

P A P E R S

RELATIVE TO THE

ESTABLISHMENT OF A PANAMA MAIL SERVICE BETWEEN

ENGLAND AND THE AUSTRALIAN COLONIES.

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

AUCKLAND.

1863.

P A P E R S

RELATIVE TO

THE ESTABLISHMENT OF A PANAMA MAIL SERVICE BETWEEN
ENGLAND AND THE AUSTRALIAN COLONIES.

RETURN to an Order of the Honorable the House of Commons, dated 4th June, 1863,
for,

COPY "of all Correspondence relating to the proposed Establishment of a Mail Service between
England and the Australian Colonies, by way of Panama, since the year 1857."

Whitehall, Treasury Chambers,)
8th August, 1863.)

F. PEELE.

COPY OF ALL CORRESPONDENCE RELATING TO THE PROPOSED ESTABLISH-
MENT OF A MAIL SERVICE BETWEEN ENGLAND AND THE AUSTRALIAN
COLONIES, BY WAY OF PANAMA, SINCE THE YEAR 1857.

No. 1.

MR. THOMAS DAY TO MR. ROWLAND HILL.

3, Winchester House, Old Broad-street, E.C.,
London, 8th September, 1858.

SIR,—

On the part of the promoters of a line of steamers intended to communicate with the
British Colonies in Australia and Vancouver's Island, I have the honor to solicit an appointment
for an interview, in order to submit our proposals for the postal communication with those Colonies.

I have, &c.,

THOMAS DAY.

Rowland Hill, Esq.

No. 2.

MR. F. HILL TO MR. T. DAY.

General Post Office, 13th September, 1858.

SIR,—

In acknowledging the receipt of your letter of the 8th instant, I have to state that if you
will communicate to this Department, in writing, your proposals for a new postal communication
with the Australian Colonies, they will be submitted to the Postmaster-General.

I am, &c.,

F. HILL.

Mr. Thomas Day.

3, Winchester House, Old Broad-street, E.C.

MR. T. DAY TO MR. ROWLAND HILL.

3, Winchester House, Old Broad-street, E.C.,
14th September, 1858.

SIR,—

I have the honor to transmit to you a letter for the Postmaster-General, requesting the favour of his influence to procure the necessary delay for tenders in respect to the Australasian and New Columbian Mails by the Panama route, in order that the Australasian and Pacific Company, which is about to be constituted, may have time to submit its proposal as stated in the *pro formâ* documents annexed.

The promoters trust that the practical and efficient arrangements which they intend to carry out will ensure your support of their application.

Referring to my previous communication of the 8th instant, if you will be good enough to make an appointment, the promoters of the Company will be made to furnish you with any explanation you may desire.

I have, &c.,

THOMAS DAY.

Sec. *pro tem*.

Rowland Hill, Esq.

P.S.—Since writing the above, I have received your favour of the 13th instant, and I have the honor to enclose the proposal you have requested.

Observing the announcement in the "Times," of the intention of Sir E. B. Lytton, Her Majesty's Secretary for the Colonies, to recommend a fortnightly line, I am directed to state that the Company will be prepared to complete a semi-monthly line in 18 months from the date of the contract.

Enclosure 1 in No. 3.

POSTAL COMMUNICATION TO AUSTRALASIA AND BRITISH COLUMBIA.

MY LORD,—

I have the honor to submit to your Lordship a proposal for postal communication with Australasia and British Columbia, together with the copy of a letter I have addressed to the Right Honorable the Lords of Her Majesty's Treasury, and I am requested by the promoters of the Company referred to, to beg that your Lordship, in the interest of the postal service, will have the goodness to grant the time necessary for the Company to submit its definitive tenders to your Lordship.

Should your Lordship desire any explanation, the promoters will wait on your Lordship for that purpose.

I have, &c.,

THOMAS DAY,

Sec. *pro tem*.

To the Right Honorable
Her Majesty's Postmaster-General.

Enclosure 2 in No. 3.

TO THE RIGHT HONORABLE HER MAJESTY'S POSTMASTER-GENERAL.

Pro formâ Proposal of the Promoters of the projected Australasian and Pacific Company for Postal Communication with Australasia and British Columbia."

It is proposed to establish a line of fast steamers of about 2,000 tons, and calculated for an average speed of not less than 12 knots, to run between Australia, Wellington, New Zealand, Panama, and Vancouver's Island, taking as the principal terminus in Australia either Melbourne or Sydney, as may be arranged by Her Majesty's Government.

The Pacific service will be connected with Great Britain by a line of steamers in the Atlantic, running between Navy Bay and Queenstown, embarking and landing mails at the latter port, with the ultimate terminus of the port of London. The proof prospectus is annexed, and it is expected that the Company will be completely formed in a month from the present time.

The Company will then be in a position to tender for the conveyance of mails by special transit to Queenstown, and thence, as proposed in the *pro formâ* Time Table annexed, allowing five days for contingencies.

From the peculiar economy and capabilities of the ships to be employed, it is expected that the tenders for the service will be much lower than those of any other parties, and the time pro-

posed will be 45 days as the maximum to either Sydney or Melbourne, and 35 days to Vancouver's Island, converting the monthly into a fortnightly communication, at the option of Her Majesty's Government, on a moderate augmentation of their subsidy. The term applied for will not exceed five years. The monthly service can be commenced in twelve months, and the semi-monthly in eighteen months.

For the Promoters,
THOMAS DAY,
3, Winchester House, Old Broad-street, E.C.

London, 14th September, 1858.

PRO FORMA LIST OF DISTANCES AND DATES FOR SAILINGS AND ARRIVALS OF THE AUSTRALASIAN
AND PACIFIC COMPANY.

	<i>Miles.</i>	
Queenstown to Navy Bay	4,282	15 days.
Aspinwall to Panama	40	4 hours.
Panama to Wellington	5,404	20 days.
Wellington to Sydney	1,170	} 5 "
„ Melbourne	1,320	
„ Launceston	1,250	
Melbourne to Adelaide	533	} 2 "
Sydney to Brisbane	540	

Departures from Adelaide and Brisbane, 26th February and 28th of other months.

Arrivals, 22nd of February and September, 25th of March and April, and 23rd of other months, so that letters may be always answered by succeeding mails.

To Perth, Western Australia, the distance from Adelaide being 1,345 miles, the time would be 47 days, should the service be extended to that Colony.

Liners.	Leave Sydney and Melbourne.	Wellington.	Panama.	Vancouver's Island.		Panama.	Wellington	Sydney and Melbourne
				Arrival.	Return.			
1st.	January 1	January 6	January 26	February 9	February 12	February 26*	March 18	March 23
2nd.	February 1	February 6	February 26*	March 12	March 15	March 29	April 18	April 23
		&c.		&c.		&c.		&c.

* The Vancouver return and the Australian homeward mails meet at Panama; and two steamers, with more steam power than those suitable for the Pacific, will suffice, with a lay-by working alternately.

Enclosures 3 and 4, in No. 3.

Vide *infra*. Enclosure 1, in No. 10.

Enclosures 4 and 5, in No. 3.

TO THE RIGHT HONORABLE THE LORDS OF HER MAJESTY'S TREASURY.

13th September, 1858.

MY LORDS,—

On behalf of the promoters, I have the honor to inform your Lordships that there is in course of formation a Steam Navigation Company for communication with Australasia and British Columbia, which will be legally constituted within the present month.

They naturally look to the postal subsidy as an important element of revenue, and as they

believe their proposals are more advantageous for the Colonies than any other of which they are aware, they trust that their plans may be taken into consideration by your Lordships, and time allowed to them for submitting the Company's tenders to your Lordships.

Their plan is to employ steamers of great speed, and to run on the Pacific side between Australasia and British Columbia, taking the course between Australia and Panama, recommended by Captain Sir Edward Belcher, in his evidence before the late Lord Jocelyn's Committee of 1851, as stated in the accompanying project; and on the Atlantic side to run from Queenstown to Navy Bay, touching at the Azores and the Island of St. Thomas.

Annexed to that project are the *pro forma* estimates of the Company, and also extracts from the evidence of Sir Edward Belcher, and from the letter of Captain Fitzroy, published before the interests of his company imported into the question a motive for his change of opinion before the Committee.

I beg to draw your Lordships' attention to the necessity of deliberation, in order that improvements in the service may not be excluded by a grant of a subsidy to parties whose past management can be no guarantee for future regularity. It will not fail to strike your Lordships that this subvention granted to parties already in possession of enormous State contributions must preclude the Colonists from any improvements in the system of steam communication, especially on the Atlantic side of the American Isthmus, whilst granted to a new line and for a short period, it must operate as an incentive to amelioration and healthy competition.

Having already made arrangements with the Great Southern and Western Railway of Ireland, with the United States Mail Company, and the United States Pacific Steam Company, and the Australasian Intercolonial Steam Company of Messrs. Pearson, Coleman, & Co., the Company will be in a position to tender for the conveyance of mails by special transit to Queenstown, and thence, as stated in the *pro forma* time table annexed, with an allowance of five days for contingent delays.

I have reason to expect, my Lords, that the Company, on its formation, will be enabled to tender for the service by this Company's liners much lower than any other parties, to effect postal communication to Australia in 45 days' maximum, and with Vancouver's Island in 35 days' maximum, with the option to Her Majesty's Government to order a fortnightly communication, on payment of the extra sum, not exceeding 70 per cent. of the original subsidy. The term which will be asked is only five years.

We shall send out our first boat to commence in ten months, and commence the monthly communication in 12 months from the date of the contract.

We expect ultimately to reduce the time to 40 days for the Australian passage, and to 30 days for the New Columbian line.

With the tender we shall submit copies of all our contracts and guarantees, so that your Lordships will be enabled to judge of the *bona fides* of our proposal. The delay requested is only to the end of this month.

I have, &c.,
THOMAS DAY,
Secretary *pro tem*.

No. 4.

MR. HAMILTON TO THE POSTMASTER-GENERAL.

Treasury Chambers, 11th September, 1858.

MY LORD,—

I am desired by the Lords Commissioners of Her Majesty's Treasury to transmit for your Lordship's information the enclosed copy of their Lordships' Minute of this day's date, on the subject of the tenders to be invited for the performance of the Australian Postal Service, and I am to request that your Lordship will favor my Lords with your opinion on the subject.

I have, &c.,
G. A. HAMILTON.

The Postmaster-General.

Enclosure in No. 4.

COPY OF TREASURY MINUTE, DATED 11TH SEPTEMBER, 1858.

