

FURTHER PAPERS

RELATIVE TO THE

S T E A M P O S T A L S E R V I C E.

(In continuation of Papers presented 14th August, 1860.)

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY BY HIS EXCELLENCY'S COMMAND.

CORRESPONDENCE RELATIVE TO THE INTER-COLONIAL ROYAL MAIL STEAM PACKET COMPANY.

No. 1.

COPY OF A LETTER FROM THE POSTMASTER-GENERAL OF NEW ZEALAND TO THE MANAGER OF THE
INTER-COLONIAL ROYAL MAIL COMPANY.

General Post Office,
Auckland, 5th September, 1861.

SIR,—

I beg to call your attention to the following resolution unanimously adopted by the House of Representatives of New Zealand on the 26th July last :—

“ That this House strongly recommends that the Company be requested to provide, as soon as possible, for the various services subsidized by the Colony, steamers better fitted for passenger traffic than those at present employed.”

In communicating to you this expression of the opinion of the House, I desire to state in addition, that the Government have received from many sources complaints of the insufficiency of the passenger accommodation provided by your Company's steamers generally, and of the positive discomfort always experienced in some of them.

The rate of increase of the passenger traffic between Australia and New Zealand, and between the various ports of this Colony, during the past two years, and the strong probability of its still more rapid increase for the future, point to the necessity for providing boats of a larger class than the “Lord Worsley,” “Lord Ashley” and “Airedale,” the overcrowding of which, especially upon the inter-provincial service, is a constant theme of dissatisfaction. The steamers “Lord Worsley” and “Lord Ashley,” have become, I regret to say, notorious in every port where they call for the miserable inconvenience and discomfort of their passenger accommodation. You must be fully aware that in this respect the boats named suffer by comparison with almost every vessel which professes to carry passengers out of any port in the Australian Colonies.

In pursuance of the powers vested in them by the terms of the contract, the Government of this Colony are about to make arrangements for a periodical inspection of the hull, machinery, equipments, crew, &c., of the boats employed on the mail service ; and with respect to passenger accommodation, it is contemplated to provide by law some such machinery for regulating passenger steamboats as is already generally in force elsewhere.

It is desirable to state that the Government of this Colony is not dissatisfied with the manner in which the Company has hitherto performed the mail service as defined in the contract ; and they are prepared to satisfy themselves, from time to time, in the manner just mentioned, that the vessels employed remain in a condition to perform the stipulated service satisfactorily. But the Government cannot be content altogether to ignore the complaints constantly made of the accommodation given to passengers, upon which a large share of the general utility of the service to the Colony depends.

I am impressed with the conviction that if your Company are made fully aware,—first, of the present condition and prospects of the passenger traffic in these seas ;—secondly, of the competition which is already springing up, and which must rapidly increase ;—thirdly, of the opinion entertained by the Government and by the public generally as to the fitness of the Company's steamers ;—and lastly, of the steps which it is proposed to take for regulating the passenger service within the Colony by law ; they will not hesitate, if only for the preservation of their own interests, to take immediate steps for substituting a better class of boats for those complained of, and for removing the defects which are conspicuous in the remainder.

I have to request that you will submit the representations which I have now the honor to make, to the General Manager and the Directors of the Inter-Colonial Royal Mail Company.

I have, &c.,

CROSBIE WARD.

The Manager of the Inter-Colonial Royal Mail Company,
Auckland.

No. 2.

CAPTAIN VINE HALL TO THE POSTMASTER-GENERAL OF NEW ZEALAND.

January 14th, 1862.

SIR,—

I am about despatching the "Airedale" with the January Mails, and believe she will be found very much improved both in speed and comfort.

I had a most satisfactory trial trip on the 11th instant, realizing a speed of ten knots, every thing working well.

I intend refitting the ships successively, which I shall be enabled to do by sending the "Prince Alfred" another trip, perhaps two, soon after which I expect her new boilers will be out, when she will have her turn of a thorough refit. When she is completed, or very soon after, I fully expect our first new ship, either for the direct Auckland service or the trunk line. Another new ship to follow will enable us to work the New Zealand Mail Service most efficiently.

There is one point on which I would request your attentive consideration, and that is the very unusual amount of spare gear for the engines, suggested by the Government Engineers for the "Lord Worsley," and ordered by the Government Inspector for that ship and the others; I am most ready to do all that can really improve the ships and the working of the service, as the large sums I am now disbursing and the attention I am giving to the subject sufficiently shew; but I do think it a hardship to attempt to burden the ships with expenses in all probability useless. The ships and their stores were approved of by the Admiralty in England; what spare gear they had then is still on board, and if more had been considered necessary, I presume it would have been ordered. Please note accompanying memorandum on this subject.

