

# PAPERS

RELATIVE TO

## CONVEYANCE OF MAILS *VIA* SUEZ.

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

---

WELLINGTON.

—  
1867.



## PAPERS RELATIVE TO CONVEYANCE OF MAILS VIA SUEZ.

### No. 1.

Copy of a Despatch from the Right Honorable the Earl of CARNARVON to Governor Sir  
GEORGE GREY, K.C.B.

(Duplicate, New Zealand.—No. 64.)

SIR,—

Downing Street, 15th June, 1866.

I have the honor to transmit to you a copy of a letter from the Secretary to the Board of Treasury, with its enclosures, from which you will perceive that the amount due from New Zealand on account of the Mail Packet Service, for the year from the 1st of January, 1866, to the 31st of December, 1866, is Twenty-three thousand four hundred and ninety-four pounds nine shillings and sixpence; making, together with arrears due, the large sum of Forty-six thousand two hundred and fifty-nine pounds four shillings and fourpence.

I request that you will lay these papers before your Responsible Advisers, and that you will urge upon them the propriety of remitting the whole of the arrears due by the time indicated in the Receiver and Accountant-General's Report, and of taking measures for complying with the desire expressed by the Postmaster-General, that quarterly remittances should in future be made at the dates specified in his letter.

I trust that your Government will not object to the adoption of this course.

Governor Sir George Grey, K.C.B.

I have, &c.,  
EDWARD CARDWELL.

### Enclosure in No. 1.

Mr. HAMILTON to Sir F. ROGERS.

SIR,—

Treasury Chambers, 25th May, 1866.

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, copy of a letter dated 22nd instant, from the Postmaster-General, relative to the amounts due from the Australian Colonies on account of the Packet Service, together with sixteen copies of a Report from the Receiver and Accountant-General of the Post Office, with annexed account, and I am to request that you will move Mr. Secretary Cardwell to cause the necessary communications to be made to the Governments of the several Australian Colonies and of New Zealand, with a view to obtain a punctual discharge of their liabilities.

I am to request that the special attention of the Governments of Victoria, Tasmania, and New Zealand may be drawn to the very large balances due from those Colonies, and that the respective Governments be urged to remit the balances due by the time indicated in the Receiver and Accountant-General's Report.

I am to state that my Lords entirely concur with the Postmaster-General, as regards the expediency of establishing a system of regular quarterly remittances; and they have therefore to request that the Secretary of State will urge upon the several Colonies the importance of making the quarterly remittances on account of their share of the payments to be made under the contract in the manner indicated in this Report.

Sir F. Rogers, Bart.

I have, &c.,  
GEO. A. HAMILTON.

### Sub-Enclosure 1 to Enclosure in No. 1.

The POSTMASTER-GENERAL to the LORDS COMMISSIONERS of the Treasury.

MY LORDS,—

General Post Office, 22nd May, 1866.

I have the honor to transmit the copy of a Report from the Receiver and Accountant-General of the Post Office, accompanied by an account of the amounts chargeable to the several Australian Colonies and New Zealand under the terms of your Lordship's Minute of the 25th April, 1861, on account of the Mail Packet Service for the year ending the 31st December, 1866, and an account current showing the whole balance which will be due from each of those Colonies on the 31st December, 1866.

I request that your Lordships will be pleased to cause these particulars to be communicated to the Governments of the several Colonies by the next mail (on the 26th instant), with a view to their taking steps for the prompt remittance of the balance due in each case.

Some of these balances, particularly those due from Victoria and New Zealand, are very large, and it is desirable that special attention should be called to the arrears which have been allowed to accumulate, and that a rule should be laid down for the prevention of such arrears in future.

This department is obliged to provide the means of paying, on the 1st January, the 1st April, the 1st July, and the 1st October, of each year, the whole amount due to the contractors for the conveyance of the Indian and Australian Mails, and it is only reasonable that the several Australian

Governments should make quarterly remittances to this office on account of their share of such payments, and that always in time for the payment next due. To admit of this, the remittance from each Colony should be made by the packet which leaves Australia in the months of January, April, July, and October.

The Government of Mauritius, on whose account a payment is also made quarterly by this department for Mail Packet Service, always pays the amount due through its agent in London before the expiration of each quarter.

With respect to the credits allowed to the Colonies on account of previous years, it may be well to explain to the several Colonial Governments the circumstances under which the reduction in consideration of the Admiralty Surveys of the Peninsular and Oriental Company's ships being abolished, arose.

Your Lordships are aware that this department, fully concurring in the spirit of the Report of the Treasury Committee of 1853, presided over by Lord Canning, has long been of opinion that the best course, with a view both to efficiency and economy in providing for the Packet Service, is to leave all questions as to the best construction of the ships and so forth to the contractors themselves: but by a system of penalties and premiums, and by reserving power to terminate any contract which shall be habitually ill-performed, to hold the contractors strictly responsible for results.

In pursuance of this policy, which has received your Lordship's approval, parties tendering for Packet Services have now, for some years, been invited to state what deduction they would make from their subsidy if they were released from the Admiralty Surveys, and, being aware of this fact, the Peninsular and Oriental Steam Navigation Company last summer offered, if such exemption were granted to them, to strike off from their total subsidy £5000 a-year. The offer was accepted, on condition, however (which in turn was agreed to), that the plan of penalties and premiums, which till then had applied to the Galle and Sydney Service only, should be extended to their whole services.

