

P A P E R S

RELATIVE TO

CONVEYANCE OF MAILS VIA SUEZ.

(In continuation of Papers presented on the 25th July, 1867.)

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

WELLINGTON.

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1868.

SCHEDULE OF PAPERS
RELATING TO THE SUEZ MAIL SERVICE.

No.	Date.	Writer and Subject.	Page.
1	Dec. 17, 1867	Secretary of State to Sir George Grey, forwarding copy of a letter from the Postmaster-General, enclosing a copy of a new Contract with the P. and O. Company for conveyance of the India and China Mails	3
2	Nov. 26, 1867	Secretary, General Post Office, to the Postmaster-General, New Zealand, referring to the alteration in the dates of the despatch of the Australian Mails, consequent on the new Contract with the P. and O. Company	12
3	Dec. 19, 1867	Secretary, General Post Office, to the Postmaster-General, New Zealand, transmitting amended copies of the Suez Mail Service Time Table	12
4	Jan. 18, 1868	Secretary, General Post Office, to the Postmaster-General, New Zealand, notifying a further alteration in the Suez Mail Service Time Table	12
5	Feb. 7, 1868	Secretary of State to the Officer Administering the Government, New Zealand, transmitting Correspondence between the Board of Treasury and the Postmaster-General respecting the increased Subsidy payable by the Australian Colonies	12
6	Dec. 17, 1867	Colonial Secretary, New Zealand, to the Secretary of State, transmitting Bill of Exchange for £21,065 18s. 11d., amount payable by New Zealand to 31st December, 1867 ...	14
7	Petition of 400 Merchants and others of Auckland, praying that the Payment of a Subsidy for a Mail Steamer between Auckland and Sydney may not be discontinued	14
8	Jan. 24, 1868	Postmaster-General, New Zealand, to Merchants and others of Auckland, acknowledging receipt of Memorial, and stating inability of Government to advise compliance ...	14
9	May 28, 1868	Secretary of State to Sir G. Bowen, transmitting copy of a letter from the Board of Treasury with copies of the Report of the Accountant-General to the Post Office, and requesting Quarterly Payments on account of the Suez Mail Service	15
10	Oct. 12, 1868	Mr. Gray to Postmaster-General, New Zealand, stating arrangements made by him at Melbourne for forwarding Mails to and from New Zealand	17

PAPERS RELATIVE TO CONVEYANCE OF MAILS VIA SUEZ.

No. 1.

COPY of a Despatch from His Grace the Duke of BUCKINGHAM to Governor Sir G. GREY, K.C.B.
SIR,—

Downing Street, 17th December, 1867.

I have the honor to transmit to you a copy of a letter addressed to this department by desire of the Postmaster-General, forwarding a copy of the new contract with the Peninsular and Oriental Steam Navigation Company for the conveyance of the India and China Mails, and also a copy of the Time Table showing the movements of the several Packets.

The letter from the Post Office shows so clearly the manner in which the Colony under your Government is affected by the new arrangements, that I need only refer you to it, and leave you to make the public fully aware of them.

This contract will commence on the 1st of February next.

Governor Sir George Grey, K.C.B.

I have, &c.,

BUCKINGHAM AND CHANDOS.

Enclosure in No. 1.

Mr. TILLEY to Sir F. ROGERS.

SIR,—

General Post Office, 10th December, 1867.

With reference to my letter of the 6th instant, in which I informed you that the Postmaster-General had concluded a new contract with the Peninsular and Oriental Steam Navigation Company for the conveyance of the India and China Mails, I am directed by His Grace to forward to you some copies of the new contract.

In transmitting these papers, I am to call attention to the following points, in which the new contract differs from that now in force:—

The mails for India will, under the new contract, be despatched from London on fixed days in every week, on the morning of every Saturday, for transmission *via* Southampton, and on the evening of the following Friday, for transmission *via* Marseilles, and each mail will be conveyed to Bombay instead of alternately to Bombay and Calcutta.

The mails for Ceylon, the Straits Settlements, and China, will be despatched on every alternate Saturday and Friday, and the service, instead of terminating at Shanghai, will be continued to Yokohama.

In like manner, the homeward packets will leave Bombay on a fixed day in every week, and will leave Yokohama, Shanghai, Hong Kong, and Point de Galle, on fixed days in every alternate week.

Mails for the several Australian Colonies will be despatched from London with every alternate mail to Point de Galle. Those mails will, consequently, be conveyed from Galle to Sydney, and from Sydney to Galle, once in every fourth week, instead of once in a calendar month, as at present.

In order to accelerate as much as possible the service between Marseilles and Alexandria, the packet on that route will go direct, *via* the Straits of Messina, instead of by way of Malta.

With a like object of accelerating the China Mail Service, the packets on the line between Point de Galle and Hong Kong will no longer call at Penang, and the stay at Singapore will be limited to twelve hours of daylight.

The Postmaster-General requests that the Duke of Buckingham and Chandos will have the goodness to communicate with the officers administering the governments of Malta, Ceylon, the Straits Settlements, Labuan, Hong Kong, the Australian Colonies, and New Zealand, informing them of these new arrangements.

In connection with these arrangements, I am to observe that, although the packet from Marseilles will not call at Malta, there will be a weekly service between the United Kingdom and that Colony *via* Southampton.

Further, with respect to Penang, which is also omitted from the new scheme, I am to state that the correspondence for that Island will be sent in the mails for Singapore.

I enclose some copies of a Time Table showing the proposed movements of the India, China, and Australia Mail Packets for the ensuing year.

The Postmaster-General has already, in the letter of the 6th instant above referred to, drawn attention to the effect which the new arrangements will have on the correspondence for Mauritius.

I have, &c.,

J. TILLEY.

Sir F. Rogers, Bart.

Sub-Enclosure in No. 1.

EAST INDIA, CHINA, AND JAPAN MAILS.

ARTICLES OF AGREEMENT made this nineteenth day of November, one thousand eight hundred and sixty-seven, between the Most Noble James, Duke of Montrose, Her Majesty's Postmaster-General for the time being, of the one part, and the Peninsular and Oriental Steam Navigation Company of the other part: Witness that the Company,

PAPERS RELATIVE TO

for themselves, their successors, and assigns, hereby covenant with the Postmaster-General, his executors, administrators, successors, and assigns, Her Majesty's Postmasters-General for the time being, in manner following (that is to say) :—

Definition of term "Mails."

1. For all the purposes of these presents, the term "mails" shall be understood to comprehend all boxes, bags, or packets of letters, newspapers, books, or printed papers, and all other articles which, under the existing regulations of the Post Office, are transmissible by the post, without regard either to the place to which they may be addressed, or to that in which they may have originated, and all empty bags, empty boxes, and other stores and articles used or to be used in carrying on the Post Office, service which shall be sent by or to or from the Post Office.

Power to modify regulations as to articles transmissible by post.

2. If at any time the Postmaster-General shall desire to modify the existing regulations as to articles transmissible by the post, either by prohibiting the transmission by the post of the articles which are now transmissible thereby, or by authorizing the transmission by the post of articles which are not now transmissible thereby, he shall be at liberty so to do on giving reasonable notice to the Company; and in case the effect of such modification shall be to diminish the burden of the services hereinafter agreed to be performed, a deduction shall be made from the annual subsidy hereinafter stipulated to be paid to the Company; and in case the effect of such modification shall be to increase the burden of the services hereinafter agreed to be performed, an addition shall be made to such subsidy, and the amount of such deduction or addition, as the case may be, shall be settled by agreement between the Postmaster-General and the Company, or, failing agreement, by arbitration in manner hereinafter provided.

Company to provide vessels.

3. The Company will, at all times during the continuance of this agreement, or so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance thereof, provide, keep seaworthy, and in complete repair and readiness, for the purpose of conveying as hereinafter provided, all Her Majesty's mails which shall at any time, and from time to time by the Postmaster-General, or any of his officers or agents, be required to be conveyed as hereinafter provided on all the routes specified in the table hereunder written, a sufficient number of good, substantial, and efficient steam vessels of adequate power and speed, and supplied with first-rate appropriate steam engines, and in all respects suited to the performance of the services herein agreed to, be performed within the respective times herein stipulated.