I respectfully submit that the contract does not bind us to furnish any particular spare gear. The ships are to be maintained in working order; but it is the opinion of the most eminent engineers, confirmed by my own experience, that it is extremely difficult, if not impossible, to say what part of a well constructed engine is the most liable to give way. There are certain small parts, as valves, bolts, nuts and screws, &c., which experience shews are subject to constant wear; these of course are always supplied. To be absolutely safe and in a position to repair any casualty to an engine, nothing short of an entire duplicate of the whole would suffice.

If any rational improvement can be suggested, I am only too happy to carry it out, but I cannot see the advantage of encumbering the ships with heavy pieces of machinery which will in all probability never be used. In any case great delay must occur before a set of spare gear can be procured. For the heavier parts I must send to England where the patterns are, and the workmanship is more to be depended upon than here.

Besides, I do not know the extent to which this system may not be carried out, and I beg to observe that whilst our subsidy is less than that of any other Mail Service, our expenses are double, and therefore it cannot reasonably be expected that our ships are to be put to a very much greater outlay for spare material, &c., than any other steamers afloat, except Men-of-War; whose establishment is no criterion for Merchant or Mail Steamers.

I had the honor to reply to your letters of dates November 23rd, December 5th, 6th, 7th, and trust my communications were satisfactory.

Happy at all times to co-operate in all that lies in my power to promote the good conduct of the Mail Service.

I have, &c.,

JOHN VINE HALL.

The Hon. the Postmaster-General,
New Zealand.

No. 3.

CAPTAIN VINE HALL TO POSTMASTER-GENERAL, NEW ZEALAND.

Inter-Colonial Royal Mail Company,
Sydney and New Zealand,
January 16th, 1862,

SIR,—

I beg to forward you a letter from Lord Claud Hamilton, Chairman of I.R.M.C., in reply to communications of 14th August and 5th September, 1861. I also enclose copy of an important letter from Mr. Pearson to his Lordship, relative to the origin of the contract and its first formation, to which I would respectfully request your attention. I have only to observe, in addition to the statements therein made, that it does appear to me that the circumstances of the making the contract are ignored and forgotten by the Government. Small vessels were adopted because the subsidy was so low that larger ones would have been ruinous. The mileage by the Company's concessions has been further reduced by 10 per cent., and yet it is still expected the Company should furnish first class steamers, with an apparel and outfit beyond those of any other mail steamers; though they are mostly receiving nearly double rate of subsidy with a moiety of our expenses. The fact that not a share is held by a colonist shews that our contract is not considered very advantageous; in fact we have recently (from the facts of coals and labour

being so high) been deriving no advantage from the trade, and yet I am endeavouring to please the public by again altering all the arrangements of the ships; and also I am, at a great outlay, increasing the efficiency of the ships by a thorough overhaul and repair. But I would respectfully suggest that this is not the time, under such circumstances, to attempt to burden us with expenses which were never contemplated by the contractors, nor to exercise that severity of construction of the contract towards us which now seems to obtain. I had hoped that in my recent visit to Auckland, and by shewing that I was most desirous to do all that was beneficial to the service, a different feeling towards the Company by the Government would have arisen; but not only am I disappointed in this, but the encouragements held out to the promoters of the undertaking seem to have resolved themselves into penalties, restrictions, and unexpected demands. I fear that the recent acts of the Government will much interfere with my exertions to procure better vessels, for they are calculated to create distrust in capitalists, whether in England or the colonies.

We, too, are often blamed for irregularity, when it arises (as during the last four months) solely from the irregular arrival of the mails from England, causing us great loss, in addition to the censure or animadversions (mistaken as they are) of the public.

I may very respectfully express a hope that the liberal spirit in which I am conducting the affairs of the Company may be reciprocated by the Government.

I am, &c.,

The Hon. the Postmaster-General,
New Zealand.

JOHN VINE HALL.

Enclosure 1 in No. 3.

MR. Z. C. PEARSON TO LORD CLAUD HAMILTON.

Russia Chambers, 98, High-street,
Hull, November 23rd, 1861.

