of vessels?—No; I do not think it is.

973. Have you seen the contract between the Royal Atlantic Mail Steam Navigation Company and Messrs. Palmer?—I have.

974. *Mr. Peel.*] Was the “Hibernia” one of Messrs. Palmer’s ships?—Yes; she was the sister to the “Connaught.”

975. *Chairman.*] Have you seen this clause, “that they (the builders) shall and will, at their own costs and charges, amend and replace in a good and sufficient and workmanlike manner any defect of the said steam vessels, and the engines that may be supplied to the said steam vessel or any of them, arising from error of construction, imperfect workmanship, or insufficient or unsound materials, so as such defects be pointed out in writing within 12 calendar months from the delivery of the said steam vessels respectively, but not further or otherwise”?—I have seen that clause.

976. Do you consider that it would be the duty of the Messrs. Palmer, on having those defects pointed out to them, to have amended those defects and to have replaced faulty workmanship by good workmanship?—Certainly.

977. *Mr. Peel.*] Does the contract state the price paid for the ship?—I believe it does.

978. Is it a cheap ship?—I should hardly say that it is a cheap ship.

979. Do you mean from its being so badly built?—No, from the price.

980. *Sir John Trollope.*] Do you mean to say that the price was adequate for a ship of that tonnage and capacity?—The price was 95,000 *l.*, and I scarcely think that that is sufficient.

981. Was it sufficient to turn out a vessel of first class quality?—Scarcely sufficient, I should think.

982. *Mr. Peel.*] What would be the price paid in the Clyde for a vessel built in a superior manner?—I should think about 100,000 *l.* to 110,000 *l.*; prices will vary quite as much as that in a set of estimates.

983. *Chairman.*] Do you think that the “Hibernia” was fit to cross the Atlantic except when the sea was tranquil?—After examining her the first time, the company applied to me for advice, and I told them that it would be impossible that she could cross the Atlantic except at the risk of foundering.

984. Have you given any specifications with regard to the work that should be done to this steamer, to make her seaworthy and fit to cross the Atlantic?—I have.

985. Is that work extensive?—It is very extensive; it comprises essentially the re-rivetting of the vessel and the introduction of longitudinal fastenings both in a vertical and lateral direction, the doubling of the plates in the bottom of the bilges to prevent the butts opening and the seams drawing in future, and putting on the proper bulwarks to give protection on deck, and a top-gallant fore-castle for the purpose of giving her increased height forward when she is plunging through the sea to prevent the sea from getting on deck.

986. You consider that those additions to this vessel are of a very important character?—I think so.

987. And that without them she would be utterly unseaworthy?—I am quite of that opinion.

988. Do you think that it was a proper state for a vessel to have been delivered to the company in the condition in which she arrived in the Mersey?—Certainly not.

989. Do you attribute much of that weakness which she exhibited to the effects
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of the gale which she encountered?—The gale found out the weak places, and they were found to be so universal that it amounted to a very serious matter.

990. *Mr. Peel.*] What time would it have taken to execute the repairs which you considered necessary?—From four to five months; perhaps four and a half months from the time she commenced.

991. *Sir Morton Peto.*] How long has she been now under repair?—I think about two months; seven or eight weeks, I think, altogether.

992. It would take from two to three months more?—I think so.

993. *Mr. Brown-Westhead.*] Was any estimate formed of the cost of repairing her?—I did make a sort of estimate.

994. What was the amount?—About from 22,000 *l.* to 26,000 *l.*; it is impossible to be quite accurate upon a matter of that description.

995. *Sir Morton Peto.*] Are those repairs now being carried out?—They are very well advanced.

996. By whom?—By Messrs. Laird & Sons, of Birkenhead.

997. *Chairman.*] Do you consider that when these works are carried out the vessel will do her work efficiently and satisfactorily?—There are some repairs doing to the engine, and when these matters are carried out, together with the repairs, or rather alterations of the ship, I think she will be a very first class boat.

998. Will she be quite able to perform her contract?—I think so.

999. Therefore, I presume, I may take it as the summary of your evidence with regard to the “*Hibernia*,” that you find fault with her upon the ground, first of all, of the error of construction, from the want of longitudinal, vertical, and lateral strength?—Precisely.

1000. *Mr. Peel.*] What do you mean by errors of construction?—I mean that the proper longitudinal strength must be given to the vessel to prevent her bottom going up and down, and the top breaking down; there must be proper longitudinal lateral strengthening, so as to prevent so long a vessel bending sideways, as we know they do.

1001. Do you think that that is required by the contract?—It was not inserted in the specification, but by a clause in the contract, binding the builders to make good all defects discovered arising from error of construction, I think that at once covers it, and they were in duty bound themselves to see that they put in the proper amount of longitudinal strength.

1002. *Chairman.*] Then, with regard to the second objection that you have to her, as arising from imperfect workmanship, what have you to say about that?—Imperfect workmanship, bad punching, imperfect rivetting; the butt straps not close to the plates themselves; the seams not close, and the keel plates badly fitted.

1003. The butts of the keel plates are only screw-pegged?—That is the fact.

1004. Then, with regard to the materials, do you think that the materials are insufficient?—No, I think the materials generally very good.

1005. Did you make any report upon the subject of the engine-shaft?—I did, certainly; the engine-shaft was found too small; that was from the report of the engineer; the engineer discovered that, in the engines, the working of the starting gear was rather slow in its operation, and that has to be altered.

1006. *Mr. Peel.*] Do you believe that the sister ship, the “*Connaught*,” had the same defects?—Certainly.

1007. And that those were the real causes of her foundering?—I think so.

1008. *Chairman.*] With regard to the general proceeding on the part of shipbuilders, is it not the custom for shipbuilders not merely actually to carry out the specifications, but to execute themselves any works that they may consider to be requisite to turn out a properly constructed vessel, even though it may not be specified actually in the specifications?—I have frequently found that to be the case; it is generally a matter of arrangement afterwards, if there is a specification furnished for an ordinary kind of ship, and some improvements are required; it is generally a matter of arrangement between the owners and the builders of the ships; but the builder is generally supposed to be bound to furnish any suggestion that would make the vessel more efficient.

1009. Do you think that a builder of high position would be satisfied to turn out an ill constructed and weak vessel without stating to the parties who had contracted with him that such deficiencies did exist?—Certainly not; I can only speak for myself; when I was building, I am sure I would not have built a vessel

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vessel that I thought would have been imperfect, or would not have done me proper credit.

1010. If you had a contract embodying certain specifications, and you found that those specifications were not sufficient to turn out a seaworthy and efficient vessel, I presume you would have stated to the contracting parties that additions should be made in order that your reputation might not suffer?—I would consider it my duty to make such representations to such contracting parties.

1011. Sir *John Trollope*.] Is the back of the "Hibernia" strained in any way; is she out of her true lines?—She is shored on the blocks properly; of course in the seaway she would waive and twist in all sorts of ways from weakness, and she would screw herself through the waves. There is evidence of that operation having taken place from the diagonals on the deck having worked, and the rivets showing themselves, by the dirt in the seams, showing that the vessel has bent backwards and forwards as she has fallen over from side to side, and also gone up and down from the bottom, and drawn the plates.

1012. The keel is not strained, is it?—No, there is nothing to break. There is no keel; it is a flat plate, which would go up and down quite readily.

1013. It wants vertical and longitudinal strengthening to hold it together?—Yes, precisely. A box keelson has been put in and carried fore and aft, with three vertical feathers in it, and the butts, to prevent their opening in future, are covered over with an additional thickness of plates; and on the top, where the gunwale had given way, it has been entirely taken out, and there a proper form of gunwale has been put in. Upon the lower deck beams, the place where the ship offers the greatest resistance to the lateral motion, there has a large box stringer been put there made of iron for the purpose of resisting the motion. Those have been found to answer in cases of a similar description.

1014. Do you know at whose cost the ship is being repaired?—I do not know that.

1015. Mr. *Peel*.] How do you account for the company having allowed the ship to be delivered by the shipbuilders in this condition?—I cannot tell.

1016. Mr. *Walpole*.] Do you know the nature of the service which she had to perform under the Galway contract?—To cross the Atlantic in all weathers.

1017. Do you know the nature of the contract with regard to the service which she had to perform?—I do.

1018. Do you think that her defects of construction and imperfect workmanship were such that the Postmaster General would have been perfectly justified in not accepting that ship for the service?—Yes, I do.

1019. *Chairman*.] Are you aware that the Admiralty Surveyor, Mr. J. Lewcock, stated at page 3 of Paper 277, to the Admiralty, with regard to the "Hibernia:" "I beg to report that the 'Hibernia' is in every respect fit to be employed for the conveyance of the mails between Galway and the United States, in accordance with the contract with the Atlantic Royal Mail Steam Navigation Company"?—I have read that report.

1020. How do you account for this report, on the part of the Admiralty surveyor?—It is quite unaccountable. If the Committee wish it, I have some samples here as evidence of the truth of what I am advancing with respect to the imperfect workmanship; and they can be produced, if the Committee wish it.

1021. When the Admiralty surveyor was called upon to examine a vessel like the "Hibernia," with everything closed up, would he have been in a position to have given the same opinion which you have been giving at the present moment, from the close examination which you were enabled to make by the comparative breaking up of the vessel?—To arrive at a correct opinion, I should have to do exactly what has been done. If you ask me for a correct opinion, I must examine her, and I cannot give a correct opinion unless I do examine her.

1022. Could you have given the same close examination of a vessel, had you merely given her the ordinary Admiralty examination as you are able to do at present?—I am not aware what the Admiralty examination is.

1023. When a vessel is perfectly finished, and fit for sea, then the Admiralty examination takes place; would you have been enabled, while the vessel was complete, before she was opened in any way, to have given the same report?—With respect to the defects of construction, certainly I could, but not with respect to the imperfect workmanship.

1024. I think it has been stated that the "Connaught" was a sister ship to the "Hibernia,"

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"Hibernia," constructed with the same weakness, and would have evinced similar weakness and defects?—I am convinced that she would.

1025. Are you aware that the Hull shipwright surveyor, and the Hull engineer surveyor, both reported, with regard to the "Connaught," on the 1st of June 1860, that she was in a good condition, and in every respect suitable for the service intended?—This is the first time I have heard of that.

1026. Under those circumstances, was it not perfectly clear that when reports of that kind came from the Hull shipwright surveyor, and the Hull engineer surveyor, the company had no other alternative but to accept the ships upon which such a favourable report was given?—Certainly; they had no other alternative, if the surveyors say that she is correct. They were bound by a clause in the contract to receive them upon certain certificates by the surveyors.

1027. Are you aware, that with regard to the "Hibernia," the Newcastle-on-Tyne surveyors, and the Southampton engineer surveyor, and the shipwright surveyor at Southampton, all reported to the Board of Trade upon the "Hibernia," and that none of them made any remark whatsoever with regard to the error of construction or to the fault of workmanship?—I hear that now for the first time, I believe.

1028. *Mr. Peel.*] What is the Board of Trade survey?—I can hardly tell you. I am not sufficiently acquainted with the rules by which they are guided, in making surveys, to give an opinion upon that point.

1029. Is it with regard to the ship carrying mails, or being employed as a passenger ship?—I should think the Board of Trade would make it as to her being employed as a passenger ship; but I am not quite certain on that point.

1030. Is it under the Merchant Shipping Act?—I am not aware sufficiently to be able to give an opinion.

1031. *Mr. Brown-Westhead.*] Would you have been able, prior to the vessel having undergone this strain, to ascertain whether those rivets were put in in a defective manner?—Yes, if I had been allowed to do so. I may remark that it was inside the vessel that the discovery was made, as to the heads of the rivets; that they did not fill in the neck, so that it is not necessary to be outside to find out the defects under that head.

1032. That was clearly visible?—It was visible by hammering.

1033. Was it easily ascertainable by striking them?—Yes.

1034. *Sir Morton Peto.*] Then you mean to say that those were defects which in your judgment could be seen by yourself, without any doubt, if you had seen the vessel?—They were all inside the vessel.

1035. The question is, whether before the strain you would have seen them?—Certainly; many parts which were not strained evinced the same symptoms.

1036. *Mr. Peel.*] Are those the points to which you would have directed your attention, had you been surveying in the way in which those officers have been surveying?—I think so. If I am required to give a certificate as to whether a vessel is seaworthy or not, I must satisfy myself that there was no defect about it.

1037. *Mr. Brown-Westhead.*] Had you been employed for a purchaser to examine that vessel, would you have found out those defects?—I think so.

1038. *Chairman.*] With regard to the "Columbia;" do you remember examining the "Columbia" when she was placed in the graving dock at Birkenhead?—I do.

1039. And did you, in the case of the "Columbia," furnish reports from time to time to the Company upon the subject of that vessel?—I did.

1040. Did you find the "Columbia" considerably strained?—I did.

1041. Can you recollect about the date of your examination?—It was the day after she was put into the docks. I have not a memorandum of the date.

1042. You sent in your report on the 13th of June, did you not?—It would be immediately before the date of the report.

1043. *Mr. Walpole.*] It was in the summer of 1861, that you made that survey?—Yes; it was the morning after she went into the dock, and I remained in the dock while the water left the vessel.

1044. *Mr. Brown-Westhead.*] Did the vessel leak much?—Yes, the water ran out from some of the butts of the keel, and in the bilges.

1045. *Chairman.*]

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1045. *Chairman.*] You found that damage had been done to her below, did you not, from having been struck with the ice?—Yes.

1046. And that her paddles were also injured from the same cause?—The paddles were nearly destroyed.

1047. That was from an accident from the ice?—Yes, by striking the ice.

1048. There was also some damage done to her bottom, was there not?—Yes, she had apparently been on shore.

1049. *Mr. Peel.*] Was she built by the same builders?—I believe not; Messrs. Samuelson, of Hull, were the builders, I believe.

1050. *Chairman.*] Was there much sign of straining in the vessel; in any part of the vessel?—Yes, there was a good deal of straining; the upper strakes were very badly shaken at the butts, and one or two butts in the paddle-boxes, just abaft the shaft, had opened considerably, and you could see the line of her greatest strain passing down under the bottom and up the other side; there were incipient signs of a very great strain there, as you would expect a vessel about to part to show; there were incipient signs of parting in the middle; the butts were drawn about the eighth of an inch in the top strake in the paddle-box.

1051. Have you to put the vessel upon higher blocks in order to get effectually at the necessary repairs?—Yes; the vessel was rather low at first, the men could not do their work properly, and it was laid upon higher blocks.

1052. In putting her upon those higher blocks she canted over and injured herself?—Yes, in shoring the bilges while settling down on the blocks, she canted over on to the gridiron, and went over perhaps at an angle of five or six, or even eight or ten degrees.

1053. Several of her plates were injured?—Yes, 16, I think.

1054. When you took off those plates, what was the condition of the rivetting on the seams?—The rivetting on the seams was very badly spaced, and some of the holes had evidently been counter-sunk by hand, just the corner taken off by a chisel and rivetted up. It is not usual to do that; it is usual to make a proper counter-sink; and the butts could scarcely be called double rivetted.

1055. Did you state, in your report from the Underwriters' room at Liverpool, on the 7th of June, to the manager of the Atlantic Company, "that if the rivetting and rivets of the 'Hibernia' were defective and unsound from bad workmanship, the 'Columbia's' rivetting was not by any means so good a job"?—That was the case with regard to the "Columbia's" rivetting.

1056. *Mr. Peel.*] Do you know what the report made by the Admiralty surveying officer upon this ship "Columbia" was?—No, not in respect to the "Columbia" at all; I have not seen it or heard of it.

1057. He reported upon the ship on the 1st of April 1861, and he said that the construction of her hull was, in his opinion, in many respects faulty; "Still," he says, "with the alterations and additions which I have had made at Southampton, I consider this vessel to be at the present time sufficiently seaworthy and fit to carry the mails for two or three voyages during the summer service referred to in the contract, after which she should be carefully examined in dry dock, when, I apprehend, it will be found that she has not that degree of longitudinal strength in her lower and upper parts which she should have to prevent straining and leakage when at sea"?—I think that is a very proper report.

1058. It was such a report as you would yourself have made?—I think so.

1059. You think it would be hard, perhaps, upon the company to have withheld permission for the employment of the vessel temporarily for the summer?—Perhaps it would; she did not show nearly so many signs of weakness as the other vessel, not by any means, after making the voyage; then she met with a collision with ice, and grounding on the bar; that would account for a good deal of the straining, possibly.

1060. *Mr. Walpole.*] According to the report which has just been read to you, do you think that the Post Office was right or wrong in accepting the "Columbia" for the Galway service for two round voyages only?—That would be the limit.

1061. In your opinion there was nothing severe in the Post Office limiting the service to two round voyages?—No; I think it was quite right; it was a very proper limitation.

1062. *Chairman.*] Did you write upon the 13th of June to the Royal Atlantic Mail Company this report, a portion of which I am going to read to you: "While surveying, along with Mr. Paterson, of Bristol, the damage done to the vessel by

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canting over, it was necessary to remove some of the plates under the engines and boilers; we found the ship not double rivetted, spacing of the rivets in the seams and butts, together with the countersinking of the holes, altogether defective, spaces 12 inches in length only rivetted with a single row of rivets, some of them 4, 4½, and some 5 inches apart in the seams, the butts being only zigzagged enough to spoil good single rivetting; many of the holes not sufficiently counter-sunk, and some of them with the edge of the hole only just chipped off; this kind of thing extends all the way in the wake of the double framing." Did you write that?—I wrote that.

1063. Do you adhere to that opinion?—I do.

1064. Do you consider that this defective workmanship involved "the absolute necessity that the midship portion of the vessel should be re-rivetted with straps, embracing the frames, and that additional holes be bored in the seams wherever the rivets exceed proper caulking distance, and that a double tier of holes be bored through the frames wherever a single row now exists; some of the diagonals in the orlop deck are also very badly fastened"?—Yes, I wrote that.

1065. In order to put this vessel into efficient and working order you consider, do you not, that an outlay of 16,975 *l.* would be necessary?—I think so.

1066. And that it could hardly be done for less?—It will hardly cover it.

1067. I see an item in your estimate of the cost of the repairs necessary to put the "Columbia" in proper order of 1,500 *l.* for alterations to engines to make them effective; does that refer to any defective construction in the air pumps?—Yes.

1068. When all those alterations have been carried out which you suggest in that report, do you then think that this vessel will be rendered thoroughly efficient and equal for the requirements of a Trans-Atlantic steamer?—I think so.

1069. *Mr. Peel.*] What are those requirements?—That she shall be able to do her duty, and to go about her business in all weathers with safety to the crew, and without injury to herself.

1070. And at what speed?—I should think from 12 to 13 knots.

1071. When you say that she was fit to do to everything that could be required of her under the contract with the Post Office, do you know what those requirements are under that contract?—I have some indistinct impression, not a very defined one, that she is to cross the Atlantic, and deliver mails in six days; I think she is able to do that, when put into a proper state of efficiency, to go at that speed in all weathers; they never would have been able to have driven her at any speed in rough weather before those alterations were adopted.

1072. *Chairman.*] Those alterations will enable them to drive the vessel at more speed in all weathers?—Yes.

1073. Have you any idea of how long it will take before those alterations are completed?—I think, in the case of the "Hibernia," the repairs and alterations are very well advanced; I should say, perhaps, three months from now would complete her.

1074. *Mr. Peel.*] And the other ship also?—The "Columbia" has hardly been commenced.

1075. Is it commenced?—They have got the plates off that were injured by the canting over, and they are about beginning to put them on again.

1076. How long would it take to complete?—I should think from four and a half to five months to finish her; there is not so much to do to her as there is to the "Hibernia."

1077. *Mr. Ker Seymer.*] Should you have made those discoveries as to the state of the "Columbia" but for the accident to the plates?—No; not the irregular spacing down in the bottom under the engines.

1078. That was not a thing which could have been discovered if the plates had not happened to have been stripped off?—No; I would have required to see her building to find that out.

1079. *Chairman.*] The "Anglia" is a sister ship to the "Hibernia"?—I have never seen the "Anglia;" it could have been discovered in the "Columbia" that the butts were not double rivetted, and that there was not sufficient grip on the end of the plate.

1080. *Mr. Ker Seymer.*] Still the defect which you have described could not have

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have been discovered but at the time of the building except for the accident which obliged them to take off the plates?—Certainly; that is so. *John Jordan, Esq.*

1081. *Mr. Peel.*] What is the course which persons who contract with ship builders generally take to see that the contract is properly carried out?—In the case of ordinary ships that are classed at Lloyd's, there are regular rules giving the size of the scantling and the space of the rivets, and it is left to Lloyd's surveyor to see whether that work is honestly done.

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1082. While the ship is in progress of building?—Yes; to the Lloyd's surveyor and to any other surveyor whom the owner may think necessary to secure his interest; that is generally the way.

1083. But it is the business of the owner to look after that?—Yes; it is the business of the owner to see that he gets a good article for his money.

1084. There is no Government superintendence of ships while they are actually building, is there?—No.

John Laird, Esq., called in; and Examined.

1085. *Chairman.*] YOU are a shipbuilder at Birkenhead, are you not?—I am.

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1086. Are the "Hibernia" and "Columbia" steam ships at present in your hands for repairs?—They are.

1087. Have you generally inspected those vessels?—I have looked at them generally; I have not gone much into detail, but I believe, so far as I have gone into it, that the reports made by Mr. Jordan are correct as to those ships; I have had letters from home to-day, to say, that other surveyors have been called in since, and they do not think that he has recommended quite enough to be done, or that he has gone quite far enough.

1088. *Mr. Peel.*] By whom have those other surveyors been called in?—By the company.

1089. *Chairman.*] Have you had reports made upon the subject of those ships to you, both by your sons and your foreman?—Yes; from time to time reports have been made that the rivetting and the other work seem to have been very inefficiently done.

1090. Do they corroborate what has been stated by Mr. Jordan?—All the reports that I have had from the parties who are charged with the details, corroborate what he has said.

1091. Do they state that the rivetting was bad, and the work generally inefficient?—The work generally, was inefficiently fitted, and the rivetting particularly very bad.

1092. Is the arrangement of the framing and the scantling of the ship improperly arranged?—We should not have constructed a ship upon the same principle, but I think there is iron enough in the ship to have made a very first rate ship, if it had been disposed differently.

1093. You think she is deficient as regards strength?—She is deficient as regards strength, though there is weight of material enough in her to make her a good strong serviceable ship.

1094. Have you read the contract that has been made between the Atlantic Company and the Messrs. Palmer for the construction of those two vessels, the "Hibernia" and the "Connaught"?—Yes, I have read the contract, and it strikes me that there are some clauses in it which bind them, irrespective of the specifications being full in their details, to make first rate ships for the trade; in fact, I cannot conceive that any ship builder undertaking to build vessels for any particular service would not feel himself bound to complete them in an efficient manner, not merely adhering to the specification, because there are many details in the working out of a ship which cannot be minutely specified, and which must be left to the builders to do.

1095. But you think on the whole, that the specifications for the construction of those vessels were ample and sufficient on the part of the company?—I think that with the proper additions which ought to have been made by the builders, the contract seems to have been very carefully drawn up so far as the company were concerned, but I would not have arranged the specifications in the same way, though I could have got sufficient strength with the same weight of material.

1096. *Mr. Walpole.*] So far as the company is concerned, do you think that

John Laird, Esq. they took every precaution to get proper vessels made for the service under the contract?—I think so; because there is a clause, that if there is anything omitted in the contract, the builders are bound to make it right.

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1097. *Chairman.*] You stated, did you not, that there are parts of the vessels which cannot be shown or described in the specifications, but which the builders ought to supply, so as to make the vessel a first rate steamer?—As a general rule, you cannot in submitting plans for approval, as we had to do to the company for the City of Dublin steamers, and to the Admiralty, detail in those plans and specifications all the work that would be necessary to make them efficient ships. Generally, about the engine-room and the centre of the ship, are the weakest parts, and the contract specifies that the keelsons and other work about that part of the ship shall be done in communication with the engineer; and therefore it is unusual at the first starting of the contract to do it. I consider it to be the duty of the shipbuilder so to arrange those parts in communication with the engineer, as to give the ship the necessary strength in her weakest part.

1098. You have lately built some very large steamboats, have you not, for the City of Dublin Company?—We have built three of the Holyhead steamers, and those plans and specifications were submitted to the Admiralty; but I do not consider that I am by that act relieved from making an arrangement sufficient for the trade. In fact, the specification, as I said just now, was a general specification of the works, with the details of the fastenings to be carried out in such a way as to make the vessels efficient. We considered that we were bound not merely to carry out the specification to the letter, but to make the ships sufficient for the purpose for which we knew they were intended.

1099. You knowing that they were intended for a special service constructed them accordingly?—We did so, and we always do. In fact, we consider it right and fair that any shipbuilder undertaking to carry out a certain contract for building a vessel for a particular purpose should see that he carries it out to the best of his judgment to enable the service to be performed.

1100. With regard to the additions that you consider to be requisite, and which were not mentioned in the specification, did you charge the City of Dublin Company for them, or did you execute them at your own expense?—No, we did not make any extra charge for making those ships efficient. All the extra fastenings that we put in were done without charge.

1101. Consequently any omission in the specification you would not consider would relieve you in the slightest degree from the responsibility of turning out a fit, proper, and efficient vessel?—Certainly not. We consider ourselves bound to make the vessel efficient to the best of our judgment.

1102. *Mr. Peel.*] According to the contract between this company and the Government, “the company shall, previously to any vessel being built for, or which is intended to be employed in the performance of this contract, submit the entire designs, plans, and sections of each and every of such vessel, with proper specifications as to engines and other fittings to the said Commissioners”?—Yes.

1103. Do you consider that the designs and plans of those ships were such as under that clause of the contract the Commissioners could not have reasonably objected to?—I have not seen the plans, but I do not consider that, submitting the general plans, such as they are, to the Admiralty, relieves the builder from any responsibility at all. I think that if a builder is to undertake to build a ship for a particular service it is his duty to see it properly carried out, but in the specifications that we sent in to the Admiralty, the details were not fully carried out, and we therefore had to do them in the building of the ship.

1104. *Mr. Brown-Westhead.*] If you had undertaken to build ships according to this specification for the price named, do you think that you could have built a vessel that would have fulfilled all the requirements of the service for that sum?—I should have been prepared to do it for the sum of 100,000 *l.*; I have no hesitation in saying that I could build ships that would perform the service in a most satisfactory manner without any difficulty; I do not say that they would be of the exact dimensions of these ships or of the nominal power, but they would go faster and perform the service, and be strong enough for any service that they could be put to.

1105. *Mr. Peel.*] And would they be in general accordance with the designs of those ships, so far as you know?—I guard myself against that; they would be different

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different designs altogether. I said, when the Honourable Chairman asked me first, that I did not approve of the disposition of the iron in those ships, but I would construct a vessel for the sum of money I have just named which would answer all the requirements of this contract.

1106. Sir *Morton Peto*.] Have you read the contract and the specification of those vessels?—Yes, I have.

1107. In the way in which that contract is drawn, do you deem it possible that more precaution or care could have been taken for the company's interest?—The contract is very carefully worded, because there is that clause in it which I alluded to before, by which the builder is bound to make good any deficiencies and to make the ships efficient.

1108. Irrespective of that, if during the progress of the works any additional works or alterations should be found necessary, there is another clause which empowers payment for those works upon their being certified?—Yes, there is a clause to that effect.

1109. Upon the completion of those ships I see that the builders are bound to produce the certificates of the Admiralty surveyor and of the Lloyds' surveyor to their efficiency before the company are bound to pay; could the company have taken a greater precaution than the production of those certificates as a matter of safety to themselves?—No, I think they have full power in this contract to inspect the ships themselves, and they also, I think, take care to stipulate that they shall pass the Admiralty and the Board of Trade.

1110. Could the company, in taking care of its own interest, in its anxiety to fulfil its duty towards the Government, have taken any other precaution than to have required that those ships should be built to the satisfaction of the surveyor of the Admiralty, and also of Lloyd's surveyor?—I do not quite consider that to be sufficient.

1111. What more should they have done?—The Admiralty surveyors do not survey the ships while they are building, but the company have powers in their contract to survey the ships while they are building. The Admiralty survey is a survey after the completion, and the Board of Trade survey is a survey after the completion; and as they have not examined all the details of those ships, while they are building, they can only give a certificate on what they see, because there are many parts under the engines and boilers which it is impossible for the Admiralty or Board of Trade surveyor to get at.

1112. Could the company have done more than have required the production of those certificates before they paid the money for the ships?—I think that if they were satisfied that the ships were themselves good they could not have done more; but they ought to have been satisfied first, that the ships were completed in accordance with the contract itself; it is their duty to do that.

1113. Mr. *Peel*.] They could have had a surveyor of their own, could they not, constantly inspecting the work?—Yes. I consider that the Admiralty survey is a survey after completion; which cannot be a minute survey of the way in which the work is done. I think the contract is more stringent than usual, because it requires that the ships shall be subject to their own surveyor; and that they also shall pass the Admiralty and the Board of Trade surveyor. That is a very unusual clause to put in; of course it is as much as they could do, added to the survey which they had power to make themselves.

1114. Sir *Morton Peto*.] And then there is another clause by which any defects manifesting themselves during a year after completion of the ships, are to be made good at the charge of the contractors?—Yes; any defects, either in the hull or in the machinery, are to be made good; that is to say, any defects in the original construction are to be made good, but not defects from accident.

1115. You deem it to be the fact that the company have taken, in the way in which this contract has been drawn by their solicitor, every precaution that they could have taken?—I think they took all proper precaution, by way of survey by the Admiralty and the Board of Trade survey; they could hardly have done more in that respect.

1116. Mr. *Peel*.] You do not know what steps they took to survey the ships while they were in building?—No, I do not know that; and I would guard myself by saying that the contract, if properly carried out, was as good a contract as possible.

1117. The company had it in their power, if they chose, under that contract,
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to secure that the ships should be built according to the contract?—By very close looking after them while building.

1118. *Mr. Ker Seymer.*] Is it usual, in your business, for parties who contract for large vessels, to keep their own persons on the spot to inspect the works as they are going on?—Sometimes it is done, but not often; I have not often inspectors in my yard.

1119. Generally speaking, people have trusted you?—As a general rule, I have built them from my own specification, and without any resident inspector; but then Admiralty send down a resident inspector, and sometimes foreign Governments have inspectors there.

1120. *Chairman.*] In the case of this Dublin Steam Packet Company, did the company, when those very fine boats that are now running to Dublin with such success were being built, employ surveyors continually to supervise your work?—No, they did not; the managing director, Mr. Watson, was there occasionally, and the superintendent, Captain Sarsfield; but they had no special surveyor there.

1121. *Mr. Peel.*] Had you built ships for them before?—Yes.

1122. And had they been perfectly satisfied with those ships?—Yes.

1123. *Sir Morton Peto.*] I believe you have built more ships perhaps than almost any one that I know; the Board of Admiralty have employed you on many occasions with large orders without continual inspection, and even the Board of Admiralty when an order is committed to you are satisfied, are they not?—No, the Admiralty have a man always on the spot; but taking the case of private companies, they never have any inspectors on the spot, not in my works; I cannot speak for other people. They have occasionally come down, but I have had no inspectors on the spot to see that every rivet was properly driven; they depend upon my seeing that that was done myself.

1124. *Mr. Peel.*] If they were contracting with a new builder whom they had never employed before, do you think that they would place the same confidence in him?—I do not venture to give an opinion upon that.

1125. *Chairman.*] As you say that the Peninsular and Oriental Company never had any survey, is it not perfectly clear that they had no surveyor the first time they entered into a contract with you?—They had no surveyor on the spot; occasionally one of their surveyors came down, but very seldom, to look about.

1126. The first time that they employed you they had no surveyor?—They never have had a surveyor on the ground; but I look upon it as almost useless to have a man on the ground, unless the builder is determined to see that everything is carried out properly.

1127. Are you of opinion that the "Hibernia," the vessel which we are discussing, was perfectly unfit to perform voyages across the Atlantic, from her weakness and defective construction?—She was totally unfit, I believe, from the reports made, and it is fortunate the accident happened where it did.

1128. You agree, therefore, with the Postmaster General, do you not, that it was a very fortunate circumstance that she did not go to sea?—I do.

1129. Have you received any orders from the company to put this vessel into proper repair?—Yes, I have received orders to carry out the repairs, in accordance with the report of Mr. Jordan, and we are now doing it. The company has stated to me their determination to have everything done that would make the ship thoroughly strong and efficient, and I have no doubt that the ship may be made strong enough for the trans-Atlantic service.

1130. Do you think that the vessel ever will be a thoroughly efficient ocean steamer?—She can be made thoroughly strong for crossing the Atlantic, or for any other service of that kind.

1131. Are you aware of the amount of speed that it is necessary that a vessel should have to perform that service?—I understand that it is about 11 knots or $11\frac{1}{4}$ knots an hour.

1132. Do you think that after she has been repaired and put in order by you, that she will attain that speed of from 11 to 12 knots an hour going across the Atlantic?—I have never been on board either of the vessels, when they have been at work; but I see by the Admiralty report, that they maintained a speed of upwards of 14 knots the measured mile; and taking that data, as is usual on such occasions, for our calculation, I should say that they ought to maintain an average of from 11 to 12 knots; it is a commonly established rule, that if a vessel goes two or three knots more than she is required to do at the measured mile, on her passage she will always go the average; a vessel of 12 knots an hour will go an average

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of 10 to 11, and that is a data which is pretty well established, and it is required by the Admiralty, that they should perform two miles more than their average speed.

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1133. When Mr. Lewcock, the Surveyor to the Admiralty, gave that very excellent report, which we see in this return, that she was in every respect fit to be employed for the conveyance of the mails between Galway and the United States, could he have given that report from being able to give that thorough inspection of the vessel which your foreman and your sons have been able to do in consequence of her having been opened?—If he was present there when the ship was building, he ought to have known what the ship was, but if he gave a general report after she was afloat, it must be understood you cannot properly examine the ship when she is afloat.

1134. Mr. *Walpole*.] That perfectly reconciles the apparent conflict of opinion between the statements made by Mr. Lewcock after the vessel was completed and the statements made now by Mr. Jordan after the vessel was opened, so that he could judge better of her capabilities than Mr. Lewcock could have done?—But there is another report made afterwards by the Admiralty surveyor, Mr. Luke, who was the chief surveyor, which is published in the Parliamentary Paper, in which he states his opinion of her unseaworthiness. I think that Mr. Lewcock should not have given so strong a report unless he had inspected the ship during the time she was building; and as he has been inspecting a ship for the Government in the same yard, it is possible that he may have seen her when she was building; but I do not know that she was built at the same time.

1135. *Chairman*.] Do you believe, from your experience in ships, that if you had gone on board the “*Hibernia*,” when she was just on the eve of starting for her journey, you would have pronounced her to be in every respect fit for the conveyance of mails between this country and the United States?—No; I think that was rather a strong report unless the man had surveyed her when building.

1136. If he had seen her building, I presume you think that he would not have given such a report?—He certainly could not have made that report if he had understood his business.

1137. Therefore, the sum of all that is this, that it was a report which he ought not to have given unless he had seen her building, and that if he had seen her building he never could have given any such report?—I do not think if he understood what iron ships are he could have given such a report, if he had examined her during the progress of her building.

1138. I presume that as the “*Connaught*” has been pronounced to be a sister ship in every respect to the “*Hibernia*,” with the same weaknesses and the same defects, your observations as to her seaworthiness would be the same as with regard to the “*Hibernia*”?—If she was built in the same way, and rivetted in the same way, of course she must be an equally bad ship; but I have never seen her.

1139. Mr. *Walpole*.] Supposing that those two ships were both equally defective, would you not have said that the company which had contracted with the Government to furnish two ships capable of performing this service ought to have seen, while they were being constructed, that they were capable of performing that service?—I think that the company had that power, and they ought to have looked after the ships.

1140. Was it not their duty to attend to that before they tendered those vessels for the performance of the service?—If they had full confidence in the builders fulfilling their engagements, I do not think they would, because I have built 100,000 tons of shipping, and I do not believe that in 10,000 out of the 100,000 tons, I have had resident inspectors.

1141. *Chairman*.] Have you not already stated that it is not the habit in your yard to send a surveyor down to inspect those ships?—It is not, and it is a very rare occurrence that inspectors are sent down except by the Admiralty, who always send inspectors to be there while the building is going on.

1142. Mr. *Peel*.] Do you consider that the passing of those two ships, the “*Hibernia*” and the “*Connaught*,” by the Government surveyor, after they had left the builder’s hands, in any way disabled this company from performing the postal contract with the Government?—No; the ships were inefficient; that is what prevented the contract being performed.

1143. But that in no way impeded the company from performing the contract, the Government passing them after they were finished?—No; what impeded them was the ships not turning out efficient.

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1144. If the Government had rejected those ships on their being submitted for survey, the company would have been in no better position for carrying out the contract?—Certainly not; I think when the Government surveyor made that report upon the “Columbia,” she ought not to have been allowed to go; there was a report made that she should only go the two summer voyages; but I do not know what view the Admiralty took.

1145. Sir *Morton Peto*.] There is a clause in the contract by which the Government surveyor’s report is to be the test of reception by the company; if the Government surveyor had refused, the company would not have accepted, and then the vessels might have been made, as you are making them sufficiently strong?—My impression is this, that if the Government had refused to pass the ship instead of saying, “She is not strong enough, but we will allow her to go for once,” then it would have been a stronger case for the company to have gone back to the builders. If the Government surveyor, instead of allowing the ship to go for two voyages in the summer, had rejected the ship altogether, then the company, under that contract, of course, would have been able to go back at once to the builder to make the vessel thoroughly efficient.

1146. Therefore, so far, it practically is a bar to the company?—Yes.

1147. *Chairman*.] Would not the company have also been in a position to have gone at once to the Government instead of continuing to carry on an inefficient service by reason of inefficient vessels; could they not have made the inefficiency of those vessels which had been delivered to them a plea for the suspension of the service at once?—Of course, they could have used that argument.

1148. Mr. *Peel*.] But the passing of this ship by the Admiralty surveyor did not exonerate the shipbuilders from liability under the contract?—It was a qualified approval his allowing it to go at all; I think it would have been better for the company if the Admiralty surveyor had said he will have the ship complete according to the contract, because it is not a question merely of the company and the Admiralty; it is a question of allowing ships to go to sea, which there is any doubt about, carrying 500 or 600 passengers; I think that ought to have been considered, and the Admiralty ought not merely to have considered the question of the obligation of the company or anybody else; it was a serious thing carrying all those passengers, and the company would have been in a better position if the Admiralty had rejected the ship at that time.

1149. Mr. *Brown-Westhead*.] Do you think that the officer of the Board of Trade inspecting those ships ought not to have suffered them to go to sea?—The Board of Trade go there to examine the bulkheads and pumps, and things of that kind; they do not go so much into an examination of the hull, because they could not see in what condition the ship was when she was drawing 16 or 18 feet of water. I have always considered that the Admiralty survey was more as a test of speed, and to see that the ship was in accordance with the contract, and as a general supervision under the specification, though I never before heard of a case where permission was given to go away where there was any doubt about the strength of a ship.

1150. Sir *Morton Peto*.] The instructions which are now given you with regard to these vessels are to put them in perfect order, and to make them in every respect efficient, I believe?—Yes, we are to make them as strong as they can be made; and I have no doubt whatever that when they are completed, they will be perfectly strong for any service.

1151. Mr. *Peel*.] Do not you consider that upon the whole, with reference to the acceptance of those ships for this service, the company were treated more indulgently than they should have been?—I have stated before, that I think it would have been better if that ship had not been accepted, because that report states distinctly that the ship is not strong enough for the Atlantic service.

1152. With regard to the “Columbia,” have you been over the “Columbia”?—I have seen her.

1153. Have you had reports as to the “Columbia” from your sons and from your foremen?—I have read Mr. Jordan’s report, and I have reports from them, and they consider that the rivetting is very bad.

1154. Do you agree with these words of Mr. Jordan’s report, of the 7th of June, to Mr. Weir: “We also discovered that if the rivetting and rivets of the “Hibernia” are defective and unsound from bad workmanship, the “Columbia’s” plates are not by any means so good a job”?—So far as I have heard from my people,

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people, though she was not opened up so much as the "Hibernia," and you cannot tell so decidedly as when a vessel has been opened up, her rivetting is bad.

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1155. Mr. Jordan adds: "I should recommend the Board of Trade surveyors be summoned to inspect these plates as a specimen of the very worst work I ever beheld. If the 'Anglia' (which is the sister ship to the 'Columbia,') is a fac simile of this ship, she cannot last a winter." Do you agree, from the reports which you have received, that that is a correct statement?—I have not gone minutely into the matter; I have seen the plates cut off, and the rivetting is bad, no doubt; the report which I have of it fully bears out the impression that a great deal of the rivetting will require to be renewed, and a great deal that is now single rivetting will have to be made into double rivetting; I have certainly seen the butts of plates that have been cut off, and it is neither single rivetting nor double; but I see by the specification that it ought all to have been double rivetted.

1156. You will have to re-rivet the vessel about two-thirds of her whole length, will you not?—I believe that will be required.

1157. Mr. Peel.] Was the time allowed by this contract for building the ships in your opinion sufficient?—I think it was 11 or 12 months, and that was not sufficient; but they were not built for two years.

1158. My question had reference to the contract time?—You might build a vessel in 12 months.

1159. Mr. Walpole.] There was a contract made in June 1860, to have four ships ready; two of them to be built by one set of contractors, and two by the other, and the service was to commence in June 1861; that is just a year from the date of each of those contracts; do you think that those four vessels, that were for the service contemplated by the contract, could have been properly completed within the 12 months, or not?—I think it is possible; there are different builders, and two might have been completed by each builder if he was in a position at the time to undertake them. Provided that they had the appliances to do it, it could have been done?—I have done more work than that, a great deal, in 12 months.

1160. Supposing there had been a provisional arrangement to build those ships five or six months before, which would have given them a year and a half for their completion, I need not ask you whether it would not have been of great advantage to the company, and to the builders, in order that the ships might have been properly executed before their service was required?—But I conceive, that if a builder undertakes to build a ship; if he undertakes to build it within six months, or twelve months, or two years, it is his duty to build her efficiently; if he cannot do it, he ought not to undertake it. I think it can be done, because I have done it myself. Three of the Holyhead boats were 2,000 tons each; and we had final orders to go on with them about May, and all three were launched before 12 months.

1161. Chairman.] The company have given you instructions, have they not, in the case of the "Columbia," to make alterations in her for the purpose of strengthening her and rendering her efficient for the postal service between America and Galway?—We have received instructions to repair the damage sustained in the ice, and also to re-rivet the amidships, as recommended by Mr. Jordan, and to put bulwarks on her.

1162. And to strengthen her in other respects?—Yes; to strengthen her in other respects as recommended by Mr. Jordan; he has made a report upon her as to re-rivetting and double-plating the bottom in some places, and extra fastening about the gunwale, and the company has given us orders to go on to do it.

1163. When those alterations and additions are completed, do you think she will then be an efficient and seaworthy vessel?—She will be strong enough; she will be made perfectly strong for the service.

1164. Are you of opinion that she will be able to perform her voyages within the contract time?—I must give the same answer as I did before; I see that the Admiralty surveyors report her as going more than 14 knots an hour, and under those circumstances she should average 11 to 12 according to the usual rule under those trials.

1165. Can you inform the Committee within what time you think those alterations and additions can be made?—I do not think that either vessel can be completed under four months; I think it will take four months.

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1166. *Sir Morton Peto.*] Do you mean four months from this time?—Yes, four months from this time; I do not think it can be done in less than that, certainly.

1167. *Chairman.*] You have heard the evidence of Mr. Jordan with regard to these ships, have you not?—No; not entirely; he was under examination when I came into the room.

1168. *Mr. Walpole.*] Mr. Jordan stated that he thought it would take three months from this time to complete the “*Hibernia*,” and that it will take from four and a half to five months to get ready the “*Columbia*,” do you agree with him?—I do not think the “*Hibernia*” can be done under four months; the other will take four or five months; you cannot tell to a week or two; things turn up as the work goes on, and you have more difficulty to get at the work when the machinery is on board than when the vessel is on the stocks.

1169. Then we may assume that it will take four months?—Yes, it will take four months; I should say that it will be five months before they will be ready to go to sea, because after they are out of the docks the remainder of their fittings will have to be put on board and got ready; as to the estimate for the repairs for the “*Hibernia*” for which orders were given, it amounts to from 30,000 *l.* to 35,000 *l.*, and the “*Columbia*” will be about 20,000 *l.*

1170. *Sir Morton Peto.*] In giving you these orders the company have not restricted you, but they have left it to your own judgment as to what is most suitable?—They asked me for a report upon the ship when she first came there, but I declined to give it. I thought that the best course for the company would be to call in the official organ of the underwriters to make a report, and if I saw anything that required to be done more than he recommended I would name it, because if I was asked afterwards whether the ships were efficient, I would not say so unless I felt that everything had been done that was required.

Martin Samuelson, Esq., called in; and, Examined.

M. Samuelson, Esq.

1171. *Chairman.*] YOU entered, in June 1859, into a contract with the Atlantic Royal Mail Steam Navigation Company to build two vessels for them?—I did.

1172. *Mr. Peel.*] Will you state what were the first negotiations between the company and yourself?—I think it was in 1858 that I was introduced to the company, and we were asked to give in a tender for a vessel of a certain size, and we did so. Subsequently to that a contract was prepared, but was never executed, and after that the size of the boats was materially altered, and we were asked to give in a fresh price, and we handed in our own specification and our own price, which was considerably above the price for which we contracted afterwards.

1173. *Mr. Walpole.*] Do you recollect when that was?—Our first tender for a larger vessel was on the 13th of June 1859.

1174. *Mr. Brown-Westhead.*] What was the amount of that tender?—The amount of that tender was 108,960 *l.*

1175. *Mr. Peel.*] When was the draft contract which you speak of prepared, which was never signed?—I cannot say exactly, but it was between January and May 1859.

1176. When was your tender first made?—In December.

1177. And what notice did the Company take of it?—They passed a resolution by the Board that we were to have two of the ships to build, and subsequently Mr. Vallance had instructions to make a provisional contract with us, and we had a good deal of negotiation with him; our solicitor was in London for some time with me on this matter, but the contract never was carried out.

1178. When was it decided that the contract should not be carried out?—I do not know exactly, without referring to my correspondence.

1179. Are you aware of this passage in the letter of the company, proposing to the Treasury to carry the mails: “We beg respectfully to inform your Lordships that we have completed the contracts for the building of five steamships, which will be possessed of all the advantages and improvements that modern science can confer. Such vessels are to be 2,359 builders’ tonnage, and are guaranteed by contract to run 20 miles an hour in smooth water”?—Yes, I have heard that since I have been in this room.

1180. Of those five steam ships, two are said to have reference to the contemplated arrangements with yourself?—Very probably.

1181. Was there any contract made for building those ships?—No positive contract, but an understanding.

1182. Which you considered binding upon the company?—It was not actually binding, but I considered it morally binding upon the company.

1183. What was the size of the ships which you were to build under that engagement?—Rather better than 2,000 tons; the dimensions were to be 320 feet long, 36 feet beam, and 24 feet deep; the tonnage, as I said, would be rather better than 2,000 tons, and the horse power, I think, was 500; but I do not see it specified in this letter; the cylinders were within 8 inches, the same size as those which we have supplied now.

1184. What is the distance which they were guaranteed by that paper to run in an hour?—It does not say.

1185. Is there no allusion whatever to the speed of the ships?—Not in this letter of ours to the company.

1186. *Chairman.*] Was there any understanding with you as to the speed of the ships?—I think not at that time.

1187. *Mr. Peel.*] Were there two vessels, or only one?—One or two.

1188. What was the price to be paid for those vessels?—The price was 70,000 £ each.

1189. Was it the resolution of the company that you should build one or two?—I think, if I recollect rightly, the resolution of the company was that as soon as their contract was positively settled, if the company wanted further vessels, we were then to build further vessels. I think that was the resolution, but the minute book of the company will show it.

1190. Do you not think that the passage which I have read you from the tender from the company to the Government was a very inaccurate description of the arrangement that had passed between the company and you?—I think the company considered themselves morally bound to undertake the contract with us for two of the vessels.

1191. *Chairman.*] It has been described by a former witness as a provisional contract; did you look upon it as such?—As a provisional contract, which was never completed.

1192. You looked upon it as a contract that would be completed if the subsidy had been granted to the company?—Yes.

1193. *Mr. Peel.*] There was no contract with you either absolute or professional?—No; the company simply handed to me a copy of the resolution of their Board; that is all that we had.

1194. *Chairman.*] What was the date of the actual contract that was signed?—I think it was the 15th of June.

1195. I think you stated that there was an alteration in the price of the vessels from what it was originally proposed to give you?—Yes; the specification which we handed in was very different from the one upon which the vessels were built. We gave in our own specification, and we gave our price upon that specification, and we were then told that we must go through the specification with some people appointed by the company. We did so. I had one of our chief men up from Hull, and we were two or three days going through the specification with them, and we were made to alter our specification in conformity with one which I was told had been supplied or drawn up by one of the engineers of the Board of Trade, I believe by Mr. Galloway, and which had been submitted, I was told, to the Admiralty, and passed by them.

1196. Were the alterations from the original specification of a very extensive nature?—They were considerable; the strengths and the bottoms of the vessels were different; the distribution of the iron was altogether different; the vessel had bulwarks then, and iron waterways.

1197. Were those alterations with a view of strengthening the vessel or not?—They were made with a view to meet, as I understood, the specification as submitted to the Admiralty, and passed by the Admiralty.

1198. Was any difficulty made by your firm to the subsequent price at which those vessels were offered you?—No; we took the vessels upon the reduced specification, upon the reduced price.

1199. *Mr. Peel.*] What was the date of this renewal of the negotiation with you?—

M. Samuelson, Esq. you?—Negotiations were going on from time to time from the beginning of December until the time when the present contract was signed.

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1200. *Chairman.*] You considered it as a morally subsisting engagement?—I considered that the company were morally bound to carry out their engagement with us, and I believe they considered it so too.

1201. Therefore there was no question of the renewal of the engagement, but it was a continuous engagement?—It was a continuous negotiation from the beginning of December 1858, until the time that the contract was finally signed.

1202. *Mr. Peel.*] Was there much controversy or negotiation between you and the company between the 21st of April, when the contract with the Government was signed, and the 15th of June, when the contract with you, the shipbuilder, was signed?—I believe as soon as the contract with the Government was signed, that then the company at once went more directly into the question of building the boats, and immediately completed the contract with us.

1203. That is to say, within two months of the signing of the contract by the Government?—Of course I do not know at what date the Government contract was signed, but I know that I heard at the time that the Government had concluded a contract with the company, and immediately afterwards they first arranged with Messrs. Palmer for their ships, which were to be completed before ours were to be completed, and then they arranged with us for the building of our ships.

1204. *Chairman.*] When were your two ships to be delivered?—In 11 months, I think, from the date of the signing of the contract.

1205. They were not however delivered within that period, were they?—No; they were not delivered within that period.

1206. Will you have the goodness to state to the Committee the reason of the delay?—The chief reason was because the company were not in a position to make their payments.

1207. *Mr. Peel.*] When should the first payment have been made by the company?—When the keels were laid.

1208. When was that?—I cannot tell the exact dates, but I think it was in the early part of July, within a month of the time when the contract was signed.

1209. What payment should they have then made to you?—One-fifth instalment on the boat; something like 19,000 *l.* odd.

1210. You were entitled to that payment then?—We should be so, of course.

1211. *Mr. Walpole.*] When was that paid?—Not for a very long time afterwards.

1212. *Chairman.*] Then were there perpetual delays on the part of the company in paying you a number of instalments according as your vessels progressed?—Perhaps the Committee will allow me to preface my remark by stating that in order to make ourselves safe with the company, knowing that they had not got their whole capital subscribed at the time when we took the contract, and apprehending that there might be some difficulty in obtaining the payments at the time when they fell due, we had a special clause put in the contract, that for every day that the company delayed their payments we were to have an extra day allowed for the building of the vessel; or rather, on the other hand, it was this, that there was a penalty clause for non-delivery of so much per day, but for every day that the company delayed in the making of their payments we claimed one day extra, or rather the remittal of the penalty which was to be enforced by the company.

1213. *Mr. Brown Westhead.*] Was that in respect of any of the instalments?—In respect of any of them.

1214. *Mr. Peel.*] Under this contract?—Yes, under this contract.

1215. Will you show us the contract?—Yes; it says, "The builders shall pay to the company a sum equal in amount to 50 *l.* for each working day that shall elapse between the day appointed for the delivery and the day on which such delivery shall be made (force majeure excepted), such sum to be considered in the nature of damages, ascertained and agreed upon between the parties hereto, and not as a penalty only, and may be set off against or deducted from any balance or sum of money due from the company to the builders: provided that, in calculating the number of days during which such penalty shall be imposed, the builders shall be allowed to deduct from such number of days during which such penalty would otherwise accrue, any number of days during which the company may make default

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fault in payment of any instalment or instalments of the contract price, after the same shall have become due respectively, under this contract." *M. Samuelson, Esq.*

1216. *Chairman.*] Do I correctly understand you to say that the delays which occurred in the completion of your contract arose from delays on the part of the company to pay the instalments which were due to you?—Chiefly.

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1217. Were there any representations made to you, on the part of the company, that those delays on their part in paying your instalments arose from circumstances over which they had no control, namely, circumstances connected with Parliamentary interference?—I do not think there were.

1218. When you state that the circumstances which created the delay chiefly arose from the nonpayment of those instalments, what other circumstances arose to cause this delay in the completion of the vessels?—We had some difficulty in getting supplied with our cylinders, but that difficulty could have been overcome if we had found that the payments were being made as they fell due, because we could have put ourselves to additional expense, as we did in one instance, to get cylinders supplied at an earlier date.

1219. *Mr. Peel.*] Was any payment made on account of the first instalment which fell due?—No.

1220. *Mr. Walpole.*] When did they fall due?—Some time in July.

1221. When was an instalment first paid to you?—I think it was in the end of September subsequently, that is September 1859.

1222. *Mr. Peel.*] Had you been making progress with the second stage of the building of the ship meanwhile?—We considered that when the first part of the payment was made to us we had very nearly four instalments due; that is nearly two instalments due upon each vessel.

1223. Was that as much progress as you would have been bound to make under this contract, supposing the first instalment had been paid at the proper time?—I do not think we should have been further forward with the construction of the vessels if the payments had been made at the proper time.

1224. Could you not have been required to be further forward?—I do not think we could have been required to be further forward.

1225. Then the second instalment was that paid along with the first?—No.

1226. *Chairman.*] Do you recollect when it was paid?—There was no regularity in the payment of the instalments; we received payments from time to time from the company as they found it convenient to make them.

1227. Had you any debtor and creditor account with the company, putting your default as regards the time of delivery of the vessels upon one side, and the default on the part of the company as regards their payment of instalments on the other side, and did you strike any balance?—We have made out an account of that description, but I do not know that it was ever made out between ourselves and the company; I do not think we ever handed in a statement of that kind to the company.

1228. I believe I am correct in stating that you cried quits upon the matter, have you not, with regard to penalties?—I think we have.

1229. *Mr. Peel.*] Did you accept shares as part payment of your instalments under this contract?—Yes; we were under the original contract to have taken a certain amount of shares; but when we found that the company were not making us our payments in accordance with the contract, we declined to take them, and subsequently arrangements were made with the company from time to time which released us.

1230. Did they ask you to take more than the stipulated portion of the instalments in shares?—No, except quite lately, when they asked us to take a certain amount of preference stock.

1231. Since the contract was terminated?—No, not since the contract was terminated; it was before the contract was terminated.

1232. *Chairman.*] During the progress of the building of those vessels, did the company send down any person to inspect them, or did any director or person connected with the company proceed to any inspection?—The company had inspectors on the vessels the whole time that they were building, and we have had a great many surveyors down irrespectively of those who were stationed upon the premises.

1233. Were those inspectors employed by the company?—Yes, by the company.

1234. And were they on your premises during the whole building?—Yes.

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1235. Who were those inspectors?—Mr. Henderson, an engineer from the Clyde, was employed by the company as their ship surveyor, and he had a man on the place the whole of the time the vessels were building; and a Mr. Glover, one of the engineers of the company, was on the premises nearly the whole, if not the whole, time the vessels were building; and the company had surveys made at various times by other gentlemen; and a special survey was made by some of the directors who are now in the company, and by their engineer before they joined the company.

1236. Was there any objection made at any time to the workmanship or construction of those ships?—Not with reference to the construction; there were some little complaints made, as there always are in contracts, but not of any consequence.

1237. Were those complaints with regard to the workmanship?—Yes, with regard to the workmanship.

1238. Who made those complaints?—Some were made by the company, and some were made by the engineer upon the premises, and they were rectified from time to time as we went on.

1239. Were all those complaints rectified from time to time?—So far as practicable they were.

1240. When you say so far as practicable, did you, in any instance, refuse to accede to the proposals which were made to you by the inspector of the company to alter and amend any portion of the vessel?—Not that I am aware of.

1241. You have heard, have you not, the evidence that has been given to-day by Mr. Jordan with regard to the condition of the "Columbia" when she was placed in dock at Birkenhead?—Yes.

1242. And you have heard the evidence which has been given by Mr. Laird?—Yes.

1243. Do you wish to make any observations to the Committee specially on the allegations which have been made as to the unserviceable state of the "Columbia"?—Yes, I do.

1244. Would you propose to reply to those allegations yourself, or would you wish to have a witness to sit by you?—I propose, generally, to reply to them myself, and in detail I should wish to call Mr. Bayley, who has examined the vessels, not particularly with regard to those points, but who generally examined them; and I am also prepared to hand in a report of a survey made by the surveyor to the East India Council.

1245. At what time did Mr. Bayley examine those ships?—It was quite lately; after this Committee was appointed.

1246. Did Mr. Bayley see the ships during the progress of construction?—He did, occasionally; he has been down; he examined the ships, I think, once or twice on the part of the company themselves; and Mr. Ritherdon, the Surveyor of Shipping to the East India Council, also surveyed the ships while building for the Company.

1247. Mr. Peel.] But as regards the delay, you throw the whole responsibility upon the company, do you not?—I do.

1248. Will you give the Committee a general statement with regard to the progress which you made with those two ships; did they both proceed *pari passu*, or did you make more progress with the one than with the other?—With regard to the vessels, they proceeded together, but with regard to the engines, they did not; the engines of the "Columbia" were in a more forward state throughout than the engines of the "Anglia," and simply for this reason: We contracted with a firm to supply us with the cylinders, which are of unusual size, and larger than what we could at that time undertake ourselves; and I may state that that is not an unusual course with some of the largest builders in the country; they do not do their own castings; the contractors undertook to supply us with the whole of the four cylinders in ten weeks from the date when we gave them the order, but they failed to do so.

1249. Mr. Walpole.] When did you give them the order?—Immediately after the contract was signed. I may state also that we had every specification for every plate, and every piece of angle iron ready to deliver to the parties with whom we contracted to supply the material the moment the contract was signed; and I believe I am correct in stating that the whole of those specifications were delivered out by us before the end of June, the contract having been signed on the 15th; at first, when we found that the parties with whom we had contracted for the

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the cylinders had not supplied them according to the contract, or were not likely to do so (they made a fault in casting, and, in fact, they would not go on with the contract; it was too heavy a job; they made the two first castings defective, and we could not get them to proceed); then we arranged with a very large firm at Glasgow, Messrs. Neilson & Co., to cast two of the cylinders for us at very much additional cost. I think the cost for the two cylinders was nearly 600*l.* extra to us; but when we found that the company were not paying us according to the terms of the arrangement, and that we were very large sums of money out of pocket, we did not feel ourselves at all bound to be at any considerable expense or outlay in getting the other two cylinders from a different source from the one with whom we had contracted, and we left it in their hands to fulfil their contract, and they got the Bowling Company, the parties with whom they contracted, to supply the other two cylinders; but they were very much behind time with them.

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1250. *Chairman.*] With regard to the cylinders, it was not the fault of the company?—No, it was not the fault of the company; but as I stated, if we had had our payments made as we ought to have done, we should have put ourselves to considerable inconvenience, and also to some additional expense, in order to have completed our contract within the specified time.

1251. *Mr. Peel.*] When was the “Columbia,” the first ship, completed?—She was not completed till the beginning of March of this year. I think it was the 12th of March 1861.

1252. Being how many months overtime?—Being about eight or nine months overtime.

1253. *Mr. Walpole.*] When was the “Anglia” finished?—On the 1st of June.

1254. *Mr. Peel.*] Where is the “Anglia” now?—At Hull, in our hands.

1255. Has a settlement been made of your claims for the payment of that ship?—Not fully.

1256. Have you had a settlement for the “Columbia”?—For the “Columbia” we have had a full settlement.

1257. *Chairman.*] You have not had a full settlement for the “Anglia”?—No.

1258. Is that the reason why she is not delivered?—Yes.

1259. *Mr. Peel.*] What is the extent of the claim unsettled?—We claim rather better than 20,000 *l.* at present, upon the “Anglia.”

1260. *Chairman.*] Is that claim allowed by the company?—I am not aware; we have had no answer to our claim.

1261. *Mr. Peel.*] Could the “Anglia” have been ready at all before the 1st of June?—She could, if we had liked.

1262. *Chairman.*] With regard to the “Columbia;” it has been stated, that when she came into the dock at Birkenhead, after her return from America, she showed great signs of straining, and that there were incipient symptoms of parting in the middle; do you allow that to have been the case?—I think it is perfect nonsense.

1263. Are you aware that an accident happened to her in consequence of raising the blocks?—I am aware that there were three accidents which happened to her; in the first instance she encountered a very large amount of ice; in the second place she has been on Boston bar; in the third place she has fallen over in the dock at Liverpool.

1264. I mean that an accident has happened since she has been in the dock?—I am aware of that.

1265. And several of her plates were injured by that accident, were they not?—Yes.

1266. It was stated, that when those plates were taken off, the rivetting in the seams of the butts was proved to be extremely defective, and not at all equal to the requirements of such a vessel; do you agree with that statement?—I heard it stated that the rivetting was not double rivetted, and that, in fact, it was very little different to single rivetting. In answer to that statement, in the first place, I have to say that we always found a great difficulty in the way in which that vessel should be rivetted; but it was decided by the engineers of the company how the vessel was to be rivetted. There was great difficulty in consequence of the internal arrangement of the frames, and we carried out the rivetting exactly in accordance with the instructions which we had received.

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1267. Do you think that that was a proper and efficient mode of rivetting?—
I think it is done as well as it is possible to do with the interior construction of the vessel.

1268. Would you pursue exactly the same course of rivetting if you were constructing another vessel yourself, without having a specification?—I would not build a vessel in the same way. One of the great objections which we made to the construction of these vessels was the way in which the keel was made. I heard Mr. Jordan's evidence this morning, with reference to the keel of the "Hibernia," and I may say that it was next to an impossibility, as those vessels are constructed under that contract, to make the keel a good job, and we protested against it from the very first; and the consequence was that after consulting with the engineers of the company, we were allowed to alter our specification in that respect, and instead of putting the keel as in the "Hibernia," we made a large box girder, something about the size of this table, as described by Mr. Jordan, which runs from end to end of the "Columbia" and the "Anglia."

1269. Is not this question with regard to rivetting a question of detail of the workmanship?—No, it is not; it is a question with regard to the construction of the vessel itself. The frames are double frames inside the vessel, and the butt straps are not sufficiently wide, and the frames also interfered with the way in which the rivets had to be placed. Those were matters which we pointed out to the company at the time the vessels were being constructed.

1270. Mr. Peel.] All those defects, whatever they were, were possible to be noticed by the company's surveyor and inspector?—There is no doubt about it; further than that I may also state that the surveyors of the Board of Trade had access to our yard the whole of the time that the vessels were building, and that they were repeatedly, I may almost say weekly, in the yard looking at them while building; and that it is part of their duty when they hand over the Board of Trade certificate to us, to have satisfied themselves that the vessels are properly constructed, and efficient for the service for which they are intended to be employed.

1271. When you say that your yard was open to the Board of Trade surveyors, it was required to be open by the contract, was it not?—I am not sure whether the Board of Trade surveyors are specified or not. Lloyd's surveyors are specified, and the surveyor of the company, and the surveyor of the Admiralty, but we never hinder any person from going into our yard.

1272. Were they there officially inspecting those particular ships?—They would necessarily be there officially, because it is part of their duty, as surveyors to the Board of Trade, to attend when the vessels are built in a port at which they are stationed, to see that those vessels are constructed in accordance with the Board of Trade regulations.

1273. Had they copies of the contract in their hands?—I am not aware that they had; but there are certain regulations laid down by the Board of Trade which they are obliged to see carried out.

1274. Are they required to do so while the ship is in progress of building?—While the ship is in progress of building; the Board of Trade surveyors in Hull had free access to our yard, and they were repeatedly in it looking at the construction of the vessels.

1275. We understand that they had free access, because free access was secured by this contract?—I think not; not the Board of Trade surveyors.

1276. Do you say that they were inspecting those ships whilst they were building in their official capacity?—They were continually in our yard inspecting the ships while they were building; and further than that, when the ships were first in progress, I believe the company themselves called the Board of Trade surveyors in, and they examined the work in conjunction with their own surveyors.

1277. Chairman.] When you say that that rivetting was part of the specification, surely the rivetting has reference to the workmanship of the vessel, has it not?—The specification cannot make us do impossibilities; and if the construction of the vessels with regard to the interior frames, and so forth, are so placed that it is impossible to carry out the specification in accordance with the terms of the contract, the company cannot ask us to do impossibilities. But we do this; if we find that a vessel cannot be done in accordance with the specification, we consult with the parties as to what is the best way of carrying it out, and that we did,

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did, and carried out the rivetting according to instructions received from the company. *M. Samuelson, Esq.*

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1278. *Mr. Walpole.*] Were those specifications submitted to the Board of Admiralty?—Our specification was the same as Messrs. Palmer's, and was the one which we had been told had been submitted to the Board of Admiralty.

1279. *Mr. Peel.*] Were those alterations (which you say) were made by the company in the specifications at your suggestion submitted to those Board of Trade officers and approved of by them?—They were, particularly with regard to the keel. The Board of Trade surveyors were called in before the alteration was made in the keel, and their evidence was taken as to the best mode of making it.

1280. *Chairman.*] It was stated that the counter-sinking in many of the holes, was very imperfect; I presume that that would not be attributable to the specification?—I cannot speak about that, because I have not seen it; but I doubt it. If I had known that such an allegation was to be made to-day with reference to any particular part, I should have taken the trouble of sending some person down specially to examine it.

1281. There is a clause in the contract which says, "That they, the builders, shall, and will at their own costs and charges, amend and replace, in a good and sufficient and workmanlike manner, any defect in the said steam vessels, and the engines that may be supplied to the said steam vessels, or any of them arising from error of construction, imperfect workmanship, or insufficient or unsound materials, so as such defects be pointed out in writing within 12 calendar months of the delivery of the said steam vessels respectively, but not further or otherwise;" were any of those defects pointed out to you?—I had heard no question of any defects at all until within the last two days, and then Mr. Vallance met me in the lobby of the Committee-rooms, and told me that Mr. Jordan had made a report that some of our work was bad; and since then a very cursory letter, something to a similar effect, has been sent down to our firm at Hull, all within the last few days. With the exception of that, I know nothing at all about any defects, nor have any ever been pointed out to me.

