

CORRESPONDENCE

RELATIVE TO

THE MAIL SERVICE

OF

NEW ZEALAND.

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

WELLINGTON.

1865.

SCHEDULE OF PAPERS.

RELATIVE TO THE MAIL SERVICE OF NEW ZEALAND.

CORRESPONDENCE RESPECTING TERMINATION OF THE PEARSON-COLEMAN CONTRACT.

No.	DATE.	WRITER.
1.	25th August, 1864.	Secretary of State to the Governor, with enclosures.
2.	5th December, 1864.	Memo. for His Excellency the Governor.

CORRESPONDENCE RESPECTING OUTSTANDING CLAIMS OF THE IMPERIAL GOVERNMENT ON POSTAL ACCOUNT.

3.	20th February, 1865.	Secretary of State to the Governor, with enclosures.
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DESPATCH RESPECTING MODIFICATION OF ARRANGEMENT FOR PREPAYMENT OF POSTAGE ON LETTERS.

4.	27th February, 1865.	Secretary of State to the Governor, with enclosures.
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CORRESPONDENCE RESPECTING TERMINATION OF CONTRACT WITH PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

5.	25th November, 1864.	Secretary of State to the Governor, with enclosures.
6.	10th February, 1865.	Colonial Secretary, New Zealand, to Colonial Secretary, New South Wales.
7.	3rd March, 1865.	Colonial Secretary, New South Wales, to Colonial Secretary, New Zealand, in reply to No. 6.
8.	20th February, 1865.	Memo. for His Excellency the Governor.

CORRESPONDENCE RESPECTING THE ESTABLISHMENT OF A SECOND MONTHLY MAIL TO AUSTRALIA, VIA POINT DE GALLE.

9.	26th September, 1864.	Secretary of State to the Governor, with enclosures.
10.	29th December, 1864.	Memo. for His Excellency the Governor.

PROPOSALS FOR COMPELLING LETTERS SUPPOSED TO CONTAIN COIN TO BE REGISTERED.

11.	13th March, 1865.	Secretary of State to the Governor, with enclosures.
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LETTER RESPECTING POSTAGE ON LETTERS BROUGHT TO NEW ZEALAND BY MAIL STEAMER BETWEEN VICTORIA AND OTAGO.

12.	4th July, 1865.	Postmaster-General, New Zealand, to Postmaster-General, Victoria.
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CONTRACT WITH THE OTAGO STEAMSHIP COMPANY FOR INTER-COLONIAL SERVICE—MELBOURNE AND OTAGO.

13.	16th December, 1864.	Contract between Postmaster-General and Secretary of Otago Steamship Company.
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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,

D.—No. 1. B. 2 PAPERS RELATING TO NEW ZEALAND MAIL SERVICE.

1865, be merely a moiety of the amount applicable to such service, namely, £6,500 a year, according so far, to the arrangement in existence with reference to the General Australian Service.

I have, &c.,

F. PEEL.

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

No. 2.

MEMORANDUM FOR HIS EXCELLENCY THE GOVERNOR.

His Excellency the Governor is respectfully requested to inform Her Majesty's Secretary of State in reply to dispatch No. 9, of the 25th August, 1864, that notice was given on the 30th September, 1864, to the Inter-Colonial Royal Mail Company, to terminate on 1st November, 1865, the Contract entered into by the Board of Admiralty in 1858.

J. L. C. RICHARDSON,

Postmaster General.

General Post Office,
5th December, 1864.

No. 3.

CORRESPONDENCE RESPECTING OUTSTANDING CLAIMS OF THE IMPERIAL GOVERNMENT ON POSTAL ACCOUNT.

Downing-street, 20th February, 1865.

SIR,—

I enclose the copy of a letter from the Secretary of the 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 up to the 31st of December, 1865, amounts to £51,318 4s. 1d. (Fifty-one thousand three hundred and eighteen pounds four shillings, and one penny) of which a very large proportion consists of arrears accruing during or previously to the year 1864.

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 these arrears and the regular liquidation of the claim in future.

I have, &c.,

EDWARD CARDWELL.

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

Enclosure to No. 3.

Treasury Chambers, 16th February, 1865.

SIR.—

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith copy of a letter from the Postmaster General, dated the 4th instant, forwarding the annual account of the sums due from the Australian Colonies and from New Zealand as their contribution towards the Packet Service for 1865, together with a copy of its enclosures; and I am to request that you will move Mr. Secretary Cardwell to cause communications to be made to the Governments of the several Australian Colonies and of New Zealand, with a view of obtaining a punctual discharge of their liabilities.

I am further to request that the particular attention of the Governments of Victoria, New Zealand, and Western Australia may be called to the very considerable arrears due from those Colonies respectively, and that they may be urged to take immediate steps for clearing of the arrears in question.

I am, &c.,

F. PEEL.

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

Enclosure in Treasury Letter of 16th Feb., 1865.

General Post Office, 4th Feb., 1865.

MY LORDS,—

I have the honor to transmit the copy of a report from the Receiver and Accountant-General of the Post Office, covering an account of the sums which will be payable, under the terms of your Lordships' Minute of the 25th April, 1861, by each of the Colonies in Australia and New Zealand, for the year from the 1st January to the 31st December, 1865, in aid of the Packet Service.

I request that your Lordships will be good enough to cause these particulars to be communicated to the Governments of the several Colonies, with a view to their taking steps for remitting the amounts due in each case previous to the 31st December next.

I have, &c.,

STANLEY OF ALDERLEY.

The Lords Commissioners of
Her Majesty's Treasury.

THE RECEIVER AND ACCOUNTANT-GENERAL TO THE SECRETARY OF THE POST OFFICE.

31st January, 1865.

I submit herewith, in duplicate, an account showing the amounts due from the Australian Colonies and New Zealand in aid of the cost of the Packet Service to the 31st December next.

The total amount chargeable is £172,974 3s. 11d., as compared with £180,792 11s. 10d., which was the sum charged to the 31st December, 1864.

The Colony of Victoria apparently owes £82,995 5s. 8d., but as there is reason to believe that through a double issue of £50,000 from the Treasury in 1863, this Colony obtained credit for £50,000 which it did not remit, the true balance is £132,995 5s. 8d. This sum represents the amount which should be contributed by Victoria for the years 1863, 1864, and 1865, and as the amount is large and the payments are greatly in arrear, it would be desirable that the Colony should be urged to reduce the debt considerably during the present year.

New South Wales has just paid its share of the cost of the service for the year 1864, so that the contribution for 1865 only, amounting to £18,136 15s. 3d., remains to be applied for.

South Australia owes a balance of £1,324 7s. 2d. on last year's accounts, and this balance, when added to the sum chargeable for 1865, will leave £6,405 11s. 11d. to be applied for.

New Zealand was charged with a balance of £48,846 12s. 1d., to the 31st December last, and remitted only £14,300 during the year, so that, after charging the Colony £16,771 12s. 0d., for the current year, the large sum of £51,318 4s. 1d., will have to be applied for.

In this case the arrear is of long standing as well as large in amount, and I submit that the Colony should be strongly urged to reduce the amount largely during the present year.

The charge upon Tasmania to 31st December, 1864, was £16,227 12s. 4d., but after adding to that sum the charge for 1865, viz., £3,342 2s. 5d., and allowing for remittances received during the past year, the balance now to be applied for is reduced to £8,967 1s. 9d.

Queensland has paid its contribution for 1864, and the amount to be charged for this year's service only remains to be applied for. The amount in question is £3,154 8s. 4d.

