

# FURTHER PAPERS

RELATIVE TO THE

STEAM POSTAL SERVICE,

(IN CONTINUATION OF PAPERS PRESENTED 22ND JUNE, 1858.)

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*Presented to both Houses of the General Assembly by command of His Excellency.*

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AUCKLAND:

1860.



## STEAM POSTAL COMMUNICATION WITH ENGLAND.

COPY OF A DESPATCH FROM MR. COWPER TO COLONIAL SECRETARY, NEW ZEALAND.

New South Wales,  
Colonial Secretary's Office,  
Sydney, 27th February, 1858.

SIR,—

You are no doubt aware that the irregular manner in which the Mail Service between England and the Australian Colonies by the European and Australian Royal-Mail Steam Company, has been performed has been the subject of much complaint in New South Wales, and this has been felt so seriously, that representations have been made from time to time to the Home Government, pointing out the inconvenience which has resulted from the failure of the Company to observe the conditions of the Contract. No. 12.

2. Mr. Wetton who has recently been appointed Superintendent of the Company, has addressed to me a letter stating that these irregularities are in course of remedy, by new arrangements, and bespeaking for the Company a fresh trial and forbearance, pending the reorganization of the Service. It does not appear, however, to this Government, that anything has been advanced by Mr. Wetton which should induce it either to withhold the additional remonstrance which is about to be made to the Imperial Government on the subject, or to signify its willingness to be a party to any arrangement for extending a further trial to a Company, which has so completely failed in its engagements; and as there seems to be a possibility that Mr. Wetton has made a similar communication to the adjoining Colonies, I have the honor to transmit for your information, a copy of the reply which has been addressed to him, in answer to his letter to me.

3. I take this opportunity of stating, that the subject of the Steam Postal Service between the United Kingdom and New South Wales is now engaging the serious consideration of this Government with a view to the proposal of some plan, by which a speedy and regular communication may be secured.

4. I shall be happy to enter into any correspondence with you upon the subject, or to receive from you any suggestions, with which you may be disposed to favour me, in order that this Colony may be prepared to act in concert with the neighbouring Colonies, and I beg to assure you of our readiness to meet, in a friendly spirit, the wishes of our fellow Colonists upon this most important subject, and to co-operate with them in an united endeavour to obtain such a measure as shall be of mutual advantage to the Australian Colonies.

I have, &c.,  
(Signed) CHARLES COWPER.

The Honorable the Colonial Secretary,  
Auckland, New Zealand.

MR. ELYARD TO MR. WETTON.

Colonial Secretary's Office,  
Sydney, 25th February, 1858.

SIR,—

I am directed by the Colonial Secretary, to acknowledge the receipt of your letter of yesterday's date, in which, adverting to the irregularities which have occurred in the performance of the contract for the conveyance of the Mails between England and these Colonies, you state that they are now in the course of remedy by new arrangements, and, in consequence, urge that the Company you represent should have a fresh and fair trial, and some forbearance pending the re-organization of the Service. (Enclosure.) No. 137.

2. In reply I am desired to inform you, that the Government of this Colony feels that it has good reason to be very much dissatisfied with the mode in which the Mail Service has been conducted; strong remonstrances have already been made to the Imperial Government, pointing out the numerous failures which have taken place and which can only be attributed to the neglect of the Company, and its utter disregard to the conditions of the contract; and the vague statements of the measures contemplated by the Company for the improvement of the Service, which are contained in your communication are not considered by the Government sufficient to justify it, in withholding the further remonstrance which it is intended to make, or in agreeing to a further trial of a Company which has so utterly failed in performing its engagements.

I have, &c.,  
(Signed) W. ELYARD.

C. Wetton, Esq.,  
&c., &c., &c.

## COPY OF A DESPATCH FROM MR. STAFFORD TO MR. COWPER.

Colonial Secretary's Office,  
Auckland, 7th April, 1858.

SIR,—

No. 9.

I have the honor to acknowledge the receipt of your Letter, No. 12, of the 27th of February last, respecting the irregular manner in which the Mail Service between England and the Australian Colonies has been performed by the European and Australian Royal Mail Company, in which you state that the subject of that Steam Postal Service is under the serious consideration of the Government of New South Wales, and invites suggestions from this Government, with a view to the proposal of some plan, by which a speedy and regular communication may be secured.

In reply, I have the honor to inform you, that this Government is deeply sensible of the irregularities alluded to by you, and will willingly join in the remonstrance, which you state is to be made to the Imperial Government on the subject.

While, however, New Zealand shares in the general sources of complaint to which you allude, it has a further special right to protest, on the grounds that the Suez Steam Service has never been continued to New Zealand, in accordance with the conditions of the original Treasury Minute of November, 1855; had that condition not been a part of the proposed arrangement, New Zealand could not have been invited or expected to contribute to a Service, which, in so far as it has yet been carried out, has rather confused and delayed, than facilitated, its correspondence with Great Britain.

It was this consideration, which led to the proposal of establishing the Panama line being so favorably received, and should the latter line not be established, at least for the present, the assent of this Colony to any new contract for a Mail Service, via Suez, can only be secured on the condition that a branch Service to New Zealand from Sydney or Melbourne, in connection with such Service, be made part of the new contract.

In the event of a new contract being entered into for the conveyance of the Mails via Suez, I would suggest that a change of Steamers should take place at Point de Galle. Not only would this insure, that time was afforded on each voyage for a due inspection of the Vessels, the want of which is likely to lead to constantly recurring defects in the machinery, but it would afford a direct means of communication between India and the Australian Colonies, which could not fail to be advantageous to the latter.

I beg to express my thanks for the desire evinced by the Government of New South Wales to co-operate in an united endeavour to obtain a measure mutually advantageous to the Australian Colonies, and to assure you, that this Government will at all times be ready, in this, and any other matter, to act with a regard for the common interests of their fellow-colonists in this part of Her Majesty's Dominions.

I have, &c.,  
(Signed) E. W. STAFFORD.

The Honorable  
The Colonial Secretary,  
New South Wales.

## COPY OF A MEMORANDUM BY MR. STAFFORD.

Auckland, 7th September, 1858.

His Excellency's Advisers have received with great satisfaction the copies of the contract, entered into with Messrs. Pearson, Coleman and Co., for the conveyance of Her Majesty's Mails between New Zealand and Australia; transmitted in Sir E. B. Lytton's Despatch of the 17th June last.

Steam Postal  
Service.

The Service now established will remove the disadvantages, under which New Zealand has hitherto labored, owing to the non-establishment of the branch line, which it was led to believe, would have been made part of the European and Australian Steam Postal Service.

It is desirable that the powers reserved to the Admiralty by the contract now concluded, be delegated, as provided for, to the Governor of New Zealand, especially with reference to the changes of route, which may become necessary during the currency of the contract, arising out of the new arrangements consequent upon the termination of the late European and Australian Service, and of such alterations in the mode of conveying the Mails for the Australasian Colonies as may from time to time occur.

I have, &c.,  
(Signed) E. W. STAFFORD.

## COPY OF A DESPATCH FROM MR. STAFFORD TO CHIEF SECRETARY OF VICTORIA.

Colonial Secretary's Office,  
Auckland, 8th September, 1858.

SIR,—

No. 7.

I have the honor to inform you that a contract has been entered into with Messrs. Pearson, Coleman and Co., of London, by which provision is made for establishing a Steam Postal Service between New Zealand and Sydney.

The Government of New Zealand believes that it would, in all probability, conduce to the interests alike of Victoria and New Zealand, if a Steam Vessel in connexion with that Service, were to ply once a month between Victoria and some central Port in New Zealand, with branch Steamers to the several Provinces.

The sum to be paid to the above mentioned Company for maintaining a Vessel between Sydney and Nelson, is Fourteen Thousand Pounds per annum.

The expense of a Vessel to Melbourne, having reference not only to the addition mileage to be performed, but to the higher Port charges, and prices of coals, at Melbourne than at Sydney, must be estimated as certain to be somewhat more; I have therefore to request whether, if, on further consideration, this Government should determine to institute a direct Steam Service once a month between Melbourne and Cook's Straits, the Government of Victoria would contribute, and, if so, what sum, towards the expense of such Service.

I have, &c.,  
(Signed) E. W. STAFFORD.

The Honorable  
The Chief Secretary,  
Victoria.

COPY OF A DESPATCH FROM MR. COWPER TO COLONIAL SECRETARY OF NEW ZEALAND.

Colonial Secretary's Office,  
Sydney, New South Wales,  
September 17th, 1858.

Sr,—

With reference to my Letter of the 27th of February last, and also to your communication of No. 95. the 7th of April, respecting the Steam Service between the United Kingdom and the Australasian Colonies, I have now the honor to transmit for your information, copies of the Minutes of the Proceedings of the Executive Council of this Colony, in consequence of an Address presented to the Governor General by the Legislative Assembly on the 6th ultimo, on the subject; and also of the Resolutions which have since been adopted by the Assembly, which indicate fully the arrangements by which it seems to this Government that the future conveyance of the Mails may be most effectually provided for.

2. It will be observed, that it is proposed that there should be two lines of communication, and that for one of these, namely that by way of Panama, the contract should be made by the Imperial Government and the Government of New South Wales, and that the other, by Suez or Point de Galle, should be arranged for in a similar way, by the Imperial Government, and the Government of Victoria; the adjoining Colonies being requested to contribute towards the establishment of these lines, in return for the advantages which may be afforded to them respectively.

3. As the Colony of New Zealand will largely participate in the benefits which may be expected to be derived from the establishment of a Steam Postal Service by way of Panama, the Government of New South Wales confidently anticipates the co-operation of your Government in the arrangement; and I have therefore to request that you will favour me by stating whether New Zealand would be prepared to contribute towards carrying it into effect, in the same manner as was intended when a similar Service was formerly proposed.

4. I have forwarded to Victoria and the other adjoining Colonies, copies of the papers now enclosed, for their information, and invited them, at the same time, to unite with New South Wales, in this effort to obtain Steam Postal Communication between the United Kingdom and the Australasian Colonies by way of Panama.

I have, &c.,  
(Signed) CHARLES COWPER.

The Honorable the Colonial Secretary,  
Auckland, New Zealand.

1858.

LEGISLATIVE ASSEMBLY, NEW SOUTH WALES.

## STEAM POSTAL COMMUNICATION WITH ENGLAND.

[MINUTES AND PROCEEDINGS OF EXECUTIVE COUNCIL.]

*Ordered by the Legislative Assembly to be Printed, 27th August, 1858.*

W. DENISON,  
Governor General.

*Message No. 26.*

With reference to the Address of the Legislative Assembly on the 6th of this month respecting Steam Postal Communication with England, and the Governor General's reply thereto of (Enclosure.)

the 10th instant, His Excellency now transmits, for the information of the Assembly, Copies of the Minutes of Proceedings of the Executive Council upon the subject.

2. In accordance with the opinion expressed by the Council, the Governor General invites the Legislative Assembly to appropriate any sum not exceeding £50,000 a year, for a period of either seven or ten years, for the establishment of a Steam Postal Communication with England by way of Panama.

Government House,  
Sydney, 27th August, 1858.

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*PROCEEDINGS of the Executive Council with respect to an Address from the Legislative Assembly relative to Steam Postal Communication with England.*

Extract from Minute No. 58-32, dated 9th August, 1858.

*Present :—*

His Excellency the Governor General,  
The Honorable the Vice-President of the Council,  
The Honorable the Colonial Treasurer,  
The Honorable the Solicitor General,  
The Honorable the Secretary for Lands and Public Works.

His Excellency the Governor General lays before the Council an Address which has been presented to him by the Honorable the Speaker, embodying certain Resolutions adopted by the Legislative Assembly, on the 6th instant, with reference to the existing Steam Postal Communication with England via India, and a proposed communication via Panama; and, in deference to the wish expressed in the concluding paragraph of this Address, His Excellency now submits the subject for the consideration of the Council.

2. The Council accordingly proceed to consider the several matters touched upon in the Address, a copy of which is hereto annexed; and, after a lengthened deliberation, advise that His Excellency should, by the Mail which will leave Sydney on the 11th instant, forward a copy of the Resolutions to the Right Honorable the Secretary of State for the Colonies, and especially urge upon the attention of Her Majesty's Government the principle affirmed in the 6th Resolution, viz., "That in any future contract for the Mail Service, it is "not for the interests of New South Wales that the Imperial Government should make any arrangement binding on this Colony without previous reference thereto."

3. Having further deliberated, the Council defer their decision as to what other steps it would be expedient to adopt in the matter until their next meeting.

EDWARD C. MEREWETHER,  
Clerk of the Council.

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*PROCEEDINGS of the Executive Council with respect to Steam Postal Communication with England.*

Extract from Minute No. 58-33, dated 16th August, 1858.

*Present :—*

His Excellency the Governor General,  
The Honorable the Vice-President of the Council,  
The Honorable the Attorney General,  
The Honorable the Colonial Treasurer,  
The Honorable the Secretary for Lands and Public Works.

Upon the invitation of His Excellency the Governor General, the Council resume the consideration of the question of Steam Postal Communication with India, submitted to them at their last meeting, and then only partially proceeded with.

2. On the present occasion the Council have before them, in addition to the Resolution adopted by the Legislative Assembly on the 6th instant, a Minute in which His Excellency explains his own views upon the subject; and having again given to the consideration of the question, that full and earnest attention which its importance demands, the Council desire that the result of their deliberations be recorded as follows :—

1st. They are clearly of opinion that the Steam Postal Communication with England via India has been conducted under the existing contract with the European and Australian Steam Navigation Company in a most unsatisfactory manner. But, in dealing with the question with reference to the future, it is proper to consider whether the conditions of that contract were such as could be fulfilled with any degree of regularity. It may be urged, it is true, that the practicability of the undertaking was a matter for the consideration of the parties who engaged to perform it, and they, it may be fairly presumed, proportioned the amount of their demand upon the Government to the character of the work they had to do; but in such a wide scheme as that, which was grafted upon the original proposition, it is evident that there were many risks to be run, upon which it was difficult, if not impossible to calculate.

2nd. The Government of New South Wales never contemplated the establishment of a separate and distinct line all the way from England to Australia; all the calculations were based upon the assumption that advantage would be taken of the existing line to India, so far as that could be made available, and the difficulties which have been encountered are due, in a great measure, to the attempt which has been made to establish, with insufficient means, an independent line from Australia to Suez. The Council believe that the experience of the working of this line for the last 18 months has shewn that it is too long to admit of being worked with any probability of regularity by Vessels sailing from Sydney making the voyage to Suez and returning at once. Such a voyage would take 89 days, and no time would be given for such ordinary repairs to machinery as must always be required from time to time.

3rd. It is by no means certain that the work could be done with regularity were the vessels to sail from Suez and Sydney independently of each other; the voyage of each would still be from 44 to 46 days, and this no longer than a Steamer can be fairly expected to work without a thorough inspection of her machinery. The Council are therefore of opinion that it would very much conduce to the regularity of the Mail Service to and from England, if the different stages or portions of the voyage were shortened, as might be done were Ceylon made the termination of the direct voyage from the Colonies, instead of Suez.

4th. Should the Company who at present hold the contract altogether fail either to carry on the Mail Service, or to induce other parties to undertake it, or, should Her Majesty's Government determine the contract, the whole question will then be open for reconsideration, and it will be in the power of the Australian Colonies to propose new arrangements. It is desirable, therefore, that some determination should be arrived at by this Colony as to what those arrangements should be.

5th. In dealing with the question, the Council assume that the advantage of a rapid, frequent, and regular Steam Communication with Europe, Asia, and America, are great enough to justify the Colony in paying to persons who will undertake to provide the necessary means for this, a much larger sum than can be possibly received by the Government in the shape of postage.

6th. It may also be laid down as an axiom or at all events, as a fact deduced from experience, that it does not conduce to the satisfactory working of a contract to have too many persons or bodies parties to it; and that if the parties interested in the due performance of the work are, as is the case with the present Mail Contract, at the two extremities of a line of some 12,000 miles in length, differences of opinion and heart-burnings are nearly certain to occur.

7th. The object of a frequent and regular communication with all the civilized parts of the globe would, it appears to the Council, be best attained by maintaining a line to Ceylon, and from thence to England and India, on the one hand, and another to Panama, and from thence to England and North and South America, on the other; and should it be found, after a fair estimate of the cost of these lines, that it would be advisable to carry them out by entering into contracts for their execution, it would be as well to avoid, as much as possible, the multiplication of parties to the contracts. This result, it appears to the Council, might be secured by the following arrangement:—

The Imperial Government, in consideration of the receipt of the postage paid in England, would engage to deliver the Australian letters at Point De Galle on the first line, and at Panama on the second line. This would add in a very trifling degree to the amount of the subsidies already paid by the Home Government to the Peninsular and Oriental Company, and the Royal West Indian Mail Company, and would be productive, on the other hand, of a saving of the share of the subsidy now paid to the English and Australian Mail Company. In consideration, however, of the greater distance and cost of the conveyance of the Mail between Panama and Sydney, a proportion of the subsidy to be paid to the Company, or individuals working this line, might fairly be chargeable to the Home Government; this, however, would be a matter for future consideration.

8th. The Australian Colonies would, on their part, undertake to convey the Mails between Australia and Point de Galle and Panama, each Colony receiving, as at present, the postage charged upon its letters, and contributing to the expense of the undertaking in proportion to the number of letters sent from each.

9th. In order, however, to avoid the difficulties arising, or likely to arise, from having too many parties to these contracts, it would be advisable that the contract for the line *viâ* Ceylon should be made by the Government of Victoria, and that for the Panama line by the Government of New South Wales; the cost of the two lines being divided between the Australian Colonies, as before stated, in proportion to the number of letters dispatched from each.

10th. A special agreement should also be entered into with the Colony of New Zealand with reference to the amount of its contribution towards the Panama line.

11th. In conclusion, the Council consider it desirable that these views should be communicated to the Governments of the adjacent Colonies, and their concurrence therein invited; and advise accordingly, that the Honorable the Colonial Secretary should adopt this step without delay.

EDWARD C. MEREWETHER,  
Clerk of the Council.

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#### MINUTE OF THE GOVERNOR GENERAL.

The Resolutions adopted by the Legislative Assembly, on the 6th August, relative to the Steam Postal Communication with England, open up a very wide question, and one which is deserving of the most serious consideration of the Government.

The mode in which the Steam Postal Communication has been conducted, under the present contract with the English and Australian Steam Navigation Company, has been most unsatisfactory, there is no doubt; but, in considering the question with reference to the future, not to the past, it behoves the Government to consider, whether the conditions of the contract were such as could be fulfilled with any degree of regularity. It may be said, it is true, that the practicability of the undertaking was a matter for the consideration of the parties who undertook to perform it, and who, it is to be supposed, proportioned the amount of their claim upon the Government to the character of the work they had to do: but in such a wide scheme as was grafted upon the original proposition it is evident that there were many risks to be run, upon which it was difficult, if not impossible, to calculate. The Government of New South Wales never contemplated the establishment of a separate and distinct line all the way from England to Australia. All the calculations were based upon the assumption that advantage would be taken of the existing line, so far as that could be made available; and the difficulties which have been encountered are due, in great measure, to the attempt which has been made to establish an independent line from Australia to Suez with insufficient means.

I believe that the experience of the working of this line for the last 18 months, has shown that it is too long to admit of being worked with any probability of regularity by Vessels sailing from Sydney making the voyage to Suez and returning at once. Such a voyage would take 89 days, and no time would be given for such ordinary repairs to machinery as must always be required from time to time. I am by no means certain that the work could be done with regularity were the Vessels to sail from Suez and Sydney independently of each other—the voyage of each would then be from 44 to 46 days, and this is longer than a Steamer can be fairly expected to work without a thorough inspection of her machinery. My opinion, therefore, is, that it would very much conduce to the regularity of the Mail Service to and from England and these Colonies, if the different stages or portions of the voyage were shortened, as might be done were Ceylon made the termination of the direct voyage from these Colonies, instead of Suez. Looking to the difficulties which the Company has had to encounter, I do not think it would be fair or reasonable to deal hardly with it, or to press for greater punctuality than is fairly attainable. The Colonies, however, have a right to demand that Vessels in good order, and competent, under ordinary circumstances, to perform their work, should be alone employed, and I decidedly object to the employment of the “Victoria,” which it is evident is not capable, looking to her power and to the state of her machinery, to make the voyage in any reasonable time.

Should, then, the present Company propose to continue its contract, or should it, as it has power to do with the assent of the Lords Commissioners of the Admiralty, transfer the contract to any other Company, I should be disposed to recommend such reasonable concessions as would ensure regularity. Should, however, the Company fail altogether either in carrying on the Mail Service itself, or inducing other parties to undertake it, the whole question will then be open for consideration, and I will now proceed to consider the mode in which it would be desirable to deal with it.

I may premise that the advantages of a rapid, frequent, and regular steam communication with Europe Asia, and America, are great enough to justify the payment, by the Colony, to persons who will undertake to provide the necessary means for this, of a much larger sum than can be possibly received by the Government in the shape of postage. I may also, I think, lay down as an axiom, or, at all events, as a fact deduced from experience, that it does not conduce to the satisfactory working of a contract to have too many persons or bodies parties to it; and that if the parties interested in the due performance of the work are, as is the case with the present Mail contract, at the two extremities of a line of some 12,000 miles in length, differences of opinion and heart-burnings are nearly certain to occur. The object of a frequent and regular communication with all the civilized parts of the globe would, as it seems to me, be best attained by maintaining a line to Ceylon, and from thence to England and India, on the one hand; and another to Panama, and from thence to England and North and South America, on the other; and should it be found, after a fair estimate of the cost of these lines, that it would be advisable to carry them out by entering into contracts for their execution, it would be as well to avoid as much as possible the multiplication of parties to the contracts, and this it appears to me might be secured by the following arrangement:—The Imperial Government, in consideration of the receipt of the postage paid in England, would engage to deliver the Australian letters at Point de Gallelon the first line, and at Panama on the second line. This would add in a very trifling degree to the amount of the subsidies already paid by the Home Government to the Peninsular and Oriental Company, and the Royal West Indian Mail Company, and would be productive, on the other hand, of a saving of the share of the subsidy now paid to the English and Australian Mail Company. In consideration, however, of the greater distance and cost of conveyance of the Mail between Panama and Sydney, a proportion of the subsidy to be paid to the Company, or individuals working this line, might fairly be chargeable to the Home Government: this, however, would be a matter for future consideration.

The Australian Colonies would on their part undertake to convey the Mails between Australia and Point de Galle and Panama, each Colony receiving, as at present, the postage charged upon its letters, and contributions to the expense of the undertaking in proportion to the number of letters sent from each.

In order, however, to avoid the difficulties arising, or likely to arise, from having too many parties to these contracts, it would be advisable that the contract for the line *viâ* Ceylon should be made by the Government of Victoria, and that for the Panama line by the Government of New South Wales; the cost of the two lines being divided between the Australian Colonies, as before stated, in proportion to the number of letters dispatched from each.