1282. Is that the first time that you had ever heard an observation as to the defective work in the "Columbia"?—Since the vessel has been in the dock, most decidedly.

1283. Did you say that there was no statement in your contract that those vessels should go 20 miles an hour?—I did not say that. I said that in the original contract as signed by us, there was that stipulation.

1284. Have those vessels gone 20 miles an hour?—No.

1285. Do you think your ships can go at that speed?—They might under special circumstances.

1286. Was it your impression, when you engaged in that contract, that you should be able to make those ships go 20 miles an hour?—Yes; in still water.

1287. *Mr. Peel.*] What is their natural speed?—When the Admiralty tried the "Columbia" at the measured mile at Stokes Bay, she went between 14 and 14½ knots, which would be equivalent to about 16½ miles per hour.

1288. *Chairman.*] I presume that the non-fulfilment by the company of their engagements with regard to the payment of their instalments, had nothing to do with the deficient speed of the vessels?—That opens a very wide question. Of course the payment has nothing to do with the actual speed of the vessel, but still it opens a very wide question, which I should prefer not going into.

1289. Did the non-payment on the part of the company of their instalments prevent you in any way from turning out the vessels eventually in a fit and proper manner to carry out the contract which you yourselves had signed?—No; certainly not.

1290. *Mr. Walpole.*] By the contract there was a penalty of 50*l.* a day for every day over the time when the vessel ought to have been delivered, was not there?—Yes.

1291. Did you come to any arrangement with the company as to that penalty when you found that the vessel was likely to be behind hand?—No; it is a question that has been fighting ever since the contract was signed.

1292. Is it still an unsettled question?—It was settled, I believe, on the 26th of this last February.

1293. Is that penalty to be enforced, or what is done respecting it?—They could not have enforced it.

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1294. What has been settled respecting it?—It was simply this: that on the 4th of March last, I think, we entered into a fresh arrangement with the company, by which they forewent the whole of their penalties, and we undertook to deliver the first vessel by a certain day, and the second vessel by another certain day.

1295. *Chairman.*] Have you a copy of the contract of the 4th of March here?—No, I have not.

1296. What are the main differences between that contract to which you have just alluded and the original contract?—The main difference is that, in the first place, the speed was altered; and, in the second place, it was a contract on our part to undertake to give the company certain facilities in the payments; and further, that they released us from taking certain shares.

1297. When you say that the speed was altered, what was it altered from?—It was altered from 20 miles to 18 miles an hour.

1298. In March 1861 those vessels were pretty nearly completed, were they not?—The “Columbia” was all but completed, and she was delivered, I think, on the 12th.

1299. Am I right in saying that the “Columbia” never has gone 18 miles an hour?—She never has made 18 miles an hour because she has never been in a condition which would enable her to make 18 miles an hour. The “Columbia” when she was tried was not tried in a manner in which I should have tried a vessel to begin with. I believe the Surveyor of the Admiralty, no doubt judiciously, tried her with a very heavy weight on board, in order to test her qualifications as much as possible; she had upwards of 600 tons of coal on board. In the second place, the wording of the contract is very peculiar; but that is a matter on which I need not enter.

1300. Did the contract stipulate that the vessel was to perform the 18 miles an hour when in sea-going trim?—It does not say so.

1301. Would not that be always understood?—No, that would not be understood; it is not the usual way to try a vessel when she has got the whole of her stores on board.

1302. When the company had a contract with the Post Office that they should perform that service within a given time, do you not imagine that the contract on the part of the company with the builders was framed so that the vessels should be able to go at the requisite amount of speed to carry out that contract with the Government?—My answer to that is, that I never saw the contract between the company and the Government, and therefore I am unable to state; I never knew it till I heard it read in this room.

1303. You were aware, however, I presume, that the company had time tables, to go at certain times?—I was not aware of anything of that sort.

1304. *Mr. Walpole.*] You attended to your own contract, and had no other to look to?—I had to attend to my own contract, and to nothing else.

1305. *Chairman.*] Have the company complained at all, at any time, to you of the delay in the delivery of those vessels?—Yes; repeatedly.

1306. Have they done so by writing?—I think so; I will not be certain, but I think they have done so by writing, and verbally too: and the answer has always been, that when they made their payments at the proper time we should complete their vessels.

1307. *Mr. Walpole.*] Could you state the exact day in July when the first instalment ought to have been paid?—On the 26th of July.

1308. You stated, did you not, that the first instalment was 19,000*l.*?—Yes; 19,000*l.* odd, I think. The clause that we had inserted with regard to the payments was a saving clause, so far as regarded ourselves; if it had not been for that we should have been obliged to have had the vessels ready for delivery within the specified time, even if we had not got a sixpence of money from the company in the meantime.

1309. *Mr. Peel.*] Are those ships mortgaged to you?—Yes.

1310. To what amount?—The “Columbia” is mortgaged for 11,500*l.* and the “Anglia” for 26,000*l.*

1311. Have you accepted shares in the company, in part payment of either ship?—We hold, at the present time, registered shares to the amount of about 300*l.*

1312. *Chairman.*]

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1312. *Chairman.*] Have the company paid you 70,000 *l.* odd, upon each vessel?—I should think they have.

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1313. *Mr. Peel.*] In cash?—So far as regards cash, the payments that have been made to us, in the shape of acceptances, have been met by the company.

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1314. You say that the speed of those vessels was reduced, by arrangement between yourselves and the company, from 20 miles an hour to 18 miles?—Yes.

1315. Was that an agreement exclusively between yourselves and the company?—I believe so.

1316. You not knowing anything of the conditions of the contract between the company and the Government?—I had never heard a clause of the contract read, until I heard it read in this room. I should wish to observe, with regard to a question that was put to me as to the condition of the vessel, as she is at present in the dock at Liverpool, that if the workmanship, *per se*, and the material had not been good, my firm conviction is that she would never have come back again to England. The vessel left Hull; she went to Southampton, from Southampton to Galway, from Galway to Newfoundland and Boston, and back again to Galway, and again to Liverpool from Galway, and she never had a heated bearing the whole of the time she was out: and if the vessel had shown any material symptom of weakness, it would have been utterly impossible for her to have run this number of miles, without showing it in her engines.

1317. *Chairman.*] Have you any other observation which you would like to make to the Committee?—Yes. With regard to the strength of the vessel generally, we always advocated additional strengths for the vessels; we were negotiating with the company for a considerable time, and, at last they permitted us to put additional strengths in, which were put in at the cost of the company. We put a box gunwale round the main deck for a considerable space, and we also put very heavy stringers in, about four feet wide, between the main deck and the lower deck, and we recommended the company to put on an iron waterway and iron bulwarks, which, as yet, have never been done. We had urged that upon the company for a considerable period, and I simply make that as a statement, so as not to be blameable in any way for any of the principal objections that have been raised as to the longitudinal strength, by Mr. Jordan and Mr. Laird. Then, there is one other observation which I should wish to make upon the report of the surveyor, Mr. Luke. I was present when the second survey was made. Mr. Luke made a survey first, in the presence of my brother; he came to London, and then, when the "Hibernia" had her accident, he went down again to survey her a second time, to see that everything was in order, and he had pointed out some matters which he considered defects in her, and additional box gunwale plates were put in; and those alleged defects we remedied as soon as they were pointed out to us; he also objected to our having cut the keelson referred to in the bottom of the vessel, and we followed out his views; but, in the meantime, I may state that the keelson was cut by the sanction of the Board of Trade surveyors at Hull, who, requested us to put additional strengths in where the keelson had been cut, and they considered, as you will find by their own report, that the strength of the vessel, so far as regarded that point, was sufficient. The only other remark that I remember Mr. Luke made, with regard to the requirement of any additional strength, was as to the very matter which we had recommended to the company for a considerable period; namely, the extra strengthenings at the top of the vessel and the bulwarks; the bulwarks of themselves would materially strengthen the vessel, because it would be equivalent to making the ship so many feet deeper. Perhaps the Committee will allow me to hand in the written report of the two surveyors whom I have named, Mr. Bayley and Mr. Ritherdon (*delivering in the same*). Mr. Bayley is in the room now, and Mr. Ritherdon is the surveyor to the East India Council.

Vide Appendix.

1318. Do you wish to say anything more yourself upon those points?—No; I do not at present.

George Bayley, Esq., called in; and Examined.

1319. *Chairman.*] ARE you a surveyor of shipping?—I am a private surveyor of shipping; I was principal shipwright surveyor to Lloyd's Registry of Shipping from its establishment in 1834 to 1844, and shipwright surveyor to the Board

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of Trade, from 1846 to 1854, at the date of the Shipping Act; when I left the service. I have been connected with shipbuilding ever since the year 1812; building ships for His late Majesty's service, with my uncle, and also for the East India Company, and every class of ship; and I was connected with the Peninsular and Oriental Company for five years, from 1844; the first commencement of their large iron ships.

1320. Were you requested by Messrs. Samuelson, of Hull, to visit the steamship "Columbia," at present in dock at Birkenhead?—I was.

1321. And you proceeded to visit her?—I made an examination of her.

1322. Was that on the 27th of June?—I presume it was; the report is dated on the 29th.

1323. Was that the first time you had seen this vessel?—The first time I had seen her, since she was finished.

1324. Had you seen her during the time she was being constructed?—I was sent down to see her whilst she was being constructed by the Atlantic Royal Mail Steam Navigation Company.

1325. How often were you sent down by that company?—Only once that I remember.

1326. Can you recollect the nature of the report that you gave to the Atlantic Mail Company upon that occasion?—It was with regard to some particular points.

1327. Can you give the date?—On the 3d of October 1859 I received an official letter from the Atlantic Royal Mail Steam Navigation Company, requiring me to survey her as to certain points.

1328. What stage of progress was the vessel in at that time?—The frames were all up, I think.

1329. Mr. Peel.] Did you communicate with the representatives of the company, whom Mr. Samuelson has informed us were residing permanently in his yard?—I think I saw them.

1330. Who were they?—I think one was a Mr. Glover; I am not sure as to any other person that I saw; I only saw Mr. Glover, the engineer.

1331. Chairman.] No rivetting had been done at that time?—A very small portion of it had been done; eight strakes of the plates were in place, on each side, from the keel up; they were partly rivetted.

1332. Was the question you were sent down by the company to decide one which had reference to the workmanship of the vessel, or the construction?—The main question was the construction, and whether the contract was complied with as respected the angle iron for the frames.

1333. What was the effect of your report?—The effect of our report was that the angle iron of the frames was slightly smaller than the size specified in the contract, but it was so slight a difference as scarcely to be appreciated. I have here a section of the angle iron (*producing the same*), and it was a question whether, as represented to the company, this should be of parallel substance throughout, or tapering as this is (*describing the same*). The gentlemen who went with me were unanimously of opinion that, substantially, the strength was obtained, but the dimension was slightly smaller than the contract.

1334. So far as you could judge when you visited the vessel at that time, did it appear to you that a strong vessel, and one adequate for the Atlantic service, was being constructed?—She was not; I see by my draft memorandum, which I have with me, that I took exception to the longitudinal strengthening of the ship, and we reported specially upon that to the company; I am sorry I have not got a copy of my report to them, or I would give it more in detail.

1335. Mr. Peel.] What is the date of that report?—There is no date upon my draft memorandum, but it must have been shortly after the 3d of October 1859; I find that there were two or three letters passed upon the subject.

1336. Chairman.] Did you receive any reply from the company on the subject of the recommendations that you had made to them?—I do not remember having received any further communication from them on the subject, as to whether they would be carried out or not; I do not happen to have any memorandum to that effect.

1337. You stated, did you not, that you visited the vessel only once during the progress of construction?—I have no recollection of seeing her at any other time.

1338. When

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1338. When you visited her at Birkenhead, had this longitudinal weakness, of which you complained, been remedied in any way?—I presume it had, for I did not find the complaint that I should have looked for, had it not been remedied.

1339. You have been present in the room, have you not, during the examination of Mr. Jordan and Mr. Laird?—Yes.

1340. And you have heard the evidence that they have given?—But indistinctly.

1341. You heard, did you not, that the rivetting was defective?—I heard that statement.

1342. And that the ship was not double rivetted, that the spacing of the rivets, the seams, and the butts, together with the counter-sinkings and the holes, was altogether defective; that spaces of 12 inches in length were only rivetted with a single row of rivets, and so on. Does that account tally with your inspection?—No; it does not tally with my inspection, in part. There were parts that I did not inspect; for instance, I did not go into minute detail of the individual rivets, but I looked at the whole of the rivetting throughout the ship, and I certainly could not see anything like such extensive symptoms as to lead one to conclude that the rivetting was bad throughout; indeed I may say that it was very far otherwise, though the rivets that I observed to be moved, were all in those parts where the strains would necessarily follow the accidents to which the ship had been exposed.

1343. Are you aware that a very considerable sum of money, amounting to about 17,000 £, has to be expended with regard to the repair of the "Columbia," in order to put her in a proper state, a great portion of which sum, it appears, is not referable merely to the accidents of her journey, but to the strengthening of the original framework of the vessel?—I differ from that altogether; my opinion is that the repairs required to that ship are in consequence of the accidents that she sustained; I speak advisedly, having had a great many years experience in matters of this sort, and, therefore, it is no novelty to me to look at a case of this sort, and as you will observe in my report, a copy of which you have before you, you will see that I have specified the several causes of the several strains which appear, so far as they can be discovered. I came to the conclusion that, really, there was nothing that could be fairly attributable to the original faulty arrangement of the ship; of course, I did not go into the question about single rivets that may have been found imperfect. I believe that no one conversant with ironwork will ever venture to say that every rivet is perfect. I know that the practice in the best yards is to have men whose duty it is to look after the rivets, and even sharp-eyed men like those are deceived. Of course, an individual going over in this way could not possibly see every rivet.

1344. Do you believe that if those accidents had not happened, the "Columbia" would have required no strengthening or additional rivetting?—I believe that if those accidents had not occurred, the "Columbia" would have shown no more strain than all the iron ships which I have ever seen always show after heavy passages across the Atlantic. I know it was so with the Peninsular and Oriental Company's ships. I had to do with them for five years, and I know they were always, after heavy gales of wind, showing rust, and they have stood the test of 16 or 17 years.

1345. Do you put in this paper, which Mr. Samuelson has delivered in, and which I hold in my hand, dated on the 29th of June, as your report as to the present condition of the steamship "Columbia"?—That is the report of the condition in which I found her (*delivering in the same*).

Vide Appendix.

1346. You could not find any movement along the seams of the vessel?—No longitudinal movement along the seams. With regard to the "Hibernia," it was stated very distinctly that the longitudinal seams were also moved. I did not know that it was stated so with regard to the "Columbia." I had no knowledge of this report before, and therefore I could only judge for myself.

1347. Mr. Walpole.] Are you speaking of your survey of the "Columbia" after the accident?—No, I am speaking of a survey of her about a fortnight since, after the ship had fallen over.

1348. Let me call your attention to this letter from Mr. Hill to Mr. Boate on the 4th of April 1861, before the accident occurred, in which he says, "I am directed by the Postmaster General to acquaint you that he has had before him the reports of the officers appointed to survey the steamship 'Columbia,' and that under the opinion expressed in those reports he can only accept the 'Columbia' as a packet for the mail service between Galway and America for o.83.

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two round voyages. On the completion of those two voyages the vessel must be again examined in dry dock, and her final acceptance or rejection will depend upon the result of that examination." Do you think that that was a reasonable requisition on the part of the Post Office?—I think it was; it was a recommendation which I have known to be made several times by the Peninsular and Oriental Company. When I was with them, I attended the surveyor, and if I had any doubt or hesitation about a ship, I would suggest that they should certify for only a period, in order that she might come under notice again. Of course, it was my duty, though I was the servant of the Peninsular and Oriental Company, to take care that the Government had efficient ships for the service.

1349. You think that there was not anything unreasonable in accepting her for two voyages?—I think not; I would have done so myself; I can only say, as the Surveyor to the Board of Trade, that the responsibility of the surveyor to the Board of Trade is greater than the responsibility of the other surveyors, because the surveyor is required by the Act to give his opinion as regards the fitness of the ship; the Act gives no prescribed mode of examination, and the matter rests on his sole responsibility.

1350. *Chairman.*] I see on reference to the letter on the part of Mr. Romaine to the Secretary of the Post Office, dated the 3d of April 1861, that the "Columbia" has been surveyed by the Admiralty surveyor, and that the surveying officers reported that the construction of her hull is in many respects faulty; do you consider that that is the case?—I think that there are many points in the hull which might be greatly improved; I quite agree with Mr. Laird that, with the same quantity of material, a more efficient ship, on the whole, might be constructed; that is to say, there might be a stronger combination on the whole, without giving any extra weight.

1351. The Surveyor to the Admiralty says, that he considers that the vessel is "at the present time sufficiently seaworthy, and fit to carry the mails for two or three voyages during the summer service, referred to in the contract, after which she should be carefully examined in dry-dock; and, I apprehend, it will be found that she has not that degree of longitudinal strength in her lower and upper parts, which she should have, to prevent straining and leakage when at sea." Do you believe that she has that degree of longitudinal strength which she should have to prevent straining and leakage when at sea?—I understand that the particular objection which the surveyor made to the want of longitudinal strength is that which Mr. Samuelson has now referred to; it is the division of the main keelson. The box keelson, as I observe in our report in 1859, was one of the things which we strongly urged upon the Galway Company, and additional strength in the bottom. With regard to the division of this keelson, it seems to have arisen from the fly-wheel belonging to the auxiliary engine being placed low down in the ship; a sort of well or recess, has been formed in which this wheel works, and round the recess it has been attempted to continue the longitudinal connexion, and the surveyor would very likely have a doubt about it. I remember a similar question occurring with regard to myself 16 years ago with a cylinder bottom, whether bending the keelson and carrying it round, would be sufficient, and a very eminent firm pledged themselves that it would be sufficient, and I consented to its being passed, and it has proved so. The Committee will bear in mind that, in the construction of iron ships, there is this peculiarity: the material admits of bending to any form, and, therefore, that which would be insuperable in a wooden ship, is not so in an iron ship; for instance, a mass like this table, that has to be placed in a particular position in an iron ship, with a longitudinal fastening, though it would apparently be cut off by an object being in the way, may be passed round, so to speak, and a connexion may be formed with a recess for the table to stand in without weakening the longitudinal strength of the ship, which is an advantage iron has over wood as a material.

1352. Then the Committee are to take this report which you put in, as an expression of your opinion with regard to the condition of the vessel?—That is the result of my examination, and an opinion formed upon the facts which I there record. Perhaps the Committee will allow me to make one observation with regard to the irregular rivetting which has been spoken of, a sort of half and half rivetting; we objected to it at the time when the examination was made in 1859, as not being in accordance with the contract, and not being double rivetting, there was some explanation given at the time, and I would wish to say, that so far as I remember, Mr. Samuelson's version is substantially what was then stated.

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It was some arrangement come to between the company's surveyor and them, as to the point; it was not double rivetted at that time, and I think now it brings to my mind another circumstance; and I think that Mr. Jordan must have spoken very loosely, because on the frames eight strakes of plating were in their place, only partially rivetted, and I certainly think that I should have detected if the holes had shut one another up very generally. We always find that there are some defective holes, but the perforations were generally opposite to each other, otherwise it would have excited attention, I am sure.

1353. What are the duties of the Board of Trade surveyor?—The duties of the Board of Trade surveyor are defined in section 309, I think, of the Merchant Shipping Act. They are, shortly, to see and to ascertain and satisfy himself, that the vessel is properly constructed and adapted for the service specified, whatever the station may be. The Act does not give any precise instructions, but the surveyor himself is made responsible for a correct opinion upon the matter.

1354. Mr. Peel.] Does that relate to all vessels, or only passenger vessels?—All passenger vessels. No others are subject to a survey.

1355. Mr. Walpole.] You say that he must make a correct report upon the matter, which is what the Committee wish to know. What is the matter with reference to which he must report?—He must certify, of his own knowledge, that the ship is thoroughly efficient. I, myself, have had several instances; one, in particular, in the case of a ship that was built by Mr. Scott Russell, I objected to, as being inefficient for the sea service, and a number of surveys were specially ordered by the Board of Trade. I was not convinced that the ship was seaworthy, and I refused to certify; and the Board of course did not issue a certificate.

1356. Mr. Peel.] When is that report made; at what stage in the building of the ship?—When the ship is ready. The surveyor has no special instruction with regard to the building of the ship.

1357. Must he be present the whole time that the ship is building, in order to report upon it?—He is not called upon to do so. He has to report upon the ship when she is completed; he is entitled to call for information on every point. He may call for the drawings, the working plans, and the specifications, and it is his business to judge whether those things are carried out.

1358. Would the Board of Trade Surveyor be considered qualified to survey a ship which he had not seen till he was called to survey her?—I have no hesitation in surveying a ship which I have not seen while building; of course that must be taken with a reservation, that the parts which cannot be examined must be taken on representation; you cannot go further than that. With regard to the practice of the Admiralty Surveyor, whilst I was with the Peninsular and Oriental Company, I attended all the Admiralty surveys, and I furnished the Admiralty surveyor with all the particulars of the construction of the ship, if she were a new ship. In the first instance, plans were submitted to the Admiralty, and were generally approved of, because we took care to submit such plans as should meet their approval. I do not know that any alterations were made.

1359. Sir Morton Peto.] Supposing you were surveying those vessels on the part of the Board of Trade, your report would be founded upon such an examination in detail on your part as would have thoroughly satisfied your mind that such ship was fit for service?—I should, of course, require other details than those I could see. I should require information on the specification of the ship, and the general construction and arrangement of the engine-room, and the parts of the engine.

1360. I understand you that, as surveyor to the Board of Trade, you had the power to call for every possible detail and particular?—Yes.

1361. You, as surveyor, would not state an opinion upon any light examination, but upon a thorough appreciation of the real capabilities of the ship?—Exactly so; for instance, if I were surveying a ship of Mr. Laird's, I should be very well content to say, "Mr. Laird, just let me see the plan."

1362. Supposing that a company entered into contracts with individuals for certain ships, and the report of a surveyor was to be the practical test of the acceptance of each ship, you would think that a fair test to be applied, and that they might feel moderately satisfied that the thing had been fairly done?—Yes; I am now employed by a foreign company to survey a ship which is building; one

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condition is that there is no instalment paid without my certificate that the ship is in the state of progress at which the instalment is to be paid.

1363. Mr. *Ker Seymer*.] You must in that case inspect the ship while building, must you not?—I go from time to time to see her; I am not there always; she is building in the Clyde, and there is a resident surveyor there.

1364. Sir *Morton Peto*.] But with regard to the certificate at the termination of the building of the ship; would that certificate be fair presumptive evidence that the ship was in fact everything that she ought to be for the service for which she was required?—Yes; the Board of Trade survey would be for the special service required, but it would not be a certificate certifying that she was built in accordance with the specification.

1365. But it would certify, would it not, that she was a seaworthy vessel, and capable of performing the service?—Yes.

1366. *Chairman*.] Is it the general rule, or the ordinary rule, for all companies to have a resident inspector at the yard where the ships are building, or to depend a good deal upon the *bona fides* of the contractor?—I can only say from my experience and observation, now for just 49 years, that the rule is to have surveyors resident, and the exception is to trust to the *bona fides* of the shipbuilder. I had a great many surveyors resident with me whilst I was a shipbuilder, and it was always the practice with the naval service, to have them in the four last years of the Peninsular War, when I was connected with shipbuilding for the navy.

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Jovis, 11^o die Julii, 1861.

MEMBERS PRESENT :

Mr. Gregory.
Mr. Peel.
Sir Morton Peto.
Mr. Ker Seymer.

Sir John Trollope.
Mr. Walpole.
Mr. Brown-Westhead.

WILLIAM GREGORY, ESQ., IN THE CHAIR.

James Luke, Esq., called in ; and Examined.

1367. *Chairman.*] YOU are a surveyor to the Admiralty, are you not ?—I am ; *James Luke, Esq.*
I am designated the Inspecting Officer of the Admiralty.

1368. Is it your duty to inspect all vessels which are employed as contract mail steamers by the Admiralty ?—Yes, when I can be spared ; sometimes the Controller of the Navy appoints a deputy.

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1369. Did you examine the mail steam-ship “Columbia” ?—I did.

1370. Did you examine her for the first time, upon the 1st of April, when she was at Southampton ?—I examined her at Southampton ; I am not sure as to the date.

1371. That was the first time that you saw her ?—Yes.

1372. She was then complete, was she not, and preparing to start on the service ?—She was nearly complete ; they were completing her at Southampton.

1373. You stated in your report, that she was faulty in two respects ; first, as regards the construction of her hull ?—Yes.

1374. Will you explain to the Committee why she was faulty with regard to her hull ?—There was a deficiency of strength in her lower part ; at the keel, principally, and at the bottom. Perhaps the Committee will allow me to read the objections which I made to her, and which I intimated to the company.

1375. To whom were those observations addressed ?—I made those objections to the manager of the company ; there was a deficiency of longitudinal strength at the keel and at the bottom, even if the main keelson had not been injudiciously cut, and also at the gunwale and upper deck, for a vessel of her great length ; some of the keelsons, stringers, and deck ties had not the proper degree of continuous strength, and were, in some places, imperfectly connected at the joints or butts ; the water-tight bulkheads were not well arranged to effect the object for which they were intended, and there was a want of proper bulwarks, and not sufficient space for efficiently working the cables ; the capstans and mooring bits were not quite as well secured as they should be, and suitable provision should have been made for riding by a third anchor ; after I had surveyed the “Columbia,” and reported that I considered that she was fit for two or three voyages, I furnished the manager with my objections to her, in order to save time, and that he might endeavour to meet them in the vessel which was coming on, the “Anglia.”

1376. *Mr. Walpole.*] You stated those objections to the company at the time, or to their engineer ?—To the manager of the company.

1377. *Chairman.*] Did you consider that the “Columbia” would only have been good for two or three voyages, and subsequently she would have to be altered and strengthened ?—That was my opinion ; there was a difference of opinion on the matter ; the builders considered that she was sufficiently strong,

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but I differed from them; I had some additions made to her at Southampton, and men worked night and day there to complete them, making some of the longitudinal stringers continuous; they were improperly stopped at the bulkheads. I had other additions made which I considered were sufficient to justify me in reporting her as fit for two or three voyages during the summer service; after that, I apprehended it would be found that she would show weakness.

1378. Mr. *Walpole*.] Did you make this certificate which I am going to read to you: "I consider this vessel to be at the present time sufficiently seaworthy, and fit to carry the mails for two or three voyages during the summer service referred to in the contract, after which she should be carefully examined in dry dock, when, I apprehend, it will be found that she has not that degree of longitudinal strength in her lower and upper parts which she should have, to prevent straining and leakage, when at sea"?—That was my report.

1379. That substantially contains the main objection, which you think there was, to the vessel being taken for more than two round voyages?—Yes.

1380. And you adhere to that opinion still?—Perfectly.

1381. *Chairman*.] Is it your opinion, that the "Columbia," from her construction, had sufficient speed to carry out the contract during the summer service?—Yes; that was my opinion after the trial which we made at Southampton. I made no objection to the speed.

1382. Mr. *Walpole*.] By "the summer service," you mean two round voyages?—Yes; during the summer service, referred to in the contract.

1383. *Chairman*.] With regard to the workmanship of that vessel; do you consider that it is deficient, or not?—It is surveying ships under difficulties, to survey them, as in this instance, after they are afloat and completed; but, as far as I could judge, there were several points where I considered that the workmanship was not of the best description. Neither the workmanship nor the rivetting I considered to be of the best description, nor such as I am accustomed to see in first class mail steamers.

1384. Do you believe, that by that vessel being put into dock and being strengthened and altered, she would become sufficiently efficient for the carrying on of the service required of her?—That is rather a difficult question to answer. I think it would be possible to strengthen her in such a way as to make her sufficiently seaworthy; but whether the strengthening of her, and adding weight, would not diminish the speed of the vessel, must afterwards be ascertained by trial. There are other questions depending on it.

1385. Are you aware that she was tried at Stoke's Bay, and that she made upwards of 14 knots per hour?—I was on board, as one of the surveying officers, and witnessed the trial; and the Committee have the report which has been given in, which is quite correct.

1386. Mr. *Ker Seymer*.] It has been stated in a former part of the evidence, that there was something in the nature of the construction of this vessel with regard to the plates, and with regard to the extreme difficulty of rivetting her properly; is it your opinion that double rivetting could not have been very well carried out in consequence of the arrangement of the plates of the vessel?—My survey was necessarily of a very general description, because when I surveyed the "Columbia," she was afloat; she had her engines and coals on board, and water in the bilges. I might add, that I had very great difficulty in ascertaining the defects which I have now stated. On my first inspection in company with the builder, I did not make the objections which I have since made, because I did not then see the keelson (the main backbone of the ship) cut in two to give room for the fly wheel of the engine. Anybody even unacquainted with shipbuilding must know, that cutting the keelson in two is very injudicious. On the second inspection, I got down with a great deal of trouble underneath the engine, and there I discovered that the keelson had been cut, and also that the keel and the keelson were not as had been represented; they were not so efficient as I at first expected, and upon that inspection I founded my report.

1387. It was stated, that "there was great difficulty, in consequence of the internal arrangement of the frames, and we carried out the rivetting exactly in accordance with the instructions which we had received;" which were instructions from the company to modify the rivetting, in consequence of the difficulty

culty of accomplishing it according to the original plan?—It might have been so.

1388. *Mr. Peel.*] Had you not the specification in your hand?—Occasionally. I do not take any specification, but I look at the ships, and judge of them from the facts before me, as misrepresentations may be made to me. The specification was on board the ship, and it was shown to me, and it guided me in a certain degree in taking the dimensions, and so on.

1389. Was this cutting of the keelson according to the specification?—No; I observed nothing in the specification about cutting the keelson; it was done after the engines were on board.

1390. *Sir John Trollope.*] It was done in fitting the engines, was it not?—It was done in fitting the engines; they had made a mistake in the fly-wheel. I am speaking of what I was informed.

1391. You mean that they made a mistake in the measurement?—No; the fly-wheel, as originally intended, was of a certain diameter, and they found it necessary, after the engines were on board, to put on a larger fly-wheel, and the consequence was that they were obliged to cut the keelson of the ship in two, to get the depth for the wheel; and then there was some compensation made for this cutting of the keelson, but which I considered was not sufficient.

1392. Were you enabled to ascertain whether the rivets were properly fitted to the holes in which they were?—No.

1393. Could you ascertain whether they were properly clenched?—I could in the upper parts of the ship, but not in the lower parts, because she was afloat, and the inside is covered with cement.

1394. What was your opinion of that portion that you saw?—My opinion of the portion that I saw was, that the rivetting was not of the best description; I have seen much better.

1395. *Chairman.*] You stated, did you not, that you read over the specification?—The specification was with the builder on board; I did not read it over entirely; it was occasionally in my hand, and I looked at it as I went round the ship with the builder; I desired that the builder should be on board with me; the time was very short, and the vessel was wanted in a great hurry (in all cases the time has been very short for the survey of this company's ships), and I endeavoured, so far as I could, to put no obstructions in the way. I thought that, by having the builder on board, and the inspector of the company, it would enable me to get over my survey quicker; they pointed out to me anything that they thought proper. Of course, I formed my own opinion afterwards as to whether I accepted what they told me or not.

1396. Did you remark anything, generally speaking, objectionable in the specification?—I did not read it over sufficiently to judge.

1397. *Mr. Brown-Westhead.*] Was that fly wheel, of which you have spoken, upon the first motion?—I am not prepared to say anything more than that I was informed on board by the representatives of the company, and the builders, that this wheel was put on after the engines were on board; I am not an engineer, and I did not go into the question as to why the wheel was there, any further than that it was found necessary to put on a larger wheel, and to cut the keelson in two.

1398. That was requisite to be done, was it not, because the fly-wheel was not of sufficient power?—Yes, so I understood, and there was no doubt that that weakened the vessel very much.

1399. *Sir Morton Peto.*] What you want to convey to the Committee is that in the keelson being so cut weakened the vessel, and there was not the means of strengthening it afterwards, so as to put it in its original position?—Not, in my opinion, to compensate for the weakness thus produced.

1400. *Mr. Peel.*] Had it been cut with the knowledge of the company, do you know?—The company would answer that question better than I could. I rather think the company must have been aware of it, but whether they protested against it or not I do not know; I heard that they had protested against cutting it.

1401. *Sir John Trollope.*] Had not the company an inspector or engineer of their own to superintend the work?—I am not aware; I heard that they had an inspector of ships as well as an engineer.

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1402. Did you meet with such a person on board the vessel?—I met with an engineer.

1403. Who had been with the vessel during her building?—Part of the time of her building.

1404. Was he able to describe to you why they cut the keelson?—Yes; he told me about it.

1405. In fact, from him you derived your information, I presume?—Principally.

1406. *Chairman.*] You also inspected the “Hibernia,” did you not?—Not the first inspection; I inspected her after she had broken down; I inspected her at Liverpool.

1407. *Mr. Peel.*] According to the contract I see that the designs of this vessel are to be submitted to the Commissioners of the Admiralty; is that so?—Yes; I believe they were sent to the Admiralty.

1408. So far as any opinion could be formed of them from the designs, was there anything to object to?—I am not in a position to answer that question fully; it belongs to the Controller of the Navy and to the constructors to examine and to report upon designs and specifications when they are sent in, but I believe they were not examined with a view of relieving the company from any responsibility.

1409. Is this the usual clause in contracts?—Yes; but it had reference principally, I believe, to the time that the mail ships were intended to carry armament, and that the ships should be built accordingly, but that has been abandoned, and we do not now survey mail ships as to their fitness for war ships.

1410. *Sir Morton Peto.*] Allow me to call your attention to this specific report from the Hull shipwright surveyor, William Burroughs, and the Hull engineer surveyor, James Grier: “We have the honour to report, in reference to the box keelson referred to in the annexed letter, that its being cut did not escape our notice, but from the construction of the engine bearers and fastenings thereto, together with the additional compensation put in by the builders (and at our request), we are decidedly of opinion that this part where the box keelson is cut, is quite as strong as any other part of the vessel, and, therefore, did not consider it necessary to call the attention of the Board. We beg to add, had Mr. Rubie seen the vessel before the machinery was put in, we think he would be quite of our opinion.” In that opinion you do not concur?—I do not concur in it, and as the Honourable Baronet has referred to Mr. Rubie, who is the Southampton Board of Trade surveyor, perhaps you would refer to his opinion upon the matter: He says, “I beg to add, had I surveyed this vessel during construction with a view to giving a ‘declaration,’ I should have considered it my duty to have called the attention of the Board to the keelson being cut to admit a fly wheel to some of the machinery; to obviate which, would involve the removal of some of the machinery, or a radical alteration, to effect which would require the delay of the vessel for several weeks.”

1411. Mr. Rubie did not agree with the other parties?—No; neither do I.

1412. *Mr. Peel.*] What is the declaration that he speaks of?—A declaration that the Board of Trade surveyors have to give, before the certificate is supplied from the head office in London; that is, with regard to carrying passengers; my survey has reference to mail contracts.

1413. That declaration has nothing to do with the employment of those vessels in the conveyance of mails?—Not the least; I may mention that I am not at all governed by the Board of Trade surveyor; I form my own judgment. There are many cases where ships would pass the Board of Trade surveyors, but they would not be up to the requirements of the mail contracts.

1414. *Sir John Trollope.*] Did you view the ship in company with the Board of Trade surveyor?—Mr. Rubie was on board at the time, but we were quite independent.

1415. How long did your inspection take?—I spent a great deal of time about the “Columbia,” more than usual; I visited her at Southampton twice or three times, because those alterations and additions which I referred to, were going on, and it was necessary to get the ship away on the 9th of April.

1416. You viewed her from time to time?—I viewed her from time to time, and I attended in order that there should be no delay.

1417. Did

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1417. Did you take more than one day at a time?—Yes; two days sometimes.

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1418. Mr. Peel.] When you say that it was necessary to get the ship away by the 9th of April, you mean necessary to the company?—Yes; the day fixed was the 9th of April, and as it would not be possible to get her away on that day, without great exertions, as intimated to me by the company, as a public officer I thought it was my duty to do all I could to forward the company's service to get the vessel ready by that time.

1419. Chairman.] Are the Committee to understand you that the Board of Trade surveyor examines a vessel solely with regard to her seaworthiness, and that you as the Admiralty surveyor, survey her not only with regard to her seaworthiness, but with regard to her power to fulfil the contract?—That is just the case.

1420. Who surveyed the "Columbia" when in dry dock at Southampton?—She was never surveyed by the Admiralty officer in dry dock. When I arrived at Southampton, I found that the ship had been in dock and taken out before intimation was sent to me to survey her, the company, I suppose, considering that it would not be necessary, and it became a question with me whether I should insist upon her being docked again for examination; and that was an open question until I had examined her on the inside, and from statements that were made to me and the shortness of the time, I abandoned the idea of examining her in dock, and I formed my opinion from seeing her afloat, which was quite sufficient to enable me to make the report which the Committee have before them. She was examined in dry dock at Southampton, I presume by the Board of Trade surveyor, but I am not positive upon that point, there is a carpenter of the navy attached to the mail office at Southampton, who is, I consider an independent man, and being one of the Government officers, I got a report from him as to the state in which he found the bottom of the vessel, which was sufficient to justify me in allowing her to go for two or three voyages without seeing her in dry dock; but it was my intention at the expiration of two or three voyages to have thoroughly examined her in dry dock.

1421. With regard to the "Hibernia," I think you stated that you did not see her until she was in the dry dock of Messrs. Laird's yard at Birkenhead, after the accident which she had met with?—Yes, that is so.

1422. What was your opinion of the original construction of that ship?—My opinion, judging from the facts which were before me, was, that she was weak at the bottom, and weak at the top, longitudinally.

1423. Did she give such indications of weakness when you surveyed her as to induce you to believe that she was originally defective in her construction, or that what had happened to her was the effect merely of a very severe gale, and that she was shaken and weakened in consequence of one of those occurrences which could not be foreseen?—Of course, forming an opinion from seeing her in the dock, I could come to no other conclusion but that she was deficient in strength in her original construction; there were facts from which one could very easily judge.

1424. Do you believe that she could be now sufficiently strengthened to carry on the postal service, with efficiency?—My survey even in the dock was not of a very minute description; the engines and boilers were on board, and before giving a decided opinion, I should much rather make a more detailed survey, but as I before observed there are several questions depending upon the strengthening of the vessel; you add weight, and you may diminish speed, and you may also diminish stability, so that it must entirely depend upon our survey when she is completed as to her efficiency for the postal service.

1425. Mr. Peel.] Do I correctly understand you to say that this clause in the contract, about submitting the designs of those vessels to the Admiralty, originated in the former intentions of the Government to employ those vessels for carrying heavy guns in case of war?—I do not think I can give a positive answer to that question; it was before my appointment to the Admiralty, but when I was first appointed mail steamers were intended to be so constructed as to carry a certain amount of armament, but that has since been abandoned, and I think it is very probable that that clause was inserted with that view, but it can be ascertained at the Admiralty.

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1426. *Sir Morton Peto.*] With regard to the vessels now employed by Sir Samuel Cunard and the other companies under contract with the Government, has it not been the habit with the Admiralty always when they have been presented for service to have them surveyed?—Yes.

1427. For instance, the “*Scotia*,” which is just completing in the Clyde, when she is completed she must be presented, and must pass the surveyor, must she not?—Yes, she must pass my survey, or that of some one deputed for me.

1428. That survey is a practical survey to determine whether she is competent to perform the service, and in every respect seaworthy?—Yes, certainly.

1429. *Mr. Peel.*] If you found defects in that vessel either in its construction or in its execution, you would not consider that the Government were responsible for those defects, because you were called upon to survey the vessel when finished?—No, certainly not; the company are responsible. If a vessel is surveyed, and it should afterwards turn out that she is deficient in any respect, the Postmaster General or the Admiralty, as the case may be, can call for another survey. Those ships, according to the contract, must be kept constantly in a state of efficiency. If you refer to the contract you will find that there is a clause there empowering the Government to survey those vessels at any time.

1430. *Chairman.*] I think you have surveyed the “*Parana*,” have you not?—Yes.

1431. Did you survey her on two occasions, or only on one?—I have surveyed her on two occasions for the Atlantic Royal Mail Company, and I had surveyed her previously for the West India Mail Company.

1432. When was the first time that you examined her for the Atlantic Company?—At Galway; I am not prepared with the date, but you will find it in my report.

1433. Was it about August 1860?—Yes.

1434. You stated, I think, then, that you did not consider that she had sufficient speed to ensure compliance with the terms of the contract, especially in reference to the voyage to New York; but from the greater length of time allowed between Galway and Boston, you thought that she would, at that season of the year, perform the latter voyage in the time specified?—That was my report at the time; I would observe, that I think it is there stated that we had no means of trying a ship at a measured distance at Galway, and I had to form my opinion upon the examination of the log, and the vessel was to start on the Tuesday following the Saturday afternoon on which she was surveyed.

1435. *Mr. Walpole.*] You added, “Under these circumstances we are of opinion that this vessel is fit for temporary service in conveying the mails between Galway and Boston, but not for permanent service;” that was your opinion in August 1860?—Yes.

1436. *Sir John Trollope.*] Was that solely on account of want of speed?—Yes, at that time.

1437. Was she deficient in any other requisite?—No, I could not find out anything else deficient; I considered that she was seaworthy; of course, my survey was a hurried one; the vessel was wanted at once.

1438. *Mr. Peel.*] Did you say that you surveyed the vessel for the West India Company?—Yes.

1439. Was she deficient in speed for the purposes of that company?—I am not in a position to state, from my own knowledge, whether she was or not.

1440. But that company had discontinued employing her, had they not?—I believe so; but I am not in a position to state that from my own knowledge; Captain Patey, the superintendent of the mail service at Southampton, would be able to furnish you with all those particulars.

1441. *Sir John Trollope.*] Do you know whether the West India Mail Company is tied down to time in its voyages or not between port and port?—I believe so.

1442. Have you any knowledge of the terms of their contract?—No, I have not a recollection of them at this moment.

1443. *Mr. Peel.*] Do you know what is the distance which their ships are required to go now?—No, I do not.

1444. Do

1444. Do you know what distance these ships go, and at what speed these vessels ought to go?—I know the approximate distance between Galway and St. John's, and Galway and New York, upon which, of course, I have had to form my opinion.

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1445. There is no penalty for their not reaching St. John's in any particular time, under this contract, is there?—I cannot speak from memory, I think not.

1446. What is the speed at which those vessels are required to go, in order to complete the voyage from Galway to Boston and New York, for any overtime for which they are liable to penalties?—From Galway to New York it would be necessary for a vessel to go across the ocean, I think, at $11\frac{1}{2}$ knots, and from Galway to Boston, I think it is $9\frac{1}{4}$ or 10 knots; at all events, much less.

1447. You do not know that the West India mail packets are not required to go so fast as that, but the "Parana" was not able to do even the less speed required by that company?—I cannot answer that question satisfactorily.

1448. *Chairman.*] You examined the "Parana" in April 1861, did you not?—Yes.

1449. You tried her, did you not, by the measured mile in Stoke's Bay?—Yes.

1450. You found that the speed which she had attained, was 11 and a fraction knots per hour?— $11\cdot8$, I think.

1451. That was considerably above the amount of speed which was required for her to reach Boston, was it not?—Yes.

1452. The trial which she performed was considerably above the speed which would be requisite for her to reach Boston within the contract time?—Yes, it was over that speed.

1453. But you were desired to report as to whether she had speed enough to reach St. John's within six days?—Yes, as required by the contract.

1454. And the average speed which she did attain on that trial, would be sufficient, could she have maintained it with her average load draught, to have reached St. John's within six days?—Yes; if she could have maintained it across the ocean the same as she did at the measured mile.

1455. What is the calculation which you generally make for the difference of speed between a vessel with a load, and where she has 13 inches under the load draught?—I consider that a vessel should go about two knots more at the measured mile than she is required to go across the ocean; that is generally about the difference of speed.

1456. You are aware, I believe, that the "Parana" did reach Boston in one day and several hours under the contract time?—Yes, I have understood so.

1457. And that she returned home in the contract time?—Yes.

1458. And that she returned also from Newfoundland within six days?—I was not aware of that.

1459. Therefore, if you had been asked the question, whether the "Parana" could have accomplished the distance between Boston and Galway within the contract time, you would have replied that she could have done so?—There would have been a doubt in my mind, but I should have given the vessel the benefit of that doubt, if it had been to Boston only, and not to reach St. John's in the time stated in the contract.

1460. *Mr. Peel.*] Not being required to go to Newfoundland by the contract in six days, you thought she possibly could do it?—Yes; but I did not think she would do the distance between Galway and New York in the time specified in the contract.

1461. Did you give a report to that effect?—That is in my report from Galway, in August 1860, that I considered that she was not of sufficient speed to perform the voyage from Galway to New York, and that was my opinion when I made my report on 3d May 1861.

1462. *Mr. Walpole.*] What is the difference in distance in going straight from Galway to Boston, or in going from Galway to Boston, calling at St. John's?—I cannot say.

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1463. *Chairman.*] I think the particular voyage for which the "Parana" was required on that occasion was to go to Boston, was it not?—Yes, in August 1860. Perhaps the Committee will allow me to mention that on that survey the superintendent of the company represented to me the circumstances in which they were placed to require this vessel to go, and that they had no other, that of course weighed with me, so that I took as liberal a view as I possibly could; I only passed her for temporary service. I felt certain in my own mind that she was not of sufficient speed to comply with the conditions of the contract.

1464. Are you aware whether it could have been possible for the company to have procured any vessel which could have done the service between Galway and Newfoundland within six days regularly?—I could not answer that question; it is possible that there may be very fast ships in some of the ports which I know nothing about.

1465. *Mr. Peel.*] I suppose the Admiralty or the Post Office always act in accordance with the reports which you make to them?—Yes; I have never known an instance where they have departed from my report; therefore, I consider it the more important that I should be very particular.

1466. And you reported that the 'Parana' was not capable of performing the service contracted for?—Yes, that was my opinion, and that is still my opinion.

1467. *Mr. Walpole.*] When you take the average speed of a vessel on trial, the water being at the time smooth, as you mention in your certificate here, and you find that it is 11·812 knots per hour, what deduction do you make from that speed in order to strike the average for going across the Atlantic?—About two knots.

1468. That is the evidence which Mr. Laird gave to the Committee on Tuesday; were you here then?—No, I was not; I was at Sheffield, and I could not attend in London.

1469. However, that is your opinion?—Yes; in the Peninsular and Oriental Company's service we require ships to go 12 knots to the measured mile, and, if my memory serves me rightly, I think the distance which they have to run across the ocean is about 10 knots.

1470. In the certificate, you having mentioned that the average speed was not in your opinion sufficient to secure the fulfilment of the stipulations of the contract, you would have thought that, taking the average into your calculation as to how quickly she could have crossed the Atlantic, that would have reduced it to something under 10 knots an hour?—Yes.

1471. If you had reduced it to 10 knots an hour, could she have done it within the time required?—No.

1472. You still adhere to the opinion that you think she could not have performed the stipulations of the contract in May last?—She certainly could not; it was impossible.

1473. *Chairman.*] Do you not consider 11 knots an hour over the Atlantic to be a very high rate of speed to maintain for the summer and winter service?—It is a very good ocean speed; but there are vessels which will do it, I think.

1474. Do you know who it was that surveyed the "Persia"?—She was surveyed by an officer who was stationed at Glasgow at the time. I was so engaged that I could not get down there, and, as in the case of the "Hibernia," we employed another officer; but I have surveyed the "Persia" since, and made an inspection of her in dock.

1475. She was passed, was she not, and afterwards found to be weak, and was very considerably strengthened, was she not?—They made some additions to her, but not to any very great extent.

1476. Was it to the extent of as much as 40,000 *l.*?—I should think not.

1477. Were you asked to report upon the "Parana" for permanent service, or only to inspect her for a substituted or temporary service?—There was no reference made as to its being a temporary or a permanent service in the letter from the Postmaster General.

Mr.

Mr. *Jeremiah Lewcock*, called in; and Examined.

1478. *Chairman.*] ARE you a surveyor to the Admiralty?—I am Inspecting Officer of the building of Her Majesty's iron ship "Defence," at Jarrow-on-the-Tyne.

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1479. You were the inspector of the construction of the iron ship "Defence," which is now being built at Messrs. Palmer's, on the Tyne?—Yes.

1480. Were you present in Messrs. Palmer's yard when the "Hibernia" was being constructed?—Part of the time.

1481. Did you survey her, from time to time, during her construction?—I did not specially survey her. I saw the works going on, from time to time, but I had no authority to interfere in anything. The company had an inspector of their own.

1482. Were you called upon to report upon the "Hibernia," to the Admiralty, upon the 4th of March 1861?—Yes.

1483. And did you report that the "Hibernia" was in every respect fit to be employed for the conveyance of mails between Galway and the United States?—Yes.

1484. In accordance with the contract of the Atlantic Royal Mail Steam Navigation Company?—Yes.

1485. You considered her a perfectly fit, strong, and seaworthy vessel?—I did.

1486. You considered that her construction was good, and that her workmanship was good?—I did.

1487. Did you carefully examine that vessel through, both with regard to construction and workmanship, before you sent in that report?—Yes; but allow me to observe, that when I was ordered there, the ship was afloat, with engines, and boilers, and coals on board; so far as I could get at her, I surveyed her.

1488. *Mr. Walpole.*] Have you seen her since her accident?—No.

1489. Did you hear Mr. Jordan's evidence, on Tuesday, on this vessel?—No; I was not here.

1490. *Mr. Brown-Westhead.*] Do you know what Mr. Jordan said with regard to this vessel?—No.

1491. *Sir Morton Peto.*] You have not seen her since she left the Tyne?—No.

1492. *Mr. Peel.*] How long have you been employed under the Government?—I served my apprenticeship in Sheerness Dockyard as a shipwright.

1493. Have you remained since in that yard?—No; from there I was sent to Blackwall on the building of Her Majesty's ships "Vulcan" and "Megæra," iron ships; from there to Chatham Dockyard, still shipbuilding, and from there to Portsmouth Dockyard.

1494. In the factory department?—In the shipbuilding department.

1495. And now you are employed as inspector of a ship which is building by the contractor?—Yes.

1496. Have you been often employed in surveying vessels?—Not often in surveying vessels; at least, not vessels like the "Hibernia," when they have been complete. The "Hibernia," as I said before, when I was sent to her was complete.

1497. Have you ever before passed a merchant mail vessel?—Yes, two at Liverpool; I forget their names.

1498. *Sir John Trollope.*] Could you make a competent survey of a vessel that was afloat with her engines and coals in, and sunk deep in the water?—No, I could not, to say properly survey every minutiae of the ship.

1499. You could not get at her keelson, for instance, could you?—Yes, I could get at the keelson by lifting up the plates in the stoke hole.

1500. Did you examine her rivetting?—Yes.

1501. Was it sufficient, in your opinion?—So far as I saw see when the ship was building at the yard; I saw the rivetting going on, and I saw her and looked round about her.

1502. Did you observe the mode in which her decks were protected; had she a proper gunwale?—Yes, she had a circular plate outside; the outside gunwale plate was circular, and then she had a strong wooden gunwale in addition to that.

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1503. Sufficiently high to save her against the seas of the Atlantic?—She had no raised bulwarks; she had iron stanchions and rails of iron and wood.

1504. Do you consider that sufficient for ocean steamers?—I should think it was.

1505. *Walpole.*] I will call your attention to one or two questions put to Mr. Jordan, and his answers with regard to the “Hibernia”. At Question 953, he is asked, “What was the state of the hull of the ‘Hibernia’ when you examined it so far as you could then ascertain?” (that was after the accident). His answer is, “When the water was leaving the vessel, before it had well got out of the dock, as soon as we could get under the bottom, we found the water running out from every butt, and some of the seams and many of the rivets the whole length of the flat bottom; the bilge butts were very much strained, and the butts in the upper strakes were very much strained.” The next question put to him, “Were those defects in construction, or arising from an accident that had happened to the ship?” He replies, “I think they arose both from errors of construction and from imperfect workmanship; unsound rivetting.” In another question he is asked, “Did you find that she was deficient at all in longitudinal fastening?” and he says, “I did; there were no keelsons worthy the name for a ship of that magnitude.” Then he goes on pointing out several defects both in construction and workmanship; and then he is asked these two questions, “Are you aware that the Admiralty surveyor, (that is yourself) stated at page 3, of Paper 277, to the Admiralty with regard to the ‘Hibernia,’ (that is the report that you made,) ‘I beg to report that the ‘Hibernia’ is in every respect fit to be employed for the conveyance of the mails between Galway and the United States.’” His answer is, “I have read that report.” Then he is asked, “How do you account for this report on the part of the Admiralty surveyor?” His answer is, “It is quite unaccountable. If the Committee wish it I have some samples here as evidence of the truth of what I am advancing with respect to the imperfect workmanship, and they can be produced if the Committee wish it.” Having read to you those questions and answers from Mr. Jordan’s evidence, who seems to imply from those and from other questions and answers that those defects in construction could have been noticed before the accident. If those defects in construction were of so serious a character, can you explain why you gave to the Admiralty a report that that vessel was perfectly fit to undertake the voyage?—I saw no bad work or rivetting about her. I went through the ship and took the required dimensions of frame and plates, and the other necessary concerns that I was required to take the dimensions of, and I took notice of the rivetting. That ship is double rivetted throughout the plating, and single rivetted along the frame. The rivets are eight inches apart in the frame, and, as I said before, she is double rivetted, and I saw no bad rivets.

1506. Take this one answer, that there were no keelsons worthy of the name for a ship of that magnitude; do you agree with that?—That ship has what is termed an intercostal keelson that is worked in between the floors, and she has angle irons at the bottom next the keel plate, and two continuous angle irons running along fore and aft on the top of the floors.

1507. Do you agree in that opinion, that she had no keelsons worthy the name for a ship of that magnitude?—I do not.

1508. *Sir Morton Peto.*] You are now superintending the building of the “Defence;” is that in Messrs. Palmer’s yard?—Yes.

1509. Was the “Hibernia” building at the same time as the “Defence”?—Partly so.

1510. I think you stated to the Committee that you saw her during construction repeatedly, though your attention was not specially called to her?—I saw her several times.

1511. I presume you took into account the previous observations which you had made during the construction and the examination at the time, and taking both together, you gave the opinion which we see at page 3 of the Parliamentary Paper as the result of the best conviction and judgment which you could arrive at?—I did. I saw the men at work at the rivetting, and I never saw men work harder, that is to say, rivet better.

James Luke, Esq., called in ; and further Examined.

1512. *Chairman.*] DO you wish to qualify any part of your former evidence? —Yes; I was asked a question with regard to the distance between Galway and New York, and I think I stated that it required a vessel to make $11\frac{1}{2}$ knots across the ocean. I made a mistake in that; I was thinking of Galway to St. John's. From Galway to New York, would require a vessel to make an average in all weathers of about $10\frac{1}{2}$ knots, and from New York to Galway about $11\frac{1}{2}$ knots.

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1513. *Mr. Peel.*] *Via* St. John's, do you mean?—Yes; that is to say, she would require to go across the ocean at $10\frac{1}{2}$ knots, calling at St. John's on the outward voyage and about $11\frac{1}{2}$ on the homeward.

1514. *Sir John Trollope.*] Do you wish to correct your answer with regard to the "Parana," in which you stated that she was not competent to go at the required speed?—I am still of that opinion, that she has not speed sufficient to comply with the conditions of the contract between Galway and New York.

1515. Would she not do $10\frac{1}{2}$ knots across the ocean?—No, not in all weathers.

1516. *Mr. Walpole.*] You mean that she would not average that across the ocean?—No, not during the year; during the winter and summer; that is the point upon which I gave my answer.

1517. *Sir Morton Peto.*] Did you give that answer with regard to the "Parana," as a substituted ship, or as a permanent ship?—As I said before, it had no reference to temporary or permanent; it was this, whether the ship could fulfil the conditions of the contract, and I said she could not, and I still think she could not.

1518. *Chairman.*] Do you think she could not have performed the service for one or two voyages during the summer, in fine weather; could she have performed the voyage in May, according to the terms of the contract?—No, I think not.

1519. *Mr. Walpole.*] Your last certificate is dated the 3d of May 1861, and you say, "I beg to state that a trial of the 'Parana' took place yesterday at the measured mile in Stoke's Bay, her draught of water being about 13 inches under the load draught, and the water being at the time smooth; the average speed attained was $11\cdot812$ knots per hour, which is not, in my opinion, sufficient to secure a fulfilment of the stipulations of the contract. As far as could be ascertained from a general inspection afloat, in the short time allowed for this purpose, the hull appears to be at present in good and seaworthy condition," do you adhere to that opinion, that she was not sufficient to secure the fulfilment of the stipulations of the contract, to go from Galway to Boston, *via* St. John's, in May 1861?—I adhere to my opinion, that she was not of sufficient speed to fulfil the conditions of the contract to go from Galway to St. John's in six days.

1520. I think I put the question to you in a different form; was she of sufficient power and speed to go to Boston in May 1861, and fulfilling the stipulations of the contract, that is to say, calling at St. John's to deliver telegraphic messages in six days, and to go on to Boston afterwards?—No; she could not have done it.

1521. *Sir Morton Peto.*] Putting aside the six days, was she sufficient to have done the distance to Boston without taking other things into account?—Yes; I think she would do it in the summer time, under favourable circumstances.

1522. *Sir John Trollope.*] By favourable circumstances, you mean if she met with no impediment from fogs or ice off Newfoundland?—If she did not meet a head wind or head sea.

1523. Are you aware that those packets are frequently delayed from other causes than winds?—Yes.

1524. We have evidence that they are delayed by fogs; do you take that into consideration?—No.

1525. *Sir Morton Peto.*] I want your decided answer to this point; you give an opinion with regard to St. John's, and not with regard to the whole voyage, when you speak of her non-sufficiency; and your opinion is, that she could not do the distance to St. John's within six days?—Yes.

1526. *Mr. Peel.*] But knowing what the stipulations of the contract are, was it your opinion, and is it your opinion still, that this vessel was not capable of fulfilling those stipulations?—Yes; that she was not capable of fulfilling the stipulations of the contract.

1527. *Sir Morton Peto.*] Allow me to call your attention to this paper of the

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times of her voyages: it appears that on the 7th of May she did her voyage within one day, three hours and thirty minutes, under the contract time?—Yes, I have understood that.

1528. You have given us your opinion, that the “Parana” was not adequate to the fulfilment of her engagements as referred to by the Honourable Member for Bury, to get to Newfoundland within six days?—Yes; nor could she get to New York within the time specified in the contract.

1529. Do you conceive that she was sufficient to do the distance to Boston?—Yes; I consider that under favourable circumstances she would do the whole distance to Boston, without regard to the six days to St. John’s; but she would not do the distance to New York, according to the stipulations of the contract.

1530. *Chairman.*] The voyage for which you were going to survey her was a voyage to Boston, was it not?—I am not quite sure at this moment.

1531. *Sir Morton Peto.*] You were surveying her, were you not, with regard to a voyage to Boston?—Pardon me; I was surveying her with regard to whether she could fulfil the stipulations of the contract, and I reported that she could not.

1532. You gave the opinion that she would not do the distance from Galway to Newfoundland in six days, and she would not be competent to do the distance to New York; but you say to Boston she might do so. I call your attention to the fact that the return of two voyages shows that she did the distance to Boston in 1 day 3 hours 30 minutes within the time?—Yes, that might be so; and yet not reach St. John’s in six days.

1533. *Mr. Peel.*] Was the question asked you whether she could go to Boston, or whether she could perform the stipulations of the contract?—If you will refer to the Postmaster General’s letter, you will see upon what I make my report.

1534. *Chairman.*] Therefore, I presume that your reply is, with regard to the general character of the “Parana,” that you do not consider that she would perform the service, and that she had not speed enough to make the voyage to St. John’s within six days?—That was my opinion, and also that I considered she would not fulfil the stipulations of the contract from Galway to New York.

1535. Your report was based upon the “Parana” being employed for the general service of the company, and not for an exceptional voyage?—I had no instructions about an exceptional voyage.

1536. *Mr. Peel.*] Did you receive an instruction of this character: “The Postmaster General considers it important that the surveying officers should be reminded, on the present occasion, that, whether the packet be bound for Boston or New York, the Atlantic Company are bound, by their contract, to reach St. John’s, Newfoundland, within six days after leaving Galway; and every vessel employed under the contract ought, therefore, to be able to attain such a speed as will secure a fulfilment of this stipulation”?—Yes, on that letter I surveyed the vessel, and made my report.

John Brough Palmer, Esq., called in; and Examined.

J. B. Palmer, Esq.

1537. *Chairman.*] I BELIEVE you are one of the firm of Messrs. Palmer Brothers & Co., shipbuilders, at Newcastle-on-Tyne?—I am not one of the firm, but I take the general management of the yard and the engine works.

1538. *Mr. Walpole.*] Which were the two ships which you contracted to build?—The “Connaught” and the “Hibernia.”

1539. *Chairman.*] You have been made acquainted, I think, with the evidence which has been given before the Committee upon the subject of these ships which were built by you?—I have.

1540. It has been stated to this Committee by witnesses that the “Hibernia” had been defective both as regards construction and as regards workmanship; have you any remarks to make upon the evidence which has been given upon those points?—As regards construction, she was made strictly in accordance with the specification supplied to us by the company, which specification was prepared in the first instance by Mr. Galloway, of the Board of Trade, and the specification was submitted to us, to which I personally, on account of the firm, made great objection, especially to the heavy framing of the ship, and the want of longitudinal stringers; and it was ultimately decided that we must follow the specification. During the progress of the vessel, on our representation, longitudinal

dinal strength was added to the ship; and as a proof that we had no right to consider this our business, it was paid for by the company. We wanted more additions, which were declined by the company. The whole of the workmanship and material was subjected to very stringent superintendence on the part of the company by their surveyors, Mr. Henderson, Mr. MacLaren, and Mr. Glover. Several of the directors also visited the yard, and saw the ships from time to time. Mr. Galloway on one occasion also visited the yard. We had never had the slightest fault found with the workmanship during the course of construction, and it was with surprise and indignation that we found Mr. Jordan making the reports which he did at Liverpool. I have read the evidence of Mr. Laird, and I attribute the remarks that he made to his being a rival shipbuilder; and it is with questionable taste, I think, that those remarks were made. In justification of Mr. Galloway, I might state that vessels of this length, and so narrow in proportion to their length, had never been tried on ocean steam navigation, and it is, therefore, not surprising that Mr. Galloway and others should have designed them of that strength, and, as we have heard, Mr. Lewcock and the Board of Trade surveyors passed them without remark. When I saw the "Hibernia" at Liverpool, after having sustained the straining in the hurricane on the Atlantic Ocean, I believe that she was quite fit for summer service, and that she might have been made permanently fit for her station within two months by the additions of strength to be put in.

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1541. Do you deny that the rivetting was defective?—We deny *in toto* that the rivetting was defective.

1542. You consider that the rivetting was workmanlike and proper in every respect?—We have had several surveyors, and their surveys are here, and they have attributed the straining of the ship to the want of longitudinal strength; and as to the rivetting, we are prepared to show, if necessary, that the rivetting was of good quality, and extremely well put in, and the holes as fair as they could possibly be made in a practical point of view; theoretically, perhaps, it is a different thing, but practically, they were as fair as they could be made.

1543. Do you attribute any deficiency in point of strength in this vessel to the specifications upon which you had to work?—We think the specification as to the longitudinal strength insufficient.

1544. I suppose those specifications were for the sake of obtaining great speed?—The proportions of the ship were for the purpose of attaining great speed; the length and breadth and fineness of the lines.

1545. I suppose I may say that this was an almost novel experiment in building ships to attain that great speed, and to encounter the Atlantic at the same time?—I think it was.

1546. Consequently, I presume, that if any fault is found with those ships, it may have arisen from the fact of its having been, as it were, an experiment of a novel description?—To some extent it would be so; we were stepping very little over the boundary that had been laid down by the Cunard Company in the "Persia;" the ship was of the same length and the same power, and the only difference was that "the Hibernia" is a little narrower. The "Persia," as the Committee are aware, broke down on the first voyage, and she had to have 20,000 *l.* or 30,000 *l.* spent upon her, and now she is as good a ship as any ship that is afloat.

1547. Sir John Trollope.] Is she your build?—No; she was built by Mr. Napier.

1548. Chairman.] So that it was perfectly possible, in your opinion, that a vessel might be turned out by the builder weak, and in some respects deficient; but that when experience had pointed out where that deficiency has existed, it might be remedied by some additional outlay upon the vessel, so as to make her perfectly seaworthy and efficient in the performance of her duty?—That is my opinion.

1549. Do you consider that if those additions had been made to the vessel that you recommended, they would have strengthened her sufficiently to have enabled her to resist the gale which she encountered?—I believe they would.

1550. In Mr. Laird's evidence he has mentioned that his practice generally is to make additions to a vessel of his own accord, in order to render her seaworthy and efficient; have you any remark to make upon that?—We, in the first place departed from the usual practice in allowing the company to force upon us

J. B. Palmer, Esq. the specification of this vessel. In such a case, no builder is held either legally or morally responsible for any additions that need be made, and I am quite sure that if Mr. Laird had built a vessel according to the detailed specification of a company, he would not have strengthened the vessel at his own cost, had she been found weak, and there is no justice in supposing that any builder ought to do so.

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1551. Did you mention that those specifications were furnished to you from the Board of Trade?—Mr. Galloway, as a private individual, not as an officer of the Board of Trade, furnished the specifications to the company.

1552. Mr. *Peel.*] Who is Mr. Galloway?—The engineer surveyor of the Board of Trade for the port of London.

1553. You say that in his private capacity he lent his services to the company?—Yes.

1554. Was not it rather an incorrect statement of yours to say that those specifications were prepared by an officer of the Board of Trade?—Not inasmuch as Mr. Galloway is an officer of the Board of Trade.

1555. You say that he acted not in his official capacity under the instructions of the office, but as a private person?—As a private person.

1556. Without the knowledge of the department?—I cannot say that.

1557. *Chairman.*] You merely mean to say that the person who did furnish you with the specification had the position of being an officer of the Board of Trade?—That is all; and therefore that implies that he was competent to furnish such specifications.

1558–9. Was your vessel examined by any officer of the Board of Trade during the construction of the vessel?—Yes, frequently, but not officially.

1560. Sir *John Trollope.*] You stated that you departed somewhat out of the usual practice of the shipbuilding trade in receiving specifications in this form; is that so?—Yes.

1561. Are you not building the “Defence” at this moment?—Yes.

1562. Did you not receive a specification strictly laid down by the Admiralty?—Yes.

1563. You are not the author of it?—No.

1564. Then you depart again, in that instance, from your usual practice?—Yes.

1565. Is it not often in all contracts, whether it be building a ship or building a house, that anyone may take specifications from parties who are competent to give them?—Not in building ships; generally, the builder supplies his own specification, and is responsible for it.

1566. You would do that for the credit of your own firm, and you then hold yourselves legally and morally responsible?—Yes.

1567. Mr. *Walpole.*] Are the Committee to consider that those specifications were the requirements of the Government, or the requirements of the Company?—Of the company.