The sum charged upon Western Australia to the 31st December last was £1,996 16s. 11d., and this is increased to £2,804 6s. 10d. by the addition of this year's contribution. No remittance was received during the past year, but, after allowing credit for a remittance of £807 9s. 11d., which has just been advised, but which has not yet reached this Office, a balance of £1,996 16s. 11d. remains to be applied for. I submit that the Colony should be requested to remit the whole amount of this balance before the close of the present year.

GEO. CHETWYND.

An Account, showing the Amounts chargeable on the Australian Colonies
year ending 31st

COLONIES.	A			B			C			D		
	Service between Southampton and Point de Galle			Service between Point de Galle & King George's Sound			Service between King George's Sound and Melbourne.			Service between Melbourne and Sydney.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Victoria	7,427	1	2	20,826	2	10	9,566	18	3	...	...	...
New South Wales	2,688	12	2	7,539	1	9	3,463	5	4	3,612	17	3
South Australia	1,224	4	3	3,432	16	1	...	...	...	...	...	...
New Zealand	2,456	11	3	6,888	8	5	3,164	7	5	3,301	0	3
Tasmania	603	4	6	1,691	9	10	777	4	2	...	...	...
Queensland	465	17	10	1,306	8	3	600	5	4	626	2	5
Western Australia	192	8	10	539	12	5	...	...	...	...	...	...
£	15,058	0	0	42,223	19	7	17,572	0	6	7,539	19	11

Dr. Account-Current for the year ending 31st December, 1865,

COLONIES.	Balances shown on account to 31st December, 1864.			Amounts chargeable for 1865 by above Statement.			Total.		
	£	s.	d.	£	s.	d.	£	s.	d.
Victoria	84,293	16	4	40,122	17	4	124,416	13	8
New South Wales	18,136	15	3	18,136	15	3	36,273	10	6
South Australia	8,136	10	7	5,081	4	9	13,217	15	4
New Zealand	48,846	12	1	16,771	12	0	65,618	4	1
Tasmania	16,227	12	4	3,342	2	5	19,569	14	9
Queensland	3,154	8	4	3,154	8	4	6,308	16	8
Western Australia	1,996	16	11	807	9	11	2,804	6	10
£	180,792	11	10	87,416	10	0	268,209	1	10

GENERAL POST OFFICE,

January 31st, 1865.

and New Zealand on account of the Mail Packet Service, for the December, 1865.

E	F	G	H	Total.
Moiety of Cost of Mail Boxes.	Egyptian Transit Rate on Newspapers via Southampton.	Moiety of Expense of Naval Agents in charge of Mails.	Proportion of Cost of Special Packets between Dover & Calais.	
£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
616 10 9	1,428 10 1	159 1 4	98 12 11	40,122 17 4
223 3 9	516 9 2	57 11 8	35 14 2	18,136 15 3
101 12 6	280 2 4	26 4 5	16 5 2	5,081 4 9
203 18 6	672 1 4	52 12 3	32 12 7	16,771 12 0
50 1 6	199 3 10	12 18 4	8 0 3	3,342 2 5
38 13 6	100 17 8	9 19 7	6 3 9	3,154 8 4
15 19 6	52 15 7	4 2 5	2 11 2	807 9 11
1,250 0 0	3,250 0 0	322 10 0	200 0 0	87,416 10 0

in continuation of that rendered for the year 1864.

Cr.

COLONIES.	Remittances.	Branch Service Packet.	Balance to 31st December, 1865.	Total.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Victoria	41,421 8 0 19th Jan., 1865.	... ..	*82,995 5 8	124,416 13 8
New South Wales	18,136 15 3 19th Jan., 1865.	... ..	18,136 15 3	36,273 10 6
South Australia	{ 3,055 5 10 27th April, 1864 1,281 17 7 19th Aug., 1864.	{ 2,475 0 0 } { 30th Aug., 1864 }	6,405 11 11	13,217 15 4
New Zealand	{ 6,000 0 0 18th May, 1864. 8,300 0 0 27th Oct., 1864.	{ } { }	51,318 4 1	65,618 4 1
Tasmania	{ 2,935 7 2 25th April, 1864. 137 12 10 16th May, 1864 7,529 13 0 19th Dec., 1864 }	{ } { }	8,967 1 9	19,569 14 9
Queensland	3,154 8 4 15th Aug., 1864.	... ..	3,154 8 4	6,308 16 8
Western Australia	807 9 11 †	... ..	1,996 16 11	2,804 6 10
£	92,759 17 11	2,475 0 0	172,974 3 11	268,209 1 10

* This sum of £82,995 5s. 8d. represents the balance due by Victoria after giving credit to that Colony for a sum of £50,000, received from the Treasury, and which sum, there is reason to believe, was not remitted by the Colony. The supposed double issue of this amount from the Treasury Chest forms the subject of Papers Registered No. 74,253 | 64. Min. 976 Packets.

† Advised but not yet received.

(Signed)

E. W. CHETWYND,
Receiver and Accountant-General.

No. 4.

DESPATCH RESPECTING MODIFICATION OF ARRANGEMENT FOR PREPAYMENT
OF POSTAGE ON LETTERS.

Downing-street, 27th February, 1865.

SIR,—

I have the honor to transmit for your information and guidance an extract of a letter which has been received from the General Post Office, respecting the proposal made by that Department in May, 1862, to modify the arrangement which requires the pre-payment, at least to the extent of a single rate, of the postage on letters passing between the Australian Colonies and the Mother Country.

I have, &c..

EDWARD CARDWELL.

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

Enclosure to No. 4.

EXTRACT of a letter from F. HILL, Esq., to SIR FREDERICK ROGERS, Bart.

Dated General Post Office,
22nd February, 1865.

“The Postmaster General has now had before him the replies of all the Australian Colonies to the proposal made by this Department in May, 1862, to modify the arrangement which requires the pre-payment, at least to the extent of a single rate, of the postage on letters passing between the Colonies and the Mother Country.

“Lord Stanley of Alderly regrets that this proposal has not met with the general approval of the Australian Colonies, the Governments of New South Wales, Queensland, and Western Anstralia alone expressing their concurrence, and the others either objecting altogether, or accepting the arrangement only with modification.

“Under these circumstances, and as there appears to be little prospect of obtaining a general concurrence in one plan, His Lordship has determined upon allowing the proposal to drop, and he requests that Mr. Secretary Cardwell will have the goodness to make this decision known to the several Australian Colonies.”

No. 5.

CORRESPONDENCE RESPECTING TERMINATION OF CONTRACT WITH PENINSULAR
AND ORIENTAL STEAM NAVIGATION COMPANY.

Downing-street, 25th November, 1864.

SIR,—

I have the honor to transmit to you, for your information, a copy of a letter from the Lords Commissioners of the Treasury, (16th November, 1864,) respecting the Contract now in force with the Peninsular and Oriental Steam Navigation Company, for the conveyance of the Australian Mails between Point de Galle and Sydney.

You will see that their Lordships propose, when the proper time comes, that notice should be served on the Company to terminate the existing service on the 12th February, 1866, in order that a new contract may be made to come into operation at that date.

I have to call your particular attention to that part of their Lordship's letter, in which they point out that it will be requisite that the determination of your Government should be sent home as soon as possible, (not later than by the Packet leaving Sydney and Melbourne in February next) as well as to the other remarks of their Lordships in connection with this subject.

I have, &c.,

EDWARD CARDWELL.

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

Enclosure to No. 5.

Treasury Chambers, 16th November, 1864.

SIR,—

I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Mr. Secretary Cardwell, that the contract with the Peninsular and Oriental Steam Navigation Company, under which the Australian mails are now conveyed between Point de Galle and Sydney, was concluded on the 16th April, 1861, and can be terminated at any time by a notice of six calendar months, but upon such termination, the agreement with the Company, under their tender of the 5th October, 1858, which was accepted by the Admiralty on the 13th of that month, would revive and continue in force until the 12th February, 1866, that is, for the full period of seven years from the 12th February, 1859, the day on which the service under the tender of the previous October commenced.