DEAR LORD HAMILTON,—

Having before me several of the complaints which have been made by parties in New Zealand against our steamers, &c., I think it my duty to acquaint you with some of the facts which transpired when the contract was entered into. Henry Sewell, Esq., was delegated by the Government of New Zealand to come over to England to negotiate a loan of £500,000, and also to obtain the support of the Home Government to establish a mail service between Sydney and New Zealand, &c. He was in the country about twelve months before he succeeded in getting any one to undertake the service. He tried the Royal Mail Company, and various other parties, but in every instance failed, until I myself made him the proposal to do the work required with ships of nearly 2,000 tons, for £40,000 per annum. When I made him the proposal he said it was the first *bonâ fide* offer he had had, notwithstanding his exertions since he had been in England, and further said that the vessels of the size mentioned were far too large, and that apart from the subsidy the cost of working them would be so great that it would entail ruin upon us, and would in the end compel us to withdraw from the service, and so leave them no better off and ourselves ruined. I asked him to fix himself the size of the boats he would recommend, naming at the same time two new boats I had just ready for sea, when he said those two were abundantly large, and that one larger and one smaller more, but made quite sufficient for the service, and that £24,000 a year was the most that he could recommend the Government to give. I brought the two steamers to London for his inspection, and he approved of them, and the cabins were altered to meet the views he expressed, at a considerable cost. The contract was entered into, two other vessels were bought, and the whole were inspected by the Government Surveyors, and approved as required by the contract, the vessels varying in size, but all exceeding in tonnage the size specified by the contract. Further, the object was to carry mails and not chiefly passengers, and Mr. Sewell again and again said that too large a class of boats would entail ruin and defeat their object. He also said that no doubt hereafter when the trade was developed larger ones would be desirable, as I believe myself. I think it is unfair of the Government to complain; they ought to give us credit for so benefiting the Colonies. As Mr. Sewell would in all probability have had to go back without a mail service, if I had not myself undertaken it for him, and also having carried their mails so well and so regularly in accordance with the contract, I think they ought to offer us their support in making for shareholders that return which they are entitled to for their investments. I feel satisfied that the present Government of New Zealand cannot be aware of all the circumstances attendant on the entering into the contract, and the difficulties Mr. Sewell met with, as also the fact that the size of the boats were fixed in the contract, not only by Mr. Sewell, but by Mr. Wilson, the then Secretary to the Treasury. If the colonists had desired, they could have had themselves the greater part, if not all, the stock in the concern, but they declined, and not one share was sold in the Colonies. Further, the Colonies were thoroughly tried, before even they applied to England, to see if they could not get money enough to buy vessels, but that failed also; and I say it is most unjust, after we have been induced to invest our money at the Antipodes, with all the risks and contingencies attendant upon such investments, and have continued without break down, carried the mails and fulfilled our contract, and further have expended hundreds of pounds from time to time in altering our vessels to accommodate the people, that such complaints should be made, and such requirements demanded, as are made and demanded without (along with them) thanking us first for what we have done, and offering us a consideration to do more for them. I cannot but believe that the sailing packet owners and others interested are at the bottom of all these complaints, &c., and that the Government have been

misled by them. I recommend the New Zealand Government to act liberally to us, and I advise we should do the same; they to renew our contract, we to send out two ships to suit them. There are many more reasons and arguments I could advise, my Lord, but I am now pressed for time, and I beg you will excuse all errors arising from haste.

I am, &c.,

Z. C. PEARSON.

Enclosure 2 in No. 3.

LORD CLAUD HAMILTON TO POSTMASTER-GENERAL, NEW ZEALAND.

Inter-Colonial Royal Mail Steam Packet Company, Limited,
41, Moorgate-street, London, November 26th, 1861.

SIR,—

I have the honor to acknowledge the receipt of your communication of the 14th August, transmitting a copy of the Report of the Postmaster-General of New Zealand, which has been duly laid before the Directors.

The Board have also had forwarded to them from Captain Hall, the General Manager of the Company, a copy of the Postmaster-General's letter of the 5th September, addressed to their Local Manager at Auckland, calling his attention to a resolution of the House of Representatives, "recommending that this Company be requested to provide, as soon as possible, for the services subsidized by the Colony, steamers better adapted for the passenger traffic than those at present employed;" and containing certain observations in reference to the complaints made by the colonists.

The Directors, while much regretting to receive complaints of this nature, cannot admit that the Company are in the least degree accountable for any insufficiency of accommodation that may be found to exist; on the contrary, they consider that the Government alone are responsible for any defective arrangements in this respect, inasmuch as it was the Government, and not the contractors, that fixed the size of the vessels required. And although the contractors were strongly advised, by parties well acquainted with the New Zealand trade, not to provide larger boats than those stipulated for, yet, in order to evince their determination to carry out the contract in a liberal and thoroughly efficient manner, they supplied vessels of an aggregate measurement of 735 tons in excess of that agreed for, thereby involving at the commencement an additional outlay of at least £13,000. Notwithstanding also that the vessels, with the exception of the "Prince Alfred," were quite new, in order to meet what were represented to be the requirements of the colonists for passenger accommodation, extensive and costly alterations and improvements were made in this country; but no sooner had they reached their destination, than an outcry was immediately raised that the cabin arrangements were not at all suitable for the trade.

