

1880.
NEW ZEALAND.

SUEZ MAIL SERVICE

(PAPERS RELATING TO).

[In continuation of Papers presented on 6th July, 1876.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The SECRETARY of STATE for the COLONIES to His Excellency the GOVERNOR.

SIR,—

Downing Street, 4th June, 1879.

With reference to my circular despatch of the 17th of May, I have the honor to transmit to you, for the information of your Government, copy of the draft* of a contract which is about to be entered into between the Government of Victoria and the Peninsular and Oriental Steam Navigation Company, for a fortnightly mail service between Ceylon and Melbourne.

Although Her Majesty's Government are not parties to the contract, I may observe that the provision which it makes for the conveyance of the mails of the Colonies of Western Australia and South Australia appears to be adequate, and to justify the liberal terms conceded by Her Majesty's Government in regard to the postage receipts.

The Officer Administering the Government of New Zealand.

I have, &c.,

M. E. HICKS BEACH.

No. 2.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the HON. the POSTMASTER-GENERAL, Wellington.

Post Office and Telegraph Department, General Post Office,

SIR,—

Melbourne, 15th August, 1879.

I have the honor, by direction of the Postmaster-General, to transmit herewith for your acceptance a copy of a mail contract entered into by this Government with the Peninsular and Oriental Steam Navigation Company for the conveyance of mails between Melbourne and Point de Galle or Colombo during the period from 1st February, 1880, to 31st January, 1888.

I have, &c.,

The Hon. the Postmaster-General,
Wellington, New Zealand.

F. W. JACKSON,
Deputy Postmaster-General.

Enclosure in No. 2.

ARTICLES of AGREEMENT made this second day of August, one thousand eight hundred and seventy-nine, between the Honorable James Brown Patterson, as Her Majesty the Queen's Postmaster-General of the Colony of Victoria, and for and on behalf of Her Majesty's Government of the said Colony of Victoria, of the one part, and the Peninsular and Oriental Steam Navigation Company, hereinafter called "the Company," of the other part.

WITNESS that the Company for themselves and their successors hereby covenant with the said Postmaster-General and his successors, Her Majesty's Postmasters-General for the Colony of Victoria for the time being; and the said Postmaster-General, for and on behalf of Her Majesty's Government of the said colony, doth hereby covenant with the Company, in manner following (that is to say):—

1. That 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 hereof, provide, keep seaworthy and in complete repair and readiness for the purpose of conveying, as hereinafter provided, all Her Majesty's mails (in which term "mails," used throughout this agreement, all boxes, bags, or packets of letters, newspapers, books, or printed papers, and all other articles 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,

* Not published. For copy of signed contract see Enclosure in No. 2.

are agreed to be comprehended) 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, between Melbourne, in Victoria, and Point de Galle or Colombo, as hereinafter provided, in Ceylon, by way of and calling at King George's Sound, in the Colony of Western Australia, and also by way of and calling at Glenelg, in the Province of South Australia, or, at the option of the Postmaster-General, at the Semaphore, in the same province, a sufficient number of good, substantial, and efficient steam-vessels of adequate power, and supplied with first-rate appropriate steam-engines.

2. Every vessel carrying mails under this agreement shall, on entering or leaving Port Phillip Bay, in Victoria, weather permitting, stop to deliver or to receive alongside the vessel the Geelong mails and such other mails as the Postmaster-General may direct, at Queenscliff, the time occupied in such stoppage not to be reckoned in the running time of the voyage.

3. That the vessels to be employed under this agreement shall be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire-pumps and other proper means of extinguishing fire, lightning-conductors, charts, chronometers, nautical instruments, and whatsoever else may be requisite for equipping the said vessels and rendering them constantly efficient for the service hereby agreed to be performed, and also manned and provided with competent officers with appropriate certificates, granted pursuant to the Act or Acts of the Imperial Parliament of Great Britain and Ireland in force for the time being relative to the granting of certificates to officers in the merchant service, with a competent surgeon, and with a sufficient number of efficient engineers and a sufficient crew of able seamen and other men, to be in all respects, as to vessels, engines, equipment, officers, engineers, and crew, subject in the first instance and from time to time and at all times afterwards to the approval of the Postmaster-General or of such person or persons as he shall at any time or times or from time to time authorize to inspect and examine the same.

4. 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 employed under this agreement 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. The Company shall also, if required by the Postmaster-General so to do, convey free of cost, on such parts of the voyage as he may direct, one or two mail-agents, to be berthed and messed as first-class passengers. The duties of such mail-agent or mail-agents shall be to take charge of and sort the mails, and he or they shall have no power of control over the commander of the vessel conveying the said mails.