My Lords proceed to consider the letters from Mr. Merivale of the 4th instant, in reference to the Australian Postal Service, as also the letters from the Admiralty of the 9th August, and the Minute of this Board of the 6th August, on the same subject.

My Lords are of opinion that it will be desirable to invite tenders for the following services:

I. 1. A monthly service from Great Britain *via* Alexandria and Suez, to Melbourne and

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.

Article 4. Having in previous reports stated my objections to contracts for long periods, I do not desire again to press the matter on your Lordships' attention.

Article 9. I submit the expediency of stating, in direct terms, that tenders will be received for a service subsidiary to other existing services; e.g., one between Suez or Point de Galle and the Australian ports.

Article 10. Another spare vessel should, I think, be kept at Sydney.

I also beg to recommend that the following provisions of the contract of the 14th October, 1856, be retained, viz., those which relate to the packets between Marseilles and Malta; to the landing of the mails at Geelong; to the substitution of an officer from the Post Office for the naval officer in charge of the mails (and it should be made clear that either is entitled to an attendant); and to the conveyance of the mails to and from the shore.

It will likewise be necessary to embody in the new contract the additional provisions connected with sorting on board, between Southampton and Alexandria, which have been agreed upon subsequently to the date of the general contract. These will appear in the letter which the Duke of Argyll addressed to the Treasury on the 23rd October, 1857, a copy of which I enclose.

I have, &c.,

COLCHESTER.

The Lords Commissioners of the Treasury.

Enclosure in No. 5.

THE POSTMASTER-GENERAL TO THE TREASURY.

General Post Office,
23rd October, 1857.

MY LORDS,—

Referring to Sir Charles Trevelyan's letter of the 17th February last, authorising, as an experiment, an arrangement for sorting mails on board the Australian mail packets, I have the honor to enclose the copy of a letter stating the terms on which the European and Australian Royal Mail Company are prepared to provide the necessary accommodation on board their packets, upon the line between Southampton and Alexandria.

If the Admiralty agent on this line and his servant be withdrawn, the Company will accommodate and victual on board each of their packets two clerks, or a clerk and a sorter, without any extra charge; provided, however, that when two clerks are sent they both occupy one cabin.

Sorting-rooms, properly fitted up for the purpose, will be provided by the Company at the mere cost of their erection and fittings; and it is estimated that this cost will not exceed £100 for each of the two ships employed on this line.

These terms appear to me to be very liberal, and, should they meet with your Lordships' approval, I request authority for accepting them.

The Controller of the Circulation Office is of opinion that it will be advisable, at least in the first instance, to select a clerk and a sorter from the establishment of the Circulation Office for this duty; and I have further to request your Lordships' authority for the allowances which it will be necessary to make to these officers, in addition to their ordinary salaries, viz., an allowance of £10 per voyage out and home for the clerk, and an allowance of £6 per voyage for the sorter.

To this must be added the railway fares of the officers between London and Southampton, which will amount to £3 per month, making altogether £228 per annum.

I have to add that, in the event of the several Colonial Governments accepting the proposal that the mails forwarded from the United Kingdom to Australia should be sorted by the same officers during the outward voyage, only one-half of this expense will eventually fall upon the Home Government.

I have, &c.,

ARGYLL.

The Lords Commissioners of the Treasury.

No. 6.

MR. F. HILL TO MR. THOMAS DAY.

General Post Office,
17th September, 1858.

SIR,—

I have laid before the Postmaster-General your further letter of the 14th instant, and in reply, his Lordship desires me to acquaint you that your proper course will be to address

yourself to the Treasury on the subject of the proposal of the Australasian and Pacific Company to enter into a contract for the conveyance of the Australian and New Columbian Mails.

I am, &c.,

F. HILL.

Thomas Day, Esq.,
3, Winchester House, Old Broad-street, London, E.C.

No. 7.

THE POSTMASTER-GENERAL TO THE TREASURY.

General Post Office,
4th October, 1858.

MY LORDS,—

Referring to your Lordship's letter of the 11th ultimo, and to my reply, dated the 17th ultimo, I have now the honor to enclose for your consideration a Minute prepared by Mr. Rowland Hill on the subject of the proposed establishment of a second monthly postal communication with the Australian Colonies, *via* Panama, in whose views I beg to state that I quite concur.

I have, &c.,

COLCHESTER.

The Lords Commissioners of the Treasury.

Enclosure in No. 7.

POSTMASTER-GENERAL'S MINUTE, 27TH SEPTEMBER, 1858.

1. In my Minute of the 15th instant on the subject of the Treasury Minute of the 11th (referred to your Lordship for report) I recommended that the consideration of that part of the Treasury Minute which relates to an additional Postal Service to Australia, by way of Panama, should be postponed, in order to admit of the immediate call for tenders for the continuance of the service by way of Suez.

2. Your Lordship and the Treasury having been pleased to adopt this recommendation, and the advertisements for tenders having been issued, I now beg to submit my views on the proposed additional monthly service by way of Panama.

3. The question is divisible under two heads: 1st, whether it is necessary that the postal communication with Australia should be more frequent than at present, *viz.*, once a month? and 2nd, if so, is the Panama route best for the additional mails?

4. As regards the first of these questions, I need not remind your Lordship that the sea postage of all correspondence with the Australian Colonies, including New Zealand, falls very far short of the cost of even a single line of packets; such cost, under the late contract, having been £185,000 a year, while the total sea postage cannot be estimated at more than about £50,000 a year.

5. Having regard to the enormous additional loss which would result from the establishment of a second line of packets, and bearing in mind that the dissatisfaction so strongly felt both here and in Australia is not as to the infrequency of communication so much as to its irregularity, I am of opinion that the wishes of the public, whether at home or in the Colonies, would be more effectually met by doing all that is practicable to improve the existing monthly service than by doubling the frequency of communication.

6. As regards the second question, *viz.*, as to the best route for the additional line of packets (should Government decide to establish one) the points for consideration appear to be mainly as to the ports to which the distances shall be reckoned, and the comparative length of route.

7. The advocates of the Panama route generally select Sydney as the right port, but this is manifestly unfair, inasmuch as while by the Panama route it is the nearest of the continental Australian ports, by the Suez route it is the most distant. Neither can this port claim preference by amount of correspondence, since the enclosed statement of the correspondence between this country and the several Australian Colonies, including New Zealand, shows that that of New South Wales is only 23 per cent. of the whole, while that of Victoria is as much as 58 per cent. The latter Colony is also centrally situated, having Tasmania on the South, South Australia and Western Australia on the west, and New South Wales and New Zealand on the east. It is clear, therefore, that Melbourne is the port to which the distances should be reckoned.

8. It will of course be for the Admiralty to state exactly the comparative length of the two routes; but, from the best information I have been able to obtain, it appears that the distance to Melbourne is less by way of Gibraltar and Suez than by way of Panama, to the extent of about 1,500 nautical miles, making a difference, according to the average speed of the packets, of at least six days in favour of the Suez route.

9. Though the contrary has often been assumed, even Sydney is nearer by the Suez route than by the Panama route, and that to the extent of about 300 nautical miles, so that the only Colony which would be brought nearer by the adoption of the Panama route is New Zealand, whose correspondence, however, amounts to only six per cent. of the whole.

10. The comparative absence of storms in the Pacific may, to some extent, counterbalance greater distance, but not, I presume, so far as to leave any doubt that the communication *viâ* Suez will remain the quickest, to Melbourne at least. This, however, is a point on which, no doubt, the Admiralty will report.

11. But, by the foregoing statement, the superiority of the Suez route is by no means fully shown, since, as respects the mails sent through France, the time is further shortened by four days and a half, while the Panama route admits of no such acceleration. The real advantage, therefore, of the Suez route, when speed is important, cannot be estimated, as regards Melbourne, at less than 10 days; and, as the saving, *viâ* France, of course, extends to all the Australian Colonies, it may be doubted whether even New Zealand would be materially benefited by adopting the Panama route.

12. Again, by a slight sacrifice of time (not more probably than one or two days), the Suez route might be made to take in either Point de Galle or the Mauritius; thus, in either case, affording important postal facilities, not only to the Colony so included, but also to this country and to the Australian Colonies in their correspondence therewith. The Panama route affords no similar facilities.

13. But the Suez route has also an important pecuniary advantage over that by Panama. Our mails are conveyed across the Isthmus of Suez by the Egyptian Government for a fixed annual payment, which amounts to not more than 4d. per pound weight; whereas the charge by the railway company for crossing the Isthmus of Panama is 11d. per pound, in addition to which we have to pay the local Government the exorbitant rate of 1s. an ounce for letters for the mere privilege of passing through their territory. These charges would add, say 2d., to the postage of each newspaper, and 6d. to the postage of each half-ounce letter; or, should the quarter-ounce scale be applied, then 3d. for each quarter-ounce letter, making a total charge of 9d., so that there could be no cheap mail by this route; the letters *viâ* Panama being all charged as highly as those sent through France.

14. There is still another circumstance which should not be overlooked in a comparison between the two routes. At both ends of the Suez route the electric telegraph is being rapidly extended. It already reaches from England to Malta, and, even if not yet completed, is in rapid progress from Sydney, *viâ* Melbourne, to Adelaide. Already, therefore, as regards the transmission of news, the distance to and from Sydney by this route is reduced by one-fourth, and supposing that at any future time the telegraph should be extended on the one side to Point de Galle, and on the other to King George's Sound (neither, perhaps, an improbable event), that distance would be so greatly reduced that Sydney would be brought (by telegraph) within 15 days of London.

15. The Panama route, at present, possesses no similar advantage, and, even if the difficulties of crossing the Atlantic be mastered, and the telegraph extended to Panama, there will yet remain the whole time occupied in crossing the Pacific, probably more than 30 days.

16. These several considerations appear to be conclusive as to the decided superiority of the route by Suez over that by Panama, and consequently, even if a monthly service be deemed insufficient, the additional packets should be placed on the Suez route.

17. Should similar views be adopted in the Australian Colonies, as I expect they will when the facts of the case are understood, the several Governments, excepting that of New Zealand, and, perhaps, that of New South Wales, will probably decline to provide their share of the cost of any service which may be attempted by way of Panama. It is very important, therefore, that, as indicated in the Treasury Minute, the concurrence of the Colonies should be ascertained before any tender is finally accepted.

18. But if, as fairness seems to require, it be made a condition of the tender that the total time from London to Melbourne *viâ* Panama, shall not exceed that which may be allowed *viâ* France and Suez, then it may be doubted if any responsible parties will be found to undertake the contract.