With a view to conciliate the colonists and to secure their patronage, the vessels were again altered at an enormous expense. Scarcely a year, however, had passed over before complaints were made that the vessels were too small, and the result is stated to be general dissatisfaction. The Directors submit that if the ships were not considered large enough for the service, it was scarcely fair to the Company to put them to so much extra expense.

The Board apprehend that the reason why larger vessels were not selected by the Government at the time of arranging the contract was, that it was well known that the larger the vessels the more capital necessary, and therefore the more subsidy would have been requisite.

Without going fully into details, the Directors wish to draw attention to the important circumstance that more than a year elapsed before parties could be found willing to undertake the service on the terms offered, the extensive and protracted negotiations in which the Honorable Mr. Sewell (who acted for the General Government in the matter) was engaged, previous to the negotiations with Messrs. Pearson and Coleman, having resulted unsuccessfully, the rate of subsidy being below that received for most other mail services, and great objections being taken to the employment of capital at so remote a distance from home.

Moreover, while it must be admitted on the one hand, that the steam communication provided by this Company has proved an immense boon to the colonists, on the other hand, it is a fact that the Company have not as yet derived a corresponding advantage; the cost of establishing the service and working up the trade having been so great, and the earnings apart from the subsidy having proved quite insufficient for the disbursements.

The Board would remind the Government that in June, 1860, a vessel was especially sent out by the Company to the Colonies to perform fresh services, provided for under a supplemental agreement; but before she arrived at Sydney, it was put an end to, and the Company were placed in the position of having an extra vessel on their hands, for which there was no remunerative trade. As it happened, the discontinuance of the Auckland service proved rather a gain to the Company than otherwise; but they lost the subsidy paid to the "White Swan" for the East Coast line, and were consequently compelled to seek employment for their fifth steamer elsewhere.

Having regard to the various circumstances referred to, it cannot be reasonably expected the Company will agree to risk more capital, unless there is a fair prospect of an adequate return, particularly as the loss on sale of some of the present vessels would be very great, apart from the actual cost of sending new ones out, and bringing one or two of the others home.

The Board, however, are very anxious to meet the wishes of the Government and the colonists with liberality and promptitude. They, therefore, authorize me to state that, if an extension for a further period of ten years of the present contract, from the date of expiring thereof, is agreed to, immediate arrangements will be made for providing two first class new ships of the tonnage and horse power, &c., required. But the profits hitherto derived having been far below the estimates on which the shareholders were induced to rely, the Board would not feel justified, at present, in sending out more vessels, unless provision were made for a prolongation of the contract, a condition invariably conceded where companies are called upon to enlarge or improve their fleet, and which is in accordance with the spirit and meaning of clause on page four of the contract, on the question of compensation, &c.

The Directors assume that the Colonial Government would not be in a position to undertake the renewal of the subsidy for the period named, without the consent of the Imperial Government; but if the former would guarantee their proportion, the latter, on the application of the Board, if supported by the Colonial Government, would in all probability be induced to pay their moiety.

With regard to the proposed enactments for regulating Passenger Steam Boats, every effort would be made to comply with such as far as practicable, and the Company are prepared to abide by the requirements of the Board of Trade here.

I have to add in conclusion, that the Board note with much satisfaction the clause in the official report of the Postmaster General, stating "that the Company have, upon the whole, "performed their service with very creditable punctuality during the past year."

I have, &c.,

The Honourable the Postmaster-General,
New Zealand.

CLAUD HAMILTON,
Chairman.

No. 4.

POSTMASTER-GENERAL, NEW ZEALAND, TO CAPT. VINE HALL.

General Post Office,
Auckland, 3rd Feb., 1862.

SIR,—

I have the honor to acknowledge the receipt of your letters of the 14th and 16th January, per Airedale, reporting the improvements made by you in that vessel, intimating your intention as to the refitting of the Lord Worsley, Lord Ashley, and Prince Alfred, commenting upon the Inspector's report of defects and deficiencies, and enclosing letters from Lord Claud Hamilton and Mr. Z. C. Pearson on the subject of the contract generally.

I have much pleasure in learning the success of your endeavours to improve the speed and comfort of the Airedale; and I have every confidence that, so far as may be possible, the other steamers of the Company will be placed by you in a good condition for the work which they have to perform.