5. That one of such vessels so approved, equipped, and manned as aforesaid shall, once in every fourteen days, and on such days and at such hours as shall be fixed by the Postmaster-General upon or after the day hereinafter appointed for the commencement of this agreement (until and unless any other days or hours shall, under the proviso herein in that behalf contained, be substituted instead thereof), and immediately after the mails are embarked, put to sea from the Ports of Melbourne and Point de Galle or Colombo, as the case may be, respectively; 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 hereinbefore mentioned 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 or under the direction of the Postmaster-General or any of his officers or agents.

6. That, 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 mails are to be conveyed under this agreement, he shall be at liberty so to do on giving three calendar months' previous notice in writing of such his desire to the Company; and the Company shall observe, perform, fulfil, and keep such altered days, times, and hours.

7. That, should it be deemed by the Postmaster-General 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 or telegram 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; and the said Postmaster-General, his officers or agents, shall have power, to be exercised in writing as aforesaid, to delay the departure of any vessel employed under this agreement from Point de Galle or Colombo, as the case may be, until the mails from England are placed on board.

8. All mails conveyed by the Company in pursuance of this agreement from Point de Galle or Colombo, as hereinafter provided, to Melbourne shall be conveyed by way of King George's Sound, and also by way of Glenelg or the Semaphore, as the Postmaster-General may direct; and the voyage from Point de Galle or Colombo, as the case may be, to Melbourne shall be completed in four hundred and fifty-six hours, inclusive of the stoppages at King George's Sound and Glenelg or the Semaphore, which stoppages shall not, together, exceed twenty-four hours.

9. All mails conveyed by the Company in pursuance of this agreement from Melbourne to Point de Galle or Colombo, as the case may be, shall be conveyed by way of Glenelg or the Semaphore, as the Postmaster-General may direct, and also by way of King George's Sound; and the voyage from Melbourne to Point de Galle or Colombo shall be completed in four hundred and fifty-six hours, inclusive of the stoppages at Glenelg or the Semaphore and King George's Sound, which stoppages shall not, together, exceed twenty-four hours.

10. The Company further agree that, so long as Her Majesty's mails are conveyed from Brindisi

to Point de Galle or Colombo under the provisions of the contract of the seventh day of February, one thousand eight hundred and seventy-nine, the Company will convey the mails from Brindisi to Melbourne in eight hundred and ninety-five hours, inclusive of stoppages, and from Melbourne to Brindisi in nine hundred and ten hours, inclusive of stoppages, except during the prevalence of the south-west monsoon, when forty-eight hours additional shall be allowed for the conveyance of the mails from Melbourne to Brindisi. And if the Company shall fail to convey the said mails from Brindisi to Melbourne, and from Melbourne to Brindisi, in the periods respectively above stipulated, then in every such case, and so often as the same shall happen, the Company shall forfeit and pay to Her Majesty, her heirs and successors, the sum of one hundred pounds for every complete period of twenty-four hours consumed on the respective voyages beyond the periods hereinbefore respectively specified: Provided always that the full amount of such sums payable on any one voyage shall never exceed the portion of the sum of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage; and provided further that the payment of any such sum 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 had not and could not have had any control.

11. The Postmaster-General doth hereby agree to pay to the Company a premium of fifty pounds for every complete period of twenty-four hours by which the time occupied in the conveyance of the mails from Brindisi to Melbourne and from Melbourne to Brindisi shall be less than the times stipulated in clause 10.

12. Should the Postmaster-General desire so to do, he may, by notice in writing under his hand, to be given at any time before the first day of February, one thousand eight hundred and eighty, substitute for the stipulation in clause 10 as to penalties the following stipulation: that is to say, that if the Company shall fail to convey the said mails from Point de Galle or Colombo, as the case may be, to Melbourne in four hundred and fifty-six hours, or from Melbourne to Point de Galle or Colombo, as the case may be, in four hundred and fifty-six hours, under the conditions specified in clauses 8 and 9, then in any of such cases, and so often as the same shall happen, the Company shall forfeit and pay to Her Majesty, her heirs and successors, the sum of one hundred pounds for every complete period of twenty-four hours consumed on the respective voyages beyond the periods hereinbefore respectively specified: Provided always that the full amount of such sums payable on any one voyage shall never exceed the portion of the sum of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage; and provided further that the payment of any such sum 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 had not and could not have had any control. And in case the Postmaster-General shall decide to adopt the system of penalties specified in this clause, then and in that case there shall be substituted for the stipulation in clause 11 as to premiums the following stipulation: that is to say, that the Postmaster-General shall pay to the Company a premium of fifty pounds for every complete period of twenty-four hours by which the time occupied in the conveyance of the mails from Point de Galle or Colombo to Melbourne, and from Melbourne to Point de Galle or Colombo, shall be less than the time stipulated in clauses 8 and 9 respectively. In computing the time occupied from Point de Galle or Colombo to Melbourne or *vice versa* five hours shall be allowed for difference of longitude on the voyage from Point de Galle or Colombo to Melbourne, and the same shall be deducted on the voyage from Melbourne to Point de Galle or Colombo.