Vessels to be furnished with machinery, tackle, &c. And manned with certificated officers, &c. And a medical officer, &c.

4. The vessels to be provided under this agreement shall be always furnished with all necessary and proper tackle, stores, oil, tallow, fuel, provisions, machinery, engines, anchors, cables, boats, fire pumps, and all other proper and requisite means for extinguishing fire, lightning conductors, charts, chronometers, proper nautical instruments, and all other furniture and apparel, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them constantly efficient for the said services, and manned with competent officers with appropriate certificates granted pursuant to the Act, 17 and 18 Victoria, cap. 104, or to the Act or Acts in force for the time being relative to the granting certificates to officers in the Merchant Service, and also with competent engineers, and a sufficient crew of able seamen and other men, and with a competent surgeon, to be subject to the approval of the Postmaster-General.

Also a small steamer at Bombay.

5. The Company shall land and embark the mails at Bombay by means of a small steam vessel, and accordingly the Company shall, in addition to the vessels hereinbefore mentioned, provide a small steamer, which shall be kept at Bombay, in complete repair, and ready for landing and embarking the mails.

Vessels unfit, to be withdrawn when required.

6. If Her Majesty's Postmaster-General shall consider any of the Company's vessels unfit for the conveyance of mails, he may, by writing under his hand, or under the hand of the Secretary or one of the Assistant Secretaries of the Post Office, require the said Company to show cause why such vessel should not be withdrawn from the service, and unless within six weeks after such requisition the said Company shall show cause to the contrary to the satisfaction of the said Postmaster-General, he may, at any time after the expiration of the said period of six weeks, by writing under his hand, or under the hand of the Secretary or one of the Assistant Secretaries of the Post Office, declare such vessel to be unfit for the conveyance of mails; and after such declaration shall have been made, it shall not be lawful for the said Company to employ such vessel in the performance of this contract. And in order to determine whether the said Postmaster-General shall be justified in declaring any vessel unfit for the conveyance of mails, or whether the said Company shall be able to show cause to the contrary, a special examination shall be made of the hull and machinery of any such vessel by such person or persons as may be selected for that purpose by the Postmaster-General.

Equipments, officers, and crew may be inspected.

7. The equipments, officers, and crew of each vessel, when such vessel is in any British port, shall be subject at all times to the inspection of the said Postmaster-General, or of such other person or persons as he shall at any time or times authorize to make such inspection.

Speed.

8. The Company shall convey the said mails at a speed which, on the average of each voyage of each vessel, shall be not less than ten knots per hour, on the routes west of Alexandria, and not less than nine and a half knots per hour, on the routes east of Suez.

Departure and arrival, &c., of vessels.

9. One of such vessels shall, on such days of the week, and at such hours as the Postmaster-General shall appoint, and immediately after the mails are embarked, put to sea from, touch, and arrive at the several ports or places respectively mentioned in the table hereunder written; and all such vessels shall convey the said mails as mentioned in such table, and all the stipulations, matters, and things therein contained shall form part of this agreement, and be observed and performed by the Company accordingly. And the Company shall convey in such vessels to and from, and cause to be delivered and received at such of the ports or places mentioned in the said table from or at which the said vessels are to start, touch, and arrive, in the performance of this agreement, all such mails as shall or may be tendered or delivered to or received by the Company, or any of their agents, officers, or servants, by or from the Postmaster-General, or any of his officers or agents.

Power to delay departure of vessels.

10. Should it be deemed by the Postmaster-General, his officers or agents, requisite for the public service that any vessel to be employed under this agreement should, at any time or times, delay her departure from any port from which the mails are to be conveyed under this agreement, beyond the period appointed for her departure therefrom, the Postmaster-General, his officers or agents, shall have power to order such delay (not, however, exceeding twenty-four hours) by letter addressed by him or them to the master of any such vessel, or person acting as such, and which shall be deemed a sufficient authority for such detention.

Also to alter times of departure and arrival.

11. If at any time or times the Postmaster-General shall desire to alter the particular days, times, or hours of departure from and arrival at any of the ports or places to or from which Her Majesty's mails are to be conveyed under this agreement, he shall be at liberty so to do on giving three calendar months' notice in writing of such his desire to the Company, provided such alterations do not necessitate an increase of speed.

Power to otherwise modify services.

12. If at any time or times the Postmaster-General shall desire otherwise to modify the services hereby agreed to be performed (as, for example, to increase or decrease the frequency of the conveyance of mails between any of the ports or places to or from which such mails are to be conveyed under this agreement, or to extend the conveyance of such mails to any other ports or places not specified in this agreement, or to discontinue the conveyance of such mails to or from any port or place specified in this agreement) he shall be at liberty so to do, and in particular (and not so as to qualify the generality of this clause) he shall be at liberty to substitute Brindisi for Marseilles, as one of such ports, on giving reasonable notice to the Company, and on paying to them for such increased or extended services such further consideration; and in the event of the services hereby agreed to be performed being reduced, on his paying to them such reduced consideration as may, in either of such cases, be mutually agreed upon between the Company and the Postmaster-General, or failing such mutual agreement, by arbitration, in the manner hereinafter provided.

Altered times of departure and arrival to be observed.

13. The particular days, times, and hours of departure from and arrival at any of such ports or places, or other services (if any) which may be appointed by any alteration under the two preceding clauses, or either of them, shall, for the time being, be deemed to be the days, times and hours of departure and arrival of mails, and other services under this agreement, and shall be observed and kept by the Company accordingly.

Penalty for delay.

14. If the Company shall fail to deliver Her Majesty's mails at any port at which the same ought to be delivered in pursuance of this contract for twenty-four hours or more after the time at which the same ought to be delivered, according to the provisions of this contract, which shall for the time being be in force, then and in every such case the Company shall forfeit and pay to Her Majesty, her heirs, and successors, the sum of £50 for every complete period of twenty-four hours during which the delivery of such mails shall be delayed beyond the time at which the same ought to be delivered as aforesaid: Provided always, that the payment of any such penalty as aforesaid shall not be enforced against the Company if it be shown by them to the satisfaction of the Postmaster-General that the delay has arisen from causes over which they, the Company, had not and could not have had any control.

Premium for acceleration.

15. If the Company shall deliver Her Majesty's mails at any port at which the same ought to be delivered in pursuance of this contract twenty-four hours or more before the time at which the Company is bound to deliver the same, according to the provisions of this contract which shall for the time being be in force, then and in every such case Her Majesty's Postmaster-General shall pay the Company a premium of £25 for every complete period of twenty-four hours by which the delivery of such mails shall have been accelerated as aforesaid.

Allowances for Monsoon months.

16. Provided always, and it is hereby declared that any extra time to be allowed during the seasons of the south-west and north-east monsoons shall be taken into account in all questions relating to penalties but shall not be taken into account in any question relating to premiums.

Penalty for failure to provide vessel.

17. If the Company fail to provide an efficient vessel at any of the several ports or places at which such vessel ought to be provided in accordance with the terms of this agreement ready to put to sea on and at the appointed day and hour, then, and so often as the same shall happen, the Company shall forfeit and pay unto Her Majesty, her heirs and successors, the sum of £500, and also the further sum of £100, for every successive twenty-four hours which shall elapse until such vessel actually pro-

ceeds to sea on her voyage in pursuance of this agreement: Provided always, that the total amount of the penalties last aforesaid shall not in the aggregate exceed the part of the subsidy of £400,000 hereinafter made payable to the Company, which shall be applicable to the voyage in respect of which default shall have been made, by a sum greater than the sum of £1,000.

As to naval officer.

18. The Company shall, whenever required by the Postmaster-General so to do, receive and allow to remain on board of each of the said vessels while employed in the performance of this agreement on any route east of Suez, and also while remaining at Suez, or at any port or place east of Suez, and whether such vessel shall be with or without mails on board, an officer in Her Majesty's Navy, to be appointed by the Postmaster-General to take charge of the said mails, and also a servant of such officer (if required), and every such officer shall be recognized and considered by the Company, their officers, agents, and seamen, as the agent of the Postmaster-General in charge of mails, and as having full authority in all cases to require a due and strict performance of this agreement on the part of the Company, their officers, servants, and agents, and to determine (so far as relates to the levying of penalties) every question whenever arising relative to proceeding to sea or putting into harbour, or the necessity of stopping to assist any vessel in distress or to save human life, and the decision of such officer as aforesaid shall in every such case be final and binding on the Company unless the Postmaster-General, on appeal by the Company, thinks proper to decide otherwise: Provided, however, that the words "to determine every question" shall not confer upon such officer the power of control over the commander of the vessel conveying the said mails.