Referring to your comments on the Inspector's reports upon the Lord Worsley and Lord Ashley, I beg to assure you that the Government of this Colony will be well satisfied if the very important defects and deficiencies of those vessels to which you do not allude be made good.

In respect to spare gear, it will be sufficient if the vessels are as well provided as when they passed the inspection of the Government Surveyors before leaving England, and the four additional items specified by the engineer of H.M.S. Harrier as required for the Lord Worsley, will therefore not be for the present required.

With reference to the letters from Lord Claud Hamilton and Mr. Z. C. Pearson, I take leave to point out that they do not in any way affect the question at issue. The Government neither makes nor made any complaint that the ships of the Company are too small to perform the *Postal* service of the Colony. On the contrary, the Government has been ready to give them full credit for the punctuality with which the service has been, as a rule, carried out. In my letter of the 5th September last, I pointed out two facts. First—that the trade of the Colony was increasing so fast, that, for the Company's own interests, it would quickly become necessary to place on the station more boats, and those of a larger size, than were at the time performing the Inter-Provincial Service. Secondly—that the condition of the boats was becoming such as to create general dissatisfaction among the public who used them, and to render it necessary for the Government, in order to protect the Mails, to initiate a system of inspection.

If the Chairman and Directors of the Company were not aware that these things were so, while the facts were notorious in the Colony, it was highly desirable that they should be at once informed on the subject. The letter in question, though perhaps disagreeable to the shareholders, was no more than a proper precaution for the interests at once of the Government, of the sea-going public, and of the Company itself. I very much regret that the Directors have taken the statement of facts, which was made to them in all sincerity, as an indication of hostility on the part of the Government of this Colony.

The facts, which were then notorious, are now from month to month officially disclosed by the reports of the Inspector of Steamers. It must be painful to the Company and to their representatives to find out in what condition their vessels are; but the Government cannot allow the proper requirements of the Postal Service to give way to a sentiment of this kind, however natural to the contractors. I have indicated in the commencement of this letter the line which the Government

propose to draw in the matter of spare gear, to which you particularly allude, and they are also ready to give ample time for carrying out their requirements, considering the difficulties in which you are placed by the demands which all your vessels make upon you at once; but beyond this they cannot go.

I have, &c.,

CROSBIE WARD.

Capt. J. Vine Hall, General Manager,
Inter-Colonial Royal Mail Company,
Sydney.

No. 5.

COPY OF CORRESPONDENCE WITH CAPTAIN VINE HALL AS TO ALTERATIONS IN STEAM POSTAL SERVICE.

General Post Office,
Auckland, 6th May, 1862.

SIR,—

I have the honor to enclose, for your information, copies of a correspondence which has passed between Captain J. Vine Hall, General Manager of the Inter-Colonial Royal Mail Steam Packet Company, and myself, referring to and describing at length certain alterations which have been made by mutual consent in the contract entered into between the Lords Commissioners of the Admiralty and Messrs. Pearson and Coleman, for the carriage of the Australian and New Zealand Mails, dated the 28th May, 1858; and I have to request that you will be pleased to cause the necessary steps to be taken, in order that the alterations may be brought under the notice of the Imperial Post Office.

The changes introduced into the agreement with the Company may be summed up as follows:—

1. That the main service between Australia and New Zealand is to be conducted between the Ports of Sydney and Auckland, instead of between the Ports of Sydney and Nelson.
2. That a subsidiary and additional service is to be performed between Sydney and two ports of New Zealand, subject to conditions which there is little doubt will be fulfilled.
3. That, subject to the same conditions, this Colony will increase the subsidy payable to the contractors by a sum of about £3,000 annually. And lastly—
4. That the Time Table has been re-constructed.

I may be permitted to observe that the re-arrangement of the service now made enhances the postal benefit derivable by the Colony, and, in so doing, improves the communication between the United Kingdom and New Zealand, to establish which the Imperial Government consented to contribute a subsidy of £14,000 per annum, a sum now supplemented by a nearly equal amount from Colonial funds, under this contract alone.

I would further observe that a distinct Inter-Colonial Postal Service is now in operation, supported solely by Colonial funds, connecting the Southern portion of this Colony with the Port of Melbourne. By this route it is estimated that the great bulk of the correspondence, averaging three-fourths of the whole, both between the United Kingdom and New Zealand, and between New Zealand and the Australian Colonies, is now carried, without passing along either that portion of the main line between Melbourne and Sydney or the line partially subsidized by the Imperial Government between Sydney and this Colony.

It is desirable that these facts should be brought under the notice of the Imperial Post Office, as affording a new basis for calculating the proportionate contribution of this Colony to the cost of the main line; and also as affecting materially the question of a re-fund by the Colonies to the Imperial Government of postages received on letters passing between the Australian Colonies and New Zealand.