19. In another Minute, when submitting a letter from the Treasury on the subject of Postal communication with British Columbia, I propose to consider the question (raised in that letter) as to the best mode of conducting the service on this side the Isthmus of Panama; but as the effect upon the Australian service would be much the same whether one of the two monthly lines now existing be employed (and that service is so direct that little would, I presume, be gained by adopting another route), or whether a new and independent service be established, I do not consider it necessary to trouble your Lordship on this point at present.

20. Should your Lordship concur in these views, I would suggest that a copy of this minute, accompanied by a letter from yourself, expressive of such concurrence, be forwarded to the Treasury.

ROWLAND HILL.

27th September, 1858.

No. 8.

MR. R. MOORE TO MR. ROWLAND HILL.

AUSTRALIAN MAILS.

Winchester House, Old Broad-street,
London, E.C., 5th October, 1858.

SIR,—

Referring to the interview with which you favoured me yesterday, I beg to forward you the extracts of Sir E. Belcher's evidence to which I referred.

Were the distance stated in one answer only, it might be treated as an error, which, in fact, when I first read the report, I considered it. But, having checked the distances by nautical calculations which agreed within a margin of 150 miles, more or less, I felt convinced that Sir Edward, who is indisputably the most competent authority, is positively exact.

I am anxious to establish this fact; for, irrespective of our own practical working of the line, (which would not be prejudiced, on that course and within the limits of time we have stated, by a difference of 1,000 miles), it is desirable that you should be satisfied as to this seeming paradox.

The actual distance stands thus:

	Nautical miles.
Queenstown to Colon - - - - -	4,282
Isthmus transit - - - - -	40
Panama to Sydney, <i>viâ</i> Gambier's Islands and Cook's Straits -	6,574
	10,896

I am, &c.,

R. MOORE.

Rowland Hill, Esq.,
&c. &c. &c.

Enclosure in No. 8.

EXTRACTS FROM THE EVIDENCE OF SIR EDWARD BELCHER, R.N.

From First Report (ordered 5th June, 1851), "Steam Communication with India," &c.

Captain E. Belcher, R.N., 8th May, 1851, p. 259:—

1908. "Can you state the difference in distance that a screw steamer would run from Panama to Sydney as compared with a paddle steamer?—If the Company had a coal depôt at Gambier's Group, the distance across by Gambier's Group to Sydney would be 6,574 miles; here is a map of the direct route from Panama through Gambier's Group (producing the same); it would be further windward in coming back, which would be particularly advantageous to a screw steamer."

Again, at page 260:—

1914. "It would be 8,128 by the Huaheine (Tahiti) route, and 6,574 by the other route."

And further, when required to trace the course outward and homeward on his map, he says, p. 270:—

1998. "The calculation you have given is on that route?—It is."

No. 9.

MR. T. DAY TO MR. ROWLAND HILL.

PROPOSED AUSTRALIAN AND PACIFIC COMPANY.

Winchester House, Old Broad-street, E.C.
5th October, 1858.

SIR,—

By the direction of Mr. Moore, I have the honor to submit the enclosed papers, as justifying this Company's project.

1. An explanatory note.
2. The corrected proof Prospectus of the Company.
3. A table of distances of the several routes, now under consideration, with a synopsis of the distances, and *pro forma* list of sailings for the Company's liners.
4. A tender this day delivered to the Secretary of the Admiralty.

I have, &c.,

T. DAY,
Secretary *pro. tem.*Rowland Hill, Esq.,
&c. &c. &c.

Enclosures 1 and 2 in No. 9.

Vide *infra*. Enclosure 1 in No. 10.

Enclosure 3 in No. 9.

DISTANCE TABLE of the several routes to Australasia, from the Evidence taken before the Commons Committee of 1851: the first referring to the Report, 5th June, 1851, the second the computation of Hydrographers' Office, and the third to the Royal Mail Steam Packet Company.

Royal Mail India Route.	—	Nautical Miles.		Royal Mail Indian Route, via Southampton.	—	Official Computation.	Effective Distance.	
		Official Computation.	Effective Distance.					
			R.M.S.P.				R.M.S.P.	
	Page.	Miles.	Miles.		Page.	Miles.	Miles.	
Dover to Calais - - - (transhipment, Customs, and passport).	519	22	22	Southampton to Malta	517	2,160	2,160	
Calais to Paris - - - (transhipment, octroi, transport from railway to railway).	ib.	777	777	Malta to Alexandria -	519	815	819	
Paris to Lyons - - -				Alexandria to Suez -	615	238	238	
Lyons to Marseilles - (transhipment and passport).				Suez to Melbourne -	519	8,340	8,822	
Marseilles and Malta - (transhipment and quarantine).	ib.	650	659	Melbourne to Sydney -	ib.	602	600	
Malta and Alexandria - (transhipment and quarantine).	ib.	815	819	Sydney to Wellington, New Zealand - -	521	1,246	1,246	
Alexandria to Suez -	615	238	238	SUMMARY.				
Suez to Aden -	519	1,310	1,308	Southampton to Melbourne -	11,553	12,039		
Aden to Point de Galle -	ib.	2,121	2,134	„ Sydney - -	12,155	12,639		
Point de Galle to Swan River - - -	518	3,059	5,580	„ Wellington -	13,401	13,885		
Swan River to Adelaide	ib.	1,345		Proposed Royal Mail Pacific Route—(see page 586).		Page.	Miles.	
Adelaide to Melbourne -	ib.	505		Southampton to St. Thomas -	520	3,587		
Melbourne to Sydney -	ib.	602	600	St. Thomas to Navy Bay -	ib.	1,025		
Sydney to Wellington -	521	1,246	1,246	Navy Bay to Panama - -	ib.	40		
				Panama to Huaheine (Tahiti -	ib.	4,561		
				Huaheine to Bay of Islands, New Zealand - -	521	2,200		
				New Zealand to Sydney -	ib.	1,157		
				Sydney to Melbourne -	518	602		
SUMMARY.				SUMMARY.				
		Miles.	Miles.				Miles.	
Dover to Melbourne - -	-	10,842	11,237	Southampton to New Zealand -	-	11,414		
„ Sydney - - -	-	11,404	11,837	„ Sydney - - -	-	12,571		
„ Wellington - - -	-	12,690	13,183	„ Melbourne - - -	-	13,173		

GENERAL COMPARISON WITH THE NEW ROUTE (IN NAUTICAL MILES).

COLONY.	By the New Route.	Via Marseilles and Suez.	Via Gibraltar and Suez.	Royal Mail Panama Route, via Tahiti.
	Australasian and Pacific Company.			
	<i>Nautical Miles.</i>			
Melbourne	11,046	11,237	12,039	13,173
Sydney	10,896	11,837	12,639	12,571
New Zealand	9,650	13,183	13,885	11,414

PROPOSED ROUTE FROM QUEENSTOWN VIA PANAMA AND COOK'S STRAITS.

	Page.	Miles.
Queenstown to Navy Bay	520	4,282
Southampton to Navy Bay, as preceding table, less 330 miles allowed for the advantage of offing from Southampton to Queenstown. (The offing and open sailing from Queenstown, as compared with the start from Southampton, is said to be really equivalent to an advantage of 500 miles)		
Navy Bay to Panama		40
Panama (via Gambier Islands and Wellington, New Zealand) to Sydney	{ 260 and 270 }	6,574

SUMMARY.

	Miles.
Queenstown to New Zealand	9,650
" Sydney	10,896
" Melbourne	11,046

Assuming the last route to be properly described, the following would be the *pro formâ* synopsis of Distances and Dates for Sailings and Arrivals by the New Mail Packets.

AUSTRALASIAN LINE.

Queenstown to Navy Bay	4,282 miles	15 days
Aspinwall to Panama	40 „	4 hours
Panama to Wellington	5,404 „	20 days
Wellington to Sydney	1,170 „	} 5 days
" Melbourne	1,320 „	
" Launceston	1,250 „	
Melbourne to Adelaide	533 „	} 2 days
Sydney to Brisbane	510 „	

Departures from Adelaide and Brisbane, 26th February and 28th of other months.

Arrivals 22nd February and September, 25th March and April, and 23rd of other months.

To Perth, Western Australia, the distance from Adelaide being 1,345 miles, the time would be 47 days, if the service be extended to that Colony.

NEW COLUMBIAN LINE.

Navy Bay to Queenstown	4,282 miles	14 days
Panama to Navy Bay	40 „	4 hours
Vancouver's Island to Panama direct	4,100 „	14 days

LINERS.	Leave Sydney and Melbourne.	Wellington	Panama.	Vancouver's Island.		Panama.	Wellington	Sydney and Melbourne.
				Arrival.	Return.			
A, 1st Liner	1 Jan.	6 Jan.	26 Jan.	9 Feb.	12 Feb.	26 Feb.*	18 March	23 Mar.
B, 2nd Liner	1 Feb.	6 Feb.	26 Feb.*	12 Mar.	15 March	29 March	18 April	23 April
		&c.		&c.	&c.	&c.		&c.

* The Vancouver and Australian Homeward Mails meet at Panama, and two Steamers with more steam power than those suitable for the Pacific will suffice; working two alternately and one lay-by.

Enclosure 4, in No. 9.

AUSTRALIAN MAILS.

Winchester House, Old Broad-street, E.C.,
London, 5th October, 1858.

SIR,—

Referring to the supplemental terms of the conditions of tender, and in the event of the Commissioners for executing the office of Lord High Admiral not receiving to-day, in pursuance

of their advertisement, an adequate tender for conveying Her Majesty's Mails between Great Britain and Australasia, by way of the Isthmus of Suez, I venture to recall their Lordships' attention to the original system of conveying the mails *via* Singapore, as the only eastern route which is likely to remunerate a company without an immoderate sacrifice of public money for subvention, and to suggest that it is probable that the subsisting service to China touching at Singapore might be available, as originally arranged for the transit of the mails to and from that port, at a much cheaper rate of mileage than could be afforded by any independent company for the transmission *via* Aden, or Point de Galle.

Making Singapore the common station for a branch line to Australasia, it is to be expected that a development of the double traffic between the American Continent and Australasia on the one side, and India and China on the other, would in course of time, upon a sufficient contract with a subsidy, indemnify a company for its primitive task.

