

PAPERS RELATIVE TO ESTABLISHMENT OF A SECOND MONTHLY MAIL WITH THE AUSTRALIAN COLONIES.

No. 1.

SIR,—Downing Street, 26th September, 1864.
I transmit to you a copy of a letter from the Lords Commissioners of Her Majesty's Treasury, with the accompanying enclosures, stating the conditions upon which they will be prepared to establish, with the concurrence of the Colonies concerned, a second monthly mail communication with the Australian Colonies *viâ* Point de Galle.

I have to request that you will lay this communication before your advisers for their consideration, and that you will inform them that it is very desirable that their decision upon the proposal should be made known to the Home Government with as little delay as possible.

I have &c.,
EDWARD CARDWELL.

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

Enclosure to No. 1.

Mr. PEEL to Sir F. ROGERS.

SIR,—Treasury Chambers, 23rd September, 1864.
I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you, for the information of Mr. Secretary Cardwell, a copy of a letter from the Postmaster-General, dated the 11th July, 1863, in regard to the establishment of a second Monthly Mail Communication with the Australian Colonies, *viâ* Point de Galle, together with copy of their Lordship's Minute of the 5th instant, and an extract from the Postmaster-General's letter of the 19th instant, on the same subject; and I am to request that you will move Mr. Cardwell to communicate to the Governments of the several Australian Colonies, and of New Zealand, the offer made by the Peninsular and Oriental Steam Navigation Company, and the desire of their Lordships, if the second service be established, simultaneously to double the existing rates of Postage on Letters sent to those Colonies, except as regards letters by private ship, for which the charge would be reduced to only four pence the half ounce, their Lordships reserving their right to raise the postage on letters despatched from this country, even though the additional monthly service be not established.

Subject to the above reservation, I am to suggest that Mr. Cardwell will request each Government to state, as early as possible, whether they prefer the present service *viâ* Suez, once a month, with the existing rate of postage, or a service by the same route twice a month, with the increased charge on letters sent by packet, and the reduced charge on letters sent by private ship, on the understanding, of course, that the Colonies pay one-half of the additional cost, as stated in the Postmaster-General's letter of the 11th July, 1863, before adverted to.

I am, &c.,
F. PEEL.

Sir F. Rogers, Bart., &c., &c., &c.

Sub-Enclosure.

MY LORDS,—General Post Office, 11th July, 1863.
During an interview which recently took place at the Post Office with one of the Managing Directors of the Peninsular and Oriental Steam Navigation Company, he mentioned that the Company would, for a moderate addition to the present subsidy, double the existing Postal Service between Point de Galle and Sydney, New South Wales; and in consequence of this observation, I caused inquiry to be made for the purpose of ascertaining the precise terms upon which this advantage could be obtained.

From the reply of the Company, copy of which I enclose, it will be seen that they are willing to undertake the extra service, subject to the same general conditions as those of the present contract, for the sum of £50,000 a year in addition to the subsidy of £134,672 a year which they now receive. Such extra service, the Company state, they would be ready to commence in six months from the acceptance of their offer.

They would further agree that the contract to be entered into should be terminable on a notice of two years, but would require that it should continue at least until the 12th February, 1866, the period fixed for the termination of the arrangement agreed upon in October, 1858, which, although now in abeyance, would again come into force if the present agreement (which is terminable at six months' notice) were brought to an end.

For the reasons given, the Company still object to the vessels calling at Kangaroo Island to land and embark the South Australian Mails.

I think that it is desirable to entertain this offer of the Company, and to submit it for the consideration of the Governments of the several Australian Colonies and of New Zealand.

If this second monthly communication be established, and if, as I would recommend, the rate of postage on the letters between the mother country and these colonies be raised from sixpence to one shilling the half-ounce letter, thus making it uniform with the postage to China, the Cape of Good Hope, and the British West Indies, great benefit will be afforded to correspondents; and this, it is believed, without any increase of expense.