

UNDER SECRETARY OF NEW ZEALAND, TO UNDER SECRETARY OF VICTORIA.

New Zealand,
Colonial Secretary's Office,
Auckland, 15th March, 1860.

SIR,—

By direction of Mr. Stafford, I have the honor to enclose a copy of a Letter addressed to the late Postmaster-General of Victoria, on the 29th April last, in reference to certain arrangements proposed for improving the Steam Postal Communication between these Islands and the Australian Colonies, and inviting the Government of Victoria to concur with this Government in establishing a Steam Service between Melbourne and New Zealand,—to which, as also to a communication on the same subject made from this Office to the late Chief Secretary on the 8th September, 1858, no answer has been received.

The nature of the subject, which affects interests common to Victoria and New Zealand, renders it desirable that the views of the present Government of Victoria with respect to it should be made known, if any action is to be taken towards carrying the proposal into effect.

I am therefore to request that Mr. Stafford may be favoured with an intimation of the opinion of the Government of Victoria, as to the advisability of establishing Steam Communication between Melbourne and New Zealand, and, if that opinion should be favorable to the proposal, that the amount of subsidy which Victoria would contribute may be stated.

I have, &c.,

(Signed) W. GISBORNE,
Under-Secretary.

The Under Secretary,
Melbourne, Victoria.

COPY OF A MEMORANDUM BY THE POSTMASTER GENERAL.

General Post Office,
Auckland, 19th March, 1860.

During the Session of 1856, the Treasury Minute dated 27th November, 1855, was transmitted by His Excellency to the Legislature, detailing a plan by which the entire cost of the Service between the United Kingdom and Australia, (including New Zealand,) should be divided equally between the Home Government and those Colonies collectively.

On the 28th of April of that year, the House accepted that proposal with all its obligations, leaving to the Imperial Government the task of carrying it into effect.

On the 14th October, 1856, a Contract was accordingly entered into between the Imperial Government and the European and Australian Royal Mail Company, for the performance of the Postal Service to Australia, the substance of which was as follows :—

- 1st. The Service to be performed for £185,000 per annum.
- 2nd. Mails to be conveyed *via* Suez, between Southampton and Melbourne and Sydney, monthly each way. The Steamers employed between Suez and Australia to be not less than 2,200 tons burden.
- 3rd. The Service from Southampton to Sydney to be performed in 54 days, from Sydney to Southampton in 51 days.
- 4th. The Service to be performed by Vessels entirely distinct from the Indian Mail.
- 5th. The first Boat to leave Southampton on February 24, 1857, and Sydney on 11th April of that year.

The want of punctuality in the performance of this Service, induced the Imperial Government to listen to certain proposals made by the Company, for such a modification of the Contract as would put it into the power of the Company to keep their engagements. It having transpired however, during the course of the negotiations which had been initiated for this purpose, that there was a probability of the Company being shortly under the necessity of winding up their affairs, the Imperial Government did not deem it expedient to proceed further in the matter, considering that, however advisable it might be under ordinary circumstances that such concessions as those required should be made, no good end would be served by treating with a Company on the point of dissolution; and came to the determination to cancel the Contract altogether, and invite tenders for a new one; in the meantime entering into an *interim* arrangement for the conveyance of the Mails, for the time that might elapse from the cessation of the old Contract till the commencement of the new one.

Such an arrangement for six months was made with the Royal Mail Steam Packet Company, to commence from the 1st July, 1858, on the terms of the old Contract, subject to certain modifications, the chief of which was, that, in addition to the £185,000 subsidy, a guarantee was given against loss to the extent of £6,000 per month. In the meantime, the permanent Contract with the Peninsular and Oriental Company, was entered into for seven years, commencing with the departure of the February Mail from Sydney, in 1859.

The main point of difference between this and former Contracts was, that the Vessels, instead of touching at Point de Galle, were to proceed from Suez to the Mauritius; thence to King George's Sound, Kangaroo Island, Melbourne, and Sydney.