Assuming then that the transport of the mails can be beneficially effected to and from Singapore, I hereby offer to submit proposals for the conveyance of the Australasian Mails between Singapore and Sydney, in suitable full-power screw steamers, calculated to average 10 knots an hour, and perform the voyage in 25 days, calling intermediately at Perth, West Australia, at King George's Sound, at Kangaroo Island, and at Melbourne. The rate of subvention to be £75,000 per annum, to include accommodation for one officer of the Post Office, with one assistant, as well as every convenience for sorting the mails on board; the contract to be for not less than 12 years.

Provided that the contract for the conveyance of the mails between Great Britain and Australasia, and New Columbia, should be granted to me pursuant to my former proposal, submitted to my Lords of Her Majesty's Treasury, under date of the 20th September last, which I hereby confirm.

I have only to add that the amount of subsidy, which would be required for the latter service, monthly, would be £125,000; which would give the following result:—

1st. One monthly mail in 30 days to New Columbia.

2nd. One monthly mail in 40 days to both Sydney and Melbourne simultaneously.

3rd. One monthly mail to Singapore, alternating with that *via* Panama, so as to constitute in conjunction with the subsisting service a fortnightly mail to Australasia.

For a total of £200,000 per annum, and so establish a complete system of postal and passenger communication for our colonies in the Pacific, which would be left imperfect by the duplicate system of the routes *via* Aden and Point de Galle direct to Australia; whilst Singapore certainly affords advantages in regard to coaling, a point of great importance.

I have, &c.,

R. MOORE,
For Moore & Co., Engineers.

To the Right Honourable
The Secretary of the Admiralty.

No. 10.

MESSRS. MOORE AND COMPANY TO THE POSTMASTER-GENERAL.

Australasian and Pacific Company (Limited),
88, Cannon-street West, E.C.
28th March, 1859.

MY LORD, —

Enclosure No. 3.

We have the honor to submit for your Lordship's consideration the accompanying copies of documents which we have laid before the Lords of Her Majesty's Treasury, and we trust that the proposals of our letter of the 1st of February* will merit your approbation and support.

I have, &c.,

R. MOORE,
For Moore and Company.

The Right Honourable
Her Majesty's Postmaster-General.

Enclosure 1, in No. 10.

THE AUSTRALASIAN AND PACIFIC COMPANY (LIMITED).

Guarantee Capital £500,000, in 10,000 Shares of £5 each. Deposit, 5s. per Share.

Incorporated 11th December, 1858, pursuant to the Acts of Parliament, 19-20 Vict. c. 47, and 20-21 Vict. c. 14, whereby the responsibility of each Shareholder is limited to the amount of his Subscription.

PROSPECTUS.

OBJECTS OF THE COMPANY.

The Conveyance of Mails and Passengers to Australasia and British Columbia.

It has become self-evident that the establishment of steam communication to the westward with our vast and important colonies in the Pacific Ocean, is an indispensable requirement for the continuity and regularity of our commercial relations; and with that view Her Majesty's Secretary of State for the Colonies has declared his intention of giving his influence to secure the establishment of postal lines in that direction.

The several abortive attempts to effect this paramount object in regard to Australasia, *viâ* the Cape of Good Hope, and by the Isthmus of Suez, have demonstrated the necessity of resorting to the Pacific route. The difficulties and expense of the navigation must always militate against the present line, and continue to render inevitable the deficiencies in punctuality and convenience which have justified universal condemnation; while, on the other hand, it is incontestible that an economic line of fast steamers, *viâ* Panama, would find sufficient employment and remuneration as the most direct and cheapest route.

The evidence before the Commons' Committee in 1851, established the superiority of this route, notwithstanding which the Cape and Suez lines have been successively forced on the colonies, and the result in both cases has been signal failure.

The discovery of grand auriferous deposits in British Columbia is now superadded to enforce the necessity of this enterprise. With a comparatively small addition to the capital and expenditure required for the Australian service, the line may be advantageously extended to Vancouver's Island, largely enhancing the financial benefits to the company, of which the American traffic will form no insignificant feature. The intention of the Government has been officially announced to effectuate the combined service here proposed.

Recent improvements in the construction of screw steamers afford the means of ensuring a capacity and speed of shipping, as well as economy of working, calculated to satisfy the conditions of success, and which the contractors engaged are prepared to guarantee absolutely. Clipper screw steamers will be expressly constructed for this line; and steam colliers, specially adapted for the service, will supply fuel for these ships at the estimated average cost of £2 per ton.

London being the emporium of the Australasian and New Columbian trades in this country, will be the principal terminal station, to which an ultimate westerly departure will, without inconvenience, allow the advantage of calling at Cherbourg for continental mails and passengers; whilst the chief dangers of the Channel fair-way will be avoided by moderate speed, sufficient for the intermediate navigation to the Cove of Cork. The liners will start from the Thames under special arrangements with the Victoria (London) Dock Company, facilitating the traffic with most of principal railways.

To afford the fullest time for embarking mails and passengers, the ultimate departure will be from the Port of Cork, which will give an offing and land fall with considerable advantage over any other port now resorted to for West Indian voyages. The Great Southern and Western Railway Company of Ireland have given their adhesion to this project for facilities of traffic over their line, complete arrangements being contemplated for the thorough conveyance of passengers and merchandise from the principal cities of Great Britain.

The Cork Harbour Commissioners have granted the freedom of their port to this line for five years, which, taking into account the exemption from dock dues and other charges, is an important item of economy; and the public manifestations in support of this measure have elicited the pledge of substantial monetary contributions.

The Azores will be made the mid-Atlantic station for coaling. This arrangement will have the further important effect of ultimately augmenting the traffic by arrivals from the peninsula; and, on the completion of the Spanish and Portuguese Central Railways, an overland route will be afforded which will facilitate colonial communication with the Continent for urgent correspondence and telegrams.

A provisional engagement has been entered into with the Agents of the Aspinwall (U.S.) Mail and of the Pacific (U.S.) Mail Companies for alternating conveyance on the Atlantic side of the Isthmus and to San Francisco.

The opening of the Tehuantepec Inter-Oceanic Route justifies the expectation that proposals made by the Company, both to the New Granadian Government, and the Panama Railway Company will give effective relief from the exacting charges on mails and passengers in transit according to the present unsatisfactory system, and already the Granadian executive has promised its influence with the Cortes to obtain the desired postal concession.

The Panama Railway, as now intended, will convey the passengers from Navy Bay to the Company's ships on the other side of the Isthmus, which will take them on, calling at Peard Island (Gambier Group, 23° 8' S. by 134° 55' W.) as recommended by Sir Edward Belcher and Captain Beechey, and at Wellington, New Zealand.

The Australasian Steam Navigation Company of Sydney having announced their readiness to undertake a portion of the inter-colonial service, proposals mutually important have been forwarded to that Company, which will probably lead to an advantageous coalition.

It is computed that the passage from Sydney or Melbourne to the Isthmus of Panama will not, under favourable circumstances, occupy more than 28 days, and from Panama to England, 15 days, making a total of about 43 days only, while the maximum may be fixed at 50 days, with small risk of the irregularities which have been fatal to other lines; and as the passage is the most

direct, and is favoured by the circumstance of fair winds and open navigation, it will be also the most efficient, the safest, and the most agreeable.

From Vancouver's Island to Panama the direct passage (4,200 miles) will occupy about 14 days, making a total of 29 days to England—not to exceed 35 days.

Eight liners and five steam colliers will suffice for the monthly service. The guarantee of £100,000, for the speed of the ships to maintain the foregoing estimates of time, will be given by the contractors, which will secure the Company against loss from default in punctuality.

Further advantages will recommend this enterprise. Its availability for second and third class passengers, unprovided for by the existing route, will ensure it a high degree of favour; while the special principle on which this Company is formed will afford to capitalists an exemption, as to a considerable portion of their investment, from the ordinary risks of trade.

SUBSIDIES.

The necessity of subsidies to satisfy the extraordinary expense of obligations under postal contracts is absolute according to experience. The further progress of this Company is therefore subject to obtaining liberal subvention for the projected service. It is intended to provide for Continental mails and traffic by calling at Cherbourg to convey the French and other foreign mails to Queenstown, whilst a still later despatch can be effected *via* Calais, analogous to the Marseilles route to India. It is now certain that all the Australasian Colonies will contribute liberally to the subsidy for this postal route; and it is alleged that the United States Government is prepared to aid the service with a large annual grant.

As the mail contract will naturally sanction terms conducing to fair contributions from all other parties benefited by the service, this arrangement will fully justify a large reduction in the corresponding demand on the resources of the British Government; which will probably ensure the preference in regard to price; and the plans adopted for the line, in point of time and accommodation of passengers, will doubtless confirm the advantage of the Company's tenders as the most beneficial for the public service.

OUTLAY FOR STEAMERS.

The outlay required is principally for the acquisition of shipping. The advances for that purpose it is proposed to raise partly by debentures charged upon the ships; and the Colonists, for whose benefit this line of steamers is to be established, will be invited to co-operate.

It is expected that the Company's portion of this outlay will be limited to one-third. Thus, to commence the line by a monthly service, £350,000 would be raised by the issue of debentures, as a first charge, at 5 per cent. redeemable in four and a-half years; and £350,000 being already subscribed for one-third of the value of the shipping, the Company's present actual outlay of capital for ships, would be only £350,000; while the remaining £150,000 is for the necessary Guarantee Fund, reserve, and working capital.

LIABILITY OF THE COMPANY.

A portion of the present capital will be set apart as a Guarantee Fund, which, allowing an extreme margin for shipping risk, will be equal to the requirements of the service.

Deductions will be made from the gross profits of the ships to cover the charges, as follows: Depreciation Fund, 5 per cent.; repairs, 8 per cent.; Indemnity Fund for Casualties, 7 per cent.; interest on the debentures, 5 per cent.; Redemption Fund, 6 per cent.

In shipping companies, railways, and other great undertakings, the system of loans enters inevitably into the ultimate financial arrangements, often without any practical provision for a timely liquidation of the debt. Here that source of supply is made a primary object, and the necessary means are devised for discharging the liability of the Company at an early date. The guarantee, depreciation, and redemption funds will be allowed to accumulate for the repayment of the debentures within four and a-half years; consequently, the investment of that class will have this substantive security, in addition to the value of the ships and policies of insurance. At the same time, the result to the shareholders will be the improvement of their interests to the extent of the mortgage so redeemed—their floating stock standing at the reduced cost, without a material diminution in value.

DIVIDENDS.

The net profits of the shipping will be allocated,—for dividend upon the shares of this Company, in regard to the investments and interests guaranteed by the Company, and for dividend on other advances. Periodical bonuses on the debentures will also be provided, so as to enhance the value of those securities.