A special agreement should be entered into with the Colony of New Zealand with reference to the amount of its contribution towards the Panama line. Should these views coincide with those of the Members of the Executive Council, it would be desirable that a special reference should be made to the Governments of the adjacent Colonies, and their concurrence requested. Should they express their willingness to adopt the scheme thus sketched out, I shall then be in a position to communicate on the subject with the Secretary of State, and to seek the concurrence of the Imperial Government.

W. DENISON.

*PROCEEDINGS of the Executive Council with respect to Steam Postal Communication with England.*

[Extract from Minute No. 58-34, dated 23rd August, 1858.]

*Present:—*

His Excellency the Governor General,  
The Honorable the Vice-President of the Council,  
The Honorable the Colonial Treasurer,  
The Honorable the Secretary for Lands and Public Works.

In reference to the Proceedings of the Council at their two last meetings on the subject of Steam Postal Communication with England, His Excellency the Governor General now lays before the Council a Despatch which he has received by the "European" from the Right Honorable the Secretary of State for the Colonies, transmitting the copy of a Letter from the Secretary to the Treasury, announcing the dissolution of the present contract with the European and Australian Royal Mail Company, and reporting the temporary arrangement which it is proposed to make for carrying on the Mail Service with Australia, until a new contract can be entered into, of a more permanent character.

2. His Excellency at the same time lays before the Council a Letter from Champion Wetton, Esquire, the Agent of the said Company, to a somewhat similar effect, but stating that an arrangement had actually been entered into with the Royal Mail Steam Packet Company to carry on the service for six months, from the 1st July last.

3. In their previous deliberations upon this question, the possibility of a dissolution of the contract was not unforeseen by the Council; and the practical effect of the present communication is simply to place them in a position to take more decided action towards carrying out the views recorded at their last meeting, which were in fact based upon, and intended to meet, such a contingency as that which has now arisen.

4. There is one point, however, yet untouched by the Council, upon which it appears to the Governor General very desirable that some determination should be arrived at without delay, viz.,—whether the Government in making a contract for the conveyance of the Mails is bound, or indeed entitled, to mix up this question with that of the conveyance of passengers and goods; and in a Minute reviewing the whole subject, His Excellency now submits this point for the consideration of the Council, and also suggests, that in lieu of communicating the result of their deliberations to the adjacent Colonies in writing, as previously recommended, a special envoy should be accredited for the purpose, and despatched to Melbourne with full instructions as to the course which he is to adopt, should the views of the Government of Victoria coincide with those of the Government of New South Wales, or be such as can be acceded to.

5. With regard to the first matter, the Council concur with his Excellency in thinking, that all the Government are called upon to consider is, how to get the Mails conveyed in the most rapid and effective manner, consistent with a proper economy; and they therefore record their deliberate opinion that in any new contract or contracts for the conveyance of the Mails, either by Suez or Panama, a Postal Service only should be provided for, as it would not, they believe, be wise on the part of the Government to make any stipulation as to the size of the Vessels or the amount of accommodation. These are points for the determination of the contractors, who will, if they consider the passenger and goods traffic likely to prove remunerative, make the necessary arrangements for its accommodation.

6. With regard to the second matter referred to in His Excellency's Minute, the Council are disposed to adhere to their former recommendation,—that the general views of this Government upon the whole subject should be communicated to the adjacent Colonies by the Honorable the Colonial Secretary; and as the provisional arrangement for the conveyance of the Mails is to cease in six months from the 1st July, they are of opinion that no time should be lost in adopting this step, and such other decided measures for the establishment of a Postal Communication by Panama as may be deemed expedient.

What those measures should be the Council now proceed to consider.

7. In the first place, it is absolutely necessary that the Government should be in a position to carry out the specific arrangement for this line, recommended at their last meeting; and with this view they advise that His Excellency the Governor General should at once submit to the Legislature the whole of the propositions then agreed to, and invite the Assembly to appropriate, by an Act, any sum not exceeding £50,000 a year, for seven or ten years, for the purpose of initiating the said line.

8. In the next place, it is also necessary that the co-operation of the Imperial Government should be secured to the scheme; and the Council accordingly recommend that His Excellency should transmit to the Secretary of State, by next Mail, a Despatch fully explaining the views of the Government of this Colony upon the whole subject, and the steps already taken to carry out those views, which Despatch should be accompanied by a copy of the Bill above referred to, either as submitted to, or passed by the Assembly, as the state of the case will allow.

9. Finally, it appears to the Council very desirable that some steps should also be taken to ascertain on what terms contracts for the establishment of the line by Panama would be entered into; and to this end they advise that an advertisement be prepared inviting negotiation, and even calling for tenders for the performance of the service.

This advertisement should be forwarded to the Secretary of State for the Colonies, with a request, that if Her Majesty's Government are prepared to co-operate in the matter with the Government of this Colony, that the same may be extensively published in England and America.

EDWARD C. MEREWETHER,  
Clerk of the Council.

#### MINUTE OF THE GOVERNOR-GENERAL.

The termination of the contract with the European and Australian Mail Company places the Australian Colonies in a different position altogether from that in which they were last week, when I wrote my former Minute on the subject of Steam Postal Communication. It is now no longer a question of the maintenance, or non-maintenance, of a particular contract, but the whole question of the best mode of communicating with different parts of the world, is virtually thrown open, and it will be for the Australian Colonies to consider whether, without sacrificing any of the advantages which they at present possess, or, at all events any of those advantages for which the whole community should be called upon to pay, they might not secure for themselves a far more frequent communication with England and other parts of the world, at a cost but little greater than that which they have hitherto had to pay for a Monthly Mail.

In order to facilitate the consideration of this important subject, it would be as well to determine at once whether the Government, in making a contract for the conveyance of the Mails, is bound, or indeed entitled, to mix up this question with that of the conveyance of passengers and goods.

In my opinion, all that the Government is called upon to consider is, how to get the Mails conveyed in the most rapid and effective manner, consistent, of course, with a proper economy. I do not think that it would be wise on the part of the Government to make any stipulations as to the size of the Vessels, the amount of accommodation, &c., &c.; these are points for the consideration of the contractors, who will, if they consider the passengers and goods traffic likely to prove remunerative, make the necessary arrangements for its accommodation. I have laid much stress upon the preliminary consideration of this question, for upon the view taken by the Governments of the different Australian Colonies with relation to it must depend very much the amount of expense which will be incurred, and the character of the contract or contracts which will have to be entered into. Should it be thought advisable to consider the comfort and convenience of passengers, then it may be necessary to maintain a distinct and separate line, at all events to Suez if not to England; but should the conveyance of the Mails be the sole matter for consideration, then all that we should have to determine would be, the speediest and best mode of conveying the Mails to and from such points as have, by existing arrangements, the benefit of steam communication directly with England. Upon the latter supposition, it appears to me that there are three courses open for adoption:—

1st. To combine, as at present, with the Imperial Government, leaving the arrangements to be made and the contracts entered into by the Lords Commissioners of the Admiralty, as heretofore, under some distinct stipulations as to the amount of payment to be made by the Colonies, and the facilities to be given to their correspondence.

2nd. That the Colonies should submit to the Imperial Government a proposal that the Mail should be carried between England and Ceylon under existing arrangements with the Peninsular and Oriental Company, or under such agreement as may be made by the Postmaster General in England—while the Australian Colonies, either jointly or by some special arrangement among themselves, should contract for the conveyance of the Mails between Australia and Ceylon.

3rd. That provision should be made for a Monthly Mail *viâ* Panama as well as *viâ* Suez, an interval of fourteen days elapsing between the starting of these Mails.

The third scheme may be considered under two points of view.

It may be carried out by the Australian Colonies jointly, forming a part of one great scheme of Postal Communication with all parts of the world, or it may be a separate undertaking on the part of the Government of New South Wales; in either case the Imperial Government must be a party to the scheme, as the conveyance of the Mails to Suez and Panama, respectively, must be provided for under existing arrangements, or under other contracts entered into by the Postmaster General in England.

Should the whole of the Colonies agree to combine for the purpose of carrying out the scheme of a double communication with England, monthly, the expense will be a joint charge upon the revenue of the different Colonies, towards which each will contribute, according to the aggregate of letters despatched annually by both routes. Should the Colony of New South Wales undertake to carry out the Panama line separately, on the refusal of the other Colonies to engage in the scheme, then it will be for the Government to charge upon the correspondence of the other Colonies a fair amount of postage, to cover the expense to which it would be subjected in maintaining the line. In order to avoid the difficulties which would be certain to arise were the several Governments to be parties to one contract, it would be as well, perhaps, that the Victoria Government should make the contract for the Ceylon line, and that of New South Wales for the Panama line. As the provisional arrangement for the conveyance of the Mails is to cease in six months from the 1st July, no time should be lost in communicating with the Governments of the other Australian Colonies, as soon as the Government of

New South Wales has decided upon its course of action ; and the best course to adopt would probably be that of despatching a special envoy to Melbourne, with instructions to communicate with the Government there ; and should their views coincide with those of the Government of New South Wales, or be such as can be acceded to, the envoy can then proceed to Tasmania, while the Government of Victoria can send one to South Australia, for the purpose of seeking the concurrence of those Colonies, to the Governors of whom I can, in the meantime, address Despatches, embodying the propositions which, after a careful consideration, we may here determine upon.

W. DENISON.

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RESOLUTIONS OF LEGISLATIVE ASSEMBLY OF NEW SOUTH WALES, IN COMMITTEE OF SUPPLY.

[8TH SEPTEMBER, 1858.]

This Committee having taken into consideration the Governor General's Message of 27 August, 1858, No. 26, respecting Steam Postal Communication, Resolves,—

- (1.) That a sum not exceeding £50,000 per annum be appropriated for ten years, towards defraying the cost of establishing Steam Postal Communication, monthly, between Sydney and Panama, under a Contract to be entered into by the Imperial Government and the Government of New South Wales, with parties willing and competent to undertake the service.
  - (2.) That application be made to the Imperial Government to authorise the conveyance of the Mails for the Australasian Colonies, under the Contract already entered into for Steam Postal Communication between London and Aspinwall.
  - (3.) That the Imperial Government be also requested to take the necessary steps for securing the conveyance of the Australian Mails, by the Railway, from Aspinwall to Panama.
  - (4.) That the Colonies of Victoria, Tasmania, South Australia, and New Zealand, be also requested to co-operate with the Government of New South Wales, in undertaking to pay an equitable contribution for the advantages which may be afforded to them respectively by the establishment of such means of communication.
  - (5.) That the Government of Victoria be invited to contract in a similar way for the establishment of a monthly Steam Postal Communication between Melbourne and Suez, or Point de Galle.
  - (6.) That in the event of Victoria co-operating with New South Wales in defraying the cost of the Mail Contract *viâ* Panama, this Colony ought to co-operate with the Government of Victoria in paying an equitable amount for the conveyance of letters by the Point de Galle route.
  - (7.) That the expense which may be incurred in establishing, either or both, of these Postal Services, should be borne in equal proportions by the Imperial Government and the Australian Colonies.
  - (8.) That letters brought by either the Panama or Galle mail routes, be conveyed by each Colony for which they are directed, by such arrangement as may be respectively determined.
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COPY OF A DESPATCH FROM MR. STAFFORD TO MR. COWPER.

New Zealand,  
Colonial Secretary's Office,  
Auckland, November 1st, 1858.

SIR,—

I have the honor to acknowledge the receipt of your Letter of the 17th September last, (No. 20.) transmitting copies of the Minutes of the Executive Council of New South Wales, and also of the Resolutions which have since been adopted by the Legislative Assembly of that Colony, on the subject of the Steam Postal Service between the United Kingdom and the Australasian Colonies.

In reply, I have to inform you, that the Government of New Zealand approves, generally, of the proposal conveyed in these papers, and will be happy to co-operate with the Australian Colonies in establishing efficient Steam Communication between Great Britain and Australasia.

I observe, however, with reference to the proposed line *viâ* Panama, that it is not stated, whether it is intended that the Steamer on that line should call, both going and returning, at New Zealand, as was contemplated when Mr. Wetton's offer was made and agreed to. This condition would be necessary to enable New Zealand to receive an advantage from that route correspondent to the increased expenditure which it would entail. It is the more necessary that this should be stated as the amount of a contribution from New Zealand to any new Postal Service must of course depend on the advantage which it may receive.

With respect to the amount of the subsidy to be borne by Great Britain and the Australasian Colonies respectively, it would appear preferable that an equal share of the whole amount should be paid by the Imperial Government, on the one part, and by the Colonial Governments on the other part, rather than that the former should pay for the mails to Point de Galle and Panama only, as by the latter arrangement Great Britain would, from being able to avail itself of the vessels of the Peninsular and Oriental, and Royal Mail Companies, be required to provide but a comparatively small portion of

the whole cost of the proposed services, from which it must be expected to benefit to at least an equal extent as the Colonies concerned.

I have, &c.,

(Signed) E. W. STAFFORD.

The Honorable the Colonial Secretary,  
Sydney, N.S.W.

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COPY OF A MEMORANDUM BY THE GOVERNOR.

Government House, Auckland,  
9th December, 1858.

As Her Majesty's Government contribute largely towards a Steam Postal Service between the Australian Colonies and New Zealand, it will be necessary that the Governor should inform the Secretary of State that subsidies have been voted by two Provincial Governments for other Services between Australia and New Zealand. In order to complete the information the Governor wishes to know the views of his Advisers on the subject.

(Signed) T. GORE BROWNE.

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COPY OF A MEMORANDUM BY MR. STAFFORD.

Colonial Secretary's Office,  
Auckland, 11th January, 1859.

Steam Postal  
Service.

With reference to His Excellency's Memorandum of the 9th ultimo, relative to Subsidies being paid by two Provincial Governments for Steam Services, in addition to the Service contracted for on behalf of the Imperial and Colonial Governments, it may be observed that, as the Imperial Government has not yet delegated to the Governor the powers reserved to the Admiralty under the contract with Messrs Pearson & Co., no definite action can be taken with reference to the respective Steamers now subsidised in New Zealand, so as to ensure that the greatest amount of public advantage may be obtained at the least cost.

The delegation of these powers may, however, be expected to arrive shortly (probably with Mr. Sewell), when the Government will be enabled to act conclusively with a view to the establishment of the best Steam Service which may be practicable.

(Signed) E. W. STAFFORD.

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MR. COLEMAN TO POSTMASTER-GENERAL.

Inter-Colonial Royal Mail Steam Packet Company (Limited),  
Auckland, April 2nd, 1859.

SIR,—

In accordance with the desire expressed by yourself and the other Members of the Colonial Government, with whom I had the honour of an interview yesterday, I beg leave most respectfully to reduce to writing the plan agreed upon for re-constructing the route, and extending the services to be hereafter performed by this Company's Steam Vessels,—subject to confirmation by the Board of Directors, London, on behalf of the Company whom I have the honor to represent.

1. The route prescribed in the Contract, and the Time Tables thereunto annexed, to be considered as annulled during the term of this agreement, and that instead thereof the Company's Steam Vessels do perform the service hereinafter mentioned.

2. One Steamship to run between Sydney and Auckland direct, and *vice versa*, monthly.

3. One Steamship to run between Sydney and the Ports of Nelson, Wellington, Port Lyttelton, and Port Chalmers, and *vice versa*, monthly.

4. One Steamship to run between the Manukau and Taranaki, Nelson, Wellington, Canterbury, and Otago, and *vice versa*, monthly.

5. That no other Steam Vessels but those of the Company be employed or subsidised by the General Government during the term of this agreement.

6. That either party be allowed to return to the *status quo ante* on giving to the other, four calendar months' notice of their intention so to do; and at the termination of such notice, the original contract to resume its full force and virtue, with the proviso that the Company's Steamers shall complete the Inter-Provincial link in such manner as to afford a direct monthly postal communication between all the said Ports of New Zealand, subject to the stipulation that the Colonial Government do not subsidise any other Steam Vessels but those of the Company.

7. Time Tables, showing the probable arrival and departure of the Company's Steamers at and from all the said Ports, to be forthwith prepared by the Company and approved by the Government.

8. That in consideration of the extended services hereinbefore mentioned, the Colonial Government shall pay to the Company an addition subsidy of £6000 per annum, in monthly instalments, over and above the subsidy payable under the present contract.

9. The Company undertake to commence the amended and extended services as early as practicable, and the same to be considered as commencing on the day upon which the second Inter-Colonial Steamer to be provided by the Company shall sail from Sydney for Auckland, or *vice versa*.

10. That the original Contract shall remain in full force and virtue, save and except so far as the service may be altered, affected, or amended by this agreement.

In assenting, on behalf of the Company, to the foregoing terms for the settlement of the long pending question of the Steam route, I trust I may be pardoned for expressing the hope that the Government will readily acknowledge that the Company has evinced an earnest desire to meet, in a liberal spirit, the views and wishes of the Government, and the increasing requirements of these important Colonies.

I have, &c.,

(Signed)

EDWARD COLEMAN,  
Manager for the Colonies.

To the Honorable  
The Postmaster-General of New Zealand.

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POSTMASTER-GENERAL TO MR. COLEMAN.

General Post Office,  
Auckland, 7th April, 1859.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 2nd instant, transmitting a proposal for altering the route at present laid down for the Royal Mail Steam Packet Company's Steamers by the Contract now in force.

In reply, I have to state that the Government are willing to accept the proposals therein made, subject to the following conditions:—

1. That the Auckland and Sydney boat shall, if practicable, without requiring the employment of another boat, extend its voyage to Napier and back, the Government guaranteeing a sum sufficient to cover the extra cost for coals and for reasonable wear and tear incurred by this addition, and undertaking, in case of the traffic on this part of the line not paying, to reimburse the company the deficiency.

2. The service to commence in Sydney on the 8th July next, in order to afford time for all four of the boats to be on the line, as well as for the necessary alterations to be made in the cabin accommodation of the "Lord Ashley" and "Lord Worsley."

3. The Government to be at liberty to substitute Melbourne for Sydney as the Port of arrival and departure for one of the Inter-Colonial boats, the Government increasing the subsidy payable to the Company by six thousand pounds (£6,000).

I have, &c.,

(Signed)

HENRY JOHN TANCRED.

Edward Coleman, Esq.,  
Inter-Colonial R. M. S. S. Company,  
Queen-street.

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MR. COLEMAN TO POSTMASTER-GENERAL.

Inter-Colonial Royal Mail Steam Packet Company (Limited),  
Auckland, April 9th, 1859.

SIR,—

I have the honor to acknowledge the receipt of your communication, dated 7th inst., stating in reply to the proposal made on behalf of this Company, in my letter dated 2nd inst., addressed to yourself, "that the Government are willing to accept the proposals therein made, subject to the following conditions:—

"1. That the Auckland and Sydney boat, shall, if practicable, without requiring the employment of another boat, extend its voyage to Napier and back, the Government guaranteeing a sum sufficient to cover the extra cost for coals and for reasonable wear and tear incurred by this addition, and undertaking in case of the traffic on this part of the line not paying, to reimburse the Company the deficiency.

"2. The service to commence in Sydney on the 8th July next.

"3. The Government to be at liberty to substitute Melbourne for Sydney as the Port of arrival and departure for one of the Inter-Colonial boats; the Government increasing the subsidy payable to the Company by £6000 per annum."

On behalf the Company I beg to state their willingness to accept the foregoing conditions.

I have, &c.,

(Signed)

EDWARD COLEMAN,  
Manager for the Colonies.

The Honorable Henry John Tancred,  
Postmaster-General of New Zealand,  
&c., &c., &c.

## TIME TABLE.

## Inter-Colonial Monthly Mail Service between Sydney, Auckland, and Napier.

SYDNEY.	AUCKLAND.		NAPIER.		AUCKLAND.		SYDNEY.
Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.
10th of every Month.	17th	20th	22nd	23rd	25th	28th	5th

## Inter-Colonial Monthly Mail Service between Sydney, Nelson, Wellington, Canterbury, and Otago.

SYDNEY.	NELSON.		WELLINGTON.		CANTERBURY.		OTAGO.
Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.
8th of every Month.	15th	17th	18th	20th.	21st	23rd	24th

OTAGO.	CANTERBURY.		WELLINGTON.		NELSON.		SYDNEY.
Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.
27th of every Month.	28th	29th.	30th	1st	2nd	5th	12th

## Inter-Provincial Monthly Mail Service between Manukau, New Plymouth, Nelson, Wellington, Canterbury and Otago.

NELSON.	NEW PLYMOUTH, weather permitting.		MANUKAU.		NEW PLYMOUTH, weather permitting.		NELSON.		WEL- LINGTON.
Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.
20th of every Month.	21st	22nd.	23rd	26th	27th	27th	28th	29th	30th

WELLINGTON.	CANTERBURY.		OTAGO.		CANTERBURY.		WELLINGTON.		NELSON.
Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.	Leave.	Arrive.
2nd of every Month.	3rd	4th	5th	8th	9th	10th	11th.	13th.	14th

NOTE.—Each boat to leave Sydney on the day appointed, unless it shall have been ascertained before that time by Telegraph that the English Mail Steamer has arrived at Kangaroo Island. In such case, the Company's boats to be detained for the Mail; and, for that trip, to be allowed the same number of extra days such detention shall have lasted.

POSTMASTER GENERAL, NEW ZEALAND, TO POSTMASTER GENERAL, VICTORIA.  
(196.)

General Post Office,  
Auckland, 29th April, 1859.

SIR,—

I have the honor to enclose a copy of the New Zealand Government Gazette, No. 12, of the 15th April, containing a correspondence between the Inter-Colonial Royal Mail Steam Navigation Company and myself, in relation to proposed arrangements for improving the present means of communication between Australia, and the several Ports of this Colony, from which you will perceive that an alteration has been made in the nature of the Contract originally subsisting.

I should wish to draw your attention to that part of the alteration which contemplates Melbourne becoming the Port of arrival and departure for one of the lines ; instead of Sydney being, as at present, the Port of arrival and departure for both.

The Government of New Zealand would be very anxious, in case the Government of Victoria should think it desirable to take advantage of this stipulation, and my object in addressing you is to enquire whether your Government would be willing to contribute a sum equal to the additional expense thereby entailed.

I learn from the public papers that the Contract entered into by the Government of Victoria with the owners of the Steamer "Boomerang," for maintaining communication by steam between Melbourne and Wellington, is about to terminate ; and it has occurred to me that you would be disposed to lend your co-operation towards the establishment of a service which would offer much greater advantages than that about to be broken off, while the expense to your Government would not be greater than that incurred under the Contract with the "Boomerang," which, it is understood involved a payment by the Colony of Victoria of £6000 per annum.