The portion of the deduction which is considered fairly applicable to the service between Galle and Sydney, computed according to the number of ships employed on that line as compared with the whole of the Company's fleet, being £500, a sum at that rate per annum has accordingly been withdrawn from the charge for this service.

The Lords Commissioners of the Treasury.

I have, &c.,  
STANLEY OF ALDERLY.

#### Sub-Enclosure 2 to Enclosure in No. 1.

Report from the RECEIVER and ACCOUNTANT-GENERAL of the Post Office, explanatory of the Account against the Australian Colonies and New Zealand, for POST OFFICE PACKET SERVICE during the Year ending 31st December, 1866.

THE Account showing the amounts chargeable upon the Australian Colonies and New Zealand for the Mail Packet Service of the year ending on the 31st December, 1866, is annexed; and as this account requires some explanation, I beg to offer the following observations on the chief points of interest, viz., 1st, As respects the reductions which have been made in the amount of the subsidy payable to the Peninsular and Oriental Steam Navigation Company; 2nd, As to the new matter now introduced into the account; and 3rd, As respects the results which are exhibited by the account. I will, however, premise that in lieu of the estimate of the number of letters and newspapers made in 1863, which has now been acted upon for three years, new returns have been taken and a new estimate thereon has been made, which has been adopted in apportioning the respective charges to the Colonies for the current year, and which will be used also for the years 1867 and 1868.

##### *I.—Touching the Reductions which have been made in the Amount of the Subsidy.*

These were two in number, and comprise—

- (a.) A reduction of £14,672 a year in the amount payable to the Peninsular and Oriental Company for the service between Point de Galle and Sydney. The subsidy for this service, which amounted to £134,672 a year, was reduced on and from the 13th February, 1866, to £120,000 a year.
- (b.) A reduction in consideration of the abolition of Admiralty Surveys of the Peninsular and Oriental Company's Ships, of which reduction £500 a year was apportioned to the Australian Packet Service.

Proper allowance has been made in the account for 1866 for both these reductions, so far as the cost of the service of 1866 is concerned.

##### *II.—Touching the New Matter introduced into the Account.*

This consists of a statement of the penalties inflicted, and the premiums earned, on the performance of the Mail Packet Service between Point de Galle and Sydney, from the 1st July, 1860, when the late contract commenced, up to the 31st December, 1865.

The statement shows that, during the period in question, thirty-eight penalties of £200 each, amounting in the whole to £7,600, were inflicted upon the Peninsular and Oriental Steam Navigation Company; and that, during the same time, seventy premiums of £50 each, amounting to £3,500, were earned by that Company.\*

The excess of penalties over premiums amounts to £4,100, and one-half of this sum, viz., £2,050, is divisible, and has been divided, in the account for 1866, between the Colonies concerned.

A statement is also furnished showing the amount for appropriation amongst the Colonies, of that portion of the deduction allowed from 16th August to 31st December, 1865, by the Peninsular and Oriental Steam Navigation Company, from the Australian portion of the subsidy, on account of the abolition of the Admiralty Surveys of their packets.

\* The Penalty for overtime in any voyage is four times as great as the Premium for an equal number of hours undertime.

III.—*Touching the Results exhibited by the Account for the year 1866.*

It will be seen that the Colonial share of the cost of the Packet Service between this country and Point de Galle, which in the last account was stated to be £15,058, is now increased to £16,439. This increase is caused by the proportionate increase of the Australian letters over the India and China letters carried by the Mail Packets which run between this country and Point de Galle.

The result of the first portion of the account shows that the total charge for Packet Service upon the Colonies concerned, for the year 1866, amounts to £82,360 8s. 4d., and that this charge, when reduced by £2,050, the amount of the Colonial share of the excess of penalties over premiums, together with £93 15s., last year's proportion of the Colonial share of the allowance for abolition of Admiralty Surveys, will amount to £80,216 13s. 4d.

The proportion of the gross charge for Packet Service to be borne by each Colony in 1866, is shown in the following table, and a comparison of each of the sums with those charged to the respective Colonies in 1863, 1864, and 1865—on an estimate and account prepared for the year 1863—exhibits results of considerable interest.

1863.				COLONY.	1866.			
Estimated Number of Letters.	Charge for Packet Service.				Estimated Number of Letters.	Charge for Packet Service.		
	£	s.	d.			£	s.	d.
1,270,400	40,122	17	4	.....Victoria.....	1,094,668	28,774	16	11
459,900	18,136	15	3	.....New South Wales.....	475,302	14,635	10	6
209,400	5,081	4	9	.....South Australia.....	251,423	5,098	1	0
420,200	16,771	12	0	.....New Zealand.....	758,843	23,494	9	6
103,200	3,342	2	5	.....Tasmania.....	82,176	2,213	13	11
79,700	3,154	8	4	.....Queensland.....	242,124	7,424	7	4
32,900	807	9	11	.... Western Australia....	34,644	719	9	2
2,575,700	87,416	10	0		2,939,180	82,360	8	4

The large increase in the correspondence of both Queensland and New Zealand during the past three years is exhibited in a marked manner in this table.

It will be seen by the Account Current that the balance against all the Colonies included in that account amounts to £156,146 7s. 11d., of which £82,360 8s. 4d. is the charge for the present year, and £73,785 19s. 7d. consists of arrears.