I have, &c.,

CROSBIE WARD,
Postmaster-General.

The Hon. the Colonial Secretary,
Auckland.

Enclosure 1 in No. 5.

CAPTAIN VINE HALL TO POSTMASTER-GENERAL, NEW ZEALAND.

Sydney,
March 19th, 1862.

SIR,—

From the conversation I had with you this morning I understand that the Government of New Zealand propose to alter the present Mail route next month, placing one of the Inter-Colonial Company's steamers on the Auckland instead of the Nelson line; the Inter Provincial steamer to remain on her present route, but calling at Picton and the Bluff.

It is proposed to subsidize boats for two extra coast services, till the Inter-Colonial Royal Mail Company is prepared to take these lines up.

That £22,000 per annum shall be paid for the first two services, requiring only one boat each, and £2,000 per annum be allowed the Company, if with similar aid from the Governments of Nelson and Wellington, the Company are able to put and maintain a steamer from Sydney to those ports.

To the change of route, no greater mileage being caused thereby, nor the number of ports to call at increased, I can, on behalf of the Company, offer no objection; nor to the proposed reduction or modification of the mode of paying the subsidy, providing the General Government will guarantee the latter sum of £2,000 if we put a boat on, and give us their influence in inducing the Provincial Governments of Wellington and Nelson to contribute each a proportionate subsidy. Taranaki and Napier will also indirectly benefit by the same steamer, and should assist.

To commence the direct route to Auckland next month will seriously inconvenience the Company, as I have certainly not had a reasonably sufficient notice to make proper arrangements. I will take this opportunity to ask—

1. Whether the proposed route is likely to continue for a considerable period? Several changes have already been made since the commencement of the contract, and I need scarcely say that every one results in expense and inconvenience to the Company.

2. Whether the amount now proposed to be paid is to remain without reduction whilst the contract continues in force? The present rate of payment will, I presume, be continued up to the 1st of May, as the Nelson service will remain in operation (per "Prince Alfred") to the latter end of April.

3. Whether the contract will be recommended by the New Zealand Government to be made certain for the 10 years? because on the faith and expectation of this and the non-reduction of the subsidy, the Company are improving their ships at a great expense, and increasing the number of them.

4. Whether, as soon the Company are prepared to carry on the two extra Inter-Provincial lines, the Government will accept such vessels and at a rate proportionate to their superiority in size and convenience to those which *pro tem* may be engaged by Government? Without some assurance of this kind the Company would not be justified in sending out more vessels. I may mention that by the middle of July I expect a new steamer of 764 tons, 140 horse power, from England, and the boilers for "Prince Alfred," so that by August 1st and September 1st I shall have these vessels respectively ready for service, and they will be equal to any in these waters.

5. Will the General Government give us their influence towards inducing the Provincial Government at Auckland to give us wharfage room for our coals there? And,

6. May I expect that the South Manukau channel will be buoyed?

7. It is understood, I believe, that the Time Tables shall be so arranged that one steamer may work each of the three lines (supposing the Nelson one be taken up), having a spare steamer in reserve for casualties.

I shall feel obliged if you can give me an answer to the above enquiries, in order that I may advise my Directors by the Mail on Saturday.

I have, &c.,

JOHN VINE HALL,
General Manager I.R.M. Co., Sydney.

The Hon. the Postmaster-General, New Zealand.

Enclosure 2 in No. 5.

POSTMASTER-GENERAL TO CAPTAIN VINE HALL.

Sydney, New South Wales,
19th March, 1862.

SIR,—

I have the honor to acknowledge your letter of this day, in which, referring to our conversation of this morning, you accept the proposal which I had the honor to make to you on behalf of the Government of New Zealand, for the alteration of the steam service performed by the Inter-Colonial Royal Mail Company between Australia and New Zealand, and between the various ports of the latter Colony. The proposal so made and accepted includes the following points:—

1. The service as at present performed to be discontinued.

2. One of the larger boats belonging to the Company to leave Sydney for Auckland each month shortly after the arrival in the former port of the boat under contract to carry the English Mails; and to return to Auckland in sufficient time to repeat the same trip in the following month according to a Time Table for one year hereto appended.

3. One of the Company's boats to leave Manukau monthly for the Bluff or Invercargill, calling at every port on her way down, and to return from the Bluff or Invercargill to Manukau calling at the same ports in time to repeat the same trip in the next month, following, for one year, the Time Table hereto appended.

4. The subsidy payable by the Government of New Zealand to the Company to be at the rate of £22,000 per annum in consideration of the above services.