The chief advantage of the plan which I am now submitting to you consists in the fact, that the proposed line, instead of connecting Melbourne with only one Port of New Zealand, would bring it into direct communication with all the Ports of the Colony.

It is calculated at a rough estimate, that the additional expense entailed upon the Company, by the substitution of Melbourne for Sydney as one of the Ports of arrival and departure, would exceed the proposed additional subsidy by from £1,500 to £2000, owing principally to the higher price charged for coals at Melbourne, as compared with their cost at Sydney, added to the greater distance, and consequently increased consumption of coals upon the Melbourne line. But it appears also that the expenses on account of harbour dues and wharfage, with others incident to a vessel visiting Melbourne, are much higher than at Sydney, and would therefore form another item of increased expense.

I do not know whether the Government of Victoria would be in a position to make arrangements for some relief as regards this latter item, by exempting the Steamers employed in this Service from charges of this nature ; but, if this were done, I should suppose the additional subsidy would be sufficient to cover the additional outlay, and the line might then be established permanently. It is the interest, of course, of the Government, as well as that of the Contractors, to make the Service a remunerative one ; as, if it does not answer, an interruption would take place, prejudicial to all parties, by the Company exercising their privilege of determining the arrangement, and reverting to Sydney as the only Port of arrival and departure.

The Government of New Zealand, while sensible of the many advantages afforded by the alteration which I have proposed, consider at the same time, that so great an outlay in proportion to the revenue, is already being incurred by the Colony on account of Steam Communication, that they would not feel themselves justified in expending any further sums for this purpose.

Should you consider that the advantages of the line which I have proposed, would be sufficiently great to induce you to contribute £6000 per annum, I should be prepared on receiving your assurance to that effect, to advise His Excellency the Governor to establish it at once, by requiring the Contractors to make Melbourne the Port of arrival and departure for one of the Boats.

I have, &c.,

(Signed) HENRY JOHN TANCRED.

The Honorable  
The Postmaster-General,  
&c., &c., &c.,  
Victoria.

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MR. COLEMAN, TO POSTMASTER GENERAL.

Inter-Colonial Royal Mail Steam Packet Company (Limited),  
Auckland, September 12, 1859.

SIR,—

Referring to the conversation I had the honor of holding with several Members of the Government, with regard to the necessity of providing for the Service of this Colony, a fifth Boat of adequate size and power, and in every way fitted and adapted for the Inter-Colonial Service, with the double object of placing one of the present Inter-Colonial Boats upon the East Coast Service, and of providing to a great extent, a spare Boat to meet casualties ; I have the honor on behalf of the Company to make the following proposals :—

1st. That the Company will provide a fifth Boat of the description hereto annexed, and such Vessel shall leave England for Australia, or New Zealand, within twelve months from the date of the order arriving in England, or not later than 1st January, 1861, provided that the Government assent to the following conditions.

2nd. The estimated cost of such Vessel being not less than £25,000, it is proposed that the Government should assist the Company, by way of providing the necessary Capital, by not demanding repayment of the present Mortgage, or any instalments thereof, for a further period of eighteen months, and all instalments now repaid by the Company to be refunded.

3rd. That on arrival of the said Vessel in New Zealand, the Company will, in addition to their present services, perform a monthly service between Auckland, Napier, Wellington, and Nelson, and *vice versa*, according to a time table to be approved by the Government, for a subsidy of Three Thousand Pounds per annum, and the Company undertake, until the arrival of said Vessel, to perform the said service by means of the White Swan, or some other steam Vessel, if the same can be obtained for the sum, and on terms referred to.

I have, &c.,

(Signed)

EDWARD COLEMAN,  
General Manager.

The Honorable  
The Postmaster-General,  
&c., &c., &c.,  
New Zealand.

DESCRIPTION OF STEAM VESSEL TO BE PROVIDED BY THE COMPANY.

Enclosure.)

To be about 500 tons nett register, or about 850 tons Builder's measurement; and not less than 120 Horse-Power, Nominal, and Engines to be of the best description of geared Engines.

Saloon accommodation to be provided for not less than 40 passengers, and Steerage accommodation for 36 passengers.

Vessel to be fitted with Sifting Screw.

Patent Superheating Apparatus.

Condenser for Distilling Salt Water.

Cabins to be not less than seven feet high, to be of the best description, and well ventilated.

Machinery to be placed amidships.

The Vessel to steam not less than 9 knots, and to be in every respect suitable for the Inter-Colonial Service, and in the highest state of efficiency.

(Signed)

EDWARD COLEMAN.

POSTMASTER GENERAL, TO MR. COLEMAN.

General Post Office,

Auckland, 27th September, 1859.

SIR,—

I do myself the honor to acknowledge the receipt of your letter of the 12th instant, containing certain proposals for extending the Service at present performed by the Vessels of the Inter-Provincial Royal Mail Company, such extension to be effected by providing a fifth Boat, in addition to those already upon this Coast.

In reply to your proposals, I have the honor to state that, without the sanction of the Legislature, the Government would not feel themselves at liberty to comply with the two first conditions annexed by you to that proposal; if however, you can make a temporary arrangement, for the efficient performance, during the ensuing twelve months, of the East Coast Service, so as to effect a Bi-Monthly Communication between Wellington and Auckland; the Government would be willing to entertain the matter.

With this view, they are willing to allow the sum of £3000, for a service between Auckland and Wellington *via* Napier; so arranged, that the Boat employed should start from Wellington on the 1st of every month, taking up the Mail brought on from Nelson by the Inter-Provincial Boat on her way South; and should arrive again at Wellington from Auckland, on the 12th, in time to meet the Inter-Provincial Steamer on her way Northward by the West Coast.

In this case, the Government will be prepared to lay your proposals before the General Assembly, and to recommend them for adoption.

Of course any subsidiary conditions with the owners of the "White Swan" will not be interfered with, so long as the service is punctually performed.

I have, &c.,

(Signed)

HENRY JOHN TANCRED.

Edward Coleman, Esq.,  
Manager, Inter-Colonial Royal Mail Steam Company.

MR. COLEMAN, TO POSTMASTER GENERAL.

Inter-Colonial Royal Mail Steam Ship Office,  
Sydney, 11th October, 1859.

SIR,—

I have the honor to acknowledge the receipt of your communication, dated 27th September last, in reply to mine dated 12th ulto., containing certain proposals for extending the Service at present per-



formed by the Vessels of the Company, by providing a fifth Boat, in which reply you are pleased to assent to my proposals, subject to the sanction of the Legislature being first obtained with regard to the postponement of the repayment by the Company, of the Mortgage Instalment for a period of eighteen months. I now have the honor to inform you that an arrangement, copy of which I beg to enclose, has been made between the Company and the owners of the "White Swan," for the performance by the latter, of the Service between Auckland and Wellington, on the terms laid down in your letter. I have respectfully to request that you will inform the Company in London, at the earliest convenient opportunity, of the decision of the Legislature upon the points reserved, inasmuch, as the Company cannot proceed further until the decision thereon is received.

I have &c.,

(Signed) EDWARD COLEMAN.

The Honorable  
The Postmaster-General,  
New Zealand.

#### HEADS OF AGREEMENT BETWEEN THE INTER-COLONIAL ROYAL MAIL COMPANY AND THE OWNERS OF THE "WHITE SWAN."

1st. Agreement to be for two months certain; terminable by the owners of the "White Swan" giving to the Company or their agent, one calendar month's notice, such notice not to be given before the termination of the first month of the said term, upon the condition however, that the owners of the "White Swan" shall have the option of extending the Service to twelve calendar months certain, from the date of this agreement, upon their giving to the Company, one calendar months' notice of their intention so to do. (Enclosure.)

2nd. The "White Swan" to perform a Service between Auckland, Napier, and Wellington, and *vice versa* monthly, at the dates hereinafter mentioned.

3rd. No Boat to be employed by the Company on the East Coast of the Northern Island during the term of this agreement.

4th. The "White Swan" to start from Wellington, on the 1st of each month, taking up the Mail brought on from Nelson by the Inter-Provincial Boat on her way South, and shall arrive again at Wellington from Auckland on the 12th, in time to meet the Inter-Provincial Boat on her way Northward by the West Coast, unavoidable accidents and stress of weather always excepted.

5th. Owners of "White Swan" to be subject to penalties, or deductions from subsidy that the Government may enforce, for breach of contract or nonperformance of Service, it being understood that the Company assume no responsibility whatever in respect thereof.

6th. The "White Swan" shall not trade or proceed farther South than Latitude of 40° South, or to or from any part or place Northward of Wanganui on the West Coast, or to or from Nelson, save and except, for the purpose of repairing or cleaning only, the "White Swan" may proceed to Nelson, but not for trading purposes.

7th. That in the event of the "White Swan" being disabled by accident, or from other causes failing to perform the Service herein contracted for, the contract shall *ipso facto* be considered as terminated, and shall cease and determine accordingly.

8th. Rates of Freight and Passage money upon the Inter-Provincial Service, to be mutually agreed to, upon the understanding that both parties shall charge the same rates, with the exception that goods conveyed *via* Manukau, shall be charged 15s. per ton less than if conveyed *via* Auckland to the same Ports.

9th. Proportion of Commission on Freight or Passage money paid by either party to their Agent to be deducted before settlement of accounts between them.

10th. With reference to adjustment of through rates, it is agreed that either party shall receive the proportionate mileage rate of Freight and Passage money according to the distance that goods and passengers may be conveyed by the Vessel of the other, such distances being agreed to be taken as under :—

Between Auckland and Ahuriri	-	-	-	350 miles.
" Ahuriri and Wellington,	-	-	-	200 "
" Wellington and Port Cooper	-	-	-	170 "
" Port Cooper and Port Chalmers,	-	-	-	200 "

it being understood, that the Vessels receiving the goods and passengers from the other, shall find Boats and Men for the conveyance of the same on board the Vessel into which the traffic is to be transhipped, and that the Vessel last arriving shall, if practicable, bring up and make fast alongside the other, the Crews and Officers of both Vessels rendering every possible assistance to each other to facilitate transhipment.

11th. In consideration of the above Service, the owners of the "White Swan" shall receive a subsidy, at and after the rate of Three Thousand Pounds per annum, payable monthly, or within seven days after the same shall have been received by the Company, from the General Government of New Zealand.

12th. That this agreement shall date and commence from the day on which the "White Swan" shall leave Auckland on the intended Service, that is to say, during the month of October next, and it is hereby stipulated and agreed between the parties hereto, that any subsidy payable by the General

Government of New Zealand, in respect of present voyage of the "White Swan," which commenced from Auckland on the nineteenth September instant, shall be divided equally between the Inter-Colonial Royal Mail Company and the owners of the "White Swan."

13th. Each party hereby mutually agrees that no Vessel, or Vessels of the other, shall be allowed to trade, or proceed beyond the limits described and defined in this Contract, and for any breach hereof, the party so offending, shall be subject and pay the other, the sum of Five Hundred Pounds, to be taken and considered as damages and recoverable as such.

14th. That this agreement is made subject to confirmation by the Board of the Directors of the of the Company in London.

Witness to the signatures of Edward Coleman, as Manager  
of the Inter-Colonial Royal Mail Steam Packet Com-  
pany, (Limited), and of William Phippard Kirkwood,  
Managing owner of the Steamer "White Swan."

(Signed) J. G. LAWSON.

(Signed) EDWARD COLEMAN.  
(Signed) WM. P. KIRKWOOD.

Auckland, September 28, 1859.

POSTMASTER GENERAL, TO ACTING MANAGER OF THE INTER-COLONIAL ROYAL MAIL COMPANY.

General Post Office,  
Auckland, December 22, 1859.

SIR,—

I have the honor to address you upon the subject of the Inter-Provincial Service by the Eastern Coast, performed by the Steamer "White Swan," under arrangement with the Company which you represent.

On the 8th November, a letter was addressed by the Colonial Secretary to His Honor the Superintendent of Napier, requesting the Government of that Province to discontinue the subsidy paid to the Steamer "Wonga Wonga." This was met by a proposal that the "White Swan" should perform an additional service between Auckland, Napier, and Wellington, in the latter half of every month, leaving Auckland on or about the 19th, on the arrival of the Inter-Colonial Boat from Sydney, and taking on Freight and Mails for Sydney, to be transhipped into the Inter-Colonial Boat at Wellington.

In consideration of this second East Coast Service, the Province of Hawks' Bay offered an extra subsidy of One Thousand Pounds per annum; which payment, upon certain conditions, it was arranged afterwards should be made not by them, but by the General Government.

The only obstacle to the conclusion of an arrangement upon this basis, is that the engagement subsidy between your Company, and the Government, precludes the latter from subsidizing any Steamers but those belonging to the Company, and consequently prohibits them from establishing this Service without the sanction of the properly authorised Agent of the Company. It would be the wish of the Government, indeed, to make no direct Contract at all with the "White Swan," but let this additional Service be carried out in the same manner as the existing one; namely, by means of a agreement between the owners of the "White Swan" and the Inter-Colonial Company.

I have therefore to request that you will communicate with the Manager at Sydney in reference to this subject.

I have, &c,

(Signed) HENRY JOHN TANCRED.

The Acting Manager  
Inter-Colonial Royal Mail Company,  
Auckland.

MR. GILFILLAN, TO POSTMASTER GENERAL.

Inter-Colonial Royal Mail Company (Limited)  
Steam Ship Office,  
Auckland, 23rd December, 1859.

SIR,—

I have the honor to acknowledge the receipt of your letter of yesterday's date, relating to a proposed change in the Contract which at present exists between this Company and the owners of the "White Swan" Steamer, and in reply I beg leave to state that I shall duly bring the matter under the notice of the Manager in Sydney.

I have, &c.,

(Signed) J. A. GILFILLAN,  
Acting Manager.

The Honorable  
The Postmaster General,  
New Zealand.

MR. TANCRED, TO SUPERINTENDENT OF HAWKE'S BAY.

Colonial Secretary's Office,  
Auckland, 8th November, 1859.

SIR,—

I have the honor to draw your attention to the fact that the Government have succeeded in establishing a Steam Mail Service on the East Coast, to be performed by the "White Swan," thus affording to the Province of Hawke's Bay a monthly means of communication with Auckland and Wellington.

The Owners of the "White Swan," however, find that the competition of another Service between Wellington and Napier by means of the "Wonga Wonga" (subsidised in part by the Government of Hawke's Bay), deprives them of so great a part of the traffic between the two places, as to make it impossible for them to continue running on this line.

I need scarcely observe to your Honor how important it is that every effort should be made to retain the service of the "White Swan," and I would therefore suggest to your Honor, as the only means of doing so, that the subsidy to the "Wonga Wonga" be withdrawn, or at all events, that no further engagements be entered into for the maintenance of a Competing Line.

I have, &c.,  
(Signed) HENRY JOHN TANCRED,  
For the Colonial Secretary.

His Honor the Superintendent,  
Napier.

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SUPERINTENDENT OF HAWKE'S BAY, TO COLONIAL SECRETARY.

Superintendent's Office, Napier,  
Dec. 1st, 1859.

SIR,—

I have the honor to acknowledge the receipt of your letter of 8th November, drawing my attention to the Steam Mail Service on the East Coast, your Government has succeeded in establishing, between Auckland and Wellington, from which Hawke's Bay will derive the advantage of Monthly Communication with those Provinces. The said Service to be performed by the "White Swan;" and suggesting as the only means of retaining her on this Line, the withdrawal of the subsidy now paid to the "Wonga Wonga," and consequently the probable stoppage of the communication at present kept up by her, between this and Wellington, which no doubt interferes much with the traffic of the "White Swan."

Since the receipt of the letter above referred to, I have communicated with Mr. Blacker, of the "White Swan," and obtained from him a copy of the agreement between the owners of that Vessel and the Coleman Company, dated September 28, 1859. By Article No. 2 :—

"The "White Swan" is to perform a service between Auckland, Napier, and Wellington, and *vice versa*, Monthly, at the date hereinafter mentioned."

By Article 4 :—

"The "White Swan" is to start from Wellington on the 1st of each month, taking on the Mail brought on from Nelson by the Inter-Provincial Boat on her way South, and shall arrive again at Wellington, from Auckland on 12th, in time to meet the Inter-Provincial Boat on her way Northward by the West Coast, unavoidable accidents and stress of weather always excepted."

Article 11 provides that :—

"In consideration of the above Service, the owners of the "White Swan" shall receive a subsidy at and after the rate of £3,000 per annum, payable monthly, or within seven days after the same shall have been received by the Company from the General Government of New Zealand."

I must confess my inability after perusing the above articles of the agreement,—and they are the only ones that the public are interested in—to see that the people of Hawke's Bay will derive the least benefit from the Contract, further than that another opportunity of communicating between Auckland and this place by Steamer, will be added to the at present numerous ones constantly occurring each month by sailing Vessels and Overland. Our interests as far as regards the English and Inter-Colonial Mail Service, that is carefully provided to all the other Provinces, seem to have been lost sight of altogether—and it will really be much more advantageous for us to have the Mail brought up from Wellington by the "Wonga Wonga," as in most cases hitherto—immediately after its arrival there, than to wait till the 2nd or 3rd of each month, for the sake of having it conveyed from Wellington by the "White Swan," and so lose all chance of being able to reply to letters by the steamer to Sydney, that leaves Wellington on the 1st.

I will not conceal the disappointment I feel that the arrangement originally proposed, of Steam Communication between Sydney, Auckland, and Napier, and for which the Time Tables have been published, has resulted only in the present very unsatisfactory Contract with the "White Swan;" for which £3000 per annum is apparently to be paid, more for keeping up a fortnightly Communication between Auckland and Nelson than anything else—leaving to the Province the trouble and expense of procuring the quick delivery of its English and Sydney Mails by whatever means may be within its reach. By the original plan, we should not only have had our Mails with the least possible delay, but an opportunity would have been afforded the Merchants here, each month, of obtaining supplies of all kinds direct from Sydney, which it had been calculated would tend in a short

time almost to double our present Customs Revenue—besides placing within their reach the advantage of shipping wool, wheat and other produce in return, direct for the Sydney markets.

I am quite aware that a difficulty was found to exist against carrying out this arrangement—in the distance between Sydney *via* Auckland to Napier and back again, being greater than could be safely performed by one Vessel, including the necessary stoppages, within the month,—but this I imagine could easily have been met, by providing that the Mail and Goods for Napier, brought by Steamer from Sydney to Auckland, should be immediately transhipped on their arrival there, into the “White Swan,” which would then proceed to Napier, and take the return Mail with wool or other freights for Sydney on to Wellington, to be forwarded by the Company’s Boat, leaving Wellington on 1st as was proposed, and as I imagined agreed to when I was at Auckland, in September last,—and I believe that failing for the present in the direct communication between Sydney and Napier first contemplated, no other plan will prove satisfactory in the meantime, or fulfil the just and reasonable expectations of the Inhabitants of this Province, which, without in any way wishing to make factious or unreasonable complaints, I submit have been entirely overlooked in the “White Swan’s” Contract with the Coleman Company, of 28th September, 1859.

What I would now ask for, is a revision of this Contract if possible, and that in addition to her present engagement of arrival at, and departure from Wellington, the “White Swan” should be required to leave Auckland for this place on or about 19th or 20th of each month, on the arrival of the Inter-Colonial Steamer, taking on the Mail and Goods for this place, and shipping here, any freights for Sydney that would be transhipped by her into the Inter-Colonial Boat that would leave Wellington for Sydney about the 1st of each month. If some such arrangement as this could be effected, and that the freights between Sydney and Napier, and *vice versa*, were fixed on fair rates, say, 60s. per ton, with a guarantee that the rates of passage money at present existing between the Ports of Wellington and Napier would not be increased, we should be prepared to discontinue the subsidy of the “Wonga Wonga,” after 31st instant, and pay to the “White Swan” a contribution of £1000 per annum, in consideration of the Bi-Monthly Service to be executed by her. But as I do not wish to cause any confusion or misunderstanding in this matter by direct negotiations with the owners of the “White Swan,” seeing that the extension of the present arrangement now sought for, is in reality on account of the Mail Service of the Province, I venture to hope that the subject will be immediately entertained by His Excellency’s Government, and a decision come to without delay—as otherwise we shall be obliged to arrange about the continuance of the subsidy to the “Wonga Wonga,” for a further period of twelve months.

I have, &c.,

(Signed) T. H. FITZGERALD,  
Superintendent.

The Honorable  
The Colonial Secretary,  
Auckland.

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MR. TANCRED TO SUPERINTENDENT OF HAWKE’S BAY.

(555.)

Colonial Secretary’s Office,  
Auckland, December 7, 1859.

SIR,—

I have the honor to acknowledge the receipt of your Honor’s letter, of the 1st instant, on the subject of the existing Mail Steam Service on the East Coast, and pointing out where you consider the interests of the Province of Hawke’s Bay have been overlooked in the present arrangements.

In the establishment of a general Mail Steam Service in New Zealand, embracing Inter-Provincial as well as Inter-Colonial Communication, the Government have been guided by an anxious consideration of the interests of the Colony at large, and by a desire, so far as was compatible with that object, to satisfy the various requirements of each Province, and they have carefully abstained in the fulfilment of that difficult task, from any exclusive regard to the interests of any particular Province.

The Province of Hawke’s Bay obtains sensible advantages from the present Service, for although it suffers a slight delay in the receipt of Mails from England, it has been brought into such direct and speedy Communication with every other Province, that a reply can be received at Napier, within three weeks from the date of despatch, to letters addressed to any other Province.

The Government, however, would be anxious, so far as they can, to establish, in addition to, and independently of the Service already existing, a second Service as proposed by your Honor, and, for that purpose to take upon itself the payment of the required additional subsidy of One Thousand Pounds.

There are at present two objections to the immediate and final adoption of this plan.

1st. The Government would be acting in opposition to the spirit of the Engagement entered into by them with the Inter-Colonial Royal Mail Steam Company, in subsidising any Steam Vessels but those belonging to that Company. This objection would preclude them from establishing any new Service without the concurrence of the Company.

2nd. The Government would not be justified in incurring, so shortly before the Meeting of the Legislature, and where no absolute necessity exists, so large an expense unauthorised by law.

With respect to the first objection, the Agent of the Company is expected here very soon, and probably there will be no objection on his part to the proposed arrangement.

As regards the second objection, the Government are willing to agree to pay the additional One Thousand Pounds, on their receiving an assurance from your Honor, that, in the event of the General Assembly refusing to sanction that expense, that sum will be refunded by the Province of Hawke's Bay.

I have, &c.,

(Signed)

HENRY JOHN TANCRED,

For the Colonial Secretary.

His Honor  
The Superintendent,  
Napier.

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SUPERINTENDENT OF HAWKE'S BAY, TO COLONIAL SECRETARY.

Superintendent's Office,  
Napier, December 15, 1859.

SIR,—

I have the honor to acknowledge the receipt of your letter, of 7th instant, in reply to mine of 1st instant, on the subject of the Steam Mail Service on the East Coast.