I am to state, that my Lords propose, when the proper time comes, that notice should be served on the Company to terminate the existing service, so that a new contract may be made to come into operation after the expiration of the seven years, and advertisements will be issued at once calling for tenders.

It is intended to leave to the parties tendering to state the sum for which they would perform a service between Point de Galle and Sydney once, and the sum for which they would perform it twice in each month, and for what additional amount they would undertake to call off Kangaroo Island.

They will further have the opportunity of naming terms for a service at the present rate of speed, and the terms for one at a higher or lower rate.

As to the commencement and duration of the contract, it is intended that it should be terminable at two years notice, and that it should take effect from February, 1866, although the parties tendering will be allowed to name a later period for the commencement of the service, so as to admit of the competition of persons who might have to build ships for the service, and who might require for this purpose, and for sending the ships to their stations, more time than could otherwise be obtained.

I am to request that you will move Mr. Cardwell to cause the Governments of the several Australian Colonies and of New Zealand to be apprised of the course intended to be pursued, and, at the same time, to be informed that, before my Lords authorise any such tender to be accepted, they will require that the consent of the Colonies shall be given to pay jointly one-half of the cost, with the understanding that if any Colony or Colonies shall withhold its or their consent, the others will make good the deficiency.

I am further to request that Mr. Cardwell will impress upon the Governments of the several Colonies, that it will be requisite that the determination of each shall be communicated to him as soon as possible, and not later than by the packet leaving Sydney and Melbourne in February next, as, in the event of the consent of the Colonies not being received in time to admit of a new service commencing immediately on the termination of the present service, or, in the event of the parties whose tender might be accepted stipulating for additional time, the Australian mails must for a time be sent by private ships.

I am to state, that in the arrangement thus contemplated, my Lords will reserve to themselves, as now, full power to fix the terms of the contract, to decide what additions to the cost of the service between Point de Galle and Sydney shall be made on account of the service between England and Point de Galle, and for incidental expenses, and to apportion the Colonial share of the cost amongst the several Colonies concerned.

Each Colony will, of course, have full power, as under the existing arrangement, to accede without stipulations, or wholly to decline, but it must be required that any Colony that may accede, shall not be at liberty to withdraw from the arrangement, except on a notice of two years and a quarter, counting from the arrival of the notice in England. It must be clearly understood that the Home Government and each Colonial Government will be free to fix, from time to time, the rates of postage on the letters, newspapers, and all other matter sent through the post which it despatches; but that the Home Government alone will have the power to extend postal privileges to other articles than those which can now be sent through the post, viz., letters, newspapers, book-packets, and packets of trade returns.

I am to state, that under the proposed new arrangement, the Mother Country and each Colony will, as at present, be entitled to the postage on the letters, &c., which it despatches, and that the branch services to South Australia, Tasmania, New Zealand, and Queensland, must be provided by those Colonies, the Home Government paying half the reasonable cost.

I am to request, in conclusion, that you will move Mr. Cardwell to point out to the Colonial Governments that it is highly important, as an act of justice to the tax payers, both of the Mother Country and of the Colonies, and in order also to avoid the delays and difficulties of negotiation, that the rates of postage and the terms of the contract (with regard to speed, &c.) should be so settled as to make the revenue, as nearly as possible, equal to the expenditure.

I am, &c.,

F. PEEL.

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

No. 6.

Colonial Secretary's Office,
Wellington, 10th February, 1865.

SIR,—

A circular despatch, dated 25th November, 1864, has been received from Her Majesty's Secretary of State for the Colonies, on the subject of postal communication, requesting a reply to be returned from the Colony not later than by the Mail leaving the Australian Colonies in February.

The despatch was received by the Postmaster General of New Zealand, on the night of the 9th instant, the Mail leaves this on the 12th. His Excellency the Governor being absent, it will be impossible for the New Zealand Government to communicate with the Secretary of State as requested till next month.

I have to request that you would obviate the inconvenience that may arise from this by informing Her Majesty's Secretary of State for the Colonies that it was impossible, for the reason given above, for the New Zealand Government to communicate with him within the time requested in his despatch.

I have, &c.,

FRED. A. WELD.

The Honorable the Colonial Secretary,
New South Wales.

No. 7.

Colonial Secretary's Office,
Sydney, New South Wales, 3rd March, 1865.

SIR,—

I have the honor to acknowledge the receipt, on the 27th ultimo, of your letter of the 10th February, and to inform you that the mail steamer "Madras," with the mail for England having sailed from Sydney on the 20th of last month, it was received too late to admit of the communication, which you desired to be made to the Secretary of State for the Colonies, being forwarded by that opportunity.

I have, &c.,

CHARLES COWPER.

The Honorable the Colonial Secretary of
New Zealand, Wellington.

No. 8.

MEMORANDUM FOR HIS EXCELLENCY THE GOVERNOR.

Ministers request His Excellency the Governor to inform Her Majesty's Secretary of State for the Colonies that the New Zealand Government has been unfortunately precluded from replying by the February mail, as specially requested by him, to his Despatch of 25th November, 1864, on the subject of the proposed arrangements regarding the conveyance of mails between Point de Galle and Sydney.

His Excellency being absent, it was only possible to reply indirectly through the New South Wales Government, and the Secretary of State's Despatch only reached the cabinet of New Zealand on the 9th of February, three days before the departure of the mail for Europe.

Ministers are unable, without the sanction of the Legislature, to pledge the Colony to any Contract necessarily involving large money liabilities which may be entered into by the Imperial Government. They will, however, lay the subject before the Assembly at the approaching session.

But as Her Majesty's Secretary of State may probably desire to know the views of the Colonial Government, Ministers must state that they are not prepared to recommend to the Assembly to accede, without stipulation, to the proposed arrangement. New Zealand is not, in their opinion, financially in a position to undertake so large and undefined liability as that indicated by the letter of Mr. F. Peel, enclosed in the Despatch of H.M. Secretary of State. The resources of the Colony have been heavily taxed by the expenses arising out of the Native Insurrection, and it has incurred a heavy liability by the Contract recently entered into for the conveyance of its mails by a line of steamers which it has subsidised to run from Panama to New Zealand, which service is to commence in January, 1866. It is the wish of the Government of New Zealand to extend the benefit of this service to the Australian Colonies, and an agent has been despatched to Australia for the purpose of entering into negotiations with them with a view to the accomplishment of that object.

Ministers entertain a hope that the Imperial Government will feel itself able to make or entertain

some proposition by which the mail services *via* Panama, and *via* Suez, may be comprised in one general scheme, and the Mother Country, the Australian Colonies, and New Zealand may contribute proportionably to the maintenance of a service in which they are all interested. And they further trust that their inability to undertake large and undefined liabilities at so short a notice, and without the possibility of communicating previously with the Australian Colonies, will not be held to preclude them from admission hereafter, on such terms as may be thought reasonable, to a participation of the benefits of the Suez and Point de Galle Service.

I have, &c.,

FRED. A. WELD.

Wellington, 20th February, 1865.

No. 9.

CORRESPONDENCE RESPECTING THE ESTABLISHMENT OF A SECOND MONTHLY
MAIL TO AUSTRALIA VIA POINT DE GALLE.

Downing-street,
26th September, 1864.

SIR,—

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

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

I have, &c.,

EDWARD CARDWELL.

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

Enclosure 1 to No. 9.

Treasury Chambers,
23rd September, 1864.