13. That if the Company fail to provide an efficient vessel at Point de Galle or Colombo, as the case may be, or Melbourne 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 five hundred pounds, and also the further sum of one hundred pounds for every successive twenty-four hours which shall elapse until such vessel actually proceeds to sea on her voyage in the performance of this agreement: Provided always that the aggregate amount of the penalties to be recoverable under this clause in respect of any one voyage or contemplated voyage shall not exceed by more than the sum of two thousand pounds the proportion of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage.

14. That during the continuance of this agreement the commanders of the vessels to be employed for the time being in carrying the mails under this agreement shall take due care of, and the Company shall be responsible for, the receipt, safe custody, and delivery of the said mails; and each of such masters or commanders shall make such oath or declaration or declarations now lawfully required or which may hereafter be lawfully 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 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 vessel, deliver all mails for such port or place into the hands of the Postmaster or other person at such port or place as 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.

15. That 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 carrying the mails under this agreement any letters for conveyance other than those carried under this agreement in charge of the said commander or other person authorized to have charge of the said mails, or which are or may be privileged by law; nor shall any mails be conveyed by the Company between Point de Galle or Colombo, as the case may be, and any of the Australasian Colonies or New Zealand, for or on behalf of any colony, province, or foreign country, save those carried under this agreement, without the consent in writing of the Postmaster-General; and the whole postage of every mail conveyed between the places herein mentioned shall, under all circumstances, be at the disposal of the Postmaster-General.

16. So long as Point de Galle continues to be the port in the Island of Ceylon to and from which the mails are conveyed under the contract between the Imperial Government and the Company, the Company's steamers employed under this present agreement shall run to and from Point de Galle; but as soon as Colombo shall have been substituted for Point de Galle as the port of call under the

Imperial contract, the Company's steamers employed under this agreement shall run to and from Colombo, instead of Point de Galle.

17. That the Postmaster-General shall have full power whenever and as often as he may deem it requisite to survey by any of his officers or agents all or any of the vessels employed and to be employed in the performance of this agreement, and hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, equipments, and the officers, engineers, and crew of every such vessel; and any defect or deficiency that may be discovered on any such survey shall be forthwith repaired or supplied by the Company; and if any of such vessels or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments shall on any such survey be declared by any of such officers or agents unseaworthy or not adapted to the service hereby agreed to be performed, every vessel which shall be disapproved of, or in which such deficiency or defect shall appear, shall be deemed insufficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of mails until such defect or deficiency has been repaired or supplied to the satisfaction of the Postmaster-General.

18. That 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.

19. That all and every the sums of money hereby stipulated to be forfeited or paid by the Company unto Her Majesty, her heirs and successors, shall be considered as stipulated or ascertained damages, whether any damage or loss have or have not been sustained, and shall and may be retained and deducted by the Postmaster-General out of any moneys payable or which may thereafter become payable to the Company.

20. And in consideration of the due and faithful performance by the said Company of all the services hereby agreed to be by them performed, the said Postmaster-General doth hereby agree that there shall be paid at Melbourne to the said Company by Her Majesty's Government of Victoria, so long as the Company perform the voyages and services herein contracted to be performed, a sum of money after the rate of eighty-five thousand pounds per annum in equal quarterly payments on the first day of April, the first day of July, the first day of October, and the first day of January in each year, and shall accrue due from day to day; and the said payments shall be received by the said Company as full compensation for all costs and expenses which they may incur or be put unto by reason or on account of all and singular the services hereby contracted to be performed, subject, however, to the abatement or deduction of any sums of money in respect of forfeitures which the said Company may have incurred, or to the addition of any sums in respect of premiums as the case may be, as herein provided.

21. The contractors shall have no claim to any postage nor to any payment on account thereof for mails carried under this contract except as herein provided.