1568. Sir *John Trollope.*] You did not acknowledge in any way the interference or authority of the Government in respect to building those two ships for the Galway Company?—We were bound to obtain what is usually termed an Admiralty certificate for the postal service, and that generally is limited to the question of speed, pumping power, and all that sort of thing, on board ship, boats, and so on; they very seldom go into the actual strength of the vessel.

1569. But if you take into consideration the fact of being required to build a ship of an estimated speed, and you afterwards alter the trim by putting in longitudinal strengthening, would you not alter her speed by the additional weight?—In a vessel so large as that, no additional strength that we might put in would alter the trim of the ship; if we put 300 or 400 tons of iron in, it would not alter the trim of the ship, and would not diminish her speed; the ‘Hibernia’ was tried in Stoke’s Bay, with 600 tons of coal in, and a quantity of pig iron was afterwards put into her.

1570. What was the result?—Fifteen knots was the speed.

1571. *Chairman.*] Was that equal to the speed under the contract entered into with you on the part of the company?—There was 20 miles an hour under the most favourable circumstances put into the contract, and I have no doubt that the vessel might attain 20 miles an hour under the most favourable circumstances, but it would be a difficulty.

1572. Mr.

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1572. Mr. *Brown-Westhead*.] You state that you suggested to the company that better means should be taken to strengthen the ship; did you furnish any estimate for the suggested strengthening of the ship?—No; we never even suggested what it should be; merely in general terms. J. B. Palmer, Esq.
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1573. Mr. *Peel*.] I observe that the clause in the contract to which you refer is expressed thus: "That each of the said vessels when completed, upon a fair and proper trial thereof, made to the satisfaction of the said company previous to the delivery thereof to the company, accomplish a speed at the rate of 20 statute miles per hour in smooth water, and consume not more than 8,800 pounds of fuel per hour;" I do not see any mention there of "under the most favourable circumstances?"—It was understood to be in smooth water and all that sort of thing.

1574. Mr. *Walpole*.] Do you mean that smooth water is equivalent to the most favourable circumstances?—It was rather understood than put in the contract; it was implied.

1575. Mr. *Peel*.] According to the contract there was no mention of the most favourable circumstances?—No.

1576. *Chairman*.] Had you been allowed every latitude yourself in the construction of the vessel to perform this postal service according to the contract between the Admiralty and the Atlantic Steam Navigation Company, would you have built the vessel according to the specifications that you had received?—We submitted specifications in the first instance for the contract that was entered into in November 1858; they were based upon Lloyd's rules, and were very different indeed from the specifications that were afterwards given to us; they were much stronger ships.

1577. Mr. *Peel*.] And what was the price?—They were smaller ships, and the price was smaller.

1578. Were they much smaller?—They were 30 feet shorter and the price was 20,000 *l.* less.

1579. *Chairman*.] What was the price?—£. 75,000, I think it was.

1580. What was the tonnage of the vessels?—I cannot speak from recollection.

1581. Mr. *Peel*.] Were those vessels guaranteed to go 20 miles an hour?—I forget that; it was a provisional contract.

1582. Could you recollect whether those vessels were guaranteed by the contract that you speak of, to go 20 miles an hour?—I am under the impression that they were, but I would not like to say so positively.

1583. Sir *John Trollope*.] Do you remember the length and breadth of the "Hibernia?"—It was 360 feet long and 40 feet beam. I do not exactly recollect the depth, but it was something like 32 feet.

1584. You objected to the proportion of the beam, to the length, did you not?—No; I did not.

1585. What is the proportion that you do object to; is it the depth?—I object to the way in which the material is put into the ship.

1586. You think that the proportions are good; do you, as regards the beam and the length?—I think a little more beam would have been better. I have no particular objection to urge against the proportions, but the lines of the ship are too fine. Our first model was not nearly so fine as this, but we were desired to make her still finer than the first.

1587. Were both those vessels, the "Connaught" and the "Hibernia," built upon the same models?—Precisely the same.

1588. Were the amended models, made by Mr. Galloway, the same as the original ones?—No; he did not make the models of the ship.

1589. Who amended them, then?—We made the model of the ship, subject to the alterations suggested by the company.

1590. Mr. *Walpole*.] You were bound to deliver those two ships within 12 months, were you not?—Yes.

1591. Can you tell me when they were delivered respectively?—One was delivered within 12 months; that was the "Connaught;" the other one was ready for delivery within 15 months, but she did not leave the Tyne until some time after.

1592. May I ask what were the reasons why the second ship was not delivered within the time contracted for?—She was not ready in time.

1593. What was the cause of the delay?—We had been disappointed in the payments

J. B. Palmer, Esq. payments from the company, and we relaxed our efforts, to some extent, in completing the second vessel.

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1594. The payments were to be made by instalments, were they not?—Yes; they were.

1595. Was there any delay in the payment of the first instalments?—There was.

1596. I mean, delay sufficient to prevent your going on building?—Hardly that; it made us lukewarm in the matter.

1597. When did it begin to make you lukewarm?—After the first instalment was not paid.

1598. When was the first instalment paid?—I cannot tell you that.

1599. *Mr. Peel.*] When was it due; take the “Connaught” first. When was the first instalment due for the “Connaught”?—In July; but I did not come prepared with that.

1600. *Sir John Trollope.*] The “Connaught” was delivered at the time specified, was she not?—Yes, at the time required.

1601. Then there was no delay on account of the payment of the instalments with regard to her?—Yes, there was delay, but she was delivered within 12 months, but not in the time of the contract.

1602. *Mr. Walpole.*] That was 10 months, was it not?—Yes.

1603. *Sir John Trollope.*] If the payments had been made at the time specified would you have been able, by putting on extra force, to deliver the ship at the proper time?—Not the second ship in the time specified in the contract, but we would have been able to deliver them earlier than we did, decidedly.

1604. *Mr. Peel.*] But you could not have completed the second ship within the time under the most favourable circumstances?—We could not, on account of some accident that we had with our large cylinders; we made two bad castings.

1605. *Sir John Trollope.*] Were both parties, yourselves the builders and the company, under mutual penalties with regard to the delivery of those ships?—Not mutual; we were under penalties in case of non-delivery.

1606. They did not become due in consequence of the instalments being behind hand?—No, the “Connaught” was delivered in time for the company’s purpose.

1607. But not in time for their contract, was it?—No; they have never raised the question of penalties, and we have never begged it, as a matter of course.

1608. There were good reasons on both sides, I suppose?—We suppose so.

1609. *Mr. Walpole.*] Did they ever assign to you any reasons for not being able to pay the instalments at the time when they fell due?—That they had not got their shares in, I suppose.

1610. They did not assign any particular reason to you?—They did not. My brother attends to the financial department, therefore I cannot speak positively as to any part of it.

1611. *Chairman.*] You are not aware that they alleged that as the reason, that they could not get their shares in?—I know that that was one reason alleged, but I do not know what other reasons might have been alleged.

1612. *Mr. Brown-Westhead.*] In what way did the company pay you; was it in cash or bills?—Bills, I think; generally by three months’ bills.

1613. Were those bills duly met?—Sometimes they were renewed.

1614. *Chairman.*] Do you believe now that the “Hibernia,” when strengthened, and repaired, will be a thoroughly efficient vessel, and able to perform the contract with the Government, and that she would have been able to perform it had the contract continued?—I do not agree with the mode of strengthening the ship; I have no doubt that she will be stronger than she was, but I would not like to say that she would be amply strong; I think the manner of putting the doubling on to the ship is not the correct way of doing it.

1615. *Mr. Peel.*] By this contract you were to take 10 per cent. in shares?—£.10,000 in shares, I think.

1616. Have you done so?—We have, so far; but under another arrangement they are to be taken up next April at par price, by the company.

1617. Have you a mortgage upon those ships?—We have, upon the “Hibernia.”

1618. To what amount?—£.50,000.

1619. You have 50,000 *l.* mortgage, and 10,000 *l.* in shares?—Yes.

1620. And

1620. And what have you been paid in cash for the "Hibernia?"—I cannot tell you.

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1621. Are there any bills outstanding at the present time, in payment for this ship?—I can hardly say; my brother attends to all that; I think there may be bills.

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1622. Mr. *Walpole*.] You have 50,000 *l.* on the two ships, have you not?—One is lost; I think there was another mortgage on the "Connaught," but I cannot tell the amount.

1623. Mr. *Peel*.] But you have a mortgage of 50,000 *l.* on the "Hibernia," have you not?—Yes.

1624. Sir *John Trollope*.] In the case of the "Connaught," when she was lost, were you covered by the insurance?—Yes.

1625. You have no longer any claim upon the company as regards the "Connaught"?—No, that is entirely settled.

1626. *Chairman*.] Have you anything else which you wish to state to the Committee?—There are just a few points in Mr. Jordan's evidence that I should like to speak of. He speaks of the unsoundness of the rivetting; we have had the rivetting examined, and I have examined it myself; I think the way that they go to work to examine the rivetting is totally unfair; they knock the heads off with a sledge hammer, and then they say, now the rivet is slack in the hole, after slacking it with a sledge hammer, which is preposterous.

1627. Sir *John Trollope*.] You mean that they enlarge the hole by the action of the hammer?—Yes; and they make the rivet smaller by the action of the hammer.

1628. But in the case of the "Hibernia," which had been under a very heavy stress of weather, would not the strain of a weak ship enlarge the bolt holes as well?—Certainly it would, and it no doubt has done so. Mr. Jordan frequently remarks in his evidence that the rivets are small in the neck; now we always try to make the rivets fit just where the two plates come together, so that when one plate tries to draw itself the other rivet may fit just at the point where the plates meet.

1629. If the Committee understand you aright, you make all the rivets with a species of shoulder?—No, we always try to make them fit the junction plates.

1630. At the thickest part you rivet it, do you?—It is the smallest part of the hole; the rivets are parallel.

1631. Is the rivet of uniform thickness throughout?—Yes.

1632. Are they of one exact size?—Yes; they are all of malleable iron, the most ductile iron we can get, and the best iron; it is in evidence that it is good.

1633. The evidence shows that the rivets were good?—Yes.

1634. Mr. *Brown-Westhead*.] How are the holes punched?—By a regular punching machine.

1635. They would be uniform throughout, would they not?—Yes; that is to say, for the different sized holes that are used in the different parts of the ship.

1636. *Chairman*.] Have you seen it stated that the angle iron, that ran along the stringer plate, was very badly punched and rivetted?—I have read that.

1637. Do you deny it?—We deny it.

1638. You also take issue with Mr. Jordan, do you not, in his opinion as to the construction of the ship and the workmanship?—Yes.

1639. Are there any other points which you wish to mention to the Committee?—There are several points on which we wish to contradict Mr. Jordan; he says, in answer to Question No. 1005, that the engine shaft was found too small. There has never been any fault found with the engine shaft that we know of; one of the auxiliary engine shafts has been said to be too small, but that is a very different matter from the main engine shaft. In answer to Question No. 1011, he speaks of the diagonals under the deck as having worked; I examined them very carefully, and I found that they did not work as he stated.

1640. When did you examine that?—With Mr. Jordan, the first day that she was in dock; so that we saw them at the same moment of time.

1641. You entirely deny this allegation, on the part of Mr. Jordan, in answer to Question No. 1011, that there is evidence of twisting and waving on the part of the vessel, which had been proved by the fact of "the diagonals on the deck having worked, and the rivets showing themselves, and the dirt in the seams; so that the vessel has bent backwards and forwards as she has fallen over from side

J. B. Palmer, Esq. to side, and also gone up and down from the bottom, and drawn the plates"?—
I think that that is a gross exaggeration.

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1642. Do you agree, then, with the answer given to Question No. 1013, that the vessel does want vertical and longitudinal strength?—I agree that the vessel wants longitudinal strength, but she has got all the strength required by the specification. I have several reports from our surveyors on the state of the ship.

1643. Are those reports subsequent to the vessel being in dock at Liverpool?—Yes.

1644. Who were the surveyors?—Mr. Ditchburn, who is now present in this room; he is no member of our firm, and is not employed by us, except as a surveyor.

1645. *Sir John Trollope.*] He was employed on this occasion, was he not?—Yes; also Mr. Ritherdon, the East India Council surveyor; Mr. Ronald, the Peninsular and Oriental Company's surveyor; and Messrs. Westwood, Baillie, & Campbell, shipbuilders, on the Thames.

1646. *Chairman.*] Have they examined the "Hibernia" since she has been in the dock?—Yes, they have, and they all agree that the workmanship is good, and that the whole cause of the damage is the want of longitudinal strength. Those are the reports—(*delivering in the same*; vide *Appendix.*) I may also state that Mr. Morgan, the celebrated engineer, surveyed the ships during the course of their construction.

1647. *Sir John Trollope.*] At whose instance did he survey the vessel?—We believe that it was at the instance of Messrs. Overend, Gurney & Co.

1648. *Mr. Peel.*] Why was it at their instance; what interest had they in it?—I am not able to say.

Thomas Joseph Ditchburn, Esq., called in; and Examined.

*T. J. Ditchburn,
Esq.*

1649. *Chairman.*] HAVE you had long experience in shipbuilding?—I have had very long experience; ever since I was 14 years of age.

1650. You have been called upon, have you not, to examine the "Hibernia," since she has been in dock?—I have.

1651. By whom was you called upon to examine her?—Mr. Charles Palmer.

1652. And have you been down to Liverpool and examined her?—I have seen her three times.

1653. Had you ever seen her before she was in dock?—Never.

1654. What is your opinion of the construction and the workmanship of that vessel?—The construction of the vessel is unquestionably weak; the workmanship, in my opinion, is good, from a very minute examination, at three distinct periods; first, before she was disturbed at all, on the 3d of June; another very minute examination I went into on the 20th of June; and one recently on the 3d of this month. I found her workmanship, generally, what I should term good.

1655. Do you consider that whatever has occurred has been owing entirely to the gale in which she was caught, and which has considerably weakened her?—Not entirely to the gale; it was owing to original weakness in the construction of the vessel. Had she been properly constructed with regard to longitudinal strength the gale would certainly not have mischieved her. There is plenty of material in the ship, but it is badly arranged. She is very thick in the plates and very substantial in her ribs, but destitute of longitudinal strength.

1656. You consider, I suppose, by her being altered and repaired, that she can be made an efficient and seaworthy vessel?—She undoubtedly can be made a substantial vessel by the introduction of sufficient longitudinal strength.

1657. Are you perfectly prepared to state to the Committee that on a most careful examination you consider that her workmanship was on the whole creditable?—On the whole, it was; but as regards good workmanship, on the whole there were a few defects which always occur in ships of that magnitude, and in smaller ships. The great failure of the ship is deficiency of longitudinal strength.

1658. Did you look at the rivetting of the vessel?—Yes, I carefully knocked out

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out several, and found the iron of excellent quality, and the rivetting on the whole fairly done.

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1659. Do you think that those rivets were properly put in?—The rivetting was very fairly done, indeed.

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1660. Any fault that may be found with that vessel you attribute altogether to the defect of construction and not to insufficient workmanship?—Certainly. Had the vessel been well constructed the question of rivetting, and workmanship, and leakage would never have occurred; not for many years at all events. She labours under the disadvantage of a bad bow for a sea-going ship. She ships an immense quantity of water, and that has a tendency to strain her, hence the necessity of great longitudinal strength in her more than in vessels which are running in tranquil waters.

1661. That would necessitate bulwarks, I suppose, for the protection of the crew and passengers?—Bulwarks have proved dangerous to wet ships; the sooner the sea that tumbles on board is got rid of the better. Substantial bulwarks do not facilitate this; she had stanchions, rails and netting. It was obvious that she was expected to prove a wet ship. There had been erected on the weather-deck forward two very strong timber barricades, running obliquely from the foremast and terminating at the forepart of the paddlebox spongings. This was to prevent the head seas going aft; but all had been broken down and swept away, together with the fore-companion, skylights, and other deck fittings, by the force of the head seas.

1662. Sir John Trollope.] She would be a bad sea-going ship under those circumstances?—In heavy weather, if they drive her hard, she must be wet; there is something like 30 to 50 feet of bows before she receives any support from the water.

1663. She would ship every sea that she met?—In heavy seas they would necessarily come on board.

1664. Can that defect of construction be remedied?—No, not very well, without giving her a new bow.

1665. Do you say the protection to her bows was cut to pieces in that gale?—No, not the protection; the arrangement that was placed on the deck to prevent the sea running aft and deluging the whole deck.

1666. That was not strong enough, was it?—No; it was something like six or eight inches thick, hard wood, and it was broken to pieces by the force of the sea, though it was placed obliquely to the action of the sea. She went in up to her foremast, I understand; she had no buoyancy below the load water-line for 50 feet abaft the stem.

1667. Was that construction with a view of getting speed?—Yes; it was with the idea of getting speed.

1668. Would not that fail in its object, if she went that depth into the seas?—Most assuredly, because the ship plunges into the water instead of going through it.

1669. In fact, it would not attain its object?—On the contrary, they would have to ease the engines, and retard her speed to prevent her being so immensely wet in heavy weather; it was inevitable with such a bow.

1670. Chairman.] Do you think that the alterations and the strengthening, which are about to be applied to this vessel, are likely to retard her speed ultimately?—No; certainly not to retard her speed at all; on the contrary, it will be rather advantageous; the ship being made so very fine, was rather tender in her stability; and it is a common error in getting a ship very fine, that you make her very long, and lessen the stability, because the stability of a floating body depends mainly upon the area of the load water-line. The Queen's yacht, the "Victoria and Albert," was spoiled in the same way; they made her sharp, and in so doing cut away her stability. The additional plating at the bottom of this vessel will have a tendency to steady her so far as weight goes.

1671. It has been stated that the work in the "Hibernia" was inferior to the work that is generally turned out in the Clyde and at Liverpool; so far as your observation went, do you consider that the workmanship of the "Hibernia" was as good as the workmanship of the vessels that are being proceeded with at Liverpool, and at other dockyards?—It is average good work, quite equal, I consider,

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to the work in either of those localities. I have seen very inferior work at both places, both Glasgow and Liverpool, but the work here is very creditable upon the whole.

1672. Have you any other observation that you would wish to make upon the subject of the "Hibernia"?—Nothing more than that which is now being done, with reference to strengthening the ship longitudinally, seems to me to be prudent, and will make her seaworthy; it will also enable the additional weight of ballast put on board to increase her stability, to be dispensed with, and some advantage will be derived from the partial doubling of the bottom; but the ship having been built without a vertical main keel and substantial keelsons was a great omission.

1673. Mr. Walpole.] Do you agree with what the witnesses stated two days ago, that it will take four months, or possibly five months, before she can be ready for sea?—That depends mainly upon the facilities which the builder who has her in hand possesses.

1674. The builder says that she cannot be ready for sea in four months; do you agree with that observation?—No; when I saw her the other week, I should say that three months ought to be the outside time.

Harvey Lewis, Esq., a Member of The House; Examined.

1675. *Chairman.*] AT what period did you become Chairman of the Atlantic Steam Navigation Company?—About the month of June 1859.

1676. And you continued to be chairman till what period?—Up to July of last year, 1860.

1677. There was a letter written by you on the 18th of January 1859 to the Treasury, in which you mention that you had completed contracts for the building of five steam-ships, and, from the evidence which the Committee have received, it appears that those contracts were not formally completed till the 30th of June 1860; will you be good enough to explain to the Committee the reason of that?—I was not chairman of the company at the time, but I signed this letter as chairman of the day: I think the letter is correct. This was intended to be what the contract shows, a proposition on the part of the company to the Government to enter into a postal contract with them; and it states that we had completed the contracts for building certain steam-ships. The contracts had been, so far as the company were concerned, completed, for the purpose of the inspection of the Government; they had been completed with the builders; that is the only act which the company had to do with; the provisional contract was to be turned into an absolute contract as soon as the subsidy was granted, but it never was intended to say, and was never so understood by the late Government, or ever suggested, that we had given absolute orders for the steam-ships, because that wholly depended upon the question of the subsidy.

1678. Mr. Peel.] Therefore, there was not at that time subsisting any contract, either absolute or provisional?—Yes, there was an honourable understanding and an arrangement with Messrs. Samuelson, that, if the subsidy was obtained, they should have the order for the steam-ships upon the same terms as Messrs. Palmer, with whom, I think, provisional contracts had been signed, so that the arrangements, so far as the company were concerned, were completed, because they were honourable arrangements which could not be departed from by the company; and it is absurd to suppose that this in the slightest degree misled the Government, for it was perfectly well understood that the orders were not given until the subsidy was granted.

1679. There was no mention in the contract about their depending upon the grant of the subsidy?—The late Government, as a matter of course, knew there was not, but anybody that had the least particle of common sense would have understood that the company could not give orders for steam ships for a particular service unless they were assured of the means of carrying on that service.

1680. *Chairman.*] Is it not a fact that the specifications which were afterwards entered into between the Government and the company proved distinctly that the Government was perfectly aware that no contract could have been actually completed?—Undoubtedly; the subject was never mooted before, and it comes to

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me by surprise that such a point should be raised; the specifications of Messrs. Palmer's ships were afterwards submitted to the Government before the completion of the contract.

1681. Therefore, the Government could not possibly have been misled by the company in that respect?—No, they were not; and I am certain that if you ask any member of the Government of that time, they will tell you that they were not misled by it; neither was it intended to mislead them.

1682. Then the word completed, merely referred to your having finished your arrangement with the builders with regard to those ships, and there was a contract to be subsequently confirmed after the subsidy had been granted?—Without presuming to say that I knew what the thoughts of the Government were, I do not believe that they entered into such a minute point at all; I think that their object was to deal largely and liberally with the company, and that they understood this, as it was merely the basis of an arrangement which was afterwards carried out.

1683. Mr. Peel.] Were not the arrangements so far incomplete that the contracts of the company with the shipbuilders were dated two months after the contract between the Government and the company had been signed?—I do not know the dates, but undoubtedly the contracts were not settled until the Government contract was granted, because it was impossible to tell what the alterations and requirements might be which the Government would insist upon, and, therefore, the contracts were not finally settled until the whole of the preliminaries were settled, and until the company thought that they had no further need to alter their plans and specifications, because those plans and specifications were included in the contract.

1684. Mr. Walpole.] I think Mr. Samuelson stated, if you will turn to Question 1181, "Was there any contract made for building those ships?" "No positive contract, but an understanding"?—Precisely; it was an honourable arrangement and agreement, that upon the contract being granted by the Government, Messrs. Samuelson should have the building of two ships; it was a distinct and positive understanding.

1685. When we have heard, as we then heard, something said about the arrangement being "a provisional arrangement," what was meant by that phrase was, according to you, that it was provisional upon the Government granting the subsidy?—The whole of the thing would have fallen to the ground as a matter of course, and there would have been no contract at all, if the Government had not granted the subsidy.

1686. Did the Government understand, when that letter was written, that the contract which you there mentioned was a provisional arrangement, and that there was to be no contract, unless the subsidy was granted, or what was exactly meant by it?—That was exactly meant by it, and that was what was understood by the builders; so far as the company was concerned, they had entirely completed their arrangements.

1687. What was understood by the Government?—I do not know that; the Government will be best able to answer for themselves. I am quite satisfied that they never misunderstood it, because the plans and specifications were afterwards submitted to them, and they could not be complete until those plans and specifications were submitted, and had met with the approval of the Admiralty; therefore, they could not by possibility have misunderstood it.

1688. Sir Morton Peto.] Was it the understanding that those plans and specifications should be so submitted before the ships were commenced?—Undoubtedly.

1689. Were they so submitted?—They were.

1690. We have had it in evidence, that in the first instance a smaller class of vessel, at a cost of 75,000*l.*, was meditated, and that afterwards a larger class of vessel, exceeding 2,000 tons each, and at a cost of 90,000*l.*, was substituted for the smaller class of vessel. I presume that that was done in accordance with such submission to the Government?—I am not able to speak with accuracy upon that point; it occurred before I joined the company.

1691. Are you able to say distinctly to the Committee that the submission of the plans and specifications to the Government was a matter precedent, and an understood thing by them as well as yourselves?—Yes.

1692. Therefore, there could have been no misunderstanding, with regard to that point?—Not the least; there was no misunderstanding at all.

1693. Chairman.] It has been stated before this Committee, that circumstances which occurred in Parliament had a very considerable effect upon the company;

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that its position was materially affected by the uncertainty, as to whether the contract would be ratified by Parliament; that its operations were paralysed, and that it was found almost impossible for the directors to call in their shares, and equally difficult to place the capital of the company; can you, from your experience as the chairman, during the period when this uncertainty prevailed, whether the contract would be ratified or not, say whether you believe that the statements which we have received on these points are true or not?—Perfectly true. If the Committee will allow me I will make a very few observations, which so far as I can do so, will put the Committee in complete possession of what the real facts were. This contract was signed on the 21st of April 1859; almost immediately after the contract was signed, at least very shortly after the dissolution of Parliament became imminent, and the Board became, practically speaking, dispersed. The various members went away. Mr. Roebuck, who was at that time a leading member, went one way; Lord Bury, another; Sir Allan Mac Nab went somewhere else; and I went in another direction. The consequence was that the Board was, practically speaking, dispersed. As soon as Parliament re-assembled, those parties who were very much interested in preventing the success of this company, got up rumours that the contract would not be ratified by Parliament, and shortly afterwards a change of Government having taken place, the Postal Committee was appointed on the 9th of July. Meanwhile, every kind of unfavourable rumour had been industriously circulated with regard to the intentions of the Government, and as soon as the Postal Committee was appointed, I, individually, having a month previously accepted the office of chairman of the company, thought it my duty to write a letter asking for information from the Government.

1694. Did you address a letter to the Treasury on the 20th of July 1859?—Yes.

1695. Was the substance of that letter to appeal to the Government to know their intentions with regard to the matter?—Yes. Perhaps the Committee will allow me to read this letter; my reason for writing it was, that I became very much embarrassed indeed to know what course I should pursue with regard to the company; and I felt that if the intentions of the Government were as hostile as they were represented to be, it would be very much better for me to know exactly how I stood, so that I might not, either directly or indirectly, sanction any further addition to the subscription list. The date of the letter was 20th July 1859, immediately after the appointment of the Postal Committee.

1696. Mr. Walpole.] You mean by the Government, the Government which succeeded that Government which contracted with you?—Her Majesty's present Government. Accordingly, seeing that the Postal Contract Committee was appointed, I naturally thought that that would at once decide the question; but when I found from rumours, and from facts, that it appeared to be the intention not to take up this very pressing question of the Galway line immediately, but to take up other questions affecting contracts generally in the first instance, I thought the best thing was to endeavour, as far as I could, to bring the point to an issue and to understand what really were the intentions of the Government; and accordingly I wrote the following letter to the Secretary to the Treasury:—"Atlantic Royal Mail Steam Navigation Company (Limited), 10, Cannon-street, E. C., London, 20th July 1859. Sir, The directors of this company regret much to observe the numerous mis-statements which are made both in Parliament and in the public journals with reference to the postal contract obtained by this company. In some quarters it is attempted to be shown, that in appointing the Committee upon Postal Contracts, the Chancellor of the Exchequer had in contemplation that such Committee should have power to reconsider the question as to the grant of the contract to this company, and to put an end to it. We are aware of the general statement made by the Chancellor of the Exchequer in reference to such Committee, but statements prejudicial to this company are industriously circulated by interested parties, and we feel called upon to address you upon the subject. You are probably aware that a large proportion of the commercial public view with considerable alarm the slightest intimation that the solemn contracts of Her Majesty's Government are to be called in question by the House of Commons, and that private individuals or public companies who have acted upon the faith of such contracts and incurred serious responsibilities under them, are to have their interests affected by any such revision. By such a course, public confidence in such transactions must necessarily be seriously

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seriously affected. The Board of Directors of this company have received numerous applications, both by letter and verbally, from shareholders as well as from parties who would probably invest capital in this company, but who all desire to learn the precise position of the contract, and whether the subsidy can be affected by any proceedings of this Committee. Whatever confidence the directors may have that the contract will be upheld in its integrity, they feel that it is due to the shareholders, and to the public, to ask you to make such a communication to them as may enable them to allay all anxiety upon the subject by an assurance from the Lords Commissioners of Her Majesty's Treasury, that the proceedings are not in any way intended to affect the validity of any contract entered into, or to break faith with the contractors in withholding the subsidy when the time arrives for the payment of it. The directors of this company are using their best exertions to be prepared to carry out the contract in good faith with Her Majesty's Government, and are incurring large responsibility in reference to the steam vessels, and otherwise; they trust, therefore, you will not consider the request they now make intrusive."

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1697. *Chairman.*] Did you receive any reply to that letter?—Yes, five days after the date of that letter, in these terms:—"Treasury Chambers, 25th July 1859. Sir, I have laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 20th instant, praying for an assurance from their Lordships, that no proceedings shall be taken calculated in any way to affect the validity of the contract entered into with the Atlantic Royal Mail Steam Navigation Company; and I am desired by my Lords to acquaint you, in reply, that they have nothing at present to add to the statement already made by the Chancellor of the Exchequer in Parliament, and I am to state that if the company desire any further assurance, they should apply to the Select Committee of the House of Commons to deal with the case of the Galway contract as soon as possible. I am, sir, your obedient servant, (signed) "Geo. A. Hamilton."—That letter having been sent to us, my letter embodied, to a great extent, the opinions of those parties who were anxious to invest money in the undertaking, but who were deterred from so doing by the extreme uncertainty as to the course pursued; and I think when the Committee recollect that the Postal Committee were appointed on the 9th of July 1859, and that it took up various matters which were not pressing, especially the Dover contract, which was one *in futuro*, and not to be affected for three years, and that they left this contract over for so long a period, and did not report upon it until the month of August, I think, in 1860, it will not be astonishing to the Committee that parties who were desirous to invest in the concern were deterred from so doing. In fact, any statement which I can make is not too strong to assure the Committee that the whole of the dealings of the company were paralysed by the course which was taken.

1698. *Mr. Walpole.*] What was the condition of the company before that Committee was appointed with regard to shareholders?—As to the condition of the company, naturally the whole success of the share list depended upon the contract with the Government.

1699. What was the actual condition, how many shares had been taken, and what was the number of shares issued?—I am not prepared to answer that question, but I believe a return has been handed in from which you will see exactly what was the state of things.

1700. *Chairman.*] You have had, I think, considerable experience in commercial undertakings?—Yes.

1701. Is it your opinion that if the public had been assured and satisfied that the company was in possession of a contract for 78,000*l.* a year and 13,000*l.* a year, you would have been enabled to have placed without any difficulty the 500,000*l.* capital which was required?—I can answer that most unreservedly, and say without the shadow of a doubt that every shilling of it could have been raised, and much more if necessary. The feeling in Ireland was so great, and such was the anxiety to establish this company, that if that contract had been left with us without the constant attacks which were made upon it, and the belief which unquestionably existed, that the Government wished to overthrow the subsidy, we should have got any amount of money that was required for the purpose of carrying it out.

1702. Did the feeling of uncertainty prevail among the directors of the company, as much as among the public?—Undoubtedly individually; it prevailed amongst the directors; and I may state as a fact, that if that contract had not

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been interfered with, I myself, for one, would have invested very largely in the concern, believing that it would have been one of the most successful speculations possible.

1703. It has been stated, in reference to the contracts with the shipbuilders, that the 9th of July 1859 was the period when the first instalment should have been paid upon those contracts?—Yes, I believe so.

1704. Will you inform the Committee what was the number of shares allotted up to that date?—I think you have got the return before you, and I believe it to be an accurate return; I will state the figures from it. The number of shares allotted on the 9th of July 1859 was 17,369.

1705. Mr. *Walpole*.] What shares were they?—They were 10 *l.* shares. The amount paid in cash at that time was 19,117 *l.*, and the capital of the company was 500,000 *l.*

1706. Mr. *Peel*.] You say the shares were 10 *l.* each?—Yes.

1707. Then there were 50,000 shares?—Yes. The amount paid in vessels, and in stores, and expenses, up to that date, was 111,000 *l.*; the payment of that was taken, I may mention, in fully paid-up shares of the company, principally.

1708. What vessels were those which were purchased for that sum?—The “Prince Albert” was one, which has made several very successful voyages; the “Pacific” was another; and there were other vessels whose names I do not, at the moment, recollect.

1709. At this time the company had contracts with the shipbuilders to provide vessels to perform the service under the contract, had they not?—They had.

1710. What was the object of expending so large a proportion of the capital of the company in purchasing ships which were not intended to be employed under this contract?—As to those ships, I was not aware that I should be asked; I thought I was only to be asked a few questions upon the general points, otherwise I should have been more prepared; particularly, because the whole of this was entered into in the former inquiry, and I imagined that it was published in the papers. But I may mention, that prior to my joining the company, for I did not belong to it for some months after its formation, an arrangement had been made with the original promoters of the company, that their ships should be taken at a price to be ascertained and paid for in a great proportion in fully paid-up shares. Those ships in pursuance of that arrangement had been taken.

1711. Were those ships to be employed by this company under this contract, or in the Newfoundland separate service?—Those ships were to have been employed as occasion might require; and the “Prince Albert” has been very successfully employed in occasionally taking part in this contract; and any ships which were found unsuitable for the company would naturally have been sold.

1712. As you had contracts to supply the requisite number of vessels capable of performing this service properly, I do not see what advantage it was to the company to spend so large a portion of their capital in purchasing ships which were to be employed under another service?—Neither do I exactly; but that was the arrangement which was made, and power was reserved to the Board to purchase those ships by the deed of settlement; and it was set out in the deed of settlement, as I recollect, that such should be the case, and they were paid for not in cash; the Committee will understand, therefore, that that did not virtually diminish the money power of the company, as they were paid for principally in paid-up shares of the company.

1713. But it reduced the capital of the company, did it not?—It reduced the amount of shares which could be allotted, as a matter of course.

1714. And also the available capital for this particular Atlantic service?—No, it would not diminish that, because those ships would have been sold as occasion required, when they were no longer necessary.

1715. I thought in purchasing those ships you contracted the obligation of performing the Newfoundland service with them?—The Newfoundland service, as I always understood, was part of the service that was to be undertaken by the company in addition to that contracted for with the Government, and for which a substantive payment was to be made, pursuant to an arrangement under which this special service was worked prior to the new grant, so that the united subsidies amounted to 91,000 *l.* a year.

1716. But this was in the year 1859, when you were carrying on the Newfoundland service, was it not?—In the year 1859, the Newfoundland service was being carried on.

1717. And

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1717. And those ships which you purchased with the 111,000 *l.* were ships employed in that service, were they not?—They were employed in that service, certainly. Harvey Lewis, Esq.
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1718. Therefore, the effect was to apply the capital of the Royal Atlantic Mail Company in the performance of the colonial service?—The effect was to keep the line open and make the connexion, so as to be able to take the whole advantage of it; and we always considered that it would be part of the same contract when the other was tacked to it. Those ships performed, as I understand, the colonial service, and kept the line open before the subsidy was obtained, and it did not diminish the capital at all, because, if the company had not succeeded in obtaining their subsidy, the public would not have, in effect, suffered. The parties who had taken those full paid-up shares in payment for their ships would have borne the whole brunt of the failure.

1719. Still it must have reduced your purchasing power very materially, if out of the 17,369 shares 11,000 shares, representing a paid-up capital of 111,000 *l.*, were applied for the purposes of a totally separate service?—We did not consider, at least I did not consider, that it was a totally separate service; and furthermore, it would not have been so, because those ships, when necessary, would have been sold and turned into cash.

1720. Could those ships have been of any use to your company to perform the Atlantic service for the Home Government?—Yes, they could, as tenders have been of very great use; we should have employed those ships in bringing passengers from the different parts of England, and we were thinking at one time of going from Havre to Galway for the purpose of carrying goods and passengers thence to the ships which were to start from Galway.

1721. Sir John Trollope.] Were those shares taken at a discount or at the full price?—At the full price.

1722. Chairman.] Was not that 111,000 *l.* laid out upon vessels which were to be employed in the other contract?—Yes, no doubt, they were to be employed for the purpose of feeders upon the line; and it would be impossible to carry on that line simply with those large vessels.

1723. This capital was laid out on vessels which were actually employed on the Newfoundland service?—Yes.

1724. Mr. Peel.] Still they were not vessels capable of performing the Atlantic service under contract with the Home Government?—They were not capable of performing the Atlantic service with the Home Government with quick voyages, but they were capable of adding their quota to the performance of that service.

1725. On the 9th of July 1859, excluding the 11,000 shares, there were 6,369 shares, were there not, subscribed for, upon which 3 *l.* per share had been paid, realising about 19,000 *l.*?—Yes; at that time there was, as I stated, a large arrear upon those shares of 2,562 *l.*; that was the whole arrear upon them, but the company did not feel themselves at liberty; they felt it would be actually impossible to issue writs and proceed against the shareholders so long as the unfortunate state of things existed, which completely and utterly paralysed all their exertions whichever way they turned; it prevented them getting the capital, because the Committee will see that if we had no difficulty about getting our capital we could have treated our shipbuilders in a very different way from what we did; we should not have been obliged to relax any penalty; we should have had plenty of money to carry out the contract; our capital was 500,000 *l.* A great point has been made of this 111,000 *l.*, whereas the balance would have given the whole of the amount then, but 11,000 *l.* There was the 400,000 *l.* to pay for those ships, and if any further money had been necessary, I need not tell any gentleman of experience how very easy it would have been to get it, particularly as we had borrowing powers to the amount of one half of our capital.

1726. When you speak of exercising those borrowing powers, how many shares would require to be subscribed for, before you could exercise those powers?—I am not aware, without looking at the deed of settlement, what those powers are, but, as I said before, all those matters I fancy are in print, because they were very fully gone into before the Committee, who sat so many weeks upon this contract; I have not come prepared to answer these questions. I have been out of the company more than 12 months, and I should have had some notice if it had been

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necessary that I should be examined in this way. There are the books of the company and the officers of the company, who can give every information upon details; I can only go to them and get my information from them; I fancy it is all in the evidence which was given before the Committee on a former occasion.

1727. *Chairman.*] I suppose it would have been a great matter for you to have been able to have got in more money between the 9th of July and September?—Of course, it would have been all important to the company, because if they had done so, they could have paid their builders at the very day that they were required to do so by the contract, and could have acted in a very much more stringent manner with them.

1728. How much money had you got in between the 9th of July and the 30th of September 1859?—I think there was altogether paid in cash, up to that time, 58,147 *l.*

1729. *Mr. Peel.*] What number of additional shares had been issued in the interim?—Very few; the discussions in Parliament and the sitting of the Committee had so completely paralysed operations, that you will find that there were not more than about 460 shares issued in the meantime.

1730. How many shares had been issued up to that time?—Up to the 30th of September, 17,829; that is including the fully paid-up shares. It appears from this return that there were only 460 shares issued from July the 9th to September the 30th, which was altogether caused by the state of suspense in which the contract was.

1731. *Chairman.*] It was in August 1860, I think, that the Contract Committee came to a decision?—Yes.

1732. *Mr. Peel.*] When was it that the applications from the shipbuilders were made for instalments on their quantities?—They made applications according as they deemed that the instalments were due to them; of course they could not get them when there was not money to pay them.

1733. *Chairman.*] Were there applications made in July for instalments?—I do not recollect that; I think you must have that from the officers of the company.

1734. Your evidence goes to prove that you had not cash nor means to pay those instalments?—We had not, undoubtedly; and the reason why we had not cash was, because such grave doubts were thrown upon the contract, and parties who were prudent would not subscribe, and one cannot be surprised at that.

1735. In August 1860, the House of Commons sanctioned the contract?—Yes.

1736. Was there any endeavour made in the following month, in September, to place the shares in Ireland?—A very considerable amount of shares was then placed. I find that from the 30th of September 1859 to the 30th of December 1860, the amount of shares altogether issued was 40,639, and 216,531 *l.* had been received in cash, and then the arrears amounted to a very large sum, which, of course, it was difficult to get at. I may mention, that the company was affected by this state of uncertainty in a way which, of course, gentlemen will understand, was very serious to them; it was not only that they could not get the amount of their capital placed, but in order to meet their engagements with the shipbuilders, they were obliged to raise money, which, of course, was a continuing liability to the company, and a continued drag upon its resources, no matter how they might have turned out.

1737. *Mr. Walpole.*] Of those 40,639 shares which had been taken up, up to the 30th December 1860, do you know what proportion was paid before the end of the year 1859?—No, I do not; I have not got that before me here.

1738. Were your shares quoted in the market before the 10th of July 1859?—They were not actually quoted; but they were, I believe, occasionally sold in the market.

1739. Do you know whether any material variation in price took place?—According as the doubts as to the contract were increased, they were gradually diminishing in value.

1740. Can you state what the quotations have been, so as to show the extent to which the company was affected by the contract?—I do not exactly know.

1741. *Mr. Brown-Westhead.*] Were they ever above par?—Never. The whole capital would have been issued directly if they had been once above par, and

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and I do not think that they ever were sold at par, except to those parties who, like myself, came in and paid their money down for their shares.

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1742. *Chairman.*] I see by this return, that up to August the 9th, 1860, when the contract was ratified, a very large amount of arrears accrued?—Very large, and that occurred because the directors felt it impossible to enforce the calls in the state in which the company was; they could not get them in.

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1743. Can you state to the Committee the amount of those arrears?—The amount of the arrears at that time, according to this return, was 88,022 *l.*, on the 9th of August 1860, on the day when the House of Commons affirmed the contract.

1744. *Mr. Peel.*] Will the company have the power of carrying on the Newfoundland service?—I think they will.

1745. What cash they did receive I suppose was principally employed on that service?—What cash they did receive was employed in paying, as far as it went, for vessels that were building.

1746. *Chairman.*] You state, that when the Irish Committee was in operation, in September, the shares were then being placed, and that cash began to come in, but that the preceding uncertainty of the contract operated still as a check upon the efforts of the Irish committee to place the capital?—Undoubtedly; and one of the things which hindered their efforts arose probably from an Act of my own. Everybody, in matters of uncertainty like this, naturally took different views of the case; one person thought that the Government was favourable, and another thought that they were very hostile; and there were various other matters which gave fair ground for a difference of opinion. The result was, that everybody acted according to his own views. The Dublin Committee were so sanguine, and so anxious to carry out the project, that they strained every nerve to place the capital; and several of my friends begged of me to go over to Ireland, at some time or another, for the purpose of attending the meetings and explaining the prospects and position of the company, believing that if I had done so the whole amount of the capital would have been at once secured. I thought it very likely that some result of the kind might take place; but believing, as I did, that the course which was adopted towards the company was so thoroughly and completely calculated to do one of two things, either to deprive it of the subsidy altogether, or so to cripple its operations hereafter, that I could not conscientiously recommend my friends to go into the company; and therefore I declined to do that which I was requested to do by my friends, anxious as I was for the success of the company; and I gave that as the strongest proof of my own impression as to the injury of the course that was pursued towards the company.

1747. *Mr. Ker Seymer.*] That was after Parliament had sanctioned the subsidy?—That was even after Parliament had sanctioned the subsidy, but I felt that we had been obliged to get money, and to make great sacrifices for it, as is naturally the case, because if you have not the very best security to give, you must pay proportionately for money if you get it at all, and I felt that it would not be right in me to interfere in the matter, therefore I declined to do so; but my observation principally applies to the time while the whole matter was in discussion; it does not apply to the time subsequently to the grant of the subsidy, because then everybody could form their own opinion; but prior to the grant of the subsidy, the matter was *in transitu*, and therefore I did not wish to commit myself by giving any opinion publicly, particularly when I really did not feel conscientiously that I could do so.

1748. *Sir John Trollope.*] Would not the grant of that subsidy enable you to get up your arrears?—Partly; the arrear was very large indeed, but I understand that it has been very considerably reduced.

1749. When did you retire from the company?—I retired from the company about this time last year.

1750. Before the contract was confirmed by Parliament?—No; I waited until the contract was confirmed, and then, thinking that I had done as much as I could, I was glad to make way for those gentlemen who had had more experience in steam affairs than I had, and who, I thought, would be able then to carry the thing to a successful issue; although they were good enough to elect me subsequently on the Board, as I was very much engaged in other ways, I could not give the time necessary to it, and I respectfully declined to join the Board again.

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1751. Did you cease your connexion with the company?—Altogether; it so far ceased, that I sold all my shares which I had in the Company, and I have no connexion whatever with the company at present.

1752. *Sir Morton Peto.*] I think I understood you that when you left the company, you did it with the desire that the chairman succeeding you should be a person who had more knowledge of the subject of steam navigation than yourself?—Precisely.

1753. Who did succeed you?—Mr. Malcomson.

1754. Is not Mr. Malcomson a large steam-ship owner?—Yes, I believe he is one of the greatest steam-ship owners, I may say, in the world; and I thought, with him at the head of the company, that it was about the best thing that could happen; I was most anxious that he should be the chairman.

1755. He still remains the chairman?—Yes, I think; and Mr. Samuel Gurney, M. P., succeeded Lord Bury as deputy chairman.

1756. You wished that the Irish enthusiasm which occasioned the birth of the company should give way to something more of practical skill and knowledge in the conduct of affairs?—I had nothing to do with the Irish enthusiasm; I never visited the country once during the progress of the matter; there had been great excitement, but a good deal of it had evaporated before I joined the company. I was abroad at the time the company was started, and it was some months afterwards that I joined it, in the hope that they would really secure a practicable thing for Ireland.

1757. Practically, in the earlier days of the company, I apprehend that those who conducted the association were not men who were very much versed in business affairs?—I do not know how they managed the affairs of the company at that time.

1758. When you left the company, it was, in fact, to give place to a person who was well versed in business affairs?—Wholly and solely; my advice was, that the whole Board should resign, and the whole Board did resign; and the object of that was, to get fresh blood into the concern, and fresh capital if possible; and as we had been all exhausted by our previous efforts, I thought that the best thing to do was to get fresh hands in; and therefore I resigned, and all the Board resigned. That new Board subsequently elected me on the direction, but for the reason which I have given to the Committee, I thought it better not to join them, and I did not.

1759. *Sir Morton Peto.*] In your judgment, the Board, after you left, was practically a good working Board?—I think you could hardly get a better Board for any company.

1760. Are they men who could command and have the general confidence of the public?—I should say, undoubtedly, to any amount.

1761. *Chairman.*] You think that the company with Mr. Malcomson as the chairman, and the present Board of Directors, would secure the confidence of the public?—Certainly; and I should say that the late Board would have done so likewise, if they had not had such tremendous difficulties to contend with; I believe we should have had every shilling of the capital subscribed, and I would have undertaken to get it in a month.

1762. The result of your evidence is, that if the present Board had not been crippled by the proceedings to which you have referred, they would have been enabled to conduct this enterprise with success?—Yes; and so would the late Board equally as well as the present Board.

1763. *Mr. Walpole.*] The present Board does not seem to have been so much crippled by that, because 40,000 shares were taken out of the 50,000 by the end of the year 1860?—Yes; but of course they were crippled by the amount of engagements which had been left for them to contend with.

1764. But as to the difficulty of the shares, a great part of the shares had been taken by the end of 1860?—Yes, no doubt; but they had difficulties to contend with to the same degree almost that we had with regard to getting up the arrears, and one matter and another.

1765. *Chairman.*] They had very heavy engagements to meet, had they not, in consequence of the arrears not being paid?—Yes; there was a sum of 40,000*l.*, as to which they were obliged to release the shipbuilders from taking in fully paid-up shares instead of cash.

1766. *Sir Morton Peto.*] In fact, the shipbuilders took advantage of your circumstances

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circumstances to avoid taking shares altogether?—I do not say that they took advantage of it.

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1767. I mean that as men of business they retired, as the company could not meet their instalments?—Yes, they naturally felt that it was better to get 10 l. in money than shares that would only sell for 3 l.

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1768. Mr. Peel.] Did they really get this 10 l.?—I cannot answer that question, because I left more than 12 months since. Of course, large payments have been received since, but I would respectfully beg to suggest that the present chairman is the proper party to give any information as to the present position of the company.

Martin Samuelson, Esq., called in; and further Examined.

1769. Sir *John Trollope*.] WERE you in the room when Mr. Palmer was examined?—I was.

M. Samuelson, Esq.

1770. Did you hear what he stated with regard to the specifications for his vessels?—Yes.

1771. That they were provided by Mr. Galloway, the engineer of the Board of Trade, not in his public, but in his private capacity?—Yes.

1772. Have you seen the conditions?—On referring to my answer to Question No. 1195, in my examination before the Committee, I should wish to qualify it. I was asked by the Honourable Chairman, "I think you stated that there was an alteration in the price of the vessels from what it was originally proposed to give you?" My answer is, "Yes; the specification which we handed in was very different from the one upon which the vessels were built; we gave in our own specification, and we gave our price upon that specification, and we were then told that we must go through the specification with some people appointed by the company. We did so; I had one of our chief men up from Hull, and we were two or three days going through the specification with them, and we were made to alter our specification in conformity with one which I was told had been supplied or drawn up by one of the engineers of the Board of Trade, I believe by Mr. Galloway, and which had been submitted, I was told, to the Admiralty, and passed by them." Mr. Galloway was present when the specification was gone through with the surveyors of the company, and there is no doubt at all that we were obliged to build according to the specification which had been given to us by the company. If the Committee will allow me to state, with regard to a remark made by Mr. Palmer, as to what Mr. Laird had stated, and with regard to those questions which were asked by the Committee as to builders generally building upon their own specifications, we generally build on our own specification, if we can, and if we do so, we consider ourselves bound, morally, and of course legally also, to carry out the vessels to the best of our ability in every way strong enough; but if a specification is given to us to build by, we consider that those who deliver the specification to us are liable for it. The same remark would refer exactly to a question which was asked with regard to the Government. If the Government supply specifications, as they have done in many instances lately, of course the Government take the responsibility of that specification, and the builders for the Government would have no responsibility further than to carry out the specification, in accordance with what had been sent to them. We felt ourselves in exactly the same position with regard to the company, for we protested, and we gave our opinion from time to time as to the points upon which we considered that the vessels might be considerably improved; and to a great extent the improvements were adopted by the company, and paid for. In other matters, Mr. Vallance, I am sure, will bear me out that he has been told himself, over and over again, by us that we considered that the vessels required considerable additional strengthening in the top.

1773. Sir *Morton Peto*.] If you accept a contract with a specification, with a clause in the contract which binds you to the maintenance of those vessels for 12 months, does not that bind you to obey the specification?—That is only so far as regards the material and workmanship under any specification, but not as regards anything further. That is a difference in the reading and the construction of the contract.

1774. Mr. *Walpole*.] A question was asked of Mr. Palmer, which I should like you to confirm, if it is so, that those specifications furnished to you, though furnished

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nished by the officer of the Board of Trade, were the specifications of the company and not of the Government?—The specification was the specification of the company, as I understand, having been submitted to and approved of by the Admiralty. That was the impression under which I was labouring, certainly, and I gave it in my evidence at the last meeting of the Committee.

1775. Mr. Palmer seemed to say that he thought that Mr. Galloway only gave that specification in his private capacity?—Mr. Vallance can probably explain that; certainly I was under the impression that the specification was submitted to them, and certainly we were told that we could not alter the specification, because it had been approved of by the Admiralty.

1776. By whom were you told that?—By the officers of the company; but I know nothing at all as to the actual fact of the specifications having been submitted; and if I am not very much mistaken in the statements made by the company to their shareholders, they state the same.

1777. You acted under the impression that this was a specification approved of by the Government?—Yes, it was so stated to us by the company; in fact, it has been repeated by the company, subsequently, to their shareholders.

1778. Sir *Morton Peto*.] In fact, the reason given to you for the non-adoption of some of your suggestions, was that fact?—No doubt; the Right Honourable Member for the County of Lincoln asked me whether, in my opinion, if, supposing additional strength longitudinally were made to those vessels, they would be efficient; my opinion certainly is, that with proper additional strength longitudinally, the vessels could be made as good as any vessels in the kingdom.

1779. Mr. *Brown-Westhead*.] Do you think that they would do the voyage to St. John's in the time named in the contract?—I think they would.

1780. Would they do it within six days?—I think they would. Mr. Vallance has just called my attention to the statement which I have made with regard to the specification having been submitted to the Admiralty. He says that I was quite correct; Messrs. Palmer's specification was submitted to them in May 1859, and the specification on which we were instructed to build, was altered in conformity with that specification. I recollect that it was stated so to us, as it has subsequently been stated in the report by the company to their shareholders; and Mr. Vallance has just called my attention to the fact that that really was the case, and that the letter accepting or approving of the specification submitted by the company to the Admiralty, was sent from the Admiralty on the 31st day of May 1859 to the company.

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Veneris, 12^o die Julii, 1861.

MEMBERS PRESENT.

Mr. Gregory.
Mr. Peel.
Sir Morton Peto.
Mr. Ker Seymer.

Sir John Trollope.
Mr. Walpole.
Mr. Brown-Westhead.

WILLIAM GREGORY, Esq., in the CHAIR.

William Malcomson, Esq., called in; and Examined.

1781. *Chairman.*] YOU are Chairman of the Royal Atlantic Mail Steam Navigation Company, are you not?—I am.

W. Malcomson,
Esq.

1782. If you will take this evidence in your hand (*handing the same to the Witness*), and look at Question 205, you will see that a question was asked of the Postmaster General, whether, if any moderate indulgence had been shown to this Company, there was any chance of their being able successfully to perform the contract. I wish to ask you if that question had been put to you, what would have been your reply?—My reply would have been that it would depend upon the nature of the indulgence.

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1783. By that you mean, I presume, supposing a sufficient extent of time had been granted you to put your fleet in order?—Yes.

1784. I presume that at the time when the contract was put an end to, you were not fully aware of the repairs and alterations which were necessary to make your fleet efficient?—By reference to the date of Mr. Jordan's specification, you will see that we were not.

1785. Those specifications are dated in the month of June, are they not?—Yes.

1786. If, therefore, the House of Commons were disposed to extend indulgence to the company, what is the least time that you would require to put your fleet in a really efficient condition?—I should say from four to five months.

1787. *Mr. Walpole.*] When would that be from?—From the present time; but I consider that the fairest way would be, to give us an extension of time until the fine weather, when we could be able to test our boats before entering on the service.

1788. *Mr. Peel.*] When would that be?—Early in the spring.

1789. Of next year?—Yes; perhaps the 1st of February.

1790. *Chairman.*] If this indulgence were extended to you, are you in a position to inform the Committee that the company could carry on the service efficiently?—I am.

1791. *Mr. Walpole.*] That is to say, if the indulgence were given to you to commence a contract on the 1st of February next of a similar purport to that which was entered into before?—Yes.

1792. *Chairman.*] You are, I believe, one of the largest steam-ship proprietors in the United Kingdom, and therefore are competent to give that answer with confidence?—I am.

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1793. When

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1793. When you say that you could carry on the service efficiently, do you consider that the contract is of such a character that it cannot be performed without occasional deviations from it?—I consider that the contract should be modified as regards reaching St. John's in so limited a time; it is a most dangerous port to reach at certain periods of the year, and a captain will drive his ship at great risk so as not to endanger the loss of the contract, which we are liable to at present. It ought to be sufficient to take the time between the two termini, Galway and Boston, and Galway and New York, and that the company should be bound to reach St. John's, when practicable, in regular time.

1794-5. *Mr. Peel.*] Do you know the coast of Newfoundland?—Except by the information of nautical men, I do not; not personally.

1796. Is Mr. Weir the general manager of this company?—He holds that position.

1797. He is well acquainted, I believe, with this Newfoundland coast?—I cannot say.

1798. In his evidence before the Packet and Telegraphic Committee of last year, he stated, in answer to question 4611: "I have lived a long while in America, and I know the southern coast of Newfoundland very well, as well as the Nova Scotian coast." He was asked with regard to the character of the dangers of the voyages to Newfoundland, and he gave it as his opinion, having an intimate knowledge of the subject, after stating that it had been said "that the voyage to Newfoundland was more dangerous than that out to Nova Scotia, I think I can speak from experience, and from my own knowledge, that it is less dangerous; the fogs on the Nova Scotian coast are much more dense than they are at Newfoundland, and there are also ledges lying off the harbours of Halifax and Nova Scotia; that is to say, on the southern and eastern coast. On the Newfoundland coast, from Cape St. Francis to Cape Race, there are no ledges at all, and you can run your ship up close to land without touching the bottom. It is quite bold all along the coast; besides that, the fog on the Newfoundland coast, when you get close in, gets quite thin compared to what it is on the banks which most vessels have to cross in going out to America, and coming from there." Therefore, the purport of that evidence given by Mr. Wier with regard to the dangers of the voyage to Newfoundland was, that it was a much less dangerous voyage from Galway to St. John's than the direct route from Galway to America?—Our object is not to be bound at all times to go into St. John's; we are willing to do it at all times when it is practicable, but we would ask to be allowed to deliver mails and telegrams at Halifax when it is not practicable to go into St. John's.

1799. But Mr. Wier having been asked with regard to the performance of the service by the company who were to succeed to the Newfoundland separate service, "Have you ever found it impossible to land your mails at St. John's?" replied, "No; we have never found any difficulty in doing it?" and in answer to another question that was put to him, "Is that anything peculiar to Newfoundland?" he answered, "No; we do not meet any more ice than other vessels meet in crossing the Atlantic"; but last year, therefore, it was the opinion of the representative of the company, that there were no greater difficulties in reaching Newfoundland than in reaching Nova Scotia, or in going direct to New York?—The Honourable Member will see that we do not decline to do anything that is practicable, but we ask that the company shall not be bound to do impracticabilities. There are seasons at which it is impracticable without risk of life and of property to go into St. John's in the winter and spring, and we would ask to be allowed to land our telegrams and mails at Halifax at those times.

1800. *Chairman.*] Though that may be Mr. Wier's opinion, is it corroborated by the reports which you have received from the captains of your steam ships?—Not fully.

1801. *Sir John Trollope.*] Have there been cases in which you have been obliged to tranship the mails off St. John's, without going into the harbour?—There have been cases in which our vessels have been seriously damaged in attempting to fulfil our present contract, by the captains almost forcing the vessels to go into St. John's.

1802. How do you propose to do that service, supposing the vessel is not compelled to go into the harbour?—We would propose at all times to do it when practicable;

practicable; but when we find it impracticable we wish to have liberty to land them at Halifax.

1803. And not to land them by a pilot boat, or other means, off St. John's?—We will engage to do everything you can properly desire, so that we shall not be bound to damage our ships.

1804. Will you tell the Committee what extra time the delivery of the mail at St. John's would take if you carried it on to Halifax, where they would have to be re-shipped, and to come back to St. John's?—The Right Honourable Member is aware that the ice and fog will sometimes exist so much about the port of St. John's, that we could not go in.

1805. And Halifax is open at all seasons of the year, is it not?—Yes.

1806. Mr. *Peel*.] The service which you propose would be a service commencing at Galway and proceeding to Boston and New York, *via* Halifax, so far as any obligation was concerned?—No, clearly *via* St. John's.

1807. But you would be unwilling to subject yourselves to penalties?—We should be unwilling to be subject to penalties when we cannot enter the harbour.

1808. Who are to be the judges as to whether you can enter the harbour or not?—The Post Office or the Admiralty has an agent on board, who is supposed to be the judge of that.

1809. *Chairman*.] Are the Committee to understand that your object is merely this, that you still would propose to run *via* St. John's, and, to make use of the expression in the Cunard contract, using all due diligence on the way to get there?—Yes, clearly.

1810. But that the contract should not be liable to be terminated in case, from the nature of the weather or the ice, you should be unable to reach St. John's within six days?—It is the risk of terminating the contract, under the provisions of our present contract, that makes me take this exception.

1811. Therefore you would not be prepared to alter the time tables as regards New York and Boston; you would continue those time tables; but your object is, that the contract should not be liable to termination in case you should fail to reach St. John's within six days, and that the Admiralty agent should be the judge as to whether the captain of the vessel had used all due diligence or not?—Yes.

1812. Mr. *Peel*.] If that be your object, is not effect fully given to it by your existing contract?—I think the present contract is too binding.

1813. I will read to you this clause of your present contract: "And the said company doth hereby further agree that all the said vessels employed in the conveyance of Her Majesty's mails shall, both on the outward and homeward voyages, call at St. John's, Newfoundland, or in the event of any of the vessels being prevented making St. John's, to the satisfaction of the Admiralty agent or other officer in charge of Her Majesty's mails, by stress of weather or other unavoidable cause, then and in such case the vessels shall call at Halifax, Nova Scotia; and the said company 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, call, or touch in performance of this contract, all such of Her Majesty's mails, passengers, and telegraphic messages," and so on; is that which you are proposing now something different from that?—No. Our company consider that we are liable to have the contract terminated by not going into St. John's, when from fog or from ice it may endanger our vessels and the lives on board by going in; and the captain has this feeling, that he risks the termination of the contract by forcing his vessel into St. John's. Our present reading of our agreement with the Government is, that we are bound, under all risks almost, to force ourselves into St. John's, and that is what we do not want to have the company so restricted in.

1814. Sir *Morton Peto*.] You have, no doubt, read this contract with great care?—Yes.

1815. Allow me just to read one clause to you from it: "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." Practically is not that, if a commercial interpretation be given to it, everything that any company could desire?—We have found our captains forcing the vessels in at present at the risk of life and property.

1816. A captain may do a very imprudent thing, but, commercially, if you are bound

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bound to do an impossibility, of course you cannot achieve it; but if in the performance of your duty any obstacles are interposed beyond your control, and are certified by the Admiralty agent to be so, does not that give you practically all that you can desire?—Yes.

1817. I have been myself repeatedly a passenger on that voyage by steam packets, under the Government, of course. I have seen many instances of fogs, when the course has been as follows: a fog has arisen, the ship's speed is slackened, the Admiralty agent has been called on deck, it has been entered into the log, and he has certified it as being impracticable; is not that admitted as evidence, and if that is so, what more can you want under that clause?—I do not wish to press it in that case.

1818. Sir *John Trollope*.] Under those circumstances which have been stated to you, have you not been subject to have a fine inflicted upon you for delay caused by fogs; for instance, was not the "Connaught" kept 37½ hours longer on her voyage on that account, and do you know the consequence?—I am not prepared to answer that question.

1819. Mr. *Peel*.] The other indulgence which you proposed to be granted to the company was with regard to the postponement of the resumption of the service, and you suggested that although the company's vessels might be ready, perhaps, to recommence the service in six months, it would not be fair that they should do so in the winter months, but that the recommencement should be deferred to fine weather, for instance, to the 1st of February?—Yes.

1820. Is not that the most dangerous time of the year?—It is the most dangerous time off the Newfoundland coast.

1821. Why do you select the most dangerous time to recommence the service?—Of course I wish the time to be as limited as possible consistently with the fulfilling of the contract.

1822. The solicitor to the company was asked some questions on the subject. He was asked, "Do you think, from the accounts we have heard of those ships, that you would have been in a much better position on the 1st of June" (that is this year), and he replies, "Yes, in this way: the 'Columbia' and the 'Adriatic' would have taken their voyages at that period when there is most danger across the Atlantic, and not, as stated by Lord Stanley, in the winter months, when the ice is fast bound in the St. Lawrence, but in the spring months, when the ice gets loosened, and frozen fields of ice come down across the course which the ships have to take; therefore the dangerous months are the spring months," which are the very months which you have selected as the most favourable to the company?—We may for one or two voyages run some risks, but we are beginning in a season so approaching to summer that we are likely to have most favourable voyages.

1823. *Chairman*.] To go back to Newfoundland, the passage of the contract which was read to you by an Honourable Member, was to this effect, that "in the event of any of the vessels being prevented making St. John's to the satisfaction of the Admiralty agent," "by stress of weather or other unavoidable cause, then and in such case the vessels shall call at Halifax;" that merely refers, does it not, to the vessels proceeding to Halifax?—Yes.

1824. The Honourable Baronet asked you whether it was not also provided in this contract, "that the said company shall not be liable to any penalties for delay in proceeding to sea on the day and at the hour fixed, or for excess of time in performing any voyage, 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"; does not the word "penalties" there signify that no fine should be imposed; and are you not of opinion that, if on several occasions, owing to stress of weather, or owing to the existence of ice, your vessels had to proceed to the south in order to avoid the ice, and a delay arose in consequence in reaching St. John's, you might be apprehensive that the contract might thereby be terminated?—Yes.

1825. What I referred to is simply this, that it is not a question of fines for over time, but a question of the danger of the contract being terminated?—It was altogether on the question of the contract being terminated altogether, that I wished more liberty to be granted; we feel that the reading of it might be construed into a power of cancelling the contract altogether.

1826. Mr. *Peel*.] Do you believe that if the only deficiencies on the part of the company had been over time on some of their voyages, this contract would have been

been put an end to?—It certainly has been used as a reason against us for cancelling it.

1827. On what occasion was that?—I do not refer to the occasion more than that it was given as one of the reasons that we had not done it.

1828. Sir *Morton Peto*.] I think, as I understood the question put to you just now, it was practically with reference to the future, and you were asked what you would desire in the event of the contract being again commenced; I understood you to say, purely as a man of business, that having respect to the entire voyage to Boston or New York, you thought that the time taken for those two places should be the time which should bind the company with regard to St. John's, and that your not being able to reach St. John's on account of stress of weather, should not vitiate your contract?—That is so; it is the risk of vitiating the contract altogether which we object to.

1829. After your having stated that, and if that clause which I read to you was interpreted to me, as I understand it to mean, that if circumstances arose over which the company had no control, you were not to be subject to penalties, would not your objection fall to the ground?—Yes, that is so.

1830. *Chairman*.] You would engage, I presume, if there were a new contract, to deliver the mails at St. John's?—Yes, if the colonial subsidy is continued of 8,500 *l.* a year for doing so; we should expect that.

1831. You would expect that the 8,500 *l.* a year should be continued to you?—Yes; inasmuch as it is irrespective of the subsidy of 78,000 *l.* a year for which we contracted originally to deliver mails in America.

1832. Sir *John Trollope*.] You do not assent to the proposition that it should go to the Treasury in diminution of the amount they pay to you?—Clearly not.

1833. *Chairman*.] You succeeded Mr. Harvey Lewis as chairman of the company in September 1860, did you not?—I did.

1834. Did you find much difficulty in getting in your arrears and placing your shares in consequence of the uncertainty that had prevailed up to August 1860, with regard to the ratification of the contract?—We found great difficulty.

1835. Mr. *Peel*.] Were you connected with the company in the early part of 1860?—My connexion with the company commenced in September 1860.

1836. *Chairman*.] Will you turn to Question 204, in which I asked the Postmaster General whether any communication had passed between you and him on the subject of the transfer of the service from Galway to the port of Foynes; have you any explanation to make with regard to that communication?—The communication with the Postmaster General at that time was merely conversational; it had reference to negotiations, financial and otherwise, which the company were carrying on at the time; those negotiations have since ceased altogether.

1837. Sir *Morton Peto*.] With regard to the conduct of the affairs of the company, you are largely interested in steam communication, and in lines of steamers, are you not?—I am.

1838. And you have lines to various parts of Europe?—Yes.

1839. From various parts?—Mostly from London, but some from Liverpool.

1840. I apprehend that the opinions that you have given to the Committee with regard to the future are based upon your experience as a shipowner and a man of high commercial standing?—As a shipowner, and as connected with the building of ships.

1841. And the Committee may accept those opinions, I presume, as the result of your experience and of your conviction?—Yes; I wish to explain to the Committee a little with regard to an answer which I made to the Honourable Member for Bury. The acceptance or rejection of a ship under our present contracts is based upon a six days' voyage to St. John's.