SIR,—

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

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

I am, &c.,

F. PEEL.

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

Enclosure 2 to No. 9.

General Post Office,
11th July, 1863.

MY LORDS,—

During an interview which recently took place at the Post Office with one of the Managing Directors of the Peninsula and Oriental Steam Navigation Company, he mentioned that

the Company would, for a moderate addition to the present subsidy, double the existing postal service between Point de Galle and Sydney, New South Wales; and in consequence of this observation, I caused inquiry to be made for the purpose of ascertaining the precise terms upon which this advantage could be obtained.

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

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

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

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

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

In addition to a moiety of the subsidy to be paid to the Peninsular and Oriental Company for the second service between Point de Galle and Sydney the Colonial Governments would, of course, have to pay one-half of the expense of maintaining the necessary branch services, as well as one-half the estimated cost of carrying the Australian portion of the mails by the Indian packets between England and Point de Galle.

The branch services would probably cost about £22,000 a-year—that is, £6,000 for the packets between King George's Sound and Adelaide, £3,000 for the packets between Melbourne and Launceston, and £13,000 for the packets between Sydney and New Zealand.

Assuming that the correspondence to and from Australia will increase, on the establishment of a second monthly mail, in the same proportion that it increased when a second sailing packet in each month was set up a few years ago, the Receiver and Accountant-General estimates that the sum to be deducted annually from the cost of the Indian service and added to the cost of the Australian service, on account of the carriage of two Australian mails per month over the distance between England and Point de Galle would be £54,914, instead of £30,116 for one mail, as at present, so that the share to be borne by the Australian Colonies for this part of the service would, if this estimate proved correct, and so long as it remained so, be £27,457 a-year, or £12,399 more than they now pay.

This would raise the cost of the second mail to about £96,000 a-year, one moiety of which, £48,000, would be payable jointly by the Colonies, on the same plan as the payments for the existing service, and the other moiety by this country.

Against this outlay there would be a saving of upwards of £12,000 in the cost to the Mother Country of the Indian mail packets; and in the event of the postage being raised to 1s. the half-ounce letter, as I have proposed, the amount of sea postage falling to the share of this country would, it is estimated, be increased to the extent of about £50,000 a-year, so that the loss now sustained by the Mother Country would no doubt be considerably lessened.

If your Lordships should agree with me that the proposed measure is desirable, I request your authority for writing to the Duke of Newcastle, and asking his Grace to communicate with the Governments of the several Colonies in Australia and New Zealand, for the purpose of ascertaining whether they approve of the Company's offer being accepted, and will engage to bear half the cost.

In writing as proposed to the Colonial Governments, I think it will be advisable to state that the arrangements must be placed on the same footing as those of the present service, namely, under the exclusive control of your Lordships, experience having shown, as pointed out in my letter of the 7th February, 1861, that if these details are to be subject to the interference of each separate Government, no scheme, however convenient as a whole, can possibly be worked in a satisfactory manner.

I further recommend that, in order to save time, and to meet the case, that some one or more of the Colonies do not assent to the proposal, it be stated that, if affirmative replies be received though not from all the Colonies, yet from Colonies having in the aggregate one-half of the total amount of correspondence exchanged in the mails between the United Kingdom and Australia, and if under these circumstances your Lordships should decide on establishing the additional service, the assenting Colonies will be required to make up among them the moiety of the cost.

In such case, mails would, of course, be sent by the second line of packets to those Colonies only which contributed to the expense.

I also think that it will be advisable to add, that the Mother Country reserves to itself full powers to increase the postage on letters to Australia, even if the second line of packets be not established.

In raising the postage to one shilling, your Lordships will, no doubt, approve of the scale of weight being simultaneously modified, and made to correspond with the scale recently adopted in respect to letters exchanged with the British West Indies, the Cape of Good Hope, &c.

Under this amended scale one rate of postage will be charged for each half-ounce that a letter may weigh, so that a letter weighing more than an ounce, but not more than an ounce and a-half, will be charged three rates of postage; a letter weighing more than two ounces, but not more than two ounces and a-half, five rates of postage, instead of four; and six rates, respectively as under the existing scale of progression.

I have, &c.,
STANLEY OF ALDERLEY.

Enclosure 3 to No. 9.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY, TO THE SECRETARY OF THE
POST OFFICE.

122, Leadenhall Street, E.C.,
13th May, 1863.

SIR,—

I have the honor, by order of the Directors, to acknowledge the receipt of your letter of the 6th instant (No. 445 O.), stating that the Postmaster-General is desirous of ascertaining upon what terms the Company would be willing to double the existing postal service between Point de Galle and Sydney.

In reply, I am instructed to state that for an addition of £50,000 to the present annual subsidy of £134,672, the Company would be prepared to undertake the extra service, subject to the same general conditions as those of the present contract, and would be ready to commence the double line in six months after the acceptance of their proposal; the contract to be terminable, as you propose, on a notice of two years, but to continue at least till the 12th February, 1866, the period fixed for the termination of the service for which the Company tendered on the 5th October, 1858.

With reference to the inquiry whether the Directors would agree that all the vessels employed on this additional line should call at Kangaroo Island to land and embark mails, and in such case whether the Company would require any addition to the subsidy, or to the time for the performance of the voyage, I am desired to state that, having given the matter their best consideration, and having referred to several of the Company's commanders who have been employed on the Australian line, the Directors regret that they cannot include such an arrangement in their tender; because the great extra risk arising from the dangerous nature of the approaches to Kangaroo Island during the thick and stormy weather which prevails in that vicinity, would require a rate of compensation greatly exceeding the entire cost of maintaining a special steamer between Adelaide and King George's Sound. It would also, they beg leave to submit, cause a delay of from one to two days in the transit of the mails to and from Melbourne, Tasmania, Sydney, and New Zealand.

I have, &c.,
C. W. HOWELL,
Secretary.

Enclosure 4 to No. 9.

COPY OF TREASURY MINUTE, DATED 5TH SEPTEMBER 1864.

My Lords have again before them the report of the Postmaster General, dated 11th July, 1863, submitting an offer from the Peninsular and Oriental Steam Navigation Company for the establishment of a second monthly communication between Point de Galle and Sydney, New South Wales, for a further subsidy of £50,000 a-year, and stating that he was of opinion that it would be desirable to entertain the offer of the Company and submit it for the consideration of the Governments of the several Australian Colonies and of New Zealand. His Lordship at the same time proposed that the postage on the letters between the Mother Country and these Colonies should be raised from sixpence to one shilling the half-ounce letter.

My Lords have also again had before them the Postmaster General's letter of the 12th December, 1863, stating that the Postmaster General of New Zealand had accepted, on behalf of the New Zealand Government, an offer made for a monthly service between Panama, Wellington, and Sydney, thus doubling the communication with this country, and providing for a bi-monthly conveyance of the mails via Suez and Panama alternately; and that, under these circumstances Lord Stanley was of opinion that it would be expedient to defer entertaining the proposal of the Peninsular and Oriental Steam Navigation Company, and to wait and see the result of the experiment of the Panama route before increasing the frequency of the mail service by way of Suez. His Lordship, however, stated that he was still of opinion that the increase of postage proposed in his letter of the 11th July should take place.

My Lords advert to their Minute of the 28th December last, whereby the proposed increase in

the postage on letters to the Australian Colonies was sanctioned from the month of July following, and expressing their concurrence in opinion with the Postmaster General that it would not be expedient, at least for the present, to entertain the proposal of the Peninsular and Oriental Steam Navigation Company to double the mail service between Point de Galle and Sydney.