Victoria.—The balance against Victoria still continues very large, being no less than £68,099 5s. 10d., of which £28,774 16s. 11d. is the charge for the current year, and £39,324 8s. 11d. consists of arrears. It will be remembered that in the year 1863, in consequence of a double issue to this department by the Treasury, the Colony of Victoria obtained temporary credit for £50,000 more than it had remitted, and this matter was referred to in a note at the foot of the account for 1865. During the past year this sum of £50,000 was repaid to the Treasury out of the remittances received from Victoria within that year, and the particulars of these remittances, together with the repayment to the Treasury are shown in the Account Current.

The Government of Victoria should be urged to remit the whole balance of £68,099 5s. 10d. in time to ensure the receipt of the money in this country before the 31st December next.

New South Wales owes nothing on account of arrears. The current year's contribution amounts to £14,288 17s. 2d.

South Australia owes its contribution for the present year and also an arrear, making together £8,758 8s. 3d.

New Zealand owes its contribution for 1866 and also an arrear, making together £46,259 4s. 4d. The balance in this case should be remitted before December next.

Tasmania made no remittance during the past year on Packet Service Account, and in addition to its contribution for 1866 a considerable arrear remains payable. The Government of the Colony should be requested to take measures for the payment of the whole balance of £11,120 16s 10d. before December next.

Queensland owes only its current year's contribution. The Account Current shows that arrears for Branch Packet Service from 1st April, 1861, to 31st December, 1864, are credited to Queensland in that account.

Western Australia having over-remitted last year, very little more than one-half of this year's contribution is due, the balance being but £372 0s. 3d.

General Post Office,  
17th May, 1866.

GEO. CHETWYND,  
Receiver and Accountant-General.



A STATEMENT of CREDITS allowed to the Australian Colonies in 1866, on Accounts for previous Years.

PENALTIES INFLICTED and PREMIUMS EARNED on the Performance of the Mail Packet Service between Point de Galle and Sydney, from 1st July, 1860, to 31st December, 1865.					Amount of Reduction of Subsidy for the abandonment of Admiralty Survey of Packets from 16th August to 31st December, 1865.	TOTAL CREDITS TO COLONIES.
Dates to	Penalties.		Premiums.			
	No.	Amounts.	No.	Amounts.		
					£ s. d.	£ s. d.
31 December, 1860 ... ..	1	200	3	150		
31 March, 1861 ... ..	4	800	6	300		
30 June, 1861 ... ..	10	2,000	6	300		
30 September, 1861 ... ..	...	...	6	300		
31 December, 1861 ... ..	1	200	2	100		
31 March, 1862 ... ..	2	400	3	150		
30 June, 1862 ... ..	2	400	5	250		
30 September, 1862 ... ..	...	...	3	150		
31 December, 1862 ... ..	...	...	...	...		
31 March, 1863 ... ..	...	...	5	250		
30 June, 1863 ... ..	4	800	6	300		
30 September, 1863 ... ..	1	200	1	50		
31 December, 1863 ... ..	...	...	...	...		
31 March, 1864 ... ..	...	...	4	200		
30 June, 1864 ... ..	...	...	7	350		
30 September, 1864 ... ..	...	...	1	50		
31 December, 1864 ... ..	...	...	2	100		
31 March, 1865 ... ..	...	...	6	300		
30 June, 1865 ... ..	...	...	4	200		
30 September, 1865 ... ..	9	1,800	...	...	62 10 0	
31 December, 1865 ... ..	4	800	...	...	125 0 0	
	38	7,600	70	3,500		
Excess of Penalties over Premiums...				*4,100		
		7,600		7,600	*187 10 0	
*Half divisible between the Colonies ... ..				2,050	93 15 0	2,143 15 0

No. 2.

Copy of a Letter from the Hon. E. W. STAFFORD to the Right Hon. the EARL of CARNARVON.  
(No. 389.)  
MY LORD,—Colonial Secretary's Office, Wellington, 7th December, 1866.  
In the absence of the Governor, I have the honor to transmit to your Lordship the copy of a Memorandum addressed to His Excellency by the Postmaster-General of New Zealand, on the subject of the contribution of New Zealand towards the cost of the Steam Postal Service *via* Suez.  
I have, &c.,  
The Right Hon. the Earl of Carnarvon. E. W. STAFFORD.

Enclosure in No. 2.

Memorandum by the Hon. JOHN HALL for His Excellency the GOVERNOR, on Suez Mail Service.  
1. MINISTERS respectfully request His Excellency to forward to the Secretary of State the following Memorandum on the subject of the contributions to be paid by New Zealand to the cost of the Mail Service between Galle and Sydney.  
2. Previous to the conclusion of the contract with the Peninsular and Oriental Company for the conveyance of mails from Galle to Sydney, which came into operation in February last, New Zealand was, in common with other Australian Colonies, invited by the Imperial Government to join in guaranteeing one-half of the cost of the new service on terms similar to those on which she contributed to the subsidy under the previous contract. This invitation is contained in a Treasury letter of 16th November, 1864, forwarded in Mr. Cardwell's Despatch of 25th November, 1864.  
3. The only answer which has been given to the proposal of the Imperial Government is contained in a Memorandum by Mr. Weld, dated 20th February, 1865, forwarded by the Governor to the Secretary of State on the 2nd March, 1865. In that Memorandum it is stated that the Colonial Ministers are not prepared to recommend the General Assembly to agree, without stipulation, to the

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Imperial proposal. After referring to the extent to which the resources of the Colony had been taxed by the Native rebellion, and the heavy liability undertaken on account of the Panama Service, Mr. Weld expressed a hope that the Imperial Government would agree to some plan for continuing the Panama and Suez Services in one general scheme, under which the Mother Country and the Colonies would contribute proportionately to the cost of both services. Mr. Weld promised that the Imperial proposal should be laid before the Assembly at its then approaching session. The Despatch in question was laid on the table and printed, but it does not appear that the attention of the Assembly was specially called to the subject.