As to civil officer.

19. On the routes west of Alexandria the said mails shall be under the charge of a civil officer in the service of the Postmaster-General, and if the Postmaster-General at any time or times thinks fit so to do, he shall be at liberty, on the routes east of Suez, to substitute for such naval officer a civil officer in the service of the Postmaster-General to have charge of the said mails, and thereupon and in every case, whether east of Suez or west of Alexandria in which a civil officer shall be appointed to be in charge of mails, such last-mentioned officer shall be received and be allowed to remain on board each of the said vessels as hereinbefore provided with respect to any such naval officer; but when any civil officer in the service of the Post Office shall be in charge of the said mails his duties shall be confined to the Post Office business.

Accommodation for naval and civil officers.

20. A suitable first-class cabin, with appropriate bed, bedding, and furniture, shall at the cost of the Company, be provided and appropriated by them for the exclusive use and accommodation of every such naval or civil officer, and every of the said officers shall be victualled by the Company as a chief cabin passenger, without any charge either for his passage or victualling.

Sorters to be conveyed and accommodated if required.

21. The Company shall also receive and allow to remain on board each of the said vessels while employed in the performance of this agreement and also while remaining at any port or place, and whether such vessels shall be with or without mails on board, in addition to the officer in charge of the mails, such a number of officers of the said Postmaster-General as shall be reasonably required for the purpose of sorting and making up the mails conveyed or to be conveyed by such vessel, and shall provide suitable accommodation and victualling for such additional officers, either as chief cabin passengers or as fore cabin passengers at the option of the said Postmaster-General.

As to mail and sorting rooms.

22. The Company shall at their own cost provide on each of the vessels to be employed under this agreement a separate and convenient room for the convenient and secure deposit of the mails, under lock and key, and shall also at the like cost (if and when they shall be required so to do by the said Postmaster-General) erect and provide on each of such vessels a separate and convenient room for sorting and making up the said mails, and shall provide in such room all such furniture, lamps, fittings, and other conveniences as shall be necessary or convenient for the purpose of sorting and making up the said mails; and all such furniture, lamps, fittings, and other conveniences shall be from time to time cleansed and kept in repair and the oil for the lamps supplied by the servants and at the cost of the Company, and the services of the crew of every such vessel shall from time to time be given in the conveyance of the mails between the mail room and the sorting room.

Naval and civil officers to be conveyed on shore.

23. At each port or place where the said mails are to be delivered and received the officers having charge of mails shall whenever and as often as by him shall be deemed necessary for the public service, and either with or without his assistant or servant be conveyed on shore and also from the shore to the vessel employed for the time being in the performance of this agreement, together with or (if such officer shall consider it necessary for the purposes of this agreement so to do) without mails, in a suitable and seaworthy boat of not less than four oars, to be furnished with effectual covering for the mails, and properly provided, manned, and equipped by the Company.

Masters of vessels to take charge of mails if required.

24. If the Postmaster-General during the continuance of this agreement thinks fit to intrust the charge and custody of the mails or any part thereof to the masters or commanders of the vessels to be employed for the time being in the performance of this agreement, and in all cases where the officer or other person appointed to have charge of the mails shall be absent the masters or commanders of such vessels shall, without any remuneration (other than the sum herein provided to be paid to the Company), take due care of, and the Company shall be responsible for, the receipt and delivery of the said mails, and each of such masters or commanders shall make the usual declaration or declarations required, or which may hereafter be required by the Postmaster-General in such and similar cases, and furnish such journals, returns, and information to, and perform such services as the Postmaster-General or his agents may require, and every such master or commander or officer duly authorized by

him having the charge of mails, shall himself immediately on the arrival at any of the said ports or places of any such vessels deliver all mails for such port or place into the hands of the postmaster or other person at such port or place whom the Postmaster-General shall authorize to receive the same, receiving in like manner all the return or other mails to be forwarded in due course.

No letters or mails (other than British) to be conveyed.

25. The Company shall not, nor shall any of the masters of any of the vessels employed or to be employed under this agreement receive or permit to be received on board any of the vessels employed under this agreement any letters for conveyance other than those duly in charge of the said naval officer, or other person authorized to have charge of the said mails, or which are or may be privileged by law, nor any mails for conveyance on behalf of any Colony or foreign country without the consent of the Postmaster-General, and in case of any such default respectively the Company shall be liable to be proceeded against for breach of this agreement.

Orders of Postmaster-General to be obeyed.

26. The Company and all commanding and other officers of the vessels employed in the performance of this agreement, and all agents, seamen, and servants of the Company, shall at all times punctually attend to the orders and directions of the Postmaster-General, his officers, or agents, as to the mode, time, and place of landing, delivering, and receiving mails.

Government passengers to be conveyed.

27. The Company shall, and will, when, and as often as in writing they or the masters of their respective vessels shall be required so to do by the said Postmaster-General, or by any naval or other officers or agents acting under his authority (such writing to specify the rank or description of the person or persons to be conveyed, and the accommodation to be provided for him or them) receive, provide for, victual, and convey to and from and between any of the places to which any of the said vessels are to proceed in the performance of this contract (in addition to the naval officer authorized to have charge of the said mails, and to officers of the Postmaster-General employed in connexion with the mails conveyed by such vessel) any number of naval, military, and civil officers in the service of Her Majesty not exceeding eight in any one ship, with or without their wives and children, as chief cabin or first-class passengers, and any number of non-commissioned and warrant officers not exceeding four in any one ship, with or without their wives and children, as fore cabin or second-class passengers, together with servants of both chief and fore cabin passengers, and any number of seamen, marines, soldiers, or artificers in Her Majesty's service not exceeding ten in any one ship, with or without their wives and children, as deck or third-class passengers, to be always provided with effectual protection from rain, sun, and bad weather, and not exposed on deck without such competent shelter, and to have hammocks or bunks (subject to the approval of the Lords Commissioners of the Admiralty) placed between decks.

Their accommodation.

28. The passengers who shall be conveyed in pursuance of the last preceding clause (who are hereinafter designated Government passengers) with their families, shall be treated in no respect whether as regards food, cabin, or other accommodation, or aught else in a way inferior to that of ordinary passengers of the same class, or that required by the regulations of Her Majesty's Transport Service. The messing of the first and second class Government passengers shall include in each day an Imperial pint of good sound bottled or draught ale or beer, and that of the first class, in addition, an Imperial pint of good foreign wine, either port or white. The several classes of passengers shall mess in separate places, and medical attendance, medicine, and medical comforts, mess utensils and fittings, cooking utensils, articles for table use and mess places, fuel, lights, requisite articles of bedding, and all other necessities shall be provided for them in like manner as for ordinary passengers of the like classes respectively.

Passage money.

29. The passage money for Government passengers and their families respectively shall be the same as that charged by the Company for ordinary passengers of a similar kind, and shall include all the particulars mentioned in the last preceding clause; and whenever any alterations of rates for ordinary passengers may be made, the Postmaster-General and the Lords Commissioners of the Admiralty shall be immediately apprised of such alterations.

Returns of Government passengers.

30. Returns of the embarkation and disembarkation of all Government passengers shall be furnished to the Director of Transport Services immediately after the departure and arrival of each vessel.

Passage money how to be paid.

31. Payments for passage money for Government passengers shall be applied for by invoices according to a form to be obtained from the office of the Director of Transport Services, and shall be made upon the production to such director of the orders for the passages, together with a certificate under the hand of the commanding officer specifying the number of the third-class passengers (men, women, and children) conveyed, with the ages and sexes of the latter, and stating the periods during which they have been respectively regularly supplied while on board with provisions, and also of a certificate under the hand of each first and second class passenger of his or her having been landed at the place of destination, and of having been properly accommodated and messed during the voyage, and specifying the dates from and to which they were so messed, computed from the first to the last dinner meal.