The prompt and liberal consideration you have given to our wishes in regard of the additional Mail Service suggested in my letter, has given me and the Members of my Executive Council much satisfaction, and I have no doubt will be fully appreciated by all the Inhabitants of this Province.

I presume that on the return of Mr. Coleman to Auckland, the first objection raised by you will be obviated, and in respect of the second, I can at once guarantee the repayment of the additional One Thousand Pounds, in case the General Assembly should refuse their sanction to its expenditure by you, a contingency in my mind not likely to arise. Mr. Kirkwood has asked from us in addition to the One Thousand Pounds already named, that he should be paid at the rate of Five Hundred Pounds per annum extra, as long as the "Wonga Wonga" now subsidised by us, continues to run against the "White Swan," between Wellington and this place, which being reasonable enough, has been agreed to, and I enclose a copy of my letter to him for your information. I presume all necessary conditions will be introduced by you into the agreement to be made with Mr. Kirkwood, and shall bind him in reference to the time of starting from Auckland with the Mail immediately on its arrival, and to remaining here at least 24 hours clear, between the time of the "White Swan" entering and clearing at the Custom House, so as to give time to answer letters by way of Wellington. I presume also, that if this arrangement is completed, the Postmaster General will be good enough to give directions to have the Napier Mail in future forwarded by way of Auckland.

I have, &c.,

(Signed)

T. H. FITZGERALD,

Superintendent.

The Honorable  
The Colonial Secretary,  
Auckland.

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MR. FITZGERALD, TO MR. KIRKWOOD.

Superintendent's Office,  
Napier, December 13, 1859.

SIR,—

Referring to our conversation the other day, I have to communicate to you the willingness of the Provincial Government of Hawke's Bay, to pay you in consideration of the Bi-Monthly Service, now to be performed by you between Auckland, Napier, and Wellington, at the rate of Five Hundred Pounds per annum in addition to the One Thousand Pounds that the General Government will cause to be paid to you for the 2nd Mail Service to be performed for them, on the understanding, however, that the said rate of Five Hundred Pounds per annum is to be paid you so long only as the "Wonga Wonga" continues to run regularly twice a month in opposition to you between Wellington and this place, and that it is to cease in case of the said regularly fortnightly Service being discontinued.

It is fully understood also, that in entering into the new arrangement with the General Government, or Coleman's Company on its account, the rates of Passage money between Wellington and this place, and *vice versa*, are not to be raised by you, that Goods will be taken on from Sydney to this place by the Coleman's Boats and "White Swan" at the through rate of 60s. per ton, and without extra charges for transhipment and *vice versa*, and that the "White Swan" will remain at Napier on each occasion of her calling at least 24 hours

I have, &c.,

(Signed)

T. H. FITZGERALD,

Superintendent.

William Kirkwood, Esq.,  
"White Swan" Steamer.

December 13th  
1859.

(Enclosure.)

SUPERINTENDENT OF HAWKE'S BAY, TO COLONIAL SECRETARY.

Superintendent's Office,  
Napier, March 3, 1860.

SIR,—

Mr. Kirkwood, the owner of the "White Swan," has given notice that after the present month he will be unable to carry on the 2nd or additional Mail Service between Auckland, this place, and Wellington, for the sum of £1000 per annum, which you have conditionally agreed to pay him on the part of the General Government, and the payment made him by this Province, so long as the "Wonga Wonga" continues to run, of £500 per annum, or in all £1500 per annum. Mr. Kirkwood asks in addition to his present subsidies other £1500 per annum, which I presume he is not likely to get, as the Provincial Government of Hawke's Bay are disinclined to enter into any such arrangements with him, and I do not expect that so heavy an additional subsidy would be paid by your Government for the Mail Service merely, seeing that it can be performed *viâ* Wellington at a much cheaper rate.

Mr. Kirkwood asks Fifteen Hundred Pounds per annum, as at present paid him for an additional Monthly Service from Wellington only, by which our Mails would be brought up here by the "White Swan," about 21st or 22nd of each month, and Replies be forwarded to Wellington in time for the Mail Steamer that leaves Wellington on the 1st of each month, and which would be, as far as the Mail Service is concerned, a much more satisfactory arrangement than the present one, as it often happens that answers sent *viâ* Wellington to letters received from Sydney *viâ* Auckland, do not reach Sydney till 10th or 11th of the month, when, from the Steamer having already started for Auckland, no replies can be sent till the following month. I trust that the matter of the Mail Service to this place will receive the earnest consideration of your Government, and that you will be pleased to make such arrangements with Mr. Kirkwood as may effect, at any rate, the principal object of the regular arrival and departure of the English and Sydney Mails, even though the additional Monthly Service to Auckland, from which many advantages have resulted, should have for the present to be discontinued.

I have, &c.,  
(Signed) T. H. FITZGERALD,  
Superintendent.

The Honorable  
The Colonial Secretary,  
Auckland.

COLONIAL SECRETARY, TO SUPERINTENDENT OF HAWKE'S BAY.

Colonial Secretary's Office,  
Auckland, 9th March, 1860.

SIR,—

I have the honor to acknowledge the receipt of your Honor's letter of the 3rd instant, reporting an additional claim by Mr. Kirkwood, on account of the Services of the "White Swan," and to state that, in consequence of the near approaching Session of the General Assembly, when I propose to refer to a Committee of Parliament, the whole question of the Steam Postal Service, no new arrangements will be made by the General Government with respect to it, until an opportunity has been afforded to the Legislature of expressing its opinion on the subject.

Temporary arrangements, if necessary, may be made by the Provincial Government of Hawke's Bay, whereby the Services of the "White Swan" or the "Wonga Wonga" can be secured in order to expedite the conveyance of Mails to and from Napier. If the Provincial Government should desire the English Mails to be sent *viâ* Wellington, immediate instructions to that effect will be given, in which case in all probability they could be conveyed more cheaply by the "Wonga Wonga" than by the "White Swan."

I have, &c.,  
(Signed) E. W. STAFFORD.

His Honor  
The Superintendent of Hawke's Bay,  
Napier.

COPY OF A DESPATCH FROM THE GOVERNOR-GENERAL OF AUSTRALIA, TO  
GOVERNOR GORE BROWNE, C.B.Government House, Sydney,  
New South Wales, 12th December, 1859.

SIR,—

I forward herewith a copy of a Despatch which I have just received from His Grace the Duke of Newcastle, enclosing copies of a communication addressed by the Secretary of the Treasury to the Agent appointed by the Colony of New South Wales to negotiate the arrangements required for the establishment of a second line of Steam Postal Communication *viâ* Panama. From the enclosed documents it would appear that the general question of Steam Postal Communication has been sub-

mitted for the consideration of a Select Committee of the House of Commons, and as this Committee cannot commence its deliberations until after the meeting of Parliament, a favourable opportunity would seem to be afforded to the Australian Colonies of bringing under the consideration of the Imperial Government those defects in the existing system of Steam Postal Communication which lessen the advantages which they have a right to expect to derive from it; and also those additional facilities for communicating with other parts of the world which it might be desirable to engraft upon our General Postal Scheme.

I propose in this communication to lay before you the views of the Government of New South Wales, with relation to the general question of Steam Postal Communication, trusting that these will be found to harmonise with those of your Government, and, if so, that you will bring them under the notice of the Secretary of State, or empower me to do so, in order to their submission for the consideration of the Select Committee of the House of Commons.

The principles upon which the Government of New South Wales is disposed to base all the arrangements for the conveyance of the Mails to and from England are :—

1st. That the Contract for this purpose should have reference solely to the conveyance of the Mail, and should not embody any arrangement involving extra payments for the accommodation of Passengers.

2nd. That, subject to the conditions required for the most speedy conveyance of the Mails, the cheapest routes should be adopted.

These principles, if applied to the existing line of communication *viâ* Suez, would indicate the advisability of altering the present route *viâ* Mauritius, and of reverting to the original line *viâ* Ceylon. They would also require that there should not be a separate line from Point de Galle to England, but that the line from Australia should merge into the great line from India and China.

It seems to the Government of New South Wales, that the money expended in running two lines of Steamers parallel to each other from Ceylon to England, when the single line already in existence is amply sufficient to carry the Mails, is altogether wasted. The only purpose which this second line is calculated to answer is that of securing certain conveniences to Passengers to and from Auckland; but this does not appear to the Government of New South Wales to be a legitimate reason for imposing on these Colonies and upon the Mother Country, an additional subsidy of from £80,000 to £100,000 per annum; it is, in point of fact, a payment made by the community to the Company, of from £40 to £50 for each Passenger conveyed.

Should the Australian line be made a branch of the Great Eastern Line of Steam Communication, it is probable that the subsidy required would not exceed £90,000 or £100,000 per annum, and the payments made by these Colonies, including their share of the Postage from Point de Galle to England, would not be more than £50,000 to £55,000 per annum, instead of upwards of £90,000.

The question of a Second Monthly Mail has commended itself to the Government of New South Wales, and appears to deserve the attention of the other Australian Colonies. It seems desirable that this second line should proceed by way of Panama, as by such an arrangement the rising Colony of New Zealand would, without any inconvenience to the Australian Colonies, be placed upon an equal footing with these, so far at least as regards the Monthly Post. By the adoption of the Panama route for the second line, the Australian Colonies would be placed in direct and rapid communication with the States of North and South America, with several of which an extensive trade has already sprung up.

With reference, however, to this line, it is the opinion of the Government of New South Wales that it should terminate at the Isthmus of Panama, and that advantage should be taken of the existing lines of Steam Communication for the conveyance of letters from Panama to England and America. Under such an arrangement, it seems probable that a subsidy of £120,000 would be amply sufficient to remunerate a Company for the risk and expense of conveying a Monthly Mail from Panama to Australia, in which case the whole cost to the Colonies, for a Communication with England twice in the Month, would be but little in excess of the amount now paid for the Monthly Mail Service.

It is possible that the Government of South Australia may not consider the advantage to that Colony, of the Panama line, as commensurate with the expense to be incurred in its establishment. It is also possible that the Government of New Zealand would not, were the Panama line once in operation, wish to continue its contribution towards the line *viâ* Suez; should this be the case, the Government of New South Wales would be prepared to recommend to the Legislature, such an additional appropriation towards the subsidy to be paid by the Colonies, as would cover its share of the deficiency thus created.

Trusting that these views of a question so important to the welfare of these Colonies will meet with your favourable consideration,

I have, &c.,

(Signed) W. DENISON.

His Excellency  
Colonel Gore Browne, C.B.,  
&c., &c., &c.

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HIS GRACE THE DUKE OF NEWCASTLE, TO GOVERNOR SIR WM. DENISON, K.C.B.

Downing Street.  
7th September, 1853.

SIR,—

With reference to my Predecessor's Circular Despatch of the 17th of May last, informing you that the Lords Commissioners of the Treasury had taken measures for inviting Tenders for the

(Enclosure.)

20th Aug. 1859.

execution of a Second Monthly Mail Service between this Country and Australia, by way of Panama, I transmit herewith for your information, the copy of a further Letter from the Secretary to the Treasury, enclosing copy of one, which has been addressed by desire of the Lords Commissioners to Mr. Merewether, the Agent deputed by your Government to advance the project, from which you will perceive that the whole question of Mail Contracts has been referred to the consideration of a Committee of Parliament, and that it is consequently not in their Lordships' power, pending the Report of the Committee, to enter into any explanations, or to take any further action in the matter.

I have, &amp;c.,

(Signed)

NEWCASTLE.

Governor Sir William Denison, K.C.B.,

&amp;c., &amp;c., &amp;c.,

New South Wales.

MR HAMILTON, TO MR. MERIVALE.

Treasury Chambers,

20th August, 1859.

SIR,—

(Enclosure.)

17th Aug., 1859.

With reference to the proposed Postal Service to Australia, *viâ* Panama, I am commanded by the Lords Commissioners of Her Majesty's Treasury, to transmit herewith to you, for the information of the Duke of Newcastle, copy of a Letter which their Lordships have addressed to Mr Merewether on the subject, dated 17th instant.

I am, &amp;c.,

(Signed)

GEO. A. HAMILTON.

To H. Merivale, Esq., C.B.,

&amp;c., &amp;c., &amp;c.

MR. HAMILTON, TO MR. MEREWETHER.

Treasury Chambers,

17th August 1859.

SIR,—

(Enclosure.)

I have laid before the Lords Commissioners of Her Majesty's Treasury, your communication of the 12th instant, and I am directed by their Lordships to transmit to you copies of the Tenders for the proposed Postal Service to Australia *viâ* Panama, in accordance with your request.

I am, at the same time, to recall to your recollection the previous communication with you since the accession of the present Government, and the appointment of the Committee of the House of Commons on the general question of Postal Contracts, and to state that under present circumstances their Lordships must consider the subject of the Panama, as well as of every other projected Mail Service, to be under reference to the consideration of a Committee of Parliament, and that their Lordships are not therefore in a condition to enter into any explanations which might have the effect of apparently abridging the discretion of the Committee, which is wholly independent of that of the Treasury. I am to add that no arrangements have been yet completed with the Granadian Government, with respect to the Transit Dues across the Isthmus of Panama.

I am, &amp;c.,

(Signed)

G. A. HAMILTON.

E. C. Merewether, Esq.,

&amp;c., &amp;c., &amp;c.

COPY OF A MEMORANDUM BY MR. STAFFORD.

Colonial Secretary's Office,

Auckland 24th January, 1860.

STEAM POSTAL  
SERVICE.

Ministers have had under their consideration, various Despatches from Sir E. B. Lytton and the Duke of Newcastle, as also a Communication of the 12th ultimo from Sir William Denison, relative to the question of the Steam Postal Service between Great Britain and the Australian Colonies, and especially referring to the establishment of a line of Steam Postal Communication *viâ* Panama.

It is with great regret that this Government has become aware that the measures initiated by the Lords of the Treasury in April last, for instituting the latter Service have not been proceeded with, nor are they aware of any circumstances which have occurred since Tenders for that Service were invited and received, which ought to have prevented the conclusion of a Contract on the conditions laid down in the Treasury Minute of 19th April, 1859.

The advantages certain to result to the Australian Colonies from a Service by Panama, which would both afford the means of a fortnightly communication with Great Britain, and open up an intercourse with North and South America, are so obvious, and have been so readily admitted, alike by the Colonies and by the Imperial Government, as to render it unnecessary on the present occasion to adduce arguments in support of it, beyond what present themselves from the experience of the working



of the existing Service. From this experience, it has become evident that, in so far as New Zealand is concerned, any Service *viâ* Suez must, however well conducted, be infinitely inferior as a Postal medium to one by Panama. In illustration of this, it is sufficient to state that under no circumstances can the letters from London which may arrive at Sydney for New Zealand *viâ* Suez in any month, be replied to by the return Mail leaving Sydney for London on the same month; while by the Panama route, which would involve calling at New Zealand both on the outward and homeward passage, ample time would be afforded for replies. This consideration alone would recommend that New Zealand should co-operate with New South Wales in the endeavour to obtain a Service by way of Panama. Ministers also entirely concur with the Government of New South Wales in believing that the cost of the Suez line would be materially diminished, while its efficiency as a Mail Service would be unimpaired, by the substitution of Ceylon for Mauritius as the line of route, and by the employment of Vessels with a view to the conveyance of Mails rather than Passengers. A saving of time, averaging about 24 hours in each voyage, might also be effected if the Suez Steamers, instead of going up to Williamstown, were to land and receive at Queenscliffe, the Mails to and from Victoria and Tasmania.

The propositions of the Government of New South Wales will accordingly receive every support from this Government, which will, in the approaching session of the New Zealand Legislature, propose that this Colony should contribute to the cost of the Australian Steam Service on the following conditions *viz*: 1stly. That, with respect to either the Suez or the Panama Service, one moiety of the whole cost is to be borne by Great Britain. 2ndly. That of the whole amount of subsidy payable by the Colonies, New Zealand is to contribute such proportion as the number of New Zealand letters received and sent, bears to the whole number of letters conveyed. 3rdly. That in the event of the Panama line being brought into operation, and any of the Australian Colonies refusing to contribute towards its cost, it may in that case be optional with New Zealand to decline to contribute any longer to the cost of the Suez line.

(Signed) E. W. STAFFORD.

COPY OF A MEMORANDUM BY MR. STAFFORD.

Colonial Secretary's Office,  
Auckland, 1st March, 1860.

Referring to the Duke of Newcastle's Despatch of the 1st December last, with its enclosures, STEAM POSTAL SERVICE. on the subject of a proposal to substitute Ceylon for Mauritius in the line of route for the Australian Mail Service—an increase of Twenty-five Thousands Pounds being made to the subsidy now paid to the Peninsular and Oriental Company for that Service—it is observed, that the line of route now proposed is the same as that recommended in Mr. Stafford's Memorandum of the 24th January last. The change proposed will therefore in this respect, it is believed, prove beneficial.

As regards the additional amount asked for by the Peninsular and Oriental Company, it does not appear, if the Service is carried out mainly in conformity with the propositions of the Government of New South Wales, referred to in Mr. Stafford's Memorandum of the 24th January, that it would warrant any additional payment on account of it; on the contrary, a saving of expense, as between such a Service and that which now subsists, appears probable. The Government of New Zealand cannot, therefore, without further information of the cost of the Service, after the New Line has been tested, pledge itself to propose to the Legislature to vote unconditionally any addition to the amount for which New Zealand is now liable, but is prepared to recommend that such additional amount be authorised, if it should subsequently appear to the Government of New Zealand and that of New South Wales (which has an almost identical interest with New Zealand in this question, and with which this Government desires to act in concert as regards it), that a further payment by these two Colonies was absolutely necessary in order to maintain their Steam Mail Service with Great Britain.

(Signed) E. W. STAFFORD.

COPY OF A DESPATCH FROM MR. STAFFORD, TO THE COLONIAL SECRETARY,  
NEW SOUTH WALES.

New Zealand,  
Colonial Secretary's Office,  
Auckland, 14th March, 1860.

SIR,—

With reference to previous communications on the subject of the Steam Postal Service between the Australasian Colonies and Great Britain, I do myself the honor to transmit for the information of the Government of New South Wales, the Copy of a Memorandum explanatory of the views of this Government with respect to it; as also the Copy of a further Memorandum specially referring to the proposal made by the Peninsular and Oriental Company, to substitute Ceylon for Mauritius in the line of route, an additional Subsidy of Twenty-five Thousand Pounds per annum being paid to them for conducting the Australian Mail Service.

I have, &c.,

(Signed) E. W. STAFFORD.

The Honorable the Colonial Secretary,  
Sydney, New South Wales.

## 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.

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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.

The subsidy payable on account of the Australian Colonies to be £180,000, besides £24,000 on account of the Mauritius, to be paid by that Colony. The time to be allowed between Southampton and Sydney, either way, 55 days.

This Contract had two principal advantages over the previous one.

1st. The Service was to be performed at a lower price, viz : for £180,000 instead of £185,000.

2nd. Provision was made not only for direct communication between the United Kingdom and all the Colonies of Australia, but also for connecting these Colonies with each other.

It soon became apparent however, that the experiment here made, of providing by one Service for the requirements both of the Mauritius and of the Australian Colonies, in the hope of effecting a saving upon each, not only failed as a commercial speculation, but also dissatisfied the Colonies intended to be benefited by it.

The Company have appealed to the Government for the following modifications of the Contract.

1st. That the original route *via* Point de Galle be reverted to.

2nd. That an addition of £25,000 per annum be made to the subsidy now payable. The receipts on account of Freight and Passenger Traffic fall short by about £30,000 of the amount which was calculated upon. The Company are in hopes that the change of route from the Mauritius to Ceylon, will afford them opportunities of increasing this source of revenue, by establishing branch lines of Steamers to India and China in connection with the main line from Suez to Sydney.

The advantages of the proposed alteration as regards the Australian Colonies, are—

1st. That whereas the Mauritius route cut off the Australian Colonies from direct communication with India and China, Countries with which an extensive trade has recently been springing up ; the Ceylon route, (supplemented by branch Steamers as proposed,) was calculated to afford this benefit.

2nd. Greater certainty in the transmission of Mails would be attained ; because in case of any Steamer being disabled, the Company having always spare Vessels at Point de Galle, would be able to supply its place, while no facilities of the kind exist at the Mauritius.

3rd. The Australian Colonies would be brought into communication with a point soon to be connected by Telegraph, not only with India, but also with the United Kingdom.

On the other hand, the Directors calculate that even this Service, whatever prospect it might hold out of improving their financial position, could not be performed except the total amount of subsidy were increased by £25,000.

1st. It is asserted that the present Goods and Passenger Traffic between Australia and England is so little remunerative, as still, over and above the subsidy, to leave a deficit of about £30,000 per annum.

2nd. The alteration of the route will necessitate the establishment of a separate Service between Aden and the Mauritius, which, it is asserted, cannot be performed at a lower subsidy than £55,000 per annum. These two sums viz. : £30,000 and £55,000, or £85,000 in all, require to be provided, in order to place the Contract upon a satisfactory footing.

To meet this, the Company calculate that the alteration of route and the establishment of branch Steamers to India and China, will increase the receipts of the Company by £60,000 per annum, thus leaving a sum of £25,000 to be provided for by an increased subsidy.

It is to be remarked, however, that the result here arrived at, is based upon a calculation of the profit and loss of the Mauritius and Australian lines combined. If the profit and loss of the latter line alone is taken, the account, instead of a deficit, shews a surplus of no less than £30,000. The present deficit as calculated being £30,000, and the addition to the receipts expected to result from the change of route being £60,000, the difference, £30,000, is the measure of the excess over the sum required for the Australian Service.

It will, I think, be obvious from a careful consideration of the whole bearings of this question, that the difficulties which have occurred in arranging a satisfactory Contract, arise from the condition hitherto imposed upon the Contractors, of maintaining a separate line throughout from Southampton to Sydney, thus precluding them from making use of those means of communication already established over portions of the route.

This condition it is understood, has been insisted upon chiefly, if not solely, for the sake of the Passengers to and from Australia. It is said that should the communication cease to be carried on separately, by the conversion of the Australian line into a mere branch subsidiary to the India and China Service, these Passengers would be exposed to an indefinite detention at the point of junction with the main line.

The repeated failures which have been the result of the experiments already made, seem to indicate the necessity of defining clearly the principle on which the communication with the United Kingdom shall for the future be established. Whether the subsidy is to be considered exclusively as a Postal subsidy, and, as such, exclusively devoted to the most expeditious transmission of Mails ; or whether the convenience of Passengers shall be an essential element in any future arrangements. In the former case a comparatively small subsidy would secure efficiency and punctuality ; in the latter the large subsidy at present paid must be very greatly increased.