4. On the 14th December, 1865, Mr. Cardwell forwarded a copy of the new contract with the Peninsular and Oriental Company.

5. On the 26th December, 1865, Mr. Cardwell transmitted a letter from Mr. Tilley, Secretary to the General Post Office, explaining the manner in which, in the absence of any definite answer from New Zealand, the correspondence for that Colony would be treated on the commencement of the new service. Substantially Mr. Tilley stated that the assent of New Zealand to the Imperial propositions would be taken for granted, and that New Zealand correspondence would be forwarded as theretofore, the Postmaster-General feeling assured that the Colony would not refuse to pay its share during the period for which that course was adopted, even should the Colonial Government on receipt of Mr. Cardwell's letter decide on withdrawing from the scheme. No answer has, as yet, been sent to this letter.

6. Under the above circumstances it is clear that the Colony is not bound to continue to contribute to the cost of the Suez Mail Service, after a reasonable notice to the Imperial Government of the wish of the Colonial Government to withdraw from the scheme.

7. The New Zealand Government has been disappointed at the persistent refusal of the Government of Victoria to furnish any contribution to the cost of the Panama Mail Service, from which Victoria derives, probably, greater advantages than any other of the Australian Colonies. This refusal makes the total expenditure of New Zealand upon Ocean Mail Services amount to a sum which, under any circumstances, would be very large in proportion to its resources, and in the financial difficulties arising out of the Native rebellion, in which the Colony is actually placed, is more than it can bear.

8. Nevertheless, Ministers do not recommend that New Zealand should withdraw altogether from the Suez Mail Service, if it is allowed to continue to be a party to it on reasonable terms. They submit, however, that demands are now made upon it which are not reasonable.

9. In a Despatch dated 15th June, 1866, Mr. Cardwell transmits a Report from the London Post Office, containing a statement of the sums chargeable against the several Australian Colonies on account of the Suez Mail Service. This Report shows the arrear due from New Zealand, on the 31st December, 1865, to be £23,318 8s. 1d. Ministers admit the correctness of this charge, and will take steps for transmitting the amount to the Imperial Treasury. The estimate, however, of the amount chargeable against New Zealand for the years 1866, 1867, and 1868, which appears to be based upon a calculation of the average correspondence of the Colony with Great Britain during the three preceding years, Ministers are bound to dispute. Even if no material alteration in the mail service had been effected, an estimate so formed would not be a reasonable one because the correspondence of New Zealand, during the three years in question was unquestionably large owing to the presence, in the Colony, of a numerous body of Her Majesty's Troops, who were allowed to send and receive letters free of charge, and availed themselves very liberally of that privilege. Their correspondence, therefore, though increasing very largely the bulk of the New Zealand mails and the expenses of the New Zealand Post Office, did not contribute in any way to the New Zealand postal revenue. The troops in question have now either left or are leaving the Colony.

10. There is, however, a stronger reason why the number of letters received in New Zealand by the Suez mails during the last three years is no criterion of the extent to which the Colony will henceforward share the advantages, and should be chargeable with the cost of that service. A new, and for New Zealand a more desirable, mail route has been successfully established by that Colony and New South Wales, and the bulk of the New Zealand correspondence with Europe will undoubtedly be sent *via* Panama and not *via* Suez. The sum of £23,494, demanded as the New Zealand contribution to the cost of the latter service, represents, therefore, an amount of correspondence probably twice or three times as large as the Colony will from this time forward send and receive by the Suez route. Ministers cannot but believe that these facts were overlooked by the Imperial authorities when the estimate above referred to was prepared.

11. The New Zealand Government is perfectly ready to contribute to the Colonial moiety of the subsidy for the Suez Mail Service, in the proportion in which the Colony really shares the advantages of that service, but they must decline to agree to the estimate of that proportion which is now proposed to them. No fairer measure of the advantages afforded to the Colony by the mail service between Sydney and Point de Galle can, as appears to Ministers, be obtained than the number of New Zealand letters which, under the altered circumstances above alluded to, are actually sent by that route. They submit, therefore, that such number be ascertained at the end of every year, and the sum chargeable to New Zealand calculated accordingly. They must, on behalf of the Colony, decline to agree to any other basis of calculation.

General Post Office, Wellington, 5th December, 1866.

JOHN HALL,  
Postmaster-General.

### No. 3.

Copy of a Despatch from Governor Sir GEORGE GREY, K.C.B., to the Right Hon. the  
(No. 6.) Earl of CARNARVON.

MY LORD,—

Government House, Wellington, 12th January, 1867.

Adverting to Mr. Cardwell's Despatch No. 64, of the 15th June last, on the subject of Mail Packet Service, and to a Memorandum of my Responsible Advisers which was transmitted to your

Lordship by Mr. Stafford, the Colonial Secretary, during my absence from Wellington, I have now the honor to transmit a further Memorandum on the subject which Ministers have requested me to forward to your Lordship.  
The Right Hon. the Earl of Carnarvon.