CAPITAL.

The first deposit of capital will be 5s. per share, to be paid to any of the Company's bankers previously to the application, no further call being intended till the question of postal subsidies is decided. The remainder, in case the Company should obtain a mail contract, will be called up by instalments not exceeding £2 each, at intervals of not less than two months; and interest at 5 per cent. will be payable half-yearly on account of each advance, from the day of payment, upon the first issue of shares.

Power is reserved to establish branches of this Company, in order that the local agencies may be efficiently connected with the principal management in this country.

Application for shares may be addressed in the appointed form to the provisional managers at the registered offices, or through the agents or brokers of the Company. No allotment will be made under ten shares, but the allotment may be subdivided at the request of the allottee.

APPENDIX.

EXPLANATORY OBSERVATIONS.

The object of this enterprise, as stated in the prospectus, is to afford to the Australasian and New Columbian Colonies prompt, regular, and economic means of communication with this country, as well for passengers as mails, consistently with fair remuneration for the capital employed.

The popular idea has been that, because there is a difference of 32 degrees of longitude, the route to Melbourne or Sydney by the Pacific, is nearly two thousand miles longer than that by Suez,—the former quoted as 13,000 miles, and the latter 11,000. But reference to the official data before the Committee of 1851 (Steam to India, &c.) shows the difference on the passage to Melbourne as not of serious importance; whilst to New Zealand and Sydney the Panama route bears favourable comparison with every other. The actual distances of the present postal line, *viâ* the Mauritius, stand as follows:—*viâ* Marseilles, Aden, Mauritius, Perth (W. A.), and Adelaide to Melbourne 11,612, to Sydney 12,214; and *viâ* Sydney to Wellington, 13,435 nautical miles, with the expense and inconvenience of the French overland travelling, frequent changes of conveyance, customs, passports, and quarantine annoyances; *viâ* Gibraltar they are,—to Melbourne 12,323, to Sydney 12,925, to Wellington 14,146 miles. On the route adopted for this Company, as laid down by Sir Edward Belcher, the run to Melbourne is 12,234, to Sydney 12,033, to Wellington only 10,812 miles; and as regards facility of navigation, the benefit cannot be fairly estimated at less than 1,500 miles in favour of the Panama line. At the same time, it will admit of a much more reasonable expenditure, so as to justify second, and even third class fares, impossible by the eastern passage,—the hard weather and cost of coaling in the Indian Ocean being against a regular and cheap system of conveyance by the Isthmus of Suez. In the Pacific we have good coal mines at New South Wales, New Zealand, Chili, and Vancouver's Island, capable of considerable development under proper management, whilst the weather is superb; and on the great circle course selected for this Company, the speed and regularity of full-powered screw steamers will surpass anything heretofore effected in steam navigation with regard to speed and economy.

On the Atlantic side, Cork has been adopted as the port of ultimate departure with the mails on account of the incontestable gain of its offing over that of Southampton. For all English mails north of London, the transmission of letters can be effected in as short a time as is practically required for a departure *viâ* Southampton. For instance, the mails to the latter port, travelling by night, are despatched by the morning express train, and then take nearly six hours before the steamer is clear of the Solent; say, for example, in all 18 hours from Manchester to Liverpool, and 24 hours from Edinburgh. On the other hand, the time from Edinburgh to Queenstown would be only about 21½ hours; from Manchester 12½; from Liverpool 12 hours. Then the actual distance from Southampton to the meridian of Cork on a channel course, is about 330 miles, whilst the favour of the offing from the latter port is certainly equal to as much more. Westerly winds prevail, as is well known, for about three-fourths of the year; but even in that circumstance, which would be against a steamer running down Channel, a screw steamer starting from Cork harbour would make a course under canvas on her best point to the Azores, so as to economise fuel to a very considerable extent.* At the same time, as speed on the run from London to Cork is not material, this plan will tend to reduce the risk of collision in the Channel, the fairway for all Western Europe of three converging lines of navigation (the North American, West-Indian, and Southern), as well as the hazard of fogs and hurricanes so prevalent in that dangerous track.—The southern seaboard of the Irish coast being comparatively free from dense fogs; so that the saving of time on the voyage round, to and from Colon, will not be less than six days, included in the proposed reduction of the present time from 22 days to 15, making a total gain on the voyage round, of full 14 days.

In reference to the availability of the ships of the Royal Mail Steam Packet Company for conveying the mails to Navy Bay, it may be asked what accommodation could that Company, with its present means, offer for the immense personal traffic which ought to pass from Australasia and the new "diggings" in an economical class of steamers? The incessant remonstrances of passengers on the subject of overcrowding, and other complaints, show that the West India steamers

* The steamer "Europa," with the American mails, put into the Cove on the 16th November, "short of coals, having experienced fearful gales from the eastward;" in the same gales the "Agincourt," after a month's detention on the meridian of Cork, was obliged to make the same harbour; and many other similar instances might be quoted as ample confirmation of the advantages of that station.

are scarcely sufficient for their special object. It is avowed in effect by that Company, that their vessels and system are suited only to the wealthier class of travellers. The cost of a first-class passage to Colon, little over one-third of the distance to Australia, is now £66; and it is scarcely to be expected, that if the monopoly be left in their hands, the Royal Mail Company will vary their system, and therefore the mass of colonists must be left without the beneficial influence of steam communication. The present postal companies do not profess to contemplate anything but the mail and first-class passengers, for which they are so well paid that they can afford not only to disregard, but to impede other traffic; and they do, in fact, preclude the establishment of lines of steamers suitable for general accommodation.

To enhance the means of economy for this undertaking, we have been assured by the English agents of the United States Mail Company, that the Panama railroad managers will be prepared to meet the requirements of the line by an important concession in its favour for passengers, mails, and merchandise, thereby affording relief from the onus of expense—the only present difficulty of transit; for in regard to the other principal objection of interested opponents of this line, that Company has officially declared that, since the completion of the Panama railway, not a single case of death from fever has occurred among the through passengers. The casualties have been invariably with those who were detained on the Isthmus, and as the time of transit is only four hours, it could not well be otherwise. The benefits, then, of the independent Trunk line from Cork to Colon, embrace all the leading objects of efficient communication, reduced time, moderate subsidy, and cheap passage,—the traffic of the United States, forming of itself, an important ingredient of success.

It is to be observed that, in former plans in other directions, the claims of New Zealand, (which even in New South Wales and Victoria, are already recognised) have been completely ignored. By the Australasian and Pacific Company that Colony will have supplied the only deficiency existing for its development,—cheap and prompt means of intercommunication with the mother country.

Perhaps the present Government may be disposed to inaugurate a new era, and in endowing a company for the conveyance of mails, will look to a provision for the middle and less wealthy residents of our immense possessions in the Pacific. Politically this may be of importance, for in past days the estrangement of colonies may fairly be attributable to the difficulties of free communication with the parent State. Be that as it may, the commerce of this country cannot fail to profit by the passing to and fro of the middle class of colonists, whilst many members of our commercial community will avail themselves of moderate rates to visit the sphere of their operations.

The requisite facility for these objects will be supplied by the Company's steamers. A single first-class passage to Australasia will be about 75 guineas, a second-class 40 guineas, third-class 30 guineas; and the passage to Vancouver's Island will be equally low, irrespective of the probable increased demand for transit on that line. The most experienced authorities acknowledge this to be all that is desired; and that, if the voyage be reduced to 45 days, we shall have as many passengers as the ships can carry. That this plan, in conjunction with a moderate subsidy, commensurate with the expense involved in working at high speed, will pay by the employment of the special class of ships designed for the Company, is easily demonstrable, and the conditions necessary to success, in regard to speed and economy of the steamers, are guaranteed by the most eminent builders.

Now, as to the subvention of mails. The proposal is, to deliver the new Columbian mail in 35 days; that to New Zealand in 40 days; to both Melbourne and Sydney in 45 days, with the allowance of five days for contingent delays. Every effort will be made to accelerate the service, and it is expected that the above times may be reduced when the line is in full work,

PRO FORMA ESTIMATES.

For complete Service of twelve Voyages per annum between England and Australia, and also between England and British Columbia.

COMBINED CAPITAL, £1,200,000.

Guarantee capital, 100,000 shares	£500,000	Eight steamers, as per outline specification; five at £82,500, and three at £90,000 each	£682,500
One-third outlay for shipping secured	350,000	Five steam colliers (dead weight and expenses charged on cost of coals)	225,000
First issue of debentures charged on ships, with interest at five per cent	350,000	Outlay for temporary service	92,500
		Guarantee fund for debentures 10 per cent.	35,000
		Working capital and reserve	165,000
	£1,200,000		£1,200,000

INCOME AND EXPENDITURE.

PROCEEDS.		CHARGES.	
Mail contracts, freight, &c., as per detailed estimates	£400,000	Contingent for working expenditure	£55,500
Passengers	496,800	Wages and rations	40,000
		Passengers' provisions	80,000
		Coals	200,000
		General disbursements	50,000
		Repairs, depreciation, and insurance 20 per cent. on £900,000	180,000
		Interest on £350,000, at 5 per cent	17,500
		Redemption Fund, 6 per cent. on £350,000	21,000
		Management, depôts, guarantee, and pension funds, &c.	40,300
		Guaranteed dividend, 5 per cent. on £750,000, called up	37,500
		Contingencies	100,000
		For general dividend, 10 per cent.	75,000
	£896,800		£896,800

SYNOPSIS OF SAILING DATES.

Departures from the Cove of Cork the 1st of each month, alternating with the Eastward Australia Mail Line of the 16th, arriving at Navy Bay on the 15th day; to return with the homeward mails when shipped, and reaching Cork on the 1st of the ensuing month.

Arrivals at Melbourne and Sydney, 15th March; 13th May, July, October, and December; and 12th of other months; so that letters may be always answered by succeeding mails, reducing the course of post from five months, as at present, to 3½ months.

Liners	Leave Sydney and Melbourne.	Wellington.	Panama.	Vancouver's Island.			Panama.	Wellington.	Sydney and Melbourne.
				Arrival.	Return.				Arrival.
A. 1st Liner	15 Jan.	20 Jan.	12 Feb.	26 Feb.	E.	1 Mar.	15 Mar*	7 April	12 April
B. 2nd Liner	15 Feb.	20 Feb.	15 Mar*	29 Mar.	A.	1 April	15 April	8 May	13 May
&c.		&c.		&c.			&c.		&c.

