

ported by subsidies from the Imperial Government, appear to have ended unfortunately, after a very short existence.

In 1858 the Australian mail contract was again conceded to the Peninsular and Oriental Steam Navigation Company, for a line of steamers to run between Suez and Sydney *via* Aden, the Mauritius, and Melbourne. This service was also dropped in favour of the existing service *via* Galle, King George's Sound, and Melbourne—first a monthly, and subsequently, as now, a four-weekly line.

Besides the above mail lines which were subsidized and regulated by the Imperial Government, a steamer was run in 1866 between Batavia and Brisbane, *via* Torres Straits, on a joint subsidy from the Queensland and Netherland-Indian Governments; and in the same year the Panama and New Zealand Steam Navigation Company established a monthly steam service between Sydney and Panama *via* New Zealand, in connection at Colon with the steamers of the West India Royal Steam Navigation Company, supported by subsidies from the New Zealand and New South Wales Governments. This Company came into liquidation in 1869, since which time trial trips have been made both by Colonial and American companies, with the view to establish a regular monthly mail service between Sydney and San Francisco, *via* New Zealand and the Fiji Islands, under partial subsidies from the Colonies of New South Wales and New Zealand, but none of these enterprises have at any time obtained pecuniary support from the Imperial Government.

The existing service of the Peninsular and Oriental Steam Navigation Company, under contract with the Imperial Government, which expires at the end of next year (1873), is subsidized as follows:—

For thirteen voyages annually, both ways, between Galle and Sydney, calling at King George's Sound and Melbourne, one-half by the Imperial and the other half by the Colonial Governments, jointly the sum of	£130,000
For carriage of the Australian mails between this country and Galle, the several Colonies are further charged according to the number of letters	50,643
Together	£180,643

This last item of £50,643, though charged to the Australian Colonies, is included in the sum of £450,000 paid annually by the Imperial Government as subsidy for the India and China lines under contracts with the same Company.

This service, though answering all the purposes of an efficient postal communication between this country and Australia, once every four weeks, must be allowed to be a very expensive one, and unsuitable for almost any other purpose, owing to the frequent change of steamers and the railway transit through Egypt. For emigrants and perishable or breakable cargo it is useless; and for ordinary passengers it involves, besides, incidental expenses for temporary residence ashore at ports of call on the route, which makes this line ineligible except for the richer classes.

The length of passage between Southampton and Sydney is by contract about fifty-seven days, the contract speed being I believe nine knots east of Suez, or half a knot more per hour than the proposed new service *via* Torres Straits, making a difference of about three days on the whole voyage, which would seem now to be of less consequence when the Australian Colonies possess the advantages of telegraphic communication.

In event of the terms proposed in my separate letter of this date being accepted by the Government of Queensland, and a monthly or four-weekly line established between London and Queensland *via* Torres Straits, I should be prepared on the part of my friends, on timely notice being given, to contract with the other Colonies or with the Imperial Government on expiry of the present contract of the P. and O. Co., to run an additional monthly service between London and Melbourne, *via* Batavia, Fremantle or King George's Sound and Adelaide, on the same terms of subsidy, and under guarantee of the same number of emigrants, as proposed for the other line.

This fortnightly line, if ultimately established, would afford the most regular postal communication that has yet been proposed between this country and the Australian Colonies, and at the same time afford a direct fortnightly postal communication between these Colonies and India, China, and Japan. By fixing the terminus of the Queensland or Torres Straits line at Sydney, and the other line, which would pass through Sunda Straits, at Melbourne, all the Colonies would be put on an equal footing, which has never yet been the case, and could not be under any other agreement. If absolutely required, the speed of the steamers could be increased by a moderate increase of subsidy.

I may here also mention that the steamers on these Australian lines, if established, could by calling at Galle compete on easy terms, when the proper time comes, for the transmission of the mails between this country and Ceylon and Southern India. These mails are at present conveyed by the Peninsular and Oriental Company fortnightly, under the Indian contract, which does not expire till 1880, and cost the Imperial, Ceylon, and Indian Governments for subsidy, if I am not mistaken, about £87,000 per annum.

London, 14th October, 1872.

ALEXR. FRASER.

Enclosure 2 in No. 10.

Mr. RICHARD DAINTREE to the Right Hon. the Earl of KIMBERLEY.

Queensland Government Office, 32, Charing Cross,
15th October, 1872.

MY LORD,—

In reference to your communication of 20th August, accompanying the Treasury minute of 14th August, on the subject of mail services between Great Britain and Australia, in which you ask for any suggestions I may be prepared to make, I have now the honor to forward herewith a proposal