I have, &c.,  
G. GREY.

Enclosure in No. 3.

Memorandum for His Excellency the GOVERNOR by the Hon. JOHN HALL.  
WITH further reference to Mr. Cardwell's Despatch of the 15th June last, transmitting a statement of sums due from New Zealand on account of the Suez Mail Service, in reference to which Despatch a Memorandum was furnished to His Excellency on the 5th December last, Ministers respectfully request His Excellency will inform the Secretary of State that instructions were, by the last mail *via* Panama, transmitted to the Crown Agents for the payment to Her Majesty's Postmaster-General of the sum of £20,670 13s. 3d., being a sum less by £2647 10s. 10d. than that stated in the account above mentioned to be the balance due from this Colony to the Imperial Post Office, on the 31st December, 1865. This difference is attributable to the following circumstances:—In the account in question New Zealand is charged with a proportion of the cost of the mail service between Melbourne and Sydney calculated according to the entire number of letters passing between the United Kingdom and the Colony, on the assumption, apparently, that the whole of this correspondence is sent through Sydney, and is forwarded and sent to that place from and to New Zealand. This is an error. According to the annexed Return it will be seen that during the year 1865 only 263,035 letters were sent through Sydney, and the remainder were not conveyed further than Melbourne by the Peninsular and Oriental steamers. The proportion of the charge made against the Colony for the services between Melbourne and Sydney, which is applicable to the correspondence dropped at Melbourne, is £2647 10s. 10d., which sum, Ministers do not doubt, will be readily acknowledged by the Imperial authorities to have been erroneously charged against New Zealand.

General Post Office, Wellington, 10th January, 1867.  
JOHN HALL,  
Postmaster-General.

COMPARATIVE RETURN of the Number of Letters to and from the United Kingdom conveyed direct between New Zealand and Melbourne, and New Zealand and Sydney, during the Year ended 31st December, 1865:—

Name of Post Office.	Conveyed direct between New Zealand and Melbourne.	Conveyed direct between New Zealand and Sydney.
Auckland ... ..	...	223,765
New Plymouth ... ..	6,003	14,929
Napier ... ..	19,456	...
Wellington ... ..	67,503	...
Nelson ... ..	18,309	22,893
Picton ... ..	4,800	1,448
Christchurch ... ..	153,486	...
Dunedin ... ..	189,010	...
Invercargill ... ..	34,595	...
Totals ... ..	493,162	263,035
Total between London and New Zealand } in 1865 ... ..	756,197	...

As 756,197, the total number of letters between the United Kingdom and New Zealand in 1865, is to £3,477 1s. 2d., the amount charged for the service between Melbourne and Sydney that year: so is 263,065, the actual number of letters conveyed by that service, to £1,209 9s. 1d. Showing a balance in favor of New Zealand of £2,267 12s. 1d.

No. 4.

Copy of a Despatch from the Right Hon. the Earl of CARNARVON to Governor  
Sir GEORGE GREY, K.C.B.

(New Zealand, Circular.)  
SIR,—Downing Street, 24th August, 1866.

With reference to previous correspondence respecting the contracts which have been entered into with the Peninsular and Oriental Steam Navigation Company for the performance of the Australian Mail Packet Service, I have the honor to transmit to you, for your own information and

## PAPERS RELATIVE TO

for that of your Responsible Advisers, a copy of a letter which has been received from the Postmaster-General showing the obligations of the Company with respect to this service.

Governor Sir George Grey, K.C.B.

I have, &c.,  
CARNARVON.

## Enclosure in No. 4.

Copy of a Letter from Mr. SCUDAMORE to Sir F. ROGERS.

SIR,—

General Post Office, 23rd August, 1866.

I am directed by the Postmaster-General to request that you will have the goodness to inform the Earl of Carnarvon that, from statements which have appeared in the public newspapers and elsewhere on the subject of the Australian Mail Packet Service, it appears to His Grace that some misapprehension exists in the Australian Colonies respecting the obligations of the Peninsular and Oriental Steam Navigation Company under their contract for the performance of the Australian Mail Packet Service.

His Grace thinks it right, therefore, to point out that, as in the case of the present contract, so in that of the contract which has just expired, the service contracted for is one between Point de Galle and Sydney only; and that no engagement has been entered into for the delivery of the mails at intermediate ports within a fixed time.

The *pro forma* time table, which is prepared annually, and by which, possibly, the public in Australia have been guided in computing the number of days to be occupied on the voyage from Point de Galle to intermediate ports, is merely intended to show the day on which the packets may be generally expected to arrive at the several ports of call; but provided that the entire voyage from Point de Galle to Sydney be performed within the time prescribed by the contract, any apparent irregularity at intermediate ports cannot be held as a breach of the Company's engagements.

His Grace requests that the Earl of Carnarvon will be pleased to cause these remarks to be communicated to the Governors of the several Australian Colonies.

Sir Frederick Rogers, Bart., Colonial Office.

I have, &c.,  
FRANK IVES SCUDAMORE.

## No. 5.

Copy of a Letter from Mr. F. HILL to the Hon. JOHN HALL.

(No. 249s.)

SIR,—

General Post Office, London, 22nd March, 1867.

The attention of the Postmaster-General has been called to the subject of computing the proportion to be paid by each of the Australian Colonies and New Zealand of the moiety borne by the Colonies collectively of the cost of the Australian Packet Service, and it has been proposed that instead of the method at present adopted of determining the proportion upon an account taken every fourth year, it should be computed according to the actual number of letters received and despatched by each Colony year by year.