1842. Mr. *Peel*.] In point of fact you want, do you not, to be rid of the obligation to go to St. John's in six days?—We want to be rid of the forcing upon our captains that we are bound to go into St. John's in six days, otherwise the contract will be null.

1843. You want to be free from that obligation?—We wish the Government to give us a little more liberty; we do not wish to be free from any obligation that is practicable for our vessels consistently with the safety of life and property.

1844. Sir *John Trollope*.] You do not urge it as being impracticable, but simply that it throws great difficulties in the way?—Not at all; it is the risk of terminating the contract which we wish to avoid.

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1845. Is there not also considerable risk to the mails and to the lives that are entrusted to your captains?—We fear so.

1846. *Chairman.*] Is there not greater danger in navigating a sea beset with ice, where you are obliged by your contract to employ paddle vessels, than there would be if you were permitted to employ screws?—Yes.

1847. *Mr. Walpole.*] Do you think that if there were a new contract entered into, the modification which you should apply for with regard to St. John's is, that you should not be bound to call at St. John's within six days; is that the main modification which I understand you to ask?—Yes.

1848. Do you think it unreasonable that in all those contracts the time should be specified in the contract for the sake of the public whose mails you have to carry; that the service should do it within a specified time or not?—No.

1849. The Chairman asked you a question with regard to future contracts; let me call your attention to a statement which was made in the report of what is called the Contract Packets Committee of 1853, and ask your opinion whether you think that the conditions which the Committee there recommended to be imposed upon contractors for the conveyance of mails are or are not reasonable conditions: "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;" are those conditions reasonable, in your opinion, to impose upon the contractors with the Government for the conveyance of mails?—They are; and they are such as we are still satisfied to work the contract under.

Sir Rowland Hill, K.C.B., and William J. Page, Esq., called in; and Examined.

Sir R. Hill, K.C.B.,
and
W. J. Page, Esq.

1850. *Mr. Peel.*] (To *Sir Rowland Hill.*) You are the Secretary to the Post Office, are you not?—I am.

1851. You have held that appointment for a very long time, I believe?—I was first secretary to the Postmaster General, which is merely another name for the same office; I took that appointment in the year 1846, and in 1854 I became the only Secretary to the Post Office.

1852. As Secretary to the Post Office, has the subject of postal and packet contracts, and the manner of their performance, and the mode of enforcing their performance, engaged your attention from time to time to a great extent?—Certainly it has.

1853. Were you consulted at different times as to the several steps taken by the Post Office with regard to the Galway Contract?—To a certain extent I was consulted by my brother, Mr. Frederick Hill; I was consulted upon the more important steps taken with regard to this contract.

1854. I presume, that since so much attention has been directed to it lately, you have made yourself acquainted not only with the more important features of it, but with the question in detail?—I have gone very fully into all the more important features of the case since the termination of the contract, and, to a certain extent, I have attended to the details.

1855. Does the result of this investigation which you have made lead you to a concurrence in the various proceedings on the part of the Government?—Entirely so; I think that the termination of the contract was a proper and necessary step.

1856. Referring to this contract, what do you consider to be the principal feature of it?—The principal feature of the contract is, in my opinion, the provision for the service between Galway and Newfoundland in six days, accompanied by the provision for carrying telegrams to Newfoundland.

1857. Was not that put forward by the company itself as the principal advantage of the contract, and the principal ground why it would be for the advantage of the Government that the contract should be accepted?—It was, both in the tender and in the final letter of the company, justifying their proceedings.

1858. Will you read that passage?—The tender is dated the 18th of January 1859, and at page 50 of Parliamentary Paper 230, of 1859, it says, "We will also undertake to convey telegraphic messages from the United Kingdom to British North America and the United States in six days, casualties excepted. It is quite needless to expatiate on the great advantages thus obtained by both
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the Government and the public." Then, in the final letter of the company, dated the 29th of May 1861, the secretary says, "On commercial grounds, the importance of having direct and speedy communication between Galway and St. John's cannot be overrated; this line forms a link connecting Europe with America, and reducing the communication to about six days."

Sir R. Hill, K.C.B.,
and
W. J. Page, Esq.
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1859. It appears from those two passages, therefore, that from first to last the company laid great stress upon the value to the Government and to the public of a direct and speedy communication between Galway and St. John's?—It is so.

1860. To enable the company to perform that portion of the service, was any allowance made to them in the calculation of the time over what had been originally proposed?—Yes; an additional day was given as between Galway and New York or Boston.

1861. How was that done?—It would appear, on reference to the correspondence of the company, that they professed, before the contract was taken, to be able to save four days in the double voyage; that is to say, two days each way; but the time actually given is not two days less than the average time taken by Sir Samuel Cunard, which was made the standard of comparison, but one day less; or rather, it professes to be one day less; but is not quite so much as one day less. The reasons assigned for this reduction were the difficulties of touching at St. John's, Newfoundland.

1862. That being so, has this important service been performed, and with what regularity or otherwise, by the company?—It has been performed, I am sorry to say, with great irregularity; it appears that, out of 17 voyages, only three were performed in accordance with the stipulations of the contract.

1863. Mr. *Walpole*.] Which were those three?—Two by the "Adriatic," and one by the "Parana," the latter being the return voyage, which is always the easier.

1864. Mr. *Peel*.] Did those occasions all fall within this year?—The voyage of the "Parana" was last year.

1865. The company have told the Committee that they were only bound by the provisions of the contract to go to St. John's when their vessels were actually carrying telegrams; do you concur in that view?—No, I do not; nor can I see how the company could possibly know whether they were carrying telegrams or not.

1866. Why not?—Because the telegrams would be, for the most part, I presume, enclosed in letters, and they would consist of instructions sent from this country to St. John's, Newfoundland, to telegraph to some town in the United States.

1867. *Chairman*.] Is not the expression in the contract, "when required by the Commissioners to do so;" that is, to deliver the telegrams?—The expression in the contract is slightly different; but those telegrams would consist of instructions contained in letters, I presume.

1868. I presume that the words "required by the Commissioners," imply that a certain act is to be done by the Commissioners, namely, to make a requirement to the company to convey those telegrams?—It appears to me that the contract cannot be construed to mean that the Commissioners are to give those instructions every voyage.

1869. Mr. *Peel*.] The use of this advantage was not restricted to the Government, was it?—Certainly not, as is stated even in the extract from the tender which I read; that extract concluded thus: "It is quite needless to expatiate on the great advantages thus obtained by both the Government and the public."

1870. Moreover, the advantage was to be an advantage reaped both homeward as well as outward, was it not?—Equally; and it is notorious that on the homeward voyages the packets do bring telegraphic information, which always appears immediately in the newspapers.

1871. Was the "Parana" rejected by the Post Office because she was not able to carry telegraphic messages in six days to Newfoundland?—I am speaking from recollection, but I think that the ground of rejection was that she was unable to perform the voyage from Galway to Newfoundland in six days, and that she was, therefore, unable to carry telegraphic messages. I should mention that the ability to reach St. John's in six days has always been taken by

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the Post Office as the test of the speed of the vessels, as being the more difficult part of the service.

1872. You have heard the evidence of Mr. Malcomson, the Chairman of the Company; and arguing upon the assumption that the contract might be renewed, he seemed to stipulate for the abandonment of this provision of the contract?—Yes.

1873. In your opinion, would this contract be of any value to the public, supposing that essential condition was abandoned?—Scarcely of any value.

1874. Why?—Partly because there are so many other packets plying regularly between British ports and the ports of the United States, and partly because the service being fortnightly, cannot be worked in advantageously with the weekly services, and is necessarily irregular. I do not mean irregular for want of exactness in the performance of the service, but because of its being only once a fortnight.

1875. You mean, that it does not fit in with the bi-weekly services?—It does not fit in with the weekly services.

1876. The Company have disputed their obligation to carry the mails to this port, have they not?—They did at one time.

1877. Admitting, however, that they were obliged to call at the port?—Yes; there can be no doubt as to the obligation to call, for it is stipulated in the contract, that the vessels shall call at St. John's, Newfoundland; but the Company hold that, though required to call at the port, they are not required, or, I should say, were not required to deliver mails at that port.

1878. With your extensive knowledge of these postal packet contracts, do you know of any instance where a packet is required to touch at a port and is not required to convey mails to and from such port?—No; there certainly is no such instance.

1879. As regards the intention, I presume the evidence is so clear that you could hardly have a better proof than what the contract itself says?—It appears to me that a position such as that taken by the company can only be maintained by the clearest evidence in the contract itself. Now, there is no evidence whatever to maintain such a position in the contract; all the evidence of the contract, which appears to us at the Post Office to be very clear, is against the position.

1880. *Chairman.*] Does not the solicitor to the Post Office, Mr. Peacock, himself recommend that reference should be made to the Admiralty to know the true meaning of that clause in the contract?—Mr. Peacock first expressed a decided opinion as to the interpretation of the contract; and then, I believe, with a view to a confirmation of his opinion, he did suggest that a reference should be made to the Admiralty.

1881. *Mr. Peel.*] But practically if it is admitted on all sides that the company are bound to call at this port, and are bound to land passengers (I believe there is no dispute as to the intention with regard to that point) what disadvantage would it be to them to be required to land the mails?—None whatever that I can see. I observe by the evidence of Mr. Vallance that the mails are described as exceedingly bulky and weighty; and as filling, I think, 10 or 20 bags, and weighing nearly a ton. Now, the fact is, that the average weight of the whole Newfoundland mail is about 56 lbs., and that it might be put very easily into a moderate sized portmanteau.

1882. *Sir John Trollope.*] How do you pack the mails for Newfoundland?—They go in bags.

1883. Then, if the correspondence is so small, is it necessary to be so stringent in the condition of touching at St. John's?—The advantage, as I have stated, of a speedy communication with St. John's consists mainly, in my opinion, in a telegraphic communication through St. John's, and so continuously through Halifax to other places in North America. The conveying of the mails with that speed is not a matter of very great moment.

1884. But for the telegrams it is of importance?—Yes, for the telegrams it is important, as stated in the tender, in the contract itself, and in all the documents which had reference to the engagement.

1885. Does the number of telegrams that go out on the average with each packet come within your knowledge?—No, we have no means of ascertaining it.

1886. *Mr. Peel.*] Does not the use of a privilege of this sort depend very much upon

upon the regularity with which the promised service is performed?—Undoubtedly it does; there can be no doubt that the irregularity of this particular service would tend greatly to reduce the number of telegrams despatched by it.

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1887. However, whatever may have been the interpretation of the original contract, I believe that by a subsequent agreement all doubts have been set at rest; is not that so?—That is so. I believe this agreement has not been put in evidence, and perhaps it would be right that I should put in a copy now. This is the agreement of the 24th of January of the present year (*the same was delivered in*).

Vide Appendix.

1888. On turning to page 120 of the Lords' Paper, I find in the 3d paragraph that it is said, "Out of 46 single voyages, which the company were bound by their contract to perform in the period of its duration, viz., between the 26th June 1860 and the 15th May 1861, only 17 have been performed at all, and of these only three within the strict terms of the contract." That appears to include the period during which the question of suspending the contract was under consideration?—Yes, that includes the whole period.

1889. But, setting aside that, the service has been a very irregular one, has it not?—Exceedingly irregular.

1890. Is it of any value to the Government or to the public?—It is scarcely of any value, and that is shown by the exceeding smallness of the correspondence. I have a statement here, which has been prepared on the subject, which I will put in with the permission of the Committee. It is a "Statement of the earnings and cost of the Galway line of mail steamers. Sea postage of correspondence (including newspapers and transit letters) from 26th June to 23d October 1860 inclusive, when the voyages were suspended (estimated), 1,400*l.*; trips out, 7; home, 6; total, 13;" giving an average of earnings per trip of 108*l.*

1891. Are those the earnings by the Government for the postage on the letters?—Yes; those are the earnings by the Post Office, the cost to the Post Office in the same time is, "contract payment (less penalties) 14,764*l.*; incidental expenses 500*l.*; making a total of 15,265*l.*," or more than 10 times the earnings of the same packets.

1892. The Government have paid to this company for the voyages they have performed under this Atlantic contract in the year 1860, as much as 15,264*l.*, after a deduction for the penalties, and they have only received the sum of 1,400*l.* for postage; is that so?—No; the payments to the company have been 14,764*l.*; there is an addition of 500*l.* for incidental expenses, chiefly express trains.

1893. Is that 14,764*l.* the sum less the penalties imposed upon the company?—Yes.

1894. Mr. Walpole.] What does that average per voyage?—The average is the one-thirteenth part of 15,264*l.*, which would be nearly 1,200*l.*

1895. That is, as against 108*l.*?—Yes, as against 108*l.*; then I may add, that the earnings per trip of the Cunard packets which run with the most exact regularity, are about 1,050*l.*, or nearly 10 times those of the Galway packets per trip.

1896. Chairman.] Was not the original object of granting this contract for the purpose of obtaining the speediest information which you could obtain from America, rather than a mere postal communication?—I have stated to the Committee, that that was in my opinion the more important feature of the contract, but I am asked what, supposing that part of the contract to be disregarded, would then be the value of the packets.

1897. Sir John Trollope.] With regard to the debtor and creditor account of the packet service, is it not the fact, that all ocean communications for letters under subsidies are a loss to the Post Office and to the country?—Not all, without exception, but nearly all, are a source of loss, more or less; but the Committee will be aware that I have brought the earnings of the Galway packets into comparison with the earnings of the Cunard packets making similar voyages, and having the same opportunities of conveying letters, and that, whereas the earnings of the Galway packets amount on the average to only 108*l.* per trip, the earnings of the Cunard packets amount, per voyage, to 1,050*l.*

1898. Mr. Peel.] Each carries all the letters that you can send, I suppose, on the occasion?—Each carries all the letters that are in the office for despatch at the time the vessel leaves, unless they are marked to the contrary.

1899. Sir John Trollope.] In taking an estimate of the Galway earnings, do you estimate simply the letters and packages that go from London and from
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England, or do you include those from Ireland as well?—I include all that are sent at the time.

1900. With regard to the Cunard line, you state their earnings, but can you state on the other side the cost of conveyance?—The cost, per voyage, is a little more than the cost per voyage of the Galway packets, and it is more in consideration of the greater mileage.

1901. The Cunard packets do not touch at Newfoundland; they go to the south of it, do they not?—Yes, they do; the alternate packets touch at Halifax.

1902. In the absence of the Galway mail, transmitted from Galway, by what way now are the Newfoundland letters transmitted?—To Halifax, and from Halifax, by steamer, to St. John's, Newfoundland.

1903. Is that a part of the Cunard contract?—Yes.

1904. And do they re-transmit them from Halifax?—Yes; the total payment to Sir Samuel Cunard for the main service (exclusive of certain small branch services which are not included in this item), is 173,340 *l.* for which he makes 104 trips in the year.

1905. Mr. *Walpole*.] To make your comparison perfectly accurate, and perfectly parallel with the statement that you have given us for the Galway packets, you would have, would you not, to give the actual earnings of the Cunard packets from the month of June to September, with the actual expenses during those months?—Perhaps to make it perfectly correct, we should, but I do not think that there is much difference between the postage in the winter and the postage in the summer.

1906. Sir *Morton Peto*.] You stated that Sir Samuel Cunard's packets, as we all know, perform their service admirably; have you instituted any comparison between the time occupied by the Cunard packets, and the time occupied by the Galway packets; that is to say, between the time they ought to have executed it in, and the time in which they did the service?—I can give it, with Mr. Page's assistance.

1907. There was a return moved for by the Honourable Member for Montrose, the other night, was there not?—Yes; it was delivered yesterday. I believe the real state of the case is this; that the time allowed to the Galway packets to reach the United States' port is one day less than the time which is actually taken by Sir Samuel Cunard's packets to reach the same port, starting from Liverpool; and also debiting him with a rather serious loss of time, which arises from the necessity for the departure from Liverpool being made at certain states of the tide.

1908. *Chairman*.] Is not this allowance of one day made in consequence of the Galway ships being obliged to touch at Newfoundland?—I believe that the comparative times of the two sets of packets may be briefly expressed thus: it is known to the Committee that the Cunard packets touch at Queenstown, and the time allowed between Queenstown and, say, New York, is almost exactly the same as the time allowed between Galway and New York. I should correct myself when I say, the time allowed in the case of the Cunard packets; for the fact is, that the time allowed under this contract is much greater than the time taken under Sir Samuel Cunard's contract.

1909. Mr. *Walpole*.] Under the Cunard contract, are they liable to penalties for overtime?—No, they are not liable to penalties for overtime.

1910. *Chairman*.] Is there a time-table in the case of the Cunard contract?—There is a table published every year by the company showing the times to be taken by these packets.

1911. Is there any time-table imposed by the Government upon the Cunard Company?—No, there does not seem to be any.

1912. Mr. *Walpole*.] Are there any penalties imposed by the Cunard contract for a breach of the covenants or conditions of the contract?—If a vessel should be late in leaving the port, then Cunard would be liable to penalties, but not otherwise.

1913. Has he incurred any penalties during the last year?—I doubt if he ever incurred any penalties; certainly not in the last year.

1914. Sir *John Trollope*.] By his contract he is not bound by penalties?—Yes, he is, as to starting at the appointed time.

1915. Mr. *Walpole*.] What is the date of that contract?—It has been renewed from time to time; the last renewal was on the 24th of June 1858.

1916. *Chairman*.]

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1916. *Chairman.*] He is going upon the old contract of the 19th of June 1840, is he not?—That is the date of the original contract.

1917. *Mr. Walpole.*] It is stated in a clause of that contract, "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"; are they going upon the new contract now?—Yes.

1918. *Chairman.*] Is there any penalty whatever imposed upon Sir Samuel Cunard, whatever may be the delay in his ships, provided he has a ship ready to sail from Liverpool and New York and Boston at the appointed time?—No; I believe the contract provides no penalties at all. The contract gives the power of determination. There is a general penalty clause which subjects him to an action for damages.

1919. *Mr. Walpole.*] What are the conditions under which the contract might be terminated?—I suppose neglect of duty; there is the usual clause, but the truth is, that the work has been done so well, that we never look at the contract. The clause in question is as follows:—"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." It is the same, *mutatis mutandis*, as the one in the Galway contract. It appears that in Sir Samuel Cunard's contract the only obligation is to perform the service "with all possible speed;" that is the expression, but there is a provision to that effect, and therefore, perhaps the Committee will think that the difference between the one and the other is not very great.

1920. *Chairman.*] In the Galway contract, is there not a penal clause for 5 *l.* for every hour's delay within 24 hours, and 10 *l.* for every hour after 24 hours?—Yes, there are penalties for delay: I do not recollect the amount.

1921. Have not those penalties been always strictly enforced?—I believe so.

1922. *Mr. Peel.*] Whatever may be the penalties in this Galway contract, they were inserted, I presume, with the full knowledge and concurrence of the company?—Yes, they form a part of the contract.

1923. The company cannot complain therefore of anything which is in their own contract?—They ought not to complain.

1924. *Chairman.*] You have charged the whole of those postal expenses as against Newfoundland, have you not, or have you given credit to the company for the mails carried to Boston and New York?—What I have stated are the expenses of the whole voyage on to Boston or New York, and the postage earned by the whole voyage; not the postage to Newfoundland, which is something ludicrously small.

1925. Were not the notices of the sailing of the Galway vessels often not issued till a day or two before their starting?—There is no doubt that it was so; and that was one of the irregularities of which the Post Office complained.

1926. That arose from the inability of the company, I presume, to have their vessels ready always upon the proper occasions?—Yes, constantly, from the non-fulfilment of the contract, I should say, in that respect.

1927. *Mr. Peel.*] It has been alleged by the company, that they have been treated with undue severity by the infliction of penalties; what is your opinion upon that point?—Of course the Post Office has no power to inflict penalties, except such as is given by the contract itself; my own opinion is, that the penalties provided by the contract have not been enforced with extreme rigour; but there is this difference between the Galway contract and many others, viz., that the Galway contract provides penalties, and the other contracts do not provide penalties; and therefore it must be the case unless the Post-

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master General neglects his duty that more penalties are enforced under the Galway contract than under contracts generally. But it appears to me that the company has really been treated with great indulgence by the Post Office.

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1928. *Chairman.*] You mean in this matter of penalties?—Perhaps not in the matter of penalties; I may say yes, in the matter of penalties, in one sense. The company obtained a suspension of the contract, which in fact, exempted them from the penalties during the period of the suspension. There was one penalty inflicted in the first instance, I believe, as a condition of the suspension, but after that, of course, no more penalties were inflicted so long as the suspension continued; this of itself was a very great indulgence, and an indulgence which I have reason to believe never was granted to any other company whatever.

1929. *Mr. Peel.*] There were penalties, were there not, for employing a ship which was not strictly admissible under the contract?—There were.

1930. Do you know what that ship was?—I think the penalties were levied for the "Parana" and the "Prince Albert."

1931. *Mr. Walpole.*] Was not the "Parana" the first ship which carried on the contract on the 26th of June 1860?—Yes, it was.

1932. She left Galway on the 27th of June?—I believe that was so.

1933. Was she a substituted ship or not?—She was.

1934. Was any penalty enforced then?—No; not in respect of her departure.

1935. *Mr. Peel.*] Not for being a substituted ship?—Not for being a substituted ship.

1936. The other substituted ship was the "Prince Albert," was it not?—Yes; the "Prince Albert" was the next substituted ship apparently.

1937. She appears to have been employed on three several occasions?—Yes; it was so.

1938. And upon each of those three occasions a fine was imposed of 500 *l.*?—Yes.

1939. Why was that?—It was the price demanded, as it were, for permission to substitute an inferior for a superior ship.

1940. Was it a ship which was known not to be able to perform the service, or which there was good reason for believing could not perform the service within the stipulated time?—The vessel was surveyed, and the report was that she might be accepted for one voyage; she was inferior in tonnage and inferior in steam power to the stipulations of the contract.

1941. Was the "Prince Albert" one of the ships which the Atlantic Company had purchased from the Newfoundland Company?—They were the same company, I understand.

1942. (To *Mr. Page.*) This ship the "Prince Albert" was a ship which had been employed under the separate Newfoundland service, I believe?—I believe so; I have no record of the voyages performed by the company under the colonial contract.

1943. I find in the Appendix to the Report of the Select Committee on Packet and Telegraphic Contracts, a time-table of the performances of the Newfoundland Company's ships in the year 1859; will you look at that table, and tell me what have been the performances of the "Prince Albert" under that contract?—The "Prince Albert" sailed first, according to this return, from Galway on the 5th of February; the time taken to St. John's was 10 days 17 hours; the total number of days taken on the voyage from Galway to New York was 19 days 11 hours, out of which there was a detention at St. John's of two days and 23 hours, leaving 16 days and 12 hours as the time occupied in steaming from port to port.

1944. Does it appear, from what you have just now read, that this vessel which was tendered for the performance of the Atlantic service, to go from Galway to St. John's in six days, had on that voyage in the year 1859, occupied as many as 10 days, or more?—It appears by this return, that she had occupied 10 days and 17 hours.

1945. What was the date of that voyage?—January 1859.

1946. *Chairman.*] Are you aware that that vessel was subsequently repaired, altered, and improved?—I am not aware.

1947. *Mr. Peel.*] Was she employed a second time?—She was employed again in December 1859.

1948. How long did she take on that occasion?—To go to St. John's she was six days and 20 hours; the total length of time occupied from Galway to New York was 13 days and 13 hours; the detention at St. John's one day and 21 hours,

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21 hours, leaving 11 days and 16 hours for the time occupied in steaming from port to port.

1949. Will you give us the homeward voyages?—The “Prince Albert” left New York on the 4th of March, and did not call at St. John’s at all; she occupied in steaming from port to port 18 days and 22 hours before reaching Galway.

1950. *Chairman.*] Is not there a return of the voyages from New York previous to the 4th of March?—Not in this return. On the return voyage on the second occasion she left New York on the 5th of January 1860. She went to St. John’s in 4 days and 2½ hours from New York; went from New York to Galway in 10 days and 20½ hours; detention at St. John’s, 1 day 2 hours; steaming time from port to port 9 days and 18½ hours.

1951. *Mr. Peel (to Sir Rowland Hill.)*] Having heard the report of the performances of this very same ship, the “Prince Albert,” during the year 1859, are you of opinion that when that same ship was offered for the performance of the accelerated service with the Home Government it was not right to impose a penalty if she was to be accepted for the performance of this service?—I think the Postmaster General would have neglected his duty to the public if he had not imposed the penalty, considering that the penalty was merely a deduction from the payment for the voyage. It amounts to this, that instead of paying 3,000*l.* for the double voyage of a competent vessel, the Postmaster General was willing to pay 2,500*l.* for the double voyage of an incompetent vessel. That I think is the correct statement of the case; the alternative, if the Postmaster General had enforced the conditions of the contract, being, first that a penalty would have been inflicted of 500*l.*, in consequence of the company not having provided a proper vessel; and next, that the whole payment for the double voyage of 3,000*l.* would have been withheld.

1952. *(To Mr. Page.)* I believe that with the exception of those three fines for the employment of the “Prince Albert,” all the other penalties were penalties for overtime on the voyages?—With the exception of the three penalties levied for the employment of the “Prince Albert,” all the other penalties levied upon the company, in the year 1860 were for overtime; but a little explanation is necessary with regard to the sum of 291*l.*, which was previously spoken of before the Committee. This was deducted for sea postage on letters sent by a Canadian packet under peculiar circumstances, instead of by the “Connaught.”

1953. With a view to indemnify the Government for money out of pocket?—Yes.

1954. *(To Sir Rowland Hill.)* With regard to those fines for overtime in the year 1860, a complaint has been made that one of them a penalty for the late arrival at Galway of the “Connaught,” it being stated on behalf of the company, that her late arrival was caused by a fog off Newfoundland; have you any remark to make upon that point?—First, I must state that the late arrival at Galway amounted to 2 days and 13 hours, and that the alleged detention by fog amounted to 1 day and 13½ hours; consequently, if the whole time of such alleged detention had been deducted, there would still have been a fine levied to the extent of one day’s lateness; but we have much reason to believe that the excuse of the fog is not a valid excuse.

1955. Do you mean under the contract, or in the fact?—In fact; that there was not such a fog as necessarily retarded the progress of the vessel.

1956. *Mr. Walpole.*] Are you speaking of the fog in November 1860?—No, in August 1860. In evidence of what I have stated I would read a paragraph from a letter from the department to the company, at page 42 of the Lords’ Paper, 132; the letter is dated the 13th September 1860: “Sir,—The Postmaster General has received through the Colonial Office, the copy of a despatch from the Governor of Newfoundland, in which he complains that the steamship ‘Connaught,’ which sailed from Boston on the 7th August last, failed to call at St. John’s on her way to England. The only explanation on this point that has yet been furnished to this office is contained in a memorandum addressed to the postmaster of Galway, and signed by the purser of the ship, and which simply states that the ‘Connaught’ arrived off St. John’s at 8 A. M. on the 11th August, and that owing to the disabled state of the engines and a dense fog, the ship sailed for Galway at 9.30 P. M. on the 12th, without landing mails. As, however, the Governor states in his despatch, that on reference to the shipping lists he finds, that on the 10th, 11th, 12th, and 13th August, no less than 32 sailing vessels entered the port

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Sir *R. Hill*, K.C.B., from all parts of the world (several of them from the United States), and also the mail steamer from Halifax, it appears to the Postmaster General that the explanation given by the purser is by no means satisfactory, and I am to request, therefore, that you will furnish me, for the information of his Lordship, with full particulars of the circumstances under which the 'Connaught' failed to land the mails for Newfoundland, and to embark the mails for England on the 11th August last."

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1957. Was she fined for that?—She was fined for lateness in coming to Galway.

1958. Mr. *Peel*.] Is that the despatch of the Governor of Newfoundland (*handing a paper to the Witness*)?—Yes; we have a copy of the despatch referred to, from which I will also, with the permission of the Committee, read an extract.

1959. Is that a despatch from the Governor of Newfoundland to the Colonial Office?—Yes; it is a copy of the despatch. "Government House, Newfoundland, 15th August 1860. Sir,—I have the honour to acquaint you that the mail bag containing my despatches for the Colonial Office was sealed up and sent to the Post Office on the 10th instant, at two, p. m., in accordance with a public notice, stating that the Newfoundland mails for England would be despatched by the Galway Company's steam ship 'Connaught,' hourly expected from Boston, on her passage home, *vid* St. John's. The 'Connaught' has not yet made her appearance, and I have little or no doubt that this steamer has gone direct home, and I dare say it will be said that fog prevented her from communicating with this port. I have looked over the shipping lists, and I find that on the 10th, 11th, 12th, and 13th, there were no fewer than thirty-two sailing vessels (32) entered this port from all parts of the world, several of them from the United States, and also the mail steamer from Halifax."

1960. That was written, was it not, a few days after the ship had omitted to call?—Yes.

1961. The Post Office, then, having had that despatch from the Governor of Newfoundland to the Colonial Office communicated to them by the Colonial Office, stating that there was no such fog as prevented ships from coming into the harbour of St. John's, inasmuch as a great number of vessels had actually entered on those very days when the "Connaught" could have come in, and having, on the other hand, the statement of the purser that there was a fog, and asking, upon that account, that the exaction of the penalties might be waived, you thought it right to insist upon the payment of the proper penalties?—That was so.

1962. *Chairman*.] What is the usual evidence that the Admiralty has been accustomed to receive in all cases where delays have occurred, where the contracting parties have pleaded that circumstances have arisen beyond their control, in the case of steam vessels?—I cannot speak to the practice of the Admiralty in those matters.

1963. You are aware, I presume, that the person to whom you would naturally refer for an explanation of the causes of the delay would be the Admiralty agent on board?—There was no Admiralty agent on board on that occasion.

1964. In case there was no Admiralty agent on board, would not the log of the captain be evidence?—Not to upset the statements of the Governor of Newfoundland as to the actual arrival of a great number of vessels.

1965. Are you aware that the head of the Packet Department of the Admiralty has stated to this Committee, that the log of a captain would be received under such circumstances as an evidence of the state of the weather?—It would be received, I presume, by the Admiralty, but the question is as to the evidence which would satisfy the Postmaster General.

1966. Then you consider that the Postmaster General would require more evidence than the Admiralty?—The Postmaster General must, of course, act entirely according to his own views, and cannot be bound by a precedent set by the Admiralty.

1967. Am I to gather from your answer that in case the contract service had remained under the Admiralty instead of having been transferred to the Post Office, the Admiralty would have dealt in a different manner with this company for that default in time?—I cannot possibly say how the Admiralty would have dealt with the case.

1968. You have stated that the Governor of Newfoundland has sent a despatch stating

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stating that vessels had entered the port upon those days upon which the "Connaught" pleaded inability to do so in consequence of the fog; is not that so?—Yes.

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1969. Are you aware that in August, positive information was forwarded from St. John's to say that it was dangerous and unsafe for a steamer to approach the land?—No; I am not aware of anything of the sort; the Governor tells us that a mail steamer did actually come into the harbour from Halifax.

1970. On what day?—On one or other of the four days which are named in the despatch.

1971. Does it state that the steamer entered the port upon the day on which the "Connaught" was unable to enter that port?—It does not state how many vessels entered on each particular day, but it states that "on the 10th, 11th, 12th, and 13th there were no fewer than thirty-two sailing vessels entered this port;" that is the information which we obtained.

1972. Did you receive any answer from Mr. Boate in reply to this letter of the 13th of September 1860?—Yes, there was an answer.

1973. (To Mr. Page.) What does Mr. Boate say?—"Atlantic Royal Mail Steam Navigation Company (Limited), 10 Cannon-street, E. C., London, 26th September 1860. Sir,—With reference to your communication of the 13th inst., 1018 L, on the subject of a despatch received at the Colonial Office from the Governor of Newfoundland, complaining that the steam-ship 'Connaught,' which sailed from Boston on the 7th August last, failed to call at St. John's on her way to England, I have the honour, by desire of the directors, to transmit, for the information of his Lordship the Postmaster General, copies of the following documents, namely: 1st. Telegram from light-keeper at Cape Race to Mr. Shea, the company's agent at St. John's; 2d. Declaration as to the state of the weather on the 10th, 11th, and 12th August, on the coast of Newfoundland, by Thomas Winter, Esq., sub-collector of Her Majesty's Customs in that island; 3d. Declaration of James Cantwell, lighthouse-keeper, Cape Spear, near St. John's, as to the state of the weather in that locality on 10th, 11th, and 12th August 1860. These documents seem to afford ample evidence as to the prudence of the commander of the 'Connaught' in proceeding to sea for the safety of the ship and the lives of the passengers entrusted to his care, after waiting for 37½ hours off the coast of Newfoundland in thick weather, and in the midst of dangerous currents. The directors trust that his Lordship the Postmaster General will be of opinion that these documents fully meet the allegations contained in the letter of his Excellency the Governor of Newfoundland." This is signed "A. Boate," and addressed to the Secretary of the General Post Office.

1974. (To Sir Rowland Hill.) Is there not an affidavit on the 16th August 1860, taken before the Notary Public at St. John's, that James Cantwell, the keeper of the lighthouse at Cape Spear, stated that he was on the look out, and that "on Friday the 10th, Saturday the 11th, and Sunday the 12th instant, he kept a very strict watch for the steamer "Connaught," as he knew she was expected to arrive at this port from Boston on the evening of the first-named day; that during the said three days the fog was as dense as he ever remembers to have seen it, with the exception of a part of Saturday the 11th, when between noon and 6 o'clock P. M., the fog receded to the distance of about a mile from the shore, but soon after 6 it again set in as dense as before; that during the time in question it would have been very unsafe for any vessel to approach the coast, and except during the short interval above named, no large vessel could venture near enough to make out the land." Then there is also a telegram on the 14th August 1860, from St. John's, from A. Shea, who, I presume, is the agent of the company, wanting to know what the state of the weather was "at and about Cape Race on Friday the 10th, Saturday the 11th, and Sunday the 12th instant? If foggy, was the fog during those days very dense? Could a large steam ship approach the land near Cape Race with safety, and was it possible to see the land from seaward? Please give me a particular answer to the above." That was addressed, was it not, to William Halley, the lighthouse-keeper, at Cape Race?—I see it is stated to have been so addressed.

1975. (To Mr. Page.) Will you read the reply from William Halley, Cape Race Lighthouse, to A. Shea, 14th August 1860?—"Weather at Cape Race on 10th, 11th, and 12th instant, dense fog and mist; wind south-west, moderate; impossible to see this land on those days; unsafe for a steamer to make Cape Race." (Signed) "William Halley."

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1976. Will you be good enough also to read the affidavit of the 17th August from Mr. Winter, the sub-collector of Her Majesty's Customs at the port of Gaultois, in the Island of Newfoundland?—"On this 17th day of August, in the year of our Lord 1860, before me, William Henry Mare, of the town of St. John's, in the Island of Newfoundland, notary public by lawful authority duly admitted and sworn, personally came and appeared Thomas Winter, Esq., sub-collector of Her Majesty's Customs at the port of Gaultois, in this island, who solemnly declared that on the morning of Friday, the 10th instant, he left the harbour of Lamaline, on the west side of Placentia Bay, about 15 miles from the Island of St. Pierre, in the coasting schooner "Charles," bound to this Port of St. John's, and on Sunday, the 12th instant, arrived here. That during the whole passage this coast was enveloped in dense fog, and he was thereby prevented from seeing land any time during the voyage until within a few miles of this port, although after doubling Cape Race the vessel was so near the land that he could distinctly hear the sea beating against the shore, and continued to do so until arrival here."

1977. (To Sir Rowland Hill.) Have you not here, two cases of persons upon their oaths, alleging that it was a matter of danger to approach Newfoundland upon those days?—It would appear to be so.

1978. The evidence which you had on the part of the Government of Newfoundland, was to the effect, that vessels did come into the port of St. John's?—Yes.

1979. Whereas here, you have positive evidence upon oath, that it was unsafe for a steam vessel to do so?—Yes.

1980. Mr. Peel.] If it be a fact that vessels did a certain thing, does not that fact appear to you to be of more weight, than the opinion of a lighthouse-keeper, as to what they could not do?—It appears to be so, certainly.

1981. It is stated, is it not, as a matter of fact, that 32 sailing vessels, and a mail packet from Halifax, entered the harbour in those four days?—Yes.

1982. Does not that appear to you to be almost conclusive of the question, as to vessels being able to enter that harbour?—The utmost that can be said, is, I think, that there may be doubt as to the state of things; that certain vessels did enter shows that it was possible to enter. But it is well known that fogs prevail in the neighbourhood of Newfoundland, and therefore the company in undertaking such a service, must have been aware of it; they must have taken it or they ought to have taken it into account when they made their tender; therefore I think, under the circumstances, it is necessary and proper that the Postmaster General should enforce the penalties, except where the evidence is clear and conclusive that they ought not to be enforced.

1983. Chairman.] Have you any evidence at all that any of those sailing vessels did enter the port at the time when the "Connaught" was detained outside?—The evidence which we had is that which has been read to the Committee; we had no other evidence upon the subject.

1984. Might not those 32 vessels have been small coasting vessels that ran in from the north?—Very possibly; but under the contract there is nothing to prevent the Galway steamer landing the telegrams and messages, and so forth, by another boat; provision is made under the contract for the use of a smaller boat in the event of the larger vessel being unable to enter the port.

1985. Am I to gather from what you state that you consider the Postmaster General ought to inflict the fine upon the captains of vessels under the postal contracts for not driving their vessels through the fogs off Newfoundland?—I cannot answer a question of that kind. The infliction of a moderate penalty like this does not necessarily drive the captain to have recourse to dangerous expedients.

1986. On the whole, do you think that the inflicting of a penalty of this description of 490*l.*, where you had such conflicting evidence as you have at present as to the ability of the captain to enter St. John's, was a case of great indulgence on the part of the Post Office to the Galway Company?—I have not stated it as a case of indulgence; it has not been so stated; but I must add that the whole of that penalty was not inflicted in consequence of the detention from fog, even assuming the perfect accuracy of the statement on the part of the company; the penalty was calculated for a detention of two days and 13 hours, whereas the fog detained the vessel only one day and 13 hours.

1987. Mr. Peel.] I believe there was only one other penalty enforced by the Post Office, and that was on the recommencement of the service in this year; the

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the service should have recommenced according to the agreement on the 26th of March, and it appeared that when that time arrived the company had no ship to offer for the conveyance of the mails?—Yes, it was so.

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1988. It would have been open to the Post Office, I believe, under that agreement, to have terminated that contract upon that occasion, but they waived that right and allowed the service to be postponed, did they not, for a fortnight, and they imposed a penalty of 3,000 l.?—Yes.

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1989. I will ask you some general questions upon the enforcement of contracts by the Post Office; would there not be great inconvenience, in many ways, if the Post Office were to be lax in the enforcement of contracts?—Very great indeed.

1990. Would it be unfair?—I think it would be unfair, because when tenders are invited competition takes place, no doubt upon the assumption that the conditions will be enforced; therefore if a contractor having obtained the service is irregular and penalties are not enforced, it becomes a sort of unfairness towards the other competitors, who, probably, reckoned upon the stringent enforcement of the conditions of the contract; again, we have been very much guided at the Post Office by the recommendations of Lord Canning's Committee of 1853, from the report of which an extract has been read this morning. That Committee, it will be seen, advises that in future contracts Government, shall depend upon the stringent enforcement of the penalties.

1991. Do you think that the Post Office could have passed over repeated irregularities without imposing penalties and not have neglected the public interests?—I think not; I think the Post Office would have been fairly attacked by the public if it had not enforced those penalties.

1992. You have a great many contracts running, have you not?—A great many.

1993. I suppose that if it was found that the Post Office allowed the conditions of those contracts to be infringed with impunity, there would be no real fairness in the competition for the service, would there, and no real equality between the competitors?—Certainly not; because some competitors would calculate upon this leniency on the part of the department, and would underbid others in consequence.

1994. It appears from your evidence that the most part of those fines were fines for over-time; is it not the case that almost the only recommendation of this contract was the quickness and the certainty of the voyages, according to the contract?—Certainly; and those advantages were prominently put forth as an inducement to the Government to enter into the arrangement.

1995. It has been urged by the company that the Post Office were over-strict in their survey of the vessels which were offered from time to time; what is your opinion upon that point?—I think if the Post Office had not been strict in their survey, it would grossly have neglected the public interests. We see the terrible disaster that occurred in the loss of the "Connaught," providentially not attended with a loss of life; but the exposure of life was most serious; and if the Post Office had not taken warning from that circumstance, and had allowed, for instance, the "Hibernia" to proceed, I think that the responsibility we should have incurred would have been fearful.

1996. One witness has stated that it was a fortunate thing that that ship was damaged off Cape Clear, while another witness has stated that it was an unfortunate thing; to which of those two opinions do you lean?—I think that it was exceedingly fortunate. I fear that if the same exposure to weather had occurred after the departure of the vessel from Galway, the results might have been even more fearful than they were, in the case of the "Connaught." In surveying vessels, we not only think of the safety and punctual delivery of the mails, but we also have regard to the safety of the passengers, who, relying upon our survey, frequently prefer the mail packets.

1997. The determination by the Post Office of this contract was no sudden or precipitate measure, was it?—No, certainly not; penalties were levied repeatedly, and the ordinary means to enforce punctuality were resorted to, but, as appeared after a considerable lapse of time, without avail. It appears to me, therefore, that the Postmaster General was bound, as the guardian of the public interests, to terminate the contract.

1998. There have been repeated failures, and not a few fines, in consequence, have there not?—Repeated; so frequent that failure was the rule and the correct performance of the service was the rare exception.

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1999. I suppose you do not agree with what has been contended for the company, that their shortcomings were condoned for by the fines?—Certainly not; the clause in the contract removes all possible doubt upon that subject. It is part of clause 43, which, with the permission of the Committee, I will read: “In case of any breach of this contract 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 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 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.”

2000. Then, if the Post Office are bound to be so strict in seeing that these steam packet contracts are properly carried out, how do you justify the many indulgences and relaxations which were permitted by the Post Office during the course of last year?—We have never been challenged upon that point; but really it appears to me that that is the most difficult part of our conduct to justify—that we allowed the irregularities to go on for so long a time.

2001. You took into account, did you not, on those several occasions, the difficulties which the company had had to contend with, whether of their own creating or not?—I presume it was so. As I mentioned, I did not advise in the early part of the arrangements; indeed I was not at the office; I was absent on account of a long illness; but it is scarcely necessary to point out that the head of any public department would resort very reluctantly to so strong a measure as that of terminating a contract.

2002. Mr. *Walpole*.] Between the time when the service commenced, and the 24th of January 1861, at the time when the service, by arrangement, was suspended, it has been stated before this Committee that there were eight homeward, and eight outward voyages, which had subjected the company to penalties, which penalties were not enforced; is that an accurate representation of the case?—Yes; I have every reason to believe that it is; there were penalties for not having the vessels ready.

2003. Mr. *Peel*.] But not at the period to which the question of the Right Honourable Member refers?—I understood the Right Honourable gentleman, not to say that the penalties had been enforced, but that they might have been enforced.

2004. Mr. *Walpole*.] They might have been enforced, but they were not?—They might have been enforced if we had put a rigid interpretation upon the contract; but we did not put a rigid interpretation on the contract, we allowed the suspension of the service instead.

2005. Mr. *Peel*.] But the suspension was not agreed to until after all those voyages had been omitted by the company, and it was under discussion at the time, was it not?—Yes.

2006. Mr. *Walpole*.] Allow me to call your attention to this letter at the top of page 121, at the fourth paragraph, you will see this: “No penalty was imposed for the employment of the “Parana” when she was permitted to take the mails, and no penalties have been levied for the many occasions upon which, prior to the signing of the agreement for the suspension of the service, the company failed to provide any packet for the conveyance of the mails on the appointed days;” is that correct?—I have no doubt it is correct. The Right Honourable gentleman will be aware no doubt that the secretary signs many letters for which he cannot be held responsible.

2007. (To Mr. *Page*.) Will the tabular statement which you have handed in to-day, place before the Committee the fact as to whether that statement is correct?—It will.

2008. Mr. *Peel*.] The contract was terminated in the month of May, was it not?—Yes, on the 7th of May.

2009. The time when the service recommenced, was the end of the month of March, or the beginning of April, was it not?—Yes, it was.

2010. (To Sir *Rowland Hill*.) Had it been suspended at the desire of the company?—Certainly; and under an emphatic promise, I may say, on their part to be quite ready to perform the service satisfactorily at the expiration of the period of suspension.

2011. Had they expressed their full confidence that they would be able, on the

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the resumption of the service in March, to perform it to the entire satisfaction of the Post Office?—Yes; they had. I will read an extract from a letter from the secretary of the Company, dated the 7th of November 1860. At page 64 of the Lords Paper “The directors are fully confident that by the period named, they will be in a position to carry out the service to the entire satisfaction of his Lordship the Postmaster General.”

2012. Without some assurance of that sort from the company against the recurrence of the irregularities when the service recommenced, would the Post Office have agreed to the suspension of the service?—I feel sure that it would not; it would have scarcely been within the range of its duty to have consented to a suspension without such an assurance.

2013. It was upon the faith of that assurance, was it not, that the company would be in a condition to perform the service regularly in the month of March or April, that you consented to the suspension of the service in the previous year?—Certainly.

2014. Was it an expressed condition of the agreement entered into between the Post Office and the company that the Post Office should have the power to terminate the contract on any renewal of this default?—It was. I will read, with the permission of the Committee, an extract from the agreement in question, which is dated the 24th of January 1861. “Provided always, and it is hereby further agreed and declared, that in case the said company shall not, on and after the said 26th day of March 1861, well and truly perform, or cause to be performed, the services in the said hereinbefore recited contract particularly mentioned, at the times and in the manner therein expressed, and thereby commit a breach of such contract and of this agreement, it shall be lawful for the Postmaster General for the time being, by writing under the hand of either the secretary or one of the assistant secretaries for the time being, of the Post Office, to determine the said hereinbefore recited 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.”

2015. Are you clear that the interests of the public required that you should bring this matter to a close?—It appears to me to be so; I think there can be no doubt upon that point.

2016. Was there any reasonable hope, so far as you could judge, of a satisfactory performance of the contract by the company in the future, supposing you had allowed further indulgences?—There was apparently none. The company, according to its own statement, would, in order to carry on the service, require an enormous increase of capital, and it proposed to effect this by issuing 7 per cent. preferential stock; while it had, at the same time, but one ship fit for the service, instead of four, as the least number that would suffice, or as stated in the tender five. Then, again, in corroboration of this view, I may appeal to the evidence which has this morning been given by the chairman of the company, who, when asked when the company would be prepared to fulfil the contract, in the event of its renewal, named the 1st of February next; and even that I understood to be contingent upon certain concessions being made by the Post Office.

2017. *Chairman.*] Will you be good enough to take this paper in your hand (*handing in a paper to the witness*); you will see there “A return of each of the different breaches of contract committed by the Cunard Peninsula and Oriental, and West India Companies, during the first two years of their contracts; the amount of the penalties to which they were liable in each of those cases; and a statement as to whether any, and, if any, which of those penalties were enforced;” I see that in the case of the Cunard Company there was no penalty, but in the next case, that of the Peninsula and Oriental Company, I see that an amount was “abated from the subsidy as a penalty for four breaches of contract, in not having a vessel ready to convey the mails between Malta and the Ionian Islands,” and that the penalty levied upon them was 1,000 *l.*; am I not right in saying that the Postmaster General imposed upon the Galway Company a penalty of 3,000 *l.* for not commencing the service under the new agreement, upon the 26th of March 1861?—I cannot admit that that would be a correct statement.

2018. Did not the Postmaster General impose upon the company that penalty of 3,000 *l.*?—No; he did not; what he really did was to allow a suspension of the service at their earnest entreaty, upon condition of a deduction being made of 3,000 *l.*; it was not a penalty imposed by the Postmaster General, but it was

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an arrangement made at the request of the company; and the company were very much delighted when they found that they were let off so easily.

2019. Still they had to pay 3,000 *l.* for not having a ship ready on the 26th?—No; I submit that that is not a correct statement of the case; they had to pay 3,000 *l.* for permission to suspend the service from the 26th of March to the 9th of April, and the alternative would have been no doubt to have terminated the contract.

2020. Under the West India Company's contract I see there were six cases of penalties, and out of those six cases of penalties, four were for the hire of vessels and for the expenses of Her Majesty's vessels in conveying the mails?—I am not aware what were the grounds of levying those fines. The Return seems to terminate in 1842, and therefore we are speaking of events nearly 20 years back.

2021. Mr. Peel.] With regard to that Return, let me ask you whether those cases were cases of penalty, or rather whether they do not appear to be abatements from the contract payments by the Government on account of the Government having to perform services in the West Indies and between the smaller islands there, which according to their contract the company should have performed?—Some of them appear to be of the character of abatements.

2022. They were not penalties. I presume the service was not performed by the company, and the Government had to perform it instead, and the sums that they had to pay were abated from the payments which they made to the company?—That is the case as regards three of the items apparently. The others perhaps may be considered as penalties for delays.

2023. Chairman.] Will you refer to the penalty of 8,000 *l.*, which was the amount abated for deficiency in the number of vessels employed, under an Admiralty order of the 2d of January 1843. Was not that a penalty of 8,000 *l.*?—It was.

2024. Does it not seem afterwards that the penalty was remitted?—It appears so.

2025. Mr. Peel.] In the case of a penalty for a deficiency of vessels, the company were bound, were they not, by their contract to keep a sufficient number of vessels to perform the entire Colonial and West Indian service?—I presume that that was so, but I cannot recollect a contract 20 years old, nor does it appear to me to be very important whether penalties were levied or not. The service at that time was under the control of the Admiralty, and it is now under the control of the Postmaster General. The proceedings of the Admiralty should be explained, I presume, by an officer of that department.

2026. Sir John Trollope.] Were you correct in stating that it was all under the Admiralty at that time?—Yes.

2027. Had it not been formerly under the Post Office, then transferred to the Admiralty, and now retransferred to the Post Office?—It is so, but the transfer to the Admiralty was long anterior to the date of this return. Most of the packets were, I think, transferred to the Admiralty somewhere about the year 1820, and the remainder as early as the year 1837.

2028. Chairman.] Does it not appear that in the only case where a fine was imposed in the two first years of the service of the West India Company, that that fine of 8,000 *l.* was remitted to them?—It would appear to be so.

2029. Mr. Peel.] May it not be inferred, from the remission or return of that penalty, that the question of what number of vessels was a sufficiency of vessels, under the contract, was a matter upon which the company and the Government could not agree?—Very probably, I think.

2030. Chairman.] Are you aware that the only penalty imposed upon the Royal Mail Company, that is, the West India Company, is, for not having vessels to start from the ports at the proper time?—I cannot tell. May I ask whether the Honourable Chairman means that those were the only penalties provided for in the contract, or the only penalties levied?

2031. The only penalties provided for in the contract?—I presume it is so; the contracts are different in that respect, and therefore, as it appears to me, the treatment of the companies must be different.

2032. Have you read the report of Lord Canning's Committee upon the contract packets of 1853?—Yes, but not recently.

2033. Are you aware that it was stated there "that in the course of the last two years the packets have only kept their stipulated time of arrival at Southampton on three occasions; that they have sometimes exceeded it by as much as 14. or

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15 days; and that, on the average of the two years, they have failed to keep time by four days for each voyage"; and are you aware that it says, that in consequence of the losses that this company have sustained, the Post Office is "of opinion that while it would not be fair towards the company at the present moment to determine the contract, or to inflict any penalty in respect of past deviations from it, the public interest nevertheless demands that a stricter course than has heretofore been followed with respect to such deviations, should now be adopted. We consider that a careful watch should be kept upon the proceedings of the company in future?—I cannot call all this to recollection; at that time the contracts were not under the control of the Post Office, and therefore I think there must be some mistake in the quotation from the Report of Lord Canning's Committee.

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2034. Mr. Peel.] May I call your attention to a statement from the Royal Mail Steam Packet Company to the Postmaster General in the year 1853, with regard to the manner in which they had performed their service, where it is stated that "The service commenced in January 1842; and during the whole time that has since elapsed, amounting to 12 years and nearly 4 months, but one instance had occurred in which the Packets have not been despatched from this country precisely at the moment prescribed by the Government; or in other words, 323 steam ships out of 324 have been started to time with the outward mails, not one of which has been compelled to put back into a British port after taking its departure;" does that agree with your general knowledge of the manner in which the West India Mail Packet Company have performed their contracts?—There is no instance that I am aware of, of anything like habitual irregularity on the part of the contractors except the case which we are now considering, namely, that of the Galway Company.

2035. Chairman.] When you say that there are no other instances of habitual irregularity, how do you account for this passage in the report of the Committee on Contract Packets, which I read to you?—There are different degrees of irregularity. To arrive late at a place of destination is one degree of irregularity, but not to start on the appointed day to commence the voyage is, I think, a different and much higher degree of irregularity.

2036. Mr. Peel.] Is it not the fact, that under the West India Mail contract there is no penalty for over time?—There is none, and; therefore as I say the treatment of the two companies must be different. One company enters into a contract to pay penalties if they are not in time; and, of course, it follows from that, that the penalties must be enforced. Then, again, perhaps the Committee will allow me to draw their attention to this fact, that about the time which we are now speaking of, 1840 and 1842, the practicability of steam navigation across the Atlantic was a problem not yet decided: whereas now, steamers cross the Atlantic almost every day. The circumstances, therefore, are very different.

2037. Chairman.] This report of Lord Canning was in 1853, was it not?—Yes.

2038. Mr. Walpole.] Do not you think that the passages which have just been read to you, pointing out certain deviations from the contracts, may have led to that passage in the report which I referred to in the commencement of this day's proceedings, which states that the Committee were of opinion that all further contracts should not only be of as simple a character as possible, but 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?—I think that that is so probable as almost to amount to a certainty.

2039. Do you not think that, after that report which was made by the committee, and which, I believe, has never been impugned, the Post Office authorities may have considered, that, allowing for the reasonable indulgence, which I hope they always would do, for any slight deviations from the contract, they were bound to enforce penalties when there were no great excuses to be offered for the violation of the contract?—That is my opinion, decidedly.

2040. Sir Morton Peto.] You stated just now, in regard to the Cunard Company, that they had performed their service in a most satisfactory manner?—Yes.

2041. What time, in forming that judgment, do you give them for their voyages?—As has been stated, the Cunard Company is not bound to any limited time.

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time, but we find that, in point of fact, their voyages are performed with great rapidity; the vessels are swift, and certain as to the time of starting and nearly so as to the time of return. I think we almost always find that, on a Monday morning, there is some notice in the papers of the arrival of Sir Samuel Cunard's packets, either at Liverpool or at Queenstown.

2042. What is the time which, in your mind, you allow them for performing the voyage in the winter, and what in the summer?—I do not recollect, but there is a time table.

2043. There is no time table for Sir Samuel Cunard's packets, is there?—They draw up one every year, and submit it to the Post Office.

2044. You stated that, with regard to the Galway Company, certain time was allowed, as the difference between the Cunard Company and the Galway Company; I wish to ask you what was that time?—I believe that the result was arrived at thus: the Treasury applied to us for a statement of the time occupied in transmitting the mails from London, say to New York, and a similar statement as regards Boston; the whole time occupied between London and New York by Sir Samuel Cunard's packets for a considerable period was ascertained and reduced to an average. The Treasury then deducted from that average six hours as an estimate of the time required for conveying the mails from London to Liverpool. Then they made a further deduction of one day from the remainder in consequence, no doubt, of the distance from Liverpool being considerably greater than the distance from Galway; and the remainder thus arrived at was the time prescribed for the performance of the voyage from Galway to New York. It underwent some further modification, inasmuch as it was found that Sir Samuel Cunard, on the average, took more time in the winter than in the summer, and therefore a certain number of days was allowed for the Galway service in the summer and a certain larger number in the winter.

2045. The time of six hours to Liverpool would be common to both companies, would it not?—No; the mails for Galway do not go through Liverpool.

2046. You allow one day as the difference, taking it as between Liverpool and Galway, as I understand you, and six hours in the transit by rail?—Yes; it was so arranged in the Treasury, but the time of leaving Liverpool was assumed to be six hours later than the time of leaving London, whereas it was, on the average, about 16 hours later. My opinion is, that taking the distance into account, the allowance to the Galway Company is the larger of the two. Not larger than the allowance to Sir Samuel Cunard, for really he has no allowance, but larger than the time actually occupied by the Cunard Company. I believe that if the calculation were cleared this would be the result, that the time from Galway to New York is really 16 hours less than the time from Liverpool to New York.

2047. Assuming that it is 16 hours, just let me call your attention to one or two facts; your time for the winter period with the Galway packets is 13 days, is it not?—Yes.

2048. I find the performance of Sir Samuel Cunard's vessels during this very time in the comparison which is given in Mr. Baxter's return to be this: I find a voyage of 16 days and 17 hours, making a difference of three days and 17 hours, that is to say, that the Cunard voyage occupied three days and 17 hours more than the Galway time of 13 days; the next was 15 days 19½ hours, giving a difference of two days 19½ hours; the next 14 days 11¼ hours, giving a difference of one day 11¼ hours; the next 15 days 13½ hours, being two days 13½ hours more than the Galway time; the next 13 days 12¼ hours, being 12¼ hours in excess; then the next is the voyage of the "Persia," 11 days eight hours, being practically so much less than 13 days. Then I take the whole of the summer service, and I find that 11 days two hours is the contract time for the Galway Company. The first Cunard voyage is 12 days eight hours, occupying one day six hours more than the Galway time; the next, 12 days and seven hours, or one day and five hours more than the Galway time; the next the "Persia," 10 days and 19 hours, being less; she always did it in less time in every instance; the next is 11 days 11 hours, being one day and nine hours more than the Galway time; the next is 11 days 11½ hours, being 9½ hours over; the next, 11 days 4½ hours, being 2½ hours more; the next, 12 days 14½ hours, that is one day 12½ hours over; the next is 11 days 19½ hours, being 17½ hours more; the next is the "Persia" again; 10 days 10½ hours, which is under the time; and the next,

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12 days 6½ hours, being one day 4½ hours over the Galway time. In the cases contemplated here in this Galway contract, where there are circumstances beyond their control in forming your opinion, as you have no Admiralty or Post Office agent on board, what is the criterion which you have to enable you to form a judgment as to the satisfactory performance of the voyage?—There is generally an Admiralty agent on board; there was not one certainly in the case of the “Connaught” which has been mentioned; but generally there is an Admiralty agent on board, and his report is, no doubt, in most cases, the guide which the Postmaster General follows.

2049. But in looking at the time occupied by the Galway Company in their voyages, where the excess is given of one, two and three days, and you find in the Cunard service corresponding excesses of even larger amount, is it not a fair thing to allow a certain amount of latitude in a case of that kind?—The standard of comparison that you adopt is between the performance of the Cunard Company and the time allowed to the Galway Company. But if Sir Samuel Cunard’s performance were compared with the time allowed to him as settled by the time table which he presents, and which is approved of by the Postmaster General every year, then I doubt if there would be any such difference.

2050. I want to call your attention to the fact that there were exceptional voyages?—There is no doubt of that, but then Sir Samuel Cunard is not under penalties, and the Galway Company is under penalties; and I submit that it is too late now to consider whether it was right or wrong to put the Galway Company under penalties; there they are, and all that we have to do is to carry out the contract to the best of our ability.

2051. I most entirely agree with you, but in this contract which imposes the penalties, there is also a clause, is there not, which excepts the infliction of those penalties when the circumstances under which they are incurred are beyond the control of the company?—Certainly.

2052. My simple point is this, that whereas the Cunard Company in the winter season has several voyages in which there is a greater difference of time than appears in the instance of the Galway Company, I merely put it to you whether there might not have been circumstances beyond their control that had occasioned the difference of time as well as in the case of the Galway Company?—Exactly; but I would submit that the clause is to be interpreted rather differently from what I think is the Honourable Baronet’s interpretation. I think that we are not to consider whether it is or is not possible for the Galway Company to perform the service in the prescribed time; but if, in failing to perform the service in the prescribed time, any circumstances occur which are not under their control, then that we must take those circumstances into account. It would be very wrong on our part, I conceive, to infer from the mere fact that the service was not performed within the prescribed time, that therefore the delay was owing to circumstances not under the control of the company; we have nothing to do with that; it is the duty of the company, having engaged to perform the service within a given time, to procure vessels which, under ordinary circumstances, are capable of performing that service; and if such vessels cannot be procured, then I think it is the duty of that company to say, We have failed in performing our engagement, and we ask to be released from it.

2053. But, then, will you kindly state to the Committee what are those circumstances which, in your judgment, would be touched by this clause as circumstances beyond their control?—I do not like off-hand to answer a question of so much difficulty.

2054. Mr. Peel.] It would not be want of power on the part of the ship?—Certainly; nor want of proper build.

2055. Sir Morton Peto.] In the event of fog, would that be an exceptional case?—I am not prepared to say that it would, taking into account that fogs prevail not quite constantly, but I believe almost constantly on the Newfoundland Bank, and that, therefore, any company entering into an engagement to perform a service which requires that they should cross that bank, should have taken that circumstance into account; and from the evidence which was laid before the Committee it would almost appear that they had taken it into account.

2056. Mr. Walpole.] Take the case of the “Connaught;” supposing the evidence had been that no vessel could have gone into the port of St. John’s during the fog on the 11th, 12th, and 13th; in that case, if no vessel had been able to go in, would you have enforced the penalties?—May I ask whether you put that to me individually, or to the department.

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2057. I put it to you as the adviser of the Post Office in this case?—If it were made quite clear I should not have advised the enforcement of the penalties; but, I need scarcely say, that in so vast a department of course there is a great division of labour, and it does not fall to my lot to advise upon such matters.

2058. I put the question to you in order to test your interpretation of the contract. We have now supposed a case, in which no vessel could get in, and the Post Office were satisfied that such was the case, and I understand you to say, not that the Post Office would not impose penalties, but that, so far as you were concerned, you think that in that case you would advise them not to impose the penalties?—Yes, it being made quite clear that no vessel could enter.

2059. We will go one step further, and take exactly the case which has come before the Committee to-day; on the one hand, it is represented by the Governor that vessels could have got in, and 32 vessels did get in in the course of the three days; whereas, on the other hand, it is represented by certain evidence which was tendered to the Post Office, that the fog was of such duration and such density that vessels could not with safety get in; if those circumstances had come out neatly before you as the adviser of the Post Office, do not you think that that is a case in which the penalties might have been reasonably relaxed?—I think it would be a difficult question to decide. As I before said, I think it is the duty of the Postmaster General to lean towards the infliction of penalties. I believe myself, that if there were no exceptions whatever; if the rule were that if vessels did not perform the voyage within the prescribed time, the penalty shall be levied to a certainty, that would be the best arrangement of all. Then it would work thus, that those risks would be taken into account, and the department would have to pay something more in consideration of those risks, but we should have no dispute upon those questions of fact which are always very difficult to deal with.

2060. *Chairman.*] In the case of the new and the powerful steamers which are constructed for the Dublin Company, is it not the case that fogs are considered, and the vessels are specially exempted from fines for not keeping time when the fogs occur?—Yes.

2061. That is a passage of four hours?—Yes; but fogs are specially mentioned in the contract as a cause for the exemption.

2062. *Sir Morton Peto.*] Just take another case which has recently occurred; the son of an Honourable Member of this House has stated that on his return from America they were two days enclosed with icebergs; in such a case would you consider, under this exemption clause of the contract with the Galway Company, that that would be a fair ground for them to plead for exemption from the penalty?—I should like to take a little more time to consider that question than you allow me; may I ask, with great submission, whether these questions come within the reference to the Committee?

2063. I want simply to get your view as to the clause which is the guiding clause with regard to the infliction of penalties; I think I have that opinion of yours that you think the duty of the Government is rigidly to enforce those penalties, and to lean rather to enforcement than in the other direction?—I am of that opinion.

2064. *Mr. Walpole.*] Relaxation, in your opinion, should be the exception and enforcement the rule?—Yes; I think that the onus rests entirely with those who claim exemption.

2065. *Sir Morton Peto.*] In the case of the Dublin Company, you are aware that in the new contract, because I believe that you were a party to it, fogs are made a special cause of exemption?—They are, and therefore they are fairly claimed as a ground of exemption. Perhaps the Committee will allow me to put in some other documents which, I think, are not before the Committee in evidence; namely, the letter from the Post Office terminating the contract of the 15th of May 1861, and also the reply of the company and our rejoinder. (*The same were delivered in.*)

Vide Appendix.

2066. *Chairman.*] (To *Mr. Page.*) I think you mentioned, with regard to the penalty inflicted upon the "Prince Albert," that her previous journeys had fully sanctioned the imposition of that penalty?—I read an extract from a Return laid before the Committee on Packet Contracts last year.

2067. The voyages to which I think you referred were on the 5th of February 1859, and the 4th of March?—There was one in December if I mistake not.

2068. I think it was for the voyage in March and February 1859 that you imposed

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imposed the penalty. With regard to the first voyage of the 5th of February 1859 and the 4th of March, are you aware that the "Prince Albert" was then performing the Colonial contract, and that it was not the Imperial contract?—I understood that, and I alluded to the performances of the "Prince Albert" under the Colonial contract.

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2069. The "Prince Albert" was under no penalty, and under no engagement to perform the contract with the Colony within a given time?—By the Colonial contract the vessels were bound to go to St. John's, Newfoundland, in seven days in summer and eight days in winter.

2070. Her journey on the 5th of January 1860 was, I think, at the time of the suspension of the contract, was not it?—The voyage which I referred to of January 1860, I believe to have been the return voyage under the Colonial contract.

2071. I see that she went from New York to Galway in 10 days and 20 hours, which is 10 hours under the time, and at that time she was not under contract?—Yes, she was under contract to the Colony.

Ambrose Shea, Esq., called in ; and Examined.

2072. *Chairman.*] WERE you the Speaker of the House of Assembly of Newfoundland for some years?—Yes.

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2073. Did you continue to hold that office until the dissolution of the late House of Assembly in March last?—Yes.

2074. How long were you Speaker in the House of Assembly previous to that dissolution?—About six years.

2075. There have been some circumstances alluded to with regard to the "Connaught" being detained off Newfoundland by a fog on the 12th of August 1860; were you at Newfoundland at that time?—Yes.

2076. Do you recollect the arrival of the "Connaught" off Newfoundland?—I do. Perhaps it would be as well for me to state that I am the agent for the company in Newfoundland.

2077. Had you a steam-tug the whole of the day waiting outside the harbour, cruising for the "Connaught," at that period?—I had.

2078. Did an unusually heavy fog occur at that period?—I got information that a steamer's guns were heard in the fog, and I despatched a tug-boat to cruise off the harbour in quest of the vessel, and after about 12 hours she found her.

2079. You communicated several times, I think, with the lighthouse station at Cape Race on that subject?—On a subsequent occasion I did, on the return voyage.

2080. The reply was, that the fog was unusually heavy, and so dense, that no ship dared approach the land, was it not?—Yes.

2081. Was that on the 12th of August?—I cannot speak to the day exactly, but it was on the return voyage from Boston, on the 11th or 12th of August.

2082. *Mr. Peel.*] Was it on the outward voyage that you employed the tug?—Yes.

