

Sydney, calling at King George's Sound for West Australia, and Kangaroo Island, Napier Bay, for Adelaide and South Australia, on the outward and homeward voyages.

2. Six days to elapse between the day fixed for the arrival at and departure from Sydney.

3. The period between the time of departure from Great Britain and arrival at Sydney, and of the return, not to exceed 55 days.

4. The contract to be for a period of seven years.

5. The tenders to specify the size, power, and description of the vessels, and the ports or places, if any, other than those above-named, at which it is intended that the vessels shall stop for coaling; not less than six vessels to be provided for the service.

6. Every vessel intended to be used in the service, shall be subjected to a severe test, under the directions of the Admiralty, in order to prove its power and capability to perform the service undertaken within the stipulated period; and no vessel to be permitted to leave England in the service, without having been subjected to such test, and a certificate of approval granted under the authority of the Admiralty.

7. A penalty of £100 for every 12 hours that shall elapse after the stipulated time of arrival in the outward and homeward voyages will be imposed for irregularity; and, if the irregularity shall be frequent, the Admiralty shall have power to terminate the contract.

8. The penalty may be remitted by the Admiralty in cases in which it shall be proved to the satisfaction of the Lords Commissioners of the Admiralty that the irregularity arose from causes beyond human foresight, or in order to save human life.

9. If the service should be subsidiary to any other line, a limited number of berths should be reserved from the point of junction in the vessels taking up the service.

10. In order to ensure the efficiency of the service, a spare vessel, one of the stipulated number, will be required to be kept at Suez, or elsewhere, with the approval of the Admiralty.

11. The first vessel to sail from Sydney on the 12th February, 1859.

12. The conditions in the contract of 14th October, 1856, as regards the service between Great Britain and Alexandria, so far as they are applicable, to be embodied in the proposed contract.

II. In addition to the above, tenders to be invited for a monthly service between Great Britain and Sydney, *via* Panama, in two stages, the first from any port in the United Kingdom to Panama; the second from Panama to Sydney and Melbourne, touching at some port in New Zealand.

The first stage to be performed in a period not exceeding 20 days; the second, in a period not exceeding 34 days.

Six days to elapse between the day fixed for the arrival at, and departure from Melbourne.

The conditions marked 5, 6, 7, 8, to be applicable to this as well as the Suez contract.

The acceptance of any tender for the service, *via* Panama, would depend upon the amount required for the subsidy, and the time within which the service can be performed: and would have to be conditional upon a satisfactory arrangement being made with the Colonies interested.

Write to the Admiralty accordingly, and state that my Lords would be glad to be favoured with the observations of the Lords Commissioners on this subject at the earliest possible moment, as it is of great importance that no time should be lost in completing arrangements for the service in question.

No. 5.

THE POSTMASTER-GENERAL TO THE TREASURY.

General Post Office,
17th September, 1858.

MY LORDS,—

I have the honor to acknowledge the receipt of your Lordships' letter of the 11th instant, transmitting a copy of a Treasury Minute of the same date, on the subject of the tenders to be invited for the performance of the Australian Postal Service, and requesting my opinion thereon.

In reply, I have the honor to state that, considering that the present temporary contract for the conveyance of the Australian Mails will terminate in a few months, and that the contemplated additional service, *via* Panama, will require much consideration on my part, as also, I am assured, on that of the Admiralty, and of parties who may desire to tender, it appears to me to be exceedingly important that the tenders for the service *via* Suez should be obtained as early as possible, and that those for the Panama route be deferred, so as to admit of a full consideration of the several arrangements connected therewith.

Should your Lordships concur in this view of the subject, you will probably think it right, when inviting tenders for the Suez route, to state your intention shortly to invite tenders also for the Panama route, with a view of preventing any just complaint of competition should both routes be adopted.

Confining my attention then for the present to the service *via* Suez, I have merely to submit the following points for your Lordships' consideration.

Article 3. It should, I think, be made clear that the 55 days include the time required, say two days, for crossing the Isthmus of Suez.