5. Except so far as above altered, all the provisions of the present subsisting contract to continue and be of full force.

6. If the Company maintain a service from Sydney to Wellington, Nelson, and Canterbury, or any two of these ports and back in the month, according to the annexed Time Table, the Government will pay for each trip so performed a subsidy of £166 13s. 4d. per month. In such case

the boat or boats so employed to be within the provisions of the general contract. The Government will be prepared to facilitate the completion of any such arrangement by all means in their power.

Considering the urgent necessity which exists for the adoption of the new route without delay, I beg to request that you will cause the Mail-boat to leave Sydney for Auckland according to the Time Table annexed, on the 17th April proximo; and the Inter-Provincial boat to follow the Time Table appointed for her sailing from the 20th of the same month. I trust that your arrangements will not be seriously affected thereby. The change in the rate of subsidy will commence from the first of the following month, namely, May.

I proceed now to reply to your enquiries, in the order in which you put them:—

1. The Government of New Zealand cannot forego, either for themselves or for the Imperial Government, the privilege secured to them under contract, of altering within certain limits the route and times of the Mail Service as may seem best for the public service. But I may remark, that it cannot be for the interest of the public or of the Government that changes should be frequently or capriciously made.

2. This question has been mainly answered above.

3. I am ready to undertake that as soon as the Government feel assured that the Company are so performing their contract that its continuance will be beneficial to the Colony, they will be prepared to recommend to the General Assembly and to the Imperial Government an extension of time.

4. It is part of the intention of the Government, as soon as the Company are prepared with vessels to carry on two extra Inter-Provincial lines, to employ such vessels at a rate proportionate to their size and convenience; but in order to enable the Government to carry out this intention with due regard to the interests of others, it will be necessary that at least six months' notice of the vessel's arrival should be given, and that the Company should undertake under penalty to have any such vessel ready to begin the service on a fixed day at the end of six months.

5, 6. The Government will gladly take any means which may be in their power to facilitate arrangements between the Company and any Provincial Government, and particularly in the points referred to.

7. It will be seen by the Time Table that the double trip of each boat employed is comprised within thirty days. The Company are required by their contract to keep one steamer in reserve.

I have, &c.,

CROSBIE WARD.

J. Vine Hall, Esq.,
Manager I.R.M. Company.

Enclosure 3 in No. 5.

CAPTAIN VINE HALL TO POSTMASTER-GENERAL, NEW ZEALAND.

Inter-Colonial R.M.Co.'s S. Office,

Sydney, March 20th, 1862.

SIR,—

I have the honor to acknowledge receipt of your letter of yesterday's date, containing the outlines of the newly arranged Mail service, and the Time Tables 1 and 2, which I adopt and am prepared to carry out on the part of the Inter-Colonial Royal Mail Company, but without prejudice to the original contract, and subject to the approval of, and confirmation by, the Board of Directors in London.

I have also Time Table No. 3, from Sydney to Nelson and Wellington and back, which line I shall commence as soon as possible, most probably next month. But this service being of an exceptional and supplemental character, I can only accept conditionally, viz. :—

1. With the reservation that, in case the Provincial Governments of Nelson and Wellington do not contribute a fair quota towards the maintenance of the service, I may, on giving notice to the Government, withdraw the vessel, without incurring any penalty, and place her at the disposal of the Government for the general service.

2. That the said steamer being placed on this line, the penalties for not being ready to sail at the appointed times, &c., be only in proportion to the subsidy received, which, at the rate of £2,000 per annum (the sum to be paid by the General Government), would be about one-seventh that of the Company's original mileage per contract.

I beg to notify that the Company will have a new vessel ready for service by August next.

I have, &c.,

The Hon. the Postmaster-General,
New Zealand.

JOHN VINE HALL,
General Manager I. C. R. M. Co.

No. 6.

CAPTAIN VINE HALL TO POSTMASTER-GENERAL, NEW ZEALAND.

Inter-Colonial Royal Mail Company,

Sydney and New Zealand,

May 15th, 1862.

SIR,—

The mail steamer Lord Ashley leaves to-day at noon, and as she was thrown behind by the previous English mail, we have close work to get her off to time.

She has little freight and scarcely any passengers, and with such prospects I do not see how I can conscientiously recommend our directors to put a larger and more costly vessel on so unremunerative a line.