22. That this agreement shall commence on and from the first day of February, one thousand eight hundred and eighty, and shall continue until the thirty-first day of January, one thousand eight hundred and eighty-eight, and shall then determine if the Postmaster-General shall by writing under his hand have given to the Company, or if the Company shall have given to the Postmaster-General, twenty-four calendar months' notice that this agreement shall so determine; but if neither the Postmaster-General nor the Company shall give any such notice, this agreement shall continue in force after the thirty-first day of January, one thousand eight hundred and eighty-eight, until the expiration of a twenty-four calendar months' notice in writing as aforesaid, which may be given by either of the said parties hereto to the other of them, and which last-mentioned notice may be given on or at any time after the thirty-first day of January, one thousand eight hundred and eighty-six. This agreement shall then determine accordingly, without prejudice nevertheless to any right of action or other proceeding which shall then have accrued to either party for any breach thereof.

23. And it is hereby further agreed that in case the Company shall fail to commence the performance of the services herein agreed to be by them performed on the first day of February, one thousand eight hundred and eighty, or the first day thereafter which the Postmaster-General may fix as the day of sailing, then and in such case the Company shall forfeit and pay unto Her Majesty, her heirs and successors, the sum of five hundred pounds, and also the further sum of one hundred pounds for every successive period of twenty-four hours which shall elapse until the actual and *bonâ fide* commencement of the performance by the Company of the services herein agreed to be by them performed: Provided always that the total amount of the penalties to be incurred by the said Company by reason of such failures as aforesaid respectively shall not exceed the sum of fifteen thousand pounds.

24. That if on the determination of this agreement any vessel or vessels should have started or should 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 and services shall have reached their port or place of destination and been performed.

25. It shall be lawful for the Postmaster-General, by writing under his hand, at any time and from time to time to delegate any of the powers vested in him by virtue of this agreement to such person or persons as he may think fit.

26. The Company shall not convey in any vessel employed by them in pursuance of this agreement any nitro-glycerine or any other article which shall have been legally declared "specially dangerous" either in England or Victoria.

27. The Company shall undertake for themselves all arrangements relative to quarantine.

28. That 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, 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 Melbourne, or at their or any of their last-known places of business or abode in Melbourne; 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 Melbourne.

29. The Company shall not assign, underlet, or dispose of this agreement, or any part thereof, without the consent of the Postmaster-General, signified by writing under his hand. And, in case of the same or any part thereof being assigned, underlet, or otherwise disposed of, or of any breach of clause 15 of this agreement, or of any great or habitual breach of this agreement, or of 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, by writing under his hand, to determine this agreement without any previous notice to the Company or their agents, and without any claim on the part of the Company to compensation.

30. If at any time during the continuance of this agreement, or after the determination thereof, any dispute shall arise between the parties to these presents 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 any matters and things in anywise relating thereto, 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 on 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 on both parties: Provided that, in case of either party failing to choose an arbitrator within two months after receipt of notice to arbitrate, or in case of the chosen arbitrators failing to choose an umpire within two months of their failure to agree, then the Chief Justice of the Colony of Victoria for the time being shall nominate an umpire, by writing under his hand, whose award shall be final and conclusive on all parties. And every such arbitration shall be held in Melbourne aforesaid.

31. Any submission to arbitration in pursuance of this agreement shall be made a rule of the Supreme Court of the Colony of Victoria, pursuant to the Statute in that case made and provided, on the application of either party.

32. And for the due and faithful performance of all and singular the covenants, conditions, provisoes, clauses, articles, and agreements hereinbefore contained, and which on the part and behalf of the said Company, their officers, agents, or servants, are or ought to be observed, performed, fulfilled, and kept, the said Company do hereby bind themselves and their successors unto Her Majesty in the sum of fifteen thousand pounds sterling, to be paid to Her Majesty, her heirs and successors, by way of stipulated or ascertained damages, hereby agreed upon between the Postmaster-General and the said Company, in case of the failure on the part of the Company in the execution of this contract or any part thereof.

33. The words "Postmaster-General" herein shall mean the Postmaster-General of the Colony of Victoria for the time being, or the Responsible Minister of the Crown for the time being administering the Post Office Department.

In witness whereof the said James Brown Patterson, Her Majesty's Postmaster-General of Victoria, has hereunto set his hand and seal, and the Company its common seal, the day and year first above written.

Signed, sealed, and delivered by the above-named James Brown Patterson, in the presence of—

R. A. SUTHERLAND,
Solicitor, Melbourne.

J. B. PATTERSON.

(L.S.)

Signed, sealed, and delivered by the Peninsular and Oriental Steam Navigation Company, by its duly-constituted agent and attorney in that behalf, Franklin Richardson Kendall, in the presence of—

R. A. SUTHERLAND.

The Peninsular and Oriental Steam Navigation
Company, by its Attorney—
FRANKLIN RICHARDSON KENDALL. (L.S.)