As to baggage of Government passengers.

32. The Company shall convey for every Government passenger, free of charge, the same quantity of baggage (whether such quantity shall be estimated or ascertained by bulk or weight) which, according to the regulations of the Company for the time being, they convey free of charge for an ordinary passenger of the same class, and freight shall be payable for any extra baggage of a Govern-

ment passenger after the same rate as the freight payable according to the same regulations for extra baggage of an ordinary passenger of the same class.

Passage money of families of officers not conveyed at public expense.

33. The passage money for the wives and families of commissioned and civil officers when not ordered to be conveyed at the public expense shall be paid to the Company by the officers themselves.

Government passengers to have precedence of ordinary passengers if not room for both.

34. In all cases where an officer in the civil, naval, or military service of Her Majesty who may not be entitled to a passage at the public expense shall require a passage on board any of the vessels employed in the performance of this contract, the Company shall be bound, when they have room, to provide a passage for such officer in preference to private passengers, and shall charge no higher rate for such passage than is chargeable for an ordinary passenger.

Packages and stores to be conveyed for Admiralty.

35. The Company shall receive on board each of the vessels employed in the performance of this contract, and shall convey, on behalf of the Lords Commissioners of the Admiralty, any small packages which may be ordered for conveyance, and also (on receiving from the Postmaster-General, or his officers or agents, or from the British naval officer in command of the station, two days' previous notice) shall receive on board any naval or other stores not exceeding ten tons weight or fifteen tons of forty cubic feet each in measurement at any one time in any one vessel (packages and stores of a dangerous or damaging nature excepted, in accordance with the general regulations of the Company) and shall convey and deliver such small packages and stores at the lowest rate of freight charged by the Company for private goods of a similar character or description, and the Company shall give immediate notice to the Postmaster-General and the Lords Commissioners of the Admiralty of any alteration in such rate of freight, and shall in all cases be responsible for the custody and safe and speedy delivery of such packages and stores.

Subsidy.

36. And in consideration of the due and faithful performance by the Company of all the services hereby contracted to be by them performed, the Postmaster-General doth hereby covenant that there shall be paid to the Company (out of such aids or supplies as may from time to time be provided and appropriated by Parliament for that purpose) so long as they perform the whole of such services in manner and with such vessels as hereinbefore respectively provided, the sum of £400,000 per annum, by equal quarterly payments—on the 1st day of January, the 1st day of April, the 1st day of July, and the 1st day of October, in every year, and so in proportion for any less period than a quarter.

Proviso for abatement therefrom in a certain event.

37. Provided always that if in any year during the continuance of this contract the entire fund accruing from all sources whatsoever, and which but for this clause would be applicable to the payment of dividends on the capital employed by the Company in performance of the before-mentioned services (which capital for the purposes of this agreement is now allowed to be £2,670,000) after taking into account the said sum of £400,000 and the entire revenue obtained by the Company from all other sources in the performance of the before-mentioned services during such year, and any balance that may have been left available for future dividends on the like capital after the last declaration of a dividend during the preceding year shall exceed the sum of £213,000, then and in every such case the Company shall pay to the Postmaster-General a sum equal to one-fourth of such excess.

Proviso for augmentation thereof in a certain event.

38. Provided also that if in any year during the continuance of this contract the entire fund accruing from all sources whatsoever and applicable to the payment of dividends on the capital employed by the Company in performance of the before-mentioned services (which capital for the purposes of this agreement is now allowed to be £2,670,000), after taking into account the said sum of £400,000 and the entire revenue obtained by the Company from all other sources in the performance of the before-mentioned services during such year and any balance that may have been left available for future dividends on the like capital after the last declaration of a dividend during the preceding year shall by reason or in consequence of any cause or causes not within the control of the Company be less than the sum of £160,000, then and in every such case the Postmaster-General shall, out of such aids and supplies as aforesaid, pay to the Company in respect of such year and in addition to the said subsidy of £400,000, such a sum of money as will make up the said sum of £160,000, provided nevertheless that the total sum payable by the Postmaster-General by virtue of this clause in addition to the said subsidy of £400,000 shall not in respect of any one year exceed the sum of £100,000.

Accounts to be kept as at present, and insurance of ships.

39. During the continuance of this contract, the Company shall keep their accounts, and books of account, and statements of capital, revenue, and expenditure in the same manner as that in which the said books, accounts, and statements are kept at the date of these presents, and shall continue to make provision for the due insurance of their ships, and for the depreciation of the same to the same extent, and in the same manner as at the date of these presents, and as shown in certain estimates, statements, and accounts which are enumerated in Schedule A. hereunder written; and which have been deposited by the said Company with the Postmaster-General, and bear the respective seals of the said Company and the Postmaster-General.

Facilities for ascertaining variations in amount of subsidy.

40. For all the purposes of the four preceding clauses of this agreement, the Postmaster-General, and his officers and agents shall, prior to every declaration of dividend by the Company, and at all reasonable times, have access to the books of account and accounts of the Company, in the same manner and to the same extent as if he and they were directors of the Company; and if at any time any question shall arise between the Postmaster-General, or his officers and agents, and the Company

as to the amount to be abated from or added to the fixed payment of £400,000, under the three preceding clauses of this agreement, such questions shall be referred to the arbitrators in the manner hereinafter provided.

Account, when to be prepared.

41. On or as soon as conveniently may be after the first day of April and the first day of October in every year during the continuance of this agreement, an account shall be made out of the amount payable to the Company or to the Postmaster-General under clauses thirty-eight and thirty-seven of this agreement, and on account of premiums earned or penalties incurred by the Company, and if it shall appear by such account that any further payment is due from the Postmaster-General to the Company, that amount shall be paid forthwith to the Company by the Postmaster-General out of such aids or supplies as aforesaid; and on the other hand, if it shall appear that any payment is due from the Company to the Postmaster-General, the amount of such payment shall be deducted from the next quarterly payment due to the Company.

Subsidy to be in full for all services, save as otherwise expressly provided.

42. Except where otherwise expressly provided, none of the services to be performed by the Company under this contract shall entitle them to any remuneration beyond the said subsidy of £400,000 per annum, and such other sum or sums of money (if any) as are hereinbefore expressly made payable.

And it is hereby further agreed and declared between and by the parties hereto as follows (that is to say):

Postmaster-General may delegate his powers.

43. It shall be lawful for the Postmaster-General at any time, and from time to time, to delegate any of the powers vested in him by virtue of these presents to such person or persons as he shall think fit.

As to quarantine.

44. The Company shall undertake for themselves all arrangements relative to quarantine, as connected with the due and regular performance of the conditions of this contract.

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

45. The Lords Commissioners of the Admiralty shall at any time during the continuance of this contract, if they shall consider it necessary for the public interest, have power, and be at liberty to purchase all or any of the said vessels at a valuation, or to charter the same exclusively for Her Majesty's service at a rate of hire to be mutually fixed and agreed on by them and the said Company; but if any difference should at any time or times arise as to the amount of valuation or hire so to be paid, such difference shall be settled by arbitration in manner hereinafter provided, and the said Commissioners, in the case of hiring any such vessel, shall return the same to the said Company in the same state and condition as she was in at the time of any such hiring, reasonable wear and tear excepted; and if any difference should arise on that point, the same shall be settled in the same manner as the amount for the hiring is to be settled in case of difference. And it is further agreed, that in case of such purchase or hire, the service hereby contracted to be performed shall be performed by other vessels of the Company of a similar description to the vessel or vessels purchased or hired, if they can in due and proper time furnish them; and in the event of the said Company being allowed by the Postmaster-General to continue to perform only a portion of the service, there shall be paid to the said Company such annual sum of money as shall be agreed upon by the said Postmaster-General and the said Company; and in case of their differing as to the amount, the difference to be settled by two arbitrators or an umpire, to be chosen respectively as aforesaid.

Commencement and determination of contract.