The Duke of Montrose has sanctioned the adoption of this principle for the future; but as the account for each year must be prepared at the beginning of that year, it is obvious that the number of letters taken as the basis of the return must be the number received and despatched in the previous year.

In order that the new arrangement may be carried out, I am to request that you will cause accounts to be forthwith taken of the numbers and weight of letters, newspapers, books, and patterns despatched from New Zealand for the United Kingdom (both by the packets proceeding from New Zealand to Melbourne, as well as by those proceeding to Sydney), *via* Suez, by each monthly mail, and that such accounts may be regularly forwarded to this country.

A few specimens of the form in which these particulars should be inserted are enclosed. A full supply will be sent under separate cover.

The Postmaster-General, &c., Wellington.

I am, &c.,  
F. HILL.

## No. 6.

Copy of a Letter from the Hon. JOHN HALL to Mr. F. HILL.

(No. 2656.)

SIR,—

General Post Office, Wellington, 29th May, 1867.

I have the honor to acknowledge the receipt of your letter No. 249s., of the 22nd March last, stating that it is proposed that the computation of the proportion to be paid by each of the Australian Colonies and New Zealand towards the cost of the Australian Packet Service, should in future be based upon the actual number of letters received and despatched by each Colony year by year, instead of upon an account taken every fourth year as heretofore, and requesting to be furnished with the information necessary to carry out this arrangement.

I have given directions for the required returns to be furnished to you. Owing, however, to the number of Post Offices in New Zealand at which mails are made up for Great Britain, many of which are some considerable distance from the Central Office where these returns will be prepared, it will not be possible for them to accompany the particular mails to which they refer, but they will be sent by the mail of the ensuing month.

Mr. F. Hill, Post Office, London.

JOHN HALL.

## No. 7.

Copy of a Letter from the Hon. JOHN HALL to the CHIEF SECRETARY, Victoria.  
(No. F67-59.)

SIR,—

Port Philip Club Hotel, Melbourne, 21st March, 1867.

I have the honor, on behalf of the Government of New Zealand, to call your attention to the subject of the sea postage collected in Victoria on letters forwarded from that Colony to New Zealand, by the mail steamers under contract with the New Zealand Government. As the expense of conveying these letters is borne by the New Zealand Post Office, it appears but just, and is in accordance with the ordinary practice in similar cases, that the ocean postage collected on them should be accounted for to that department. Up to the present time this has not been the case, the whole of this postage having been retained by the Victoria Post Office. As I do not doubt the claim now made by me appears to your Government a fair and reasonable one, I shall feel obliged by the necessary directions being given for its being complied with.

With regard to the precise sums which may be considered the ocean postage, I beg to suggest that as the rate of postage on a single letter between New Zealand and Victoria is sixpence, and the Victorian inland rate is twopence, the ocean postage should be put down at fourpence per single letter.

I may add that ocean postage, collected under precisely parallel circumstances in New South Wales, is paid over by that department to the Post Office of New Zealand.

I have, &c.,

JOHN HALL,

Postmaster-General of New Zealand.

The Hon. the Chief Secretary, Melbourne.

## No. 8.

Copy of a Letter from Mr. J. MOORE to the Hon. JOHN HALL.

(No. 595.)

SIR,—

Chief Secretary's Office, Melbourne, 23rd March, 1867.

I have the honor to acknowledge the receipt of your letter of the 21st instant, bringing under notice the subject of sea postage collected in Victoria on letters forwarded to New Zealand by the mail steamers under contract with the Government of that Colony, and requesting that the amount of such postage may be placed to the credit of the Government of New Zealand.

In reply I have to inform you that the claim preferred appears to me to be equitable, and the necessary directions will be given for carrying into effect the course suggested, on the understanding that this Government is not responsible for the gratuity of a penny per letter to masters of vessels authorized by the thirty-eighth section of the Act 29 Victoria, No. 298.

As this penny per letter has been paid hitherto, I submit that the account with your Government should commence when the next contract steamer carrying mails from Victoria leaves this port.

I am, &c.,

J. MOORE,

(for Chief Secretary.)

The Hon. the Postmaster-General, New Zealand.  
Port Philip Club Hotel.

## No. 9.

Copy of a Despatch from His Grace the Duke of BUCKINGHAM to Governor Sir GEORGE GREY, K.C.B.  
(No. 3.)

SIR,—

Downing Street, 25th March, 1867.

I have the honor to transmit to you a copy of a letter from the Board of Treasury, with its enclosures, from which you will perceive that the amount due from the Colony of New Zealand, on account of the Mail Packet Service to the 31st of December, 1867, is £21,065 18s. 11d., of which a considerable proportion consists of arrears due from the previous year.

I request that you will place these papers before your Advisers, and will urge upon them the propriety of taking prompt steps for the payment of the arrears, and the regular liquidation of the claim in future in the manner referred to by their Lordships.

I have, &c.,

BUCKINGHAM AND CHANDOS.

Governor Sir George Grey, K.C.B.

## Enclosure 1 in No. 9.

SIR,—

Treasury Chambers, 25th March, 1867.