No. 3.

Mr. GRAY to the DEPUTY POSTMASTER-GENERAL, Melbourne.

SIR,—

General Post Office, Wellington, 8th September, 1879.

I have the honor, by direction of the Postmaster-General, to acknowledge with thanks the receipt of your letter of the 15th ultimo, enclosing a copy of the mail contract entered into by your Government and the Peninsular and Oriental Steam Navigation Company for the conveyance of mails by the Company between Melbourne and Point de Galle or Colombo, from the 1st February, 1880, to the 31st January, 1888.

I have, &c.,

The Deputy Postmaster-General, Melbourne.

W. GRAY,
Secretary.

No. 4.

The Right Hon. the SECRETARY of STATE to His Excellency the GOVERNOR.

SIR,—

Downing Street, 26th August, 1879.

I have the honor to transmit to you, for your information and for that of your Government, a copy of a letter from the Treasury, with its enclosures, respecting the contract which has been entered into for a period of eight years between the Peninsular and Oriental Company and the Government of Victoria for a fortnightly mail service between Ceylon and Melbourne, calling at King George's Sound and Adelaide, to commence on the 1st of February next.

Governor Sir Hercules Robinson, G.C.M.G., &c.

I have, &c.,

M. E. HICKS BEACH.

Enclosure in No. 4.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, 18th August, 1879.

I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of Secretary Sir Michael Hicks Beach, copies of a letter from the Postmaster-General, dated the 14th instant, and of the letter from the Peninsular and Oriental Steam Navigation Company enclosed therein (with two of the printed enclosures) respecting the contract which has been concluded between that Company and the Government of Victoria for the conveyance of mails between Ceylon and Melbourne, calling at King George's Sound and Adelaide.

I have, &c.,

WILLIAM LAW.

R. G. W. Herbert, Esq., Colonial Office.

Sub-Enclosure 1 to Enclosure in No. 4.

The GENERAL POST OFFICE to the TREASURY.

MY LORDS,—

General Post Office, 14th August, 1879.

I have received from the Peninsular and Oriental Steam Navigation Company a letter announcing that a contract has been concluded between that Company and the Government of Victoria for the conveyance of mails between Ceylon and Melbourne, calling at King George's Sound and Adelaide, by a fortnightly service, commencing on the 1st of February next.

The Directors have sent me some copies of a letter which they addressed with their tender to the Agent-General for the Government of Victoria, and have expressed a wish that copies might be placed in your Lordship's hands, and those of Her Majesty's Secretary of State for the Colonies.

I have the honor accordingly to send your Lordships a copy of the Company's letter, together with four copies of the enclosure referred to.

I have, &c.,

JOHN MANNERS.

The Lords Commissioners of Her Majesty's Treasury.

Sub-Enclosure 2 to Enclosure in No. 4.

The PENINSULAR AND ORIENTAL COMPANY to the SECRETARY, General Post Office, London.

Peninsular and Oriental Steam Navigation Company's Offices,
122, Leadenhall Street, London, E.C., 6th August, 1879.

SIR,—

I have the honor to acquaint you, for the information of the Postmaster-General, that the Directors have received a telegram from the Company's agent at Melbourne to the effect that the Government of Victoria have signed a contract with this Company for the conveyance of mails between Ceylon and Melbourne, calling at King George's Sound and Adelaide, by a fortnightly service, commencing on the 1st of February next. This contract is for a period of eight years, and, as you are already doubtless aware, it is to be worked in connection with the new contract for the India and China mail services.

2. As soon as the Directors receive the contract from Australia, they will hand you a copy of the same for the information of your department. Meantime, in view of the fact that there seems to have been an attempt made by some of the Company's opponents to misrepresent the position both of the Government and the Company in reference to the Eastern mail contracts, the Directors think it may perhaps be useful to you to be put in possession of the reasons upon which the Company based their tender to the Government of Victoria, as you are already fully acquainted with those which actuated them in tendering for the India and China services from the letters addressed to you which accompanied these tenders. I am therefore desired to hand you the enclosed copy of a letter addressed by the Directors to the Agent-General of the Government of Victoria on the occasion of transmitting their tender to that Government for the Australian mail service, for which the contract has just been signed, and you will observe that the Directors therein not only explain the grounds on which they made their proposals for a fortnightly service between Ceylon and Australia, but they also dealt with the whole question of mail communication with that country, about which, as you are aware, there has been from time to time much controversy.