* The Vancouver and Australian homeward mails meet at Panama, and two steamers with more steam-power than those suitable for the Pacific, will suffice in the Atlantic, working alternately with one lay-by.

PAPERS RELATIVE TO THE

DETAILS OF DISTANCES.—(Corrected by Calculation.)

PACIFIC ROUTE.	
<i>To Melbourne :</i>	MILES.
Queenstown to Colon	4,308
Colon to Panama	40
Panama to Melbourne, <i>via</i> New Zealand	7,886
Total Miles	12,234
<i>To Sydney :</i>	
Queenstown to Colon	4,308
Colon to Panama	40
Panama to Sydney, <i>via</i> New Zealand	7,685
Total Miles	12,033
 NEW COLUMBIA LINE.	
<i>To Victoria :</i>	
Queenstown to Navy Bay	4,308
Navy Bay to Panama	40
Panama to Vancouver's Island	4,200
Total Miles	8,548

INDIAN ROUTE.	
<i>Via</i> Marseilles and Suez, with all the expense and inconvenience of overland travelling, frequent changes of conveyance, customs, passport and quarantine annoyances.—	
	MILES.
Dover to Malta	1,449
Malta to Alexandria	815
(Evidence to Report, 1851, p. 519)	2,264
Alexandria to Suez (p. 615)	238
Suez to Aden (p. 517)	1,310
Aden to Mauritius (p. 561)	2,800
Mauritius to Swan River (p. 561)	3,150
Swan River to Melbourne (p. 518)	1,850
Dover to Melbourne	11,612
Melbourne to Sydney	602
Dover to Sydney	12,214
Sydney to Wellington	1,221
Total Miles	13,435
 <i>Via</i> Straits of Gibraltar:	
Southampton to Malta (p. 517)	2,160
Malta to Melbourne, as above	10,163
Southampton to Melbourne	12,323
Melbourne to Sydney	602
Southampton to Sydney	12,925
Sydney to Wellington	1,221
Total Miles	14,146

GENERAL COMPARISON.

[The other Eastern Routes are omitted, as the Contract *via* Mauritius establishes that Line for Seven Years.

COLONY.	The New Route.	Suez Route.		Royal Mail Panama Route, via Tahiti.*
	Australasian and Pacific Company.	Via Marseilles and Mauritius.	Via Gibraltar and Mauritius.	
Melbourne	12,235	11,612	12,823	13,173
Sydney	12,033	12,214	12,925	12,571
Wellington†	10,812	13,435	14,146	11,414

* The distances of this route are from pp. 518, 20, 21, of the Report of the Commons' Committee of 1851.

+ Wellington via Marseilles and Melbourne, 13,034 miles; via Gibraltar and Melbourne, 13,745 miles.

On the question, then, of actual mileage, the Pacific Route presents no important disadvantage, whilst the very favourable navigation of this line may fairly be considered equivalent to a reduction of 1,500 miles of distance as compared with the Indian passage.

OPINION OF THE SHIPBUILDERS.

4th October, 1858.

GENTLEMEN,—

In reference to the class of ships we have agreed to build for your proposed Company, we beg to say that we have attentively considered the subject of your proposed line. Taking into account the favourable offing afforded by the departure from Queenstown, which we deem a very great gain, and also the exceptionally fine and free navigation in the Pacific on the line you have selected, we are of opinion your ships will, on the whole voyage, maintain the average of 12 knots, our guaranteed minimum speed being 13 knots.

Assuming the distance of 12,063 miles to be nearly correct, as it appears, 10 knots an hour would be about 50½ days, the lowest average to be expected, and 12 knots under 42 days' steaming. We speak here as engineers, without reference to the above favourable circumstances; so that, fair and foul, your proposal of 45 days for the eight favourable months, and 50 days for the other four of heavy weather in the Atlantic, seems to be fairly within the mark. And we have no hesitation in saying that we expect you will be enabled to effect a considerable improvement in course of time, when the line is properly organized.

We are, &c.,

EVIDENCE BEFORE THE COMMONS' COMMITTEE OF 1851.

The result of operations since the report of the Committee on Steam to Australia (1851) proves the accuracy of the views of Captain Sir Edward Belcher, R.N.

Preferring the Panama route, he says:—"I think that the passage out is secure and smooth, and that the return is not liable to so many dangers, either to the machinery or to the vessel, as by either of the other routes. I consider that by the other two routes you would have, in most cases, either the outward passage to perform before the wind, or the passage back dead against the wind, in either case with very heavy seas or with calms, as the case may be, and I think you are more subject to be influenced by the different monsoons; whereas in the Pacific, I think in either case you would have a leading wind, which is the best wind always for a screw steamer, or you would have an opportunity on the return passage of having what is called a soldier's wind, and that the breezes which blow there would enable a vessel to go faster than she would even with strong breezes on the other side."

He is asked as to the obstruction of the westerly breezes south of the Friendly and Society Islands, a little beyond the Tropics. "They are not," he tells us, "sufficiently strong; in fact, she would make a leading wind of it till she got farther south, or she might run farther north. She would lie so close to the wind under the screw,—she would run within four points of the wind. I do not think it would have any material effect upon her voyage." "Are you considering that the vessel is burning fuel all the time?" "Only light fuel; I consider that she is burning only half her coal when she is performing that sort of work; she would consume her whole coal only when she was making a direct set head to wind." "What tonnage is calculated on?" "Anything over 1,000 tons." "What power to 1,000 tons?" "About from a fourth to a fifth of her tonnage. I consider that as soon as you arrive at 1,000 or 1,200, the weight of the vessel is such that the velocity which is given by the engines to force the vessel under ordinary circumstances through the sea will not be much affected by the wind, her yards are so much out of proportion as compared with a smaller class of vessels. She has no spars to impede her; her own weight will keep up her velocity; she is not so easily affected by head winds."

This impartial evidence, corroborated in all its material points by past experience, as well as by the original and, at the time, unbiassed testimony of Captain Fitzroy, who thus deliberately recorded his judgment on the 10th September, 1850. After denouncing in the most concise and emphatic terms the courses, 1st, *via* Torres Straits; 2nd, by Cape Leuwin; and 3rd, round the Cape of Good Hope, he adds:

"The fourth line, by the Isthmus of Darien and across the Pacific, is shorter by nearly 2,000 miles than the first, which is not so long as the second, and is considerably less than the third. Fine weather, smooth seas, and an equable climate of agreeable temperature prevail; the only obstacle of consequence being the transit of the Isthmus, and even that is likely to be much lessened. Between Panama and Sydney the ocean is unequalled for the facility afforded to navigation. Steady moderate breezes, regular currents, and clear weather are everywhere prevalent. The precise situation of every island near the proposed route is known. Supplies may be procured, and coal can be carried cheaper, from America, New Zealand, or Australia, if not from the North Atlantic.

"Having myself circumnavigated the globe twice, in merchant ships as well as in the command of a surveying expedition, and having traversed that delightful space of ocean above mentioned, between Panama and Sydney, when induced by duty as well as by inclination to study its peculiarities, I feel bound to add my mite towards attracting the attention of the public to the comparative advantages of establishing, by way of the Isthmus of Darien, the principal line of 'Steam communication with Australia.'"

OPINION OF CAPTAIN TOOKER.

Steam Ship "Preussischer Adler," 1st October, 1858.

MY DEAR SIR,—

In answer to your request that I should give you my present views as to your plans, I have only to repeat my observation in the letter I addressed to you so long ago as the 28th of June,

1853, none of the circumstances being changed except in favour of your original proposal. I have been incessantly devoted to a seafaring life for 35 years. I served my apprenticeship in the West India trade, and for 16 years commanded ships in the West India and other southern trades, and the last 13 years I have been in command of steamers, making together 29 years as master, holding certificate for Channel pilotage, and being also a branch pilot for Cork Harbour as well as for the Thames. I enumerate these years of service to justify the right to express an opinion from an intimate knowledge of the subject.

In regard to the advantage of the Cove of Cork as a port of ultimate departure, you rather understate the case. Besides a large export trade to the Gulf of Mexico, which now passes by way of Liverpool, Bristol, and London, you have there coal 15 or 20 per cent. cheaper than at Southampton; every establishment, for repairs or outfit, is ready for the development proportionate to your wants. You have no need of docks, piers, breakwaters, or other works involving commensurate expense to shipping and passengers as at other ports. The many vessels which have made the port for orders, or in distress, or for coal, prove the advantages of its position, and I really consider the offing it gives over Southampton, as you state, certainly equal to a start of 500 miles. For whilst an outward Channel course would have westerly winds ahead, a vessel, especially a screw steamer, running from Cork on the same wind, would have a great advantage, and fall in with fair weather much sooner than another from Southampton. This was remarkably proved by the run of the "Sarah Sands" from the Cove to St. Vincent, Cape Verde, in 12 days.

It is only a person ignorant of our coast who could dispute the superiority of that coast for landfall. It is comparatively, with either channel, free from heavy fogs, and the principal harbours are accessible to a steamer in any weather, and perfectly safe. You will be exempt from the same risks as vessels in the fairway of the Channel, where all sorts of craft, from and to all points of the ocean, crowd in the track of a steamer, obliging her to slow in heavy weather. Your headlands are well defined, your soundings well marked, and both unmistakeable.

I have weekly the anxieties of the Channel navigation upon me, and I venture to assert that no practical seaman acquainted with the approaches of the two ports (Cork and Southampton) would hesitate to prefer the former. You can enter or quit it at any hour, day or night, as I have done for the last 14 years. Not so with the dangerous passage of the Needles, and the intricate channel of the Solent and Southampton Water. An apt illustration, following suit to others of more deplorable results, has just occurred in the case of the New York Steamer "Ariel," which grounded recently inside of Hurst Castle. The number of lights and buoys about the Wight tell of themselves the danger to shipping when they can be descried. Independent of the actual disasters, steamers are frequently obliged to haul off, with ship's head to southward during thick weather. I need not tell you all these inconveniences occasion much delay and real risk to both passengers and mails.

If called upon to state more in detail the advantage of the Cove, I shall be prepared to give innumerable cases, which would extend these observations too far; but it may be all summed up in your remark, that it is the best offing and landfall, and, I will add, fully equal to a gain of six or eight days for a screw steamer on the voyage round to Colon and homeward.

I remain, &c.,

WILLIAM L. TOOKER,

Master "Preussischer Adler" Steam Ship.

RESOLUTIONS PASSED AT MEETINGS IN CORK.

Cork, 7th October, 1858.