46. This contract shall commence on the first day of February, 1868, and shall continue in force for twelve years and shall then determine if the Postmaster-General shall, by writing under his hand or under the hand of the Secretary or one of the Assistant Secretaries for the time being of the Post Office, have given to the Company, or if the Company shall have given to the Postmaster-General, twenty-four calendar months' notice that this contract shall so determine; but if neither the Postmaster-General nor the Company shall give any such notice this contract shall continue in force even after the said term of twelve years until the expiration of a twenty-four calendar months' notice in writing as aforesaid, which may be given by either of the parties hereto to the other of them, and which last-mentioned notice may be given at any time after the expiration of the first ten years.

Voyages to be completed after termination of contract.

47. If on the determination of this agreement any vessel or vessels shall have started or shall start with the mails in conformity with this agreement, such voyage or voyages shall be continued and performed and the mails be delivered and received during the same as if this agreement had remained in force with regard to any such vessels and services. And with respect to such vessels and services as last aforesaid, this agreement shall be considered as having terminated when such vessels shall have reached their port or place of destination and such services shall have been performed, but the said Company shall not be entitled to receive any payment or compensation for the same.

Penalties to be considered as ascertained damages.

48. All and every the sums of money hereby stipulated to be paid by the Company unto Her Majesty, her heirs and successors, shall be considered as stipulated or ascertained damages, whether any damage or loss has or has not been sustained, and shall and may be retained by the Postmaster-General out of any moneys payable or which may thereafter become payable to the Company, or the payment may be enforced as a debt due to Her Majesty with full costs of suit at the discretion of the Postmaster-General; Provided however, that the payment by the Company of any sums of money (by way of penalties) shall not in any manner prejudice the right of the Postmaster-General to treat the failure, if any, on the part of the company to provide a proper vessel or to perform any voyage at or within the time for the time being appointed for the performance thereof as a breach of this agreement.

As to service of notices.

49. All notices or directions which the Postmaster-General, his officers, agents, or others are hereby authorized to give to the Company, their officers, servants, or agents, other than any notice of termination of this contract may, at the option of the Postmaster-General, his officers, agents, or others, either be delivered to the master of any of the said vessels or other officer or agent of the Company in the charge or management of any vessel employed in the performance of this agreement, or left for the Company at their office or house of business in London or any other place, and any notices or directions so given or left shall be binding on the Company: Provided always, that any notice of termination of this contract shall be served on the Company, their officers, servants, or agents, at their office or last known office in London.

Company not to part with contract.

50. The Company shall not assign, underlet, or dispose of this agreement or any part thereof without the consent of the Postmaster-General, signified in writing under his hand or under the hand of the Secretary or one of the Assistant Secretaries of the Post Office, and in case of the same or any part thereof being assigned, underlet, or otherwise disposed of, or of any great or habitual breach of this agreement, or any covenant, matter, or thing herein contained, on the part of the Company, their officers, agents, or servants, and whether there be or be not any penalty or sum of money payable by the Company for any breach, it shall be lawful for the Postmaster-General if he shall think fit (and notwithstanding there may or may not have been any former breach of this contract) by writing under his hand or under the hand of the Secretary or one of the Assistant Secretaries of the Post Office, to determine this agreement without any previous notice to the Company or their agents, nor shall the Company be entitled to any compensation in respect of such determination, and such determination shall not deprive the Postmaster-General of any right or remedy to which he would otherwise be entitled by reason of such breach or any prior breach of this contract.

Dispute to be referred to arbitration.

51. If at any time during the continuance of this agreement, or after the determination thereof, any dispute shall arise between the parties hereto, or their successors respectively, concerning any breach or alleged breach by or on the part of the Company of this agreement, or the sufficiency of any such breach to justify the Postmaster-General in putting an end to the same, or concerning the amount of consideration to be paid to or allowed by the Company, as the case may be, for such altered services as hereinbefore in that behalf mentioned, or concerning any of the covenants, matters, or things, herein contained or in any wise relating thereto, and notwithstanding the power herein contained to determine this agreement, and any execution or attempted execution of such power, such dispute shall be referred to two arbitrators, one to be chosen from time to time by the Postmaster-General, and the other by the Company, and if such arbitrators should at any time or times not agree in the matter or question referred to them, then such question in difference shall be referred by them to an umpire to be chosen by such arbitrators before they proceed with the reference to them, and the joint and concurrent award of the said arbitrators or the separate award of the said umpire when the said arbitrators cannot agree shall be binding and conclusive upon both parties.

Submission thereto may be made rule of Court.

52. Any submission to arbitration in pursuance of this agreement may be made a rule of any of Her Majesty's courts of record, pursuant to the statute in that case made and provided on the application of either party.

No M.P. to be interested in contract.

53. In pursuance of the provisions contained in the Act of Parliament passed in the twenty-second year of the reign of King George the Third, intituled "An Act for restraining any Person concerned in any Contract Commission or Agreement made for the Public Service from being elected or sitting and voting as a Member of the House of Commons," no Member of the House of Commons shall be admitted to any share or part of this agreement or to any benefit to arise therefrom contrary to the true intent and meaning of the said Act.

Contract to be laid on table of House of Commons.

54. This Agreement shall not be binding until it has lain upon the table of the House of Commons for one month without disapproval unless it be previously approved by a resolution of the said House of Commons.

Bond.

55. And lastly for the due and faithful performance of all and singular the covenants conditions provisoes clauses articles and agreements hereinbefore contained which on the part and behalf of the said Company are or ought to be observed, performed, fulfilled, and kept, the said Company do hereby bind themselves and their successors unto our Sovereign Lady the Queen in the sum of £45,000 of lawful money of the United Kingdom, to be paid to our said Lady the Queen, her heirs and successors, by way of stipulated or ascertained damages hereby agreed upon between the Postmaster-General and the Company, in case of the failure on the part of the Company in the due execution of this Contract, or any part thereof.

In witness whereof the said James, Duke of Montrose, Her Majesty's Postmaster-General, hath hereunto set his hand and seal, and the said Peninsular and Oriental Steam Navigation Company have caused their common seal to be hereunto affixed, the day and year first above written.

TABLE OF ROUTES ABOVE REFERRED TO.

Route No. 1.—Once a Week.

From Southampton to Alexandria, calling at Gibraltar and Malta, and back from Alexandria to Southampton, calling at Malta and Gibraltar.

Distance 2,951 miles. The service to be performed once each way in every week in 295 hours, exclusive of stoppages, the duration of which will be fixed by the Postmaster-General.

Route No. 2.—Once a Week.

From Marseilles to Alexandria, viâ Messina, and back from Alexandria to Marseilles.

Distance 1,410 miles. The service to be performed once each way in every week in 141 hours.

Route No. 3.—Once a Week.

From Suez to Bombay, and back from Bombay to Suez, calling on both voyages at Aden.

Distance 2,972 miles. The service to be performed once each way in every week in 313 hours, exclusive of the stoppage at Aden, the duration of which will be fixed by the Postmaster-General.

Route No. 4.—Once in every two Weeks.

From Suez to Calcutta, calling at Aden, Point de Galle, and Madras, and back from Calcutta to Suez, calling at Madras, Point de Galle, and Aden.

Distance 4,757 miles. The service to be performed once each way in every alternate week in 501 hours, exclusive of stoppages, the duration of which will be fixed by the Postmaster-General.

Route No. 5.—Once in every two Weeks.

From Bombay to Hong Kong, calling at Point de Galle and Singapore, and back from Hong Kong to Bombay, calling at Singapore and Point de Galle.

Distance 3,852 miles. The service to be performed once each way in every alternate week in 406 hours, exclusive of stoppages, the duration of which will be fixed by the Postmaster-General.

Route No. 6.—Once in every two Weeks.

From Hong Kong to Shanghai, and back from Shanghai to Hong Kong.

Distance 870 miles. The service to be performed once each way in every alternate week in 92 hours.

Route No. 7.—Once in every two Weeks.

From Shanghai to Yokohama, and back from Yokohama to Shanghai, calling on both voyages at Nagasaki.

Distance, 1,120 miles. The service to be performed once each way in every alternate week in 118 hours, exclusive of the stoppage at Nagasaki, the duration of which will be fixed by the Postmaster-General.

NOTE.—During the prevalence of the south-west monsoon 96 hours additional will be allowed for the voyages from Bombay to Suez, from Calcutta to Suez, and from Hong Kong to Bombay; and during the prevalence of the north-east monsoon 96 hours additional will be allowed for the voyage from Bombay to Hong Kong.