At a subsequent date to the above Minute, the proceedings of Mr. Crosbie Ward, the then Postmaster General of New Zealand, in entering into a contract for a monthly service between Panama, Wellington, and Sydney, were, as my Lords have understood, disavowed by the Government of that Colony; and it now seems doubtful whether this service will be established.

The question of a second service by way of Suez being thus re-opened, and objections having about the same time been taken to the measure for raising the postage without increase of accommodation, my Lords determined to suspend that measure, as well to give time for its being more maturely considered, as in order that if a second monthly mail, by way of Suez, should be about to be established, the two measures of raising the postage and doubling the communication might, if it should be thought expedient, come into operation at the same time.

My Lords would now propose to communicate with the Secretary of State for the Colonies, according to the course recommended by the Postmaster General in his report of the 11th July, 1863, but previously to doing so they desire to receive from Lord Stanley any remarks he may have to make upon the general subject or respecting Mr. Crosbie Ward's Colonial Contract, and they would also be glad if his Lordship would, if he should see no objection to their inquiry, ascertain afresh from the Peninsular and Oriental Steam Navigation Company on what terms they would undertake the second service in question,—whether they would merely renew their offer of 1863, to establish it for an additional subsidy of £50,000 a-year—or whether they would be willing to perform it for a smaller payment.

Transmit copy of this minute to the Postmaster General for his Lordship's information and guidance.

Enclosure 5 to No. 9.

EXTRACT POSTMASTER GENERAL'S LETTER OF 19TH SEPTEMBER, 1864.

Under these circumstances it appears to me that the recommendations made in my letter of the 11th July, 1863, required some modification, and that it is not advisable at present to do more than communicate to the Governments of the several Australian Colonies and of New Zealand the offer made by the Peninsular and Oriental Company and the desire of your Lordships, if the second service be established, simultaneously to double the existing rate of postage from the United Kingdom to those Colonies: the right of your Lordships thus to raise the postage on letters despatched from this country, even though the additional monthly service be not established, being, at the same time, reiterated.

I would suggest that each Government be requested to state, as early as possible, which arrangement they prefer, the present service, *viâ* Suez, once a month, with the existing rate of postage, or a service by the same route twice a month, with the increased charge on letters sent by packet and the reduced charge on letters sent by private ships; on the understanding, of course, that the Colonies pay one-half of the additional cost, as stated in my letter of the 11th July, 1863.

The Government of New South Wales, as your Lordships were informed by the letter from the Colonial Office which you forwarded to me on the 27th ultimo, came to the determination, in April last, to raise, on the 1st July, to one shilling the half ounce, the postage of letters sent from that Colony to the United Kingdom by packet, and to reduce to four pence the charge on ship letters; and it is my intention to observe carefully the effect of this measure on the number of letters forwarded from New South Wales by each description of vessel:

No. 10.

MEMORANDUM FOR HIS EXCELLENCY THE GOVERNOR.

His Excellency the Governor is respectfully requested to inform Her Majesty's principal Secretary of State, in reply to the circular from the Colonial Office, dated 26th September, 1864, respecting the establishment of a second monthly communication between Great Britain and the Australian Colonies, *viâ* Point de Galle, it being understood that the existing rates of postage on letters would be doubled, that the Government of New Zealand would prefer that this service should remain as at present.

J. RICHARDSON,
Postmaster General.

General Post Office, Auckland,
29th December, 1864.

No. 11.

PROPOSALS FOR COMPELLING LETTERS SUPPOSED TO CONTAIN COIN TO BE REGISTERED

Downing-street, 13th March, 1865.

SIR,—

I transmit to you herewith a copy of a letter (3rd March, 1865,) from the Post Office, containing a proposal for extending to the Colonies a system which is said to have worked successfully in this country, under which letters containing coin and posted without registration should be compulsorily registered and charged on delivery with a double registration fee. I should wish to be informed, at as early a period as may be practicable, whether your Government are prepared to concur in the adoption of this arrangement.

I have, &c.,

EDWARD CARDWELL.

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

&c., &c., &c.

Enclosure to No. 11.

General Post Office, March 3, 1865.

SIR,—

In order to put a stop to the frequent loss of letters containing coin forwarded through the Post without the security of registration, and to remove from the officers of the Post Office the temptation to dishonesty offered by the passage of such letters, a regulation was made in 1862, that all letters, unquestionably containing coin, which might be dropped into the letter boxes in this country without the security of registration should be compulsorily registered, and charged on delivery with a double registration fee.

This regulation, however, was restricted to letters addressed to places within the United Kingdom, as, without the concurrence of the several British Colonies which have entered into arrangements with this Office for the exchange of registered letters under certain conditions, the measure could not be extended to the Colonies.

More than two years' experience having proved the utility of this regulation, the Postmaster General considers that the time has arrived when it may be advantageously extended to letters addressed to and received from the several British Colonies, and with the authority of the Lords Commissioners of Her Majesty's Treasury, his Lordship requests that Mr. Secretary Cardwell will have the goodness to make a proposal on this subject to the Governments of the under-mentioned Colonies:—

Canada,
New Brunswick,
Nova Scotia,
Prince Edward Island
Newfoundland,
Bermuda,
Trinidad,
Turk's Island,
Cape of Good Hope,
Natal,
St. Helena,
Antigua,
Bahamas,
Barbadoes,
British Guiana,
Dominica,
Grenada,
Honduras,
Jamaica,
Montserrat,
Nevis,

St. Kitts,
St. Lucia,
St. Vincent,
Tobago,
Tortola,
Mauritius,
Ceylon,
Hong Kong,
Labuan,
Falkland Islands,
Gambia,
Gold Coast,
Sierra Leone,
Lagos,
New South Wales,
South Australia,
Queensland,
Victoria,
Western Australia,
Tasmania,
New Zealand.

It is proposed that the double registration fee which may be charged on letters containing coin, thus compulsorily registered, shall be shared equally between the despatching and receiving Offices, in the same manner as the fees charged on letters which are now registered in the usual manner.

In the event of a double registration fee being charged on a letter supposed to contain coin, and proof being afterwards afforded by the person addressed that such letter did not contain coin, authority will be given to refund the charge.

In communicating with the several Colonial Governments on this subject, the Postmaster-General requests that Mr. Cardwell will be good enough to state that, for the present, the concurrence only of the respective Governments in the proposed regulations is asked for, and that the time for carrying the new system into operation will be left for future arrangement.

I am, &c.,
F. HILL.

Sir Frederic Rogers, Bart.,
&c., &c., &c.,
Colonial Office.

No. 12.

LETTER TO POSTMASTER GENERAL, VICTORIA, RESPECTING POSTAGE ON LETTERS BROUGHT TO NEW ZEALAND BY MAIL STEAMER BETWEEN VICTORIA AND OTAGO.

New Zealand General Post Office,
Wellington, 4th July, 1865.

SIR.—

My attention has been directed to the fact that a considerable number of letters emanating from Victoria are brought to this Colony by the mail steamers subsidized by this Government to run between Victoria and Otago.

It is unnecessary to point out that these steamers have also been of no little commercial as well as postal advantage to Victoria, and it is to be expected that both these advantages would be materially increased on the establishment of the mail route with Great Britain via Panama.

I have the honor to inform you that it is in contemplation to withdraw the subsidy hitherto granted to the steamers running between Victoria and Otago; but before coming to a final determination in the matter, I should be glad to learn whether the Government of Victoria would be willing to contribute towards the subsidy paid for this service in the event of its being continued, and if so, from what date, and to what amount.

I have, &c.,
J. RICHARDSON,
Postmaster General.

The Honorable the Postmaster General,
Melbourne.

No. 13.