2083. It was stated by the Governor of Newfoundland that a large number of vessels entered the Harbour of St. John's on the 10th, 11th, and 12th of August: what vessels were those; were they coasting vessels, or were they vessels that had been lying off any time previously?—They were small vessels of perhaps 70 or 80 tons; the largest might have been about 200 tons.

2084. Were they coasting vessels?—They were not all coasting vessels; some may have been so, and some of them were vessels from abroad.

2085. That is mentioned in the Despatch from the Governor, is it not?—Yes.

2086. Does not he say that they were vessels from all parts of the world?—Yes; I do not doubt the accuracy of the Despatch as to the arrival of the vessels.

2087. *Chairman.*] What mail steamer does he refer to?—She was the Halifax steamer, but she did not arrive at St. John's till the Monday after the "Connaught," had passed, and she was a small steamer, about 300 tons.

2088. How many tons was the "Connaught"?—Nearly 3,000 tons, I should fancy.

2089. Do you think it was a wise precaution on the part of the captain of the vessel, not to enter the harbour of St. John's in such weather as that?—I think it

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would be very imprudent to have run for the land in such a ship. At that time of course I, being agent for the company, it was my business to inform myself upon all matters connected with the state of the weather at the time when the vessel did not arrive; and I obtained information in many cases that those vessels had been on the coast, some of them, for seven or eight days together, trying to make out the land.

2090. Have you resided in the Colony of Newfoundland the better portion of your life?—All my life.

2091. You are therefore well acquainted with the nature of the coast of Newfoundland and the adjacent seas?—I am.

2092. Is the southern coast of Newfoundland much subject to fogs?—At certain seasons of the year; July and August are about the worst months.

2093. Are you of opinion, from your experience of the ice, that it is much more dangerous for paddle ships to endeavour to make their way through the ice, than for screws?—Paddle ships cannot make their way through the ice without injury or risk.

2094. Therefore you think it is a dangerous service to contract to reach Newfoundland within six days at all periods of the year with paddle-wheel steamers?—It cannot be done when the coast is blocked with ice.

2095. That is your opinion?—It is beyond a matter of opinion; I think it is a matter of fact.

2096. Mr. Peel.] Mr. Weir, who was examined before the Packet and Telegraphic Committee of last year, stated that he had lived a long while in America, and he knew the southern coast of Newfoundland very well, as well as the Nova Scotian coast; and when asked by Sir Edward Grogan, a Member of the Committee, "Have you ever found it impossible to land your mails at St. John's?" he replied, "No, we never found any difficulty in doing it;" do you agree in that opinion?—I do not understand what particular circumstance that would refer to.

2097. He referred to the execution of the colonial contract?—There is no difficulty, but there may be occasional delay by fog; but that a large steamship can run in upon the port, in any state of the weather, I think it cannot be done with anything like safety for life or property.

2098. Chairman.] If a company enters into a contract to take the mails into St. John's within six days, is it possible for them to execute their contract without very considerable deviations from it?—Certainly not; there should be an allowance for delay by ice or fog.

2099. Do you believe that the Cunard Company, or any other company, could conduct such a service with regularity?—No; we sometimes have the ice block in our coast for a fortnight together, when no vessel of any description could make her way through. This, however, is a rare occurrence.

2100. Therefore are you of opinion that in any contract there ought to be a reasonable indulgence and extension of time given for reaching Newfoundland to any company for a delay arising from circumstances over which they can have no control?—A contract in which those conditions are not embraced cannot be carried out.

2101. Mr. Peel.] You do not think that the company could have known beforehand, do you, that it would not be in their power to execute their own contract?—I am not in a position to say what passed in the minds of those who originated that matter.

2102. Chairman.] You think that it was on the whole a rash agreement?—I distinctly say that it is an agreement which cannot be carried out at all seasons of the year. Vessels may go from here to St. John's, and take the mails there within six days, but there are special cases in which that cannot be done, from the presence of ice and fog.

2103. With regard to the contract of the Galway Company, which was entered into on the 22d October 1858, were you in the House of Assembly at the time of the execution of that contract?—I was.

2104. Was that contract considered simply as a contract for one year, or as a five years' contract at the time it was entered into?—Certainly a five years' contract. It was not presumed that a contract for one year for a service of that sort would be entered into. I know that it was the opinion of members of the Government, with whom I had communication upon the subject, that it was for five years. I will not say that it was legally a contract for five years, but it was so regarded.

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2105. Mr. Peel.] Was it an actual contract for one year?—An actual contract for five years, contingent upon certain things being done.

2106. By the terms of the contract?—Yes, by the terms of the contract.

2107. Will you point to a passage which provided for the renewal of it conditionally?—The 16th clause.

2108. Chairman.] It appears from the articles of agreement, which were made on the 22d day of October, that in case the sanction of the Legislature should be obtained, then both parties agree that the contract shall be continued in force for a further period of four years certain; and Sir Alexander Bannerman, I think, states that the House of Assembly for Newfoundland resolved to continue the subsidy, provided it was sanctioned by the Imperial Government, who bore a proportion of the payment to the company under the terms and provisions of the contract. Are you of opinion that the contract solely depended upon the condition that the English Treasury agreed to contribute 4,500 *l.* per annum, and only upon that condition?—Those are the terms of the contract; the condition which was necessary, in order to give validity to it, was the approval of the Imperial Government.

2109. Mr. Peel.] Did not the Imperial Government approve of this contract for a year only?—Yes.

2110. And nothing more?—They approved of it for one year only.

2111. And declined to approve of this part providing for its conditional renewal?—They did not decline to do it; on the contrary, they practically approved of it by using the boats after one year; they sent mails by the boats for the greater part of the next year.

2112. Chairman.] Do you think that the company would have been willing to have entered into a contract for one year only?—Certainly not; nobody having any knowledge of those matters could have supposed so.

2113. When the Legislative Assembly assembled for the following Session, did they immediately proceed to give legal validity to the contract, and for continuing it for the whole term of five years, as agreed upon under the provisional agreement?—They did.

2114. Mr. Peel.] Mr. Stephenson, the principal clerk at the Treasury in charge of the contract business, was examined before the Packet and Telegraphic Contracts Committee last year, and he stated this, in answer to a question put to him, on the 9th of March 1860; "We only accepted it" (the contract) "for 12 months; the contract has expired, and the service is now going on provisionally, to prevent inconvenience to the Colony." The question was then asked him, "Without any subsidy;" and his answer was "If they do the service, we pay them, but we are not bound to them; we may throw the contract up at any moment;" what is your view of the case?—I know that by the Government of Newfoundland it was considered that the fact of the mails being sent by the British Government, after the first year, as they were, was an implied approval of that contract for the whole term of five years.

2115. Although the Imperial Government, when they accepted the contract, declined to accept it except for a year certain?—I have not the document before me, and therefore I speak subject to correction; but, if I remember rightly, the approval was for one year; but they left the question of allowing a further time open; and it was considered that by continuing to send the mails by the boats after the first year, they had virtually approved of it, and that perhaps in the hurry of business they had forgotten to notify the same to the Government to that effect.

2116. Chairman.] After the Imperial contract was entered into, did the Executive Council of the Colony call attention to what the Legislature had done, and did it request the Government to confirm the colonial contract to the extent of their interest in it?—Yes, six months after.

2117. In short, the Colony has never taken any single step to repudiate their liability, or their intention to contribute the 8,500 *l.* per annum?—No.

2118. Am I correct in saying that all the Colony care about is that the postal service, so far as the Colony is concerned, should not cost them more than 8,500 *l.* per annum?—Precisely so; that was the feeling entertained at the time. Of course when the British Government interfered, the Colony, no doubt, were very glad to get rid of the obligation, but they did not ask the Imperial Government to interfere to withdraw that grant of 8,500 *l.* a year, and they would have continued to pay it.

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2119. They would have been glad to have had it for nothing, would they not?—Certainly.

2120. If they were willing to pay that sum for a monthly service, *à fortiori*, they would be much more willing to pay it for a fortnightly service?—Yes, their acts indicate that opinion clearly; they requested that the contract might be continued, and nothing was ever subsequently done to interfere with that proceeding.

2121. There was no action on the part of the Government of Newfoundland in relation with the Imperial Government, to suggest any withdrawal of the subsidy payable by the Colonial Government?—No.

2122. Were there any addresses presented to the Duke of Newcastle from the Council of Newfoundland and the House of Assembly upon that subject?—Recently; since the withdrawal of the contract there have been.

2123. What was the effect of those addresses?—I have them here; there is an address from the House of Assembly, in which they pray that the case of the company may be very favourably considered; they speak of the advantages that have been conferred by their proceedings, and the difficulties that they have had to contend with, and they hope that the matter will be leniently dealt with by the British Government. They speak also of the ships that were employed for the temporary service as being very fine ships, and ships which had been very favourably regarded there.

2124. Am I to presume that the Colony would be willing, in case they obtained possession of a bi-monthly service, to contribute 8,500 *l.* per annum to that service?—I do not think it is at all likely; they have been offered it for nothing, and it is not likely that they would gratuitously pay for what they would receive without payment.

2125. As the Galway contract is now at an end, the vessels do not sail either monthly or fortnightly from Galway; do you imagine, therefore, that finding themselves without a service, the Colonial Government would be willing to pay for the accommodation?—Of course, I know that the feeling in favour of the service is a very strong one; but as to what specific proceedings they might feel disposed to adopt for the purpose of assisting in the re-establishment of it I am not in a position to say, as I have been out of the Colony for the last three or four months. The Colony certainly never asked the withdrawal of that grant of 8,500 *l.*

2126. I understand from you that it was a matter of indifference to them whether the Imperial Government paid the Galway Company 4,500 *l.* per annum or not, provided they were not charged more than 8,500 *l.*?—Yes.

2127. Did you intend to convey to the Committee that there was a difficulty at all times in going to St. John's?—Certainly not; only in very particular states of the weather, when ships may be delayed.

2128. Therefore, you merely mean to state to the Committee, that, in any service to St. John's, there must be considerable latitude allowed in consequence of the ice, and of the peculiar character of the water in the neighbourhood of Newfoundland?—The coast is bold and safe, but in a contract for landing mails in six days, allowance must be made for occasional delays by ice and fog.

2129. But I presume that as a general rule it ought?—Not in winter.

2130. May it not in summer?—In summer, if there be no difficulty in the way, good ships would do it; but in the winter no ship could do it; at least, not to be counted on with any certainty.

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1.—GALWAY, BOSTON, AND NEW YORK MAILS.

ARTICLES of AGREEMENT made this 21st day of April, in the year of our Lord 1859, 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 Atlantic Royal Mail Steam Navigation Company (Limited) of the other part.

WITNESS that the said Company doth hereby covenant, promise, and agree with the said Commissioners for, and on behalf of Her Majesty, that the said Company, in consideration of the payments hereinafter stipulated to be made, shall and will, at the sole cost and charge of the said Company, at all times during the continuance of this contract, diligently, faithfully, and to the satisfaction of the said Commissioners for the time being, 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 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 conveyed between Galway, in that part of the United Kingdom of Great Britain and Ireland, called Ireland, and Boston, in the United States of America, and between Galway aforesaid, and

New York in the said United States, that is to say, fortnightly from Galway to Boston, and from Boston to Galway, and fortnightly from Galway to New York, and from New York to Galway alternately; and such mails shall be so conveyed by

means of a sufficient number of good, substantial, and efficient steam-vessels, each and every of such vessels to be of not less than 2,000 tons, builder's measurement, and always supplied with first-rate appropriate steam-engines of not less than 450-horse power; that all the vessels employed under this contract shall be always supplied and furnished, at the cost of the said Company, with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, oil, tallow, provisions, anchors, cables, fire-pumps, and all other proper and requisite means for extinguishing fire, lightning conductors, on Sir Snow Harris's or other approved principle, charts, chronometers, proper nautical instruments, medicines, medicaments, and whatsoever else may be requisite and necessary for equipping the said vessel, and rendering them constantly efficient for the service hereby contracted to be performed; and also manned and provided 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 also a medical officer, to be approved of by the said Commissioners, and who shall give medical attendance, medicines, and medicaments gratis to all persons conveyed under or by virtue of this agreement, or whose passage-money may be paid for in whole or in part by the public; and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men; 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 times, or from time to time, have authority under the said Commissioners to inspect and examine the same; and the said Company shall, previously to any vessel being built for, or which is intended to be employed in the performance of this contract, submit the entire designs, plans, and sections of each and every of such vessels, with proper specifications as to engines and other fittings, to the said Commissioners, and be bound to adopt such designs, plans, sections, and specifications; and such fittings, scantling, and such dispositions of hatchways as the said Commissioners shall declare in writing to be necessary; and the said Commissioners shall be at liberty and have power to have all such vessels and engines tried in whatever manner they may at any time or times think fit, and to take whatever steps they may deem expedient to satisfy themselves of the fitness of each vessel in every respect for the said service before the vessel commences the same.

And it is hereby agreed that the service hereby contracted to be performed shall be divided into a winter and a summer service; and that the winter service shall include the months of November, December, January, February, and March, and the remaining seven months shall constitute the summer service.

And

Company to convey mails.

Fortnightly from Galway to Boston, and from Boston to Galway, and fortnightly from Galway to New York, and from New York to Galway, alternately, by a sufficient number of steam-vessels.

Tonnage of steam-vessels, &c.

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

And manned with certificated officers, &c., and a medical officer.

Vessels and crew subject to Admiralty approval.

Designs, &c. of vessels to be submitted to Admiralty.

Duration of winter and summer services.

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And the said Company hereby agree with the said Commissioners 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 Her Majesty's mails on board the said vessels respectively, as hereinafter mentioned. That such vessels so approved of, and equipped and manned as aforesaid, and with Her Majesty's mails on board, shall, on such days and at such hours as the said Commissioners may at any time or times appoint, immediately after Her Majesty's mails are embarked, from time to time, put to sea from the several ports, and at the times mentioned in the Time Table marked (A.) hereunto annexed, and shall perform the several voyages out and home as mentioned in the said table, and shall land the mails at or by the times therein set forth.

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Mails to be conveyed according to table annexed.

That the said Company will, at all times during the continuance of this contract, deliver such telegraphic messages as the said Commissioners may at any time or times direct, at St. John's, Newfoundland, within six days from the time of the vessel carrying them leaving Galway aforesaid. Provided always, that whenever any of the said vessels shall not enter the port of St. John's, it may be lawful for the said company to land all telegraphic messages by a branch steamer, or other vessel or means to be provided by and at the expense of the said company; such steamer or other vessel or means being previously approved of by the said Commissioners. But even when such branch vessel or means is made use of, the telegraphic messages shall nevertheless be delivered at that port within such six days as aforesaid.

Telegraphic messages to be delivered at St. John's, Newfoundland.

And the said company doth hereby further agree, that all the said vessels employed in the conveyance of Her Majesty's mails, shall, both on the outward and homeward voyages, call at St. John's, Newfoundland; or in the event of any of the vessels being prevented making St. John's to the satisfaction of the Admiralty agent, or other officer in charge of Her Majesty's mails, by stress of weather or other unavoidable cause, then and in such case the vessels shall call at Halifax, Nova Scotia; and the said Company 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, call, or touch in performance of this contract, all such of Her Majesty's mails, passengers, and telegraphic messages as shall have to be delivered or received at such places respectively, and as regards the places mentioned in the Time Table (A.) hereunto annexed, within the times therein respectively specified; but should the said Company fail, from whatever cause arising, to deliver the same at the said places within the respective periods hereinbefore mentioned or referred to, then and in every such case the said Company shall forfeit and pay to Her Majesty, Her heirs and successors, the sum of 5*l.* for every hour's delay, beyond the stipulated periods, for the first 24 hours, and a further sum of 10*l.* for every successive hour consumed on the respective voyages, beyond the time mentioned in the Time Table (A.), after the expiration of the said first 24 hours; but the full amount of such penalties on any one voyage shall in no single case exceed the amount to be paid for such voyage.

Vessels to call at St. John's, Newfoundland, or if prevented by stress of weather, &c., at Halifax, Nova Scotia.

Where mails, &c., are to be delivered and received, and as to penalties for non-delivery of mails, &c.

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 fixed for the departure of such vessel or vessels, and a letter addressed to the commander or officer in charge of the vessel so to be delayed, shall be a sufficient authority for such detention.

Vessels shall delay their departure for 24 hours, if deemed expedient by the Admiralty or their agents.

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 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 start again 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 pay unto Her Majesty, Her heirs and successors, the sum of 100*l.*; and that if a vessel which ought to leave Galway, 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 said Company 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 performance of this contract.

Penalties for not putting to sea at day and hour appointed, or departure delayed, &c.

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 of 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.

Provided always, that the said Company shall not be liable to any penalties for delay in proceeding to sea on the day and at the hour fixed, or for excess of time in performing any voyage, if such delay be proved, to the satisfaction of the said Commissioners, to have arisen

When company not liable to certain penalties.

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from circumstances over which the said company and their servants had not, and could not have had any control.

Company always to have vessels ready, &c. in case of being disabled, to replace same.

And the said company do hereby further agree that the said company shall at all times during the continuance of this contract, have in constant readiness, for the due execution of the service hereby contracted to be performed, the number of vessels, equal in tonnage and efficiency to those hereinbefore stipulated to be provided, and 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, obtained by hire or otherwise.

Officer appointed by Admiralty, and servant to be received on board, and former to be 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.

That the said company shall receive and allow to remain on board each of the said vessels so to be and while employed in the performance of this contract, and also while remaining at each or either of the ports or places for return mails, and with or without mails in charge, 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 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 other person as aforesaid, shall in each and every 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; but it is understood the above expression, "To determine every question," shall not confer upon such officer or other person as aforesaid the power of compulsion in such cases.

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

Admiralty may appoint in addition to naval officer, an officer of Her Majesty's Postmaster General, and servant.

That if the said Commissioners at any time or times think fit, they shall be at liberty, in any case or cases, to appoint, in addition to the said naval officer, an officer in the service of Her Majesty's Postmaster General, to have charge of the said mails; and in such case or cases any such last-mentioned officer, and also a servant of the said officer, if required, shall be received and be allowed to remain on board each of the said vessels as is herein provided, with respect to any such naval officer and his servant; but when any officer in the service of Her Majesty's Post Office has the charge of the said mails, his duties shall be confined to Post Office business.

Accommodation for sorting and making up mails to be provided.

That the said Company shall provide all necessary and suitable accommodation to the satisfaction of the Postmaster General for the time being, for the use of the Government officers, and for the purpose of sorting and making-up such mails on board of such vessels, with all necessary and suitable fittings-up for the performance of such duties.

First-class cabin to be provided for officer, with place for deposit of mails, and he is to be victualled as a chief cabin passenger.

That a suitable first-class cabin, with appropriate 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 officer or other persons, 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 officers or other persons shall be victualled by the said company as a chief-cabin passenger, 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 duly victualled by and at the cost of the said company, without any charge being made for the same.

Mails to be delivered and received at all places to which vessels proceed, and officer to be conveyed to and from the shore, and directions of officer obeyed as to mode, &c. of receiving and delivering mails.

That Her Majesty's mails hereby agreed to be conveyed shall 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 said officer or other persons 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 officer consider requisite for the purposes of this contract) 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 that the directions of the said officer or other persons shall in all cases be obeyed as to the mode, time, and place of receiving and delivering Her Majesty's mails.

When master of vessel to have charge of and receive and deliver mails, &c.

That if the said Commissioners shall, during the continuance of this contract, or of any part thereof, think fit to intrust 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; and in all cases when the officer or other person appointed to have charge of Her Majesty's mails shall be absent, the masters of all or any of such vessels shall, without any charge to the public, take due care of, and shall be responsible for the receipt, safe custody, and delivery of the said mails; and each of such masters shall make the usual oath, or declaration or declarations required, or which may hereafter be required by Her Majesty's Postmaster General in such and similar cases, and furnish such journals, returns, and information to, and perform such services as the said Commissioners, or any of their agents, may require; and every such master, having the charge of such mails, shall himself, immediately on the arrival at any

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any of the said ports or places of any vessel so conveying the same, himself deliver all Her Majesty's mails for such port or place into the hands of the postmaster of the port of 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 and other mails to be forwarded in due course.

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That the said company shall not, nor shall any of the masters of any of the vessels employed or to be employed under this contract, 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 said company shall be liable to be proceeded against for a breach of this contract.

Company not to receive on board any other letters than those in charge under this contract.

That every naval officer 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, whenever and 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, all and every or any of the vessels employed, or to be employed in the performance of this contract, and the hulls, engines, machinery, equipments, and crews thereof, on his giving reasonable notice in writing to the master or commander 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, and if the said master or other person shall not immediately, or as soon as possible thereupon, remedy, replace, or effectively repair, or make good every such defect or deficiency, the said company shall in every such case forfeit and 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 said company from remedying, replacing, or effectively repairing, or making good such deficiency or defect, or from being considered to have committed a breach of this contract.

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

That the said Commissioners shall also have full power, whenever and as often as they may deem it requisite, to survey, by any of their officers or agents, all and every or any of 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, equipments, and the officers, engineers, and crew of every such vessel, the said vessels to be opened in their hulls whenever the said officers may require; and if any such vessels, 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 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 employed before such defect or deficiency shall have been supplied, or such alterations or improvements, as the case may be, shall have been made, to the satisfaction of the said Commissioners, the said Company shall forfeit and pay to Her Majesty, her heirs and successors, the sum of 500 £.

Admiralty by agents may survey vessels, &c., and if vessels unseaworthy, or alteration required, not to be employed until alteration, &c., made to satisfaction of Admiralty, under penalty of 500 £.

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 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 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 to and from, and between the places to which any of the vessels are to proceed in the performance of this contract, on board each and every or any of the vessels to be employed in the performance of this contract (in addition to the naval or other officers authorised to have charge of the said mails) any number of naval, military, and civil officers in the service of Her Majesty, not exceeding four in any one ship, with or without their wives and children, as chief cabin passengers, and any number of non-commissioned and warrant officers or civilians in Her Majesty's service, not exceeding four in any one ship, with or without their wives and children, as fore cabin passengers, together with the servants of both chief and fore cabin passengers, and any number of seamen, marines, soldiers, or artificers in Her Majesty's service, not exceeding 10 in any one ship, with or without their wives and children, as deck passengers, to be always provided with effectual protection from rain, sun, and bad

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 non-commissioned and warrant officers and civilians, in Her Majesty's service, with wives, &c., as fore cabin passengers, together with servants.

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And of seamen, marines, soldiers, or artificers, &c., as deck passengers, with effectual protection from rain. &c.

What class of passengers they are to be considered.

Space and weight of baggage.

Baggage of Engineers.

Baggage of soldiers of Royal Artillery, and Sappers and Miners, &c., and further allowance for married officers.

Conveyance of field pieces, &c., and of hammocks.

As to victualling of Admiralty passengers.

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

Certificate for passage money.

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

Passengers, exclusive of men, under 17 & 18 Vict. c. 104.

weather, and not exposed on deck without such competent shelter, as long notice as practicable being given to the said company, or to their agent at the port of embarkation; and all such passengers shall be permitted to ship the quantity of baggage hereinafter specified, or, at the option of such passengers, the quantity of baggage allowed by the said company to ordinary passengers of similar rank, free of all charge for the conveyance of the same.

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

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 Galway, if required, free of any charge for freight.

That the victualling of officers, their wives and children, conveyed as chief cabin passengers, shall be the same as is usually allowed by the said company to chief cabin passengers, their wives and children; the victualling of non-commissioned officers, their wives and children, 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 children, 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 or fore cabin 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 per day, or an equivalent if not issued, for each warrant officer, 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 table of rates of passage marked (B.) hereunto annexed.

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 table of rates.

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

That whenever the said company shall convey any soldiers or 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.

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

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 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 agent, or by the British naval officer in command of the station, or at any port where the vessel may touch, to the extent of 20 cubic feet in any one ship, 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 ten tons in weight or measurement at any one time in any one vessel, at the rate of freight charged by the said company for private goods, but which rate shall never be more than after the rate of 5 l. 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 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.

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 (but at never more than 5 l. per ton) on two days' notice, and company to be responsible for the same.

And it is hereby agreed, that if, at any time or times during the continuance of this contract, the said Commissioners shall deem it requisite to alter the particular days, times, and hours of departure from and arrival at any of the ports or places to or from which Her Majesty's mails are to be conveyed, under or by virtue of this contract, they shall be at liberty, at any time or times, or from time to time, to alter the days and hours of departure and arrival, on giving one calendar month's notice, in writing, of such their intention to the said company, and the days, times, and hours of departure from and arrival at any of such ports or places which may be appointed by any such alteration in force, for the time being, shall be deemed to be the days, times and hours of departure and arrival of Her Majesty's mails under this contract, and shall be observed and kept by the said company accordingly, and the several penalties mentioned in this contract shall be applicable thereto.

Admiralty at liberty to alter times of departure and arrival of vessels.

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 out of monies to be provided by Parliament, so long as they perform the whole of the said service, 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 1,500 l. for each entire voyage, such voyage being the passage out or the passage home, upon the production to the Accountant General of Her Majesty's Navy of certificates in such form as may be directed by the said Commissioners that the contract has been strictly and punctually performed in respect to every voyage out or home for which payment is claimed, subject, however to the deduction of any sum or sums of money due by the said Company to Her Majesty, and of the amount of any fines or penalties to which the said Company may have become liable.

Payments to company for services.

And it is hereby agreed that in the event of this contract being terminated or of any other discontinuance of the service hereby agreed to be performed, the said Commissioners shall have power to stop or suspend all payments which may be payable to the said Company until evidence be adduced by the said certificates and otherwise, as to whether there be or be not any balance due to the said Company at the termination of this contract; and if there be not any balance due to the said Company, to withhold such payments altogether.

In what event Admiralty may stop payments payable to company.

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.

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 by other vessels of the said Company, of a similar

In case of purchase or hire company to perform the service by

Appendix, No. 1.

other vessels, subject to Admiralty approval.

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

All postage at the disposal of the Postmaster General.

Duration of this contract.

Quarantine arrangements to be undertaken by company.

Contract not to be assigned, &c., without consent.

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

As to services of notices.

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.

Sums to be forfeited or paid by company, to be considered stipulated damages.

Company bound in £20,000*l.* for due performance of contract.

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.

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

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 belong to Her Majesty, and shall be at the disposal of Her Majesty's Postmaster General.

And it is hereby agreed and declared that this contract shall commence not later than the month of June which shall be in the year of our Lord 1860, or earlier if the Company, to the satisfaction of the said Commissioners, be prepared before that date, and shall continue in force for seven years from the day that the first vessel shall start, in accordance with the provisions of this contract, 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 term of seven years, until the expiration of a twelve 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 which notice may expire at any period of the year, but not so as to prevent either of the said parties hereto 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 it is hereby distinctly agreed, 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.

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 in case of any breach of this contract 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 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 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 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 said 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 place of business in England or Ireland, and any notices or directions so given or left shall be binding on the said Company.

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 said Company shall not be entitled to any payment or compensation for the same.

That all and every the sums of money hereby stipulated to be forfeited and paid, or which may be otherwise payable 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 as a debt due to Her Majesty, with full costs of suit, at the discretion of the said Commissioners.

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

Lady the Queen in the sum of 20,000*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. In witness whereof the said Commissioners have hereunto set their hands and seals, and the seal of the said Company hath also been affixed, the day and year first above written.

The Seal of the Atlantic Royal Mail Steam Navigation }
 Company (Limited) was affixed hereto, in the pre- } (L. S.)
 sence of

J. A. Roebuck, { Two of the Directors of the
T. O. Stock, { said Company.

A. Boate - - Secretary.
Antonio Brady, Admiralty.

R. S. Dundas. (L. S.)

Alex^r Milne. (L. S.)

Signed, sealed, and delivered, by the said }
 Commissioners, in the presence of } *Antonio Brady,* Admiralty.

TIME TABLE.—(A.)

GALWAY TO AMERICA.

Summer Service—Outward Voyages.

From Galway to New York, during the months of April, May, June,
 July, August, September, and October - - - - - 11 days 2 hours.
 From Galway to Boston, during the like months - - - - - 11 „ 16 „

Summer Service—Homeward Voyages.

From New York to Galway, during the like months - - - - - 10 days.
 From Boston to Galway, during the like months - - - - - 10 „ 4 hours.

Winter Service—Outward Voyages.

From Galway to New York, during the months of November, Decem-
 ber, January, February, and March - - - - - 13 days.
 From Galway to Boston, during the like months - - - - - 13 „ 12 hours.

Winter Service—Homeward Voyages.

From New York to Galway, during the like months - - - - - 10 days 10 hours.
 From Boston to Galway, during the like months - - - - - 11 „ 2 „

TABLE OF RATES OF PASSAGE.—(B.)

	CHIEF CABIN PASSENGERS.				FORE CABIN PASSENGERS.				DECK PASSENGERS.			
	Officer.	Lady.	Children between 8 and 12 Years of Age.	Children between 3 and 8 Years of Age.	Man.	Woman.	Children between 8 and 12 Years of Age.	Children between 3 and 8 Years of Age.	Man.	Woman.	Children between 8 and 12 Years of Age.	Children between 3 and 8 Years of Age.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Rate from Galway to Halifax	15 - -	12 10 -	6 6 -	3 2 6	7 10 -	7 10 -	3 15 -	1 17 6	2 - -	2 - -	1 - -	- 10 -
Rate from Halifax to Galway	12 - -	12 - -	6 - -	3 - -	6 - -	6 - -	3 - -	1 10 -	2 - -	2 - -	1 - -	- 10 -
Rate between Halifax and Boston and New York	2 - -	1 - -	- 10 -	- 5 -	1 10 -	1 - -	- 10 -	- 5 -	1 - -	- 10 -	- 5 -	- 2 6
Rate from Galway to New York or Boston directer <i>via</i> Halifax	15 - -	12 10 -	6 5 -	3 2 6	7 10 -	7 10 -	3 15 -	1 17 6	2 10 -	2 10 -	1 5 -	- 12 6
Rate from New York or Boston to Galway	12 - -	12 - -	6 - -	3 - -	6 - -	6 - -	3 - -	1 10 -	2 10 -	2 10 -	1 5 -	- 12 6

Memorandum.—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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2.—LIVERPOOL, HALIFAX, AND BOSTON.—LIVERPOOL AND NEW YORK.

(No. 7.—Appendix B.)

THIS service is performed under two contracts between the Lords Commissioners of the Admiralty and Messrs. Cunard & Co.,—the first and principal one, dated 1st April 1850, the other, 1st January 1852; the object of the latter being to provide a weekly communication throughout the winter, instead of a fortnightly one, as had been contemplated in the first instrument. Dates of contracts.

By the two contracts it is provided that vessels of not less than 400 horse power, and capable of carrying guns of the largest calibre, shall be employed. The vessels are to leave Liverpool on Saturday in each week, alternately for New York and for Boston, the latter touching at Halifax, and the former doing so if required by the Lords Commissioners of the Admiralty. The day of departure on the return voyages from New York and Boston is Wednesday in each week. Their terms.

The Lords Commissioners of the Admiralty may alter the days of departure at three months' notice; they may require mails to be received or landed at Holyhead; they may place an agent on board, to be victualled by the contractors, or may entrust the mails to the commanders of the vessels, who, in such case, shall make the usual declarations required by the Postmaster General.

Penalties are prescribed for lingering or deviating from the course; or in case of a vessel not leaving Liverpool for 12 hours after the appointed time. In the latter case the amount is 500 l., and the same for each succeeding 12 hours. The vessels may be surveyed by officers of the Admiralty, and any defects required to be made good, under a penalty of 100 l. for each default.

There are stipulations as to the conveyance of officers (civil and military), troops, stores, and small packages, at certain rates.

The payments for the whole service under the two contracts amount to 173,340 l. per annum for 304,876 miles travelled, giving a rate of 11 s. 4 1/4 d. per mile. Subsidy, 173,340 l.
Mileage rate, 11s. 4 1/4 d.

Both contracts are to continue in force until 1st January 1862, and thenceforward until after 12 months' notice of termination shall have been given. But the contractors may determine that of 1850 at any time, on 12 months' notice, and on payment of 20,000 l.; in which case the Admiralty may purchase their vessels, subject to arbitration. The contract of 1852 is also terminable at 12 months' notice, subject to the same condition as to the purchase of the vessels, and such notice may be given by the Lords Commissioners of the Admiralty as well as by the contractors.

An additional allowance, within certain limits, is to be made to the contractors in the event of an increase in the rate of insurance on steam vessels, or in the freight of insurance of coals, as compared with the rates payable at the date of the contract, if proved to the satisfaction of the Lords Commissioners of the Admiralty.

The general penalty for non-performance of the contract is 30,000 l., to be paid "by way of stipulated or ascertained damages agreed upon" between the contracting parties.

This line of packets has of late years had to contend against serious foreign competition. Character of service.

We find that the vessels employed on the line are much more powerful, and, of course, more costly than is required by the terms of the contract; and that as regards their fitness for war purposes, they are reported by the committee of naval and artillery officers as being capable of being made more efficient substitutes for men-of-war than any of the other vessels under contract for the packet service.

The service has been performed with great regularity, speed, and certainty. In 54 voyages between Liverpool and New York, from December 1851 to January 1853, the average length of passage has been 12 days, 1 hour, 14 minutes, and the average speed 10 1/2 miles per hour.

In the same number of voyages between Liverpool and Boston, the average length of passage was 12 days 30 minutes, the stay at Halifax being 1 hour 50 minutes, and the time occupied between that port and Boston being 1 day, 10 hours, 25 minutes; the average speed rather more than 10 miles per hour.

That the contractors have incurred an outlay over and above that required by the contract, appears from the fact that whereas vessels of 400 horse power (as therein specified) would cost about 50,000 l. each, and consume 30 or 40 tons of coal a-day, those by which the service is actually performed, and of which the power ranges from 700 to 1,000 horse-power, cost from 90,000 l. to 100,000 l. each, and consume twice and three times the amount of coal.

The competition with this line is shared by two American companies; one (that of Collins & Co.) despatching a vessel every alternate Wednesday from Liverpool to New York; the other sending a vessel also on alternate Wednesdays, from Southampton to New York. American competition.

It has been represented to us that, but for the subsidy which the English Government pays to Messrs. Cunard & Co., the Government of the United States would not have given so largely 858,000 dollars, as we are informed, for 26 double voyages) in support of

Appendix, No. 1. Collins' line, and yet that the service might, by force of competition, have been equally well performed.

We are unable to say what course might have been taken by the Government of the United States in such case. It appears, indeed, from a Report of the Committee on Naval Affairs, submitted to the House of Representatives in 1851, that the undertaking of Messrs. Collins was commenced mainly for the purpose of establishing "in the United States a rival to England in the ocean steam navigation of the world, and in the great contest for the supremacy of the seas;" and that it was this consideration which induced the Government of the United States to contribute so freely to their support. But assuming that there had been no subsidy on either side, we are of opinion that the speed and regularity with which the service is now performed, although eventually they might have been arrived at by the unaided enterprise of the companies, would have been much longer of attainment.

We do not fully agree with Mr. Cunard that contracts for a long term of years are essentially necessary for the development of such a service; but we believe that such contracts, when, owing to the presence of powerful rivals in the same field, they do not preclude or check competition, may serve to assist and hasten improvements which private companies, dependent upon their own funds alone, would be more slow to undertake.

Excess of subsidy over postage.

It has been represented that the subsidy which Government pays for this line is more than compensated by the postage which it brings in. This is an error, as will be seen by the estimate at the close of our Report. The amount paid to the contractors for the whole service performed (including that to Newfoundland, Halifax, Bermuda, and St. Thomas), is greater than the amount of postage received by £1,642 l.

The proposed railways from Halifax to Montreal and Boston.

In considering this line, our attention has been drawn to the possibility that before the expiration of the contract, a communication by railway may be opened from Halifax to Quebec and Montreal, and also from Halifax to Boston; and that in such case it might be possible to reduce the extent and expense of the packet service, by making Halifax the sole point to be reached on the American side; this would save alternately on each voyage the passage between Halifax and Boston—the distance between the two ports being about 350 miles; and the excess of the route from Liverpool direct to New York, as compared with that to Halifax—this excess may be reckoned at 500 miles.

Of course such an arrangement, and any reduction of payment consequent upon it, can only be made with the consent of the contractors, who are fairly and equitably, as well as in strict law, entitled to demand an adherence to the contract for its full term, and we find that they refuse to entertain the proposal upon any conditions.

The evidence of Mr. Cunard is conclusive upon this point.

would not enable Government to drop part of the service.

He states that he would not consent to make Halifax the terminus of the voyage, even if the present subsidy from Government were doubled, because such a measure would be ruinous to the line, both as regards passengers and freight.

Comparison of routes by Halifax and New York.

As regards passengers, those who land at Boston and New York compared with those who land at Halifax, are as thirty to one. Of this number it may be assumed that, in the event of such a change, those whose destination is in the United States (a large majority) would at once transfer themselves to the American or any other line which sailed for New York direct. And it may be doubted whether many of those who are bound for Canada would not prefer the route by New York or Boston, even after the railway from Halifax were completed.

The time occupied in the journey by railway from Boston to Montreal is now 13 hours; from New York somewhat more. The distance from Halifax by railway to Montreal will be upwards of 700 miles, and probably will not in the most favourable circumstances be travelled in less than 30 hours. Therefore, taking into account, on the one hand, the expense of the longer railway journey, and the discomfort of it in severe weather, and, on the other, the fact that even at present a passenger pays no more for being carried to Boston than for being landed at Halifax, and that the passage between the two ports adds only 30 hours to the voyage on which he is embarked, we think it probable that many persons going to Canada (certainly those bound for the Upper Province) would prefer a vessel which would land them at Boston to one which carried them to Halifax.

As regards freight, the present charge made by the owners of the mail packets is 3l. per ton, and no distinction is made between the freight to Halifax and that to Boston. We are informed that the amount of cargo for Halifax is insignificant compared with that for the United States, each steamer taking no more than from five to ten tons to the former port; and although this is no doubt partly owing to the fact that the owners discourage the shipment of cargo for Halifax on account of the inconvenience and delay caused by the landing of it during the short stoppage of their vessels in that port, yet it is to be observed that the general character of the merchandize sent from England to the North American Colonies is not such as to be remunerative to large steam vessels, under any circumstances; the great bulk being coarse goods, which can be conveyed equally well, and at a lower rate, by sailing vessels going out for timber freight, or for other purposes.

We are not surprised that, in consideration of the above facts, the contractors refuse to entertain any proposal for a reduction of their subsidy, in return for such a limitation of their service as should leave them at liberty to land all mails at Halifax. But had they consented to do so, it would be necessary to bear in mind that such a change would seriously affect the postal revenue at present derived from the line.

It will be seen by the estimate appended to our Report, that at present the annual proceeds of the line may be reckoned at 126,398 l.; and assuming that, as a consequence of the change, letters addressed to the United States and to California, whether written from
this

Effect which the change would have upon postal revenue.

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this country or passing through it in transit, would by preference be forwarded by packets running to New York and Boston, we have no doubt that the above sum would be diminished by more than two-thirds; and that, in the first instance at least, if not permanently, the postal service between Europe and the United States would be transferred to the American line of packets, which is already in active competition with the existing British line.

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We are of opinion that no reduction of subsidy which could reasonably have been proposed to the contractors (had they been willing to entertain the question), would have been a satisfactory compensation for the loss thus incurred.

Under these circumstances, we are unable to point out any mode by which the opening of a railway from Halifax to Quebec and Montreal can be made available for relieving the revenue from any part of the annual payment, which by contract is charged upon it until January 1862.

We are of opinion that the practice of sending a naval officer in charge of the mails might, without inconvenience, be dispensed with on this line. It appears that the mails have frequently been carried without the presence of an officer on board, and that no disadvantage has resulted; and where there are no branch lines to be served, no complicated number of bags or cross-mails to receive and deal out; where there are no stoppages, and the temptation to delay on the part of the contractors is small, we think that the services of an agent may safely be dispensed with.

Admiralty agent may be dispensed with.

Should this course be adopted, it will be right to take security from the contractors for the general safe custody of every mail, in addition to the declaration which the contract empowers the Postmaster General to require from the commanders of the vessels. The contractors are willing to allow 500*L.* a year, in consideration of being relieved from carrying an agent.

Beyond this, we are unable to recommend any change to which the contractors could be expected to assent.

They attach great importance to a long and undisturbed term of contract, as alone enabling them to incur the expenses necessary for a successful competition with their rivals; and the manner in which they have fulfilled its stipulations is such as fairly to entitle them to all the benefit which may attach to a strict adherence to the present agreement for its full term.

In the course of our inquiry into this line, we have learnt that it is in the contemplation of the contractors to establish a line in continuation of it, to run from New York to Chagres once a fortnight. They propose this with a view of supporting their existing line by making it a link in the communication with the Pacific, and in the full confidence that the route by Panama will prove the quickest to Australia.

Proposed line from New York to Chagres.

The scheme does not appear to be matured; but Mr. Cunard reckons that the passage to Chagres by New York will be made in 20 days, and he assumes that 33 or 34 more will suffice to reach Australia. He does not expect that the line could be maintained without help from Government, and names 1,000*L.* for the double voyage, as the rate at which his Company would carry the mails to and from Chagres; adding, though with some hesitation, that he would be willing to make the remuneration dependent to a certain extent upon the postage received, if the present rates be maintained.

The merits of this line will hereafter be considered in connection with the existing lines to Australia.



3.—AUSTRALIAN POSTAL SERVICE.

COPY of CONTRACT entered into with the European and Columbian Steam Company, or the European and Australian Royal Mail Company, in pursuance of a Tender bearing date the 11th day of June 1856, and signed *John Orr Ewing*, for conveying the AUSTRALIAN MAILS from *England to Melbourne via Southampton, Alexandria, and Suez.*

AUSTRALIAN MAILS.

ARTICLES of AGREEMENT made the fourteenth day of October, in the year of our Lord One thousand eight hundred and fifty-six, between John Orr Ewing, of Ratho, Mid Lothian, gentleman; Walter Buchanan, of Shandon, merchant; Allan Gilmour, of Eaglesham, Renfrewshire, gentleman; John Stirling, of Kippendarie, gentleman; John Dunbar, of Holme, merchant; James Galbraith, of Glasgow, merchant; Niel Black, of Dunoon, merchant; John Houldsworth, of Glasgow, merchant; William Connal, of Glasgow, merchant; all in that part of the United Kingdom of Great Britain and Ireland called Scotland; and Thomas Augustus Gibb, of London, merchant; and Robert Smith and John Pender, both of Manchester, in the county palatine of Lancaster, merchants, directors of The European and Australian Royal Mail Company (Limited), 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.

WITNESS, that the said John Orr Ewing, Walter Buchanan, Allan Gilmour, John Stirling, John Dunbar, James Galbraith, Niel Black, John Houldsworth, William Connal, Thomas Augustus Gibb, Robert Smith, and John Pender (hereinafter designated as the said Company), in consideration of the payments hereinafter stipulated to be made, do, for and on behalf of the said Company, and separately for themselves, their heirs, executors, and administrators, and each and every of them, doth for himself, his heirs, executors, and administrators, hereby 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 to the satisfaction of the said Commissioners for the time being, convey Her Majesty's mails 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 monthly each way between Southampton, in England, and Alexandria, in Egypt; and between Suez, in Egypt, and Sydney, in Australia, by means of full power steam vessels (not less than six), supplied with first-rate appropriate steam engines.

Company to convey mails monthly each way between Southampton and Alexandria, and between Suez and Sydney by full power steam vessels (not less than 6), fitted with first-rate engines.

Vessels employed between Southampton and Alexandria to be of not less than 1,600 tons, N. M., each, with engines of not less than 400 horse power; and vessels employed between Suez and Sydney of not less than 2,200 tons, N. M., each, with engines of 530 horse power.

That the vessels to be employed in conveying the said mails between Southampton and Alexandria shall be of not less than one thousand six hundred tons register, N. M., each, and each be furnished with engines of not less than four hundred horse power, Admiralty measurement; and that the vessels to be employed in conveying the said mails between Suez and Sydney shall be of not less than two thousand two hundred tons register, N. M., each, and shall each be furnished with engines of not less than five hundred and thirty horse power, Admiralty measurement.

Company to provide efficient steam vessels for the mails between Marseilles and Malta of not less than 500 tons, N. M., with first-rate engines, not less than 200 horse power.

That the said Company shall also provide, during the continuance of this contract, a substantial and efficient steam vessel or vessels, on board of which the said Company shall and will convey Her Majesty's mails between Marseilles, in France, and the Island of Malta, in the Mediterranean; and that the said vessel or vessels to be so employed shall be of not less than five hundred tons burthen register, N. M., and to be supplied with first-rate appropriate steam engines, of not less than two hundred horse power, Admiralty measurement.

All vessels to be furnished with necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, oil, tallow, provisions, anchors, cables, fire-pumps, and other proper means for extinguishing fire, lightning conductors, &c., &c.; manned with competent officers, with appropriate certificates granted pursuant to Act 17 & 18 Vict. c. 104, and a medical officer, to be approved by said Commissioners, and with a sufficient number of efficient engineers and a sufficient crew of able

That all the vessels employed under this contract shall 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 proper means for extinguishing fire, lightning conductors on Sir Snow Harris's or other approved principle, charts, chronometers, proper nautical instruments, medicines, medicaments, 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 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 also a medical officer, to be approved of by the said Commissioners, and who shall give medical attendance, medicines, and medicaments gratis to all persons conveyed under or by virtue of this agreement, or whose passage-money may be paid for in whole or in part by the public; and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men;

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to be in all respects, as to vessels, engines, equipments, officers, engineers, 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 times, or from time to time have authority under the said Commissioners to inspect and examine the same; and the said Company shall, if required by the said Commissioners, submit the designs, plans, and sections of all and every vessel building or to be built, and intended to be employed in the performance of this contract to the said Commissioners, and be bound to adopt such fittings, scantling, and such dispositions of hatchways as the said Commissioners shall declare in writing to be necessary for carrying such armament as the said Commissioners shall consider suitable and requisite.

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able seamen, &c., to be approved by said Commissioners.

Company, if required, to submit designs, plans, and sections of vessels to said Commissioners.

That the vessels proceeding from and to Southampton in the performance of this contract shall touch at Malta; and the vessels from and to Suez shall touch at Point de Galle, in Ceylon, and Melbourne, in Australia, on their outward voyages, and at Melbourne, King George's Sound, and Point de Galle, on their homeward voyages; and the vessels may touch at Aden on the outward and homeward voyages, and at King George's Sound on the outward voyage, to coal, if necessary; and the said Company shall convey in the said vessels to and from, and cause to be delivered and received at each of the ports or places to or at which the said vessels are to or may 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.

Vessels from and to Southampton shall touch at Malta, and vessels from and to Suez shall touch at Point de Galle and Melbourne on outward voyages, and at Melbourne, King George's Sound, and Point de Galle on homeward voyages, and at Aden on out-

ward and homeward voyages, and at King George's Sound on outward voyage, to coal, if necessary, when mails are to be delivered and received.

That one of such vessels of not less than two thousand two hundred tons register, N. M., so approved of, and equipped and manned as aforesaid, shall, on the eighteenth day of the month of January, one thousand eight hundred and fifty-seven, or on such other day of that month as the said Commissioners may determine, for the first time, and once in every succeeding calendar month, on such day of each month, 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 Sydney aforesaid, and proceed without loss of time to Suez, touching at, but only at, the intermediate ports or places hereinbefore mentioned or referred to, at which Her Majesty's mails are to be delivered and received, and that one other of such vessels of not less than two thousand two hundred tons register, N. M., so approved of, and equipped and manned as aforesaid, shall, on the first day of the month of March, one thousand eight hundred and fifty-seven, or on such other day of that month as the said Commissioners may determine, for the first time, and once in every succeeding calendar month, 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 Suez aforesaid, and proceed without loss of time to Sydney, 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 shall, on 18th January 1857, or such other day of that month as said Commissioners may determine, and once in every succeeding calendar month, on such day and hour as shall be appointed, and immediately after mails are embarked, put to sea from Sydney and proceed to Suez, touching at intermediate ports before referred to, at which mails are to be delivered and received.

Another of such vessels shall, on the 1st of March 1857, or on such other day as aforesaid, put to sea at intermediate ports.

from Suez and proceed to Sydney, touching

That on the arrival of every mail at Alexandria from Sydney, the said Company shall and will, without loss of time, cause the same to be embarked on board one of the said vessels of not less than one thousand six hundred tons register, N. M., and which vessel shall proceed forthwith to Southampton, and there deliver the said mails, touching only at Malta, as hereinbefore mentioned.

On the arrival of mail at Alexandria from Sydney, Company shall cause same to be embarked on board one of said vessels for Southampton, touching only at Malta.

That one other of such vessels, of not less than one thousand six hundred tons register, N. M., so approved of, and equipped and manned as aforesaid, shall, on the fourteenth day of the month of February, one thousand eight hundred and fifty-seven, or on such other day of that month as the said Commissioners may determine, for the first time, and once in every succeeding calendar month, on such day of each month, 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 Southampton, and proceed to Alexandria, touching only at Malta, as hereinbefore mentioned.

One vessel shall, on the 14th February 1857, or other day, and once in every succeeding calendar month, after mails embarked, put to sea from Southampton, and proceed to Alexandria, touching only at Malta.

That on the arrival of every mail at Suez from the United Kingdom, the said Company shall and will, without loss of time, cause the same to be embarked on board one of the said vessels of not less than two thousand two hundred tons register, N. M., and which vessel shall proceed forthwith to Sydney, calling at Point de Galle, and Melbourne, as hereinbefore mentioned.

On arrival of mail at Suez from United Kingdom, Company shall cause same to be embarked on board one of said vessels, which shall proceed Galle and Melbourne.

forthwith to Sydney, calling at Point de

That the said Company shall deliver the homeward mail at Southampton in one thousand two hundred and twenty-four hours from the hour of its departure from Sydney, exclusive of the time taken for conveying the mails from the shore at Suez to the shore at Alexandria, when the mails can and shall be conveyed between the said vessels and the said shores by the said Company, or from their steam vessels at Suez to their steam vessels at Alexandria, where the regulations of the Egyptian Government prohibit the use of the boats of the said Company from conveying the mails between their vessels and the said shores, and exclusive of any time which the said vessels are hereby authorised to remain at Melbourne, and so that the said mails shall be conveyed from Sydney to Melbourne in sixty hours, from

Within what time homeward mails are to be delivered.

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Melbourne to Suez in eight hundred and sixty-four hours, and from Alexandria to Southampton in three hundred hours; the said Company, however, on the homeward voyage from Sydney to Suez being allowed an additional twenty-four hours for touching at King George's Sound, until such time as lights for the guidance of vessels approaching and navigating King George's Sound shall be fixed and exhibited.

Within what time outward mails are to be delivered.

That the said Company shall deliver the outward mail at Sydney in one thousand two hundred and ninety-six hours from the hour of its departure from Southampton, exclusive of the time taken for conveying the mails from the shore at Alexandria to the shore at Suez, or from their steam vessels at Alexandria to their steam vessels at Suez, as the case may be, as hereinbefore specified, and exclusive of any time which the said vessels are hereby authorised to remain at Melbourne, and so that the said mails shall be conveyed from Southampton to Alexandria in three hundred hours, from Suez to Melbourne in nine hundred and thirty-six hours, and from Melbourne to Sydney in sixty hours.

When not prevented by regulation of Pasha, Company to carry mails between their vessels at Alexandria and Suez and the shore.

That whenever there shall not be any regulation of the Pasha of Egypt to prevent the said Company from conveying the mails between their vessels at Alexandria and Suez respectively, and the shore, the said Company shall convey the mails between such vessels and the shore as at other places where the mails are to be landed and received under this contract.

As to stay of vessels at Melbourne.

That the said vessels between Sydney and Suez, on the outward and homeward voyages, shall stay at Melbourne the authorised time, and in addition thereto, any Sunday, Christmas-day, or Good Friday; should any of the said vessels, whilst employed in the performance of this contract, be at Melbourne on each or any of those days. And it is hereby agreed, that if the said Company fail, from whatever cause arising, to deliver the mails at Southampton or Sydney, in the respective periods hereinbefore agreed, then and in such case, the said Company shall forfeit and pay to Her Majesty, Her heirs, and successors, the sum of fifty pounds for the first twenty-four hours, a further sum of one hundred pounds for the second twenty-four hours, a further sum of one hundred and fifty pounds for the third twenty-four hours, and a further sum for every succeeding twenty-four hours, increasing the amount each twenty-four hours fifty pounds; and so on for every twenty-four hours for any time consumed on the respective voyages beyond the number of hours as hereinbefore respectively agreed: provided always, that the full amount of such penalties, on any one voyage, shall never exceed the sum of seven thousand seven hundred and eight pounds, six shillings and eightpence; and such penalties shall, in no case whatever, be relinquished; provided further, and the said Commissioners for and on behalf of Her Majesty, do hereby covenant and agree to pay to the said Company a premium of thirty pounds for each and every twenty-four hours within which the said mails shall be delivered, less the number of hours hereby covenanted for the delivery of the same respectively at Sydney and Southampton. And it is hereby agreed that, weather permitting, the mails from Geelong are to be brought on deck before reaching Port Philip Heads, and on the mail boat coming alongside, the mails shall be lowered into it; but in the event of the mail-boat not coming alongside before the health officer has left the ship, the vessel is not to be required to wait.

When premium to be paid to Company.

As to mails at Geelong.

And the said Company do hereby further agree with the said Commissioners, that on the arrival of every vessel employed under this contract at Malta from Alexandria, the said Company shall and will, with all possible dispatch, convey Her Majesty's mails from Malta to Marseilles aforesaid, and there deliver the same, to whom and as the said Commissioners may direct. And further, that the said Company shall and will convey Her Majesty's mails from Marseilles aforesaid to Malta, from time to time, so as there to meet every steam vessel leaving the United Kingdom under this contract for Alexandria, and shall deliver the said mails at Malta accordingly.

As to conveyance of mails between Marseilles and Malta.

Penalties for not providing efficient vessel ready to put to sea.

That if they the said Company fail to provide an efficient vessel in accordance with the terms of this contract, ready to put to sea on the appointed day, and at the appointed hour, at each of the appointed places, then and in such case, 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 one hundred pounds, and also the further sum of one hundred pounds for every successive twenty-four hours which shall elapse until such vessel shall actually proceed to sea on her voyage in the performance of this contract.

Efficient vessels to be kept in readiness, and Company to replace same when disabled.

That the said Company shall at all times during the continuance of this contract, have in constant readiness for the due execution of the service hereby contracted to be performed, vessels equal in tonnage and efficiency to those hereinbefore stipulated to be provided, and 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, obtained by hire or otherwise.

Admiralty officer in charge of mails to be received and conveyed on board vessels.

That the said Company shall receive and allow to remain on board each of the said vessels so to be and while employed in the performance of this contract, and also while remaining at each or either of the ports or places for return mails, and with or without mails in charge, an officer in Her Majesty's Navy, to be appointed by the said Commissioners to take charge of the said mails, and that every such officer 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

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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 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 the above expression "to determine every question," shall not confer upon such officer the power of compulsion in such cases.

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Such officer to decide all discretionary questions, subject to reversal on appeal to Commissioners.

That if the said Commissioners at any time or times think fit, they shall be at liberty, in any case or cases, to substitute for the said naval officer, an officer in the service of Her Majesty's Postmaster General to have charge of the said mails; and in such case or cases, any such last-mentioned officer shall be received and be allowed to remain on board each of the said vessels as is hereinbefore provided with respect to any such naval officer; but when any officer in the service of Her Majesty's Post Office has the charge of the said mails, his duties shall be confined to Post Office business.

Commissioners may substitute officer from Post Office for naval officer in charge of mails, but duly to be confined to Post Office business.

That a suitable first-class 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 or other officer, 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 officers shall be victualled by the said Company as a chief-cabin passenger, without any charge being made either for his passage or victualling.

Officer to be provided with first-class cabin, &c., and chief cabin fare, and place of deposit for mails to be provided.

That Her Majesty's mails shall 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 said officer 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 officer consider requisite for the purposes of this contract) 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 that the directions of the said officer shall in all cases be obeyed as to the mode, time, and place of receiving and delivering Her Majesty's mails.

Where mails are to be delivered and received, and Admiralty officer and mails to be conveyed between vessels and shore.

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, and in all cases when the officer or other person appointed by the said Commissioners to have charge of Her Majesty's mails shall be absent, the masters of all or any of such vessels shall, without any charge to the public, take due care of, and the said Company shall be responsible for the receipt, safe custody, and delivery of the said mails; and each of such masters shall make the usual oath or declaration or declarations required, or which may hereafter be required by Her Majesty's Postmaster General, in such and similar cases, and furnish such journals, returns, and information to and as, and perform such services as the said Commissioners or any of their agents may require; 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 all Her Majesty's mails for such port or place 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.

Admiralty may entrust mails to masters of vessels; and when master has charge, he is to deliver and receive the mails to and from the proper parties.

That the said Company shall not, nor shall any of the masters of any of the vessels employed or to be employed under this contract, 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 said Company shall be liable to be proceeded against for a breach of this contract.

Only certain letters to be conveyed.

That every naval officer 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 crew 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; and if the said master shall not immediately, or as soon as possible, thereupon remedy, replace, or effectually repair or make good every such defect or deficiency, the said Company shall in every such case, forfeit and pay to Her Majesty, Her heirs, and successors, the sum of two hundred pounds; but the payment of such penalty shall not

Admiralty officer may survey vessels, and Admiralty may survey vessels by other officers.

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in anywise release or discharge the said Company from remedying, replacing, or effectively repairing or making good such deficiency or defect, or from being considered to have committed a breach of this contract. And that the said Commissioners shall also have full power, whenever and as often as they may deem it requisite to survey, by any of their officers or agents, all or 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, equipments, and the officers, engineers, and crew of every such vessel; and the said vessels shall be opened in their hulls whenever the said officers may require, and if any such vessels 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 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 employed before such defect or deficiency shall have been supplied, or such alterations or improvements, as the case may be, shall have been made to the satisfaction of the said Commissioners, the said Company shall forfeit and pay to Her Majesty, Her heirs and successors, the sum of five hundred pounds.

Vessels objected to not to be employed.

Company and their officers to attend to directions of Admiralty and their agents, as to the landing, &c., of the mails.

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.

Certain number of officers, and others in the service of Her Majesty, to be conveyed, with or without their wives and children, and servants, and those who are deck passengers to be effectually protected from the weather.

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 to and from and between the places to which any of the vessels are to proceed in the performance of this contract, on board each and every or any of the vessels to be employed in the performance of this contract (in addition to the naval or other officer authorised to have charge of the said mails), any number of naval, military, and civil officers in the service of Her Majesty, not exceeding four in any one ship, with or without their wives and children, as chief cabin passengers; and any number of non-commissioned and warrant officers or civilians in Her Majesty's service not exceeding two in any one ship, with or without their wives and children, as fore cabin passengers, together with the servants of both chief and fore cabin passengers, and any number of seamen, marines, soldiers, or artificers in Her Majesty's service, not exceeding ten in any one ship, with or without their wives and children, as deck passengers, to be always provided with effectual protection from rain, sun, and bad weather, and not exposed on deck without such competent shelter, a fortnight's notice being given, if practicable, to the said Company or to their agent at the port of embarkation, and all such passengers shall be permitted to ship the quantity of baggage allowed by the said Company to ordinary passengers of similar rank, free of all charge for the conveyance of the same.

As to their baggage.

As to what class of passengers such officers, &c., are to be considered.

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

As to their victualling.

That the victualling of officers, their wives and children, conveyed as chief cabin passengers, shall be the same as is usually allowed by the said company to chief cabin passengers, their wives and children; the victualling of non-commissioned officers, their wives and children, 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 children, 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 or fore cabin passengers.

As to their passage money, and what the same is to include.

That the passage money shall be paid in full of all charge 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 half a gill of spirits, per day, or an equivalent, if not issued for each warrant officer, non-commissioned officer, seaman, marine, soldier, artificer, and servant, conveyed as a fore cabin or a deck passenger, at and after the rates charged by the said Company for ordinary passengers of a similar description, the said Company

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Company carrying children under three years of age free, and charging for male servants one-half, and for female servants two-thirds of the rates charged for their employers. Appendix, No. 1.

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:— Certificate to be produced.

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

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

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

“ Dated this _____ day of _____ ”

And the correctness of the dates must be corroborated by the master of the packet, and by the signature of the passenger underneath.

“ The dates inserted in this certificate are correct.

“ (Signature) _____
 “ Master of the Packet.

“ (Signature) _____
 “ Passenger.”

That the passage money for the families and wives of officers shall be paid to the said Company by the officers themselves, at the rates charged for ordinary passengers of a similar description, their children under three years of age being conveyed free of charge. Officers to pay passage money for their families and wives.

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. Such passengers to be exclusively of distressed seamen, &c.

That whenever the said Company shall convey any soldiers or 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. When soldiers or deck passengers are conveyed other than those before provided for, they are to be protected from bad weather.

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 as a debt due to Her Majesty, with full costs of suit, at the discretion of the said Commissioners. Stipulated damages.

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 agents, or by the British naval officer in command of the station, or at any port where the vessel may touch, 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 ten tons in weight at any one time in any one vessel, at the rate of freight charged by the said Company for private goods, 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 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, and it is hereby agreed, that notwithstanding anything herein contained, it shall be lawful for the said Company to convey the mails between Southampton and Alexandria in vessels chartered by the said Company, and approved of by the said Commissioners, until the said steam vessels of the said Company of not less than one thousand six hundred tons are ready; which last-mentioned vessels the said Certain packages are to be conveyed by Company, and also naval and other stores, not exceeding ten tons in weight.

As to the employment of exceptional vessels.

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Company hereby agrees shall be ready, and shall perform the said service as soon as practicable. And it shall also be lawful for the said Company to convey the mails from Suez to Sydney three times in the year one thousand eight hundred and fifty-seven, and from Sydney to Suez three times in the year one thousand eight hundred and fifty-seven, but on no other occasions, in vessels of not less than one thousand eight hundred tons new measurement, and being full-power steamers, touching on each of the voyages at Point de Galle and Melbourne on the outward passage, and at Melbourne, King George's Sound, and Point de Galle on the homeward passage; and with regard to such six exceptional voyages, if the same shall have been performed to the satisfaction of the said Commissioners, such allowance shall be made for extra time for the same as the said Commissioners shall in their discretion think fit. And it is hereby agreed, that all clauses, penalties, stipulations, and conditions contained in this agreement shall, as far as practicable, be made applicable to and shall apply to such last-mentioned vessels, and also to any such chartered vessels as aforesaid, and to the voyages performed by them respectively, and to the said Company in respect thereof. And it is hereby agreed, that in the event of an entire stoppage of Her Majesty's mails through Egypt, the circumstances shall be investigated by the said Commissioners, in order that the said Commissioners may come to such determination as in their opinion the circumstances of the case may require.

If stoppage of mail transit through Egypt.

As to alteration of times of departure and arrival of mails by Admiralty.

That if at any time or times during the continuance of this contract, the said Commissioners shall deem it requisite to alter the particular days, times, and hours of departure from, and arrival at, any of the ports or places to or from which Her Majesty's mails are to be conveyed under or by virtue of this contract, they shall be at liberty at any time or times, or from time to time, to alter the days and hours of departure and arrival, on giving notice in writing of such their intention to the said Company, but so that such alteration be so arranged as not to involve the necessity of employing a greater number of vessels than were or ought to have been employed under this contract, previously to any such alteration, and any such notice if applicable to vessels employed on the western side of the Isthmus of Suez, to be a three calendar months' notice, and if applicable to vessels proceeding from Sydney or other ports on the eastern side of such Isthmus, such notice to be a six calendar months' notice, and the particular days, times, and hours of departure from and arrival at such ports or places which may be appointed by any such alteration in force for the time being, shall be deemed to be the days, times, and hours of departure and arrival of Her Majesty's mails under this contract, and shall be observed and kept by the said Company accordingly.

Payment to Company.

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 seven days from and after the respective dates thereof, by Her Majesty's Paymaster-general, a sum after the rate of One hundred and Eighty-five thousand pounds per annum, a proportionate part of such sum to be paid on the completion of each entire voyage, each performance of the postal service hereinbefore covenanted to be performed between Sydney and the United Kingdom, and between Malta and Marseilles, or between the United Kingdom and Sydney, and between Marseilles and Malta, being deemed an entire voyage; and on the production by the said Company from time to time to the Accountant-general of the Navy of three certificates, that the service has been duly performed, that is, one certificate from each of the three officers severally having charge of the said mails, in the following form, payment is to be made accordingly, subject to any abatement on account of penalties or other sums which may be payable by the said Company, and with the proper addition, if any premium has been acquired.

Form of the said Certificate.

" I hereby certify to the Lords Commissioners of the Admiralty, that H. M. mails were embarked and received into my charge, on board _____ on the

day of _____ at _____ A.M. or P.M., at
and were landed at _____ on the _____ day of
at _____ A.M. or P.M."

As to deduction therefrom when no accommodation for officer in charge of mails.

Provided always, that a deduction, after the rate of One thousand Five hundred pounds per annum, shall be made from the said annual payment of One hundred and Eighty-five thousand pounds, in case and so long as or while no accommodation shall be required by the said Commissioners, for a naval or other officer of Her Majesty in charge of the mails: 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 of the said Company 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

Admiralty may purchase or charter vessels.

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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 shall 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 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 vessels or vessel 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. 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 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 belong to Her Majesty and 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 day of the date hereof, and shall continue in force for five years from the day on which the first vessel shall commence her voyage from Sydney, in the performance of this contract, and at the expiration of such five years this contract shall determine accordingly, but not so as to prevent either of the said parties hereto 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 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. 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 in case of breach of this contract on the part of the said Company, either by habitual negligence or wilful default, 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 if even 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 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 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 Glasgow, 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. 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, entitled "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 it is hereby agreed, 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 or compensation for the same. 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 Twenty-five thousand pounds of lawful money of the United

Appendix, No. 1.

Commencement and duration of contract.

Company to make arrangements as to quarantine.

Contract not to be assigned, &c., without Admiralty consent.

In case of breach, Admiralty may determine contract when breach is either from habitual negligence or wilful default.

As to service of notices.

No Member of Parliament to share in contract.

As to vessels which have started, or might start, when contract has terminated.

Company to pay twenty-five thousand pounds in case of breach.

Appendix, No. 1. 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 the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed, sealed, and delivered (being first duly stamped) by the said Walter Buchanan, Allan Gilmour, John Stirling, and William Connal, in the presence of

Frederick Trevor,
Collector of Customs at Glasgow.

Signed, sealed, and delivered by the said John Dunbar, in the presence of

Sarah A. Falconer,
Postmistress, Croy-Ardsier.

Signed, sealed, and delivered by the said John Orr Ewing, James Galbraith, John Houldsworth, Thomas Augustus Gibb, Robert Smith, and John Pender, in the presence of

Antonio Brady.

Signed, sealed, and delivered by the said Niel Black, and the said Commissioners, in the presence of

John Doutty.

John Orr Ewing (L. S.)

Walter Buchanan (L. S.)

Allan Gilmour (L. S.)

John Stirling (L. S.)

John Dunbar (L. S.)

James Galbraith (L. S.)

Niel Black (L. S.)

John Houldsworth (L. S.)

William Connal (L. S.)

T. A. Gibb (L. S.)

R. Smith (L. S.)

John Pender (L. S.)

Peter Richards (L. S.)

Alex. Milne (L. S.)

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TIME TABLE.—MAILS BETWEEN ENGLAND AND AUSTRALIA.