It is calculated that by converting the Australian line from a separate Service into a branch meeting the main line to India at the Point de Galle, a very efficient Service, so far as Postal communication is concerned, could be established at a cost not exceeding from £90,000 to £100,000 per annum ; while the maintenance of the through line on the terms offered by the Peninsular and Oriental Company, would require more than double that sum, and after all make a less efficient and less certain provision for the transmission of the Mails.

The Government have arrived at the conclusion, that, so far at least as this Colony is concerned, the slight additional convenience which Passengers would derive from a through line, is not a reason for subjecting the Colonies as a whole, to the additional sacrifices both as regards cost and regularity of communication at which this benefit would be purchased.

It is therefore proposed that the Government should give their support to any measure for doing away with the present separate Service, and for making the Australian line a branch of the main Indian line. Of course neither New Zealand, nor probably any single Colony, is in a position to act independently of all the rest, and whatever course is finally determined upon can only be adopted in concert with others. It appears that, in this matter, the interests of New South Wales are almost identical with ours; and it becomes a question whether it will not be our wisest plan, with a view of facilitating any negotiations which may take place, to pledge the co-operation of New Zealand in any plan to which that Colony may give its adhesion.

In considering modes of communication with the Mother Country, the question of the Panama route must not be lost sight of.

Hitherto the negotiations for the establishment of this line have not had any practical result; and for the present, all action in the matter on the part of the Home Government appears to be indefinitely suspended. Tenders have indeed been called for; but it has been officially announced that no Contract will be entered into until the Committee appointed by the House of Commons to consider the whole question of Postal and Telegraphic Contracts, shall have presented their report. It is, however, reported that the Australian and Pacific Mail Company, has made an offer to convey the Mails between Australia and Panama, monthly, for a subsidy at the rate of £75,000 per annum, the contract to be an experimental one, and terminable at the end of 18 months.

The advantages to New Zealand of the establishment of this line are at once obvious.

1st. It would allow of Letters from England being answered by the return Mail, at present they can only be answered by the next Mail but one after arrival; the interval between the arrival in Australia by the Suez route, and the departure of the return Mail being too short to allow of any communication being made in the meantime to New Zealand.

2nd. It would do away with the necessity of maintaining the present Inter-Colonial lines of Steamers between New Zealand and Sydney.

3rd. It is calculated that a more rapid communication with the United Kingdom would be afforded by this route than by that *viâ* Suez.

It will become a question for future consideration, in case this second Service is established, whether it would be worth while for New Zealand to contribute at all to the Suez line; or whether it would not be the wisest plan for each of the Colonies to contribute to the support of that line in which it is most interested. Should this division of burdens be agreed upon, it is probable that New South Wales, Queen's Land, and New Zealand would be called upon to support the Panama line; while Victoria, South Australia, Western Australia, and perhaps Tasmania, would support that by Suez. This may perhaps theoretically be considered a mere matter of detail, though in practice, it is not unlikely that the determination ultimately arrived at, may hinge upon the manner in which this point is settled. In any case it seems probable that the two Services might be maintained at a cost, little, if at all, exceeding the present expense of the single line.

(Signed) HENRY JOHN TANCRED.

## DESPATCHES FROM SECRETARY OF STATE.

COPY OF A DESPATCH FROM THE RIGHT HON. SIR E. B. LYTTON, BART., TO GOV. GORE BROWNE, C.B.

Downing-street,  
17th June, 1858.

SIR,—

No. 4.

I transmit to you herewith for your information, with reference to previous correspondence on the subject, a copy of a Letter from the Admiralty, with copies of the Contract entered into with Messrs. Pearson, Coleman, and Co., for the conveyance of Her Majesty's Mails between Australia and New Zealand.

Governor Gore Browne, C.B.,  
&c., &c., &c.

I have, &c.,  
(Signed) E. B. LYTTON.

HON. H. CORRY, TO UNDER SECRETARY FOR THE COLONIES.

Admiralty,  
14th June, 1858.

SIR,—

[Enclosure.]

I am commanded by the Lords Commissioners of the Admiralty, to transmit to you for the information of Secretary Sir E. Bulwer Lytton, the accompanying copies of a Contract entered into

with Messrs. Pearson, Coleman, and Co., for the conveyance of Her Majesty's Mails between Australia and New Zealand.

I am, &c.,

(Signed) H. CORRY.

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

## AUSTRALIA AND NEW ZEALAND MAILS.

*ARTICLES OF AGREEMENT made this twenty-eighth day of May, in the year of our Lord one thousand eight hundred and fifty-eight, between Zachariah Charles Pearson and James Coleman, of Great St. Helens, in the City of London, Shipowners and Copartners, hereinafter styled the Contractors 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 in consideration of the sum of twenty-five thousand pounds, lent and advanced to the Contractors by or on the part of Her Majesty, and of the sums of money hereinafter agreed to be paid to them, the receipt of which said sum of twenty-five thousand pounds by the Contractors, at or immediately before the execution of these presents, they, the Contractors, do hereby acknowledge, the Contractors do 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 with the said Commissioners, for and on behalf of Her Majesty, that the Contractors shall and will, at all times, during the continuance of this Contract, 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 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 the Colonial Post-Office authorities, at any of the places to or from which Her Majesty's Mails are to be conveyed under this Contract, or any of the officers or agents of the said Commissioners or Postmaster-General, or such Colonial Post-Office authorities be required to be conveyed to, from, and between the several places in Australia and New Zealand mentioned in the tables hereunder written or hereto annexed, on the days respectively mentioned in such tables, by means of a sufficient number (not less than four) of good substantial and efficient steam-vessels, one of such vessels to be of not less than eight hundred tons burthen builders' measurement, and supplied with first-rate appropriate steam-engines of not less than one hundred and forty horse-power nominal—two of such vessels to be of not less than five hundred tons burthen, each builders' measurement, and each of them to be supplied with first-rate appropriate steam-engines of not less than eighty horse-power nominal, and the other of such vessels to be of not less than three hundred and fifty tons burthen builders' measurement, and supplied with first-rate appropriate steam-engines of not less than seventy horse-power nominal.

Contractors to convey Mails

According to Tables annexed by not less than 4 steam-vessels.

Tonnage of steam-vessels, &c.

That the Contractors 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 despatch, and in a direct course, convey the said Mails on board the said vessels, as mentioned in the said Tables, and the said vessels shall leave and reach the several places as mentioned in such Tables on the days therein respectively mentioned or specified, and there deliver and receive Her Majesty's Mails.

Mails to be conveyed to the satisfaction of the Admiralty.

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' or other approved principle, charts, chronometers, proper nautical instruments, medicines, medicaments, and whatever 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 and 18 Victoria, cap. 104, or to the Act or Acts in force for the time being relative to the granting certificates to officers in the merchant-service, and with 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 Contractors shall previously to any vessel being built for, or which is intended to be employed in the performance of this Contract, submit the designs, plans, and sections of each and every of such vessels to the said Commissioners.

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

And manned with certificated officers

Vessels, officers, and crew, subject to Admiralty approval. Designs, &c., of vessels to be submitted to Admiralty.

That all the vessels which are to be employed under this Contract may be tried under the direction of an officer, to be appointed by the said Commissioners, and unless it be shown to the satisfaction of the said Commissioners that each of such vessels on being tried for a measured mile attains the speed of ten knots an hour with coals on board, and loaded so as to float down to the load-line of the hull, and without the aid of sails, the same shall not be employed in the service hereby contracted to be performed.

Trial of vessels.

Speed of vessels.

That on the average of each voyage of each of the said vessels the speed thereof under this Contract shall not be less than eight knots an hour, and the said vessels also shall comply with the provisions of the Contract.

Departure of vessels from England.

Time of departure from New Zealand or Sydney.

That for commencing the said service two of such vessels of five hundred tons each, so approved of, and equipped, and manned as aforesaid, shall leave England within one calendar month from the date hereof, and proceed to such port or ports in New Zealand as the Contractors shall think fit, and the two others of such vessels so approved of, and equipped, and manned as aforesaid, shall leave England within the month of August next ensuing, one of which, namely that of eight hundred tons shall proceed direct to Sydney or Auckland at the option of the Contractors, and the other of such vessels shall proceed direct to Melbourne or Sydney, or to any port or place in New Zealand, at the option of the Contractors, and such vessel of eight hundred tons shall be at Sydney or Auckland at the option of the Contractors, in readiness to proceed, and shall proceed with Her Majesty's Mails on board, from Sydney to New Zealand or from Auckland to Sydney, as the case may be, within four calendar months from the date of her departure from England, or as soon after as practicable; and one of the smaller vessels of five hundred tons shall be at Nelson previously, so as to carry on the Mails on the arrival of the said ship of eight hundred tons at Nelson, and one of such vessels so approved of, and equipped, and manned as aforesaid, and with Her Majesty's Mails on board, shall, subject to the contingencies herein provided for, leave Sydney on the arrival of the Mail from England in the month of November, and one other of such vessels shall, subject as aforesaid, leave Nelson not later than the month of November next, and shall respectively convey Her Majesty's Mails in accordance with the terms of this Contract.

Vessels shall delay their departure if deemed expedient by the Admiralty, or Colonial Post-Office authorities or their agents.

That should it be deemed expedient by the said Commissioners, or by the said Colonial Post-office authorities, or any of their authorised agents for the public service, that any vessel employed under this Contract should delay her departure from each or either of the places in the said tables mentioned or referred to, or from any place from which Mails may have to be conveyed under this Contract, beyond the periods at which any of the said vessels ought to leave the same, according to the terms of this Contract, the said Commissioners, or such authorities or authorised agents, shall have and be at liberty to order such delay, not however exceeding twenty-four hours, by letter addressed by their Secretary, or other officer or agent, 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.

In case of stress of weather, &c., officer in charge of Mails may alter course of vessels.

That if at any time or times, owing to stress of weather or any other unavoidable circumstances, any vessels 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 Mails, to reach in due course any of the places to which she ought to proceed under this Contract, the same officer or person may and shall give such directions in writing 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 any of their officers or agents. That the Contractors 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, equipment, 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; and that if at any time during the continuance of this Contract the progress of science should enable the vessels employed in the performance of this Contract to be propelled at a much greater speed than hereinbefore provided, the said Commissioners may (if they think fit) order such necessary improvements to be made, granting such compensation to the Contractors as may by arbitration be determined to be due for the increased expenditure (if any) arising from the making of such improvements.

Vessels, &c., to be altered as Admiralty may think necessary.

Contractors always to have vessels ready, and, in case of being disabled, to replace same.

That the Contractor 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 number and of not less tonnage and efficiency than those hereinbefore stipulated to be provided, and shall in every case of any of the said vessels becoming disabled, as soon as practicable, 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 considered as agent of Admiralty, with authority to require due execution of Contract, and determine as to sea or putting into harbour, or assisting vessel in distress, &c. Decision of officer to be final, unless Admiralty on appeal decide otherwise.

That the Contractors 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 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 person, if required; and that every such officer or person shall be recognised and considered by the Contractors 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 Contractors, 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 of such cases be final and binding on the Contractors, unless the said Commissioners, on appeal by the Contractors, shall think proper to decide otherwise; but it is understood 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 first-class cabin, with appropriate bed, bedding, and furniture, shall, at the cost of the Contractors be provided and appropriated by them, for, and to the exclusive use and for the sole

accommodation of every such naval officer or person, 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 such officer or person shall be victualled by the Contractors 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 persons require a servant, such servant shall be also provided with a proper and suitable berth, and be dully victualled by and at the cost of the Contractors without any charge being made for the same.

That Her Majesty's Mails shall be delivered and received at each and every of the places to which the said vessels are to proceed in the performance of this Contract, and that as each port or place where the said Mails are to be delivered and received, the said naval officer or person 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 or person 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 Contractors, and that the directions of the said naval officer, or person shall in all cases be obeyed as to the mode, time, and place of receiving, and delivering Her Majesty's Mails, save and except that at New Plymouth the Mails are to be delivered into, and be received from a boat which will be sent off by the agent of the said Commissioners or the Post Office authorities, at that place when the weather permits.

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 naval 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 the said Mails, and the Contractors shall be responsible for the receipt, safe custody, and delivery of the said Mails, and each of such masters shall make the usual declaration or declarations required, or which may hereafter be required by Her Majesty's Postmaster General or such Colonial Post Office authorities 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.

That the Contractors 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 Contractors shall be liable to be proceeded against for a breach of this Contract.

That if the Contractors fail to provide at any time or times such an efficient vessel, as aforesaid, ready to proceed from any of the places, from which the said Mails are to be conveyed in accordance with the terms of this Contract, at the duly appointed day, hour, or time, then, and in each case, and as often as the same shall happen, the Contractors 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 day which shall elapse until such a vessel shall actually proceed to sea on her voyage with Her Majesty's Mails on board, in the performance of this contract. Provided that, such penalty shall accrue, and be levied in respect of one of the said places only, for each monthly service to be performed under this Contract. And in case any vessel employed in the performance of this Contract, shall in breach of this Contract, not start, or shall delay starting, at the appointed time, or shall put back, or return into port after starting, or shall stop or linger on her voyage, or shall deviate from the direct course (except from stress of weather, or other unavoidable circumstances) without the sanction in each and every case of the 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 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 day during which she shall not start or shall delay starting, or shall remain in port after any such return thereto: BUT NEVERTHELESS, so that the Contractors 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 Contractors and their servants, had not, and could not have had any control. Provided also, that in the event of the Mails from England not arriving at Sydney at any time, or from time to time, within forty-eight hours after the time appointed for the arrival thereof, the Contractors shall be at liberty, to despatch the said vessels on their return voyage, without such Mails, and in all such cases the Contractors shall not be liable for any penalties arising from such detention of forty-eight hours, or for proceeding without such said Mails or to any deductions from the amount of subsidy payable by virtue of this Contract.

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, and crew thereof, on his

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

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

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.

At New Plymouth Mails to be delivered into and received from a boat.

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

Contractors not to receive on board any other letters than those in charge under this Contract.

Penalties for not putting to sea at day and hour appointed, or departure delayed.

When Contractors not liable to penalties.

If Mails do not arrive at Sydney within 48 hours after the time appointed for the arrival thereof, vessels may be despatched on their return voyage without Mails.

Naval officer in charge of Mails, may survey, vessels, &c., and deficiency to be remedied under penalty of 20%.



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 his intention so to do, and if any defect or deficiency be ascertained, and notice thereof in writing be given to such master or person, and if the master shall not immediately or as soon as practicable, thereon, remedy, replace, or effectually repair or make good every such defect or deficiency, the Contractors 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 in anywise release or discharge the Contractors from remedying, replacing, or effectually 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 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, and 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 or agents 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 repaired or supplied, or such alterations, or improvements as the case may be, shall have been made to the satisfaction of the said Commissioners, the Contractors shall forfeit and pay to Her Majesty, Her Heirs, and Successors, the sum of five hundred pounds. Provided nevertheless that a reasonable time shall be allowed to the Contractors for effecting the alterations, improvements, and repairs, hereinbefore mentioned.

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 forfeited and paid by the Contractors unto Her Majesty, Her Heirs, and Successors shall be considered as stipulated or ascertained damages, and shall, and may be deducted and retained out of any monies payable, or which may thereafter be payable to the Contractors, or the payment thereof as well as of all other sum and sums of money which may be payable by the Contractors under or by virtue, or in consequence of this Contract may be enforced as a debt due to Her Majesty, with full costs of suit and the same shall be recoverable in any one of Her Majesty's Courts in the United Kingdom of Great Britain and Ireland, or in any of Her Majesty's Colonies or possessions abroad.

That in the event of any accident occurring to the hull or machinery of any one or more of the said vessels arising from circumstances over which the Contractors and their servants had not and could not have had any control, and that in consequence thereof the Mails should be carried on or conveyed by any of Her Majesty's vessels or any vessel employed by the Colonial Authorities, a deduction or abatement is to be made from the Contract service money, at the rate of seven shillings and six pence per nautical mile, for the distance which the Mails may have been so conveyed, such distance to be ascertained and determined by the Hydrographer of the said Commissioners, and such amount shall be recoverable as a debt due to Her Majesty with full costs of suit or be deducted and retained as aforesaid.

That the Contractors 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 or charts, and convey and deliver the same to, from, and between the 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 any of the said vessels 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 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 Contractors for private goods, on receiving from the said Commissioners or any of their officers or agents two days' previous notice of its being the intention to have such stores so conveyed, and that the Contractors shall in all cases be strictly responsible for the due custody and safe delivery of the said packages, articles, and stores.

That if, at any time or times during the continuance of this Contract, the said Commissioners shall deem it requisite to alter the places in Australia and New Zealand, or either of such Colonies, from and to which Her Majesty's Mails are to be conveyed by the Contractors, or the particular days, times, and hours of departure from, and arrival at, all or 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, the said Commissioners shall be at liberty at any time or times, or from time to time, to alter the places, days, times, and hours of departure and arrival, on giving a timely notice in writing of such their intention to the Contractors; and the places and the particular days, times, and hours of departure from, and arrival at, such ports or places which

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 500*l*.

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

Sums to be forfeited or paid by Contractors to be considered stipulated damages.

When accidents to vessels and Mails conveyed on others.

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 Contractors to be responsible for the same.

Admiralty at liberty to alter ports of departure and arrival in Australia and New Zealand.

And to alter times of departure and arrival of vessels.



may be appointed by any such alteration in force for the time being, shall be deemed to be the places, days, times, and hours of departure and arrival of Her Majesty's Mails under this Contract, and shall be observed and kept by the Contractors accordingly, and shall be liable in respect thereof, as if they were places, days, and times, and hours mentioned in the said tables. Provided always that any such alteration shall not necessitate the employment of any greater number of vessels than necessary for the conveyance of the said Mails from, to, and between the places mentioned in the said tables hereunder written or hereunto annexed, in accordance with this Contract.

AND IN CONSIDERATION of the due and faithful performance by the Contractors of all services hereby contracted to be by them performed, the said Commissioners do hereby agree that there shall be paid to the Contractors in the United Kingdom or in the Colony of New Zealand, 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 after their respective dates, by Her Majesty's Paymaster-General or by the Colonial Government, a sum after the rate of twenty-four thousand pounds per annum, from the date at which the first vessel shall leave Sydney, or Auckland in New Zealand, in the performance of this Contract, and after such period of four years a sum after the rate of twenty-two thousand pounds per annum only for the remainder of the term of this Contract, such sum, which may for the time being be payable, to be paid by equal quarterly payments, and with a proportionate part thereof, should this Contract terminate on any other day than a day of quarterly payments, to be subject, however, to the abatement of any deductions, or forfeitures, or sums of money which the Contractors may have incurred, or be liable to pay as herein provided, and also subject to the deductions for repayment of the said advance to the Contractors of the said sum of twenty-five thousand pounds herein mentioned, and the first of such quarterly payments to become due at the termination of three calendar months from the day on which the first vessel leaves Sydney or Auckland with Her Majesty's Mails on board, under or by virtue of this Contract: Provided always, and it is hereby agreed, that until the whole of the said sum of twenty-five thousand pounds so advanced to the Contractors be repaid to Her Majesty, together with interest thereon at the rate of five pounds per centum per annum, there shall be deducted from the sums of money which may be payable to the Contractors, by virtue of this Contract, a moiety thereof, which shall from time to time be retained by or on the part of Her Majesty, in repayment of the said sum of twenty-five thousand pounds, with such interest. And the Contractors do hereby for themselves, their heirs, executors, and administrators, and each of the Contractors doth, for himself, his heirs, executors, and administrators, hereby covenant and agree to and with the said Commissioners that the Contractors, their heirs, executors, or administrators, shall and will repay to Her Majesty, Her Heirs, and Successors, the said principal sum of twenty-five thousand pounds, at the times and in manner following—that is to say, the sum of three thousand pounds, part thereof, together with interest thereon from the date hereof, at such rate as aforesaid, at the expiration of three calendar months from the day on which the first vessel leaves Sydney or Auckland by virtue of this Contract, and three thousand pounds, together with interest thereon from the date hereof, at such rate as aforesaid, at the expiration of every subsequent three calendar months, until the principal sum of twenty-four thousand pounds, part of the said principal sum of twenty-five thousand pounds, be repaid to Her Majesty, and also the further sum of one thousand pounds, being the remainder of such sum of twenty-five thousand pounds, with interest thereon from the date hereof, at such rate as aforesaid, at the expiration of three calendar months from the time the last payment of such sums of three thousand pounds ought to be made by virtue of these presents. And, further, that if no vessel leaves Sydney with Her Majesty's Mails on board as aforesaid, within eight calendar months from the date hereof, or if there be at any time after the commencement thereof a suspension of all or any part of the service thereby contracted to be performed, for the space of three calendar months, or if this Contract be determined by the said Commissioners, then, and in either or any of such cases, the Contractors shall and will, at the expiration of such eight calendar months, or three calendar months, or on the determination of this Contract as aforesaid, as the case may be, pay to Her Majesty the whole of the said sum of twenty-five thousand pounds, with interest thereon from the date hereof, at such rate as aforesaid, or such part or parts thereof as may then remain unpaid, with interest thereon from the date hereof, at such rate as aforesaid, in one payment, instead of in instalments, as hereinbefore provided.

And it is hereby agreed, that the repayment to Her Majesty of the said sum of twenty-five thousand pounds and interest, shall be secured, not only by these presents, but also by a security upon the entirety of the said vessel of eight hundred tons, and on a moiety of each of the said vessels of five hundred tons, which are to leave England as aforesaid, for commencing the said service, which shall be duly mortgaged to Her Majesty for securing such repayment with interest, as aforesaid.

And it is hereby agreed by the Contractors, that so long as the whole, or any part of the said sum of twenty-five thousand pounds and interest, remains unpaid to Her Majesty, they, the Contractors, will, at their own cost, insure, and keep insured, in the name of Her Majesty, Her Heirs, and Successors, in the Royal Exchange Assurance Corporation, in London, or in such other office as the said Commissioners may at any time or times direct, the entirety of the said vessel of eight hundred tons, and a moiety of each of the said vessels of five hundred tons, for the full value thereof, both when at sea and in port and elsewhere, against sea, risk, fire, and otherwise, and deposit the policy of every such insurance with the Store-Keeper General of Her Majesty's Navy, at the Admiralty Office, Somerset House, as soon as such policies can from time to time be obtained; and, in the event of the Contractors at any time or times failing so to insure, or to make any such deposit as aforesaid, it shall be lawful for the said Commissioners, if they think fit, but not otherwise, at any time or times to effect the insurance, in which any such default shall be made, and to charge the Contractors with the sum and sums of money for effectuating and continuing every such insurance, and the amount thereof shall

Payments to Contractors for services.

Moiety to be deducted until the advance of 25,000*l.* be repaid with interest.

Covenant by Contractors to pay such advance in instalments with interest.

Or in certain cases the whole of the advance at once.

As to mortgage of vessels for securing repayment of advance and interest.

Vessels to be insured by the Contractors against sea, risk, fire, &c.