SCHEDULE A. ABOVE REFERRED TO.

Estimates, statements, and accounts, deposited by the Peninsular and Oriental Steam Navigation Company with Her Majesty's Postmaster-General.

1. Memorandum for new contract tenders.
2. Estimate, Southampton and Marseilles lines.
3. Do. Brindisi and Alexandria line.
4. Do. Bombay and Suez line.
5. Do. Suez and Hong Kong line.
6. Do. Hong Kong and Shanghai line.
7. Do. Shanghai and Yokohama line.
8. Do. Bombay and Calcutta line.
9. Do. Supplementary ships.
10. Do. Calcutta and Hong Kong.
11. Arrangement of earnings.
12. Mileage table for proposed lines.
13. Statement of sundry disbursements and coals.
14. Comparison of statements with ledger.
15. Tonnage and value of steam ships.

MONTROSE. (L.S.)

(Seal of the Peninsular and Oriental Company.)

Signed, sealed, and delivered by the within-named James, Duke of Montrose, Her Majesty's Postmaster-General, in the presence of

E. B. OSBORN,

Solicitor's Office, General Post Office.

The common seal of the within-named Peninsular and Oriental Steam Navigation Company was hereunto affixed in the presence of

P. D. HADOW,
JAS. ALLAN,
EDWARD THORNTON, } Directors.
H. BAYLEY,
C. W. HOWELL, Secretary.
Z. BROOKE,

Solicitor's Department, General Post Office.

No. 2.

Copy of a Letter from the SECRETARY, GENERAL POST OFFICE, London, to the Hon. JOHN HALL.

General Post Office,
London, 26th November, 1867.

SIR,—

I am directed by the Postmaster-General, to inform you that on the 19th instant he concluded a new contract with the Peninsular and Oriental Steam Navigation Company, for the mail service between the United Kingdom, India, and China.

Commencing on February next, the Indian mails are to be despatched from London on a fixed day in every week, and mails for Point de Galle and China will be made up with the Indian mails in every alternate week.

With every alternate mail to Point de Galle, mails for the several Australian Colonies, will be despatched from London, so that Australian mails will be made up once in every four week instead of once in a calendar month, as at present.

The return mails for England will in like manner be made up in Australia on fixed days in every fourth week instead of on certain days of the month.

The conclusion of the contract is so recent that, very probably, no communication on this subject will be made to the Colonial Government by this mail, but as the new arrangements will necessarily require a change in the days for making up in your office the mails for England sent *via* Suez, and as the Peninsular and Oriental Company will no doubt instruct their agent by the present mail, the Postmaster-General thinks it right to inform you at once of what has taken place.

The accompanying Time Table, showing the arrangements proposed for the year 1868, has been drawn up by the Company, and subject to any modifications which may hereafter be found necessary, is forwarded for your guidance.

The Postmaster-General, Wellington.

I have, &c.,
F. I. SCUDAMORE.

No. 3.

Copy of a Letter from the SECRETARY, GENERAL POST OFFICE, London, to the Hon. JOHN HALL.

General Post Office,
London, 19th December, 1867.

SIR,—

With reference to my letter of 26th ultimo, I have to transmit to you some amended copies of the Time Table of the India, China, and Australian Mail Packet Service for the year 1868, in which Table the numbers distinguishing the several voyages have been inserted, and one or two inaccuracies corrected in that portion of the Table prepared under the present contract.

The Postmaster-General, Wellington.

I have, &c.,
F. HILL.

No. 4.

Copy of a Letter from the SECRETARY, GENERAL POST OFFICE, London, to the Hon. JOHN HALL.

General Post Office, 18th January, 1868.

SIR,—

With reference to my letter of the 19th ultimo, I am directed by the Postmaster-General to acquaint you that a further alteration has been made in the Time Table for the Indian, China, and Australian Mail Packet Service for the year 1868, it having been found that the principle on which the Australian Service was arranged in the Time Table at first prepared was inconvenient, inasmuch as there would have been an interval of twenty-six days between the arrival of the Australian Mails in London and the departures of the next outward mails.

Under this further alteration the outward mails for Australia will be despatched from London one week later than the day set down in the Table enclosed in my letter above mentioned—that is, the mails which would have been despatched according to that Table, on the ^{14th}/_{20th} March, will not be despatched until the ^{21st}/_{27th} March, and so on throughout the year.

The agent of the Peninsular and Oriental Steam Navigation Company at Point de Galle has been requested by means of the electric telegraph to communicate the intended alteration to you by letter, so that the Postmaster-General hopes that you will be informed of the change by the same mail by which you receive my letters of the 19th ultimo.

An alteration has likewise been made in the arrangements for the homeward Australian Service—commencing with the mails of March, the date of despatch from Sydney will be one day earlier than the day set down in the Time Table referred to—causing the arrival at Melbourne, King George's Sound, and Point de Galle to be, in like manner, one day earlier than the day given in that Table.

I am directed to transmit to you a correct Table for 1868, and to request that the Table sent to you on the 19th December, as well as that sent on the 26th November, may be destroyed.

The Postmaster-General, Wellington.

I have, &c.,
F. HILL.

No. 5.

Copy of a Despatch from His Grace the Duke of BUCKINGHAM to the OFFICER ADMINISTERING THE GOVERNMENT.

Downing Street, 7th February, 1868.

SIR,—

With reference to my circular despatch of 17th December, forwarding copies of the new contract with the Peninsular and Oriental Company, for the conveyance of the India and China Mails,

I transmit to you, for your information, the copy of a letter from the Board of Treasury, with one from the Postmaster-General, respecting the increased Postal Subsidy payable by the Australian Colonies, in consequence of the additional payment to be made to the Company, for an increased Service between Point de Galle and Sydney.

To the Officer Administering the Government.

I have, &c.,
BUCKINGHAM AND CHANDOS.

Enclosure 1 in No. 5.

Mr. HUNT to Sir F. ROGERS.

SIR,—

Treasury Chambers, 21st January, 1868.

In transmitting to you copies of a letter dated the 5th ultimo, from the Postmaster-General, relative to an additional payment to be made to the Peninsular and Oriental Company for an increased Mail Service between Point de Galle and Sydney, together with the minute of the Lords Commissioners of Her Majesty's Treasury thereupon, and also of a further letter respecting the consequent increased amount of subsidy payable by the Australian Colonies, I am directed by my Lords to request that you will move His Grace the Duke of Buckingham and Chandos to cause the communications suggested by the Duke of Montrose to be made to the Governors of the Australian Colonies, and of New Zealand.

Sir Frederic Rogers, Bart.

I have, &c.,
GEORGE WARD HUNT.

Enclosure 2 in No. 5.

The Duke of MONTROSE to the LORDS COMMISSIONERS of the TREASURY.

MY LORDS,—

General Post Office, 5th December, 1867.

The question of the Indian and China Mail Services having now been disposed of, and a service as far as Point de Galle once in every alternate week, instead of twice in a calendar month, having been established to take effect in February next, it becomes necessary to adapt the arrangements for despatching the Australian mails from Point de Galle to Sydney, and the return mails from Sydney to Point de Galle, to the altered times at which the English mails will, after February next, arrive at and depart from Point de Galle.

Under the contract with the Peninsular and Oriental Steam Navigation Company for the Australian Packet Service, this department has the power to require the Company to perform a voyage between Point de Galle and Sydney once each way in every lunar month of four weeks, on paying to the Company an additional sum of £10,000 per annum, or £130,000 per annum in all, and I request to be furnished with the authority of your Lordships for making this increased payment.

The Lords Commissioners of the Treasury.

I have, &c.,
MONTROSE.

Enclosure 3 in No. 5.

Mr. HAMILTON to the POSTMASTER-GENERAL.

MY LORD DUKE,—

Treasury Chambers, 13th December, 1867.