I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you the enclosed copies of the Report from the Receiver and Accountant-General of the Post Office, accompanied by a statement of the amounts chargeable to the several Australian Colonies and New Zealand on account of the Mail Packet Service for the year ending 31st December, 1867, together with an Account Current showing the whole balance which will be due from each of those Colonies on that date; and have to request that, in laying the same before the Duke of Buckingham, you will move His Grace to cause three copies of the Statement Account to be forwarded to the Governments of each of the Colonies concerned by the mail of 25th instant.

I am also to request that the attention of the Colonial Governments may be again urgently called to the expediency of establishing a system of regular quarterly remittances; and that the special attention of the Governments of Victoria, New Zealand, Tasmania, and Queensland, may be drawn to the large amounts still due from those Colonies for the year ended 31st December last, the respective Governments being at the same time requested to cause an early payment of the balances to be made.

I have, &c.,

G. A. HAMILTON.

Sir F. Rogers, Bart.

## Enclosure 2 in No. 9.

REPORT from the RECEIVER and ACCOUNTANT-GENERAL of the Post Office, explanatory of the Account against the Australian Colonies and New Zealand, for POST OFFICE PACKET SERVICE, *via* Suez, during the year ending 31st December, 1867.

In preparing an account of the amount chargeable on the Australian Colonies and New Zealand for the Mail Packet Service of the present year, it has become necessary to make a fresh estimate of the probable number of letters and newspapers which will be carried by those packets for the Colonies referred to during the year ending on the 31st December, 1867, in consequence of the New Zealand and some other correspondence being now sent in large quantities by the Panama instead of the Suez route. When estimating, in May, 1866—for the purposes of the last Account—the number of letters, &c., for New Zealand, there were no means of knowing to what extent the Panama route would affect the future correspondence, as the new service by that route had not then commenced.

Although the Panama Service has now been in existence for some months, it is not possible to estimate with exactness the number of letters, &c., which will be carried by that route during the present year, or the exact quantity which will be carried by the Suez route for New Zealand and the Australian Colonies. The best estimate that is possible under the circumstances has, however, been framed for the purpose of preparing the Packet Service Account against the Australian Colonies for the present year, and the result is shown in the annexed Account.

It now appears that an over-estimate was made of the New Zealand correspondence last year, and a corresponding overcharge was made to that Colony. This overcharge, amounting to £4,360, has been credited in this year's Account to New Zealand, and debited to the other Colonies concerned in proper proportions.

As the New Zealand Government have complained of being charged for the conveyance to Sydney of the whole of their correspondence, whereas the larger portion is carried to Melbourne, the necessary allowance has been made to New Zealand in this year's Account, and the amount so allowed has been charged to the other Colonies concerned.

The Government of Victoria have represented the desirability of furnishing in future a yearly Account, based on the actual number of letters conveyed in the year, and have also suggested that the cost of the actual number of boxes used for each Colony should be charged in future, instead of being estimated as heretofore, on the number of letters.

As the account of the cost of the Colonial share of the Packet Service must necessarily be furnished early in the year during which the service is to be performed, it is obvious that an estimate only can then be prepared; but practical effect shall be given to the wishes of the Government of Victoria in this respect, it being understood that any serious differences in the estimate of any future year shall be adjusted in the Account of the following year.

All the Colonies concerned have been requested to furnish monthly returns to this office, showing the number of letters, &c., despatched in each month by the packets, and by means of these returns, and of the records kept here of the outward mails, an account will be prepared of the actual number of letters carried by the packets for each Colony, and the charge will be adjusted in the estimate of the following year.

The number of mail boxes to be used for each Colony in any one year cannot, of course, be known at the beginning of that year; but, as an accurate account is kept in this office, the difference will be adjusted in the estimate of the following year.

All the Colonies concerned should remit promptly, every three months, the quarterly proportion of the amount which will become due to this country during the current year, as provision has to be made here for meeting the payments on the 1st April, 1st July, 1st October, and 1st January in each year.

The special attention of the Government of Tasmania should be requested to the large arrear due from that Colony, amounting, with this year's contribution, to £14,091 *ss.* 10*d.*

General Post Office,  
London, 22nd March, 1867.

GEO. CHETWYND,  
Receiver and Accountant-General.

CONVEYANCE OF MAILS *VIA* SUEZ.

An Account showing the Amounts chargeable on the AUSTRALIAN COLONIES and NEW ZEALAND on account of the MAIL PACKET SERVICE for the Year ending 31st December, 1867.

COLONIES.	Estimated Number of Letters in 1867.	Service between England and Point de Galle.		Service between Point de Galle and King George's Sound.		Service between King George's Sound and Melbourne.		Service between Melbourne and Sydney.		Moiety of Cost of Mail Boxes.		Moiety of Expense of Naval Agents in charge of Mails.		Proportion of Cost of Special Packets, between Dover and Calais.		Estimated Number of Newspapers, <i>via</i> Southampton, <i>via</i> Southampton.		Egyptian Transit Rate on Newspapers.		TOTALS.
		£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	No.	£	s. d.	£	
Victoria .....	1,076,799	7,925	9 3	18,097	14 11	8,714	8 2	...	...	723	16 2	155	9 8	101	4 11	821,446	1,578	19 6	37,297	2 7
New South Wales .....	468,494	3,448	4 4	7,873	19 5	3,791	9 4	4,338	17 0	293	5 7	67	12 7	41	1 0	331,976	638	2 6	20,493	11 9
South Australia .....	267,711	1,970	8 3	4,499	8 3	...	...	...	...	164	10 2	38	13 2	25	3 5	177,068	340	7 2	7,038	10 5
New Zealand .....	54,598	401	17 0	917	12 6	441	17 1	175	17 7	40	0 11	7	17 8	5	2 8	78,438	150	15 6	2,141	0 11
Tasmania .....	79,421	584	11 1	1,334	16 6	642	14 11	...	...	89	2 9	11	9 6	7	9 4	98,324	188	19 11	2,859	4 0
Queensland .....	251,032	1,847	12 10	4,219	1 10	2,031	11 6	2,324	17 5	143	1 10	36	5 0	23	12 0	147,598	283	14 2	10,909	16 7
Western Australia .....	35,442	260	17 3	595	13 7	...	...	...	...	34	12 7	5	2 5	3	6 8	35,930	69	1 3	968	13 9
	2,233,497	16,439	0 0	37,538	7 0	15,622	1 0	6,839	12 0	1,488	10 0	322	10 0	210	0 0	1,690,780	3,250	0 0	81,710	0 0

