

CORRESPONDENCE RELATIVE TO MAIL SERVICE
OF NEW ZEALAND.

D.—No. 1. B.

CORRESPONDENCE RESPECTING TERMINATION OF THE PEARSON, COLEMAN CONTRACT.

No. 1.

Downing-street, 25th August, 1864.

SIR,—

I transmit to you a copy of a letter from the Treasury, having reference to the question of the present packet service between Australia and New Zealand, and I have to instruct you to guide yourself in accordance with the wishes of the Lords Commissioners as shewn by their letter.

I have, &c.,

EDWARD CARDWELL.

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

Enclosure to No. 1.

Treasury Chambers, 24th August, 1864.

SIR,—

I am directed by the Lords Commissioners of Her Majesty's Treasury to request that you will state to Mr. Secretary Cardwell that the attention of my Lords has been called by the Postmaster General to the question of the packet service between Australia and New Zealand.

That service is at present carried by the Inter-Colonial Royal Mail Steam Packet Company, under a contract for ten years, entered into by the Board of Admiralty in the year 1858.

The amount payable according to the Contract, is £22,000 a-year, of which the Imperial Government pays at present £13,000, and the local Government £9,000, being the sum which, it may be gathered from papers before their Lordships, represent respectively the cost of the direct service between Australia and New Zealand, and of a subordinate service between different Provinces in New Zealand.

With regard to the Inter-Provincial, or local service, my Lords consider that no claim on Imperial funds can arise therefrom, and that the expense of it should continue to be borne by the Colony, but with respect to the main service, my Lords are of opinion that the time had arrived when the existing arrangement by which, contrary to the course followed in the postal service of the Australian Colonies generally, the mails to and from New Zealand and Australia are carried wholly at the expense of this country, should undergo reconsideration.

It is provided by a clause in the Contract that it may be terminated on 1st November, 1865, by a year's previous notice to that effect being given, and thus an opportunity is now presented both of obtaining a reduction of the sum paid for the conveyance of the Mails, and of altering the manner in which the charge has hitherto been defrayed.

By another clause in the Contract the Lords of the Admiralty are empowered to delegate to the Governor of New Zealand, or the Officer acting as such, their functions under the Contract, and they appear to have exercised this power by an instrument dated 11th October, 1858.

It devolves, therefore, upon the Governor of New Zealand to take the requisite steps for terminating the Contract, and my Lords request that Mr. Secretary Cardwell will direct him to consider whether it will not be advisable to give notice before the 1st November next, to terminate the Contract in 1865, with a view to his obtaining on behalf of the Colony, if possible, a contract for the service on lower terms, any new Contract he may enter into being made terminable on a year or two years notice, and the contribution to be received by the Colony from the Imperial Government, in and of the future expenses of the service being reduced to one moiety of the cost of, or if any apportionment has to be made between a main and branch, or local services, one moiety of what may reasonably be considered to be the part applicable to the main line between Australia and New Zealand, such contribution however not to exceed £6,500 a year. If, however, Sir George Grey should be of opinion that it will be more economical and advantageous for the Public Service that the present Contract should continue until its expiration, on the 1st November, 1868, my Lords will not object thereto, upon the understanding that the amount to be contributed from Imperial Funds towards the expense of the main service between Australia and New Zealand, shall from the 1st of November,