Admiralty may insure if Contractors fail to do so.

be a debt due from the Contractors to Her Majesty, and may be deducted from any sum or sums of money which may at any time or times be payable to the Contractors, or either of them, their, or either of their executors or administrators, under this Contract, or be otherwise recoverable as a debt due to the Crown, with full costs of suit.

Sums payable by virtue of insurance may be applied towards repayment of mortgage, debt, &c.

And it is hereby agreed, that any sums and sum of money which may be payable, by virtue of every such insurance or insurances, may be received by Her Majesty's Paymaster-General, on the part of Her Majesty, and be applied by him in repayment, or towards repayment, to Her Majesty of the said sum of twenty-five thousand pounds and interest, or such part thereof as may at the time remain unpaid, and in satisfaction or part payment of any other sum or sums of money which may be due from the Contractors under these presents, rendering the surplus, if any, to the Contractors.

Admiralty, &c., may purchase or charter vessels at a rate to be settled by arbitration in case of difference.

And it is hereby agreed, that the said Commissioners for executing the office of Lord High Admiral, or Her Majesty's Colonial Authorities in New Zealand, 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 Contractors. And in any valuation for any such purchase, the expense incurred by the Contractors in forming their establishment for the said service, and for repairing and maintaining their said vessels, are to be taken into consideration, and paid for, in addition to the value of the said vessels; and 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 or by the said authorities, and the other by the Contractors; 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 or authorities, in case of hiring any such vessel, shall return the same to the Contractors 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 purchase or hire, Contractors to perform the service by other vessels, subject to Admiralty approval.

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 Contractors 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.

Although there may not have been any breach, Admiralty may determine Contract at any time, and in such case compensation to be made to the Contractors, to be settled by arbitration in case of difference. Submission to arbitration may be made a rule of the Court of Exchequer.

And it is hereby agreed, that it shall and may be lawful for the said Commissioners to determine this Contract at any time, by writing under the hands of two of the said Commissioners, although there may not have been any breach of this Contract on the part of the Contractors; but in case of any such determination, a fair and reasonable sum of money shall be paid to the Contractors in consequence of such determination, and, in the event of the said Commissioners and the Contractors differing as to what the amount thereof should be, such amount shall be settled and determined by two arbitrators, one to be named by the said Commissioners, and the other by the Contractors; and, in the event of such two arbitrators differing as to what should be such amount, then the question of such amount shall be determined by an umpire, to be chosen by the said two arbitrators previously to their proceeding with such reference, and the concurrent award of the said arbitrators, or the separate award of such umpire, if such arbitrators differ as aforesaid, shall be binding and conclusive upon all parties.

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 the disposal of Postmaster-General.

And it is hereby agreed, that the whole postage of, and charges for, 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.

This Contract to commence on 28th May, 1858, and continue for 10 years, unless determined by Admiralty at the end of the first seven years.

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 ten years from the day on which the postal service is commenced under pay, unless the same be determined by the said Commissioners, at the expiration of the first seven years of the said term, which the said Commissioners are hereby authorised and empowered to do, by giving to the Contractors, or to the survivor of them, his executors, or administrators, a twelve calendar months' previous notice in writing, under the hands of two of the said Commissioners, that this Contract shall terminate at the expiration of the first seven years thereof, in which case this Contract shall cease at the expiration of the said seven years; but, notwithstanding the cesser of this Contract, the Contractors shall be liable for all former breaches thereof by them, if any, as if this Contract remained in force.

Contract not to assigned, &c., without consent.

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 by the Contractors, or either of them, their, or either of their executors or administrators, and that, in case of the same or any part thereof being assigned, underlet, or otherwise disposed of, without such consent as aforesaid, or in case of any breach of this Contract on the part of the Contractors, or the survivor of them, their or his heirs, executors, or

In case of assignment, &c., or breach, Ad-

administrators, or their or his officers, agents, or servants in any respect, or whether there be or be not any penalty or sum of money hereby made payable by the Contractors 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 Contractors or either of them, their, or either of their executors or administrators, or their or his agents; nor shall the Contractors, nor either of them, their, or either of their heirs, executors, or administrators, be entitled to any compensation for, or in consequence of, such determination; but even if this Contract be so determined, the payment of the sum of money herein-after agreed to be made, and of any other sum or sums of money then owing or payable by the Contractors, or either of them, their, or either of their heirs, executors, or administrators, shall be enforced, should the same be not duly paid, and the Contractors, and each of them, their, and each of their heirs, executors, and administrators, 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 Contractors, their officers, servants, or agents, or any of them, 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 Contractors, or either of them, or their, or either of their heirs, executors, or administrators, in charge or management of any vessel employed in the performance of this Contract, or may be left for the Contractors, or either of them, their, or either of their heirs, executors, or administrators, at their or his then or last known office, or house of business, or residence, in London or elsewhere in England.

And it is hereby agreed, that if, when this Contract terminates, any vessel or vessels should have started with 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 only be entitled to payment for the same at the mileage rate of Contract for such port of any such voyage as may be then incomplete.

And it is hereby agreed, that it shall be lawful to and for the said Commissioners, if they at any time or times think fit, to delegate by writing, under the hands of two of the said Commissioners, to the Governor of New Zealand, or to the officer acting as such, all or any of the powers, authorities, and privileges given or reserved to the said Commissioners by this Contract, and during the time any such delegation may be in force, such Governor or officer shall, as regards the powers, authorities, and privileges so delegated, be enabled to act and have and exercise such powers, authorities, and privileges, as if they had been expressly given or reserved to him by this Contract, instead of to the said Commissioners, and shall and may superintend the carrying out the provisions of this Contract, and pay the money which may from time to time become due to the Contractors, deducting therefrom the several sums of money, interest, fines, and forfeitures hereby authorised to be deducted therefrom. And it is hereby agreed, that notwithstanding anything hereinbefore contained, the sum which may for the time being be payable to the Contractors under this Contract for the said services, shall, at the option of the said Commissioners, or of the Colonial Authorities of New Zealand, be paid to the Contractors monthly, after such deductions as aforesaid.

And, in pursuance of the directions contained in a certain Act of Parliament, made and passed in the twenty-second year of the reign of King George the Third, intituled "An Act for restraining any person concerned in any Contracts, Commission, or Agreements 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 the 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 Contractors, are, or ought to be observed, performed, fulfilled, and kept, the Contractors do (in addition to, and over and above any other sum or sums of money which the Contractors are hereby liable to pay), hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of four thousand pounds of lawful money of the United Kingdom, to be paid to our said Lady the Queen, Her Heirs, and Successors, by way of stipulated or ascertained damages hereby agreed upon between the same Commissioners, and the Contractors, in case of the failure on the part of the Contractors 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 in the presence of

JNO. DOUTTY.

(Signed)

Z. C. PEARSON (L.S.)  
JAS. COLEMAN (L.S.)  
A. MILNE (L.S.)  
LOVAINE (L.S.)

miralty may determine Contract without previous notice or compensation.

As to services of notices.

If when this Contract terminates any vessel shall have started, voyage to be continued at mileage rate only, as if Contract remained in force.

Admiralty may delegate to the Governor of New Zealand their powers, &c., given by this Contract.

Payments to Contractors may be made monthly.

No M.P. to be entitled to any share of Contract.

Contractors bound in 4000*l.* for due performance of Contract.

## TABLES referred to in the foregoing Contract.

TABLE No. 1.

VESSEL TO LEAVE		VESSEL TO REACH		TOUCHING AT
Sydney	10th of every month.	Nelson	17th of every month.	New Plymouth, weather permitting, in time for the Homeward Mails, and also in time to carry on the English Mails to New Zealand.
Nelson	18th       "	Auckland	20th       "	
Auckland	23d       "	Nelson	25th       "	
Nelson	1st       "	Sydney	8th       "	

NOTE.—For the purpose of expediting the delivery of the Mails to and from Auckland, the Contractors may land and take the same on board at Manukau, and it is understood that the dates above specified of the arrival and departure of the vessel refer to that place or Manukau, at the option of the Contractors.

(Signed) Z. C. PEARSON.  
JAS. COLEMAN.

TABLE No. 2.

On the arrival of the Mail from Sydney to Nelson.

VESSEL TO LEAVE			VESSEL TO REACH		
Nelson	...	18th of every month.	Wellington	...	19th of every month.
Wellington	...	20th       "	Canterbury	...	21st       "
Canterbury	...	22nd       "	Otago	...	23rd       "
Otago	...	25th       "	Canterbury	...	26th       "
Canterbury	...	27th       "	Wellington	...	28th       "
Wellington	...	30th       "	Nelson	...	1st       "

(Signed) Z. C. PEARSON.  
JAS. COLEMAN.

COPY OF A CIRCULAR DESPATCH FROM THE RIGHT HON. SIR E. B. LYTTON, BART., TO  
GOV. GORE BROWNE, C.B.

Downing Street,  
16th July, 1858.

SIR,—

With reference to my Circular Despatch of the 16th ultimo, in which you were informed that the Lords Commissioners of the Treasury were about to take immediate steps to guard against any interruption of the Mail Service with Australia, I transmit herewith for your information the copy of a further Letter from the Board of Treasury, which will place you in possession of what has been done with a view to the attainment of this object.

Her Majesty's Government confidently rely on the readiness of the different Colonies interested, to concur in the present arrangement, which appears to be the most advantageous that under the circumstances could be effected.

I have, &c.,

(Signed) E. B. LYTTON.

Governor Gore Browne, C.B.,  
&c.,       &c.,       &c.  
New Zealand.

23rd June, 1858

MR. HAMILTON TO MR. MERIVALE.

Treasury Chambers,  
23rd June, 1858.

SIR,—

I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit herewith (Enclosure.) Copy of their Lordships' Minute of the 23rd instant, and to request that you will move Sir Edward B. Lytton to cause the necessary communication to be made thereon to the Australian Colonies.

I am to state, that, looking to the very pressing nature of the case, and to the vast importance of providing for the uninterrupted continuance of the Postal Communication with the Australian Colonies, their Lordships have not hesitated to conclude an arrangement which appeared to them, after the most earnest and careful deliberation, to be the best adapted to meet the peculiar exigency, and to carry out the spirit and intentions of the Treasury Minute of the 27th of November, 1855, and their Lordships rely upon the readiness of the different Colonies interested to acquiesce in the arrangement.

I have, &amp;c.,

(Signed) GEO. A. HAMILTON.

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

## COPY OF A TREASURY MINUTE, DATED 23RD JUNE, 1858.

My Lords have under their consideration a Letter from the Colonial Office of 28th May, (Enclosure.) transmitting Copy of a Despatch from Sir William Denison the Governor of New South Wales, reporting another delay in the arrival of the English Mail at Sydney, and commenting on the continued failure of the European and Australian Mail Company to perform their Contract, also, a copy of a Resolution recently adopted at a Meeting of the Shareholders of the Company, appointing a Liquidator for winding up the affairs of the Company, and the Balance Sheet signed by the Auditor of the Company.

My Lords have also read the Report of their Solicitor, to whom the foregoing papers have been referred, together with a copy of the Contract entered into between the Government and the Company, for the purpose of advising my Lords whether there were grounds for declaring the Contract void in case that course should be considered proper.

My Lords referred to the correspondence which has recently passed, relative to a proposal to modify to some extent the terms of the Contract, with a view to enabling the Company to avail themselves of the valuable assistance of Mr. Cunard in carrying on the service.

However desirous my Lords might have been by any reasonable modification of the terms and conditions of the present Contract, to have assisted the Company in their endeavours to provide for the punctual and efficient performance of the Service for the future; and thereby to remove the cause of dissatisfaction which exists in the Australian Colonies, yet, considering the present position of the Company, which has so materially changed since the negotiations above referred to were set on foot, my Lords are of opinion that they should not be justified in agreeing to any modification or extension of the Contract with the Company.

My Lords have been most reluctant to adopt any course which might aggravate the difficulties of the Company whose losses appear already to be so large, nevertheless seeing that the Company is now, by the Resolution of its Shareholders, actually in course of liquidation and winding up, it appears to my Lords that the only course now open to them is to take immediate steps for determining the existing Contract, and to call for Public Tenders for the establishment of an entirely new Service.

As, however, a considerable time must elapse before a new Postal Service could be entered upon, and it is of the utmost importance that no interruption should take place in the monthly communication with the Australian Colonies, it is absolutely necessary that immediate measures should be adopted for securing the performance of this Service provisionally until permanent arrangements can be concluded.

My Lords have before them a proposal from the Royal Mail Steam Packet Company to work the Australian Mail Service for a period of six months on the following conditions, viz.—

The Royal Mail Steam Packet Company undertake to work the Service for six months from 1st July next, or for such longer period as shall be necessary to enable the ships to complete the voyages then actually commenced—on the conditions of the existing Contract, subject to the following modifications, viz.—

1st. Her Majesty's Government shall, in addition to the present amount of subsidy, guarantee the Company against loss during the working, to an extent not exceeding £6000, per month. The amount of loss to be ascertained from the Company's Books and Accounts, by persons appointed by the Lords Commissioners of the Admiralty.

2nd. The amount which the European and Australian Company are liable to have deducted from the subsidy payable on the 30th June, 1858, under the articles of agreement dated 30th November, 1857, in respect to the six voyages therein mentioned only, shall be retained by Her Majesty's Government.

3rd. In addition to the vessels now employed and which are to be retained as long as required for the said Service, the "Tasmanian" shall be sent out to assist on the line between Suez and Sydney.

4th. The penalties for overtime shall be at the rate of £100 per day, but shall not be enforced in any case, where the delay has arisen from circumstances over which the Company had not, and could not have any control.

My Lords are of opinion that no better means are at their disposal for accomplishing the very important object which they have in view, and they are therefore prepared to accept the offer of the Royal Mail Steam Company.

Transmit copy of the Report of the Solicitor, and of this Minute to the Secretary to the Admiralty, and request that he will lay the same before the Lords of the Admiralty, and move their Lordships to cause the necessary steps to be taken for determining forthwith the existing Contract with the European and Australian Royal Mail Company, and for completing a proper agreement with the Royal Mail Steam Packet Company on the terms above stated.

State further that my Lords propose that public tenders shall be advertised for at as early a period as possible, for the performance of a Monthly Postal Communication with Australia, for a period of five years. But before this step be taken my Lords would be glad to be favored with the views of the Board of Admiralty on the subject of the system of penalties, which it is desirable should be laid down, and generally upon any points connected with the subject on which their Lordships may feel disposed to offer suggestions.

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COPY OF A CIRCULAR DESPATCH FROM THE RIGHT HON. SIR E. B. LYTTON, BART.,  
TO GOVERNOR GORE BROWNE, C.B.

Downing Street,  
16th October, 1858.

SIR,—

16th October,  
1858  
Printed Table

I have great satisfaction in transmitting herewith, for your information, the copy of a Letter which has been received from the Board of Treasury by which you will perceive that the Lords Commissioners have entered into arrangements with the Peninsular and Oriental Steam Navigation Company, which it is trusted, will secure to the Colonies a regular and efficient Postal Communication with this Country.

I have &c.,

(Signed) E. B. LYTTON.

Governor Gore Browne, C.B.,  
&c., &c., &c.  
New Zealand.

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SIR C. TREVELYAN, TO MR. MERIVALE.

Treasury Chambers,  
16th October, 1858.

SIR,—

(Enclosure.)

The Lords Commissioners of Her Majesty's Treasury have directed me to acquaint you, for the information of Secretary Sir Edward Bulwer Lytton, that the steps which they have taken for procuring a new Mail Service between this country and Australia have resulted in the acceptance of the Tender of the Peninsular and Oriental Steam Navigation Company, upon terms which my Lords trust will be considered satisfactory to the Colonies.

It was not without difficulty and considerable discussion that a decision could be arrived at, but in the arrangement which their Lordships have now sanctioned will be found, as they believe, a reasonable guarantee for securing to the Colonies a regular and efficient Postal Service, with a course of Post as rapid as it is possible to obtain, and at the same time as far as practicable in conformity with the special requirements and expressed wishes of each Colony.

The Contract will be executed without delay and will be communicated to the Colonies through the Secretary of State, but in the meanwhile it will be desirable to inform them of the general features of the new Service, and my Lords request therefore that Sir E. B. Lytton will cause the necessary communication for this purpose to be addressed to the different Governments by the Mail of this evening, and that they may be furnished with the Time Tables, printed copies of which will be forwarded to you without delay.

It is intended that the Contract shall be for seven years, commencing with the February Mail from Sydney, and that the Service shall include both on the homeward and outward voyages, Mauritius, King George's Sound, Kangaroo Island, Melbourne, and Sydney,—thus placing on the main line, under all circumstances, the four Australian Colonies, Western Australia, South Australia, Victoria, and New South Wales, leaving only Tasmania and New Zealand to be supplied with branch Services, and in the case of the latter Colony at least, this has been already established.

The annual sum for which the company undertake the Service is one hundred and eighty thousand pounds (£180,000) exclusive of the payment of £24,000 a year, which my Lords presume the Colony of Mauritius will be willing to continue for a Service better than the one which they now possess, and which, my Lords hope will fully meet the wishes of the Colony as expressed in Governor Stevenson's Despatches of the 14th December, 1857, and 7th January, 1858.

The Company will bind themselves to perform the Service between the extreme ports, namely, Sydney and Southampton, both in the outward and homeward voyages in a maximum time of fifty-five (55) days, and a Time Table has been carefully formed according to which ample time will be afforded for answering Letters in the proper course of Post.

It is intended that the Contract shall contain, in addition to the clauses enforcing penalties for the non-fulfilment of engagements of the Company, stipulations prescribing the application of the severest test by the Admiralty to ensure the perfect fitness of the vessels destined to be employed on the Service.

My Lords confine themselves at present to this general view of the contemplated arrangements in which they can hardly doubt the acquiescence of the Colonies. But no time will be lost in finally settling the various details of the new Service, all of which will be notified to you, in order that they may be forwarded to the Colonial Governments.

With regard to the question of establishing a second monthly Service, and the advisability of adopting the Panama Route as the alternative line, my Lords are carefully considering this question in order to see how the wishes and interests of the Colonies may best be met.

It would be an essential condition of the adoption of this line, that it should so far coincide in point of time with the Service *viâ* Suez, as to make the two work entirely in harmony.

In the meantime, my Lords have intimated to the public their intention of calling for Tenders for the Panama Route as soon as the necessary arrangements have been completed.

I am, &c.,

(Signed) C. E. TREVELYAN.

II. Merivale, Esq.,  
&c., &c., &c.

COPY OF A CIRCULAR DESPATCH FROM THE RIGHT HON. SIR E. B. LYTTON, BART., TO  
GOVERNOR GORE BROWNE, C.B.

Downing-Street,  
16th November, 1858.

SIR,—

I transmit to you for your information and guidance, so far as relates to the Colony under your Government, a copy of a Despatch, which has been this day addressed to the Governor of New South Wales, with a correspondence with the Treasury, relative to the arrangements which have already been made, and to those still in contemplation, for the conveyance of the Mails between this Country and Australia.

I have, &c.,

(Signed) E. B. LYTTON.

Governor Gore Browne, C.B.,  
&c., &c., &c.  
New Zealand.

Col. Off.  
6th Nov. 1858.  
N.S. Wales Gov.  
No. 115.  
18th Aug., 1858.  
Col. Off. to Gov.  
No. 40,  
9th Nov., 1858.  
Col. Off. to Treas.  
9th Nov., 1858.  
Treas. to Col. Off.  
15th Nov., 1858.  
Do, Do.  
16th Nov., 1858.

SIR E. B. LYTTON, TO SIR W. DENISON.

Downing-Street,  
16th November, 1858.

(Enclosure.)

SIR,—

With reference to your Despatch, No. 115, of the 10th August last, and to my reply of the 9th instant, I transmit to you a copy of a Letter from the Treasury, written especially with reference to that Despatch, but bearing upon the whole question of the Contracts for the performance of the Australian Mail Service, both by Suez and by Panama. You will perceive that the Lords Commissioners of the Treasury have decided to abstain from entering upon any further arrangements, and especially with reference to the establishment of a second Line *viâ* Panama, until Her Majesty's Government shall have been informed distinctly, of the feelings of the different Colonies, as to the practicability, and eligibility of that route, for the performance of a Service, alternating and harmonizing with that *viâ* Suez, and until they shall also have received a distinct statement of the amount which each Colony would be willing to contribute in aid thereof, and for what period.

I also enclose a further Letter from the Treasury in connection with the subject of the Contract recently entered into, and I have to request that you will attend to their Lordships' wishes on certain points of detail as expressed in that Letter and in their Lordships' Minute.

I have, &c.,

(Signed) E. B. LYTTON,

Governor Sir William Denison,  
&c., &c., &c.,  
New South Wales.

MR. HAMILTON TO MR. MERIVALE.

Treasury Chambers,  
15th November, 1858.

SIR,—

(Enclosure.)

I have laid before the Lords Commissioners of Her Majesty's Treasury your Letter of the 9th instant, transmitting a copy of a Despatch from the Governor of New South Wales and of its enclosures, together with a copy of the answer returned to the Governor by Secretary Sir E. B. Lytton, on the subject of Postal Communication between this Country and Australia, and I am desired by their Lordships to state, for the information of Sir E. B. Lytton, that they entirely concur in the observations contained in his Despatch.

It will be impossible, My Lords apprehend, to arrive at the establishment of an efficient Service suitable to the wishes and interests of the various Australian Colonies, unless some general plan of action can be adopted with the acquiescence of all parties, and with the mutual forbearance and concession so judiciously urged by the Secretary of State.

Considering that this Country represents the largest individual interest in the promotion of the undertaking, and offers more available means for establishing a Service than the Colonies, Her Majesty's Government willingly consented to use their endeavours, with the view of making such arrangements as, upon mature deliberation, would appear to be most beneficial to Great Britain and to Australia.

The sudden failure of the late Contractors, placed Her Majesty's Government in a very difficult position—they felt it was necessary to take prompt measures to prevent the interruption of the Communication; they have now succeeded, relying upon the co-operation of the Colonies, in establishing what they have no doubt will prove a regular and efficient Service by Suez;—they are willing to consider the subject of a second Service by Panama, and they would regret if a want of co-operation upon the part of the Colonies were to disturb the uniformity of those arrangements, and render their efforts nugatory.

In reference to the establishment of the second route, *viâ* Panama, My Lords have observed with satisfaction, that the subject is now engaging the attention of the Colonies—as their desire to see this line of Communication opened up, in conformity with the intimation conveyed in the notice appended to the advertisement for the Service *viâ* Suez, continues unabated.

At the same time, My Lords cannot but feel that, the amount of subsidy requisite for this Service must, of necessity, be very large, and that, however desirous they may be to see it established, there are limits, beyond which it would not be justifiable to go, in the contribution to be made by the Imperial Government.