SIR,—

The eligibility of the Port of Cork as a station for the despatch of the steam-ships of the Australasian and Pacific Company, intended to convey Her Majesty's Mails, having been brought before the Harbour Board at their last weekly Meeting, the following resolution, of which I have been instructed to forward you a copy, was unanimously adopted.

I have, &c.,

JOSEPH F. SPEARING.

Moved by the Mayor of Cork, seconded by Sir William Hackett, and unanimously resolved:—

The Australasian and Pacific Company having it in contemplation to select the Harbour of Cork as the place of Departure for their steam-packets for the transmission of Her Majesty's Mails, this Board, being anxious to afford every facility in their power to advance the undertaking, hereby resolve: That all dues payable to this Board shall be remitted to the Company's vessels employed by them in conveying the mails for a period of five years, from the commencement of their opening the communication from this port; and that a copy of this resolution be forwarded to the Secretary of said Company.

Cork, 12th October 1858.

SIR,—

I am directed by the Committee of Merchants of Cork to forward to you the enclosed resolution, this day unanimously adopted by that body.

I have, &c.,

WM. CROFTS,

Secretary.

At a Meeting of the Committee of Merchants, held 12th October, 1858, DANIEL F. LEAHEY, Esq., J.P., President, in the Chair: proposed by W. Fagan, Esq., M.P., D.L., seconded by F. B.

Beamish, Esq., M.P., D.L.,—Resolved, That the Committee of Merchants of Cork, concurring with the Harbour Commissioners, are of opinion that the Australasian and Pacific Company (Limited), having for its object a monthly steam communication between Queenstown and Australia and British Columbia, *via* Panama, would prove most important to the interests of the City of Cork, and ought to be warmly supported; and that, therefore, our President be requested to ask his worship the Mayor to summon a meeting of the merchants of Cork, and other citizens, to consider the prospectus of the Company, which has been submitted to the Committee of Merchants, with the view of giving the project the support of this locality.

Cork, 19th October, 1858.

SIR,—

I have directions from his Worship the Mayor of Cork to forward you a resolution, passed at a meeting convened for the purpose of considering the project of a direct communication between Queenstown and Australia, &c.

I have, &c.,

JOHN FRANKLIN,

Mayor's Secretary.

PROPOSED by Lord Fermoy, seconded by Sir William Hackett, and resolved unanimously; "That this meeting heartily approves of the direct communication between Queenstown and Australia and British Columbia, and pledge themselves to co-operate with the promoters of the Company having that design for their object."

Enclosure 2, in No. 10.

AUSTRALASIAN AND PACIFIC COMPANY (LIMITED).

(Incorporated 11th December, 1858).

OBJECT OF THE ENTERPRISE.

THIS Company is formed to undertake the conveyance of mails and passengers to Australasia and New Columbia, originally proposed in its behalf and approved by the Lords of the Treasury; as appears in an answer to that proposal by letter of Sir C. Trevelyan, of the 22nd September, 1858, of which the following is an extract:—

"The present intention of their Lordships is to combine the two services (Australasian and New Columbian in one contract. Ample notice will be given so soon as a final decision has been come to."

Since then a Special Commission has arrived from New South Wales, with instructions to offer £50,000 a year for 10 years (declining any contribution to the Suez Mail) for a line of packets to run only from Panama to Sydney direct. This is to be engrafted on the West India Mail Service, the deficiencies of which for its special object are so loudly and continuously complained of—for irregularity, inconvenience, and overcrowding, as well as for exorbitant charges, the cost of a first-class passage to Aspinwall being no less than £66.

The latter project was framed in haste, anteriorly to the receipt of the communications of this Company to the Sydney Government, and on the erroneous assumption that the Suez Route would be exclusively supported by Victoria and the southern colonies. But advices have been received from Melbourne giving the most encouraging promise of co-operation from that colony, and there is every reason to hope that the more comprehensive design of a general system, which will give cheap and efficient intercommunication between all the Australasian Colonies, New Columbia, and the mother country, will be ultimately approved by the Legislature of New South Wales.

Eventually, there is little doubt, all the colonies concerned will coalesce to provide an ample compensation, by way of subsidy, under the contemplated subvention for which the Company is now ready to contract.

The fact is not to be disguised, that the only serious competition with the proposal of this Company is based on the existence of the West India Mail Service, it being *prima facie* supposed that the Royal Mail Steam Packet Company can embrace the vast business to be opened by the New Mail Route without any addition of expenses. When it is known that the accommodation of the ships employed by that company is altogether insufficient for the duties that they have now to perform, as will be made manifest on official inquiry, that error will be corrected; and as they have perseveringly, from the commencement of their original contracts, mismanaged their lines, and instead of affording facilities, increased their charges,—furthermore, in regard to the conduct of the late Suez Contract, their intervention resulting in a disgraceful failure, it is scarcely to be asserted that they are competent to undertake an extension of the Mail Service, involving the principles of cheap conveyance for passengers and of despatch and regularity for mails, so adverse to their subsisting practice.

It is on this ground that the Australasian and Pacific Company (Limited) solicits the consideration of Her Majesty's Government and the public for their undertaking, intended to afford the best accommodation for the middle classes of emigrants and settlers, as well as the acceleration of correspondence—the former to advance the prosperity of the Colonies, and to preserve their

friendly feeling as against the risk of estrangement by contact with the American element, and the latter as opening up a grand development of commerce in connexion with the Pacific, by which Australia, New Zealand, Tasmania, and New Columbia, and the extensive range of the Polynesian Islands will alike receive the benefit.

This Company has received the special favour from the New Granadian Government of a promise for the reduction of the postal transit rate, at present obstructive in its operation, being 1s. per ounce, which raises the charge to 2s. per rate for letters to the Pacific. If continued, this rate would render a subsidy fruitless, because few would correspond by that route at the subsisting charge of 2s., when a letter can be sent *viâ* Suez for 6d., and while letters for New Columbia, *viâ* New York, can be forwarded by the United States Mails at a less price, in less time, and more frequently than by the present British Mail Packet.

The departure from Cork, appointed for this Company's line, is of the highest advantage; for, independent of the saving of distance as against the departure from Southampton, the superiority of offing and of landfall will effect a saving of at least 10 days on the voyage round from Cork to Aspinwall and home. The route selected for this Company also in the Pacific, by Gambier Islands and Cook's Straits, with a fork from Wellington, one way to Sydney and the other to Melbourne, will give a like saving in the Pacific; whilst it precludes every reasonable objection as to the terminal arrangements, the delivery of mails at both colonies being by that plan as nearly as possible simultaneous.

It is intended to give a second-class passage for about 45 guineas, and a third-class for about 35 guineas, which would be under $\frac{3}{4}$ d. a mile, including bed, board, and conveyance: the opinion of the most competent persons is that these rates will not only immensely benefit the Colonies, but result in the financial success of the Company.

The most efficient ships of guaranteed economy and speed, have been designed for the permanent line; whilst intermediately, for a temporary service, arrangements have been provisionally made for the necessary capital to secure shipping which have been offered to the Company, should a special contract be obtained from the Imperial Government.

The time by this line to New Zealand will be only 40 days, to Sydney 45, and Melbourne 46 days, and to New Columbia 30 days, with a margin of five days for contingent delays.

Speed of conveyance and frequency of despatch, cheap and convenient passage, uniform fares from the principal cities of Great Britain, enlarged scope by calling at Cherbourg for continental mails and passengers, the most favourable plans in regard to time and economy of expense, and the comprehensiveness of the system proposed, are the principal recommendations of this enterprise.

Enclosure 3 in No. 10.

AUSTRALASIAN AND NEW COLUMBIAN MAILS.

Australasian and Pacific Company (Limited),
88, Cannon-street West, E.C.,

London, 1st February, 1859.

MY LORDS,—

1. We have the honor to inform your Lordships that the Australasian and Pacific Company (Limited) was, on the 11th of December last, incorporated under the Joint Stock Companies' Acts of 1856 and 1857. At the same time we beg leave to submit the accompanying documents (Nos. 1 to 5) for your Lordships' information, with the present proposal for a special temporary contract for the conveyance of the mails.

2. Considering the general project of establishing a line of steamers *viâ* Panama to Australasia and New Columbia, the principal obstacles appear to be the exorbitant postal fee of 1s. charged by the New Granadian Government, and the equally unreasonable transit rates of the Panama Railroad Company. For in regard to letters, the primary object of a subsidy, few would pass that way when they could be sent to Australia *viâ* Suez, for 6d., and to Columbia *viâ* the United States and the Tehuantepec Route exempt from transit dues; and in regard to passengers and merchandise, moderate and efficient transport for them being essential in this case, the tariff of the Panama Company would be inequitable.

3. With these views, aware that ineffectual efforts had for several years been made to secure a modification, and deeming it would be acceptable and sufficient to have a private contract without compromising Her Majesty's Government by the immediate adoption, preferentially, of one of the transit routes, we ventured, through the influence of our connexions at Bogota, to offer certain inducements for a reduction of the postal charges; and we have the satisfaction to report that we have received a promise to the desired effect, which enables us to undertake the transit at the cost of 1d. per letter (No. 2).

4. We have also the assurances of Messrs. Lansing and Starr, agents for the Aspinwall Steamers, that the Panama Company will meet the requirements of the case with equal liberality; and through the same firm we have, besides, a valuable coalition with the United States' Mail Steamers on both sides of the isthmus (No. 3).

5. An important privilege has likewise been obtained in the exemption of the Company's ships from port dues in Cork Harbour, while the Great Southern and Western Railway Company are prepared to afford every facility in their power; so that we may respectfully submit that everything is combined in the present plan which can contribute to the efficiency of the service (No. 1).

6. Having discovered an error in the distance quoted in our early communications from the official copy of the Evidence given before the Committee of 1851, we applied to Captain Sir Edward Belcher to correct his statement, which he has kindly done in the annexed document (No. 4), to which we have appended an estimate of proximate distances according to our calculations.

7. The preliminary measures being organized, and contracts concluded with the most eminent shipbuilders (No. 5), we are now in a position to establish the postal line from this country to Australasia and New Columbia, for which we have already proposed, and upon terms as to subsidy, and as to the conveyance of passengers as well as mails, highly advantageous to the Colonies.

8. But as it may be desirable to allow further time, prior to the adoption of definitive plans for the Pacific Line, we beg leave to tender for a special temporary contract for 12 or 18 months, to precede the permanent service. The delay would be justified by the following influential motives :—

9. It would allow of the public appreciation of the Pacific Route as the most beneficial for all the Australasian Colonies.