The *Claud Hamilton* is launched, and is, I hear, in all respects a first class vessel. Boilers for *Prince Alfred* finished some time ago and will come out in new steamer. The Secretary writes me that the Board are quite prepared to send another new ship, if there is any guarantee for her employment or the continuance of our contract intact for ten years certain at least. The decision rests entirely with the Government in New Zealand which I trust, will by their assurance on this point, enable me to carry out the service in the manner I desire to do. But it would place me in a very false position, if at my request new first-class steamers are sent out and should then not be required. Would it be out of order, or too much to ask, that the Company in London might have a letter from Government conveying some intimation of their intentions, conditional or otherwise?

There have been so many changes, in the routes and departures, from the terms of the contract since its commencement, all of which were injurious to the Company's interests, that it appears to me only an act of justice that we should have, not only some security for the future, but liberal arrangements. At present, owing to the boats subsidized to run in opposition to the Company's on the coast, and the unremunerative Auckland line, at least the whole of the New Zealand share of the subsidy will be absorbed by the latter and the Nelson line, unless better supported than appearances lead us to suppose, will be equally a losing one. If the Inter-provincial boat pays her way with the opposition of two smaller and less expensive boats, it is as much as we can expect. Therefore, if the service is to be carried out in its integrity, it is of the greatest importance that no uncertainty should hang over the future. I sincerely hope we may have the advantage of your co-operation in this matter, and thus no delay would take place in having such a fleet as would assure the Government of the Postal service being maintained in a respectable manner and on which they could depend and the public be fully satisfied.

I have, &c.,

JOHN VINE HALL,
General Manager I.R.M.C.

The Hon. the Postmaster-General,
New Zealand.

No. 7.

POSTMASTER-GENERAL, NEW ZEALAND, TO CAPTAIN VINE HALL.

General Post Office,
Auckland, 28th May, 1862.

SIR,—

I have the honor to acknowledge your letter of the 15th inst., reporting the departure of the *Lord Ashley* for this port from Sydney, commenting on the prospects of the service, and requesting an assurance from the Government of an extension of the present contract for ten years at least.

I have in the first place to express a hope that a few more trips between Sydney and Auckland will so establish the service as to attract to your vessels both freight and passengers. The Government regret that the commencement of the service should be so unpromising; but as from the beginning of the contract it must always have been apparent to the Company that this route was open for adoption for the carriage of the New Zealand mails, and as the large subsidy of £14,000 per annum is in fact given to maintain the single boat employed upon it, the Government cannot consider that there is any cause whatever for complaint or dissatisfaction on the part of the Company, and they cannot hold out any hope of special consideration on account of the traffic returns being below those which were customary on the Sydney and Nelson line.

But the Government are prepared to recognize fully the desirability of having a perfect understanding with the Company prior to the lapse of the contract by efflux of time. To give a general promise that the duration of the contract will be extended, is not, in my opinion, the best way to arrive at this understanding. It would be obviously idle to do so when the contract provides for the employment of four boats only, and fixes terms of subsidy and penalty suitable to that number of vessels and the mileage which they are appointed to run. It may be the case that the Company will undertake to supply the colony with means of steam communication on a far more extended scale.

It seems to me therefore that the most satisfactory course to adopt will be to make the question of a fresh contract from and after the termination of the existing one a matter of separate negotiation, and it may not be too early to open this subject with the Company at once. I shall therefore be glad to be informed either from yourself or from the Directors of the Company whether they will be prepared to tender for the services of another term of years and what amount of mileage they will undertake to perform per annum.

I shall feel obliged if you will submit this letter to the Chairman and Directors of the Inter-Colonial Royal Mail Company.

I have, &c.,

CROSBIE WARD.

The General Manager, I.R.M. Company,
Sydney.

No. 8.

COPY OF A DESPATCH FROM HIS GRACE THE DUKE OF NEWCASTLE TO GOVERNOR
SIR GEORGE GREY.

Downing-street, 29th May, 1862,

NEW ZEALAND. SIR,—

(No 54.)

I have the honor to acquaint you that the Postmaster-General has informed me that the Inter-Colonial Royal Mail Steam Packet Company had requested a survey and trial before the proper Government Officers, of the ship *Claud Hamilton*, which they intended to send out to New Zealand to be employed in the Mail Packet Service.

It was found on the trial which took place that the vessel made only nine instead of ten knots an hour, as stipulated for in the contract, and the Officer appointed to survey her also reported that several additions and alterations were required in the build and equipments of her hull.

As, however, the first trial was made under disadvantages, a second was proposed. Before, however, this took place the intention of the Directors to send out the vessel was abandoned in consequence of certain alterations in the route of their vessels reported to have been made by the authorities in New Zealand which rendered it unnecessary to despatch another ship.

I have, &c.,

NEWCASTLE.

Governor Sir G. Grey, K.C.B.,
&c., &c.