CONTRACT WITH THE OTAGO STEAM-SHIP COMPANY FOR INTER COLONIAL SERVICE,
MELBORNE AND OTAGO.

Articles of Agreement made this sixteenth day of December, in the year of our Lord one thousand eight hundred and sixty-four, between the Otago Steam Ship Company (Limited) of Dunedin, in the Colony of New Zealand, and who are hereinafter styled "The Contractors," of the one part, and Her Majesty's Postmaster General of the Colony of New Zealand, on behalf of the said Colony, in pursuance of the provisions of "The New Zealand Post Office Act, 1858), of the other part,—Witness that, for the considerations hereinafter mentioned, the said Contractors, for themselves, their heirs, executors, and administrators covenant, and each of them for himself, his heirs, executors, and administrators, covenants with the said Postmaster General and his successors in office as follows:—

1. The steamships "Albion" and "Hero" shall, at the commencement of the contract service hereby provided for, and during the continuance of the same, be tight, staunch, and strong, properly manned and equipped for sea, and shall be employed, as hereinafter mentioned, in the mail service, between Melbourne, in the Colony of Victoria, and Port Chalmers, in the Colony of New Zealand.

2. One of the said steam-ships shall, within twenty-four hours after the arrival of the European mail at the Port of Melbourne aforesaid, in each month, leave that port for Port Chalmers aforesaid, and shall, unless prevented by tempestuous weather, call at the Bluff Harbour to land and receive mails; and shall deliver the mails at Port Chalmers within one hundred and fifty-six hours from the hour of departure from Melbourne: Provided that neither of the said steam-ships shall be required to wait at Melbourne for the European mail more than * twenty-six hours after its due date for arrival there, and that one of the said steam-ships shall leave Melbourne for Port Chalmers at the expiration of that time, unless detained at Melbourne by the said Postmaster General, or his agent, to wait the arrival of the English mail there, for any time not exceeding a further period of ninety-six hours.

3. One of the said steam ships (the "Albion," if required by the said Postmaster General) shall

leave Port Chalmers on the eighteenth day of each month (except the month of February), not earlier than two p.m. in the day, and on the sixteenth day of the month of February, not earlier than two p.m. on that day.

4. All Post Office mails from England for New Zealand, and from New Zealand for England, shall be taken from and delivered on board of the European mail ship in Hobson's Bay, at Melbourne, by, and at the expense of the Contractors, in a suitable and sea-worthy boat for the purpose, to be furnished with effectual covering for the mails, and properly provided, manned, and equipped by the Contractors, to the satisfaction of the Post Office Agent hereinafter mentioned.

5. The Post Office mails for the Northern Ports of New Zealand shall be delivered by, and at the expense of the Contractors, on board a steam-boat to be provided by the said Postmaster General, or his successors in office, and to be kept waiting at Port Chalmers for the arrival there of the steam-ship which may be employed in each month, under this contract, in conveying mails from Melbourne to New Zealand.

6. A chief cabin passage, free of cost either for passage or victualling, in each of the steam-ships employed under this Contract, shall be provided on all occasions when required by the said Postmaster General for an Agent or Clerk of the New Zealand Post Office, and also a safe and proper place of deposit for the mails, and proper accommodation for enabling the mails to be sorted on board of the said steam-ships.

7. The sum of £100 (one hundred pounds) shall be paid by the Contractors to the said Postmaster General or his successors in office, if, on any occasion, either of the said steam-ships shall not sail at the appointed time, and an additional sum of £100 (one hundred pounds) shall be in like manner paid for every delay of twenty-four hours in sailing after the appointed time; and the sum of £200 (two hundred pounds) shall be in like manner paid whenever either of the said steam-ships shall not call at the Bluff Harbour, unless prevented from doing so by tempestuous weather.

8. If the Contractors shall fail in any month to deliver the homeward mails to the European Mail Contract steam-ship at Melbourne, before her departure from that Port with her homeward mails, the Contractors shall pay to the said Postmaster General, or his successors in office, the sum of £300 (three hundred pounds), in addition to any other penalties which they may become liable to under these presents.

9. In the event of either of the said steam-ships becoming disabled, the Contractors shall immediately at their own cost and charge, replace the same by another good and efficient vessel, to be approved of by the said Postmaster General, of similar tonnage and power, obtained by hire or otherwise.

10. If there be no Post Office Agent or Clerk on board, the Masters of the said steam-ship, shall, without charge to the Government, take care of, and the Contractors shall be responsible for the receipt, safe custody, and delivery of the mails according to the terms of this Contract.

11. The Contractors, and all officers of their vessels, when employed in the performance of this Contract, and all seamen and servants of the Contractors, shall at all times punctually attend to the orders and directions of the said Postmaster General, and of any of the Officers Agents of the said Post Office, as to the receiving, landing, and delivery of the mails.

12. All sums of money herein before stipulated to be forfeited, or paid by the Contractors, shall be considered as stipulated, or ascertained damages, and may at the option of the said Postmaster General, or his successors in office, be deducted and retained by him or them, out of any money payable to the Contractors under this Contract; or payment thereof may be entered as a debt due by the Contractors to Her Majesty, with full costs of suit.

13. In case of habitual negligence, or wilful default by the Contractors in the performance of this Contract, the said Postmaster General, or his successors in office, may by writing under his or their hand or hands, give to the Contractors one month's notice of an intention to determine this Contract, and at the expiration of the said month, this Contract shall end and determine accordingly, but the Contractors shall be and continue, subject to any liability which they may have incurred previously to such determination, and as though this Contract had not been determined.

14. Any notice which the said Postmaster General, or his successors, shall require to serve on the said Contractors shall be deemed to be duly served when the same is delivered at the office of the said Company in Dunedin, or to the master of either of the said steam-ships employed or used by the Contractors under this Contract.

15. For the faithful performance of all the covenants, stipulations, and agreements herein-before contained, the Contractors bind themselves, and himself respectively, in the sum of £4,000 (four thousand pounds sterling), to be paid to our Sovereign Lady the Queen, Her heirs, and successors, by way of stipulated or ascertained damages, in manner following, that is to say, the sum of £2,000 (two thousand pounds) in case of wilful failure or default on the part of the Contractors in the due performance of this Contract, or any part thereof, in respect of each or either of the said mail services hereby contracted for, that is to say, the service from New Zealand to Melbourne, and the service from Melbourne to New Zealand.

16. And, in consideration of the due and faithful performance by the said Contractors of all the services hereby contracted to be performed by them, the said Postmaster General, on behalf of the Colony of New Zealand, hereby covenants with the said Contractors, their executors, and administrators to pay to them, or to their agent in New Zealand, for the said services, at the rate of £4,475 (four thousand four hundred and seventy-five pounds) for six months, by equal monthly instalments or payments of £745 16s. 8d. (of seven hundred and forty-five pounds sixteen shillings and eight pence), at the Sub-Treasury in Dunedin, on the first day of each month; and also the further sum of £200 (two hundred pounds) for each and every period of twenty-four hours during which either of the steam-ships employed under this Contract shall have been detained at Melbourne by the said Postmaster General, or his agent, under the provisions of the second clause hereof.

17. And further, that during the service hereby contracted for, all mails from New Zealand for Victoria and for Europe shall be delivered by, and at the expense of the said Postmaster General, or his successors in office, at Port Chalmers aforesaid, on board the steam-ship which may be employed or used by the Contractors under this Contract.

18. And further, that all mails which by the terms of this Contract are to be taken by the said Contractors to the Bluff Harbour, or received by them there, shall by and at the expense of the said Postmaster General, and his successors in office, be there taken from, or as the case may require, delivered to the Contractors' steam-ship which may call at Bluff Harbour to deliver or receive such mails.