O U T W A R D S.

		1 8 5 7.												1 8 5 8.	
		FEBRUARY.	MARCH.	APRIL.	MAY.	JUNE.	JULY.	AUGUST.	SEPTEMBER.	OCTOBER.	NOVEMBER.	DECEMBER.	JANUARY.		
SOUTHAMPTON	- - Departure	February 24 Noon.	March 12 Noon.	April 12 Noon.	May 12 Noon.	June 12 Noon.	July 12 Noon.	August 12 Noon.	September 12 Noon.	October 12 Noon.	November 12 Noon.	December 12 Noon.	January 12 Noon.		
LONDON, <i>via</i> Marseilles	- Departure	March 2 Evening.	March 18 Evening.	April 18 Evening.	May 18 Evening.	June 18 Evening.	July 18 Evening.	August 18 Evening.	September 18 Evening.	October 18 Evening.	November 18 Evening.	December 18 Evening.	January 18 Evening.		
ALEXANDRIA	- - Arrival	March 8 Midnight.	March 24 Midnight.	April 24 Midnight.	May 24 Midnight.	June 24 Midnight.	July 24 Midnight.	August 24 Midnight.	September 24 Midnight.	October 24 Midnight.	November 24 Midnight.	December 24 Midnight.	January 24 Midnight.		
SUEZ	- - - Departure	March 11 Noon.	March 27 Noon.	April 27 Noon.	May 27 Noon.	June 27 Noon.	July 27 Noon.	August 27 Noon.	September 27 Noon.	October 27 Noon.	November 27 Noon.	December 27 Noon.	January 27 Noon.		
Melbourne	- - - Arrival	April 19 Noon.	May 5 Noon.	June 5 Noon.	July 5 Noon.	August 5 Noon.	Sept. 5 Noon.	October 5 Noon.	November 5 Noon.	December 5 Noon.	January 5 Noon.	February 5 Noon.	March 5 Noon.		
	- - - Stay	April 20 One day.	May 6 One day and a half.	June 6 One day and a half.	July 6 One day and a half.	August 6 One day and a half.	Sept. 6 One day and a half.	October 6 One day and a half.	November 6 One day and a half.	December 6 One day and a half.	January 6 One day and a half.	February 6 One day and a half.	March 6 One day.		
SYDNEY	- - - Arrival	April 22 Midnight.	May 9 Noon.	June 9 Noon.	July 9 Noon.	August 9 Noon.	Sept. 9 Noon.	October 9 Noon.	November 9 Noon.	December 9 Noon.	January 9 Noon.	February 9 Noon.	March 9 Noon.		
	- - - Interval for Repairs	April 12 hours.	May 48 hours.	June 48 hours.	July 48 hours.	August 48 hours.	Sept. 72 hours.	October 48 hours.	November 48 hours.	December 48 hours.	January 48 hours.	February 72 hours.	March 12 hours.		

H O M E W A R D S.

		1 8 5 7.												1 8 5 8.	
		APRIL.	MAY.	JUNE.	JULY.	AUGUST.	SEPTEMBER.	OCTOBER.	NOVEMBER.	DECEMBER.	JANUARY.	FEBRUARY.	MARCH.		
SYDNEY	- - - Departure	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.	April 11 Noon.		
MELBOURNE	- - - Arrival	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.	April 13 Midnight.		
	- - - Stay	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.	April 15 Two days.		
SUEZ	- - - Arrival	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.	April 15 Midnight.		
ALEXANDRIA	- - - Departure	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.	May 21 Midnight.		
LONDON <i>via</i> Marseilles	- - - Arrival	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.	May 24 Noon.		
SOUTHAMPTON	- - - Arrival	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.	May 30 Noon.		
	- - - Interval for Repairs	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.	June 5 Midnight.		

Note.—In the original, the words and figures in *Italics* were printed with red ink.

Appendix, No. 1.

4.—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,

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

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,

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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.

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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.

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.

Contractors to provide conveyance of Indian mail from Calais to Dover.

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.

Admiralty may deduct 15 l. in every case where mails are not landed in time for mail railway train.

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.

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.

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.

If vessels stop, linger, or deviate, contractors in each case to pay 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.

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.

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

Bond to be entered into by contractors when required by H.M. Postmaster General.

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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 comple 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

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 do hereby bind himself, his heirs, executors and administrators, unto our Sovereign Lady the Queen in the sum of 4,000 £, 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 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 £, 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. Doutry.

5.—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 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 £. 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 £. 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

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conveyed,

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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 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

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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.

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6.—DOVER, CALAIS, AND OSTEND MAILS.

ARTICLES of AGREEMENT made this 26th day of April, in the year of our Lord 1859, 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 builders' 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 £ 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 £ 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 £, 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 £, 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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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.

When contractor not liable to penalties.

As to conveyance of India, China, and Australian mails.

When Admiralty may make deductions from payments, if mails be not landed in time for mail train.

Admiralty or agents may delay departure of vessels not exceeding 24 hours.

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*l.* for each voyage.

Penalty on deviating, &c., on voyage.

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.

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 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.

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.

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 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 authorized 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.

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, 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 £.

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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 moneys to be provided by Parliament after the rate of 18,000 £. 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.

Appendix, No. 1.

Contract of 20th June 1855, annulled.

Contractor to pay tolls and dues;

And land mails, &c., and pay boat-hire.

As to contractor employing vessels to his own advantage.

Contract not to be assigned, &c. In case of assignment, &c., or breach, Admiralty may determine contract without previous notice or compensation.

As to services of notices.

No M. P. to be entitled to any share of contract.

Contractor bound in 4,000 l. for due performance of contract.

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.

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.

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.

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, 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.

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7.—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, hereinafter 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.

Admiralty may alter port of embarkation, and day and hour of departure and arrival of vessels at all the places, on three months' notice.

Admiralty, with consent of contractor, may order vessels to stop at other ports and deliver mails.

Vessels to remain at various ports only so long as required for landing and embarking mails.

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.

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.

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

Appendix, No. 1.

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

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forfeit and pay unto Her Majesty, Her heirs and successors, the sum of 100 L., 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 L., 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 L.

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 L.

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 L.

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 requisition 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. All other officers 60 cubic feet, but not exceeding 12 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'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.

Engineers same measurement, but to extend to 27 cwt. for field officers; 18 cwt. for every other officer.

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.

Soldiers of Artillery, and Sappers and Miners, and wives, 6 cubic feet each for baggage.

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.

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 other 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 -
Acra - -	38 10	36	20 10	15 -	20 10	15 -	10 -	9 -	16 4 -	12 - -	8 - -	4 - -
Whydah - -	39 10	37	21 -	16 -	21 -	16 -	10 10	9 9	17 7 6	13 - -	8 13 6	4 6 6
Baragry - -	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

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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.

Inter-colonial rates of passage.

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.

Children under three years, free: male servants, one-half; female servants, two-third rates for 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, viz:—

Form of certificate for payment of passage.

“ 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.

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 rate of preceding year.

After 10th year annual deduction of 500*l.* from rate of preceding year.

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Service to commence 1st September 1852.

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.

Admiralty may purchase vessels at a valuation, or charter them for Her Majesty's service.

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.

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.

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.

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.

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.

Submission to arbitration may be made rule of court, and witnesses examined on oath.

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.

All postage to be at disposal of Postmaster General.

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.

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.

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.

Contractor to make arrangements relative to quarantine.

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.

Contract not to be assigned, &c.

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.

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.

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.

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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 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 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 l. 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.

8.—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

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.

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 hereinafore 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 4s. 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, and each of them doth hereby bind himself, his 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.

<i>M. Laird.</i>	(L.S.)
<i>J. Forster.</i>	(L.S.)
<i>Wm. Law Ogilby.</i>	(L.S.)
<i>T. Herbert.</i>	(L.S.)
<i>A. Milne.</i>	(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.

9.—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.

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.

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,

Recital of contract of 29th January 1852.

Recital of bond of the same date.

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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*l.* 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.

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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.

Recital of assignment of the said contract.

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 certified officers, &c.

Vessels and crew subject to Admiralty approval.

Mails to be conveyed according to tables annexed.

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.

Departure of vessels from England.

Departure of colonial vessel.

Tables to form part of contract.

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 vessel 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,

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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. 1.

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, vitual 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.

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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.
	£. s.	£. s.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Madeira - -	19 -	15 -	10 - -	8 - -	14 - -	10 - -	5 - -	4 - -	8 10 -	6 10 -	4 - -	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.
	£. s. d.	£. s.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Fernando Po - -	2 5 -	2 -	1 10 -	1 - -	1 15 -	1 10 -	1 - -	- 15 -	1 - -	- 15 -	- 10 -	- 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

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, 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

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.

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.

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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 hereinafter 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. 1.

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.	—	—	—	—	—	—	78 Days.
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 -	18th, midnight -	480	2	12	2	-	Coals	
Cape Palmas - -	16th, 1 P. M. -	16th, 6 P. M. -	490	2	18	- -	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	-	
Bonny (River) -	26th, 4 A. M. -	5th, 2 P. M. -	70	- -	10	9	10	Coals	
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	18	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.)

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T A B L E, 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. -	223	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.)

10.—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.

Appendix, No. 1.

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 440 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.

Appendix, No 1.

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 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 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 *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

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 vessels 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 *l.* 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

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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.

11.—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 effect power of Admiralty to determine contract, if it be assigned, &c., without their consent, or in case of any breach thereof by the Company.

Appendix, No. 1.

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, Com.
William Taggart, Sec.*

*Alex. Milne. (L.S.)
William Couper. (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	-	-

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.	—	—	—

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12.—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 Tables 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

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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 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.

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 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 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

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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.

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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
Jno. Doutry.

Wm. Bates (L. S.)
Alex^r 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. (L. S.)
William Taggart, Secretary of said Company.

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13.—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 9s. 10d. 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 9s. 10d. 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 authorize 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., 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

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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 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 cubit 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

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.

Appendix, No. 1.

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, provisos, 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.

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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
Ditto home from ditto	—	23
Course of Post	62	6

REMARKS on TABLE No. 1.

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 39th 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.

Appendix, No. 1.

TABLE, No. II.

THE JAMAICA AND MEXICAN 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.
—	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
			4,052	—	18	20	11	4	—	—	—

	Days.	Hours.
Time out to Vera Cruz - - -	26	16
Ditto home from ditto - - -	26	16
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 the steamer will deliver the Home and Intercolonial mails, &c. to the vessels appointed to receive them, and prepare, as expeditiously as possible, to resume the service on this route as before.

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 despatched 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.

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.
—	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 -	190	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 -	38	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.

The steamer will leave Demerara on the return voyage, at 6 p. m. on the 25th day after the out mails were despatched 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.

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.
—	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 South-ampton.	
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.

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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 30th 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.

Appendix, No. 1.

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 South-ampton.	
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	130	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 despatched 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.)

P L A C E S.	CHIEF CABIN PASSENGERS.						FORE CABIN PASSENGERS.						DECK PASSENGERS.					
	Officer.		Lady.	Children.		Man.	Woman.	Children.		Man.	Woman.	Children.		Man.	Woman.	Children.		
	£. s. d.	£. s. d.		£. s. d.	Between 8 and 12 years.			Between 3 and 8 years.	£. s. d.			Between 8 and 12 years.	Between 3 and 8 years.			£. s. d.	Between 8 and 12 years.	Between 3 and 8 years.
Antigua	32	5	7	30	7	10	—	20	—	25	—	10	—	20	—	25	—	
Bahia	43	3	1	40	—	—	—	25	—	—	—	12	10	—	—	—	—	
Barbadoes	30	10	—	28	—	—	—	18	10	—	—	9	6	—	—	—	—	
Buenos Ayres	61	3	11	56	13	4	—	32	10	—	—	16	5	—	—	—	—	
Carriacou	32	11	10	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Cartagena	42	16	3	40	—	—	—	27	10	—	—	13	15	—	—	—	—	
Chegres	43	—	—	40	—	—	—	27	10	—	—	13	15	—	—	—	—	
Demerara	32	15	—	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Dominica	32	7	6	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Grenada	32	12	6	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Gray Town	43	6	10	40	—	—	—	27	10	—	—	13	15	—	—	—	—	
Guadaloupe	32	6	10	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Havana	40	9	2	37	6	8	—	25	10	—	—	12	15	—	—	—	—	
Honduras	43	10	—	40	—	—	—	27	10	—	—	13	15	—	—	—	—	
Jacmel	35	16	—	33	6	8	—	22	10	—	—	11	5	—	—	—	—	
Jamaica	35	19	2	33	6	8	—	22	10	—	—	11	5	—	—	—	—	
Lisbon	7	10	—	6	18	9	—	3	15	—	—	1	17	6	—	—	—	
Martinique	32	7	6	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Madeira	21	—	7	20	—	—	—	13	—	—	—	6	10	—	—	—	—	
Monte Video	61	8	11	56	13	4	—	32	10	—	—	16	5	—	—	—	—	
Montserrat	32	5	—	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Nassau	37	8	6	33	6	8	—	20	—	—	—	10	—	—	—	—	—	
Nevis	32	4	4	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Pernambuco	42	17	6	40	—	—	—	25	—	—	—	12	10	—	—	—	—	
Porto Rico	32	4	4	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Rio de Janeiro	50	5	2	46	13	4	—	27	10	—	—	13	15	—	—	—	—	
St. Kitts	32	4	4	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
St. Lucia	32	8	9	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
St. Thomas	32	1	10	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
St. Vincent (West Indies)	32	11	3	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
St. Vincent (Cape de Verdes)	31	15	7	30	—	—	—	17	10	—	—	8	15	—	—	—	—	
Santa Martha	42	14	4	40	—	—	—	27	10	—	—	13	15	—	—	—	—	
Tampico	48	3	4	44	13	4	—	31	10	—	—	15	10	—	—	—	—	
Teneriffe	24	11	8	23	6	8	—	15	—	—	—	7	10	—	—	—	—	
Tobago	32	15	7	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Trinidad	32	14	4	30	—	—	—	20	—	—	—	10	—	—	—	—	—	
Vera Cruz	46	13	6	43	0	8	—	30	—	—	—	15	—	—	—	—	—	

K K

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 6 years.							Between 8 and 12 years.		Between 3 and 6 years.			Between 8 and 12 years.		Between 3 and 6 years.							
	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.							
Antigua	33	12	11	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	4	4	14	2	7		
Bahia	48	6	3	40	-	-	20	-	-	10	-	-	25	-	-	12	10	-	-	12	8	-	6	-	3	-		
Barbadoes	33	17	3	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	4	4	14	2	7		
Buenos Ayres	61	13	4	56	13	4	28	6	8	14	3	4	32	10	10	5	8	2	6	17	8	17	8	10	4	5		
Carriacou	34	-	5	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	4	4	14	2	7		
Chargens	39	8	11	36	13	4	18	6	8	9	3	4	25	-	-	12	10	-	-	11	-	11	-	5	10	2	15	
Chagres	39	13	4	36	13	4	18	6	8	9	3	4	25	-	-	12	10	-	-	11	-	11	-	5	10	2	15	
Demerara	34	2	3	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Dominica	33	14	9	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Foyal (if touched at)	12	2	3	11	6	8	5	13	4	2	16	8	8	10	-	4	5	-	-	3	8	3	8	1	14	-	17	
Grenada	34	1	-	31	6	8	15	13	4	7	10	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Grey Town	40	12	1	36	13	4	18	6	8	9	3	4	25	-	-	12	10	-	-	11	-	11	-	5	10	2	15	
Guadaloupe	33	14	2	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Havana	36	11	-	33	6	8	16	13	4	8	6	8	20	-	-	10	-	-	-	10	-	10	-	5	-	3	-	
Honduras	43	13	1	40	-	-	20	-	-	10	-	-	25	-	-	12	10	-	-	12	-	12	-	6	-	8	-	
Jacmel	35	17	3	33	6	8	16	13	4	8	6	8	22	10	10	5	5	12	6	10	-	10	-	5	-	2	10	
Jamaica	36	-	5	33	6	8	16	13	4	8	6	8	22	10	10	5	5	12	6	10	-	10	-	5	-	2	10	
Lisbon	7	10	-	6	18	9	8	9	4	1	14	8	3	15	-	1	7	6	-	1	10	-	10	-	15	-	7	6
Martinique	33	15	5	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Madeira	21	-	7	20	-	-	10	-	-	5	-	-	12	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Monte Video	61	15	10	56	13	4	28	6	8	14	3	4	32	10	10	5	8	2	6	17	-	17	-	8	10	4	5	
Montserrat	33	12	11	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Nassau	43	-	-	40	-	-	20	-	-	10	-	-	27	10	10	5	18	15	-	12	-	12	-	6	-	3	-	
Nevis	38	12	3	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Pernambuco	43	-	-	40	-	-	20	-	-	10	-	-	25	-	-	12	10	-	-	12	-	12	-	6	-	3	-	
Porto Rico	33	12	3	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Rio de Janeiro	50	8	4	46	13	4	23	6	8	11	13	4	27	10	10	5	6	17	6	14	-	14	-	7	-	3	10	
St. Kitts	33	11	8	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
St. Lucia	33	16	-	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
St. Thomas	33	8	6	31	6	8	15	13	4	7	16	8	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	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
St. Vincent (Cape de Verdes)	31	15	7	30	-	-	15	-	-	7	10	-	17	10	10	5	8	15	-	9	-	9	-	4	10	2	5	
Tampico	45	3	6	41	6	8	21	13	4	10	6	8	27	10	10	5	3	15	-	12	8	12	8	6	4	3	2	
Teneriffe	24	11	8	23	6	8	11	13	4	5	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Tobago	34	4	2	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Trinidad	34	2	3	31	6	8	15	13	4	7	16	8	20	10	10	5	5	2	6	9	8	9	8	4	14	2	7	
Vera Cruz	43	6	10	40	-	-	20	-	-	10	-	-	27	10	10	5	13	15	-	12	-	12	-	6	-	3	-	

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.	Carriacou.	Carthagena.	Chagres.	Demerara.	Dominica.	Grenada.	Grey Town.	Guadaloupe.	Havana.	Honduras.	Jacmel.	Jamaica.	Martinique.	Montserrat.	Nassau.	Nevis.	St. Juan's, Porto Rico.	St. Kitts.	St. Lucia.	Santa Martha.	St. Thomas.	St. Vincent.	Tampico.	Tobago.	Trinidad.	Vera Cruz.
Antigua	-	80	80	70	80	60	15	80	100	10	95	115	55	55	15	10	70	10	30	10	20	60	20	30	180	45	45	126
Barbadoes	25	-	15	90	100	30	20	15	120	25	105	130	55	70	20	25	90	30	50	30	15	80	40	15	140	15	80	135
Carriacou	25	25	10	90	100	45	25	10	120	25	105	130	50	55	25	25	90	30	50	30	25	80	40	10	140	40	25	135
Carthagena	90	100	105	-	20	130	95	105	40	95	140	175	100	115	95	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	95	120	95	80	95	105	-	70	115	210	120	120	205
Demerara	50	80	85	115	125	-	45	35	145	60	115	140	65	80	45	50	115	55	75	55	40	95	65	35	150	35	35	145
Dominica	15	30	30	80	90	50	-	30	110	10	95	115	55	55	10	15	80	20	20	20	20	75	30	30	130	45	40	130
Grenada	25	25	10	90	100	40	25	-	120	25	105	130	55	55	25	25	90	30	50	30	25	80	40	10	140	80	15	135
Grey Town	120	135	135	60	20	165	125	135	-	95	170	205	130	145	125	115	140	115	100	115	135	-	90	135	230	150	150	225
Guadaloupe	10	80	80	155	165	180	140	150	185	135	-	60	80	50	140	130	155	130	100	130	140	145	105	150	125	165	165	120
Havana	135	160	210	215	225	240	200	210	245	195	60	-	80	50	200	190	215	190	160	190	200	205	165	210	185	225	225	180
Honduras	195	210	210	215	225	240	200	210	245	195	60	-	140	110	200	190	215	190	160	190	200	205	165	210	185	225	225	180
Jacmel	75	90	90	105	105	130	80	90	125	75	60	80	-	20	80	70	95	70	30	70	80	85	45	55	105	105	105	100
Jamaica	85	100	100	105	115	130	90	100	135	85	40	60	30	-	90	80	105	80	50	80	90	95	65	65	100	75	115	70
Martinique	15	30	30	80	90	50	10	80	110	10	95	115	55	55	-	15	80	20	40	20	10	70	30	30	130	45	35	125
Montserrat	10	80	80	70	80	60	20	80	100	15	95	115	55	55	20	-	70	10	30	10	20	60	20	80	130	45	45	125
Nassau	90	105	105	110	120	135	95	105	140	90	140	175	100	115	95	85	-	85	75	85	106	100	60	105	190	120	120	185
Nevis	15	35	35	65	75	60	25	35	95	20	95	115	55	55	25	10	65	-	25	10	25	55	15	35	130	50	50	125
St. Juan's, Porto Rico	40	60	60	65	75	90	45	60	95	40	95	115	30	30	45	35	65	35	-	-	45	55	15	15	130	75	70	125
St. Kitts	15	35	35	65	75	60	25	35	95	20	95	115	30	30	45	35	65	35	-	-	45	55	15	15	130	50	50	125
St. Lucia	20	25	25	65	75	60	45	60	95	20	95	115	30	30	45	35	65	35	-	-	45	55	15	15	130	50	50	125
Santa Martha	-	-	-	10	30	-	-	-	60	-	-	-	55	55	10	20	85	25	45	25	-	-	-	-	-	-	-	-
St. Thomas	30	45	45	50	60	75	35	45	80	30	80	115	40	40	35	25	50	25	10	25	45	40	-	45	130	60	60	125
St. Vincent	25	25	10	90	100	45	15	10	120	20	105	130	55	55	15	25	90	30	50	30	25	80	40	-	130	80	25	125
Tampico	170	185	185	190	200	215	175	185	220	170	125	145	115	85	175	165	190	165	135	165	180	140	140	185	-	200	200	15
Tobago	35	85	80	100	110	40	85	25	180	35	105	130	60	65	35	35	100	40	60	40	85	90	50	30	135	-	10	130
Trinidad	40	85	85	100	110	40	35	15	130	35	105	130	55	55	35	35	100	40	60	40	85	90	50	30	135	-	10	130
Vera Cruz	163	180	185	185	195	210	170	180	215	165	120	140	110	80	170	160	185	160	130	100	180	175	135	180	15	195	-	-

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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.”

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14.—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 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 :

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. 1.

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

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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 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.

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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 50,000l. 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. Keep, 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	12	Coal	11	10		
29	4 p. m.	30	8 a. m.	„ Pernambuco - - - - -	1,600	9 ½	7	-	-	16	-	19	23		
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	-	-	-		

Time Out to Rio de Janeiro	-	-	-	-	-	-	-	Days.	Hours.	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	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	- - - - -	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 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. 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.

15.—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-

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horse 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 and 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

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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.

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days of departure, and (as also their agents) to delay departures for 24 hours.

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 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.

The mails may be landed at Bristol, Falmouth, Plymouth, Southampton, Dover, or Deal, if they cannot be landed at Liverpool.

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.

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,

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 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.

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.

But if the Commissioners require it, the commanders of the vessels are to take charge of the 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 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.

Boats to be provided by the contractors for landing the mails and officers in charge.

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

The contractors to pay a penalty of 100 £ for every case of delay or deviation not sanc-

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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.

The officers in charge of the mails to have power to survey the vessels on notice to the commanders,

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.

The contractors and their servants are to obey the orders of the Commissioners or their agents as to the mails.

All penalties to be as stipulated damages, and deducted out of the contract monies.

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.,

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 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.

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

That 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.

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.

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,

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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, noncommissioned 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 seaman, &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 noncommissioned 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.

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 noncommissioned 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 1852.

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.

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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.

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, 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 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,
 Collr of Customs, Glasgow.

Signed, sealed, and delivered by the said Charles M'Iver, in the presence of

Thomas Bevis, Comr.

16.—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, Edmouton, 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.

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:

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

That the contractors, their executors or administrators, shall and will, for the performance of the services between England and North America, at all times, at their own cost, provide and keep seaworthy, and in complete repair, from the day of the date hereof, and during the continuance of this contract, a sufficient number (not less than eight) of good, substantial, and efficient steam-vessels, of not less than 400 horse power each; and for the service between New York and Nassau aforesaid, a good, substantial, and efficient steam-vessel, of not less than 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 principle),

Recital of contract of 1st April 1850.

Recital of contract of 1st January 1852.

Contractors to convey mails.

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

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

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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.

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.

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 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.

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.

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.

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

Penalties for deviating, delaying departure, &c.

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

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

That the contractors, their executors and administrators, shall and will from time to time, and at all times during the continuance of this contract, make such alterations or improvements

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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 vessels, &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).

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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.

The 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.
	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.	£. s.
Rate from Liverpool to Halifax - - - - }	30 -	25 -	12 10	6 5	15 -	15 -	7 10	3 15	4 -	4 -	2 -	1 -
Rate from Halifax to Liverpool - - - - }	24 -	24 -	12 -	6 -	12 -	12 -	6 -	3 -	4 -	4 -	2 -	1 -
Rate between Halifax and Boston or New York - }	4 -	2 -	1 -	- 10	3 -	2 -	1 -	- 10	2 -	1 -	- 10	- 5
Rate from Liverpool to New York or Boston direct, or <i>via</i> Halifax - }	30 -	25 -	12 10	6 5	15 -	15 -	7 10	3 15	5 -	5 -	2 10	1 5
Rate from New York or Boston to Liverpool - }	24 -	24 -	12 -	6 -	12 -	12 -	6 -	3 -	5 -	5 -	2 10	1 5
New York to Nassau, or Nassau to New York - }	7 10	7 10	4 -	2 -	5 -	5 -	3 -	2 -	4 -	4 -	2 -	2 -

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

Certificate for passage money.

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

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

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

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" 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 0.83.

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

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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 do 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

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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.

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

Alex. Milne. (L.S.)
Lovaine. (L.S.)
S. Cunard. (L.S.)
G. Burns. (L.S.)
Chas. Muciver. (L.S.)

Signed, sealed, and delivered in presence of

Jno. Doutry.

Packet Department, Admiralty, }
 23 July 1859.

17.—COPY of CONTRACT between the Atlantic Royal Mail Steam Navigation Company and Messrs. *Palmer Brothers & Co.*

THIS INDENTURE, made the 10th day of June, 1859, between the Atlantic Royal Mail Steam Navigation Company, limited, hereinafter for shortness called "The Company" of the one part, and Charles Mark Palmer, Esq., and James Joseph Allport, Esq., carrying on business at Newcastle-on-Tyne, under the name, style, and firm of Palmer, Brothers and Co., hereinafter for shortness called "The Builders," of the other part, witnesseth: That the builders, in consideration of the sum of 95,000 *l.* to be paid by the Company for each vessel as hereinafter mentioned, do for themselves, their heirs, executors, and administrators, covenant and agree with the Company, that they, the builders, will build for the Company two iron paddle steamers, each of the dimensions, and with the engines, accommodation, and otherwise, in accordance with the specification hereinafter written, and the plans marked by the said parties hereto, respectively, and the said vessel shall be equal to nine years Class A 1 at Lloyds.

The vessels and engines shall be built of the best materials, in a substantial and workmanlike manner, and finished in superior style, and the whole of the work shall be done under the inspection and subject to the approval of the Company or their surveyor for the time being, by whom all materials shall be approved; and the Company or their surveyor, and also the Inspectors of the Admiralty, and of Lloyds, shall have access at all reasonable times during the progress of the works, to examine the same, and the whole of the work shall be properly and substantially fastened, to the satisfaction of the Company or their surveyor for the time being.

Each of the said steamers shall be finished complete in every respect, except plate and glass, linen and cutlery, beds and bedding, in accordance with the terms of this contract and with the specification and plans, to the satisfaction of the Company or their surveyor, and delivered by the builders free of all charges, except the said sum of 95,000 *l.*, in the river Tyne, to the agent appointed by the Company to receive the same, at the following dates, that is to say, within ten calendar months as regards the first of the said vessels, and eleven calendar months as regards the second of the said vessels; and should either of the said vessels not be so completed and delivered by the builders on or before the times before-mentioned, the builders shall pay to the Company a sum equal in amount to 50 *l.* for each working day that shall elapse between the day appointed for such delivery and the day on which such delivery shall be made, *force majeure* excepted, such sum to be considered in the nature of damages, ascertained and agreed upon between the parties hereto, and not as a penalty only, and may be set off against, or deducted from, any balance or sum of money due from the Company to the builders, and the builders shall, whenever required by the Company, and the builders can legally do so, also deliver to the agent of the Company the usual and proper builders' certificate of ownership of the said vessels respectively, stating therein that the said Company are the sole owners thereof, and do all necessary acts to enable the Company to obtain certificate of registry in the usual manner. And it is hereby expressly agreed between the said parties hereto, that in case it should so happen that there should be some parts of the said vessels, or of their fittings, or of the said machinery, and the appurtenances thereto, and be supplied therewith, not shown or described in the drawings or specification, but which are necessary to make first rate paddle-wheel steam vessels, and all their machinery, and the appurtenances thereto, and the tools usually supplied therewith, fitted complete in every respect ready for sea according to the true intent and meaning of this agreement, or of the said drawings and specification, still that all such parts and things are included or considered as included in this agreement, and their value comprised in the said sum of 95,000 *l.*, to all intents and purposes as if the same had been mentioned herein, or in the said specification, or shown in the said drawings. And that in case it should hereafter be found necessary to alter or vary any of the works described in the said specification, as shown in the said

Appendix, No. 1. drawings to the extent of 5,000 *l.* in each such vessel, it shall by no means invalidate this contract, but that a proportionate addition or subtraction shall be made to or from the said sum of 95,000 *l.* at a fair and reasonable rate, and in proportion so far as can be to the amount herein agreed to be paid for the work herein agreed to be done, a reasonable time being allowed and agreed upon for the delay (if any) occasioned by such alteration. And the Company for themselves and their successors hereby covenant and agree with the builders that the builders well and truly performing their part of this contract and agreement, the Company shall and will well and truly pay unto the builders, or the survivor of them, their executors, administrators, or assigns, the sum of 95,000 *l.* in respect of each of the said vessels in the manner following (that is to say), 19,000 *l.* when the keel is laid; 19,000 *l.* when the vessel is in frame; 19,000 *l.* when the vessel is plated; 19,000 *l.* when the vessel is ready for launching and retained on the stocks for no other purpose than that of fixing the engines, and the remaining 19,000 *l.* when the vessel shall have been tried, approved, and delivered to the Company, or their agent, with the certificates hereby agreed to be delivered. Provided always, and it is hereby mutually agreed, that a part of each of the said sums, that is to say, a part equal to ten per cent. thereof may be paid by the Company in fully paid up shares of the Company, estimating the value of such shares at par, which shall be entitled to dividend as fully paid up shares. Provided always, that each of the said sums of money shall be payable only upon the Company being satisfied that such progress in the building of the vessel in each case has been made as is hereby required to be made in order to entitle the builders to payment of the sums of money in such case alleged to be due, and that the work and materials done and used thereon are satisfactory to them, or their surveyor. And it is hereby agreed by and between the said parties hereto, that upon payment in the case of each vessel of the first sum of 19,000 *l.*, the said keel so to be laid shall thenceforth be and become the absolute property of the Company, and that thenceforth as the building of each vessel proceeds the vessel, and every part thereof, including the engine, and all machinery thereof, shall become the property of the Company, and vest in them absolutely, subject only to the lien of the builders, for the payment of the said sums of money as the same shall become due; and in case the builders shall, at any time before the completion of the said vessels become bankrupt, or apply for discharge or protection under any Bankrupt or Insolvent Act, or from any cause become incapable of proceeding with the building of the said vessels, or shall, for the space of ten days after notice from the Company, omit to proceed with the building of the said vessels or either of them, the Company shall be at liberty to proceed with and complete the same, and shall be released and discharged from making any further payments to the builders or their representatives, on account of any of the said sums of money then due, or to become due, or otherwise, in respect of the said vessels, without prejudice nevertheless to any right of action or other remedy, for breach of the contract herein contained. And the builders further for themselves, their heirs, executors, and administrators, covenant with the Company, that they the builders will, upon the said delivery of the said vessels respectively, deliver to the Company the certificate of the Board of Trade, that such vessel is in accordance with the requisitions of the said Board; and also, that each of the said vessels, when delivered by them to the Company, shall be in such a state and condition as to satisfy the Board of Admiralty, and to enable the Company to obtain from the Board of Admiralty a certificate of such satisfaction, and that each of the said vessels when delivered shall be equal to nine years A. 1 Class at Lloyd's. And further, that each of the said vessels when completed, upon a fair and proper trial thereof, made to the satisfaction of the said Company previous to the delivery thereof to the Company, accomplish a speed at the rate of 20 statute miles per hour in smooth water, and consume not more than 8,800 pounds of fuel per hour. And also, that they the builders shall and will, at their own costs and charges, amend and replace, in a good and sufficient and workmanlike manner, any defect in the said steam vessels and the engines that may be supplied to the said steam vessels, or any of them, arising from error of construction, imperfect workmanship, or insufficient or un-sound materials, so as such defects be pointed out in writing within 12 calendar months from the delivery of the said steam vessels respectively, but not further or otherwise. Provided also, and it is hereby agreed and declared, that in case any dispute or difference shall arise between the builders, their executors, or administrators, or any of them on the one hand, and the Company on the other hand, touching or concerning these presents or specification hereafter written, or any clause, matter, or thing herein contained, or as to any alterations therein, or departure or deviation therefrom, or any such additional expenses as aforesaid, or any other matter or thing in anywise relating to the premises, the same shall be referred to the arbitration of two competent and indifferent persons, one of them to be appointed in writing by, and on behalf of each party in dispute, or their umpire, to be by the said arbitrators in like manner appointed, before they shall enter upon the consideration of the matter referred to them, and the award of such arbitrators, if made in writing under their hands, and delivered to the parties in difference, or such of them as shall require the same, within the space of 30 days after the appointment of the last of such arbitrators, or in default thereof the award of their umpire, in writing under his hand, and delivered as aforesaid within two calendar months after his appointment, or within such further period not exceeding one calendar month from the expiration of the said two calendar months, as he shall from time to time by writing, under his hand appoint, shall be conclusive and binding on all parties, and that in case either of the parties in difference shall neglect or refuse to appoint an arbitrator by the space of one calendar month after notice in writing from the other party for that purpose, it shall be lawful for the arbitrator appointed by the party giving such notice, to make an award

award, which shall be binding in like manner as if the party so neglecting or refusing had appointed an arbitrator who had actually joined therein; and that for the better enforcing the performance and observance of every such award as aforesaid, the reference or submission in respect of the same shall, upon the application of either of the parties in difference be made a rule of one of Her Majesty's superior courts of record at Westminster, according to the direction of the statute in that behalf provided, and that the matters in difference, or any of them, may, by the said court, or any judge thereof, be from time to time referred back to the arbitrators or umpire as aforesaid, and that notwithstanding the time for making their or his award shall have expired: In witness whereof the said Charles Mark Palmer and James Joseph Allport have hereunto set their respective hands and seals, and the said Atlantic Royal Mail Steam Navigation Company, Limited, have hereunto affixed their common seal, the day and year first above written.

SCHEDULE.

SPECIFICATION of an IRON PADDLE STEAM VESSEL for the ATLANTIC ROYAL MAIL STEAM COMPANY.

<i>Dimensions.</i>	<i>Feet.</i>
Length between perpendiculars - - - - -	360
Breadth of beam - - - - -	40
Depth moulded - - - - -	30
Burthen in tons, 2,859.	
Draught of water when loaded - - - - -	16
Displacement at 16 feet, about 3,620 tons.	
Area of midship section - - - - -	556 square feet.

Schooner rigged.

Keel of plate iron 1 1/8 and 24 inches wide, and in as long lengths as can be got.

Stem of hammered iron, 14 inches and 2 3/4 at bottom, and reduced to 12 by 2 at top.

Stern post of hammered iron, to be not less than 16 by 2 3/4, a heel left on the after side, to bear the rudder, with eye for pintles, and turned so as to form a knee forward on the keel.

Breast hooks of sufficient strength to resist any ordinary outward pressure of ice.

Frames to be of angle iron, 6 by 4 1/2 and 5/8, and spaced 18 inches in way of engine and boiler space, and 30 feet on either side beyond that space at end of ship, to be spaced 20 inches, to be double in the bottom, and a reverse angle iron on every frame from floor to gunwale, 4 by 3 1/2 and 1/16 inches forward and aft, 4 by 3 1/2 in every second frame for fastening the ceilings to, as per sketch. The double frames in engine and boiler spaces and 30 feet on either side to be carried up to lower deck.

Floors.—Deep at the centre, 24 inches to 26 by 3/4 thick, length about 33 feet in midships, diminishing forward and aft, according to the line of the ship, as per sketch.

The floor plate is to be inserted between every frame, and rivetted to the same; to have two angle irons rivetted on the top edge of the floors 4 by 3 1/2 by 1/2. The length of the engine room, and 30 feet beyond at either end, as per sketch, forward and aft; a single angle iron 4 by 3 1/2 by 1/2 inch, as per sketch.

Plates.—Garboard, or first strake, one inch thick, butted at centre of keel plate.

Bottom plates, up to turn of the bilge, to be 7/8 inch thick.

Bilge, up to the underside of the wall, to be 3/4 inch thick.

Wales, 3/4 inch thick, 2 plates deep, 2 feet 2 inches each.

Topsides, 5/8 of an inch thick above main deck for 100 feet at paddles, and tapering to 1/2 inch plates beyond.

Sheer strake, one inch.

The whole of the plates to be double rivetted from the keel to the sheer strake. All the butts to be flush and double-rivetted; the holes to be well counter-sunk.

All the plates to diminish in thickness 1/3 of an inch forward and aft, except in the way of hawse holes.

Keelsons, or Boiler Bearers.—Three in number; one on the middle line, and one on each side of the middle line, extending forward and aft as far as the form of the ship will allow.

Each keelson to be composed of plates 3/4 inch thick, let down between the floors, and rivetted to them, and the angle irons rivetted back to back, running the whole length.

Longitudinal Stringers.—Three. One over upper-deck beams composed of plate iron 30 inches wide, 1/2 inch thick, extending from stem to stern, and secured to the sides with an angle iron 4 by 4 1/2, and uniting all the beams at the knees, as per sketch.

Another stringer at the main deck, composed of plate iron, 2 feet 6 inches wide, by 3/4 thick, uniting all the beams.

Another plate, 2 feet wide, 1/2 inch thick, rivetted against the reverse angle irons with an angle iron, 5 by 4 by 1/2, rivetted to the reverse angle irons and plates, as per sketch.

A third stringer on the lower-deck beams, the same as the main-deck.

Beam ties to be of plate iron, 14 by 1/2, worked diagonally under the decks, as per sketch.

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Engine beams and bearers box beams to be carried through ship's side, and bearers, as may be required for the engines and boilers.

Iron stanchions under beams, under every beam as required, not less than 3 inches in diameter under main deck; the remainder 2½.

Bulkheads.—Five water-tight bulkheads, in accordance with the Board of Trade regulations, and any additional number as required, to be of plate iron, ½ an inch thick, and stiffened with angle iron, 4½ by 3½ by 9-16ths.

Rudder.—Main spindle, 7 inches diameter, hung by 4 pindles; the head to be fitted with a yoke or tiller, and to have two handsome mahogany steering wheels, with large binding stanchions blocks complete, consisting of the most improved steering apparatus.

Beams.—Upper deck beams of bulb iron, 8½, with double angle iron on top edge, 2½ by 2½, by ¾, as per sketch.

Main and lower deck beams of iron, 10½ thick, with angle irons, 3½ by 3, by ½, on the top edge, as per sketch.

WOODWORK AND GENERAL OUTFIT.

Upper deck to be of selected, well seasoned American pine, 3½ inch thick, fastened to the deck beams with galvanised or plain iron nuts and screw bolts, as may be agreed upon, to be reasonably free from knots, shakes, and sap.

Main and lower decks to be of well-seasoned American pine, 4 inches thick, fastened to the deck beams with galvanised or plain iron nuts and screwbolts, as may be agreed upon, to be reasonably free from knots, shakes, and sap.

Cornings of iron, and headledges, English or African oak, as approved, and fitted with hatches, scuttles, gratings, complete, where required.

Capstan, Brown and Harfield's Patent; other capstan for transporting ship as required.

Plankshear of main deck to be 12 by 7, best pitch pine, and on upper deck of teak, 13 by 9.

Catheads of iron, two of suitable dimensions, with brass sheaves, two fish davits. Rough tree rails to be 5 inches thick, by about 12 or 14 inches broad, of American elm.

Side and Cabin Ports and Scuttles.—The ports and scuttles to be of the best description, and according to the plan to be hereafter settled by the overseer.

Deck lights where required, and as approved.

Deck skylight of teak, and to be glazed with stout ornamental glass; the whole fitted with strong guards of brass.

Pumps.—To have a pump 6 inches diameter, copper chamber, brass buckets, and lead suction pipes in each compartment. Five force pump, and two small force pumps, to be placed where required, with fittings complete, and approved by Company's surveyor.

Carved and ornamental head and stern, to be submitted for Board's approval, carved and gilded, as per drawing to be furnished.

Boat Davits.—Iron, 8 pairs of suitable dimensions, with brass sheaves.

Gangways and side ladders as required, and fitted as may be required, capable of being let down with strong iron hinges, with cranes and chains complete.

Cabins.—The whole of the cabin accommodation to be finished and fitted agreeably to approved plans.

Baths.—Long and shower baths, fitted as required, and as shown in cabin plans, with pumps complete.

Hawse Pipes.—One at each bow, and for mooring fore and aft where required.

Ceiling in the lower hold to be close from the keelson to the lower deck, to be 2½ inch English or American elm, caulked air spaces, as required.

Sail Rooms.—Store rooms, mail rooms of iron, pantries to be fitted as required.

Cook-houses and ranges for passengers, officers, and crew, fitted as required, and steam apparatus for crew, complete.

Sky lights and companions to be fitted as per drawing, and approved by the overseer.

Bells.—Two brass bells and belfries, 16 inches diameter, with ship's name.

Chain Lockers.—In the hold of iron or wood.

Two Masts.—Lower mast and lower yard to be of iron, the other masts and spars of red iron, with all iron work and fittings as required, and of the best materials and workmanship.

Rigging.—To be schooner-rigged, standing rigging of best galvanised wire or patent wire and hemp rope, chain and hemp rope as may be required, with all requisite dead eyes and blocks; all blocks fitted with iron bindings or rope straps, as may be required; all running rigging of approved materials, all dead eyes to be of lignum vitæ; all blocks to be patent with inside galvanised iron binding.

Sails.—Two suits of best canvas, with covers, tarpaulins, windsails, and sails for all of the boats and awning to cover the whole of the after-deck.

Tarpaulins

Tarpaulins.—One pair for each hatch and scuttle.

Boats to be carvel built; the requisite number of boats as required by Board of Trade regulations, with iron davits, blocks, tackles, falls, masts, sails, and other fittings complete. Four of the boats to be fitted as life-boats, and fitted with Gladstone's patent lowering apparatus.

Water-closets to be fitted as per approved plan.

Tanks for 18,000 gallons of water; in addition a distilling apparatus, to be fitted as approved.

Anchors and chain cable as required by Lloyd's rules

Cooperage, flags, signals, lamps, compasses, and binnacles, according to the requirements of a first-class steamer, and to the satisfaction of the Company's inspector.

An iron-pipe of suitable dimensions to be carried each side of the ship, to receive scuppers' pipes, watercloset pipes, &c. &c.; the discharge to be at ship's side in engine-room, with pumps fitted to each pipe for clearing the same.

Painting all the woodwork; to have three coats of the best oil colours; the inside of the iron hull to have two coats of the best red lead; the outside to have two coats red lead and two coats of paint, of a colour to be agreed upon; last coat on the bottom of the vessel to be a patent coat, approved by the Company's surveyor. The whole of the materials and workmanship to be of the best quality, subject to the approval of the overseer, or, in case of dispute, to arbitration.

Wheel-house to be planned and erected to the satisfaction of the Company's surveyor.

Coal bunkers to contain not less than 1,200 tons of coal; plates not less than 5-16ths thick, with angle irons 2½, to be strongly stayed, and built entirely clear of the sides of the ship.

Stanchions, wrought-iron on the spar-deck, with netting of galvanised iron, to be handsomely finished.

Lower deck, waterway of pitch pine, 12 inches by 7 inches.

Distilling apparatus, capable of producing 1,800 gallons of water per diem, to be connected to main and donkey boilers; also to tanks in the hold.

Boats to be all carvel built, and essentially copper-fastened throughout. Four of these boats to be Francis's patent corrugated galvanised iron, fitted complete.

Sails to be made of Edinburgh and Leith Ropery Company's canvas. Tarpaulins, awnings, boats' sails, windsails, &c., to be fitted to the satisfaction of the Company's inspector.

Steam Winches.—One of Taylor's double patent, with donkey boilers separate, but to connect at the main and donkey boilers below.

A two-inch wrought iron pipe, to be carried round the whole length of the ship, with cocks and connexions either for water or steam, as may be required, to be used for heating cabins, or as a fire extinguisher connexion to pumps, &c. In the saloon this pipe to be covered with perforated brass, polished, of sufficient thickness. All to be approved by the Company's inspector,

SPECIFICATION OF ENGINES, &c., FOR THE FOREGOING.

The engines to be with three oscillating cylinders. Feathering paddles, &c. more particularly described hereinafter. The whole of the workmanship, materials, and design to be of the very best description and character. Should any bad workmanship or material be discovered within one year of the date of the delivery, the same to be made good by the engine-makers, free of expense to the Company.

Cylinders of cast-iron, oscillating, three in number; each 80 inches diameter, and being long enough to give a clear stroke of the piston of seven feet; the cylinders to be accurately bored, and to have two steam chests on each of the trunnions; to be of sufficient length, and extra strong; steamways to be double ported; the covers to be double, with extra long glands and stuffing boxes; the whole to be fitted with top and bottom scape valves, drain cocks, &c.; slides to be of cast-iron, properly faced and fitted with back relief rings; cylinders to be properly coated with felt and mahogany.

Pistons to be of cast iron, with wrought-iron junk rings and holts, with brass nuts; the packing to be of cast-iron rings, properly ground, and fitted with springs, guard rings, &c.

Piston rods to be of the best hammered scrap iron, and fagotted, and properly turned up.

Piston rod caps to be of wrought iron, fitted with gun metal, lined with strips of patent metal.

Bottom frame of cast iron, with sockets, brackets, &c., properly bored out to receive the vertical and diagonal framing.

Top frames of cast iron on the box girder principle, with recesses planned to receive the crank shaft brasses; these frames to be in separate pieces, the ends properly fitted into plates running athwart ships to bind altogether, properly and substantially fastened, to the satisfaction of the Company's inspector.

Diagonals and uprights of wrought iron between bottom frame and top frames, to be properly fitted with nuts and collars, and so constructed that any cylinder may be removed without disturbing the framework.

Crank shaft brasses to be of gun metal, lined with patent metal strips; adjusting pieces to be fitted between each set of brasses.

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Crank and paddle shafts, cranks, &c., to be of the very best kind hammered scrap iron, perfectly sound, and free from any imperfection; cranks to be fitted in the shafts, and contracted on crank pins of steel fast in one crank, and resting in gun metal bush in the opposite paddle bearings; to be as long as possible, of cast iron, lined with patent metal.

Paddles to have feathering floats of elm, or iron if required, plated and bolted together; the float spindles of forged iron to be coated at the working parts with brass, and the spindle eyes to be lined with brass bushes. Turning gear to be fitted to each wheel.

The whole of the arms to be hammered scrap iron, properly fitted in cast iron centre piece and bolted; the diameter of the paddles over the floats to be 33 feet diameter; slides to be worked by eccentrics, with cast-iron sheaves, and straps either of solid brass, or of iron lined with brass.

Eccentric rods, segments, levers, link motion reversing gear, to be of best hammered scrap iron, properly case-hardened at the working parts; link blocks of gun metal. The slides to be set so as to work as expansively as possible.

Air-pumps, two in number, to be of solid brass, with brass brackets, bracket rods, foot and delivery valves, and guard, with vulcanized India rubber flaps. The buckets to be worked by a separate steam cylinder, with wrought-iron crank, shaft, &c. &c.

Two feed and two bilge pumps to be attached to the air-pump. Engine to be fitted with brass rams, valve-seats, and guards, with vulcanized India rubber flaps; to be lined with copper.

Pipes and Cocks.—Steam-pipe $\frac{1}{2}$ inch, feed and blow-off pipe 3-16th inch, waste-water pipe 3-16th inch, waste steam pipe 1-8th inch, injection pipe 3-16th inch. All pipes to be of copper, of the usual thickness, according to diameter. All cocks to be of brass; those $1\frac{1}{2}$ inch in diameter, and above, to be close bottomed and packed. Kingston's valves to be fitted to boilers, blow-offs, and injection-pipe.

Telegraph to engine room; steam and vacuum gauges where required; counter and clock. Closet pump to be worked by engines, or a separate donkey to be supplied.

Eight boilers to be tubular, with a total heating surface of not less than 17,500 square feet; fire-grate surface not less than 700 square feet.

Furnaces, flame boxes, tube plates of Farnley iron, the remainder of best Yorkshire; small tubes, not less than $3\frac{1}{2}$ diameter, to be of iron, patent best lap welded, and about 6 feet 9 inches long. The usual working pressure to be 25 lbs. the square inch, proved to be 50 lbs. with cold water, to the satisfaction of the Company's surveyor.

Fittings to be of the very best description, including shut-off valves, with brass valves and spindles, and two safety valves to each boiler; waste steam pipes.

Chimnies scum, blow-off gauge and other cocks. Feed valves, salmometers, &c. &c. Donkey feed engine and boiler, complete, with fire hose, to be provided and fitted with separate boiler. All requisite tools, lamps, &c., for engine room; ladders, flooring, &c., to be supplied; spanners; purchase blocks, one pair, nine tons, and two pairs, three tons; screw jack; all to be to the satisfaction of the Company's surveyor, or in case of dispute, to be settled by arbitration.

Super heating apparatus complete, to work independent of main boilers, when required, but to be paid for as an extra. Two spare crank pins.

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18.—COPY of CONTRACT between the Atlantic Royal Mail Steam Navigation Company and Messrs. Samuelson & Co.

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THIS Indenture, made the 15th day of June 1859, between the Atlantic Royal Mail Steam Navigation Company, limited; hereinafter, for shortness, called "The Company," of the one part, and Martin Samuelson, William Henry Moss, and Alexander Samuelson, carrying on business at the borough of Kingston-upon-Hull, under the name, style, and firm of "Martin Samuelson & Co.," as shipbuilders (and hereinafter, for shortness, called "The Builders"), of the other part, witnesseth, that the builders, in consideration of the sum of 98,500 £, to be paid by the Company for each vessel, as hereinafter mentioned, do, for themselves, their heirs, executors, and administrators, covenant and agree with the Company that they, the builders, will build for the Company two iron paddle steamers, each of them of the dimensions and with the engines' accommodation and otherwise, in accordance with the specification hereinafter written, and the plans marked by the said parties hereto respectively, and the said vessels shall be equal or superior to nine years Class A. 1. at Lloyd's.

The vessels and engines shall be built of the best materials, in a substantial and workmanlike manner, and finished in superior style, and the whole of the work shall be done under the inspection, and subject to the approval of, the Company or their surveyor for the time being, by whom all materials shall be approved; and the Company or their surveyor, and also the Inspectors of the Admiralty, and of Lloyd's, shall have access at all reasonable times during the progress of the works, to examine the same, and the whole of the work shall be properly and substantially fastened, to the satisfaction of the Company or their surveyor for the time being.

Each of the said steamers shall be finished complete in every respect (except plate and glass, linen, and cutlery, beds, bedding), in accordance with the terms of this contract, and with the specification and plans, to the satisfaction of the Company or their surveyor, and delivered by the builders free of all charges, except the said sum of 98,500 £, in the port of Kingston-upon-Hull, to the agent appointed by the Company to receive the same, within 11 calendar months, as regards both of the said vessels, from the date of signing this contract. And should either of the said vessels not be so completed and delivered by the builders on or before the times before mentioned, the builders shall pay to the Company a sum equal in amount to 50 £ for each working day that shall elapse between the day appointed for the delivery and the day on which such delivery shall be made (*force majeure* excepted), such sum to be considered in the nature of damages ascertained and agreed upon between the parties hereto, and not as a penalty only, and may be set-off against or deducted from any balance or sum of money due from the Company to the builders; provided that, in calculating the number of days during which such penalty shall be imposed, the builders shall be allowed to deduct from such number of days during which such penalty would otherwise accrue, any number of days during which the Company may make default in payment of any instalment or instalments of the contract price after the same shall have become due respectively under this contract; and the builders shall, subject to their lien for any unpaid instalment, whenever required by the Company, and the builders can legally do so, also deliver to the agent of the Company the usual and proper builders' certificate of ownership of the said vessels respectively, stating therein that the said Company are the sole owners thereof, and do all necessary acts to enable the Company to obtain a certificate of registry in the usual manner, subject to such lien as aforesaid. And it is hereby expressly agreed between the said parties hereto, that in case it should so happen that there should be some parts of the said vessels, or of their fittings, or of the said machinery and the appurtenances thereto, and to be supplied therewith, not shown and described in the drawings or specification, but which are necessary to make first-rate paddle-wheel steam vessels, with all their machinery and the appurtenances thereto, and the tools usually supplied therewith, fitted complete, in every respect ready for sea, according to the true intent and meaning of this agreement or of the said drawings and specification, still that all such parts and things are included or considered as included in this agreement, and their value comprised in the said sum of 98,500 £, to all intents and purposes as if the same had been mentioned herein or in the said specification, as shown in the said drawings; and that in case it should hereafter be found necessary to alter or vary any of the works described in the said specification, or shown in the said drawings to the extent of 5,000 £ in each such vessel, it shall by no means invalidate the contract, but that proportionate addition or subtraction shall be made to or from the said sum of 98,500 £ at a fair and reasonable rate, and in proportion, so far as can be, to the amount herein agreed to be paid for the work herein agreed to be done, a reasonable time being allowed and agreed upon for the delay (if any) occasioned by such alteration, and due regard being had to the cost of any alteration of any work then already wholly or partially executed. And the Company, for themselves and their successors hereby covenant and agree with the builders, that the builders well and truly performing their part of this contract and agree-

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ment, the Company shall and will well and truly pay into the builders, or survivor of them, their executors, administrators, or assigns, the sum of 98,500 *l.* in respect of each of the said vessels, in the manner following (that is to say): 19,700 *l.* when the keel of each vessel is laid; 19,700 *l.* when each vessel is in frame; 19,700 *l.* when each vessel is plated; 19,700 *l.* when each vessel is ready for launching, and retained on the stocks for no other purpose than that of fixing the engines; and the remaining 19,700 *l.*, when each vessel shall have been tried, approved, and delivered to the Company or their agent, with the certificates hereby agreed to be delivered. Provided always, and it is hereby mutually agreed, that a part of each of the said instalments or sums (that is to say), a part equal to 10 per cent. thereof, may be paid by the Company in fully paid-up shares of the Company, estimating the value of such shares at par, which shall be entitled to dividend as fully paid-up shares. Provided, also, that each of the said instalments or sums of money shall be payable only upon the Company being satisfied that such progress in the building of the vessel in each case has been made, as is hereby required to be made, in order to entitle the builders to payment of the sums of money in such case alleged to be due, and that the work and materials done and used thereon are satisfactory to them or their surveyor. And it is hereby agreed by and between the parties hereto, that upon payment in the case of each vessel of the first sum of 19,700 *l.*, the said keel so to be laid shall thenceforth be and become the absolute property of the Company, and that thenceforth, as the building of each vessel proceeds, the vessel and every part thereof, including the engines and all machinery thereof, shall become the property of the Company, and vest in them absolutely, subject only to the lien of the builders for the payment of the said instalments or sums of money as the same shall become due; and in case the builders shall at any time before the completion of the said vessels become bankrupt, or apply for discharge or protection under any Bankrupt or Insolvent Act, or from any cause become incapable of proceeding with the building of the said vessels, or shall for the space of 21 days after notice in writing from the Company omit to proceed with the building of the said vessels or either of them, the Company shall be at liberty to enter the building-yard of the said builders, and sell the said vessel, in respect of which such default shall arise, so far as then built, and all the materials then brought to the shipyard of the said builders and intended to be used in the building of the said vessel in respect of which such default shall arise, or at the option of the said Company to employ any number of workmen, and use and employ all the machinery, engines, and tools of the said builders, and proceed in the finishing of the said vessel in respect of which such default shall arise, and use and employ all the materials brought into the said shipyard for the purpose of the said ship, and to purchase and provide any other materials proper to be employed therein, and to pay for such materials and the wages of the workmen out of the balance remaining unpaid of the before-mentioned instalments; and in case the same shall be insufficient for the purpose, then the said builders shall on demand pay and make good to the said Company the deficiency, but without prejudice, nevertheless, to any right of action or other remedy for breach of the contract herein contained. And the builders further, for themselves, their heirs, executors, and administrators covenant with the Company, that they, the builders, will, upon the said delivery of the said vessels respectively, deliver to the Company the certificate of the Board of Trade that such vessel is in accordance with the requisitions of the said Board; and also that each of the said vessels, when delivered by them to the Company, shall be in such a state and condition as to satisfy the Board of Admiralty, and to enable the Company to obtain from the Board of Admiralty a certificate of such satisfaction; and that each of the said vessels, when delivered, shall be equal or superior to nine years A 1 class at Lloyd's. And further, that each of the said vessels, when completed, shall, upon a fair and proper trial thereof made to the satisfaction of the said Company, previous to the delivery thereof to the Company, accomplish a speed at the rate of 20 statute miles per hour in smooth water. And also, that they, the builders, shall and will, at their own cost and charges, amend and replace, in a good and sufficient and workmanlike manner, any defect in the said steam vessels and the engines that may be supplied to the said steam vessels, or any of them, arising from error of construction, imperfect workmanship, or insufficient or unsound materials, so as such defects be pointed out in writing within 12 calendar months of the delivery of the said steam vessels respectively, but not further or otherwise. Provided, also, and it is hereby also lastly agreed and declared, that in case any dispute or difference shall arise between the builders, their executors or administrators, or any of them, on the one hand, and the Company on the other hand, touching or concerning these presents, or the specification hereafter written, or any clause, matter or thing herein contained, or as to any alterations therein, or departure or deviation therefrom, or any such additional expense as aforesaid, or any other matter or thing in anywise relating to the premises, the same shall be referred to the arbitration of two competent and indifferent persons, one of them to be appointed in writing by and on behalf of each party in dispute, or their umpire, to be by the said arbitrators in like manner appointed, before they shall enter upon the consideration of the matter referred to; and the award of such arbitrators, if made in writing under their hands, and delivered to the parties in difference, or such of them as shall require the same, within the space of 30 days after the appointment of the last of such arbitrators; or in default thereof, the award of their umpire in writing, under his hand, and delivered as aforesaid, within two calendar months after his appointment, or within such further period (not exceeding one calendar month from the expiration of the said two calendar months), as he shall, from time to time, by writing under his hand, appoint, shall be conclusive and binding on all parties; and that, in case either of the parties in difference shall neglect or refuse to appoint an arbitrator by the space of one calendar month after notice in writing from the

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other party for that purpose, it shall be lawful for the arbitrator appointed by the party giving such notice to make an award which shall be binding in like manner as if the party so neglecting or refusing had appointed an arbitrator who had actually joined therein; and that for the better enforcing the performance and observance of every such award as aforesaid, the reference or submission in respect of the same shall, upon the application of either of the parties in difference be made a rule of one of Her Majesty's Superior Courts of Record at Westminster, according to the direction of the Statute in that behalf provided, and that the matters in difference, or any of them, may, by the said Court, or any judge thereof, be from time to time referred back to the arbitrators or umpire as aforesaid, and that notwithstanding the time for making their or his award shall have expired. In witness whereof the said Martin Samuelson, William Henry Moss, and Alexander Samuelson have hereunto set their respective hands and seals, and the said Atlantic Royal Mail Steam Navigation Company (limited) have hereunto affixed their common seal the day and year first before written.

The specification before referred to of an iron paddle steamer, about 2,860 tons, builders' measurement, to be fitted out as a transatlantic mail boat, with first-class accommodation for passengers; also the captain, officers, and crew, and the remaining space for emigrants.

To be propelled by two condensing steam-engines of 800 Admiralty rule horses power, having tubular boilers, &c., all complete.

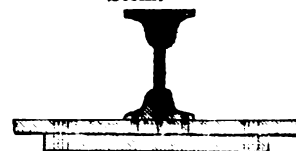
Length between perpendiculars - - - - -	360 feet.	Dimensions.
Beam moulded - - - - -	40 feet.	
Depth - - - - -	30 feet.	

To have a spar deck for the accommodation of passengers included in the 30 feet depth. Draft of water when loaded.

Displacement at 16 feet.

Area of midship section to be, as per sketch annexed, 1½ inches by 24 inches wide.

Keel plate.
Stem.



To be in one entire piece, properly secured to the keel, formed of the best scrap iron, 14 by 2½ at the bottom, and gradually diminishing from the load line to the upper end, to 12 by 2, being securely fastened at both ends by a double row of rivets.

To be a solid bar, of the best scrap iron, 16 by 2½, to have an overlap or projecting piece for the rudder to step on, also the rudder bands or eyes to be forged solid with the post, and not welded on afterwards or rivetted.

Stern post.

The keel stern and stern post to have two rows of rivets in each.

To have an iron rudder, the framing of which is to be of hammered scrap iron, the main stalk to be 7 inches at the head, gradually diminishing to 4 at the heel. The frame for the back piece to be 6 by 1½, and connected with the main stalk by three cross bars of corresponding thickness to the fore and aft upright bars. The whole to be plated with 7-16 plates, properly rivetted, and made watertight. The bands to be forged solid with the post or stalk (and not rivetted or welded on afterwards). The pintles to be 4 inches diameter, and four in number. A stuffing box is to be provided for the head; also the whole to be fitted with the most improved steering gear complete, with two wheels; a wheel house to be erected and fitted to the satisfaction of Company's surveyor.

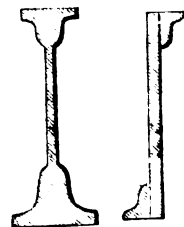
Rudder.

To be made of angle iron, 6 by 4½ by 5-8, and to extend from the spar deck to keel; the same to be double framed to lower deck, the length of engine and boiler house, and for 30 feet on each side, and spaced 18 inches apart centres; the remainder to be single frames spaced 20 apart centres, secured to the shell by 7-8 rivets.

Frames.

A flooring plate to be securely rivetted by 7-8th rivets to each frame, 26 inches deep amidships, and to extend from keel to bilge, all 12-16ths thick, and when the double frames are in midships, to be placed between them and the double reverse angle iron on top, 4 by 3½ by 7-16.

Floors.



Reverse.

To be of angle iron, 4 by 3½ by 7-16, along the upper edge of every floor, and to every side frame throughout the slip, extending up as high as the main deck beam stringer, and alternately up to spar deck and in the way of engine and boiler room, and 30 feet on each side to be double up to lower deck, same as the frames, and secured with 7-8ths rivets. These angle irons are to be punched on the upper edges, for securing the floors and ceiling to.

Three in number, and what are termed intercostal keelsons. The centre keelson of plate iron, same depth of floors, and 7-8ths thick, having angle irons 6 by 4½ by 10-16ths, back to back on the top side, well secured to the reverse angle irons on top of floors, and to the rabbit on the keel plates, fore and aft; two sister keelsons, one on each side of the centre keelson, formed of ¾ plates between every floor, extending 6 inches above, so as to join in between the two angle irons, which are to be 6 by 4½ by 10-16, back to back, and secured to the reverse angle iron on top of

Keelsons.



floors,

Appendix, No. 1. floors, also to vertical pieces of angle iron on each side of floor plates, so as to form a solid keelson from top to bottom.

Bulkheads. To be five in number, or as Board of Trade may require, and placed as may be found most convenient; the plates to be $\frac{1}{2}$ inch thick, the angle irons for stiffening the same to be 4 by $3\frac{1}{2}$ by 8-16, and placed vertically 2 ft. 6 in. apart, the frames to be double where the bulkheads are fixed, and the outside plating to be made flush with the frames, by having double plating to all the outside strakes, and to extend fore and aft, so as to take one frame on each side of the bulkheads.

Spar deck beams. To be placed on each alternate frame, formed of patent bulb iron 8 by $\frac{1}{2}$, having knee plates 20 in. angle, and an angle iron, $2\frac{1}{2}$ by $2\frac{1}{2}$ by $\frac{3}{8}$ on the upper edge on each side, back to back, rivetted to the same, and punched on the upper edge, for securing the deck planks and stringers to the beams to be placed upon each alternate frame.



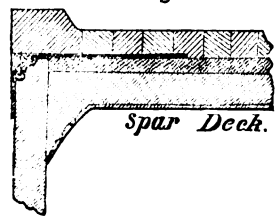
To be of patent bulb iron, 10 by $\frac{1}{2}$, with knee plates 24 angle, and two angle irons, back to back, on the upper edge, $3\frac{1}{2}$ by 3 by $\frac{1}{2}$, punched to receive the deck bolts, stringers, &c., spaced every three feet or upon every alternate frame.

Lower deck beams. To be of the same thickness and depth, and to have the same size of angle, iron knees, &c. and in every way the same as main-deck beams.

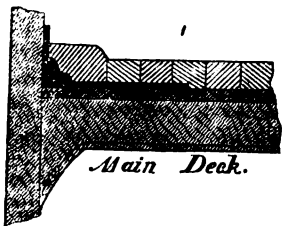
Hold beam stanchions. Lower hold to be formed of iron 3 in. diameter, and the main deck and spar deck $2\frac{1}{2}$, one under every alternate beam or more if required, properly secured to the centre keelson and hold beams.

Spar deck gunwale stringer. To be 30 inches wide throughout the whole length of the ship, $\frac{1}{2}$ in. thick; these plates to be jointed one to another by strips, 10 in. broad and $\frac{5}{8}$ thick, and secured to the deck beams by $\frac{3}{4}$ in. rivets, also to the sheer strake with angle iron, 4 by $4\frac{1}{2}$ by $\frac{1}{2}$, from end to end.

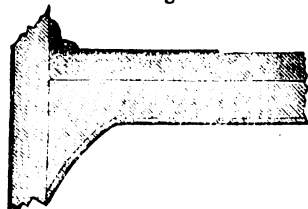
Main deck stringer.



To be 30 inches wide throughout the whole length of the ship, 5-8ths thick; these plates to be jointed also by strips 10 in. broad and 10-16ths thick, and securely rivetted to the deck beams, also a longitudinal plate stringer, 24 by $\frac{1}{2}$, secured to the reverse on frames, and an angle iron, 4 by $4\frac{1}{2}$ by $\frac{1}{2}$, from end to end.



Hold beam stringer.



To be 30 inches wide and 5-8ths thick, and jointed same as gunwale stringer, to be securely rivetted to the deck beams, and to the reverse angle irons on the side frames by an angle iron stringer, 6 by $4\frac{1}{2}$ by $\frac{1}{2}$, fore and aft the ship.