I am directed by the Lords Commissioners of Her Majesty's Treasury, to acquaint you that my Lords have had before them your Grace's letter of the 5th instant, stating that it has become necessary to adapt the arrangements for despatching the Australian Mails from Point de Galle to Sydney, and the return mails from Sydney to Point de Galle, to the altered times at which the English Mails will, after February next, arrive at and depart from Point de Galle; and I am desired to state that my Lords are pleased to authorize your Grace to call upon the Peninsular and Oriental Steam Navigation Company to perform a voyage between Point de Galle and Sydney once each way in every lunar month of four weeks, in accordance with the terms of their contract for the Australian Packet Service, and also to pay to the said Company an additional sum of £10,000 per annum, or £130,000 in all, in consideration of their performing such additional service.

His Grace the Postmaster-General.

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

Enclosure 4 in No. 5.

The Duke of MONTROSE to the LORDS COMMISSIONERS of the TREASURY.

MY LORDS,—

General Post Office, 9th January, 1868

In consequence of my representing to your Lordships that it will be necessary to take steps for adapting the Australian Mail Packet Service to the altered service between this country and Point de Galle, which will come into force in February next, under the new contract with the Peninsular and Oriental Steam Navigation Company, you have been pleased to authorize me to call upon the said Company to perform a voyage between Point de Galle and Sydney once each way in every lunar month of four weeks, in accordance with the terms of their contract, and also to pay to the Company an additional sum of £10,000 per annum, or £130,000 in all, in consideration of their performing such additional service.

Inasmuch as a moiety of the additional payment will have to be defrayed by the Australian Colonies and New Zealand—raising their joint contribution towards the Peninsular and Oriental Company's subsidy from £60,000 to £65,000 per annum—your Lordships will, no doubt, think it right to cause the Secretary of State for the Colonies to be acquainted with the increased payment about to be made, and requested to inform the Governors of the Colonies concerned accordingly.

I have to add, that the Peninsular and Oriental Company have been duly called upon to perform the additional service required.

The Lords Commissioners of the Treasury.

I have, &c.,
MONTROSE.

No. 6.

Copy of a Letter from the Hon. E. W. STAFFORD to His Grace the Duke of BUCKINGHAM.
My LORD DUKE,—

Wellington, New Zealand, 17th December, 1867.

In the absence of the Governor, I have the honor to transmit herewith a Bill of Exchange for £21,065 18s. 11d., being the amount due from the Colony of New Zealand for the year ending 31st December, 1867 (including arrears of former years), on account of the Mail Packet Service between Great Britain and the Australian Colonies *via* Suez, as shown in the account current from the Receiver and Accountant-General of the Imperial Post Office, enclosed in your Grace's Despatch, No. 3, of the 25th March last.

I have, &c.,
E. W. STAFFORD,
Colonial Secretary.

The Right Hon. the Duke of Buckingham and Chandos, &c.

No. 7.

Copy of a PETITION to His Excellency the GOVERNOR of New Zealand.

The Petition by the undersigned, merchants, traders, and others interested in the continuance of the monthly steamer between Sydney and Auckland,—

HUMBLY SHOWETH:

That your petitioners have learned with regret that it is the intention of the Colonial Government to withdraw the small subsidy presently paid to the Panama New Zealand and Australian Royal Mail Company, because your petitioners feel assured that the proposal will be most injurious not only to the mercantile interests of Auckland but to the entire Province.

The mercantile relationships that have so long subsisted between Auckland and Sydney are entirely dependent for success on regular, speedy, and direct communication between the two ports. These relationships have been the growth of years, and anything that would interfere with the continuance of these will operate prejudicially to the interests of both places. Besides, the sale of the confiscated and Provincial lands will depend greatly on the influx of immigrants from Australia, and on these accounts your petitioners venture to suggest that the Colonial Government will continue the present subsidy till the Legislature of the Colony shall have had an opportunity of reconsidering the whole postal arrangements now in operation.

To the petitioners, it appears to be a most ungracious act on the part of the House of Representatives to strike off from the public estimates the small subsidy granted to the only direct boat from the Australian Colonies to the Northern parts of this Colony, while the other ports of the Colony have more steam services than they really require.

Your petitioners would therefore respectfully call the attention of your Excellency's Government to the subject-matter of this Petition, and pray that the existing arrangements regarding the Sydney and Auckland steamer may be continued till the postal arrangements of the Colony shall again come before the General Assembly.

THORNTON, SMITH AND FIRTH,
A. KENNEDY (for the Bank of
New Zealand), and 400 others.

No. 8.

Copy of a Letter from the Hon. JOHN HALL to Messrs. THORNTON, SMITH and FIRTH, Auckland.
General Post Office,

GENTLEMEN,—

Wellington, 24th January, 1868.

I am directed to acknowledge the receipt of a Memorial to His Excellency the Governor signed by yourselves and other merchants, traders, and other persons in Auckland interested in the continuance of the direct steamer between Sydney and Auckland, setting forth the injury to be apprehended from the discontinuance of this steamer, and praying that existing arrangements may be maintained until the postal arrangements of the Colony shall again come before the General Assembly.

In reply I have the honor to inform you, that this Memorial has been laid before His Excellency, but that having regard to the full discussion which the subject of it underwent, during the last Session, and to the deliberate conclusion at which the House of Representatives arrived on the subject, Ministers regret they have been unable to advise His Excellency that the prayer of the Memorial should be complied with.

I have, &c.,
JOHN HALL,
Postmaster-General.

To Messrs. Thornton, Smith and Firth, Auckland.

No. 9.

Copy of a Despatch from His Grace the Duke of BUCKINGHAM to His Excellency Sir G. BOWEN.
 Sir,—

Downing Street, 28th May, 1868.

I transmit to you the copy of a letter from the Board of Treasury with three copies of the Report enclosed in it from the Receiver and Accountant-General of the Post Office, explanatory of the account against the Australian Colonies and New Zealand for the Post Office Packet Service *via* Suez, during the year 1868, and of the several accounts which it contains.

I request that you will cause the amount due by the Colony under your Government on this account to be remitted at the periods specified in Mr. Law's letter.

I have, &c.,

Sir George Bowen.

BUCKINGHAM and CHANDOS.

Enclosure in No. 9.

MR. LAW to SIR F. ROGERS.

SIR,—

Treasury Chambers, 16th May, 1868.

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you twenty-four copies of the 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, 1868, 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 same year, together with an account-current showing the whole balance which will be due from each Colony on the 31st December next; and I am to request that, in laying the same before the Duke of Buckingham and Chandos, you will move His Grace to cause three copies of the statement, &c., to be forwarded to the Governments of each of the Colonies concerned, by the mail of the 22nd instant, with a request that a remittance of one-half of the amount due up to the 31st December next may be at once made by each of the Colonies, and that the balance then remaining due may be remitted immediately after the expiration of each subsequent quarter.

I have, &c.,

Sir F. Rogers, Bart., &c.

WILLIAM LAW.

Sub-Enclosure to Enclosure 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, 1868.

THE account of the sums payable by the Australasian Colonies for Mail Packet Service during the year 1868 requires very little explanation.

The gross amount of the Colonial contribution for this year is increased, under the new arrangement, from £81,710 to £93,075 10s.; but it should be remarked that, for this increased expense, the Australasian Colonies obtain thirteen mails out and thirteen mails home during the year, instead of twelve mails out and twelve mails home, as formerly.

In preparing the present account it has not been deemed desirable to introduce a general adjustment of charges in respect of the accounts of former years, seeing that the question which has been raised, as to how far back those adjustments shall be carried, has not yet been decided.

It will be observed, on reference to the annexed account, that the Colonial share of the excess of penalties inflicted over premiums earned by the contractors for the Packet Service during the year 1867 has been allowed to the respective Colonies in that account. It should here be mentioned that the Colonial share of the abatement made by the Peninsular and Oriental Steam Navigation Company in consequence of the abandonment of Admiralty surveys of their vessels on the line between Point de Galle and Sydney, has in this account been credited to the Colonies by way of reduction of the amount of the contract payment chargeable to them for their share of the cost of conveying the mails between those places.

General Post Office,
 London, 11th May, 1868.

GEO. CHETWYND,
 Receiver and Accountant-General.

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, 1868.