My Lords are desirous, therefore, of eliciting from all the Colonies an express opinion as to the practicability and eligibility of this route for the performance of a Service, alternating and harmonizing with that *viâ* Suez, and also a distinct statement of the amount of Subsidy which each Government would be willing to contribute in aid thereof, and for what period.

One of the Resolutions (No. 5.) of the Legislative Assembly of New South Wales, enclosed in Sir William Denison's Despatch, states, with reference to subsidising a line *viâ* Panama "the question of cost is not the first for consideration."

Should the other Colonies be inclined to consider the question in the same liberal spirit, strong grounds would be afforded for ascertaining, by Tender in this Country, the cost at which the Service could be obtained, and for establishing it, if the terms should appear reasonable.

At the same time, My Lords are unable to agree with the opinion expressed in the second Resolution of the Legislative Assembly of New South Wales,—“That any new arrangement for the performance of the Mail Service by the Indian route, though it ensured Postal regularity and speed, would confer no other considerable benefit on New South Wales,” nor can they believe that the Colony will hesitate to contribute its fair proportion to any Service which offers the advantages of regular and prompt Communication with the Mother Country.

My Lords presume, therefore, that the Subsidy which the Colony of New South Wales express themselves ready to contribute, towards a line *viâ* Panama, will be independent of, and in addition to, that for the Suez Service.

With regard to the opinion which prevails in this Country, as to the necessity for the adoption of the Panama Line, My Lords think it right to mention that the Postmaster-General has expressed a strong opinion that, so far as Postal considerations are concerned, the second Service is not at present required.

A plan has been suggested in reference to the Suez route, on the principle of the Colonies, by their joint action, arranging for the Service from Australia to some intermediate point between this Country and these Colonies, and although it has not been thought advisable to adopt this principle under the new arrangements, My Lords would not be unwilling to consider any suggestions of a similar nature, in reference to the contemplated Service by way of Panama.

With these remarks, My Lords, being satisfied that no interruption is likely to occur in the present Monthly Communication, leave the question of the second Service, until they shall have received answers from the Colonies upon the points above mentioned.

Should the opinion thus expressed be sufficiently satisfactory and unanimous, My Lords will at once apply themselves to consider the best means of carrying out the wishes of the Colonies upon the most favorable terms they may be able to obtain.

I am, &amp;c.,

(Signed)

GEO. A. HAMILTON.

F. Merivale, Esq.,  
&c., &c., &c.



COPY OF A CIRCULAR DESPATCH FROM LORD CARNARVON TO GOV. GORE BROWNE, C.B.

Downing-Street,  
12th April, 1859.

SIR,—

I have the honor to enclose for your information the accompanying copy of a Letter from the Treasury, and of the answer from this Department, relative to the Draft Contract with the Peninsular and Oriental Company for the Australian and Mauritius Mail Service.

I deferred sending out this correspondence under the impression that I should almost immediately be in a position to transmit to you the Contract itself in its formal shape. But, as circumstances have accidentally delayed its final execution, I think it advisable to send you the accompanying papers, in order that you may be apprised of the progress of the matter up to the present date.

I have, &c.,

(Signed) CARNARVON.  
In the absence of Sir E. B. Lytton.

Governor Gore Browne, C.B.,  
&c., &c., &c.  
New Zealand.

SIR C. E. TREVELYAN TO MR. MERIVALE.

Treasury Chambers,  
17th December, 1858.

SIR,—

I am desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of Secretary] Sir E. B. Lytton, the enclosed Draft Contract with the Peninsular and Oriental Company for the Australian and Mauritius Mail Services, and also a Letter from the Postmaster-General thereon; and I am to request that you will call the attention of the Secretary of State to that part of the Postmaster-General's Letter which relates to a change of vessels at Melbourne. (Enclosure.)

I am to state that my Lords are desirous of knowing whether the Secretary of State is of opinion, having reference to the advantages pointed out by the Postmaster-General's Letter, that this change of vessels may be sanctioned.

I am to request that the Papers, being in original, may be returned to this Department.

I am, &c.,

(Signed) C. E. TREVELYAN.

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

LORD COLCHESTER TO THE LORDS COMMISSIONERS OF THE TREASURY.

General Post-Office,  
14th December, 1858.

MY LORDS,—

I have the honor to return the Draft Contract with the Peninsular and Oriental Company for the Australian and Mauritius Mail Service, referred to me on the 2d instant, and to offer the following observations in respect to certain of the provisions of this Contract. (Enclosure.)

1st. The Table marked A, referred to in folio 5, is not with the Draft, but I presume that it is the same Time Table, a proof of which was forwarded to me by the Company on the 8th ultimo, with a request that I would communicate my views respecting it to the Lords Commissioners of the Admiralty for their guidance in preparing the Contract. In compliance with that request, I drew the attention of the Board of Admiralty to that part of the scheme by which it appeared that it was the intention of the Company to send the Packet for Suez as far as Melbourne only, and to perform the Services between Melbourne and Sydney by means of a branch Packet; and I suggested that, before this arrangement was sanctioned, the Secretary of State for the Colonies should be consulted, as the Government of Victoria had made it a condition, when agreeing to pay their share of the present subsidy, that the stay at Melbourne of the Homeward Packet should be at least forty-eight hours, exclusive of Sunday, Christmas-day, or Good Friday.

I am not aware whether my suggestion was adopted, but the question has since been raised whether the people of New South Wales will not complain, if the main Packet does not go on to Sydney.

I presume, however, that the Admiralty will take care that a vessel of sufficient size, and supplying ample accommodation, is employed for this branch Service, and, as it is proposed to transfer the Mails to and from the steamers on the main line at Port Philip Heads, the outward Mails for New South Wales will obviously be delivered at Sydney much earlier than they would be if the steamer from Suez proceeded with them to Sydney after landing the Mails at Melbourne, and the Homeward Mails, instead of being detained two days at Melbourne, will be despatched two days later from Sydney, thus lengthening the interval for replies. These advantages will be so great that I can hardly suppose any serious objection will be made to the arrangement on behalf of New South Wales.

2ndly. With respect to the penalty of £200 per day for every twenty-four hours beyond fifty-five days consumed in the voyage between Sydney and Southampton, I beg to remark that the statement of the Peninsular and Oriental Company, to the effect that fifty-five days are to be allowed, exclusive of the time occupied in crossing the Isthmus of Suez, is quite correct, such having been the understanding come to at the Conference which took place at the Post-Office before the Tender of the Company was accepted.

The reference to this point affords me the opportunity of calling attention to an oversight which has taken place in adopting a system of Penalties and Premiums for the Australian Mail Service; for, while these Penalties and Premiums are payable in respect to the heavy Mails conveyed by the long Sea route, they are not applicable to the far more important portion of the Mail which is forwarded through France. To remedy this omission, I recommend, if your Lordships approve, and the Company offer no objection, that a Penalty or a Premium (as the case may be) of only one-half the amount specified in the Draft may be payable for the Service between Sydney and Southampton, and that like amounts be payable in respect to the Mails brought to or conveyed from Marseilles, the time fixed in the Table, forty-eight days being allowed for the voyage between Sydney and Marseilles, exclusive of the time occupied in the passage of the Isthmus.

I have further to suggest that, instead of the Penalty being £100 per day, it be fixed at a proportionate sum per hour, or probably your Lordships, if you approve of the idea, would not object to fix the Penalty at four pounds per hour. The Premium should then be payable in like manner, say one pound for every hour.

3rdly. The Draft specifies that the Company shall provide a proper room for sorting Letters on board each of the vessels to be employed under this Contract between Southampton and Alexandria, and a query is made in the margin whether a similar provision is to be made on board the vessels between Marseilles and Alexandria.

In reference to this question, I beg to state, that the arrangement desired by the Post-Office is as follows:—

That the Mails forwarded to the United Kingdom *via* Marseilles should leave Alexandria one day in advance of the Mails *via* Southampton, and should be sorted on board the Packet going to Marseilles, during the voyage from Alexandria to Malta, and that the Officers employed in this duty should land at Malta, and there await the arrival of the Packet bringing the heavy portion of the Mail, which would then be sorted by them during the voyage between Malta and Southampton.

By this arrangement, one clerk and his assistant would suffice for sorting both the Marseilles and the Southampton portions of the Mail, and the Company would not have to maintain and to provide sleeping accommodation for more than these two persons throughout the entire distance from Alexandria to Southampton.

4thly. With regard to the demand of the Company that the days and hours of despatching the Australian Mails shall not be altered without a corresponding alteration being made in the days and hours of despatching one of the Bombay Mails, I beg to inform your Lordships that this claim is quite in accordance with the understanding arrived at when the Conference took place at this Office, and I recommend that the clause should be altered accordingly.

I have, &c.,

(Signed) COLCHESTER.

The Lords Commissioners  
Of the Treasury.

MR. MERIVALE TO SIR C. E. TREVELYAN.

Downing-Street,  
8th January, 1859.

SIR,—

(Enclosure.)

I am directed by Secretary Sir E. Bulwer Lytton to acknowledge the receipt of your Letter of the 17th ultimo, requesting to be furnished, for the information of the Lords Commissioners of the Treasury, with Sir E. B. Lytton's opinion whether the proposal made for sending the principal Australian Packet from Suez as far as Melbourne only, and for performing the further Service between Melbourne and Sydney by means of a branch Packet, may be sanctioned.

The conclusion of the voyage of the chief Packet at Melbourne cannot, it may be presumed, prejudice any interest of the Colony of Victoria. On the other hand it is pointed out in the Letter from the Postmaster-General, so far as regards the interest of New South Wales, that by the proposed transfer of the Mails to and from the Steamers on the main line at Port Philip Heads, the outward Mails to New South Wales must reach Sydney much earlier than they would do if the Steamer from Suez proceeded with them to Sydney after previously landing the Victoria Mails at Melbourne, and that the Homeward Mails, instead of being detained two days at Melbourne, may be despatched two days later from Sydney, thus lengthening the interval for replies at that place.

Without injury to Victoria, these will undoubtedly be benefits to New South Wales, so far as regards the rapidity of Postal Communication. On the other hand, however, the arrangement may possibly be viewed with less satisfaction by New South Wales passengers. In order to obviate this, as far as practicable, the Admiralty should be requested to make conditions for securing a vessel of sufficient size, and with ample accommodation, to be employed on the branch Service; and Sir E. B. Lytton would suggest, unless there be any objection of which he is unaware, that the Company should

be called upon to bind themselves, under penalty, to carry on to their destination in the branch Steamer, all passengers who have embarked for New South Wales in England or at any of the intermediate Stations before reaching Port Philip Heads.

No course that can be taken will be beyond the possibility of exception, but in so large and complicated an affair as the Mail communication with Australia, inevitably entailing so many prompt decisions by the Government in England, it is necessary to act on the principle of doing that which appears best on the whole, trusting to the moderation and liberality of the different Colonies to support the conclusions thus adopted. Proceeding on that principle, Sir E. B. Lytton trusts that, with the precautions and securities above suggested, the plan which has been devised as best for the general interests of the Postal Service of Australia, will not be objected to by the Colonies chiefly concerned.

On the details of the Contract, Sir E. B. Lytton defers to the judgment of the Lords Commissioners of the Treasury and to the Postmaster-General.

I am, &c.,

(Signed) H. MERIVALE.

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

COPY OF A DESPATCH FROM LORD CARNARVON TO GOVERNOR GORE BROWNE, C.B.

Downing Street,  
17th May, 1859.

SIR,—

With reference to my Circular Despatch of the 16th of November last, which bore upon the question of establishing a Second Monthly Mail Service *viâ* Panama, I transmit to you herewith, for your information, Copies of two Letters from the Secretary to the Treasury, from which you will perceive that the Lords Commissioners have taken measures for inviting Tenders for the execution of that Service.

9th April, 1859.  
19th April, 1859.

Their Lordships propose to allow a period of two months to elapse before the delivery of the tenders, and the acceptance of either of them would, as you will perceive, be dependent on certain contingencies specified in the Treasury Minute.

I also enclose a copy of the reply which has, by my direction, been returned to those Letters.

4th May, 1859.

I have, &c.,

(Signed) CARNARVON.

In the absence of Sir E. B. Lytton.

Governor Gore Browne, C.B.  
&c., &c., &c.

MR. HAMILTON TO MR. MERIVALE.

Treasury Chambers,  
9th April, 1859.

SIR,—

I am commanded by My Lords Commissioners of Her Majesty's Treasury to transmit to you, for any observations Sir Edward Bulwer Lytton may have to make thereon, copy of a Letter from Mr Merewether, dated 8th instant, suggesting that Tenders should be immediately called for, for a Monthly Postal Service with Australia *viâ* Panama.

(Enclosure.)

I am, &c.,

(Signed) G. A. HAMILTON.

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

MR. MEREWETHER TO SIR S. H. NORTHCOTE.

5, Cannon Street, City,  
8th April, 1859.

SIR,—

I avail myself of the opportunity afforded by the receipt of your Letter of yesterday's date, to recall to your recollection that, at the interview which I had with you on the 15th ultimo, and at which you first communicated to me the terms and conditions upon which Her Majesty's Government would be prepared to contribute towards the establishment of a Monthly Postal Service with Australia *viâ* Panama, you also intimated to me that if by the January Mail no answer should be received from the Colonies to the reference made to them in November last, the Government would not object, under all the circumstances of the case, to take present steps to ascertain the probable cost of such a Service, and with this view would be willing to call for Tenders immediately after the arrival of the Mail, if the subject were then again formally brought under notice.

As, therefore, both the January and February Mails have now arrived, and I am informed at the Colonial Office that by them no reply has been received from any of the Colonies to the reference in question, I lose no time in again inviting your attention to the matter, and trust, that, as those answers, whenever they may be received, will have no direct bearing upon the question which it is at present sought to solve—viz., the costs of the service, the Lords of the Treasury will waive all further delay, and at once move the Lords Commissioners of the Admiralty to issue the necessary notice calling for Tenders.

I would point out to you that, by adopting this course, not only will it be ascertained whether the amount demanded for the Service is reasonable or not, but it will also be seen whether the time within which the route can be performed "will fit that within which the route *viâ* Suez is performed."

These are two of the points upon which Her Majesty's Government desire to be satisfied before they pledge themselves to subsidise the Service, and reliable information with respect to them can be obtained in no other way.

I venture also to express a hope that the Tenders will be called for, before the departure of the Mail of the 18th instant, and that the notice inviting them will be so framed as to meet, in all essential particulars, the views and wishes of the Government and Legislature of New South Wales. These are fully set forth in the Resolutions passed by the Legislature on the 8th September last, and in the Bill appropriating the subsidy, copies of which are already in your possession; but should any further information be required with respect to them, I shall be ready to afford it, and be prepared to wait upon you or any one else that you may be pleased to name for this purpose.

In conclusion, I consider it desirable to remind you of your undertaking, that I should be furnished with a copy of the Admiralty Notice before it is issued, and also be afforded an opportunity of suggesting any alterations therein; and praying an early reply to this communication,

I have, &c.,

(Signed) EDWARD C. MEREWETHER.

Sir Stafford H. Northcote, Bart.,  
&c., &c., &c.,  
Treasury.

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SIR STAFFORD NORTHCOTE TO MR. MERIVALE.

Treasury Chambers,  
19th April, 1859.

Enclosure.)

SIR—

I am desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of Secretary Sir E. B. Lytton, with reference to your Letter of the 23rd February last, the enclosed Copy of a Minute of My Lords of this day's date, relative to the establishment of Postal Communication between this Country and Australia *viâ* Panama.

I am, &c.,

(Signed) STAFFORD H. NORTHCOTE.

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COPY OF TREASURY MINUTE DATED 19TH APRIL, 1859.

My Lords have under their consideration the various communications which have taken place with reference to the establishment of a Mail Service with the Australian Colonies *viâ* Panama.

At the time when My Lords were negotiating for the Service *viâ* Suez, expectations were held out that steps would be taken to set on foot this second Service as soon as proper arrangements could be made for the purpose; and in the notice calling for tenders for the Suez Service, a distinct intimation was given to this effect.

Since then, Mr Merewether, Clerk of the Executive Council of New South Wales, has been deputed by the Government of New South Wales to act as their agent in any arrangements to be made for carrying out the project in question, and has been in communication with this Board on the subject.

The Colony of New South Wales has actually appropriated a sum of £50,000 a-year for ten years for this Monthly Service *viâ* Panama, and My Lords are informed by Mr. Merewether that he has no doubt that the Colony will be prepared to take upon itself the responsibility of one-half of the cost of this Service, provided it can be accomplished within reasonable limits, undertaking at the same time the necessary intercolonial arrangements as regards New Zealand and the other Australian Colonies.

One obstacle which interfered with the earlier adoption of this line was occasioned by the state of the transit route across the Isthmus of Panama, and the heavy charge to which the Mails conveyed by that route are subjected on the part of the Grenadian Government for Transit dues, in addition to the payment made to the Railway Company for actual conveyance.

My Lords are informed, by the Letter from the Foreign Office dated 15th inst., that Lord Malmesbury has not yet been able to make any arrangement on the subject, but that it is a matter to which his attention is constantly directed, and that he will avail himself of the first opportunity to settle it on a more favorable basis than that at present existing.

Considering the vast importance to the Australian Colonies, especially to New South Wales and to New Zealand, of a communication which, amongst other advantages, will afford them facilities of

intercourse with the whole Continent of America, from which they are at present comparatively excluded; and looking to the very liberal manner in which the Government of New South Wales have come forward in support of this scheme, My Lords are of opinion that they ought no longer to delay fulfilling the intention, which they formerly announced, of inviting Tenders for the Service.

In coming to this decision, however, it must be clearly understood that My Lords will not consider themselves bound to accept any of the Tenders unless they are fully satisfied—

1st, That the amount is reasonable, and such as they would be justified in incurring.

2nd, That the times and rates of speed are such as to harmonise perfectly with the Suez Service, so as to make the two alternate fortnightly with each other; and,

3rd, That the Governments of the Australian Colonies will undertake one entire half of the cost of both the Services, *viâ* Suez as well as *viâ* Panama, whatever that may be.

Write, accordingly, to the Admiralty, and request that they will take the necessary steps for procuring Tenders for the performance of a Monthly Mail Service between Great Britain and Sydney *viâ* Panama and New Zealand.

The Contractors must make provision for conveying to and from Melbourne the Letters of Victoria and the other Australian Colonies.

They must also state at what ports between Great Britain and Panama, and between Panama and Australia, it may be in contemplation to call, and the time at which they will be prepared to commence the Service from Australia and from Great Britain.

The Tenders must specify the maximum number of days to be occupied on the voyages out and home, which must not exceed fifty-five days on the whole, exclusive of the Transit across the Isthmus, and the times of arrival and departure must be so arranged, as to alternate fortnightly with the Suez route.

My Lords propose to allow a period of two months, say till the 1st of July, for the delivery of the Tenders.

MR. ELLIOT TO SIR STAFFORD NORTHCOTE.

Downing Street,  
4th May, 1859.

Sir, —

I am directed by Secretary Sir E. Bulwer Lytton to acquaint you that he has had under his (Enclosure.) consideration your Letters of the 9th and 19th ult., on the subject of the establishment of Postal Communication between this Country and Australia *viâ* Panama. In the first of those Letters you transmit a copy of one from Mr Merewether, the agent deputed by the New South Wales Government to advance that project, suggesting that Tenders for the execution of the Service should be immediately called for; and in the latter Letter you transmit a copy of a Treasury Minute, from which it appears that the Lords Commissioners have decided to delay no longer inviting Tenders for the Service, and have requested the Lords Commissioners of the Admiralty to take the necessary measures for that purpose.

Sir E. B. Lytton observes that these Tenders are to be invited on the clear understanding, that the Lords Commissioners will not accept any Tenders unless they are satisfied on certain specific points, one of which is that the Governments of the Australian Colonies will undertake the entire half of the cost of both Services, *viâ* Suez as well as *viâ* Panama, whatever that may be. This reserve appears to be the more necessary in order to guard against any possible dissatisfaction on the part of the Public at the non-acceptance of Tenders, after having been invited; as unfortunately at present a want of cordial understanding on the subject is shown to exist between some of the Australian Colonies.

On this point I am directed to transmit, for the information of the Lords Commissioners, copies of Sir W. Denison, two Despatches which have been received, respectively from the Governors of New South Wales and Victoria, written with reference to the Circular Despatch which was addressed to the Australian Governors, founded on the Treasury Letter of the 16th of November last. From the last of these Despatches it would appear that difficulties existed to prevent any immediate arrangement of the question being effected by the Governments of these two principal Colonies. Sir E. B. Lytton trusts, however, that the further report promised by Sir W. Denison may show that the difficulty thus existing between these two Colonies has been overcome, and that it may prove eventually to offer no bar to the completion of the arrangement which their Lordships propose.

The Lords Commissioners will perceive in Sir H. Barkly's Despatch an intimation that, after the House of Assembly had guaranteed the payment of £90,000, being the Australian moiety of the subsidy of £180,000 in support of the present Postal Service, the Postmaster-General of that Colony had subsequently obtained the leave of the House to defray temporarily out of that grant the sum of £6000 promised by that Government towards a Steam Postal Service between Melbourne and Wellington. Sir E. B. Lytton regrets that the sum guaranteed for a specific purpose should have been in any way interfered with, after having been so pledged, although he cannot doubt the readiness of the Colonial Legislature at once to make good any deficiency which might arise from such subsequent appropriation. The two enclosed Despatches also report the arrangements made by these Governments for the adjustment of the payments due for the Postal Services executed under the previous Contract with the European and Australian Mail Company.

I am, &c.,

(Signed) T. FREDK. ELLIOT.

Sir Stafford Northcote, Bart.,  
&c., &c., &c.

SIR W. DENISON TO SIR E. B. LYTTON.

Government House,  
Sydney, 1st February, 1859.

SIR,—

No. 10.

(Enclosure.)

I have the honor to acknowledge the receipt of your Despatch, No. 41, dated 16th November, 1858, enclosing copies of correspondence between the Lords Commissioners of the Treasury and the Colonial Office with reference to the general question of Steam Postal Communication between England and Australia.

Upon the subject of the establishment of a second line of Steamers *viâ* Panama, by which the advantage of a communication with England once a fortnight, and with North and South America once a month would be secured to the Australian Colonies, I have already addressed you; and I shall go into the question again more fully on a future occasion. At present I propose to confine myself to the question of the accounts as between the Imperial and Colonial Treasuries for Services performed in accordance with the terms of the Contract with the European and Australian Mail Company, and with the Company which undertook the Service upon the failure of the original Contractors.