Deck ties. To be placed diagonally upon all the three decks, 14 by $\frac{1}{2}$, as may be most convenient, and securely rivetted to the beams.

Breast hooks and crutches. To be of plate, $\frac{3}{4}$ thick, and angle iron, 4 by $4\frac{1}{2}$ by 8-16, placed from the bottom of the vessel up above the load line, in the very best position for fortifying the ship, and strengthening her, so as to be enabled to take the ice, to be approved of by the Company's inspector.

Plating, all to be double rivetted. The garboard strakes to be 1-in. thick; bottom and bilge, $\frac{3}{4}$ in. thick; two wale strakes, 22 in. broad by $\frac{3}{4}$ thick, sheer strake 1 in. thick, sides $\frac{5}{8}$ thick. This to continue in all the strakes for 150 feet amidships, and at each end the plates to diminish $\frac{1}{8}$ th inch in thickness, except where the hawse pipes come; the lap of the plates to be sufficiently broad to allow for double rivetting throughout the outside skin; the vertical joints to be flush, and the horizontal joints lapped; all the outside rivet holes to be well countersunk, and the rivets made flush and fair with the plating; the utmost care to be taken in having all the plate ends well jointed throughout the ship, and the fore and aft seams fair and in proper sheer with the draft.

Strips for plating. To be of the same thickness as the plates they cover throughout the vessel, and in breadth sufficient to carry out Lloyd's rules for double rivetting, all well fitted to the joinings of the plates.

To

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To have solid liners between the plating and the frames throughout the hull of the vessel, of the same thickness as the inside strakes, so as to make the outside strake plates solid with the frames.	Appendix. No. 1. Liners.
The keel, stem, stern post, rudder, outside plating, butt stripes for outside plating, and stringer plates also for keelsons, and all longitudinal ties to be double riveted, the beams and knee plates for same, also bulkheads, to have cupheads on both sides; the rivets to be made of the best rivet iron and proportionate in size, being in accordance with Lloyd's regulations.	Riveting.
To be made of angle iron and plates, and what are usually termed box shape, being of sufficient strength, and proportionate to the ship and machinery, secured in every way to the best advantage, to be carried through both sides of the ship.	Engine and paddle beams.
To be made suitable for the machinery, of angle iron and plates, as usual; and to the satisfaction of the Company's inspector.	Engine foundation.
To be made suitable for the ship, and the trade she is intended for; to contain, say 1,200 tons of coal, and made of angle iron and plates 5-16ths size and shape, to be hereafter agreed upon, and the sides of the ship where the coals come to be lined also with 5-16th plates, to prevent the coals going between the frames. The bunkers must be constructed so as to be entirely clear of side of ship.	Bunkers.
All the longitudinal joints to be carefully caulked outside from end to end, and the seams chipped fair and workmanlike, the vertical joints to be carefully fitted, and caulked solid, and the plating throughout to be perfectly watertight.	Caulking.
To have in number and dimensions as may be hereafter determined.	Ballast, coal, and gun ports.
To have sufficient in size and number for properly ventilating the different compartments, stokehole included, and in the best manner possible for the health of the passengers and crew, to be approved of by the Company's inspector.	Ventilators.
To be fitted in the sides of the vessel, as large as may be found necessary, and according to the plan of state rooms and cabins, hereafter to be furnished for approval of the Company's inspector.	Side lights.
As may be required.	Deck lights.
To have as many as may be required, being properly secured, so that the water will run clear off the decks into an iron pipe made to receive same, and discharge into the waste water from the engines.	Scuppers.
All the angle iron and plates used in the construction of the vessel to be of the best Staffordshire or Yorkshire, or other first class iron, to be approved of by Company's inspector.	Quality of iron.
To be made of $\frac{1}{2}$ plates, to hold 18,000 gallons, and fitted with pumps and connexions, as may be found necessary, and to the satisfaction of the Company's surveyor.	Water tanks.
To be supplied, and fixed where most convenient, fitted to the tanks, to condense at least 1,800 gallons per day, of approved quality and construction, and connected to main and donkey boiler.	Distilling apparatus.
To be made of iron, fitted on each side of the ship, of sufficient size (and with pumps to supply same), to receive all the waste water and deposits from water-closets, wash-basins, scuppers, &c., and to discharge along with the waste water from the engines.	Receiving pipe.
Lightning conductors upon each mast.	Lightning conductors.
A two-inch wrought iron pipe to be carried round the whole length of the ship, with cocks and connexions, either for water or steam, as may be required to be used for heating cabins, or a fire extinguisher, with connexions to pump. In the saloon the pipe to be covered with perforated brass, of sufficient thickness, to the approval of the Company's surveyor.	Heating apparatus.

Specification of Wood Work.

For spar-deck, to be of teak, 13 by 9. The main-deck of pitch pine, 12 by 7, secured by bolts in the usual way, having felt between the iron and wood in both cases; galvanised bolts and nuts.	Waterways.
To be of selected Quebec yellow pine, well seasoned, and reasonably free from knots, shakes and sap; the planks to be 6 by 4, and secured to the deck beams with $\frac{3}{4}$ bolts and nuts, galvanized if required.	Main deck.
To be also of selected yellow pine, 6 by 4, and reasonably free from knots, sap and shakes; the hatchways and hatches being of hard wood, oak, or teak.	'Tween deck.
To be also of selected yellow pine, 5 by 3 $\frac{1}{2}$, entirely free from knots, sap or shakes; and all the decks to be properly caulked, and paved with pitch and oakum, or resin and cement.	Spar deck.
Lower hold ceiling to be of 2 $\frac{1}{2}$ English or American elm, fitted with screws, to take up for cleaning and painting, and caulked throughout in a good and workmanlike manner.	Ceiling.

- Appendix, No. 1.** For spar-deck, to be of teak, all the others of iron; size and number to be shown in the deck plan, and to have hatchings or gratings, as best suited to the situation, and adapted for the different purposes and requirements of the ship.
- Hatchways and coamings. Bulwark.** The stanchions upon the spar-deck to be very neat, of wrought iron, engine turned, the rail of teak or mahogany being securely fastened, and finished equal to a classification of nine years, and to the trade intended. Gratings to fit in between stanchions to be of galvanized iron, to be fitted to the satisfaction of the Company's surveyor.
- Gangways.** To have a gangway on each side for the accommodation of passengers, fitted with platform and ladders; also brass stanchions and iron cranes to hoist up the ladders, with the tackling complete, plan of which to be submitted for approval of Company's surveyor.
- Capstan for anchors.** To be of Brown & Harfield's patent, or any other approved sufficient purchase to take in the anchors, and fitted with the usual stoppers, chain, pipes, &c.
- Catheads.** To be of iron, with brass sheaves, and fitted as may be found most convenient.
- Fish davits.** Two to be of iron, fitted to swing in board, with all the necessary blocks, swivels, guys, &c. complete. Blocks to be patent.
- Winches.** To have two steam winches and boiler, with the necessary loading gear for same; and fitted complete to the satisfaction of the Company's surveyor.
- Chain lockers.** Of iron and of suitable dimensions for the cables, with the necessary mooring pipes and proper fastenings at the bottom of the lockers for the chains, and provision made for securing them to main beams for future arrangement and approval by surveyor.
- Capstans.** To have four suitable for the ship, fixed where most convenient, and as may hereafter be determined by the surveyor.
- Pumps.** All pumps to be of the best description, and approved by the Company's surveyor.
- Fire-engine pump.** To be of the best description, fitted with swan-neck couplings, leather hose and direction pipe; also two small force pumps, patent or otherwise, as may be approved by Company's surveyor.
- Carved work.** To have a handsome figure head with stern, quarter and trail boards, to be designed in character, with the name of the ship, and approved of by the board.
- Bill boards.** To have bill boards of iron plates or thicker plates put in the bow to take the chafe off the anchors on each side, say not less than 6 feet long, the rail being also protected with an iron plate for the same purpose.
- Painting, &c.** Three coats on all iron work inside and out, and one coat extra on the bottom up to the light water line, of approved patent, and the wood work all properly painted in colours as may be hereafter decided by the Company, and if preferred asphaltic varnish may be used in the bottom and bilge in lieu of the paint.
- Bits for stays.** Iron.
- Moorings.** To be of cast-iron forward and aft, and as may be necessary both in size and number; also at the paddle boxes for securing the springs, also cleets where necessary.
- Hawse pipes.** Of iron, one in each bow properly secured.
- Anchors and cables.** To be according to Lloyd's regulations, the cables being Admiralty proof.
- Boats.** To be, according to the Board of Trade regulations, all carvel-built and copper fastened throughout, fitted with rudder, tiller, and yokes, galvanised iron rowlocks, hook shafts for each boat, eight pair of davits with brass sheaves as may be required, with blocks and falls complete, also ash oars for each boat, four to be fitted as life-boats, with Gladstone's, or other approved patent lowering apparatus; also masts and fittings, sails and gratings complete. Boats to be of Francis's corrugated galvanised iron, hereafter to be approved by the Company's surveyor.
- Cookhouses and fittings.** The houses to be formed of iron fitted with cooking apparatus suitable for the passengers and crew, and steam apparatus for same, all to be approved by the Company's surveyor.
- Bells.** To be of brass; one large one fitted in a brass belfry forwards, and one small one in a brass belfry on the quarter-deck.
- Armoury.** Four iron guns, say 12-pounders, with teak or mahogany carriages, and the necessary implements for loading and firing the same, also two large copper powder magazines.
- Water closets.** To be fitted as per plan, to be hereafter approved.
- Optician's stores.** To have three binnacles of brass, having floating compasses and lamps complete, also one pole compass complete, two spare compass cards (storm), all to be adjusted for local attraction; one barometer, with sympesometer, one best telescope, six log glasses, one double log slate, one inkstand complete, two of Massey's patent logs, all to be subject to the approval of Company's surveyor and in keeping with the requirements of a first-class North Atlantic steam ship.

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To have 36 10-gallon water-casks and galvanised hoops ; four harness casks, brass hoops and hinges and mahogany tops ; 24 wash-deck buckets, brass hoops ; 24 fire buckets, brass hoops, two water funnels and copper pipes, galvanised hoops, one wash-deck tub, iron galvanised hoops ; two kedge buoys, iron galvanised ; 36 mess kids and galvanised hoops, and six tar buckets ; 24 leather fire buckets. This outfit to be in every respect equal to a first-class Atlantic steam ship. Appendix, No. 1. Cooper's stores.

Twelve paint cans for painting vessels, six tanks for oil, &c., three each, 20 and 30 gallons ; two cans to hold three gallons each ; one tar tank, 30 gallons ; four paint cans, to hold 2 cwt. each. Painter's stores.

One ensign, one union jack ; one burgee, with name ; one private signal, and Marryat's code or the Admiralty signals, as Company may determine. Flags.

To be of the best description, with two good mahogany wheels, brass mounted, with two brass rings and caps, and all other necessary apparatus complete.—See Wheelhouse, 2d page. Steering purchase.

The ship to be rigged as a two-masted schooner ; the two lower masts and lower yard of iron ; foretopmast, topsail, gaffs and booms, to be of best red or pitch pine ; the small spars to be of American black spruce, and complete with all necessary iron work ; all the deadeyes to be of lignum vitæ ; and the blocks of the best English elm ; all patent, fitted with iron or rope straps, as may be found necessary ; also iron blocks where required ; and all hanks, grummets, trucks, &c. found suitable for a first-class passenger steamer. The blocks to have inside galvanized iron bindings. Masts and spars.

The standing rigging and stays to be of galvanized iron wire, of such sizes as may hereafter be determined, and to be served with houseline ; the running gear and warps to be of the best Manilla or Europe hemp ; and warps to be supplied according to Lloyd's regulations, and approved by Company's surveyor. Rigging and cordage.

As are usually found for a first-class Transatlantic passenger steamer. Carpenter's stores.

To be made of the best Edinburgh and Leith Ropery Company's canons, and as follows :—Two foresails or staysails ; two square sails, two topsails ; two topgallant sails ; four fore and aft trysails ; two gaff topsails ; eight windsails ; boat sails complete ; two covers for each hatch ; one cover for each bell, binnacle, boat, capstan, skylight, &c. &c. ; awning for quarter deck and stanchions complete, or any other sails that may be required to complete this outfit. Sails.

To be fitted up to accommodate about 200 first-class passengers ; decorated, painted, and polished in an elegant style, and completed suitable for a steamer of her class, exclusive only of bedding, plate, glass, linen, cutlery, and steward's stores ; plans of which to be hereafter approved by the Company or their surveyor. Main saloon aft.

To be of teak or mahogany, glazed with stout glass or ornamental if required, having brass guards, &c. complete. Designs to be submitted and approved by Company's surveyor. Skylight and companions.

The remaining space to be fitted up for emigrants, except what will be required for the crew. Emigrants.

To have accommodation suitable for each class, and as may be required by the Company. Captain, officers, engineers, and crew.

To have six long and six shower baths where most convenient, fitted with pumps and tanks complete. Baths.

To be in the after-run, of iron, also the sail and store rooms to be of iron, as may be hereafter decided upon. Mail room, sail, and store rooms.

To be fitted up in accordance with plans, to be approved of by the Company's inspector. Pantries, linen lockers, bars, &c.

Specification of two pair of Oscillating Steam Engines, with tubular boilers and feathering puddles, of 800 horse power Admiralty rule.

To be two in number, of cast-iron, upon the oscillating principle, 98 inches diameter, and of sufficient length to gain a clear stroke of eight feet. Cylinders.

The cylinders to be carefully bored, and the steamways double ported, to have steam-valve casing fitted on the cylinders. The trunnions to be not less than four inches diameter inside, and of sufficient length to give a strong bearing. The covers to be double, having long glands and stuffing boxes. To have escape valves top and bottom ; also pet taps, to take away the condensed water, slides to be cast-iron, carefully faced and fitted with metallic packing rings, to relieve the pressure from the valve face.

The cylinders to be coated with hair felt and lagged with mahogany, and brass band to secure same.

To be of brass, fitted with metallic packing, brass junk rings, and bolts with brass nuts. Pistons. All

- Appendix, No. 1. To be of the best Lowmoor iron twisted, diameter, fitted with nuts for securing the piston and crank pin brasses.
- Piston rods. To have two 40 inches diameter, and 4 feet stroke, single acting, to be of solid brass.
Air pumps. The foot delivery and discharge valve seatings to be of gun-metal and India rubber valves, the trunks to be 20 inches diameter; the buckets to be of gun-metal fitted with metallic packing rings and India rubber valves, also guards of gun-metal, the whole to be very carefully fitted together, and to be driven by a separate steam cylinder of 48 inches diameter, and 4 feet stroke as per drawing, subject to the approval of the Company's inspector.
- Foundation plate. To be of cast-iron, having trunnion bearings lined with gun-metal, bored and fitted.
- Entablature. To be of cast-iron, formed on the girder principle, having recesses to receive the crank shaft brasses, which are to be lined with white metal, the diagonals and uprights to be of wrought iron, properly fitted with nuts and collars complete.
- Cranks and paddle shafts. To be of the best hammered scrap iron inches diameter in the journals, the cranks to be of wrought iron, bored and keyed on the shafts; the crank pins to be of iron and covered with steel, and fitted with disengaging gear.
- Feed and bilge pumps. Two feed and two bilge pumps, lined with brass, worked by crossheads, fixed on the trunks of the air pumps, with gun-metal plungers, glands, valves, and seals.
- Pipes and cocks. All the steam, feed, sea and bilge, injection, scum, blow off, and donkey piping, to be of copper, with brass flanges. The pipes to be of proper diameter, and the thickness as per Admiralty rule. All the cocks to be of gun-metal.
- Telegraph. To have one to communicate with the engine-room.
- Gauges. Steam and vacuum gauges fitted complete.
- Valve gearing. To have cast iron eccentrics, and wrought iron rods, segments, levers, links, and reversing gear, case hardened and fitted complete; the slides to be worked expansively. A separate expansion valve to each engine, to cut off at $\frac{1}{2}$, $\frac{1}{3}$, $\frac{2}{3}$, $\frac{1}{4}$ of stroke.
- Condenser. To have the two midship trunnion bearings and bosses for midship columns all in one casting.
- Paddles. The wheels to be feet diameter, fitted with feathering floats, which are to be of rock elm or iron, and rims to be of hammered iron, the centre boss of cast iron, fitted with turning gear, the whole to be carefully and substantially fitted together to the satisfaction of the Company's surveyor.
- Donkey pump. To feed the boilers; and fitted so that it can be used as a fire-engine, with boiler complete.
- Boilers. To have eight tubular, five furnaces in each; the tubes to be of the very best charcoal iron, made by the first makers, diameter outside. To have 700 square feet grate surface, 17,600 square feet heating surface, and to be capable of maintaining a pressure of 25 lbs. per square inch, and proved to 50 lbs. with cold water, to the satisfaction of Company's inspector. The furnaces, tube, plates, and take-up to be of Bowling iron; the remainder of the plates to be of the best Yorkshire bottoms, $\frac{3}{4}$ -inch thick double riveted. All man-hole doors to be inside, to be covered with hair felt, and lagged with wood and lead where required.
- Boiler fittings. To be such as are generally used, and of the very best quality, including stop-valves safety-valves, waste steam-pipes, whistle, feed-valves, scum and water gauge taps, lamps, funnels, and stays for same, salmometer, tallow pump, and all necessary lubricators for the engines; also firing tools, brushes and scrapers, ladders, flooring, &c.; engine-room, workshop, with forge, anvil, two vices, set of stocks and dies, hammers, chisels, one pair nine ton blocks, and two pair three ton blocks; storeroom, iron waste locker, iron oil tanks, tools for cleansing boilers, and all other necessary tools suitable for a first class Transatlantic steam ship.
- Kingston valves. Fitted to all outlets in bottom of ship.
Two spare cranks to be supplied. Every detailed drawing to be submitted to the Company's inspector, and approved of by him before the work is put in hand.

19.—GALWAY, BOSTON, AND NEW YORK MAILS.

ARTICLES of AGREEMENT made this 24th day of January, in the year of our Lord 1861, between the Right Honourable Edward John Lord Stanley of Alderley, Her Majesty's Postmaster General for the time being, of the one part, and the Atlantic Royal Mail Steam Navigation Company (Limited), of the other part. Appendix, No. 1.

WHEREAS by articles of agreement dated the 21st day of April 1859, 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 Atlantic Royal Mail Steam Navigation Company (Limited), of the other part, the said Company, for the considerations therein mentioned, contracted and agreed to convey Her Majesty's mails between Galway, in that part of the United Kingdom of Great Britain and Ireland called Ireland, and Boston in the United States of America, and between Galway aforesaid, and New York, in the said United States, at the times, in the manner, and for the term of years (which is at present unexpired) in the said contract respectively mentioned or referred to: And whereas, under or by virtue of an Act of Parliament passed in the 23d and 24th years of the reign of Her present Majesty, intituled, "An Act to transfer to the Postmaster General Securities entered into with the Commissioners of the Admiralty, in relation to the Packet Service," all the estate, right, title, and interest of the said Commissioners of, in, to, and out of the said hereinbefore recited contract, have become transferred to, and vested in the said Postmaster General: And whereas it has been agreed between the said Postmaster General and the said Company, that the said hereinbefore recited contract and the operation thereof shall be suspended, and the services thereby contracted to be performed discontinued until the 26th day of March 1861: Now these presents witness, that it is hereby agreed and declared between and by the said parties hereto, that the said hereinbefore recited contract of the 21st day of April 1859, and the operation thereof, shall be suspended, and shall continue to be suspended until and up to the said 26th day of March 1861, and that until and up to the said 26th day of March 1861, the services by such contract contracted to be performed shall not be performed, and that the consideration thereby agreed to be paid shall not be paid, anything in the said hereinbefore recited contract contained to the contrary thereof notwithstanding: Provided always, and it is hereby further agreed and declared, and the said Company do hereby, for themselves, their successors and assigns, covenant and agree with and to the said Postmaster General, his successors and assigns, that they the said Company, their successors or assigns, shall and will, on and after the said 26th day of March 1861, well and truly perform, or cause to be performed, all and singular the services in the said hereinbefore recited contract particularly mentioned, at the times, in the manner, and for the remainder of the term of years then unexpired in such contract respectively mentioned or referred to, and generally during the remainder of the said term, in such or the like manner as if this agreement had not been made and entered into: Provided always, and it is hereby further agreed and declared, that in case the said Company shall not, on and after the said 26th day of March 1861, well and truly perform, or cause to be performed, the services in the said hereinbefore recited contract particularly mentioned at the times and in the manner therein expressed, and thereby commit a breach of such contract and of this agreement, it shall be lawful for the Postmaster General for the time being, by writing under the hand of either the Secretary or one of the Assistant Secretaries for the time being of the Post Office, to determine the said hereinbefore recited 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: And whereas, by the said hereinbefore recited contract of the said 21st day of April 1859, the said Company agreed that all the said vessels employed in the conveyance of Her Majesty's mails should, both on the outward and homeward voyages, call at St. John's, Newfoundland; or in the event of any of the vessels being prevented making St. John's to the satisfaction of the Admiralty agent or other officer in charge of Her Majesty's mails, by stress of weather or other unavoidable cause, then and in such case the vessels should call at Halifax, Nova Scotia; and the said Company should 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 were to proceed, call or touch, in the performance of the now reciting contract, all such of Her Majesty's mails, passengers, and telegraphic messages, as should have to be delivered or received at such places respectively, and as regards the places mentioned in the Time Table A, thereunto annexed, within the times therein respectively specified: And whereas a question has arisen between the said Company and the Postmaster General as to the construction of the lastly hereinbefore recited clause of the said hereinbefore recited contract, and to the nature and extent of the services to be performed by the said Company thereunder; and for the purpose of settling such question, it has been agreed between and by the said parties hereto, that each of them, the said Com-

Appendix, No. 1.

pany, for themselves, their successors and assigns, and the said Postmaster General, for himself, his successors and assigns, should, and each of them accordingly do hereby agree and declare to and with the other of them, that on and after the said 26th day of March 1861 (being the day on which the said hereinbefore recited contract shall be revived, and the services thereby agreed to be performed, recommenced, and performed), the said Company shall and will, at their own costs and charges, and without receiving any further or other considerations therefor than that covenanted to be paid to the said Company for the general services in the said hereinbefore recited contract mentioned, convey, or cause to be conveyed, as well mails as passengers and telegraphic messages on the outward voyage from Galway to St. John's or Halifax, and from St. John's or Halifax to Boston and New York, and on the homeward voyage from New York or Boston to St. John's, and from St. John's to Galway, and that the said Company shall and will deliver and receive, or cause to be delivered and received at each of the ports or places at which the said vessels shall proceed, call, or touch in the performance of such contract, as well all such of Her Majesty's mails as passengers and telegraphic messages, as shall have to be delivered or received at such ports or places, and generally in such or the like manner, and subject to such penalties, provisoes, clauses, matters, and things, as if the intent, meaning, and construction, as by these presents defined and expressed, of the lastly hereinbefore recited clause of the said hereinbefore recited contract had been in such contract similarly defined and expressed. In witness whereof, the said Edward John Lord Stanley of Alderley hath hereunto set his hand and seal, and the said Atlantic Royal Mail Steam Navigation Company have caused their common seal to be hereunto affixed, the day and year first above written.

Stanley of Alderley. (L.S.)

Signed, sealed, and delivered, by the above-named Edward John
Lord Stanley of Alderley, in the presence of

E. B. Osborn, General Post Office.

Jas. Stirling,
E. W. Edwards, (L.S.)
Two of the Directors.

The seal of the Atlantic Royal Mail Steam Navigation Company
was affixed hereto, in the presence of

E. B. Osborn, General Post Office.
A. Boate, Secretary.

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Appendix, No. 2.

Appendix No. 2.

PAPERS delivered in by Mr. *John Brough Palmer*, 11 July 1861.

23 April 1861.

THE undersigned have at the request of C. M. Palmer, Esq., carefully inspected the hull of the steam-ship "Hibernia," (lying in Messrs. Laird's Dry Dock, Birkenhead), and after due consideration are of opinion, that the straining, and consequent leakage therefrom, are due to defective construction, as set forth in the builder's specification.

The ship is greatly deficient in longitudinal strength internally, and to this original defect, her unseaworthiness can be clearly traced. She has no vertical longitudinal stiffness which would have been given by a well proportioned main-keel, no middle-keelson worthy of the name, and the side-keelsons, together with the vertical stringers, are very inefficient.

We find the materials good, and after witnessing most severe tests as to the soundness of workmanship, tests, in several instances unfair, we agree that the workmanship is of average good quality.

Thomas J. Ditchburn, N.A.
John Runald, N.A.,
and Shipwright Surveyors.

No. 109, Fenchurch-street,
London, 8 July 1861.

Gentlemen,

In accordance with your request, that I should hold a survey on the paddle steamer "Hibernia," with a view to ascertain the cause of her having strained and made water, I proceeded to the ship, lying in Messrs. Laird and Son's Dry Dock, Birkenhead, and having carefully and minutely inspected the vessel, am of opinion that the cause of her having strained herself, and of her leakage, is to be attributed to her deficiency in longitudinal strength. Had the vessel been adequately strengthened in a fore and aft direction, I am of opinion that the leakage and straining would never have occurred.

I remain, &c.
(signed) *Edward Ritherdon,*
Surveyor of Shipping.

Messrs. Palmer Brothers, Shipbuilders,
Newcastle, Tyne.

London Yard, Isle of Dogs, near the Poplar
Station, Blackwall Railway, E.,
10 July 1861.

Gentlemen,

OUR Mr. Baillie surveyed the strained parts of the ship "Hibernia" on the 4th instant, at the Dry Dock in Birkenhead. He found that a great number of rivets had been cut out, some of which had been replaced; he also examined the parts that had not been touched, and considered the workmanship to be of a fair average quality; but he was of opinion that the longitudinal strength in the keelsons was far too weak for a vessel of that size, and would consequently cause her to strain in a gale.

Your, &c.
(signed) *Westwood, Baillie, Campbell & Co.*

Messrs. Palmer & Co.

Appendix, No. 3.

Appendix, No. 3.

LETTER from Mr. *George Bayley* to Messrs. *M. Samuelson & Co.*2, Cowper's-court, Cornhill, London, E. C.,
29 June 1861.

Gentlemen,

IN compliance with your request, I made a careful examination of the iron paddle-wheel steamship "Columbia," in Messrs. Clover & Royle's dry dock at Birkenhead on Thursday last, 27th instant, for the purpose of ascertaining her present condition, after having struck an iceberg and been ashore on Boston Bar during her late voyage to and from the United States, and since fallen over in dry dock at Birkenhead.

Commencing forward, and going round by the starboard side of the ship, I found the rivets in the stem more or less started from the keel, up to about the 14-feet mark; and in two plates of the garboard strake, and at 45 feet from forward, the rivets are started five strakes up, and the after end of a plate indented.

Abaft this the cement over the butts was not broken, nor any appearance of movement about the rivets. Before this point the cement is broken off the butts for about 12 strakes, from the keel up.

From 45 feet aft to the paddle-box, none of the butts above the bilge were moved.

At 100 feet the garboard strake is indented with the three next strakes, and several rivets started to a point 120 feet from forward, and all along the flat more or less indented, and the rivets started for five or six strakes out. The butts show rust to the seventh strake, which is on the turn of the bilge, probably from striking and rubbing upon the Bar, which is reported by the engineer to have nearly brought her to a complete stop.

Under the fore part of the paddle-box a plate in the fifth strake from the keel is broken inwards by the head of a shore, when she fell over in the dry dock.

Under the main shaft, all the butts from the keel to the seventh strake are started and rusted, and the cement broken to the after part of the sponson, or to within 150 feet of the stern-post, whilst along the seams no crack or straining can be seen, excepting where the plates are broken or indented.

At 60 feet from aft the garboard and next strake are rubbed and chafed for about 20 feet. None of the butts above the bilge are moved for 150 feet from aft.

The rudder is bent and twisted to starboard, and the plating damaged. Must be unshipped for repair.

On the larboard side, for 150 feet from aft, the appearances are substantially the same as the other side, excepting that the plates at the 15 or 16 feet water-mark are severely chafed for a length of 60 or 70 feet, apparently by the ice.

One butt in the second strake, at the third plate from aft, started. The plate keel, garboard strake and next, more or less chafed and damaged for about 20 feet in length. The butts are all firm from the bilge up, and down to the keel for the first 150 feet from aft, with the exceptions just noticed.

The butts of the flat amidships, so far as could be seen for the crushed blocks and shores still remaining under the ship, are in the same state as those on the starboard side.

One plate in the seventh strake amidships holed, and upper edge of sixth strake indented, next plate forward in seventh strake indented.

Four plates in eighth, six plates in seventh, and six plates in sixth strake damaged and indented from falling over in dock, several frames (12 or 14) bent and distorted, and one of them broken about the after part of the paddle-box.

The flat below the damaged plates at the bilge, from fore to after sponson, much chafed and damaged from grinding and striking on the ground, as on the starboard side; and the butts, more or less, started up to the 10th strake, probably first from grounding, and then increased when she fell over.

At about 130 feet from forward two plates in third and three plates in fifth strake indented from collision; three butts in 13th strake, about 100 feet from forward, have the cement broken off, and the edges of the fracture remain quite fresh and sharp, and some of the cement still adhering although started from the iron plate.

Butts in first, second, and third strakes from the keel cracked, more or less, for about 50 feet from forward, with distinct marks of severe chafing and collision.

Between this point and the midship flat the butts are all firm and uninjured.

Aloft.--The larboard paddle-box damaged and crushed at after part, against the dock-side.

On deck, two of the midships scarpings of the waterway on each side drawn and open three-sixteenths of an inch, those before and abaft are much less strained; all of them very recent, as the broken edges of the pitch are quite fresh and sharp, apparently done when she fell over.

The butts of the deck and seams round the engine and skylight coamings show very slight indications of movement; and I am of opinion from the fact that no appearance of movement can be found along the seams of the plating in any part, excepting where the marks of violence are evident, that the movements and indications of straining described above,

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above, are the results of one or other of the three accidents occurring to the ship, during and since her arrival from the American voyage; and not from any original weakness or insufficiency of construction.

Appendix, No. 3.

On the contrary, had she not been strong and substantially built, the falling over in dock would have resulted in much more serious and extensive damage than that now sustained.

Messrs. M. Samuelson & Co.,
Hull.

I am, &c.
(signed) George Bayley.

Appendix, No. 4.

LETTERS from Mr. E. Ritherdon, Surveyor of Shipping, to Messrs. M. Samuelson & Co.

Appendix, No. 4.

No. 109, Fenchurch-street, London,
9 July 1861.

Gentlemen,

IN accordance with your request that I should survey the iron steamer "Columbia," and to state to you my opinion of the vessel as she now lies, I proceeded to Birkenhead, and carefully examined the vessel in dry dock there.

I will preface my remarks by stating that I find the "Columbia," constructed generally the same as the "Anglia," my report on which vessel accompanies this, and will render it unnecessary for me to repeat the remarks thereon, which equally apply to this ship.

I found the "Columbia" had suffered injury, and was informed that it arose from three causes; first, by having been ashore; secondly, from having been in collision with an iceberg; and thirdly, by having been upset in dry dock. The nature of the injury the vessel has received consists as follows:—Her plates forward and riveting are buckled and started; many plates in the bottom on both sides indented to an extent to render it necessary they should be removed, and replaced with new; where one of the bottom plates had been removed the double frame was broken, and the butts of the plating throughout the ship are generally strained, and the rivets started in places.

I am of opinion that the straining and injury to the ship arises from no deficiency in her construction, but solely in consequence of the accidents that have befallen her.

I am, &c.
(signed) Edward Ritherdon,
Surveyor of Shipping.

Messrs. M. Samuelson & Co.,
Shipbuilders and Engineers, Hull.

No. 109, Fenchurch Street, London,
9 July 1861.

Gentlemen,

IN accordance with your request that I should survey the new iron steamer "Anglia," built by your firm, with a view to ascertain whether she has been built in conformity with the specification, and also to state my opinion on the quality of the workmanship, and of the vessel generally, I proceeded to Hull, and carefully examined her, so far as practicable, the vessel being afloat; and have to report that I consider the hull of the ship is much stronger than she would have been, had the requirements of the specification been literally carried out. I find she has additional longitudinal stringers, not contemplated in the specification, which have added much to the stability of the structure.

With regard to the workmanship, so far as I had an opportunity of judging, I am bound to say the riveting was not so satisfactory as to regularity as I could have wished; but in justice I must admit that the peculiar combination of double frames, stipulated for in the specification, rendered it almost impossible to carry out any other system of riveting than that adopted. Apart from this, I found the work generally executed in a satisfactory manner.

I am, &c.
(signed) Edward Ritherdon,
Surveyor of Shipping.

Messrs. M. Samuelson & Co.,
Shipbuilders and Engineers, Hull.

RETURN of the different DATES on which the GALWAY PACKETS should have sailed, according to the Contract, from the commencement of the Service to the Day on which the Agreement for suspending it (24 January 1861), was signed, showing those Voyages which were performed, and those which were omitted: also, of the different Dates on which the Packets should have been despatched, since the Date fixed for the resumption of the Service (26 March 1861), to the Day on which the Contract was terminated, showing those Voyages which were performed, and those which were omitted.

OUTWARD VOYAGES.

Days upon which Packets should have Sailed.	Days upon which Packets Sailed.	Whether to Boston or New York.	Name of Packet.	Whether Regular Packet or Substitute.	To St. John's.	Time Occupied.						Penalty for not being according to Contract.	Fines for Excess of Time.	
						Over Time.	Under Time.	To Boston or New York.	Over Time.	Under Time.	Over Time.			
1860:	1860:													
26 June	27 June	New York	Parana	Substitute	D. 7 13½	H. 1 13½	D. 11 17½	H. 0 16½	D. 0 16½	H. 0 16½		£. 80		
10 July	11 July	Boston	Connaught	Regular	-	-	-	-	-	-		110		
24 "	24 "	New York	Prince Albert	Substitute	6 15½	- 15½	10 21½	-	0 4½	4 4½	500			
7 August	7 August	Boston	Parana	ditto	7 5	1 5	10 12	-	1 4	4				
*28 "	28 "	New York	Prince Albert	ditto	7 20½	1 20½	12 2	1 0	-	-	500	180		
11 September	-	-	-	- Voyage omitted.	-	-	-	-	-	-				
25 "	25 September	Boston	Connaught	Regular	7 12	1 12	Vessel lost when approaching Boston. Mails delivered at Boston on the 9th October.				440			
9 October	-	-	-	- Voyage omitted.	-	-	-	-	-	-				
23 "	23 October	New York	Prince Albert	Substitute	10 11½	4 11½	15 5	3 4	-	-	500	640		
6 November	-	-	-	- Voyage omitted.	-	-	-	-	-	-				
20 "	-	-	-	ditto.	-	-	-	-	-	-				
4 December	-	-	-	ditto.	-	-	-	-	-	-				
18 "	-	-	-	ditto.	-	-	-	-	-	-				
1861:	1861:													
1 January	-	-	-	ditto.	-	-	-	-	-	-				
15 "	-	-	-	ditto.	-	-	-	-	-	-				
26 March	-	-	-	ditto. †	-	-	-	-	-	-				
9 April	9 April	Boston	Columbia	Regular	10 7½	4 7½	17 20½	6 4½	1 15½	15½		1,360 §		
23 "	23 "	New York	Adriatic	ditto	6 0	-	9 10½	-	-	-				
7 May	-	-	-	- Voyage omitted.	-	-	-	-	-	-				

* August 21 would have been the proper day for the fortnightly despatch, but the Company asked for and obtained permission to change the weeks for the despatch from Galway, so as to make the despatches from the United Kingdom correspond with the despatches from the United States.
 † The mean time of the summer and winter voyages was allowed on this occasion, as the voyage was performed partly in October and partly in November.
 ‡ For the non-commencement of the service on the 26th March the Postmaster General imposed a penalty of 3,000 l.
 § This sum is the penalty which appears to be due, but the account has not yet been settled.

HOMeward VOYAGES.

Days upon which Packets should have Sailed.	Days upon which Packets Sailed.	Whether from Boston or New York.	Name of Packet.	Whether Regular Packet or Substitute.	Time Occupied.						Penalty for not being according to Contract.	Fine for Excess of Time.	
					From St. John's.	Over Time.	Under Time.	From Boston or New York.	Over Time.	Under Time.			
1860:	1860:												
17 July -	17 July -	New York	Parana -	Substitute	D. 6 3½	H. 0 3½	D. 10 21	H. 0 21	D. -	H. -	£.	110	
31 " -	7 August -	Boston	Connaught -	Regular	D. 8 22½	H. 2 22½	D. 12 17	H. 2 18	D. -	H. -	£.	490	
14 August -	14 " -	New York	Prince Albert -	Substitute	D. 5 23	H. -	D. 0 1	H. 0 4	D. -	H. -	£.	20	
28 " -	28 " -	Boston	Parana -	ditto	D. 5 22½	H. -	D. 0 1½	H. 9 21½	D. -	H. 0 6½	£.		
11 September -	11 September -	New York	Prince Albert -	ditto	D. 5 23	H. -	D. 0 1	H. 10 1½	D. -	H. 0 1½	£.	5	
25 " -	" -	"	" -	Voyage omitted.									
9 October -	" -	"	" -	ditto.									
23 " -	" -	"	" -	ditto.									
6 November -	" -	"	" -	ditto.									
20 " -	20 November -	New York	Prince Albert -	Substitute	D. 7 15½	H. 1 15½	D. -	H. 14 16½	D. -	H. 4 5½	£.	920	
4 December -	" -	"	" -	Voyage omitted.									
18 " -	" -	"	" -	ditto.									
1861:	1861:												
1 January -	" -	"	" -	ditto.									
15 " -	" -	"	" -	ditto									
16 April -	" -	"	" -	ditto.									
30 " -	30 April -	Boston	Columbia -	Regular	D. 7 28	H. 1 28	D. -	H. 13 15½	D. -	H. 3 11½	£.	710	
14 May -	14 May -	New York	Adriatic -	ditto	D. 5 19½	H. -	D. 0 4½	H. 9 21	D. -	H. -	£.		
28 " -	" -	"	" -	Voyage omitted									

§ This sum is the penalty which appears to be due, but the account has not yet been settled.

General Post Office, }
12 July 1861.

Wm. Jas. Page,
Principal Clerk for Foreign and Colonial Business.

Appendix, No. 5.

ATLANTIC ROYAL MAIL STEAM NAVIGATION COMPANY (LIMITED).

STATEMENT showing the Position of the CAPITAL ACCOUNT at the undermentioned Dates, viz. :

DATE.	PARTICULARS.	Number of Shares allotted.	Amount paid in Cash.	Amount paid in Vessels, Stores, and Expenses, exclusive of New Steamers.	Arrears.	Total Amount of Shares allotted.
1859: 15 April	Amount, as per statement, furnished to this date - - - - - } For cash - - - 6,149 „ ships - - - 11,100 <u>17,249</u>	17,249	£. 18,447	£. 111,000	£. 2,872	£. 172,490
	<i>Note.</i> —The 4,000 shares reserved for builders, are included in subsequent allotments.					
9 July -	Shares allotted to this date - -	120	670	- -	2,562	1,200
	TOTAL at 9th of July 1859 - -	17,369	19,117	111,000	2,562	173,690
30 September -	Shares allotted to this date - -	17,829	39,030	7,600	14,739	178,290
	TOTAL at 30th September 1859 -	35,198	58,147	118,600	14,739	351,980
	<i>Memo.</i> —In September the Irish Com- mittee were in active operation. Shares were being placed, and cash began to come in.					
1860: 9 August	Shares allotted to this date - -	9,871	143,155	8,610	88,022	98,710
	TOTAL at 9th August 1860 - -	45,069	201,302	127,210	88,022	450,690
30 December -	Shares allotted to this date - -	350	20,441	3,500	99,149	3,500
	TOTAL - - -	45,419	221,743	130,710	99,149	454,190
	Deduct sundry shares transferred and cancelled since 15th April 1859 - }	4,780	5,212	40,000	- -	47,800
	TOTAL at 31st December 1860 -	40,639	216,531	90,710	99,149	406,390

£.

Deposit £. 2, and allotment £. 1 - 3 payable on allotment.
1st call made 2d November 1859 - 3 payable 6th December 1859.
2d call made 4th April 1860 - - 3 payable 5th May 1860.
3d call made 12th September 1860 - 1 payable 10th October 1860.

Fully paid up - - - £. 10

A. Boate, Secretary.

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Appendix, No. 6.

Appendix, No. 6.

PAPER delivered in by Sir *Rowland Hill*, K.C.B., 12 July 1861.

STATEMENT of the EARNINGS and COST of the Galway Line of Mail Steamers.

Sea postage of correspondence (including newspapers and transit letters) from 26th June to 23d October 1860, inclusive, when the voyages were suspended (estimated)	£.
- - - - -	1,400

Trips: Out, 7; home, 6 - - Total, 13.
Earnings, 108 l. per trip.

Cost to Post Office in same time:

	£.
Contract payment (less penalties) - - - - -	14,764
Incidental payments - - - - -	500
	£. 15,264

12 July 1861.

(signed) *Frank James Scudamore*,
Receiver and Accountant General.

Appendix, No. 7.

Appendix, No. 7.

PAPER furnished by Mr. *Ambrose Shea*, 12 July 1861.

ADDRESSES of the Newfoundland Legislature on the Subject of Ocean Steam Communication, passed June 1861.

To his Grace the Duke of Newcastle, &c. &c. &c.

May it please your Grace,

WE, the Legislative Council of Newfoundland, in Session convened, beg leave to solicit the attention of Her Majesty's Government to the great importance to this Colony and to the general interests of British North America, of direct communication by steam with Great Britain and the American States.

We are prompted to this step at the present moment by intelligence which has just reached us through the press, to the effect that Her Majesty's Government propose to discontinue their subsidy to the Atlantic Royal Mail Steam Navigation Company, and our fear that the result of this proceeding would be to terminate the only means of direct connexion by steam with both countries which we have recently enjoyed.

In a commercial view, we feel that the advantages conferred upon the Colony by the visits of the steamers of this line have been large and manifold. From the facilities they have afforded of intercourse with the countries of both continents, the various operations of trade have been materially assisted, and benefits have hence arisen which we should never have known in the former disconnected position of the island. Our whole system of trade has become adjusted to the influences of this new agency to such a degree that we cannot contemplate the possibility of its withdrawal without serious apprehension of the results to our commercial and general interests.

To secure this acquisition, the people of Newfoundland have deemed no expenditure or sacrifice on their part too great. This was the paramount consideration which induced our Legislature to grant a charter involving large concessions and responsibility to the New York, Newfoundland and London Telegraph Company for the establishment of their line of telegraph hence to New York, with the hope of obtaining for St. John's the status of a port of call for steamers bound east and west, this port being the most advantageous link of union between Europe and America. Her Majesty's Government have already experienced the value of this line as the most rapid medium for the transmission of intelligence from both sides of the Atlantic. The national importance of conserving it must therefore be manifest, but perhaps could not be more forcibly exemplified than in the character of the information it conveys during the present crisis in the United States.

Appendix, No. 7.

We are not unmindful of causes of dissatisfaction in the failures of the Atlantic Royal Mail Steam Navigation Company to fulfil the terms of their contract, nor of the indulgence extended towards them by Her Majesty's Government. But in view of the vast interests involved in their enterprise, and of the many difficulties which seem to have encompassed it from its inception, we would respectfully pray Her Majesty's Government to grant to this Company the further time needful to enable them to furnish such steamships as their contract requires, and to allow the Government service to be performed meanwhile by the boats at present on the line. The "Prince Albert," "Adriatic," and "Parana" have given great satisfaction to the travelling and commercial public; and we would, in conclusion, respectfully assure Her Majesty's Government that their acquiescence in the prayer of this address will be hailed with abiding gratitude by the people of this Colony.

Laurence O'Brien,
President.

To his Grace the Duke of Newcastle, &c. &c.

The Memorial of the House of Assembly of Newfoundland,

Humbly sheweth,

THAT your memorialists have learned with great regret that the Imperial Government is about to withdraw its subsidy from the North Atlantic Royal Mail Steam Navigation Company, on the ground of non-fulfilment of contract by that Company.

That this Colony has a deep interest in the continuance of this aid, inasmuch as its cessation would probably terminate that direct intercourse by steam with the parent country and the United States which we have recently enjoyed.

That Newfoundland has made considerable sacrifices to establish this national boon. Chiefly with a view to this object, our Legislature, a few years ago, conferred upon the New York, Newfoundland, and London Telegraph Company valuable rights of property in the soil of the island, and a guarantee of interest on their investments in the line of telegraph between this Colony and the United States. We have since contributed amounts commonly considered beyond our limited means to encourage the calls of steamers at our capital port; and there is much reason to believe, that had it not been for the efforts of this country, establishing the unrivalled advantages of St. John's as a port of call, the speediest mode for the dispatch of intelligence between the Old and New Worlds would have been practically unknown.

That the results which have flown to the trade and general interests of this country from its connexion by steam with Great Britain and America, have been of a highly beneficial character, notwithstanding the occasional interruptions that have taken place; and it is now universally felt that were this connexion severed, and the Colony thus thrown back into its former isolation, its commercial and industrial interests would sustain serious injury and depression, consequences which we feel assured the parent Government would anxiously desire to avert from this old and loyal but struggling dependency.

That in a national point of view, memorialists consider it superfluous, and perhaps not their province, to point out the manifold advantages insured to British interests by the continuance of the shortest line of communication between the eastern and western hemispheres, more especially at the present critical juncture of affairs in the United States. These considerations must infallibly suggest themselves to Her Majesty's Government.

That in the opinion of your memorialists the Atlantic Royal Mail Steam Navigation Company have peculiar claims to the further indulgence of Her Majesty's Government. They were the pioneers of this highway of the ocean, the first and only parties who endeavoured to give to the undertaking a character of stability. From its commencement they have had weighty difficulties to contend with, in addition to those which usually beset the infancy of a great enterprise. To these alone it appears to be owing that they are not yet prepared strictly to fulfil their contract. Meanwhile, however, they provide four first-class ships for the service, and we can confidently state that the performances of these vessels have given satisfaction to the people of this Colony.

That for these reasons, and under the circumstances just referred to, your memorialists would most earnestly pray Her Majesty's Government not to withhold its support from the enterprise of this company, to add to the wise and liberal consideration already accorded to them, by an extension of time to enable them to place their new ships on the line, and in the meantime to accept the services of those fine steamers which are now employed as substitutes.

And as in duty bound, &c.

F. B. Carter,
Speaker.

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Evidence showing that on the 11th or 12th August 1860, the “*Connaught*” was detained off the coast of Newfoundland by an unusually heavy fog, *Shea* 2075-2089—With regard to the vessels which entered St. John’s at the date in question, they were small vessels, and some of them had been off the coast for several days, *ib.* 2083-2087, 2089—Large size of the “*Connaught*,” danger if she had attempted to enter St. John’s, *ib.* 2088, 2089.

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The Committee consider that the rule as regards the infliction of fines for over time should not be applied in a doubtful case like that of the “*Connaught*,” recommended remission of portion of the fine in this case, *Rep.* viii, ix.

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Paper relative to the service between Liverpool, Halifax and Boston, and Liverpool and New York, as performed under two contracts between the Admiralty and Messrs. Cunard & Co., dated respectively 1st April 1850 and 1st January 1852, *App.* 93-195—Total of 173,340 *l.*, as the payments per annum for the whole service, or at the rate of 11 *s.* 4 $\frac{1}{2}$ *d.* per mile, *ib.* 193—Penalty of 30,000 *l.* for the non-performance of the contract, *ib.* 93—Serious American competition to which the line has been subjected, *ib.* 193, 194—Great regularity, speed, and certainty in the performance of the service, *ib.* 193—Advantages of routes by Halifax and New York respectively adverted to with reference to the question of a reduction of the subsidy if the former route were adopted, *ib.* 194, 195.

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Improvement as regards strength and speed by the alterations now being made in the vessel, 1656, 1670, 1672—Objectionable character of the bow; large quantities of water shipped in consequence, 1660-1669—Apprehended failure in longitudinal strength through there being no main keelson, 1672—Opinion that in three months she ought to be completed for service, 1673, 1674.

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“*HIBERNIA*” *THE* :

1. *Mode of Construction of this Vessel, and condition when she passed the Admiralty Survey.*
2. *Cost.*
3. *Delay in Completion.*
4. *Accident to the Vessel.*
5. *Cancel of Board of Trade Certificate.*
6. *Results of Examinations of the Vessel since the Accident.*
7. *Repairs now being executed.*
8. *Speed.*

1. *Mode of Construction of this Vessel, and condition when she passed the Admiralty Survey.*

Doubt as to the “*Hibernia*” being properly constructed; notwithstanding her approval by the Admiralty surveyor, *Lord Stanley of Alderley*, 186-188. 190—Very good materials used in the “*Hibernia*,” *Jordan* 970. 1004—Duty of Messrs. Palmer, the contractors, to have remedied the defective workmanship if pointed out to them, *ib.* 973-976—Unfit state of the vessel when delivered to the Company, *ib.* 988—Onus upon the builders of the vessel to have made her efficient, *ib.* 1001. 1008-1010—The post office would have been quite justified in rejecting the “*Hibernia*” for the Atlantic service, *ib.* 1016-1018.

Witness cannot understand how the Admiralty surveyor could have reported favourably of the vessel; means for discovering some of the defects when the vessel was afloat, *Jordan* 1019-1023. 1027. 1031-1037—Sundry favourable surveys upon the vessel adverted to, *ib.* 1027—Exceptions taken to the favourable character of the report on the vessel by Mr. Lewcock, the Admiralty surveyor, *Laird* 1133-1137—Conclusion as regards the “*Hibernia*,” that she was deficient in strength in her original construction, *Luke* 1422, 1423.

Witness saw the “*Hibernia*” from time to time when under construction at Messrs. Palmer's, *Lewcock*. 1480, 1481—Was called upon to report upon the vessel to the Admiralty in March last, when she was afloat, and reported favourably of her, *ib.* 1482-1488—So far as witness could judge, the workmanship and construction of the vessel were not inferior, and the rivetting was very good; grounds for this conclusion, *ib.* 1485-1511—Dissent from the opinion that she had no keelsons, worthy of the name, *ib.* 1506, 1507.

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"HIBERNIA" THE—continued.

1. *Mode of Construction of this Vessel, &c.*—continued.

The construction of the vessel is unquestionably weak, and she is wanting in longitudinal strength, *Ditchburn* 1654, 1655—Objectionable character of the bow; large quantities of water shipped in consequence, *ib.* 1660-1669—Apprehended failure in longitudinal strength through there being no main keelson, *ib.* 1672.

2. *Cost:*

The price of the vessel was 95,000 *l.*, which was scarcely sufficient, *Jordan* 977-982.

3. *Delay in Completion:*

Delay in the completion of the "Leinster" (now the "Hibernia") beyond the time named by the Company to the Post Office for placing her on the line; assurance given to the Company by the builder as to the time of her completion, *Vallance* 669-684—The delay in the delivery of the vessel might have been partly obviated if the payments had been regularly made, *Palmer* 1591-1598. 1603, 1604.

4. *Accident to the Vessel:*

As regards the accident to the "Hibernia," it was lucky it did not happen out in the Atlantic, *Lord Stanley of Alderley* 209—Opportunity for properly strengthening the "Hibernia" if the service had not commenced till June; avoidance of accident thereby, *Vallance* 888, 889—Opinion given by witness to the Company that the "Hibernia" could not cross the Atlantic without the risk of foundering, *Jordan* 983—The gale she encountered found out the weak places, *ib.* 989—Opinion that the accident to the "Hibernia" was a lucky circumstance, and that it was fortunate she did not attempt to cross the Atlantic, *Laird* 1127, 1128—Concurrence in the opinion that it was an exceedingly fortunate thing that the vessel was damaged off Cape Clear, *Sir R. Hill* 1996.

5. *Cancel of Board of Trade Certificate:*

Certificate of the Board of Trade, dated 4 March 1861, that the "Hibernia" (built by Messrs Palmer), was fit to be employed under the postal contract; subsequent surveys of this vessel after the accident to her, and cancelling eventually of the previous certificate, *Vallance* 251-266.

6. *Result of Examinations of the Vessel since the Accident:*

Witness, on the part of the Atlantic Mail Company, has frequently examined the "Hibernia" since she has been placed in dock at Birkenhead *Jordan* 946-951—Position, character and extent of the several defects which he found in her, *ib.* 952, *et seq.*—Her defective condition is owing very much to imperfect rivetting, and to want of longitudinal strength, *ib.* 954-959. 965-967. 970-972. 985. 999-1003. 1031—The defects arose both from errors of construction and errors of workmanship, *ib.* 954. 970. 999-1003.

Confirmation of the evidence of Mr. Jordan as to the imperfect rivetting and defective workmanship generally of the "Hibernia" and "Columbia," *Laird* 1087-1093.

Denial in toto that the rivetting of the "Hibernia" was defective; evidence adduced in proof of the contrary, *Palmer* 1541, 1542. 1626-1641—Straining of the ship attributed to the want of longitudinal strength; evidence of sundry surveyors on this point, *ib.* 1542-1544. 1642-1648—Exceptions taken to several portions of Mr. Jordan's evidence relative to the "Hibernia," *ib.* 1626-1641.

Witness has upon three occasions examined the "Hibernia," for Mr. Charles Palmer, since she has been in dock at Birkenhead, *Ditchburn* 1650-1653—Considers that the workmanship was, on the whole, very creditable; the rivetting was very fairly done, *ib.* 1654. 1657-1660. 1671.

Copy of Report on the "Hibernia," dated 23 April 1861, by Messrs. Ditchburn and Runald; testimony therein to the goodness of the materials and the fairness of the work, *App.* 295—Report by Mr. Ritherdon, dated 8 July 1861, *ib.*—Report by Mr. Baillie, dated 10 July 1861: statement therein as to the fair average quality of the work, *ib.*—Uniform statement in these Reports as to the deficiency of the vessel in longitudinal strength, *ib.*

7. *Repairs now being Executed:*

Steps now being taken at an estimated cost of from 25,000 *l.*, to 30,000 *l.*, to render the "Hibernia" perfectly fit for the service, *Vallance* 264. 267, 268—Extent and character of the work recommended by witness to be done to the vessel in order to render her efficient to the service from Galway; this has already been commenced, will be completed in about three months, and will cost from 22,000 *l.* to 26,000, *Jordan* 984-998, 1013, 1073.

Orders received by witness to repair the "Hibernia," in accordance with the Report of
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"HIBERNIA" THE—continued.

7. Repairs now being Executed—continued.

Mr. Jordan, and to make her as strong as possible, *Laird* 1129. 1150. 1170—Efficiency of the vessel for the service from Galway when strengthened by witness, *ib.* 1129, 1130, 1150—She will take about four months to repair, *ib.* 1165-1169—The cost of the repairs are estimated at from 30,000 *l.* to 35,000 *l.*, *ib.* 1169—Latitude given to witness as to the amount of repairs to be done, *ib.* 1170—Facility for strengthening the "Hibernia" sufficiently in about two months after she was placed in dock at Birkenhead, *Palmer* 1540—Adequate strength of the vessel without prejudice to her speed, if strengthened as recommended by witness during her construction, *ib.* 1548, 1549—Question whether she is being strengthened in the most advisable manner, *ib.* 1614.

Improvement as regards strength and speed by the alterations now being made in the vessel, *Ditchburn* 1656. 1670. 1672—Opinion that in three months she ought to be completed for service, *ib.* 1673, 1674.

8. Speed:

Data for concluding that the "Hibernia" should, when repaired, be able to maintain an average speed of from 11 to 12 knots an hour, *Laird* 1131, 1132—Doubt as to the effect of the alterations upon the rate of speed, *Luke* 1424—Speed of 15 knots an hour attained by the "Hibernia" on her trial; increased speed contemplated in the contract, that is, under the most favourable circumstances, *Palmer* 1569-1571. 1573-1575.

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Hill, Sir Rowland, K.C.B., and William J. Page. (Analysis of their Evidence.)—(*Sir R. Hill.*) Has for many years been Secretary to the Post Office, 1850, 1851—Was consulted upon the more important steps taken by the Post Office with reference to the Galway contract, 1852, 1853—Considers that the termination of the contract was a proper and necessary step, 1854, 1855—Looks upon the service between Galway and St. John's, in six days, as the principal feature in the contract, on account of the telegraphic communication; it was so put forward by the Company themselves, 1856-1859. 1883-1886. 1896—Additional day allowed beyond what was proposed by the Company, in order to admit of the proper performance of the Newfoundland service, 1860, 1861.

Circumstance of the service to or from St. John's having been performed only three times out of seventeen, within the prescribed period, 1862-1864—Grounds for concluding that the Company were bound by the contract to deliver letters as well as telegrams at St. John's, 1865-1870. 1876-1881—Rejection of the "Parana," adverted to with reference to the difficulty of the Newfoundland service, 1871—Slight value of the contract, but for the Newfoundland portion of it, 1872-1874. 1890-1896—Small weight and bulk of the mails to Newfoundland, 1881, 1882. 1924—Removal of all doubt about calling at St. John's, by the agreement of the 24th January last; copy of this agreement handed in, 1887.

Statement showing that the cost of the Galway service to the Government has been more than ten times as much as the amount earned by the postage conveyed, 1890-1899. 1924—Ten times as great earnings of the Cunard line as of the Galway line; comparative cost of the two services adverted to hereon, 1895. 1897-1905—Regularity of the Cunard packets; time allowed them as compared with the Galway packets, 1895. 1906-1908—Circumstance of there being no penalties under the contract, except for lateness of departure, 1909-1919—Penalties for delay or overtime in the case of the Galway contract; strict enforcement of these, 1920-1923.

Inconvenience through the Company not having been able to give notice of the sailing of their vessels until some few days beforehand, 1925, 1926—Opinion that the Company has been treated with great indulgence in regard to the infliction of penalties, 1927, 1928—Indulgence in penalties not having been inflicted during the suspension of the service, 1928—Non-infliction of a penalty in the case of the "Parana," as a substituted ship, on the 27th June, 1929-1935.

Fine of 500 *l.* upon three several occasions of substituting the "Prince Albert," she being inferior in tonnage and steam power to the stipulations of the contract; propriety of this fine, 1936-1941. 1951.—(*Mr. Page.*) Statement showing the extent of overtime upon different occasions of the employment of the "Prince Albert," 1942-1950—With the exception of the penalties for the "Prince Albert," all the penalties in 1860 were for overtime, 1952—Reference to the deduction of 291 *l.* as indemnity for sending some letters by the Canadian packet, 1952, 1953.

(*Sir R. Hill.*) Explanation as regards the overtime in the case of the "Connaught," that she was one day late over and above the alleged detention through a fog, 1954. 1986—Belief that the excuse of a fog in the case of the "Connaught" is not a valid excuse, 1954, 1955—Examination upon the foregoing point with reference more especially to evidence received by Government that vessels could enter St. John's at the time in question, as contrasted with evidence adduced on the part of the Company to a contrary

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contrary purport, 1956-1986—Circumstance of the Post Office not following the precedent of the Admiralty in regard to relying upon the log of the captain as evidence of the state of the weather, 1962-1967.

Reference to the infliction of a penalty of 3,000 *l.* for delay in the recommencement of the service this year; the Post Office might instead have terminated the contract, 1987, 1988—Neglect of the public interest and unfairness to competing contractors if the Post Office were lax in the enforcement of the conditions, 1989-1993, 2038, 2039—Reference to the promised quickness and certainty of the voyages as almost the only recommendation of the contract, 1994.

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The great indulgence shown by the Post Office is the most difficult part of their conduct to justify, 2000—Reluctance shown by the Post Office to terminate the contract, 2001—Belief as to there having been eight outward and eight homeward voyages omitted, prior to the agreement of the 24th January, for which no penalties were inflicted, 2002-2006—Emphatic promise that the service should be re-commenced in March, but for which the Post Office would not have agreed to its suspension, 2010-2013.

Express condition of the agreement of 24th January that the Post Office should have power to terminate the contract on any renewal of default, 2014—Opinion that the interests of the public clearly required that the matter should be brought to a close, 2015—Absence of reasonable hope of a satisfactory performance of the service even if further indulgence had been granted, 2016.

Statement that the 3,000 *l.* paid by the Company for the postponement of the service from the 26th March till the 9th April cannot be looked upon as a penalty inflicted by the Post Office, 2017-2019—Examination relative to the manner in which the Royal Mail Company performed the West India service, during the first few years of their contract, with reference more especially to the non-infliction of penalties for overtime; absence of any parallel between this case and that of the Galway Company, 2020-2037—There are no instances of such habitual irregularity as that of the Galway Company, 2035, 2036.

Satisfactory performances of the Cunard packets further adverted to, 2040, 2041—Explanation as to the less time calculated for the Galway packets than the average time of the Cunard packets: actual time occupied in different Cunard voyages adverted to hereon, 2042-2052—Consideration of the question of exemption from penalties when incurred under circumstances beyond the control of the Company; doubt as to detention through fogs or icebergs being one of these exceptional circumstances contemplated by the contract, 2048-2064.

Witness individually would not advise the enforcement of penalties if it were made quite clear that fog was the cause of any overtime, 2056-2059—Duty of the Postmaster General to lean towards the infliction of penalties, 2059, 2063, 2064—Circumstance of fogs being a cause of exemption from penalty in the case of the new contract with the Dublin Steam Packet Company, 2060, 2061, 2065.

Witness delivers in the letter of the Post Office terminating the contract; also the reply of the Company and the rejoinder of the Post Office, 2065.

(*Mr. Page.*) Length of certain voyages of the "Prince Albert" further adverted to; she was under contract to the Colony on these occasions, 2066-2071.

Hire of Vessels. Inability of the Company, in cases of accidents to their own ships, to procure ships capable of going to St. John's with the mails in eight days, and otherwise performing the service punctually; no expense has been spared for this purpose, *Vallance* 467, 474-477—Impracticability of procuring in this country vessels capable of performing the service according to the contract, *ib.* 718.

Conditions of the contract in regard to the hire or purchase of other vessels for the service, subject to approval of the Admiralty, *App.* 189, 190.

Homeward Voyages. Return showing the days upon which the packets should have sailed on the homeward voyages from the commencement of the service to the date of its suspension, and from the date fixed for the re-commencement of the service to the day on which the contract was terminated; also of the days on which the packets did sail, whether from Boston or New York, and of the time occupied on each voyage, with the amount of overtime upon each voyage, and the fines or penalties incurred, *App.* 299.

I.

Indulgent Treatment of Company. Witness knows no instance of a similar suspension having been allowed as in the case of the Galway Contract, *Lord Stanley of Alderley*, 142. 149—Peculiar consideration shown to the Company in consequence of their misfortunes, *ib.* 185, 186.

Denial of the accuracy of the statement that the Company has been treated with peculiar indulgence, *Vallance* 829—Absence of any great concession by Government if they had postponed the service till June, inasmuch as they were not paying for it during suspension, *ib.* 837—Extreme leniency of the Cunard Contract as compared with the Galway Contract, 897–909.

Opinion that the Company has been treated with great indulgence in regard to the infliction of penalties, *Sir R. Hill* 1927, 1928—Indulgence in penalties not being inflicted during the suspension of the contract, *ib.* 1928—The great indulgence shown by the Post Office is the most difficult part of their conduct to justify, *ib.* 2000—Reluctance shown by the Post Office to terminate the contract, *ib.* 2001.

See also *Penalties and Fines.* *Post Office.* *Suspension or Postponement of Service.* *Termination of Contract.* *Treasury, The.*

Inspection of Vessels. See *Survey or Inspection of Vessels.*

Irregularity of Service. Reference to a statement by the Post Office that out of forty-six single voyages which the Company were bound to perform, only seventeen had been performed at all, and of these only three within the strict terms of the contract; circumstance of some of the forty-six voyages referred to having been waived with the consent of the Government, *Lord Stanley of Alderley* 24–32—For postal purposes an irregular service is as bad if not worse than no service at all, *ib.* 208.

Repeated failures and repeated infliction of fines, before the Post Office determined the contract, *Sir R. Hill* 1997, 1998—Fallacy of the assumption that the shortcomings of the company have been condoned for, *ib.* 1999—There are no instances of such habitual irregularity as that of the Galway Company, *ib.* 2035, 2036.

Return of the different dates on which the Galway packets should have sailed according to the contract, from the commencement of the service to the day on which the agreement for suspending it was signed, showing those voyages which were performed, and those which were omitted; also similar particulars since the date fixed for the resumption of the service to the day on which the contract was terminated, *App.* 298, 299.

Reference to the complaints by the Post Office of the irregularity with which the service had from the first been conducted, *Rep.* iv.

See also "*Columbia*," *The*, 3. "*Connaught*," *The.* *Omitted Voyages.* *Overtime.* *Penalties and Fines.* "*Prince Albert*," *The.* *St. John's, Newfoundland*, 6.

J.

Jordan, John. (Analysis of his Evidence.)—Is surveyor of iron ships for the Liverpool Underwriter's Association; has had twenty-three years' practical experience, 944, 945—On the part of the Atlantic Mail Company, has frequently examined the "*Hibernia*" since she has been placed in Messrs. Laird & Sons graving dock at Birkenhead, 946–951—Explains the position, character, and extent of the several defects which he has found in this vessel, 952 *et seq.*—Her defective condition is owing very much to imperfect rivetting, and to want of longitudinal strength, 954–959, 965–967, 970–972, 985, 999–1003, 1031—The defects arose both from errors of construction and errors of workmanship, 954, 970, 999–1003.

Very good materials used in the "*Hibernia*," 970, 1004—Duty of Messrs. Palmer, the contractors for the ship, to have remedied the defective workmanship if pointed out to them, 973–976—The price of the vessel was 95,000 *l.*, which was scarcely sufficient, 977–982—Opinion given by witness to the Company, that the "*Hibernia*" could not cross the Atlantic without the risk of foundering, 983.

Extent and character of the work recommended by witness to be done to the vessel, in order to render her efficient for the service from Galway; this has already been commenced, will be completed in about three months, and will cost from 22,000 *l.* to 26,000 *l.*, 984–998, 1013, 1073—Unfit state of the vessel when delivered to the Company, 988—The gale she encountered found out the weak places, 989—Onus upon the builders of the vessel to have made her efficient, 1001, 1008–1010—Opinion that the "*Connaught*" most likely had similar defects to the "*Hibernia*," 1006, 1007, 1024.

The Post Office would have been quite justified in rejecting the "*Hibernia*" for the Atlantic

Jordan, John. (Analysis of his Evidence—continued.)

Atlantic service, 1016-1018—Witness cannot understand how the Admiralty surveyor could have reported favourably of the vessel; means for discovering some of the defects when the vessel was afloat, 1019-1023. 1031-1037—Necessity of the company accepting the "Connaught," if the surveys were favourable, 1025, 1026—Favourable surveys upon the "Hibernia" adverted to, 1027.

Witness has also examined the "Columbia," lying at Messrs. Laird's, and explains the nature of her defects, 1038-1055. 1062-1064—Propriety of the limitation by the Post Office, in accepting the "Columbia" for two round voyages only, 1056-1061—The "Columbia" can be made quite efficient for the Galway service in about five months, and at a cost of about 17,000 *l.*, 1064-1072. 1074-1076—Some of the defects in the "Columbia" could not be detected in an ordinary survey, 1077-1080—Check through Lloyd's surveyors, and surveyors appointed by the owners upon the proper construction of vessels generally, 1081-1084.