Dr. ACCOUNT CURRENT for the Year ending 31st December, 1867, in continuation of that rendered for the Year 1866. Cr.

COLONIES.	Balance shown on account to 31st Dec., 1866.		Amount chargeable for 1867, as per above Statement.		Sums charged to Colonies on Account of Undercharges in 1866.		Totals.		COLONIES.		REMITTANCES.		Branch Packet Service.		Sums allowed to the Colonies on Account of previous Years, as per Statement at the back.		Balance due 31st Dec., 1867.		TOTALS.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.			£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Victoria .....	68,099	5 10	37,297	2 7	2,131	0 0	107,527	8 5	Victoria .....	54,122	17 4	...	...	711	2 5	52,693	8 8	107,527	8 5	
New South Wales .....	14,288	17 2	20,495	11 9	1,502	6 0	37,370	14 11	New South Wales .....	14,288	17 2	...	...	309	7 10	22,772	9 11	37,370	14 11	
South Australia .....	8,758	8 3	7,038	10 5	1,084	0 0	16,175	5 8	South Australia .....	3,742	15 10	3,712	10 0	176	16 0	7,240	1 6	16,175	5 8	
New Zealand .....	46,259	4 4	2,141	0 11	...	...	48,400	5 3	New Zealand .....	1,303	2 4	...	...	6,627	12 0	21,065	18 11	48,400	5 3	
Tasmania .....	11,120	16 10	2,859	4 0	163	17 0	14,143	17 10	Tasmania .....	...	...	...	...	36	1 1	14,091	8 10	14,143	17 10	
Queensland .....	7,247	15 3	10,909	16 7	549	12 0	19,472	9 10	Queensland .....	...	...	...	...	52	9 0	19,306	14 3	19,472	9 10	
Western Australia .....	372	0 3	968	13 9	765	6 0	1,393	18 0	Western Australia .....	...	...	...	...	165	15 7	998	9 8	1,393	18 0	
	£ 156,146	7 11	£ 81,710	0 0	£ 6,627	12 0	£ 244,483	19 11		£ 94,500	6 2	£ 2,371	12 10	£ 8,102	12 0	£ 138,168	11 9	£ 244,483	19 11	

General Post Office, London, 17th May, 1866.

GEO. CHETWYND, Receiver and Accountant-General.

CONVEYANCE OF MAILS *VIA* SUEZ.

A.

A STATEMENT of CREDITS allowed to the Australian Colonies in 1867, on Account of the previous Year.

PENALTIES INFLICTED and PREMIUMS EARNED on the Performance of the Mail Packet Service between Point de Galle and Sydney, from 1st January to 31st December, 1866.					Amount of Reduction of Subsidy for the abandonment of Admiralty Survey of Packets from 1st January to 31st December, 1866.	TOTAL CREDITS TO COLONIES.
Dates to	Penalties.		Premiums.			
	No.	Amounts.	No.	Amounts.		
31 March, 1866 ... ..	6	1,200	4	200	£ s. d. 125 0 0	£ s. d.
30 June, 1866 ... ..	2	400	1	50	125 0 0	
30 September, 1866 ... ..	3	600	—	—	125 0 0	
31 December, 1866 ... ..	3	600	2	100	125 0 0	
	14	2,800	7	350		
Excess of Penalties over Premiums...				2,450		
				2,800	2,800	500 0 0
Half divisible between the Colonies ... ..				1,225	250 0 0	1,475 0 0

B.

A STATEMENT Showing the Amounts overcharged to New Zealand in the Account for 1866, and undercharged to other Colonies in the same Account, and adjusted in the Account of 1867.

Overcharged to New Zealand		Undercharged to the undermentioned Colonies	1 On the whole Service	2 On the Melbourne and Sydney Service
	£ s. d.		£ s. d.	£ s. d.
1.—The estimated number of Letters carried for New Zealand was overstated 140,800, that Colony was therefore overcharged ... ..	4,360 0 0	Victoria ... ..	2,131 0 0	
		New South Wales ... ..	1,084 0 0	1,502 6 0
		South Australia ... ..	378 7 0	
		Tasmania ... ..	163 17 0	
		Queensland ... ..	549 12 0	765 6 0
		Western Australia ... ..	53 4 0	
2.—The Service between Melbourne and Sydney was overcharged to New Zealand on 496,000 Letters ... ..	2,267 12 0		4,360 0 0	2,267 12 0
			.	4,360 0 0
	6,627 12 0			6,627 12 0