COLONIES.	Estimated Number of Letters Inwards and Outwards in 1868.	Service to 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 and Mail Bags.	Moiety of Expense of Naval Agents in Charge of Mails.	Proportion of Cost of Special Packets between Dover and Calais.	Estimated Number of Newspapers Inwards and Outwards, via Southampton, in 1868.	Egyptian Transit Rate on Newspapers via Southampton.	TOTALS.
		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.	Number.	£ s. d.	£ s. d.
Victoria	965,193	11,743 17 5	19,109 2 2	9,246 13 5	4,083 4 11	430 1 9	154 2 6	52 11 5	1,644,543	1,409 5 5	42,145 14 1
New South Wales	390,355	4,749 10 7	7,728 6 9	3,739 13 0	...	173 18 3	62 6 7	21 5 2	589,013	504 14 11	21,063 0 2
South Australia	246,727	3,002 0 0	4,881 14 10	109 18 10	39 7 9	13 8 9	392,440	336 5 11	8,385 16 1
New Zealand	102,545	1,247 15 0	2,030 4 3	982 7 11	1,072 13 2	45 13 10	16 7 5	5 11 8	619,037	530 9 10	5,931 3 1
Tasmania	75,410	917 12 0	1,492 19 8	722 8 10	...	33 12 1	12 0 9	4 2 1	176,060	150 17 5	3,333 12 10
Queensland	203,635	2,477 13 0	4,031 12 4	1,950 16 10	2,130 1 11	90 14 9	32 10 3	11 1 9	275,403	235 19 7	10,960 10 5
Western Australia	35,963	437 12 0	712 0 0	16 0 6	5 14 9	1 19 2	96,143	82 6 11	1,255 13 4
	2,019,828	24,576 0 0	39,989 0 0	16,642 0 0	7,286 0 0	900 0 0	322 10 0	110 0 0	3,792,659	3,250 0 0	93,075 10 0

ACCOUNT-CURRENT for the Year ending 31st December, 1868, in continuation of that rendered for the Year 1867.

Dr.

Cr.

COLONIES.	Balance of Account to 31st December, 1867.	Amount chargeable for 1868, as per above Statement.	TOTALS.	COLONIES.	Remittances.	Branch Packet Service.	Sums allowed to the Colonies as per Statement following.	Balance due 31st December, 1868.	TOTALS.
Victoria	£ s. d.	£ s. d.	£ s. d.	Victoria	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
New South Wales	52,693 8 8	42,145 14 1	94,839 2 9	New South Wales	42,751 5 5	...	406 3 4	51,681 14 0	94,839 2 9
South Australia	22,772 9 11	21,063 0 2	43,835 10 1	South Australia	22,772 9 11	...	164 5 4	20,898 14 10	43,835 10 1
New Zealand	7,240 1 6	8,385 16 1	15,625 17 7	New Zealand	3,624 3 10	1,856 5 0	103 16 7	10,041 12 2	15,625 17 7
Tasmania	21,065 18 11	5,931 3 1	26,997 2 0	Tasmania	21,065 18 11	...	43 3 2	5,887 19 11	26,997 2 0
Queensland	14,229 1 8	3,333 12 10	17,562 14 6	Queensland	6,089 7 4	5,169 2 3	31 14 9	6,272 10 2	17,562 14 6
Western Australia	19,306 14 3	10,960 10 5	30,267 4 8	Western Australia	13,535 10 2	3,043 15 0	85 14 1	13,602 5 5	30,267 4 8
	998 9 8	1,255 13 4	2,254 3 0		998 9 8	...	15 2 9	1,240 10 7	2,254 3 0
	138,306 4 7	93,075 10 0	231,381 14 7		110,837 5 3	10,069 2 3	850 0 0	109,625 7 1	231,381 14 7

General Post Office, London, 11th May, 1868.

GEO. CHETWYND,
Receiver and Accountant-General.

A STATEMENT of CREDITS allowed to the Australian Colonies in 1868, 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, 1867.

DATES TO	PENALTIES.		PREMIUMS.	
	Number.	Amounts.	Number.	Amounts.
31st March, 1867	3	£ 600	4	£ 200
30th June, 1867	2	400	1	50
30th September, 1867	2	400	2	100
31st December, 1867	4	800	3	150
	11	2,200	10	500
Excess of Penalties over Premiums				1,700
		2,200		2,200
Half divisible between the Colonies				850

No. 10.

Copy of a Letter from Mr. W. GRAY to the Hon. JOHN HALL.

General Post Office,
Wellington, 12th October, 1868.

SIR,—

I have the honor to report that, in compliance with your instructions, I proceeded to Melbourne on the 1st ultimo, to arrange for the transmission thence of mails between New Zealand and the United Kingdom, &c., *via* Suez, on the expiry of the contract for the mail service between Otago and Melbourne.

On making inquiry in Melbourne and Sandridge, I found Mr. Leismann, the contractor for landing and shipping the Victorian mails in Hobson's Bay, to be the most eligible person to undertake a similar duty on behalf of this Department. Before communicating with Mr. Leismann, I deemed it my duty to wait on Captain Bance, the Acting Deputy Postmaster-General of Victoria, to ascertain whether he had any objections to the contractor for his Department entering into contract to perform a similar service for the New Zealand Post Office. On my putting the question, Captain Bance very courteously replied, that so far from objecting to such an arrangement, he would gladly render any assistance in his power to enable Mr. Leismann to carry out the service to the satisfaction of this Department; and that if the mails were not too large, he would permit their being stored, if necessary, in the Post Office at Sandridge, until opportunities occurred for their transmission to destination. He also informed me that Mr. Leismann was the best person for the service I could have selected in Sandridge; that he was a most careful and trustworthy person; that he had been contractor for landing and shipping mails in Hobson's Bay for the last seven years, and that the Department during that period had not had occasion to find fault with the manner in which he had performed the service: he also expressed his belief that Mr. Leismann would perform any duty he might undertake for this Department satisfactorily. I tendered my thanks to Captain Bance on your behalf, and said that, if necessary, you would be glad if he would cause any assistance on the part of his Department to be rendered to the contractor in carrying out the proposed service.

The following are the arrangements I made with Mr. Leismann:—

1. The contractor to take delivery in Hobson's Bay of all mails for New Zealand conveyed by the Suez steamers (excepting those for Auckland, which are to be forwarded in the same steamers to Sydney), and tranship them into steamers laid on for New Zealand. If there be no steamer so laid on at the time the Suez mails arrive, the mails are to be landed and stored in the Sandridge Post Office, or in a fire-proof portion of the Bonded Store at the Sandridge Pier, until the sailing of the first steamer for New Zealand.

2. When it happens that the arrival of the Suez steamer dovetails into the departure of the Panama steamer from Sydney, all the mails for New Zealand will be forwarded to Sydney, and conveyed thence to Wellington by the Panama steamer.

3. The contractor to board all steamers arriving in Hobson's Bay from New Zealand, and take charge of and store, if necessary, any mails which they may bring for the United Kingdom, &c., *via* Suez, and to ship such mails on board the P. and O. Co.'s steamer bound for Galle, obtaining receipts therefor, which receipts are to be forwarded to this Department every month.

4. For the due performance of this duty or service, the contractor to receive in quarterly payments at the rate of £8 10s. per month, inclusive of all expenses which may be incurred.

Before concluding this report, I would venture to make the following suggestion:—

Each mail for New Zealand from London *via* Suez consists of from 140 to 160 boxes, exclusive of those for Auckland, measuring about twelve or fourteen tons, and containing under 2,000 letters; the intercolonial carriage of which by law is paid for by a gratuity of 1d. per letter, amounting on the whole to about £8. The owners of the Intercolonial steamers complain of the inadequacy of this rate of payment, as they are compelled, in order to accommodate the mails, to take so much less cargo, and

thereby suffer loss. There is some reason, I think, for this complaint, as the bulk of these mails are composed of newspapers, on which no gratuity is paid. I think if, in addition to the gratuity now paid, freight at current rates on the measurement of the mails were allowed, the present grounds for complaint would be obviated, and an inducement offered to expedite their being landed at destination with despatch and safety. I would therefore beg to recommend accordingly.

The Hon. the Postmaster-General, New Zealand.

I have, &c.,

W. GRAY.

P.S.—The Sydney postal authorities have kindly agreed to take charge of and forward the mails between London and Auckland *via* Suez, and transmit accounts of any charges which may be incurred for this service.

W. G.