19. It is lastly agreed by and between the said parties hereto, that the service hereby contracted for, shall commence on the eleventh day of January, one thousand eight hundred and sixty-five, and shall be carried on, and this Contract shall continue in force until determined by notice under the provisions of the thirteenth clause hereof, or until one of said parties hereto shall have given to the other of them three months notice of an intention to determine the same, and until the said three months shall have expired: Provided always that the said service and Contract shall not be determined by such notice as last aforesaid before the eleventh day of July, one thousand eight hundred and sixty-five, except in the case of habitual negligence or wilful default, as herein before provided. In witness whereof the said parties to these presents have hereunto set their hands and seals, the day, month, and year first hereinbefore written.

J. L. C. RICHARDSON.

E. B. CARGILL,

Secretary Otago S.S. Company (Limited.)

Signed by John Larkins Cheese Richardson,
Postmaster General of New Zealand,
for the time being, in the presence of

G. ELLIOTT ELLIOTT,

Secretary General Post Office.

Signed by Edward Bowes Cargill,
Secretary of the Otago Steam Ship Company (Limited),
for and in behalf of said Company, in presence of

ALEXANDER BRICE BANE,

Accountant, Dunedin, Otago.

* NOTE — In the original contract with Messrs. McMechan and Blackwood, it was provided under Clause 2, that the Steamer should remain for the European Mail ninety-six hours, if required, in printing the Contract in the *Government Gazette*, No. 9, of 12th March, 1864, through a clerical error it was made to appear as twenty six hours instead of ninety-six. Tenders were called for a renewal of the service in accordance with the printed copy, and it was not until after this contract with the Otago Steam-Ship Company had been entered into, that the error was discovered.

(SUPPLEMENTARY)

C O R R E S P O N D E N C E

RELATIVE

T H E M A I L S E R V I C E

OF

N E W Z E A L A N D .

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

WELLINGTON.

1865.

(SUPPLEMENTARY)
CORRESPONDENCE
RELATIVE
THE MAIL SERVICE
OF
NEW ZEALAND.

DESPATCH FROM HER MAJESTY'S SECRETARY OF STATE.—CONDITIONS UNDER WHICH
TENDER OF PENINSULAR AND ORIENTAL COMPANY HAS BEEN ACCEPTED FOR AUSTRALIAN
MAIL SERVICE AFTER JANUARY, 1866.

Downing Street,
26th May, 1865.

SIR,—

WITH reference to your Despatch, No. 30, of the 2nd March, I have the honor to transmit for the information and for the consideration of your responsible advisers, copies of two letters from the Board of Treasury, from which you will learn the conditions under which the tender made by the Peninsular and Oriental Steam Navigation Company, for the performance, after January, 1866, of the Australian mail service, has been accepted.

I have, &c.,
EDWARD CARDWELL.

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

MR. PEEL TO SIR F. ROGERS.

Treasury Chambers,
25th May, 1865.

SIR,—

I AM directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, for the information of Mr. Secretary Cardwell, with reference to the letter of this Board of the 15th instant, copy of a letter from the Post-master General, dated the 22nd instant, further relative to the new packet service with the Australian Colonies, and I am to request that you will move Mr. Cardwell to cause the communications suggested by the Post-master General to be made to the Governments of the respective Australian Colonies and of New Zealand.

I am at the same time to state that my Lords entirely concur in the views expressed by Lord Stanley of Alderley.

I have, &c.,
F. PEEL.

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

MR. PEEL TO SIR F. ROGERS.

Treasury Chambers,
15th May, 1865.

SIR,—

WITH reference to the correspondence that has taken place on the subject of calling for fresh tenders for the performance, after January, 1866, of the Australian Mail Service, I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of Mr. Secretary Cardwell, copy of a Letter from the Post-master General, dated 3rd instant, and of their Lordships' Minute thereon, and I am at the same time to add that my Lords regret that, for the reasons given by

(SUPPLEMENTARY.)

Lord Stanley of Alderley, it has not been found expedient to accede to the wishes of South Australia, that the Packets under the new Contract should be required to call on their voyage at Kangaroo Island.

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

I am, &c.,
(Signed)

F. PEEL.

General Post Office,
3rd May, 1865.

MY LORDS,—

Having advertised for Tenders for the Mail Service between Point de Galle and Sydney, New South Wales, in accordance with the authority conveyed to me in your Lordships' letter of the 20th January last, I have received but one offer, and that from the Peninsular and Oriental Steam Navigation Company, the present Contractors. I enclose the Tender and also a copy of a letter which accompanied it.

The Company offer to perform the service—

Once a month for the sum of £120,000 per annum.

Once in four weeks for £130,000 per annum.

Twice a month for £170,000 per annum.

Or once in each fortnight for £184,166 per annum.

These payments are on the understanding that the Packets are not to call at Kangaroo Island, a call which the Contractors do not make at present.

Before recommending the acceptance of the Peninsular and Oriental Company's Tender, I thought it advisable to await the arrival of despatches from the Australian Colonies, communicating the views of the several Colonial Governments with respect to the conditions upon which a new Contract should be concluded.

Replies to the circular despatch from the Colonial Office of the 25th November last, have now been received from Western Australia, South Australia, New South Wales, Queensland, and Victoria.

The Governments of Western Australia and New South Wales agree unconditionally to the conditions proposed by this department.

The Government of Victoria attach to their concurrence certain reservations, but as those reservations fall in with the views of this department, there is no difficulty in admitting Victoria to the benefit of the arrangement.

In the replies from South Australia and Queensland, some stipulations which cannot be entertained are attempted to be made, rendering it necessary to communicate again with those Colonies before it can be said decidedly that they will be parties to the new arrangement.

But on the whole the replies are so far satisfactory, including as they do, full security for the payment by the Colonies of one-half of the subsidy, that I recommend your Lordships at once to authorise the acceptance of the tender of the Peninsular and Oriental Steam Navigation Company.

The Company strongly object to their steamers calling at Kangaroo Island, on account of the increased risk which would attend their navigation; and in a letter received since the tender, they state that, if the call at Kangaroo Island should be insisted upon, they should require an additional subsidy of £15,000 a-year, if the service be monthly, and of £30,000 a-year if it be twice a month. They state, moreover, that they should require an additional day both on the outward and homeward voyage.

The highest amount which the Government of South Australia has expressed its willingness to contribute, by reason of the steamers calling at Kangaroo Island, is £5000 a-year. But even supposing that they would agree to pay a moiety of the additional subsidy of £15,000 a-year, I am not disposed to advise that the other moiety should be paid by this country.

Besides the objection I feel to the increased cost, and not to speak of the risk to which the whole of the mails and passengers for Australia would be exposed by touching at Kangaroo Island, I think the effect of the diminished interval for replies in New South Wales and Queensland would be very serious, and, under these circumstances, I cannot recommend your Lordships to accept this part of the Company's offer.

The Company, in the letter accompanying their tender, state that the terms demanded are based on the understanding that penalties and premiums shall remain as in the existing contract, but they add that they are quite willing to agree to the omission of the penalty and premium clause.

I am of opinion, however, that it will be desirable to retain that clause, notwithstanding that during the last three years the amount of premiums earned has much exceeded the amount of penalties inflicted.

The subsidy now paid for a service once a month is £134,672 per annum, and therefore by the acceptance of the present tender, the diminution of charge for a similar service would be £14,672 a-year; or if the service were made once in four weeks of £4672 a-year.

I have, &c.,
(Signed) STANLEY OF ALDERLEY.

COPY OF TREASURY MINUTE, DATED 11TH MAY, 1865.