In the accounts as furnished by the Treasury, the charge against the Colony of New South Wales amounts altogether to £38,345 19s. 7d., which is made up of the following items:—

	£	s.	d.
Amount due from 1st January, 1857, to 30th June, 1858, being half cost.....	23,625	18	2
Amount due from 1st July, 1858, to 30th September, being half cost.....	5,263	18	10
Liability from 1st October to 1st March, calculated at same rate.....	8,773	4	10
Half guarantee of £6,000 per month against loss from 1st July, 1858, to 1st March, 1859, as per Minute of 23rd June, 1858.....	682	17	9
	<u>£38,345</u>	<u>19</u>	<u>7</u>

On bringing these accounts before the Executive Council it was recommended that a sum of £3,000 should be at once paid on account; and instructions have accordingly been sent to the Colonial Agent in England to pay this amount into the Treasury.

In Sir Charles Trevelyan's Letter of 16th November, directions were given that the money should be paid into the Treasury chests in the different Colonies in charge of the Commissariat Officers; but upon application to the Officer in charge at Sydney, the Treasurer was told that no authority had been given to him for the receipt of such a sum; and as bills upon England are at a premium, it was considered to be most advantageous to the Imperial Government to pay the money in London: such an arrangement being also more in accordance with the financial arrangements of the Colonial Government. With reference to the balance of £8,345 19s. 7d., this is made up in part of a sum of £682 17s. 9d., said to be the share of New South Wales of a guarantee of £6,000 per month against loss from 1st July, 1858, to 1st March, 1859. I cannot but imagine that some mistake must have been made either in the heading of this column of the account or in the items, as the possible charge against the Colonies on account of a guarantee against loss to the extent of £6,000 per month would for the period mentioned amount to £24,000 instead of £3000. A guarantee to this extent would be equivalent to an addition of two-fifths to the cost of the Mail Service; and as this has not been conducted by the Royal Mail Company in any respect more satisfactorily than by the previous Contractors, I am afraid that the Legislature may not feel disposed to place so large an addition to the ordinary subsidy at the disposal of the Government. I may observe with regard to the question of loss upon any given voyage that a close investigation should be made into all the circumstances out of which this loss has originated; and if it will be found—as I have no doubt will be the case as regards the “Australasian”—that the outlay of the Company was unnecessarily large, owing to the faulty construction of the vessel and engines, when the returns on account of Mail and Passengers reached a fair average, I would submit that the Company ought not to be allowed to compensate themselves for their bad management in employing so costly a vessel by charging the whole amount of the expenditure in their statement of profit and loss.

With reference to the remainder of the balance left outstanding you will see that in the Minute of the Executive Council it is considered advisable that a statement should be furnished showing the items of the account of the deductions to be made on account of penalties for non-performance of contract, which penalties were by the terms of the agreement in no case to be remitted. In order that this may be accurately drawn up, I forward herewith a statement furnished by the Postmaster-General of the Colony, of the penalties incurred by the contractors for delays in the delivery and dispatch of the Mails at and from Sydney, between the 1st January, 1857, and 30th June, 1858.

I enclose also a further Table showing the dates of the arrival and departure of the Mail Steamers since the 1st July, 1858, and the amount of the penalties which would have been incurred by the Royal Mail Company had their agreement not absolved them from this condition of the Contract. This table will serve as an illustration of my remark that this Company have not conducted the Service in a more satisfactory manner than their Predecessors.

I have, &c.,  
(Signed) W. DENISON.

The Right Honorable  
Sir E. Bulwer Lytton, Bart.,  
&c., &c., &c.

SIR H. BARKLY TO SIR E. B. LYTTON.

Government Offices, Melbourne,  
11th February, 1859.(Enclosure).  
No. 19.

Sir,—

Your several Despatches noted in the margin, relative to the lapsing of the late, and the completion of a new Contract for Steam Postal Communication with Australia have been laid before the Legislature as they reached me, and as they have elicited no expression of opinion to the contrary, it may be assumed that the arrangements therein announced are deemed the most satisfactory that could, under the circumstances have been made.

Objections it is true, on the part of the Mercantile community, to the change of route involved in the Steamers touching at the Mauritius instead of Ceylon, were hinted at, the daily increasing commercial relations of this Colony with India and China, outweighing those connected with the first named Island, but these objections have not assumed a definite shape.

They will no doubt be more loudly urged whenever the Electric Telegraph is carried all the way to Galle, since intelligence to this part of the world might then be thence accelerated by fully ten days; but it is to be hoped that ere that, the Australian Colonies will have advanced sufficiently to fill up the loop between Galle and King George's Sound, by Steamers in connection with the fortnightly despatch of the Indian Mails by the Peninsular and Oriental Company, so as to secure practically a second line.

With regard to the establishment of a second monthly Service *viâ* Panama, I am not yet in a position to afford definite information as to the views of the Legislature, and it seems probable that notwithstanding the clear light in which the question is placed by your correspondence with Sir William Denison, the Session will terminate next week without us being adverted to in either House.

There is something so Imperial in the idea of thus uniting the British Dominions by means of lines of Steamers circumnavigating the Globe, and it offers at the same time such safeguards to these Colonies against interruption to their communication with the Mother Country through accident or otherwise, that I have always been disposed to view the project favorably, and though conscious that obstacles exist to its accomplishment, and that a good deal of experience must be gained before it can be worked smoothly, I have given my best support to a line by way of the Pacific, especially since permanence of the established route through the old World has been placed beyond doubt.

During the recent visit to this City, of Mr. Henry Sewell of New Zealand, I did all in my power accordingly to enforce the argument he employed with my Advisers, that the contribution, namely, which would be required from this Colony to maintain the two lines (one fourth of the entire estimate or £105,000,) did not greatly exceed what it had already intimated its willingness to devote to the upholding of one (£90,000), and might therefore safely be proposed to Parliament—unfortunately, however, other considerations than those of either practicability or expense are introduced into such discussions by the jealousies prevailing between some of these Colonies, the question becoming in fact not one of Panama *versus* Suez, so much as of Sydney *versus* Melbourne; so that whilst my Ministry decline to moot the subject until the feeling of indignation engendered by the attempt a short time back, of New South Wales to form a separate Treaty with the Royal Mail Company, shall have been appeased by suitable apologies,—the Sydney Ministry complain to their Assembly that mine are adding fuel to the fire, by not even having the courtesy to acknowledge the receipt of their three last communications on the Postal question!

Time, it is to be hoped, will soften these asperities. Meanwhile, it is satisfactory to state whatever their issue, that the Legislature of Victoria has in pursuance of the intention already indicated, voted £15,000 in addition to the £75,000, specially appropriated by 18 Victoria, No. 31, and 19 Victoria, No. 10, for the Steam Postal Service, so as to make good whatever happens the moiety of the subsidy of £180,000 guaranteed by the Australian Colonies to the Mother Country.

The probability however, of all the other Colonies repudiating their liability to the Suez Contract seems so small, that the Postmaster General has subsequently obtained leave of the House, to defray temporarily out of this extra Grant, the sum (£6000) promised by this Government towards a Steam Postal Service between Melbourne and Wellington, recently established with a view of improving the Communication with the New Zealand Provinces, bordering on Cook's Straits, the Trade with which is gradually growing into importance.

I will only add that, in accordance with the Treasury Minute enclosed in your Despatch of 16th November, No. 41, to Sir William Denison, the sum of £74,033 16s. 4d. has been duly paid over by my Treasurer, to the Deputy Commissary General here, for the Victoria proportion of ascertained expenditure to 30th September last, under the expired Contract; and the balance is forthcoming, whenever the further liability up to the expiration of that Contract can be correctly calculated; on which occasion, I presume a more formal account will be rendered to each Colony, to serve as a voucher for payment of the demand in full by its Government.

I have, &amp;c.,

(Signed) HENRY BARKLY.

The Right Honorable

Sir E. B. Lytton, Bt.,  
&c., &c., &c.

P. S.—(14th February, 1859).

I enclose the Duplicate receipt of the Deputy Commissary General, and in so doing, beg to call attention to the accompanying letter from the under Treasurer, pointing out a discrepancy of 10,000 letters in the numbers stated to be chargeable to this Colony in the account furnished.

(Signed) H. B.

COPY OF A DESPATCH FROM THE DUKE OF NEWCASTLE TO GOVERNOR GORE BROWNE, C.B.

Downing-Street,  
1st December, 1859.

SIR,—

16th Nov., 1859.

With reference to my predecessor's Circular Despatches of the 16th of October, 1858, and 12th of April last, respecting the arrangements which had been entered into with the Peninsular and Oriental Steam Navigation Company for the conveyance of the Mails to the Australasian Colonies, I transmit for your information the copy of a Letter from the Treasury, forwarding a Correspondence with the Directors of the Company relative to the change of route, which they feel it necessary in the interests of their Shareholders to propose to the Lords Commissioners.

You will learn from these papers that the Company propose to conduct the Service to Australia by way of Ceylon, instead of as heretofore by Mauritius, and to establish an independent line of steamers from Aden to Mauritius; but they express at the same time their belief that, even under this new arrangement, they will not be able to maintain the Service without a further subsidy of Twenty-five Thousand Pounds,—for which they accordingly apply.

The Lords of the Treasury, you will observe, are prepared to assent to these arrangements so far as the change of route is concerned, but they decline to sanction the grant of the subsidy without being apprized of the views of the Australasian Colonies on the question.

I should therefore wish to receive from you, at your earliest convenience, the assurance which I trust you will be able to convey to me that, with a view of preventing any interruption of the Service, the Colony of New Zealand may be willing to contribute its share of the further subsidy of Twenty-five Thousand Pounds asked for by the Company, in addition to the sum of One Hundred and Eighty Thousand Pounds already contracted for.

I have, &c.,  
(Signed) NEWCASTLE.Governor Gore Browne, C.B.,  
&c., &c., &c.,  
New Zealand.

MR. LAING TO MR. MERIVALE.

Treasury Chambers,  
16th November, 1859.

SIR,—

(Enclosure.)

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit for the information of His Grace the Duke of Newcastle, the accompanying copies of a Correspondence which has recently taken place between the Peninsular and Oriental Company and this Board, relative to the route of the Australian Mail Service.

His Grace will perceive that the continuance of the Mail Service with Australia and the Mauritius has been endangered, but that My Lords have succeeded in making arrangements with the Peninsular and Oriental Company which, without involving any increase of payment, secure, for the present the continuance of those Services in the same time, and by routes which, from the recent Despatches it appears will be more satisfactory to the Colonies,—namely, as regards the Mauritius, by an independent line to that Colony; and, as regards Australia, by the route *via* Ceylon, which gives them the benefit of a communication with India and China by the Steamer which carries the English Mail.

His Grace will observe that the proper performance of these Services will be ensured by the same penalties and conditions as had been agreed to in the original contract, and that in sanctioning the deviation to Ceylon, My Lords have expressly stated that any arrangements made by the Peninsular and Oriental Company for obtaining traffic from India or China must not interfere with the main object of securing the greatest possible regularity in the performance of the Postal Service between Southampton and Sydney in a period not exceeding fifty-five days.

My Lords cannot doubt looking both to the recent Despatches, more especially those from the Governor of New South Wales and Mauritius, as well as to the obvious advantage of the new routes, that their adoption would have been highly satisfactory to the Colonies, even if the alternative had not been a probable suspension of the Service altogether. They think it right, however, to point out that the demand made by the Company was for an additional subsidy of £25,000 a-year, and that although they have consented to try the Ceylon route, which it is stated will involve an additional expense of £55,000 a-year for Steamers for the independent Service of Mauritius, without any increase of subsidy, they expressly state that they do so only provisionally; and it will remain open to them at any time to avail themselves of the usual clause in contracts of this description of terminating their engagement by forfeiting a sum which, in the draft of the original Contract ready for signature, had been fixed at £25,000.

My Lords, therefore, can feel no security that, in the event of the Service *via* Ceylon continuing to be a source of loss to the Company, they may not, after a short period, avail themselves of this clause: and thus the Government may be placed in the alternative of allowing the Service to be interrupted, or making fresh arrangements possibly involving some increase of subsidy.

Looking forward to this contingency it would, perhaps, be well if his Grace the Duke of Newcastle were to ascertain the views of the Australian Colonies, who are principally interested, and who now contribute half the cost of the Service, and learn whether, in the event of any emergency arising, they would desire the Government here to act for them to the best of its power, with a view to



prevent any interruption of the Service, undertaking to contribute their half of the expense beyond the £180,000 which might be incurred.

I have, &c.,  
(Signed) S. LAING.

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

MR. ALLAN TO THE LORDS OF THE TREASURY.

Peninsular and Oriental Steam Navigation Company's (Enclosure.)  
Offices, 122 Leadenhall Street, London,  
E. C. 4th November, 1859.

MY LORDS,—

By order of the Board of Directors of this Company, I have the honor to make the following communication to your Lordships.

On the 5th October 1858, in consequence of an advertisement published by the Lords Commissioners of the Admiralty, inviting Tenders from parties willing to perform the Steam Postal Service with Australia, the Directors on behalf of this Company made a Tender for the execution of that Service for the sum of £180,000 per annum.

This sum was, they have since learned £70,000 per annum less than that demanded for the same Service by a competing Company (the Royal Mail Steam Company) who then also made a Tender for it.

It was also £500 per annum less than the sum received by the former Contractors for the Service who in 19 months lost their whole capital of £400,000 and were involved in Bankruptcy by undertaking it.

It was also between £70,000 and £80,000 per annum less than the cost of the temporary execution of the Service between the time of the failure of the former Contractors and the commencement of it by this Company.

The Directors ventured to undertake the Service on so comparatively low terms by combining it with the Postal Service to Mauritius (for which they had also contracted) establishing the route of the Australian Mails by that Island and thus by performing the two Services by means of one line of vessels, saving the cost of running two Steamers which would have been required to execute the Mauritius Service, separately.

That cost would have amounted to about £55,000 annually, and by being so saved, enabled them to Tender for so much less for the Australian Service.

The Directors now regret to state that the experience which they have had during the eight months that they have been carrying on the Service, is of such an unsatisfactory nature to the financial interest of the Company that in justice to their Shareholders they will feel compelled to relinquish the Service under its present arrangement.

At the same time they beg to point out the only means by which they can see a prospect of being able to maintain the Service without a loss to the Company.

The chief source they would beg to observe from which the maintenance of their other lines of Postal Communication is derived is the freight and passenger traffic, the subsidy for the Postal Service bearing but a small proportion of the expense.

On the Australian line the reverse is the case,—the freight and passenger traffic contribute in a very small proportion to the expenses of the Vessels, and the Directors after every effort made by them to obtain an increase of it, see no prospect of being able to do so. The probable means of augmenting this traffic to which the Directors advert is to change the route of the Australian Service to its former course *via* Galle, to which point by means of branch Steamers from India and China some additional freight and passenger traffic may be drawn to supplement the earnings of the Australian Main Line of Steamers.

The Mauritius Service to be performed by a separate line of Steamers to and from Aden as originally agreed upon; such an arrangement the Directors submit involves public advantages of an important nature, besides being in accordance with the now strongly expressed wishes of the Australian Colonists.

These Colonists, and particularly the commercial classes of them, complain that the present route cuts them off from direct communication with India and China, which they consider of great importance as an extensive trade has recently been springing up with the latter countries.

On the other hand the Mauritius Colonists are dissatisfied at their Postal Service being as they consider made subsidiary to the Australian Service and interest for the purpose of reducing the expense in favor of Australia.

The Directors make these statements on what they consider reliable private sources of information, but they believe a reference to official information at the Colonial Office will confirm them.

The other objects of public importance embraced on the proposed arrangement are—

1st. An extra direct Postal Communication would be provided with Ceylon, and thence by the branch Steamer plying in connection with the Main Line with India and China, such extra communication with the latter Country in the present aspect of our relations with it, being, it is assumed, of considerable importance.

2nd. It would render the transit of the Australian Mails more secure from interruption as at Galle the Company would always have a Vessel to take forward the Mails either Outwards or Homewards in the event of the Mail Steamer being disabled from proceeding, which would not be the case at Mauritius.

3rd. The converging of the extra communication thus proposed to be given at a point (Ceylon) whence radiate lines of Telegraphs to all the principal places in India, and which will in every probability be in a short time extended to the United Kingdom enhances much, both their Political and Social importance.

It now remains for the Directors to deal with the financial interests of their Shareholders in reference to this proposed arrangement.

It will be obvious to your Lordships that unless such an augmentation of the earnings of the Steamers performing the Australian Service can be obtained under the new arrangement as would not only cover the expense of £55,000, which would be incurred by the separate Service for Mauritius, but also the present deficiency estimated from ascertained results at £30,000 per annum, the Service could not be carried on,—such an amount exceeds very far what the Directors could prudently calculate upon.

They are however prepared to take the chance on behalf of the Company of obtaining to the extent of £60,000 additional traffic by the branch lines which deducted from the present deficiency on the Australian line and the cost of maintaining a separate line for Mauritius together making £85,000, will still have £25,000 to be added to the present subsidy, which the Directors submit will form a very moderate consideration for the various public and national advantages herein pointed out.

The suggested change of the route can be effected without any irregularity in or interruption of the Mail Service between this Country and Australia, and will not involve any alteration in the existing Time Table beyond the substitution of Point de Galle for Mauritius, the dates of arrivals at and departures from each Port remaining the same as at present.

I am only further instructed by the Directors to state respectfully that an early consideration and decision of the question will be of essential importance to the interests of the Company.

I have, &c.,

(Signed)

JAS. ALLAN,

For the Secretary.

The Lords Commissioners of  
Her Majesty's Treasury,  
Whitehall.

MR. LAING TO THE PENINSULAR AND ORIENTAL COMPANY.

Treasury Chambers,

9th November, 1859.

GENTLEMEN,—

(Enclosure.)

I have laid before the Lords Commissioners of Her Majesty's Treasury your Secretary's Letter of the 4th instant on the subject of your Contract for the conveyance of the Australian Mails, and I am directed to state that their Lordships have no objection to the substitution of the Ceylon route for that of Mauritius as proposed by you as soon as the necessary arrangements can be made, as they are disposed to think that the former route will be on the whole more satisfactory to the Colonies, and more for the interest of the public as well as of your Company.

As regards the question however of an increase of the present subsidy £25,000 a year, it would be impossible for My Lords to agree to any increase for reasons, among which it may be sufficient for the present to state that no increase could be sanctioned without consulting the Colonies, who contribute a large proportion of the cost, nor could My Lords entertain any question of altering the present financial conditions of the Contract without waiting for the Report of the Committee of the House of Commons on Mail Contracts.

If therefore the Company wish to obtain the immediate sanction of the Government to the proposed change of route, you must be prepared to waive any question of increasing the amount of subsidy, and confine your application simply to a change of route.

My Lords would not object to sanction such an application, leaving to the Company the right of taking at any time any steps for terminating the Contract by payment of the penalty of £25,000 which would have been open to them under the original Contract, and further providing that after two years experience of the Ceylon route, either party may terminate the Contract without penalty on giving 12 months' notice.

In the event of the Company adopting this course, the Contract will have to be modified so as to establish Ceylon for the Mauritius, and a separate Contract made for the Mauritius.

These Contracts will be immediately prepared and signed, and in the meantime they may be acted upon as if signed.

It is assumed, however, that the proposed change will not be carried out until the Company are in a position to give Mauritius the full benefit of an independent Service—as originally contemplated, and that in all other respects the Time Table, will remain unaltered. Also that the Australian Mail Service shall be considered as the Main Service, and that any arrangements which may be made for combining other Services with it at Galle, Aden, or Suez, shall be of such a nature as not to interfere with that which is the main object of the Contract, viz, the attainment of the greatest possible regularity in the transmission of the Australian Mails in a period not exceeding 55 days between Southampton and Sydney.

I have, &c.,

(Signed)

S. LAING.

To the Directors of the Peninsular and Oriental  
Company, 122, Leadenhall Street.

THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY TO MR. LAING.

Peninsular and Oriental Steam Navigation Company's Office,  
122, Leadenhall-street, London, E.C., 14th November, 1859.

SIR,—

I have the honor, by order of the Directors, to acknowledge the receipt of your Letter of the 9th instant, stating, in reply to my communication of the 4th, that the Lords Commissioners of Her Majesty's Treasury have no objection to the substitution of the Ceylon route for that of Mauritius for the Mail Contract Packets between Suez and Australia, and for the establishment of a separate monthly line of Packets between Aden and the Mauritius, as originally agreed upon in the correspondence which took place between the Treasury and the Company in the early part of 1858, as soon as the necessary arrangements can be made; their Lordships being of opinion that the route of Ceylon for the Australian Packets will be on the whole more satisfactory to the Colonies, and more for the interest of the public as well as of the Company. (Enclosure.)

In reply, I am desired to acquaint you for the information of their Lordships, that the Directors, will accordingly transmit instructions on the subject to their agents in India and Australia by the next outgoing Mail, and that they hope to make arrangements for giving effect to the change of Route with the departure from Southampton of the Mail of the 12th of March, and the homeward departure from Sydney of the Mail of the 14th of the same month.

A steamer will, in that case, be provided at Aden for the conveyance to Mauritius of the March outward Mail, and another at Mauritius for the conveyance to Aden of the Mail leaving Mauritius about 7th April next.

The Directors beg respectfully to decline the proposition of their Lordships as regards the termination of the Contract by either party after two years' experience of the Ceylon route without penalty on giving twelve months' notice, and they will prefer to adhere to the terms and conditions of their tender for the Australian Service, with the exception of the alteration of the route.

The Directors feel it right, however, to repeat their opinion that without the addition to the subsidy proposed in their Letter of the 4th, the Company will not be able to maintain the Australasian Service, even under the new arrangement.

I have, &c.,  
(Signed) C. W. HOWELL,  
Secretary.

Samuel Laing, Esq., M.P.,  
&c., &c., &c.,  
Treasury.

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MR. LAING TO THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

Treasury Chambers,  
15th November, 1859.

GENTLEMEN,—

The Lords Commissioners of Her Majesty's Treasury have directed me to state, in reply to your Secretary's Letter of the 14th instant, further on the subject of the proposed alteration in the route of the Australian Mail Service that My Lords will not insist upon the condition to which you object, as regards the termination of the Contract by either party after two years' experience of the proposed route by Ceylon, and they will be prepared to adhere to the terms and conditions contained in the original tender for this Service and of that to the Mauritius, with the single exception of sanctioning the alteration of route as proposed in your Secretary's Letter of the 14th instant. (Enclosure.)

As the Service, however, by the altered route at the rates of subsidy fixed by the tenders, is avowedly experimental on your part, it must be understood that the sanction thus given by Her Majesty's Government is also provisional, and may be recalled at any time upon reasonable notice if circumstances should occur to render it desirable.

Among the circumstances My Lords must repeat that much may depend on the manner in which your Company conduct their traffic at Galle, Aden, and the other points of junction, so as to satisfy the reasonable expectations of the Colonies of Australia and Mauritius, by whom so large a proportion of the subsidy is contributed.

I remain, &c.,  
(Signed) S. LAING.

The Directors of the Peninsular and Oriental  
Steam Navigation Company.