3. The Directors need scarcely remind you that great jealousy and diversity of opinion has existed between the different colonies on this question of mail communication; a state of things which has hitherto been prejudicial to the regular and periodic movement of correspondence, inasmuch as none of the routes employed have succeeded in dovetailing with each other so as to effect exact fortnightly services. It was the desire of the Directors to make such a proposal for a new service as would have the effect of harmonizing the postal interests of all the Australian Colonies; and they venture to believe that, by the regular fortnightly service which is now contracted for, this object will certainly be effected, to the great advantage of commercial as well as general interests. It will be perceived that

in their desire to carry out this improvement, which they also consider necessary to the consolidation of the Company's business with Australia, the Directors offered the Government such terms as could not but be found financially satisfactory; but in doing this the Directors simply offered the same conditions which they would have submitted to the Imperial Government had this service been combined with the India and China contract.

The Directors would ask the favour of your transmitting a copy of this letter and its enclosure to the Treasury and the Colonial Office.

I have, &c.,

A. M. BETHUNE,
Secretary.

The Secretary, General Post Office.

Sub-Enclosure 3 to Enclosure in No. 4.

The PENINSULAR AND ORIENTAL COMPANY to the AGENT-GENERAL for VICTORIA.

Peninsular and Oriental Steam Navigation Company,
122, Leadenhall Street, London, E.C., 12th February, 1879.

SIR,—

In compliance with the invitation of the Government of Victoria, the Directors of this Company now request me to submit for consideration the accompanying tender to perform a fortnightly mail service between Colombo and Melbourne for a period of eight years, commencing on the 1st February, 1880, for the annual subsidy of £85,000.

2. In submitting this tender the Directors deem it advisable to explain their reasons for confining themselves to this single offer instead of availing themselves of the opportunity of putting forward alternative proposals, which your Government have notified their willingness to consider.

3. In the first place the Directors would state that, having regard only to the present position of the Company's business in connection with the Australian Colonies, it would be more to their interest simply to maintain the existing monthly mail service upon fair terms of remuneration than to aim at the immediate extension of the Company's operations. But, in looking forward to a contract of eight years' duration, the Directors must necessarily consider many future contingencies, and in doing so it appears to them sufficiently clear that the Company cannot hope to maintain their present revenue and prestige by means of a monthly communication only. Under these circumstances, if their invitation to tender had been limited to that point, the Directors would have found it extremely difficult to decide what would have been in the future a suitable subvention for the present monthly service. On the other hand, the Directors may reasonably hope that by converting the monthly into a fortnightly communication the Company will command increased receipts; and it is under this expectation that the Directors have framed the estimates upon which the tender now before you is based. In the very low price which the Directors ask for the new service it will at once be seen that in their calculations they have credited your Government by anticipation with a very considerable share of the additional income which they hope to realize by doubling the line. In availing themselves, therefore, of the permission accorded by the conditions of tender to offer for a fortnightly service, the Directors venture to believe that they are doing their utmost to afford the colonies the most efficient and economical service which it is in their power to obtain.

4. In giving the preference to the route from Colombo instead of Aden the Directors have carefully considered the question of connecting the mail service directly with the latter port. They admit that geographically there is a saving of distance (though not important in proportion to the length of the voyage from Australia to England); but this saving would practically be only in favour of the run from Australia, while the advantage thus gained would be neutralized by the fact that the mails would not arrive any sooner at Brindisi than if they were carried *via* Ceylon. As regards the outward service, the steamers leaving Aden during the south-west monsoon would shape a course so close to Ceylon that their calling at Colombo would then hardly amount to a deviation; while by lying at Aden some three weeks the steamers would certainly become covered with grass to such an extent as would considerably affect their rate of speed. It must be remembered there is no dry dock at Aden in which to clean and repair steamers; and, though the same may be said of Colombo, yet from that port the steamers can, if necessary, proceed to Bombay for the purpose of being docked, as you are aware they do at present, so that the mails may be delivered in Australia as quickly as possible.

5. The Directors have therefore no hesitation in saying that Aden would not be so advantageous a termination as Colombo for the Australian mail service. But, apart from the reasons for this opinion just expressed, they fear that the additional expense of such an arrangement would be a fatal disadvantage. The Directors estimate that the additional cost of the Aden as compared with the Colombo line, if carried out once a fortnight, would amount to something like £55,000 per annum, and the subsidy would therefore not only require to be increased by that amount, but by the sum which would be necessary to compensate for the loss of the present Indian traffic, as that traffic would certainly not be secured by the Aden route. This would add an additional £25,000 to the cost of the Aden line. Opinions seem to differ in Australia as to the advantage of a direct connection between that country and so important a part of the Empire as India; but the Directors feel confident that the intercourse arising between those countries by means of a convenient postal communication must prove of the utmost value to both. Moreover, should any contingency arise involving the mother-country in war, the mail line would certainly prove of the highest political importance to both India and Australia. In expressing their opinion on this subject, the Directors do not imply that a connection with India should be allowed to overpower the advantage of the speediest communication with Great Britain, but they submit that the Colombo route possesses both advantages. Equal celerity, infinitely greater cheapness, and the advantage of close contact with India can, in the opinion of the Directors, be claimed for the Colombo line when compared with a service to Aden; and these advantages are not diminished when the comparison is made with the other route by which your Government has invited tenders.