Write to the Post-master General that my Lords are pleased, in compliance with the recommendation contained in his Lordship's letter of the 3rd instant, to authorise him to accept the Tender

of the Peninsular and Oriental Steam Navigation Company to perform the Mail Service between Point de Galle and Sydney, New South Wales, once a month for the sum of £120,000 per annum; once in four weeks for £130,000 per annum; twice a month for £170,000 per annum; or once in each fortnight for £184,166 per annum, leaving the question to be hereafter determined as to which service is the one which it will be expedient to carry out, such service to commence on the 1st February, 1866, and to continue in force until the expiration of a 24 calendar months' notice, to be given in writing at any time by either party.

My Lords concur in opinion with the Post-master General as to the inexpediency of requiring the vessels to call on their voyage at Kangaroo Island, inasmuch as there would be involved thereby a very considerable increase of expenditure, risk to the mails and passengers for Australia, and a diminution of the interval for replies to the correspondence of New South Wales and Queensland.

State in conclusion that my Lords agree with his Lordship that it will be desirable to retain in the new Contract the clauses exacting penalties and granting premiums, as in the existing Contract.

Transmit to Sir F. Rogers, for the information of Mr. Secretary Cardwell, with reference to the correspondence that has taken place on the subject of calling for fresh tenders for the performance, after January, 1866, of the Australian Mail Service, copy of the Post-master General's letter of the 3rd instant, and of their Lordship's Minute thereon, adding at the same time that my Lords regret that for the reasons given by Lord Stanley of Alderley, it has not been found expedient to accede to the wishes of South Australia, that the Packets under the new Contract should be required to call on their voyage at Kangaroo Island.

General Post Office,
22nd May, 1865.

MY LORDS,—

ACTING on the authority conveyed to me by your Lordships, I have now accepted the Tender made by the Peninsular and Oriental Steam Navigation Company for the conveyance, for a subsidy somewhat lower than that now paid, of the Mails between Point de Galle and Sydney, after the termination of the existing contract, and I beg to suggest that the several Colonial Governments concerned should be informed accordingly, and be told also that of the alternatives which the Tender allows, that which, in the first instance at least will be adopted, will be a monthly service. Further, that as it is under consideration to make the India service, concurrently with an increase of the rate of postage to India, weekly instead of four times in the calendar month, and as it is possible that this change will be made by the time that the new Australian contract comes into operation, if not earlier, it is likely also that of the two monthly services to Australia, that of a service every four weeks will be chosen, so as still to render the Indian packets available for the conveyance of Mails to Australia, it being added that even for this increased service, the payment under the new contract will be somewhat less than that now made. When the contract is signed, a copy will be sent to each Colony.

In your Lordships' letter of the 16th November last, you forwarded for my information a copy of a letter which you had addressed to Mr. Secretary Cardwell, requesting him to cause the Governments of the Australian Colonies and New Zealand to be apprized of the course intended to be pursued in regard to calling for Tenders for the Australian Packet Service, at the same time informing them that, before you authorized any Tender to be accepted, you would require that the consent of the Colonies should be given to pay jointly one-half of the cost, with the understanding that, if any Colony or Colonies should withhold its or their consent, the others would make good the deficiency.

Your Lordships have since forwarded to me the replies received from the several Colonies to the despatch sent from the Colonial Office, in conformity with your request, and these replies, as I have already had occasion to state, secure to the Mother Country a payment by the Colonies of one-half of the subsidy.

The Governments of New South Wales, Tasmania, and Western Australia, have acceded to the arrangement on the terms proposed.

The Government of Victoria makes stipulations; but, as it fortunately happens that none of these stipulations are at variance with the provisions which have been made, independently by the Mother Country, this Colony can be admitted into a participation of the arrangement.

I have no objection to the appointment of a Sorting Clerk, with an Assistant, on board each of the Packets between Point de Galle, or King George's Sound (as may be preferred) and Melbourne, or any other port of call in Australia; but, as it is objectionable to withdraw the Naval Agent, especially considering that on his report the question of penalties for delay chiefly depends, the Colony of Victoria will have to pay the Peninsular and Oriental Steam Navigation Company for the additional passages and accommodation required.

I propose that it be left to the Government of Victoria to negotiate with the other colonies on this subject, and to carry the plan into operation.

There are few other minor matters on which the Government of Victoria express a wish, though they do not make any stipulations regarding them. In these matters it will be my desire, as far as practicable, to comply with such wish.

With respect to the observations of the Chief Secretary of Victoria in his minutes to the Governor, on the subject of the charge to be made against the Colonies for the conveyance of the Mails between England and Point de Galle, I am unable to advise your Lordships to agree to any departure from the arrangements already in force in this respect.

It seems curiously to have escaped the notice of Mr. McCulloch, that precisely the same objection which he makes to paying part of the cost of the packets which also convey the letters for India,

4 SUPPLEMENTARY CORRESPONDENCE TO MAIL SERVICE.

might be made by the Indian Government against paying any part of the cost of the packets conveying as far as Galle the Mails for Australia.

Your Lordships will, of course, communicate to the Government of South Australia the decision arrived at, that the packets are not to call at Kangaroo Island. The contractors object to such call on account of the increased risk which would attend the navigation of their packets, and demanding, if the call at Kangaroo Island were to be insisted upon, an additional subsidy of £15,000 a-year, and further requiring an additional day both on the outward and homeward voyage.

It is important that the Government of South Australia should be required to state, not later than by the mail which will leave Australia in October and arrive in England in December, whether or not they abide by their stipulation on this point or are prepared to waive it.

If they do abide by it, they cannot be admitted into participation of the arrangement, and I propose that, in such case, the postage of letters to and from South Australia be raised to 1s. 6d. per half ounce (a charge which I think will make the South Australian portion of the service self-supporting), with the understanding that your Lordships will consider yourselves at full liberty to raise the postage still higher, or even to give orders that at no rate of postage shall any letters for South Australia, except official despatches, be sent by the mail packets.

In the minutes of the Executive Council of Queensland it is stated that the Colony is willing to pay its fair share of any mail subsidy approved by the Imperial Government, but that it cannot engage to make good the possible deficiencies which may arise from other Colonies declining to agree to the proposed renewal of a similar arrangement. Such a reservation, however, cannot be allowed.

The Governments of those Colonies which receive the bulk of the correspondence have already agreed to the arrangement on the terms specified, and it is probable that all the other Colonies will in the end signify their acquiescence; but, be this as it may, it is absolutely necessary that one-half of the subsidy should be paid by the Colonies jointly, and this can only be secured by the proviso to which the Governor of Queensland has objected.

As in the case of South Australia, therefore, the Government of Queensland should be required to state by the Mail which will leave in October next, whether they agree unconditionally to the arrangement on the terms proposed to them, and apprized that if they do not, it will be necessary to adopt with respect to Queensland the same measures as those specified in the case of South Australia.

With respect to a second Monthly Mail, by the way of Torres Straits, as there is now no early prospect of a second Monthly Mail to Australia (except that by way of Panama), it seems unnecessary to notice the remarks on this point in the reply from Queensland. But, even if there were such a prospect, I could not advise your Lordships, for reasons already given, to contribute towards the cost of a Mail *via* Torres Straits.

The foregoing remarks (except those relating to Torres Straits) apply equally to the Colony of New Zealand. The Government of that Colony will, of course, be at liberty to negotiate with the other Australian Governments on the subject of the cost of the contemplated Service by way of Panama; but I strongly advise that the Mother Country should take no part in those negotiations, and should decline to do more in respect to that Service than your Lordships have already expressed your willingness to authorize.

I have, &c.,

(Signed)

STANLEY OF ALDERLEY.

The Lords Commissioners of the Treasury.