L.

Laird, John. (Analysis of his Evidence.)—Is a shipbuilder at Birkenhead, 1085—The "Hibernia," and "Columbia" are now in witness's hands for repairs, 1086—Confirmation of the evidence of Mr. Jordan as to the imperfect rivetting and defective workmanship generally in these vessels, 1087-1093—Conclusion, that even if the specifications in the contracts for these vessels were not sufficiently full, the builders were yet bound to make the vessels perfectly efficient for the service required of them, 1094-1103. 1106-1108—For 100,000 *l.* witness would undertake to build a vessel efficient in every way for the service, 1104, 1105.

Precautions taken by the Atlantic Mail Company that the vessels when delivered to them by the contractors should be in a perfectly satisfactory state; question hereon, whether the company should not have provided a closer inspection during construction, 1109-1126. 1139-1141—Rare instances of special surveyors being employed in witness's yard for parties having ships built by him, 1118-1126. 1140, 1141—Opinion that the accident to the "Hibernia" was a lucky circumstance, and that it was fortunate she did not attempt to cross the Atlantic, 1127, 1128—Orders received by witness to repair the "Hibernia" in accordance with the report of Mr. Jordan, and to make her as strong as possible, 1129, 1150, 1170.

Efficiency of the "Hibernia" for the service from Galway when strengthened by witness, 1129, 1130, 1150—Data for concluding that this vessel should be able to maintain an average speed of from eleven to twelve knots an hour, 1131, 1132—Exceptions taken to the favourable character of the report on the vessel by Mr. Lewcock, the Admiralty surveyor, 1133-1137—Better for the company if the "Connaught" and "Hibernia" had not been accepted by the Government, 1142-1149, 1151.

Confirmation of Mr. Jordan's views as to the imperfect rivetting of the "Columbia," 1152-1156—Sufficiency of twelve months for the construction of the vessels, 1157-1160—Work to be done by witness to the "Columbia," 1161, 1162, 1170—She will then be perfectly strong for the service, 1163—She should go from eleven to twelve knots an hour, 1164—The "Hibernia" will take about four months to repair, 1165-1169—And the "Columbia" from four to five months, 1168—The repairs to the "Hibernia" are estimated at from 30,000 *l.* to 35,000 *l.*, 1169—The "Columbia" repairs will cost about 20,000 *l.*, *ib.*—Latitude given to witness as to the amount of repairs, &c., to be done, 1170.

"*Leinster*," The. See "*Hibernia*," The.

Lewcock, Jeremiah. (Analysis of his Evidence.)—Is inspecting officer of the building of Her Majesty's ship "Defence," now being built at Messrs. Palmers Brothers, & Co's., on the Tyne, 1478, 1479—Saw the "Hibernia" from time to time when under construction at Messrs. Palmer's, 1480, 1481—Was called upon to report upon the "Hibernia" to the Admiralty in March last, when she was afloat, and reported favourably of her, 1482-1488—So far as witness could judge, the workmanship and construction of the vessel were not inferior, and the rivetting was very good; grounds for this conclusion, 1485-1511—Dissent from the opinion that she had no keelsons worthy of the name, 1506, 1507.

Lewis, Harvey. (Analysis of his Evidence.)—Was chairman of the Atlantic Mail Company from about June 1859 to July 1860; 1675, 1676—Explanatory statement as to a letter from the company to the Treasury, on the 18th January 1860, having represented that the company had completed contracts for building five steamboats, whereas, strictly, no contracts were completed till the following June; this led to no misunderstanding whatever on the part of Government, 1677-1692.

Evidence showing that in consequence of proceedings in Parliament, and of the Postal Contract Committee, the company were completely paralysed as regards their financial condition, and their operations generally, 1693 *et seq.*—Correspondence with the Treasury 0.83.

Report, 1861—continued.

Lewis, Harvey. (Analysis of his Evidence)—continued.

sury in July 1859, relative to the validity of the contract, 1693-1697—Facility for raising any amount of money that could be required, but for the constant attacks upon the validity of the contract, 1701, 1702. 1725.

Examination as to the number of shares allotted and the amount paid up at different periods; witness is not prepared with details hereon, but there was great difficulty in placing the shares, and large arrears accrued up to the time of the ratification of the contract, 1703-1707. 1725-1748—The capital of the Company was 500,000 *l.*, 1705-1707—Statement as to the "Prince Albert" and other vessels not intended for the Boston and New York service having been purchased out of the portion of capital first called up, 1707-1724.

Prejudice to the Company in their dealings with the ship-builders, through the want of money to keep up the instalments, 1727-1734—Objection of witness to recommending the scheme to his friends on account of their doubts thrown upon the contract, 1746, 1747.

Witness retired from the Company last year after the contract was confirmed, and has now no interest in it, 1749-1751—Desire of witness in retiring to see a new and more experienced Board established, and to be succeeded as chairman by such a man as Mr. Malcomson, who is one of the largest steam-ship owners in the world, 1750-1758—A better Board than the present could hardly be obtained, 1759-1761—Success of the late Board but for the tremendous difficulties it had to encounter, 1761, 1762—Engagements left by the former Board by which the present Board have been crippled, 1763-1768.

Luke, James. (Analysis of his Evidence).—Surveyor or Inspecting Officer of the Admiralty, 1367, 1368—Inspected the "Columbia" at Southampton during the beginning of April; she was then nearly complete, 1369-1372—Enumerates the objections made by witness to the vessel in April, and forwarded by him to the Company at the time, 1373-1380—Refers more especially to a deficiency of longitudinal strength at the keel and at the bottom; alterations made by his suggestion for remedying this, 1375-1377—Adheres to the views expressed in his report that the vessel might be used for two or three summer voyages, and would then require longitudinal strengthening, 1377-1382.

Opinion that neither the workmanship nor the riveting of the "Columbia" were of the best description, 1383. 1392-1394—Possibility of rendering the vessel sufficiently strong; doubt as to the effect of this upon her speed, 1384, 1385—Difficulty of a detailed inspection of the vessel by witness, she having been afloat, 1386—Statement relative to the cutting of the keelson of the vessel, and the weakness produced thereby; concurrence in the opinion of the Board of Trade Surveyor on this point, 1386-1391. 1397-1405. 1410-1414.

Witness did not read the specification, but surveyed from the facts before him, 1388. 1395, 1396—Time taken in the survey; necessity of getting the ship away on the 9th April, 1395. 1415-1418—Witness inspected the "Hibernia" at Birkenhead after she had broken down, 1406. 1421—Statement as to the object of submitting the designs of mail vessels to the Admiralty, 1407-1409. 1425—Additional requirements of the Admiralty survey as compared with the Board of Trade survey, 1413. 1419—Explanation as to witness having reported on the "Columbia" without seeing her in dry dock, 1420.

Conclusion as regards the "Hibernia" that she was deficient in strength in her original construction, 1422, 1423—Doubt as to the effect of altering the "Hibernia" upon her rate of speed, 1424—Survey by the Admiralty of mail packets, without, however, becoming responsible for any defects, 1426-1429—Statement as to witness having, in August 1860, reported that the "Parana" was fit for temporary service in conveying the mails between Galway and Boston, but not for permanent service, 1430-1437.

Question as to the "Parana" having been found insufficient in speed for our West India service; speed required for the Galway and New York service adverted to hereon, 1438-1447—Explanation as to witness having reported to the Post Office in April last that the "Parana" could not, as regards speed, perform the service under contract with the Galway Company; she might have performed the voyage to Boston in the appointed time, 1448-1473. 1477—Reference to the circumstance of the "Persia," after she had been surveyed, having had some considerable alterations made in her, 1474-1476.

[Second Examination.]—Average speed required to perform the service from Galway to New York, further adverted to, 1512, 1513—Further examination relative to witness's report that the "Parana" could not perform the voyage to St. John's in six days, nor fulfil the stipulations of the contract from Galway to New York, taking the average, 1514-1536—Under favourable circumstances she might have done the distance to Boston in the prescribed time, 1521-1524. 1529-1532.

M.

Mail Packets (Galway Line) See *Vessels of the Company*.

Malcomson William. (Analysis of his Evidence.)—Is Chairman of the Royal Atlantic Mail Steam Navigation Company, 1781—Considers that if the time for re-commencing the service to New York, were extended for four or five months, or rather till about the 1st February next, the company would then be in a position to carry on the service efficiently, 1782-1792. 1837-1841—Suggests the propriety of not binding the company, upon the risk of terminating the contract, to enter St. John's within six days from Galway; impracticability at times of entering St. John's without danger to life and to the vessels and mails, 1793-1811, 1823-1829. 1841-1847.

The company do not seek to alter the time between Galway and New York, 1793. 1811—When impracticable to go to St. John's the company wish to have liberty to land the mails and telegrams at Halifax, the latter being open at all seasons of the year, 1798-1805—Question whether, under the existing contract, the company's vessels are really required to enter St. John's when the weather renders it dangerous to do so, 1812-1818—Circumstance of the beginning of February being a dangerous time off the Newfoundland coast, 1819-1822.

Expectation that the company are to receive the Colonial subsidy of 8,500 *l.* a year for delivering the mails at St. John's, 1830-1832—Difficulty experienced by the company in placing their shares and getting in their capital owing to the uncertainty previously to August 1860, about the ratification of the contract, 1833-1835—Explanation as to a conversation between witness and the Postmaster General relative to a transfer of the port of departure to Foynes, 1836—Willingness of the company to work under a reasonable system of penalties for non-performance of the service within the specified time, 1848, 1849.

Management of the Company. Opinion as to the success of the late Board, but for the tremendous difficulties it had to encounter, *Lewis* 1761, 1762.

See also *Board of Directors.* *Financial Difficulties.*

Misfortunes of the Company. Great consideration to which the company are entitled, and which they have received, owing to the misfortunes they have met with, *Lord Stanley of Alderley* 185, 186.

Sundry and great misfortunes of the company, adverted to by the Committee; consideration to be extended to them on this score, *Rep.* xi-xiii.

See also "*Columbia*," *The*, 2. "*Connaught*," *The.* *Financial Difficulties.* "*Hibernia*," *The*, 4. *Penalties and Fines.*

Monthly Service. Application made by the company in September 1860, that the service should be monthly instead of bi-monthly; grant of this concession by the Government, *Lord Stanley of Alderley* 25-30—Stipulations under which the company requested that the service should be monthly instead of bi-monthly up to the 12th March 1861; conditions under which the Postmaster General was prepared to assent to this arrangement, *ib.* 106-111.

Letter from witness's firm to the Post Office, on the 3d September 1860, proposing that the service shall be a monthly one for not more than six months, *Vallance*, 661-664—Contemplated use of the "*Prince Albert*" in proposing to perform a monthly service till March; question hereon as to this having been an indispensable condition, *ib.* 665-667. 674-682. 754-762—Date prior to November at which the first application to the Treasury for a monthly service was made, *ib.* 685-687—Several conditions upon which the Company offered on the 25th October 1860, to carry on a monthly service till March, *ib.* 690, 691. 751-753.

N.

New York. Remarks upon the circumstance of less time being allowed to convey the mails to New York than to Boston, *Vallance*, 455, 456. 461-465.

Statement of the days upon which the Galway packets should have sailed for and from New York, the days upon which they actually did sail, the time occupied on each voyage, with the penalties and fines incurred, *App.* 298, 299.

NEWFOUNDLAND SERVICE:

Examination upon a statement that by the end of 1859 the contract of the Galway Company for the conveyance of the Newfoundland mails, which had only been for one year, had terminated, and that the Colonial Government would only be willing to continue the contract provided the Imperial Government would continue to pay 4,500*l.* towards the subsidy, *Lord Stanley of Alderley*, 31 *et seq.*—Belief that it was never contemplated

Report, 1861—continued.

NEWFOUNDLAND SERVICE—continued.

contemplated by the Treasury to continue the subsidy of 4,500*l.* a year for the Newfoundland service, after the new company had come into operation, *Lord Stanley of Alderley* *ib.* 38-46—Views expressed by the Treasury as to the Newfoundland Government continuing the payment of 8,500*l.* a year, *ib.* 47, 48. 61-64. 69—Understanding of the company that they should receive the subsidy of 8,500*l.* a year from the Newfoundland Government in addition to the Imperial subsidy of 78,000*l.*; delay before the company consented to the conditions under which they were to receive the payment, *ib.* 48-53. 65, 66.

Contemplated continuance by the company of the service under the colonial contract, its renewal for four years having been expected; examination on this point, *Vallance* 589-615—Further evidence upon the question of the renewal of the Newfoundland contract; termination, strictly speaking, of this contract by the end of 1859; desire of the Colonial Legislature to renew it for four years, subject to the sanction of the Home Government, *ib.* 699-725. 746-748—Explanation as to the company not having at once closed with the offer of the Post Office in September and October 1860, that they should continue to receive the colonial subsidy of 8,500*l.* in addition to the Imperial subsidy of 78,000*l.*, and that the two contracts should merge into one, *ib.* 701-703. 726-753—Complaints as to Lord Stanley of Alderley having (on the part of the Post Office) compelled the company to sign the agreement of the 24th January 1861, and bound them to deliver mails at St. John's, without any claim to the colonial payment of 8,500*l.*, *ib.*, 781-813.

Expectation that the company are to receive the subsidy of 8,500*l.* a year for delivering the mails at St. John's, *Malcomson* 1830-1832.

Grounds for the statement that the contract for the Newfoundland service was regarded by the colony as a five years' contract, although in the first instance made for only one year certain, *Shea* 2104-2115—Reference to some recent addresses from the House of Assembly, praying that the Home Government will deal leniently with the Galway Company, *ib.* 2122, 2123.

Copies of addresses of the Newfoundland Legislature to the Secretary of State for the Colonies, on the subject of ocean steam communication, passed in June 1861, *App.* 301, 302.

Performance of the Newfoundland service previously to the date of signing the Imperial contract, and subsequently until June 1860, *Rep.* iii—Review by the Committee of the evidence adduced on either side upon the question of the company being deprived of the colonial subsidy of 8,500*l.*, *ib.* ix, x—Opinion of the Committee on this point, that it was not part of the original contract that mails should be delivered at St. John's, and that as a service was imposed on the company for which they had not contracted, it is fair they should be remunerated for it, *ib.* x.

See also *St. John's, Newfoundland. Subsidies*, 2, 3.

Non-performance of Service. See *Irregularity of Service. Omitted Voyages. Overtime. Penalties and Fines.*

North American Mails (Cunard Contracts). Copy of contract, dated 1st January 1852, between the Admiralty and Messrs. Samuel Cunard, George Burns, and Charles M'Ivor, for the conveyance of the North American mails, *App.* 265-272—Copy of contract with Mr. Cunard and others for the conveyance of the North America and Bahama mails, dated 24th June 1858, *ib.* 272-278.—See also *Cunard Contracts.*

"*North Briton,*" *The.* Circumstance under which 291*l.* was deducted as sea postage, through the transfer of some mails to the "*North Briton,*" *Vallance* 417, 418—Reference to the deduction of 291*l.* as indemnity for sending some letters by the Canadian packet, *Page* 1952, 1953.

Notice of Sailing. Inconvenience through the Company not having been able to give notice of the sailing of their vessels until some few days beforehand, *Sir R. Hill* 1925, 1926.

O.

Omitted Voyages. Out of forty-six single voyages which the Company were bound to perform, only seventeen had been performed at all, and of these only three within the strict terms of the contract; circumstance of some of the forty-six voyages referred to having been waived with the consent of the Government, *Lord Stanley of Alderley* 24-32—Proportionate deduction from the subsidy during the non-performance of the service, *ib.* 141—Statement that upon the many occasions of not performing the voyage at all there was no penalty imposed upon the Company, *ib.* 143-145. 170-174—Prior to any proposal to suspend the contract, the Company had failed to perform eight outward and eight homeward voyages, *ib.* 170-173.

Belief

 Report, 1861—continued.

Omitted Voyages—continued.

Belief as to their having been eight outward and eight homeward voyages omitted prior to the agreement of the 24th January, for which no penalties were inflicted, *Sir R. Hill* 2002-2006.

Return showing the voyages which have been performed by the Galway packets, and the voyages which have been omitted, outwards and homewards, *App.* 298, 299.

One-sided Character of Contract. Responsibility of the Company to the Government, whereas the latter were not responsible, except conditionally, for the payment of the subsidy, *Vallance* 325-329.

Outward Voyages. Return of the days upon which the packets should have sailed on the outward voyages, from the commencement of the service to the day on which the agreement for suspending it was signed, and from the date fixed for the resumption of the service to the day on which the contract was ended; also of the days on which the packets did sail, and the time taken in going to St. John's, Boston, or New York, with the penalty or fine incurred upon each voyage, *App.* 298.

Over Time. Non-infliction of penalty for not reaching St. John's within the prescribed time, *Lord Stanley of Alderley* 165-169—Exemption of the Cunard vessels from penalty for over time, though they have often been behindhand, *Vallance* 457. 460—Exemption generally from penalties for over time on long sea voyages, *ib.* 457-460—Penalty, under the Galway contract, of 5*l.* per hour for the first twenty-four hours over time, and of 10*l.* per hour subsequently, *ib.* 899, 900.

Circumstance of the service to or from St. John's having been performed only three times out of seventeen within the prescribed period, *Sir R. Hill* 1862-1864—Penalties for delay or over time in the case of the Galway contract; strict enforcement of these, *ib.* 1920-1923—With the exception of the penalties for the "Prince Albert," all the penalties in 1860 were for over time, *Page* 1952.

Condition of the contract as to penalties for non-performance or over time, *App.* 185.

Return showing the amount of over time on each voyage to and from St. John's and Boston respectively, *App.* 298, 299.

Taking outward and homeward voyages separately, in 12 instances the company's vessels were beyond their time, and in five instances under time, *Rep.* iv.—Exemption from penalty on the score of over time in the case of Atlantic contracts generally, *ib.* xii.

See also "*Columbia*," *The.* "*Connaught*," *The.* "*Prince Albert*," *The.*

P.

Pacific Mail Service. Copy of articles of agreement made on the 23d September 1850 between the Pacific Steam Navigation Company and the Admiralty, *App.* 233-237.

Further contract for the performance of the Pacific mail service, dated 15th November 1850, continuing the previous contract for seven years, and thenceforward until the expiration of one year's notice, *App.* 237, 238.

Further contract with the Pacific Steam Navigation Company for the conveyance of the Pacific mails, dated 6th April 1858, *App.* 239-241.

Page, William J. See *Hill, Sir Rowland, K.C.B., &c.*

Palmer, John Brough. (Analysis of his Evidence.)—Has the general management of the yard and engine-works of Messrs. Palmer & Co. on the Tyne, 1537—The "Connaught" and "Hibernia" were the two vessels contracted for by Messrs. Palmer, 1538—Construction of the "Hibernia" in strict accordance with the specifications, 1540—The specifications were furnished by Mr. Galloway, of the Board of Trade, in his private capacity, 1540. 1551-1557—Objections made by the builders to the specification as wanting in regard to longitudinal strength; suggestions made by them on this point, 1540. 1543, 1544. 1572.

Stringent inspection to which the workmanship and material were subject, 1540—The vessels were very narrow and of great length, and were indeed a novel experiment, 1540. 1545, 1546. 1583—Facility for strengthening the "Hibernia" sufficiently in about two months after she was placed in dock at Birkenhead, 1540—Denial *in toto* that the rivetting of the "Hibernia" was defective; evidence adduced in proof of the contrary, 1541, 1542. 1626-1641—Straining of the ship attributed to the want of longitudinal strength; evidence of sundry surveyors on this point, 1542-1544. 1642-1648—Circumstance of the "Persia" having required a large outlay upon her after her first voyage, 1546, 1547.

Adequate strength of the "Hibernia," without prejudice to her speed, if strengthened as recommended by witness during construction, 1548, 1549—Departure from the usual practice of the firm in accepting the specifications of the Company, 1550. 1560-1567—Obligation upon the firm to obtain an Admiralty certificate for the "Hibernia,"

Report, 1861—continued.

Palmer, John Brough. (Analysis of his Evidence)—continued.

1568—Speed of fifteen knots an hour attained by the “Hibernia” on her trial; increased speed contemplated in the contract, that is under the most favourable circumstances, 1569–1571. 1573–1575—Different size, character, and price of the vessels for which in the first instance Messrs. Palmer submitted specifications, as compared with the vessels contracted for, 1576–1589.

Delivery of the “Connaught” within twelve months, the contract time having been ten months, 1590, 1591. 1600–1602—Delay in the delivery of the “Hibernia,” which might have been partly obviated if the payments had been regularly made, 1591–1598. 1603, 1604—Circumstance of penalties not having been inflicted for non-delivery, 1605–1608—Doubt as to the actual reasons why the instalments were not forthcoming, 1609–1611.

Part payment of the builders in shares, they having also a mortgage of 50,000 *l.* on the “Hibernia,” 1612, 1613. 1615–1623—Question whether the “Hibernia” is being strengthened in the most advisable manner, 1614—There is no claim outstanding for the “Connaught,” 1624, 1625—Exceptions taken to several portions of Mr. Jordan’s evidence relative to the “Hibernia,” 1626–1641.

Palmer, Brothers & Co. Copy of contract, dated 10th June 1859, between the Atlantic Mail Company and Messrs. Palmer, Brothers & Co., for the construction of two iron paddle-steamers, *App.* 279–281—Schedule of specifications attached to the foregoing contract, *ib.* 281–284.

“*Parana*,” *The*. Statement in explanation of witness’s refusal to accept the services of the “Parana” in lieu of the ships previously approved of for the service; conclusion as to her inability to perform the voyage to St. John’s, within the stipulated time of six days, *Lord Stanley of Alderley* 191–203. 206, 207—The Admiralty surveyors were of opinion that the vessel could not perform the Newfoundland service in the stipulated time, *ib.* 194, 195. 206, 207—She had not upon any occasion performed the service between Galway and St. John’s within six days, which is a very important consideration, *ib.* 195. 199.

Circumstances under which a penalty was not inflicted for the substitution of the “Parana” for the “Connaught” in June 1860, *Vallance* 388–392—Doubt whether a penalty was enforced when the “Parana” was employed in August 1860, *ib.* 393–396.

Complaint as to the Post Office having refused to accept in lieu of the “Hibernia,” either the “Adriatic,” “Parana,” or “Magdalene,” for the resumption of the service on the 26th March last, and having imposed a penalty of 3,000 *l.*, *Vallance* 425–440—Good passage made by the “Parana” since the recent refusal, in lieu of the “Hibernia,” *ib.* 445, 446—Notice was given to the Postmaster General that the Company would take the mails in the “Parana” on the 7th May, without any subsidy, *ib.* 445.

Explanation that with regard to the voyage of the “Parana” on the 7th May, a letter was not sent to the Post Office offering to take a mail without charge; such offer was, however, made on the 20th May, with reference to the “Prince Albert,” *Vallance* 634, 635—The Company contend that the “Parana” was in every way a proper vessel for the service, within the terms of the contract, *ib.* 846—Witness contends that the rejection of the “Parana” was an unreasonable rejection upon an immaterial point, and that therefore the termination of the contract was not a legal termination, *ib.* 866–885—Statement as to the refusal of the “Parana” having been based upon a certificate by the surveyor to the Board of Admiralty, that she was unable to go to St. John’s in six days, *ib.* 866.

Statement as to witness having in August 1860 reported that the “Parana” was fit for temporary service in conveying the mails between Galway and Boston, but not for permanent service, *Luke* 1430–1437—Question as to the “Parana” having been found insufficient in speed for the West Indian service; speed required for the Galway and New York service adverted to hereon, *ib.* 1438–1447—Explanation as to witness having reported to the Post Office in April last that the “Parana” could not, as regards speed, perform the service under contract with the Galway Company; she might have performed the service to Boston in the appointed time, *ib.* 1448–1473. 1477—Reference to the circumstance of the “Parana,” after she had been surveyed, having had some considerable alterations made in her, *ib.* 1474–1476.

Further examination relative to witness’s report that the “Parana” could not perform the voyage to St. John’s in six days, nor fulfil the stipulations of the contract from Galway to New York, taking the average, *Luke* 1514–1536—Under favourable circumstances she might have done the distance to Boston in the prescribed time, *ib.* 1521–1524. 1529–1532.

Rejection of the “Parana” adverted to with reference to the difficulty of the Newfoundland service, *Sir R. Hill* 1871—Non-infliction of a penalty in the case of the “Parana” as a substituted ship on the 27th June, *ib.* 1929–1935.

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“*Parana*,” *The*—continued.

Return showing the dates of departure and arrival of the “*Parana*,” with the amount of over time or under time on each voyage, *App.* 298, 299.

Reference to the circumstances under which the Post Office declined to accept the “*Parana*” for the resumed service, *Rep.* iv—Reference to the argument of the Company that at all events the “*Parana*” should have been accepted as a substituted vessel, a penalty of 500 *l.* to be imposed in such case, *ib.* x—Grounds put forward by the Company for considering the objection to the “*Parana*” illegal and untenable, *ib.* x, xi—Argument on the part of the Post Office in justification of the rejection of the “*Parana*,” inasmuch as they had reason for concluding that she could not reach St. John’s in six days, *ib.* xi.

The Committee, while declining to give any opinion on the legal points raised by the company, are of opinion, that as the “*Parana*” was reported by the Admiralty to be unequal to the requirements of the service, the Postmaster General was justified in refusing her, *Rep.* xi.

Parliamentary Proceedings. Summary of the proceedings taken by Parliament or by Government since 1858, in connexion with the contract entered into with the Atlantic Royal Mail Steam Navigation Company on the 21st April 1858, for the mail service between Galway and Boston, and New York, *Lord Stanley of Alderley* 3-23.

No assurance that Government could have given would have removed the apprehension that Parliament might not ratify the contract, *Vallance* 358, 359, 384—Evidence showing that in consequence of proceedings in Parliament, and of the Postal Contract Committee, the company were completely paralysed as regards the financial condition, and their operations generally, *Lewis* 1693 *et seq.*

Reference by the Committee to the doubts expressed by Parliament about the ratification of the contract, *Rep.* xi., xii.

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Passengers. Clauses in the contract in regard to receiving on board officers in the navy, army, or civil service, with wives &c., as chief cabin passengers, *App.* 187—Clauses in regard to non-commissioned officers and civilians, with their wives, &c., being received on board as fore-cabin passengers, *ib.*—Clauses in regard to seamen, marines, soldiers, &c., being received on board as deck passengers, *ib.* 188—Provisions in the contract in regard to the conveyance of baggage of passengers, *ib.*—Provisions in regard to victualling Admiralty passengers, *ib.*—Conditions of the contract in regard to the rate of passage money, &c., *ib.*—Conditions as regards providing protection for soldiers and deck passengers, *ib.* 189.

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1. *For the Employment of the “Prince Albert.”*
2. *For the Postponement of the Service from the 26th March to the 9th April.*
3. *For Overtime in the case of the “Connaught ;” question of the infliction of Penalties for detention through fogs, adverted to hereon.*
4. *For Delays or Overtime generally.*
5. *Total Penalties and Fines.*
6. *Non-infliction of Penalties or Fines for Suspension or Omission of Service.*
7. *Generally as to the course pursued by the Post Office.*
8. *Clauses in the Contract as to Fines and Penalties.*
9. *Conditions of other Contracts and treatment of other Companies in regard to Penalties.*
10. *Conclusions of the Committee.*

1. *For the Employment of the “Prince Albert :”*

Fine of 500 *l.* upon the several occasions of substituting the “*Prince Albert*,” she being inferior in tonnage and steam power to the stipulations of the contract; propriety of this fine, *Lord Stanley of Alderley* 141; *Sir R. Hill* 1936-1941, 1951—Total of 1,500 *l.* deducted as fines for the employment of the “*Prince Albert*,” *Vallance* 414, 417.

2. *For the Postponement of the Service from the 26th March to the 9th April :*

Explanation as to a fine of 3,000 *l.* having been inflicted for the postponement of the service from the 26th of March to the 9th April, *Lord Stanley of Alderley* 183, 184—The Company looked upon the payment of 3,000 *l.* as a very great concession or boon to them, *Lord Stanley of Alderley* 184; *Sir R. Hill* 2018.

Complaint as to the Post Office having refused to accept, in lieu of the “*Hibernia*,” either the “*Adriatic*,” “*Parana*,” or “*Magdalena*,” for the resumption of the service on the 26th March last, and having imposed a penalty of 3,000 *l.*, *Vallance* 425-440.

Further reference to the infliction of a penalty of 3,000 *l.* for delay in the re-commencement of the service this year; the Post Office might instead have terminated the contract, 0.83.

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Sir R. Hill 1987, 1988—Statement that the 3,000 *l.* paid by the Company for the postponement of the service till the 9th April cannot be looked upon as a penalty inflicted by the Post Office, *ib.* 2017–2019.

3. *For Overtime in the case of the "Connaught;" question of the infliction of Penalties for detention through fogs, adverted to heron:*

Penalty for the detention of the "Connaught," which was stated to be caused by a fog; doubt as to the Admiralty formerly having made allowance for such detentions, *Lord Stanley of Alderley* 156–164. 180–182—Circumstance of the packets from Holyhead being exempt from penalty in the event of delay through fogs, *Lord Stanley of Alderley* 180–182; *Sir R. Hill* 2060, 2061. 2085.

Evidence relative to the infliction of a penalty in the case of the "Connaught" when detained for 37 $\frac{1}{2}$ hours off St. John's by a fog; grievance thereby, *Vallance* 478–503—Witness is not aware of any instance of a penalty having been inflicted by the Admiralty for delay arising from fogs, *Clifton* 917, 918—Considers that under the terms of the Galway contract, no penalty should be imposed for detentions through fogs or icebergs, *ib.* 919–932—The report of the Admiralty agent on board in the log of the vessel, must be taken as evidence upon the question of fogs, &c., *ib.* 933–940.

Explanation as regards the overtime in the case of the "Connaught" that she was one day late over and above the alleged detention through a fog, *Sir R. Hill* 1954. 1986—Opinion that the excuse of the fog in the case of the "Connaught" is not a valid excuse, *ib.* 1954, 1955—Examination upon the foregoing point with reference more especially to evidence received by Government, that vessels could enter St. John's at the time in question, as contrasted with evidence adduced on the part of the Company to a contrary purport, *ib.* 1956–1986—Circumstances of the Post Office not following the precedent of the Admiralty in regard to relying upon the log of the captain as evidence of the state of the weather, *ib.* 1962–1967.

Consideration of the question of exemption from penalties when incurred under circumstances beyond the control of the Company; doubt as to the detention through fogs or icebergs being one of these exceptional circumstances contemplated by the contract, *Sir R. Hill* 2048–2046—Difficulty in deciding whether the penalty should be inflicted in the case of certain contradictory evidence about detention by a fog, *ib.* 2059.

Evidence showing that on the 11th or 12th August 1860, the "Connaught" was detained off the coast of Newfoundland by an unusually heavy fog, *Shea* 2075–2089.

The Committee considers that the rule as regards the infliction of fines for overtime should not be applied in a doubtful case like that of the "Connaught"; recommended remission of portion of the fine in this case, *Rep.* viii, ix.

4. *For Delays or Overtime generally:*

The ordinary penalties only were imposed for delays, *Lord Stanley of Alderley* 146—Exemption in contracts generally from penalties for overtime in long sea voyages, *Vallance* 457–460—Penalty in the case of the Galway contract of 5 *l.* per hour for the first twenty-four hours overtime, and of 10 *l.* per hour subsequently, *ib.* 899, 900—Willingness of the Company to work under a reasonable system of penalties for non-performance of the service within the specified time, *Malcomson* 1848, 1849—Strict enforcement of the penalties for delay on overtime in the case of the Galway contract, *Sir R. Hill* 1920–1923—With the exception of the penalties for the "Prince Albert," all the penalties in 1860 were for overtime, *Page* 1952.

5. *Total Penalties and Fines:*

There was a total of 4,736 *l.* imposed as penalties between June and September 1860; 2,945 *l.* of which was for overtime, *Vallance* 410–424.

Statement showing that the penalties and fines imposed on the Company from June 1860 to May 1861, amounted to the gross sum of 9,515 *l.*, *Rep.* v.

6. *Non-infliction of Penalties or Fines for Suspension or Omission of Service:*

Non-imposition of penalty for the many occasions of omission of service, *Lord Stanley of Alderley* 143–145. 170–174—There was no infliction of any fines during the suspension of the service, *Vallance* 441, 442—Indulgence in penalties not having been inflicted during the suspension of the service, *Sir R. Hill* 1928—Belief as to their having been eight outward and eight homeward voyages omitted prior to the agreement of the 24th January 1861, for which no penalties were inflicted, *ib.* 2002–2006.

7. *Generally as to the Course pursued by the Post Office:*

Necessity of the Post Office meting out penalties to the different companies with an equal hand, *Lord Stanley of Alderley* 175, 176—Infliction of penalties upon the company on almost every occasion of departure from the terms of the contract, *Vallance* 387, 388—Opinion that the company has been treated with great indulgence in regard to the infliction of penalties, *Sir R. Hill* 1927, 1928—Neglect of the public interest

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8. *Clauses in the Contract as to Fines and Penalties :*

Conditions of the contract as to the penalties for non-performance or overtime, *App.* 185—Conditions of the contract in regard to sums to be forfeited or paid by the Company, to be considered stipulated damages, *ib.* 190.

9. *Conditions of other Contracts and treatment of other Companies in regard to Penalties :*

Indulgence in the cases respectively of the Royal Mail Company and the Galway Company, upon the score of non-infliction of penalties, *Lord Stanley of Alderley* 147-155 —Stringent conditions in the former Australian contract, and in other contracts, as well as in that under consideration, *ib.* 177-179 —Circumstance of there being no penalties under the Cunard contract, except for lateness of departure, *Sir R. Hill* 1909-1919—Examination relative to the manner in which the Royal Mail Company performed the West India service during the first few years of their contract, with reference more especially to the non-infliction of penalties for overtime; absence of any parallel between the case and that of the Galway Company, *ib.* 2020-2037—Nature of the provisions in the Cunard contract of 1st January 1852 for the infliction of penalties, *App.* 267, 268. 271.

10. *Conclusions of the Committee :*

Consideration of the statements adduced on either side in regard to the infliction of three penalties of 500 *l.* each for the use of the "Prince Albert," a substituted ship, and of one penalty of 3,000 *l.* for the postponement of the re-commencement of the service to the 9th April, *Rep.* viii—Conclusion that the Postmaster General was justified in imposing these penalties, *ib.*—The Committee recommend that so much of the fine imposed in the case of the "Connaught" as had reference to the delay occasioned by the fog, should be remitted, *ib.*

See also *Exemption from Penalties.* *Time Table.*

"*Persia*," *The.* Circumstance of the "Persia" having required a large outlay upon her after her first voyage, *Luke* 1474-1476; *Palmer* 1546, 1547.

Port of Departure. See *Foynes.*

Post Office. Outline of the proceedings taken by the Post Office since 1858 in connexion with the contract entered into with the Atlantic Company on the 21st April 1858, *Lord Stanley of Alderley* 3-23.

Consideration experienced by the Company at the hands of the Treasury, but not of the Post Office, *Vallance* 407-409—Reasonableness of the stipulation by the Post Office that the contract might be terminated if all the conditions upon which the suspension was granted were not fulfilled, *ib.* 776-780—Determination expressed by the Postmaster General, in his letter of the 26th December, to terminate the contract of the service were not recommenced on the appointed day, *ib.* 821.

Onerous clauses prepared by the Post Office for the agreement of January, and exceptions taken by the Company thereto, *Vallance* 822-826—Peremptory requirement by Lord Stanley on the 19th January, that the agreement be signed by the Company within seven days, *ib.* 828—Inaccuracy of the statement that the Company has been treated with peculiar indulgence; *ib.* 829.

Witness was consulted upon the more important steps taken by the Post Office with reference to the Galway contract, *Sir R. Hill* 1852, 1853—Neglect of the public interest and unfairness to competing contractors if the Post Office were lax in the enforcement of the conditions, *ib.* 1984-1993. 2038, 2039—Neglect of the public interest if the Post Office had not been strict in the survey of the vessels, *ib.* 1995, 1996—Repeated failures and repeated infliction of fines before the Post Office determined the contract, *ib.* 1997, 1998—The great indulgence shown by the Post Office is the most difficult part of their conduct to justify, 2000, 2001.

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Postage (Galway Service). Slight value of the contract but for the Newfoundland portion of it; small postage received, *Sir R. Hill* 1872-1874. 1890-1896—Statement showing that the cost of the Galway contract to the Government has been more than ten times as much as the amount earned by the postage conveyed, *Sir R. Hill* 1890-1899. 1924; *App.* 301.

Paper showing that the earnings of the Post Office by the Galway packets up to the 23d October 1860 were about 1,400 *l.*, whilst the cost to the Post Office was 15,264 *l.*, *App.* 301, 302.

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Postponement of Service. See *Suspension or Postponement of Service.*

Premiums for Undertime. Circumstance of Lord Colchester, when Postmaster General, having recommended to the Treasury that as well as fines for overtime, there should be premiums for undertime; this was not granted, *Vallance* 912.

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“*Prince Albert*,” *The.* Refusal by the Postmaster General of the application for employing the “*Prince Albert*” in the service; this could not have affected the readiness of the Company to recommence the service in March 1861, *Lord Stanley of Alderley* 112-115, 122, 123—Diminution of 500*l.* from the subsidy each time the “*Prince Albert*” sailed, in lieu of the superior vessels first contracted for, *ib.* 141.

Penalty, rather than concession, involved in the deduction of 500*l.* from the subsidy for each voyage of the “*Prince Albert*”; this was, in fact, a fine in addition to the ordinary penalties for overtime, *Vallance* 397-406—Total of 1,500*l.* deductions as fines for the employment of the “*Prince Albert*,” *ib.* 414, 417—Time taken by the “*Prince Albert*” for each of the three voyages when substituted for other vessels; heavy penalties on the last occasion, *ib.* 447-455—Statement in explanation of the “*Prince Albert*” having been offered, temporarily, as one of the ships for the monthly service, although the Post Office had on previous occasions refused to accept her, *ib.* 665-667, 674-682, 754-765.

Statement as to the “*Prince Albert*” and other vessels, not intended for the Boston and New York service, having been purchased out of the portion of capital first called up, *Lewis* 1707-1724.

Fine of 500*l.* upon three several occasions of substituting the “*Prince Albert*,” she being inferior in tonnage and steam power to the stipulations of the contract; propriety of this fine, *Sir R. Hill* 1936-1941, 1951.

Statement showing the extent of overtime upon different occasions of the employment of the “*Prince Albert*,” *Page* 1942-1950—Length of certain voyages of the “*Prince Albert*” further adverted to; she was under contract to the Colony on these occasions, *b.* 2066-2071.

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Rates of Passage. Conditions in the Galway contract in regard to the rate of passage-money, *App.* 188—Table of rates of passage attached to the contract; that is, for cabin and deck passengers respectively, *ib.* 192.

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Recommencement of Service. Protest under which the Company may be said to have agreed on the 24th of January, to accept the new arrangements proposed by witness, and to recommence the service in March; alternative of a cancel of the contract if they had not accepted these arrangements, *Lord Stanley of Alderley* 124, 129-139—Opinion that the Company would have been in no better position if the re-commencement of the service had been extended to the 1st June or 1st July, *ib.* 205.

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Emphatic promise that the service should be re-commenced in March, but for which the Post Office would not have agreed to its suspension, *Sir R. Hill* 2010-2013.

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Copy of articles of agreement between the Postmaster General and the Company, dated 24th January 1861, by which it is provided that the service shall be resumed on the 26th March 1861, *App. p. 193, 194.*

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Renewal of Contract. The Committee are of opinion that, should it be deemed advisable to re-establish postal communication between the west coast of Ireland and America, the Atlantic Steam Packet Company are deserving of the favourable consideration of Government, *Rep. xiii.*

Royal Mail Company. Relative indulgence, as regards non-infliction of penalties, in the case of the Royal Mail contract, and the Galway contract, *Lord Stanley of Alderley 147-155.*—Examination relative to the manner in which the Royal Mail Company performed the West India service during the first few years of their contract, with reference more especially to the non-infliction of penalties for overtime; absence of any parallel between this case and that of the Galway Company, *Sir R. Hill 2020-2037.*

Copy of articles of agreement made on the 5th July 1850 between the Admiralty and the Royal Mail Steam Packet Company for the conveyance of the mails to and from the West Indies, &c., *App. p. 242-248.*—Tables of routes for the packets of the Royal Mail Company, showing the periods fixed for departure and arrival by each route, in connexion with the foregoing contract, *ib. 249-256.*—Tables of rates for Government passengers, *ib. 257-260.*

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ST. JOHN'S, NEWFOUNDLAND:

1. *Question between the Post Office and the Company as to the latter having been bound by the Contract to deliver Mails at St. John's.*
2. *Understanding of the Treasury as to calling at St. John's.*
3. *Understanding of the Admiralty on the subject.*
4. *Conclusions of the Committee on this Question.*
5. *Obligation under the Agreement of 24 January 1861 to land the Mails at St. John's.*
6. *Mode of performance of the Service to St. John's: difficulty on the subject.*

1. *Question between the Post Office and the Company as to the latter having been bound by the Contract to deliver Mails at St. John's:*

Consideration of a question between the Post Office and the Company, whether the latter were obliged to deliver the mails as well as the telegrams by each vessel at St. John's; words of the contract hereon; conclusion that there was a clear liability to deliver the mails, *Lord Stanley of Alderley 49. 55. 70-101.*—Three separate applications were made to the Company to give their assent or dissent to the proposition of the Post Office, and no answer was returned for several weeks, *ib. 49.*—Reference to the circumstance of a clerk in the Admiralty having stated that it was not intended at first to send mails as well as telegrams to St. John's, *ib. 84, 85. 93.*—Circumstance of St. John's not being named in the time table as a place where the mails were to be delivered, *ib. 94, 95. 101.*—Possibility of the Company having contemplated the delivery of the Newfoundland mails by the vessels under the separate Colonial contract, *ib. 96-100.*

Examination to the effect, that by the original contracts the Company were not obliged to deliver mails, as well as telegrams, at St. John's; grants for this conclusion, *Vallance 504 et seq.*—Clear intention of the Company, as one of the contracting parties, that the mails should not be required to be delivered at St. John's, whatever the literal interpretation of the contract may be, *ib. 506. 545.*—Wording of the clauses adverted to in support of witness's views, *ib. 506 et seq.*—Great difference between landing telegrams and landing mails or passengers; difficulties, at times, in the latter case, *ib. 508. 518-531. 541.*—Large weight and bulk occasionally of the mails for St. John's, *ib. 508. 520, 521.*

The Company always contemplated delivering telegraphic messages at St. John's, but no question was ever raised in any of the discussions about the clauses of the contract, nor in any of the correspondence to deliver mails there; *Vallance 534-545.*—Proof that the Company contemplated only an accidental calling at St. John's, *ib. 542-545.*

Reference to a memorandum by witness, at the time of the negotiations, showing that the Company objected to be compelled to deliver mails at St. John's, *Hamilton 621.*

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Witness looks upon the service between Galway and St. John's in six days, as the principal feature in the contract, on account of the telegraphic communication; it was so put forward by the Company themselves, *Sir R. Hill* 1856-1859. 1883-1886. 1896—Additional day allowed beyond what was proposed by the Company, in order to admit of the proper performance of the Newfoundland service, *ib.* 1860, 1861—Grounds for concluding that the Company were bound by the contract, to deliver letters as well as telegrams at St. John's; *ib.* 1865-1870. 1876-1881—Small weight and bulk of the vessels to Newfoundland, *ib.* 1881, 1882. 1924—The postage to Newfoundland is something ludicrously small, *ib.* 1924.

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2. *Understanding of the Treasury as to calling at St. John's:*

Witness explains that it was not intended by the Treasury that the Company should be obliged to deliver the Newfoundland mails at St. John's, pending the Colonial yearly contract then existing, but that the American mails, as well as the telegrams, were contemplated to be delivered there when convenient, *Hamilton* 621-631—The landing at St. John's was rather a contingency, as there might be difficulties in the way, *ib.* 624.

3. *Understanding of the Admiralty on the subject:*

When the Galway contract was being discussed by the Treasury and Admiralty, it was understood by witness, on the part of the Admiralty, that the Company should not be required to deliver mails at St. John's, *Clifton* 914-916.

4. *Conclusions of the Committee on this Question:*

Consideration of the interpretation put upon the contract by the Company, that although bound to deliver telegraphic messages at St. John's, they were only so bound when required by the Admiralty, and that they were not obliged to deliver mails there, *Rep. v, vi*—Different interpretation of these clauses of the contract by the Postmaster General, *ib. vi*—Reference to the evidence adduced by the Company as to their intention in agreeing to the clauses, namely, that they should not be called upon deliver mails, *ib. vi, vii*—Views of the Post Office as to its having been clearly intended that the mails should be taken to St. John's, *ib. vii*—Further reasons adduced on the part of the Post Office for concluding that a six days' communication with St. John's was to be provided under the contract, *ib. xi*.

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5. *Obligation under the Agreement of 24 January 1861, to land the Mails at St. John's:*

Conditions laid down by witness on the 20th November 1860, that in granting a suspension of the contract until the 12th March 1861, the mails to and from Newfoundland must be delivered by each vessel, without any additional payment; grounds for prescribing this condition, *Lord Stanley of Alderley* 54 *et seq.*—Clause in the new contract of January last, making it clearly obligatory on the Company to deliver mails as well as telegrams at St. John's, *Vallance* 469-471—Removal of all doubt about calling at St. John's, by the agreement of the 24th January last, *Sir R. Hill* 1887.

6. *Mode of Performance of the Service to St. John's; difficulty on the subject:*

Constant failure of the Company to reach St. John's within the prescribed time notwithstanding which no penalty was inflicted on this score, *Lord Stanley of Alderley* 165-169—Importance attached to the due performance of the service to St. John's, on account of the telegraphic communication thence to America, *ib.* 195.

Conclusion arrived at by the Directors of the Company that it is almost impossible to carry out the contract without occasional derelictions, owing to the condition about taking the mails to St. John's in six days, *Vallance* 466-477—Inability of the Company in cases of accident to their own ships, to procure ships capable of going to St. John's with
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the mails in six days, and otherwise performing the service punctually; no expense has been spared for this purpose, *Vallance* 467. 474-477.

Witness suggests the propriety of not binding the Company, upon the risk of terminating the contract, to enter St. John's within six days from Galway: impracticability at times of entering St. John's without danger to life, and to the vessels and mails, *Malcomson* 1793-1811. 1823-1829. 1841-1847—When impracticable to go to St. John's, the Company wish to have liberty to land the mails and telegrams at Halifax, the latter being open at all seasons of the year, *ib.* 1798-1803—Question whether under the existing contract the Company's vessels are required to enter St. John's, when the weather renders it dangerous to do so, *ib.* 1812-1818—Circumstance of the beginning of February being a dangerous time off the Newfoundland coast, 1819-1822.

Circumstance of the service to or from St. John's having been performed only three times out of seventeen within the prescribed period, *Sir R. Hill* 1862-1864.

Impracticability, on account of the fogs and ice, of vessels performing the voyage from this country to St. John's in six days throughout the year, *Shea* 2090-2103. 2127-2130.

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Samuelson, Martin. (Analysis of his Evidence.)—In June 1859 entered into a contract with the Atlantic Mail Company to build two vessels for them, negotiations upon the subject having been going on since the December previously, 1171-1194. 1199-1203—The specification and price at which witness tendered was much higher than was approved of by the Company, and a reduction was consequently made, 1172-1174. 1195-1198—Size and power, and price of the vessels to be built according to the first arrangement with the Company; no speed was then mentioned, 1183-1188—Alterations made with a view to meeting the specifications as submitted to and approved by the Admiralty, 1195-1197. 1278.

The two vessels were to be delivered in eleven months from the date of the signing of the contract, 1204—Examination upon the subject of the delay in the completion and delivery of the vessels, and explanation that the same was mainly owing to the default of the Company in not paying the instalments in due course, 1205-1226. 1247-1261. 1305-1308—Conditions in the contract that for delays in payment, delays should be allowed in completion; arrangement on this score, so that penalties have not been enforced, 1212-1215. 1227, 1228. 1290-1294. 1308—Difficulty in obtaining cylinders for the "*Anglia*" in proper time; this might have been overcome but for the delay in payment, 1218. 1248-1250.

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The "*Columbia*" was not completed till about the 12th March last, being about eight or nine months overtime, 1251, 1252—The "*Anglia*" was finished on the 1st June; she might have been completed sooner, 1253. 1261—The "*Anglia*" is still at Hull, there being more than 20,000*l.* still claimed upon her from the Company, 1254, 1255. 1257-1260—Alteration and improvement in the specifications at witness's suggestion, 1268. 1278, 1279—Means of the Company's surveyors for seeing and having remedied any defects during construction, 1270—Access of the surveyors of the Board of Trade to the yard, and constant inspection of the vessels by them, 1270-1276—It is only quite recently that witness has heard anything about the existence of defects, 1281, 1282.

Explanation as to the high rate of speed contracted for, that is, first twenty miles, and subsequently eighteen miles an hour, and as to the "*Columbia*" not having realised this rate, 1283-1289. 1297-1304. 1314-1316—The delay in payment had, of course, no effect as regards the efficiency of the vessels, 1288, 1289—Conditions of a fresh arrangement entered into with the Company on the 4th March last, 1294-1296—The Company made frequent complaints about the delay in delivery, 1305, 1306—Amount of mortgage held by witness upon the two ships; about 70,000*l.* has been paid upon each, 1309-1313.

Proof that the material or workmanship of the "*Columbia*" could not have been bad, 1316—Statement in order to show that no blame can attach to witness for the vessels not being of sufficient longitudinal strength, 1317.

Samuelson, Martin—continued.

[Second Examination.] With regard to the specification under which witness was required to act, he clearly understood that it had been submitted to and approved by the Admiralty, and therefore could not be altered, 1769-1778. 1780—The specification having been forced on witness, he did not consider himself responsible for it, except to carry it out in its integrity, 1773, 1774—It was frequently suggested by witness that the vessels required additional strengthening at the top, 1773—If properly strengthened longitudinally the vessels could be made as good as any in the kingdom, and could perform the voyage to St. John's in six days, 1778-1780.

Samuelson & Co. Copy of contract between the Atlantic Company and Messrs. Samuelson & Co., dated 15th June 1858, for the construction of two steamers; specifications of the work, &c., *App. p.* 285-292.

Select Committee upon Postal Contracts. Proceedings and report of the Select Committee upon Postal Contracts adverted to as prejudicial to the progress of the Company, *Vallance* 306-310. 323, 324. 331.

Reference to the second Report of the Select Committee, in which they state that it would be open to Parliament to decline to vote the money for carrying out the Galway contract, but that they were not prepared to recommend that course, *Rep. p.* iv.

Shea, Ambrose. (Analysis of his Evidence.)—Was Speaker of the House of Assembly of Newfoundland for about six years previously to March last, 2072-2074—Evidence showing that on the 11th or 12th August 1860 the "Connaught" was detained off the coast of Newfoundland by an unusually heavy fog, 2075-2089—Impracticability, on account of the fogs and ice, of vessels performing the voyage from this country to St. John's in six days throughout the year, 2090-2103. 2127-2130.

Grounds for the statement that the contract for the Newfoundland service was regarded by the colony as a five years' contract, although in the first instance made for only one year certain, 2104-2115—Willingness of the colony to have continued the payment of 8,500 *l.* a year for the continuance of the contract, although of course glad enough to escape payment if this country undertake the service of themselves, 2116-2121. 2124-2126—Recent addresses from the House of Assembly praying that the Home Government will deal leniently with the Galway Company, 2122, 2123.

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Speed. Guarantee by the builders that the vessels should run twenty miles an hour in smooth water, *Vallance* 222—Impracticability of procuring in this country vessels capable of performing the service according to the contract, *ib.* 718.

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Reference to the promised quickness and certainty of the voyages as almost the only recommendation of the contract, *Sir R. Hill* 1994.

See also "Columbia," *The*, 7. "Hibernia," *The*, 8. Overtime. "Parana," *The*. "Prince Albert," *The*. *Time Table*.

Stanley of Alderley, The Right Hon. the Lord. (Analysis of his Evidence.)—Has been Postmaster General since the 24th August 1860; 1, 2—Summary of the proceedings taken by Parliament or by Government since 1858 in connexion with the contract entered into with the Atlantic Royal Mail Steam Navigation Company on the 21st April 1858 for the mail service between Galway and Boston, and New York, 3-23—Communication from the Post Office to the Company on the 15th May 1861 notifying the termination of the contract; remonstrance from the Company in reply, 22, 23.

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Examination upon a statement that by the end of 1859, the contract of the Galway Company for the conveyance of the Newfoundland mails, which had only been for one year, had terminated, and that the Colonial Government would only be willing to continue the contract provided the Imperial Government would continue to pay 4,500 *l.* a year towards the subsidy, 31 *et seq.*—Belief that it was never contemplated by the Treasury

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Explanation as to a fine of 3,000*l.* having been inflicted for the postponement of the service from the 26th March to the 9th April, 183, 184—Great consideration to which the Company are entitled, and which they have received, owing to the misfortunes they have met with, 185, 186—Doubt as to the "Columbia" having been properly constructed or really fit for the service; explanation by the Admiralty Surveyor in passing her, 186-189—Doubt as to the "Hibernia" being properly constructed, notwithstanding her approval by the Admiralty Surveyor, 186-188. 190.

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SUBSIDIES :

1. *Imperial Subsidy of 3,000 l. per Voyage under the Contract of April 1859.*
2. *Colonial Subsidy of 8,500 l. per annum under the Newfoundland Contract : Question about the Continuance of this Payment to the Company.*
3. *Imperial Subsidy of 4,500 l. per annum under the Colonial Contract.*

1. *Imperial Subsidy of 3,000 l. per Voyage under the Contract of April 1859 :*

Circumstance of the vote for the Imperial subsidy of 3,000 l. per voyage not having been carried until the 9th August 1860, that is, 16 months after the date of the contract, or nearly two months after the commencement of the service, *Vallance* 325-327. 360, 361.

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2. *Colonial Subsidy of 8,500 l. per annum under the Newfoundland Contract : Question about the Continuance of this Payment to the Company :*

Views expressed by the Treasury as to the Newfoundland Government continuing the payment of 8,500 l. a year, *Lord Stanley of Alderley* 47, 48. 61-64. 69—Understanding of the Company that they should receive the subsidy of 8,500 l. a year from the Newfoundland Government in addition to the Imperial subsidy of 78,000 l. a year; delay before the Company assented to the conditions under which they were to receive this payment, *ib.* 48-53. 65, 66—Condition laid down by witness on the 20th November 1860, that in granting a suspension of the contract until the 12th March 1861, the mails to and from Newfoundland must be delivered by each vessel, without any additional payment; grounds for prescribing this condition, *ib.* 54 *et seq.*

Complaint as to Government claiming the subsidy of 8,500 l. a year from the Newfoundland Legislature in diminution of the Imperial subsidy of 78,000 l.; documentary and other evidence cited in support of the right of the Company to the Colonial subsidy, *Vallance* 546-551. 557 *et seq.*—Reference to a letter from the Treasury through Mr. Hamilton, to the Company, dated 29th August 1860, relative to the question of landing mails at St. John's, and the subsidy to be received from the Colonial Government, *ib.* 559, 560—Intention expressed by the Treasury that a subsidy of 8,500 l. should continue to be paid by the Colony, *ib.* 559, 560. 793.

With regard to the Colonial subsidy of 8,500 l. a year, it was contemplated by witness fully to consider the question of payment for the Newfoundland service when the Colonial contract had expired, and the services were merged; letter from witness on the 29th August adverted to hereon, *Hamilton* 629-633.

Concession by the Company rather than to the Company, in offering to forego the Imperial subsidy of 4,500 l. towards the Colonial contract, and receiving 3,000 l. per voyage monthly, besides the Colonial subsidy of 8,500 l. a year, *Vallance* 692-698—Explanation as to the Company not having at once closed with the offer of the Post Office in September and October 1860, that they should continue to receive the Colonial subsidy of 8,500 in addition to the Imperial subsidy of 78,000 l., and that the two contracts should merge into one, *ib.* 701-703. 726-753.

Complaint as to Lord Stanley of Alderley having (on the part of the Post Office) compelled the Company to sign the agreement of the 24th January 1861, and bound them to deliver mails at St. John's, without any claim to the Colonial payment of 8,500 l., *Vallance* 781-813—Claim put forward by Lord Stanley to the Colonial subsidy in diminution of the Imperial subsidy, *ib.* 792, 793—Intention expressed by the Company in consenting (of necessity) to sign the agreement of the 24th January, to lay before the Treasury their claim to the Colonial subsidy, *ib.* 793. 813—Interview of witness with the Secretary to the Treasury upon the subject of the Colonial payments, and result thereof, *ib.* 794. 804-808. 814—Difficulties to the Company through the course pursued by the Post Office in regard to the Colonial subsidy, *ib.* 800-812.

Expectation that the Company are to receive the Colonial subsidy of 8,500 l. a year for delivering the mails at St. John's, *Malcomson* 1830-1832.

Willingness of the Colony to have continued the payment of 8,500 l. for the continuance

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SUBSIDIES—continued.2. *Colonial Subsidy of 8,500 l. per annum. &c.*—continued.

tinuance of the contract, although of course glad enough to escape payment if this country undertake the service of themselves, *Shea* 2116-2121. 2124-2126.

Review by the Committee of the evidence adduced on either side upon the question of the Company being deprived of the Colonial subsidy of 8,500 l., *Rep. p. ix, x*—Opinion of the Committee on this point, that it was not part of the original contract that mails should be delivered at St. John's, and that as a service was imposed on the Company for which they had not contracted, it is fair they should be remunerated for it, *ib. x*.

3. *Imperial Subsidy of 4,500 l. per annum under the Colonial Contract:*

Examination upon a statement that, by the end of 1859, the contract of the Galway Company for the conveyance of the Newfoundland mails, which had only been for one year, but terminated, and that the Colonial Government would only be willing to continue the contract provided the Imperial Government would continue to pay 4,500 l. towards the subsidy, *Lord Stanley of Alderley* 31 *et seq.*—Belief that it was never contemplated by the Treasury to continue the subsidy of 4,500 l. a year for the Newfoundland service, after the new Company had come into operation, *ib. 38-46*.

Willingness of the Company to forego all claim to the Imperial subsidy of 4,500 l. a year for the Newfoundland service, *Vallance* 551. 561, 562. 615.

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Substituted Vessels. Provisions in the contract in regard to having vessels ready, in order to replace the disabled vessels, *App. p. 186*—Also in regard to the hire or purchase of vessels, *ib. 189, 190*.

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Reference to the circumstance of five round voyages out of nine having been made with substituted ships, unequal to the requirements of the contracts, *Rep. iv.*—Difficulty in procuring ships capable of going to St. John's in six days adverted to by the Committee, *ib. xiii*.

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Summer Service. Months included in the summer service, *App. 184*—Conditions, as to time, of the summer service, *ib. 191*.

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Employment by the Company of inspectors or surveyors to superintend the construction of the two vessels contracted for by witness, *Samuelson 1232-1235*—Access of the surveyors of the Board of Trade to the yard, and constant inspection of the vessels by them, *ib. 1270-1276*—Means of the Company's surveyors for seeing, and having remedied any defects during construction, *ib. 1270*.

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Additional requirement of the Admiralty survey, as compared with the survey of the Board of Trade, *Luke 1413. 1419*—Survey by the Admiralty of mail packets, without, however, becoming responsible for any defects, *ib. 1426-1429*.

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SUSPENSION OR POSTPONEMENT OF SERVICE:

Statement as to the Company not having at an earlier stage asked for a postponement of the service, but having rather declined to apply for a suspension when suggested by the Post Office on the 25th August 1860, *Lord Stanley of Alderley 102-105*—Statement

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Great advantage to the Company in relieving them from sending the mails in the winter months, *Lord Stanley of Alderley* 140—Witness knows no instance of a similar suspension having been allowed as in the case of the Galway contract, *ib.* 142. 149—Explanation as to a fine of 3,000 *l.* having been inflicted for the postponement of the service from the 26th March to the 9th of April, *ib.* 183, 184—The Company looked upon the payment of 3,000 *l.* as a very great concession or boon to them, *Lord Stanley of Alderley* 184; *Sir R. Hill* 2018.

Explanation as to the Company not having applied for a postponement of the service in the first instance, in order to be better prepared for it, *Vallance* 362-365—The 7th November 1860, was the date of the first application by the Company for a suspension of the service, *ib.* 660—Terms of the application made by the Company on the 7th November for an entire suspension of the contract until March 1861; their inability to procure any ship in lieu of the "Prince Albert" for a monthly service, *ib.* 766-768—Further application on the 12th December, for a suspension of the contract till the 1st June, it having been feared that the vessels would not be ready in March, *ib.* 775. 815—Letter from the Postmaster General to the Company on the 17th December 1860, stating that he saw no reason for extending the suspension of the service beyond March, *ib.* 816.

Further applications by the Company on the 19th December, for a renewed extension beyond the 12th March, or for permission to employ the "Prince Albert" thence to the 1st June, *Vallance* 817, 818—Refusal by the Postmaster General on the 26th December to extend the suspension till June, or to accept the "Prince Albert," *ib.* 819—Assent of Lord Stanley on the 26th December to the postponement of the fortnightly service till the 26th of March, *ib.* 820—Refusal on the 19th January of an extension of the suspension till the 1st June, *ib.* 826, 827—Absence of any great concession by Government, if they had postponed the service till June, inasmuch as they were not paying for it during suspension, *ib.* 837.

With regard to the acceptance by the Company of the terms proposed by Lord Stanley in a letter of the 23d March, relative to the postponement of the service until the 9th April, such acceptance referred only to the payment or fine of 3,000 *l.*, and not to the terms named generally in the letter with respect to the termination of the contract, *Vallance* 847-866—Much better position of the Company for undertaking the service, if not recommenced till the 1st June; ships which they would have had for the purpose, *ib.* 886-888.

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Advantageous position of the Company in applying for a suspension of the service in June 1860, if their vessels had been constructed in the guaranteed time, *Rep.* xii.

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T.

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Witness looks upon the service between Galway and St. John's in six days as the principal feature in the contract, on account of the telegraphic communication; it was so put forward by the Company themselves, *Sir R. Hill* 1856-1859. 1883-1886. 1896.

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TERMINATION OF CONTRACT:

Communication from the Post Office to the company on the 15th May 1861, notifying the termination of the contract; remonstrance from the company in reply, *Lord Stanley of Alderley* 22, 23—Conclusion arrived at by witness that it was better to terminate the contract rather than go on in a manner so unsatisfactory, *ib.* 205.

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286-293—Serious and injurious interference with the construction of the ships, owing to the difficulty experienced by the Company in raising capital through the proceedings in Parliament, *Vallance* 333-338—Inability of the Company to inflict penalties upon the ship-builders for delay, in consequence of their not having been able regularly to pay the instalments for the ships, *ib.* 335. 354. 375. 376. 380—Great difficulty of the Company with the ship-builders on account of the stringency of the contract, and the power of terminating it, *ib.* 825, 826.

Sufficiency of 12 months for the construction of the vessels, *Laird* 1157-1160—The two vessels contracted for by witness were to be delivered in 11 months from the date of the signing the contract, *Samuelson* 1204—Conditions in the contract that for delays in payment delays should be allowed in completion; arrangement on this score so that penalties have not been enforced, *ib.* 1212-1215. 1227, 1228. 1290-1294. 1308—Statement as to the witness's firm not having taken shares in part payment for the vessels, *ib.* 1229-1231. 1296. 1311.

Examination upon the subject of the delay in the completion and delivery of the vessels, and explanation that the same was mainly owing to the default in the Company in not paying the instalments in due course, *Samuelson* 1247-1261. 1305-1308—The delays in payment had of course no effect as regards the efficiency of the vessels, *ib.* 1288, 1289—Conditions of a fresh arrangement entered into with the Company on the 4th March last, *ib.* 1294-1296—The Company made frequent complaints about the delay in delivery, *ib.* 1305, 1306—Amount of mortgage held by witness upon the two ships; about 70,000 £ has been paid upon each, *ib.* 1309-1313.

Circumstance of penalties not having been inflicted for non-delivery in the case of ships built by Messrs. Palmer, *Palmer* 1605-1608—Doubt as to the actual reasons why the instalments were not forthcoming, *ib.* 1609-1611—Part payment of the builders in shares, they having also a mortgage of 50,000 £. on the "Hibernia," *ib.* 1612, 1613. 1615-1623.

Prejudice to the Company in their delays with the shipbuilders, through the want of money to keep up the instalments, *Lewis* 1727-1734.

Reference by the Committee to the contracts entered into in June 1859, for the construction of four ships to be delivered within eleven months, *Rep.* iii.—Injurious effect as regards the practical completion of the vessels, which are attributed to the financial depression produced by the uncertainty about the contract; much more satisfactory position of the Company if they could have paid the contractors regularly, *ib.* xii.

6. *As to the Names of the Four Vessels Contracted for :*

Change in the names of the four vessels after the loss of the "Connaught"; they were previously named after the four provinces of Ireland, *Vallance* 240-242.

7. *Contract with Messrs. Palmer Brothers & Co. :*

Copy of contract, dated 10th June 1859, between the Atlantic Mail Company and Messrs. Palmer Brothers & Co. for the construction of two iron paddle steamers, *App.* 279-281—Schedule of specifications attached to the foregoing contract, *ib.* 281-284.

8. *Contract with Messrs. Samuelson & Co. :*

Copy of contract between the Atlantic Company and Messrs. Samuelson & Co., dated 15th June 1858, for the construction of two steamers; specifications of the work, &c., *App.* 285-292.

9. *Prospect of a Fleet of efficient Vessels :*

The Committee have reason to believe that the Company will be in possession of a fleet of efficient steamships in the course of the present year, *Rep.* xiii.

See also "Anglia," *The.* "Columbia," *The.* "Connaught," *The.* "Hibernia," *The.* "Prince Albert," *The.* *Speed.*

W.

West Coast of Africa Mails. Copy of contract made on the 29th January 1852 between Mr. Macgregor Laird and the Admiralty for the conveyance of the mails to and from West Africa, *App.* 217-223—Further contract, dated 3d March 1852, *ib.* 223, 224.

Further contract for the conveyance of the West Coast of Africa mails, dated 7th July 1858, between the Admiralty and the African Steam Ship Company, *App.* 224-233.

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West India, &c., Mail Service. Copy of articles of Agreement made on the 5th July 1850, between the Admiralty and the Royal Mail Steam Packet Company, for the conveyance of the mails to and from the West Indies, &c., *App.* 242-248—Tables of routes for the packets of the Royal Mail Company, showing the periods fixed for departure and arrival by each route, in connexion with the foregoing contract, *ib.* 249-256—Tables of rates for Government passengers, *ib.* 257-260.

Copy of further contract, dated 25th February 1858, between the Admiralty and the Royal Mail Company, for the performance of the West India and Brazil, &c., service, *App.* 261-263—Tables of routes attached to the foregoing contract, *ib.* 264, 265.

Winter Service. Great advantage to the Company in relieving them from sending their mails in the winter months, *Lord Stanley of Alderley* 140.

Months included in the winter service, *App.* 184—Conditions as to the time of the winter service, *ib.* 191.