6. The question of tendering for a through mail line between Great Britain and Australia is one to which the Directors have devoted the greatest consideration for some time past, and it may be

expected that they should explain the reasons which have induced them to prefer the development of their present lines to embarking upon any other scheme.

7. The first consideration weighing with the Directors is the fact that your Government evidently desires to establish a sound fortnightly postal scheme, the demand for which is so constantly reiterated both in England and the colonies. They had therefore to apply themselves to the solution of this problem in the most successful and economical form. To show how the through monthly service would, in their opinion, have jarred with the scheme of an efficient and economical fortnightly line, the Directors can most easily explain their views by means of a hypothesis.

8. For this purpose, suppose that your Government, instead of advancing the somewhat exigent scheme of a through line—for which tenders are now invited—had been content to put forward proposals for a line at the speed of eleven knots (which is the speed under the new contract for the Indian mail service), and the conditions had also permitted the steamers to load at other ports as well as at Melbourne, the question the Directors put to themselves is, for what sum they would, with their experience, have undertaken such a service under all the stringent conditions of a mail contract. In very general terms the reply would be, Not less, and probably more, than they now ask for a fortnightly service. But in the event of tendering for such a line the Directors would have had to complete the fortnightly service by tendering also for a monthly line from Colombo. Looking at the present tender for a fortnightly line from Colombo it might then be supposed that the cost of half this work would be the half of £85,000, and thus that the through line would cost about £85,000 and the Colombo line £42,000, making altogether £127,000 for the complete work, or £42,000 more than they now ask for a service which, for postal purposes, the Directors contend would be even more efficient.

9. This assumption would not, however, be correct. The additional cost of the service arranged in two separate divisions would have to be computed at considerably more than £42,000 above the present tender. The reason of this is, that these two services, being arranged on different bases, would be certain to clash with each other in their earning power; and, that being so, it would be necessary to protect the interest of the Colombo line by a higher rate of subsidy than would be required if the line were not interfered with by another mail service, which, even in the Company's hands, would still be a rival undertaking. Such a sum as £42,000 for a monthly line between Colombo and Melbourne would under these circumstances be out of the question, although the Directors are willing to give the fortnightly service in that ratio of payment when the whole work is carried out on the same basis. The cost of the alternative services from Southampton and Colombo would therefore be considerably more than £50,000 in excess of the tender for the fortnightly mail line now submitted. But another important point to notice in connection with the plan of two services differently arranged is, that they would lack that exact comparative regularity which is the very essence of a satisfactory mail service. The Directors need hardly lay stress on this point, because it is one to which your Government must feel keenly alive—namely, that if two mail services are laid along the same route, and for the same object, there should not be a hair's breadth of difference between them in their arrivals and departures. But if one-half of a fortnightly communication is carried out on one plan and the other half upon a different plan, the same absolutely successful working cannot be attained as when the two divisions are exact counterparts of each other, which will be the case in a fortnightly line between Colombo and Melbourne.

10. These observations will serve to explain why the Directors have not thought it wise to complicate the simple and direct offer which they are now making by any proposals of a more expensive and, as they believe, less effectual kind. It must be admitted that it would be impossible to formulate any combination between two different services which would compare in cheapness and regularity with the work which the Directors offer to undertake. This being explained on the theory of a through line similar in speed to that which the Company have recently contracted to perform in their Indian service, and with the liberty to earn freight and passage money by loading at more than one Australian port, it will not be difficult for you to understand that the Directors, as prudent men of business, and having a long experience of such matters, could not see their way to make a tender on the basis of an eight-years contract for a service of so exceptional a character as that proposed by the Victorian Government at the present moment, the speed of which is nearly $11\frac{3}{4}$ knots, the sole loading-port in Australia being that of Melbourne. The Directors cannot see that the large outlay which would be required to provide the vessels necessary for this service (which would be vessels of nearly 5,000 tons and enormous power), and the expense of working these vessels at a very high rate of speed, could be recouped by anything less than an extravagant subsidy and a long period of contract. If it be supposed that such a line would carry everything before it in the Australian trade—especially with only one port to load in—and would thus overwhelm competition so as to be able to work successfully and permanently under the stringent conditions of a mail contract, for a moderate rate of subsidy, the Directors venture to entirely dissent from such an opinion. There is certain to be plenty of competition in the Australian carrying trade, and such a mail line as this, limited to one Australian port for its commercial sustenance, would be opposed very successfully. Such a line would essentially be an extravagant one, and the Directors regret to say that among the travelling public cheapness seems to rank almost before quality. Hence there would be plenty of steamers running at a modest speed; and with two or three ports to engage freight and passengers in, they could more easily make a profit without a subsidy. Beyond all this there would arise the necessity of providing the fortnightly mail communication, and the difficulty already stated of accurately dovetailing two different systems of postal conveyance.

11. The Directors have seen in the Australian newspapers that great stress is sometimes laid upon the advantage of what is called a through mail service; but they venture to assert that the service which they are now offering to perform is superior for that particular purpose to a through line. What is required in carrying mails is to approach as nearly as possible to absolute certainty and regularity; and this result is more likely to be secured throughout a continuous period when a voyage of 12,000 miles is divided into two or more sections than when performed by one vessel. The break in the Company's mail service at Ceylon places a fresh steamer on the line, and renders the work more efficient than if the Southampton steamer proceeded to Australia; while, as far as passengers are concerned, the Directors believe that the transhipment at the new port which is being made at Colombo will not

be an unpleasant change. But the Directors submit with confidence that their experience of the work which can be prudently obtained from mail steamers can hardly be questioned. It is in no spirit of boastfulness that they point to the fact that their steamers have run during the last few years about thirteen millions of miles, not only without serious accident, but scarcely delivering a mail late, so that the India, China, Japan, and Australian mails have been delivered at their respective destinations with almost the same regularity as the Dublin or Paris mails are delivered in London. This result is achieved, not by chance, but by the most careful supervision, and particularly by dividing the work which each steamer has to perform. Less public attention than it deserves may have been bestowed on the Company's work, from the very certainty with which it has been performed; while the admirable passages and occasional mishaps of other steamers have probably given rise to more curiosity and higher expectations. But in looking at the working of any steam line, it will be well to have regard to the slow as well as the exceptional voyages, and to remember that casualties and irregularities are fatal to the commercial interest which a mail service is chiefly instituted to promote.

12. These observations will serve to explain the views of the Directors of this Company on a question to which they have given much attention, and which your Government is now called on to decide. That question really is, the principal future mail route between Australia and Great Britain. When the Directors look back at the history of mail communication with Australia, and the money wasted in promoting postal services, comparatively valueless, *viâ* the Cape of Good Hope, by Panama, San Francisco, and even on the route now occupied by the Company, when the service was placed in the hands of the European and Australian Steam Company, they feel some satisfaction in believing that the Company's performances compare most favourably with these experiments. They are therefore the more confident that the offer now submitted for the continuance and expansion of their work will be viewed as a liberal and enterprising effort on the part of the Company to meet the future postal requirements of the colonies in the most reliable and satisfactory manner—more particularly as the amount of the tender seems to assure to the Government of Victoria an absolute profit on the postage which such a line must secure.

I have, &c.,

A. M. BETHUNE,
Secretary.

The Agent-General for the Government of Victoria, London.

No. 5.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.
General Post Office, Melbourne, 18th November, 1879.

I have the honor, by direction of the Postmaster-General, to forward herewith for your acceptance four copies of time-table showing dates fixed for arrival and departure of English mails by the Peninsular and Oriental Steam Navigation Company's steamers during 1880.

I have, &c.,

F. W. JACKSON,
Deputy Postmaster-General.

The Hon. the Postmaster-General, Wellington,
New Zealand.

No. 6.

Mr. GRAY to the DEPUTY POSTMASTER-GENERAL, Melbourne.

SIR,— General Post Office, Wellington, 29th December, 1879.

I have the honor to acknowledge the receipt of your letter of the 18th ultimo, forwarding four copies of the time-table for 1880 for the mail service between Melbourne and Colombo; and to inform you that this Colony will only avail itself of the services which connect with vessels of the Union Steamship Company under contract with this Department, and which will be the alternate services, commencing with despatch from Melbourne on January 23rd, and from London on January 16th, 1880. I beg to enclose six copies of the time-table for the San Francisco and Colombo services with New Zealand for next year.

I have, &c.,

W. GRAY,
Secretary.

The Deputy Postmaster-General, Melbourne.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1880.