10. A mature selection may be made of the most advantageous of the four available Isthmus routes (*viâ* Tehuantepec, Honduras, Nicaragua, and Panama), and due time allowed for negotiations with the companies conducting the transit.

11. Negotiations will be more effectual with the Governments interested to contribute to the subsidy.

12. A progressive development of traffic will ensue, so as to preclude the ruinous losses that have led to the failure of other companies.

13. The first year's working of the Mauritius Route to Europe will afford a fair comparison with the system proposed by this Company for communication *viâ* Suez; that is, the extension of the Pacific Line from Melbourne to Singapore, to embrace not only the advantage of an alternative route to Europe, but the benefits of communication with India and China, for the rapidly increasing trade, in those directions, of the Australasian Colonies.

14. Efficient combinations can be arranged with local parties for intercolonial branches and extensions for the permanent system of the line.

15. We may add, as a general recommendation of the Panama Route, that in a state of war with any of the Mediterranean nations, the Suez route would be exposed to constant interruptions, while the former is less liable to similar risk, and affords double Atlantic communications, one direct, and another by way of the United States—the latter made available through our engagements with Messrs. Lansing and Starr.

16. The terms we most respectfully submit for such temporary contract are as follows :—

17. Within one month from the date of the contract, we shall name the ships to be employed, which shall not be of less tonnage than 1,000 tons each (except the branch packet for the bifurcation at Wellington), and submit them for survey at the ports where lying.

18. Within four months from the approval of the ships, we shall commence the service from this side, the intermediate delay being necessary for supplying the coaling-stations.

19. For the first six months the departures to be bi-monthly, and subsequently, until the working of the permanent contract shall commence, the departures to be monthly.

20. The time and mileage, in proportion to the distance, to be the same as the present contract *viâ* Suez, which leaves an immense advantage for the latter line over this proposal, inasmuch as the contracting parties there have large subsidies for other services (with which the Australian contract is to be combined) for about two-thirds of the entire distance.

21. We are prepared to contract for the transit of mails across the American Isthmus at the rate of 1d. per letter of a quarter of an ounce weight, 1d. for each newspaper not exceeding four ounces, 2d. for other publications over two ounces and not exceeding four ounces; the book post to every description of document and samples not exceeding 16 ounces. To enable us to fulfil this condition, we request to be allowed to select the route for transit, subject to your Lordships' sanction.

22. In case the extension from Melbourne to Singapore be ordered, the mileage and time for that section to be not less proportionate with those of the subsisting services in the Indian Ocean.

23. But in the event of the Company's steamers in the Pacific section running semi-monthly, the increased mileage for the conveyance of mails is to be reduced to 60 per cent. of the original rate, and for a weekly conveyance the additional mileage will be fixed at 40 per cent. of the original rate.

24. Distinctive rates are to be charged on the correspondence of countries not contributing in due proportion to the subsidy of this line, this Company undertaking, if desired, to treat for contributions, subject to the sanction of your Lordships.

25. The penalties for the temporary contract to be the same as those regulating the Suez Subvention.

26. We do not solicit the preliminary arrangement with a view to raising any right of preference in regard to the permanent service, nor to decide the conditions of the latter in regard to time, subsidy, or penalties, which will naturally be regulated at the time of final tender.

27. We are prepared to offer full explanations with respect to any details that your Lordships may deem deserving of inquiry.

With profound respect we remain, &c.,

Enclosure 4 in No. 10.

EXTRACT FROM LETTER OF DR. FLORENTINO GONZALES TO MR. R. MOORE, OF 27 NOVEMBER, 1859.

MY DEAR SIR,—

Your esteemed favours of the 30th September and 16th October have been received rather too late, owing to a mistake in the address, notwithstanding I had time enough to acquaint the President and Ministers with your views about the transport of mails through the Isthmus, upon paying a moderate postage. They fully agree in the expediency of diminishing the postage, and of granting the advantages you wish for. But as nothing of the kind can be done by the Executive Government, the President and the Ministers have limited themselves to promise their assistance, in Congress, to my exertions to obtain the concessions wanted by the Company.

Should the Australasian and Pacific Company be resolved to undertake the steam communication with Australia *via* Panama, or any other part of New Granada, they may rely upon the warmest co-operation of the members of the Executive Government of this country; and I can confidently undertake to have the necessary legislative Acts passed through the Congress, to enable the Company to carry out the enterprise.

If a power of attorney is sent to me to apply to next Congress on behalf of the Company for the concession you want, that document should be sent as soon as possible, as Congress meets on the 1st of February, and no time is to be lost. The said document is to be accompanied with detailed instructions about the concessions wanted. Besides, it would be useful to annex the deed vouching the formation of the Company, and certificate of the Granadian Minister, and of the Consul in London, testifying the respectability of the Company, and their ability to carry into effect what they promise.

With these documents I will be able to obtain all the concessions you want.

This is all the information I am able to give you about what it is possible to do for giving you the assistance wanted from this country to carry into effect the intended communication with Australia. I will do my best to obtain the greatest advantage for the Company, if I am entrusted to act for them in this country.

I am, &c.,

FLORENTINO GONZALES.

R. Moore, Esq.,
&c. &c.

EXTRACT FROM LETTER OF DR. FLORENTINO GONZALES TO MR. R. MOORE, OF 26 JANUARY, 1859.

I informed you in my last letter that the New-Granadian Government was disposed to make any reasonable concessions to a serious company. This I affirm once more, so that should you be decided to select the New-Granadian Route for the service of the steamers, you may reckon upon earnest support from the Government.

If you have adopted the suggestions I made in my last letter, and I receive your instructions by next mail, I will take the necessary steps to secure a concession for your Company. If your instructions come afterwards, I will entrust a trusty and influential person to act in your behalf, as I start next month for Santiago de Chile, as Envoy Extraordinary and Minister Plenipotentiary from the New-Granadian Government, to make some international arrangements.

Enclosure 5 in No. 10.

SIR EDWARD BELCHER'S CORRECTION OF HIS EVIDENCE BEFORE LORD JOCELYN'S COMMITTEE OF 1851 (Steam to India.)

Union Club, 28 October, 1858.

DEAR SIR,—

I send you the computed distances. It appears evident to me that my evidence has been misprinted.

I see clearly now, that on my view of the easterly return, I maintained (as you may observe in the calculations) that they must take the 40th parallel; and the computation proves that, by retaining the 41st parallel up to 160°, when the trade would become a leading wind, to the Gambier Group, that the difference between this and the direct route would have been trivial—exactly what I knew in my own mind, without the trouble of computation, it should be. Therefore, the distances, as far as regards your purposes, will stand as follows:—

Panama to Galapagos	-	-	-	-	896.42
Galapagos to Gambier Islands	-	-	-	-	285.22
					3791.97
Direct from Panama	-	-	-	-	3788.
Gambier to New Zealand	-	-	-	-	2756.90

From extreme points direct as the crow flies	-	6548·87
Evidence	-	6574·
		25·13

But I am not aware if the positions are the same; at least, the amount must be added from anchorage to anchorage.

To Sydney it will stand:—

Panama to Galapagos and Gambier	-	-	3791·97
Gambier to Sydney	-	-	3931·20
			7723·17
Panama to New Zealand	-	-	6548·87
New Zealand to Sydney	-	-	1192·70
			7741·57

On the Return Route, by pursuing the favourable south-westerly breeze on the 41st parallel, up to 160° west, we have	-	-	1147·2
Thence to Gambier's Group	-	-	1679·0
			2826·2
Direct Distance	-	-	2756·9
Difference	-	-	69·3

I do not perceive more than that misrepresentation on the face of the print which needs correction; and it is evident that, supposing I made the mistake as printed, I had men to deal with who were above taking any advantage of what they well knew could have been explained in an instant.

There are many points in that evidence which have entirely escaped my memory; and I think it would very much improve the value of such evidence, if, before printing for final use, they allowed disinterested persons to remodel, add to, or explain particulars on which, under *viva voce* examination, they could not be expected to speak with so much authority.

Believe me, &c.,

EDWARD BELCHER.

TABLE OF EFFECTIVE DISTANCES OF POSITIONS FROM QUEENSTOWN TO AUSTRALASIA AND BRITISH COLUMBIA, COMPUTED ON GREAT CIRCLE AND COMPOSITE COURSES (ALPHABETICALLY):—

	<i>N. Miles.</i>		<i>N. Miles.</i>
Fayal to Queenstown	1,167	Panama to Galapagos	902
" Mona Passage	2,395	" Gambiers	3,794
" Port Royal	2,900	" Wellington (<i>via</i> Gambiers)	6,528
" Navy Bay	3,259	Panama to Wellington (direct)	6,464
Galapagos to Panama	902	" Melbourne (<i>via</i> Cook's Strait)	7,946
" Gambiers	2,892	Panama to Sydney	7,749
Gambiers to Galapagos	2,892	Queenstown to Fayal	1,167
" Wellington	2,734	" " Mona Passage	3,444
" Fouseca	3,537	" " Navy Bay (direct)	4,282 ¹
" St. Juan del Surd	3,560	" " (<i>via</i> Mona Passage)	4,308
" Tehuantepec	3,315	Queenstown to Navy Bay (<i>via</i> Port Royal)	4,493
Melbourne to Wellington	1,422	Queenstown to Wellington	10,376
" Panama	7,886	" " Melbourne	12,234
" Sydney	602	" " Sydney	12,033
Mona Passage to Navy Bay (direct)	864	" " San Francisco	7,532
" " <i>via</i> Port Royal	1,049	" " Vancouver's Island	8,522
Mona Passage to Port Royal	505	Wellington to Sydney	1,221
Port Royal to Omeo	692	" " Melbourne	1,422
" St. Juan de Nicaragua	577		
" Navy Bay	544		

SIR STAFFORD NORTHCOTE TO THE POSTMASTER-GENERAL.

Treasury Chambers, 19th April, 1859.

My Lord,—

I am desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for your Lordship's information, with reference to the correspondence which has already taken place upon the subject, the enclosed copy of a Minute of my Lords of this day's date, relative to the establishment of postal communications between this country and Australia, *viâ* Panama; and I am to state that my Lords trust that some more favourable arrangement will have been concluded with the Granadian Government on the subject of their claim for transit dues on the mails conveyed across the Isthmus of Panama, before the proposed contract for the performance of this service will come into operation.

I have, &c.,

STAFFORD H. NORTHCOTE.

The Postmaster-General,
&c. &c. &c.

Enclosure to No. 11.

COPY OF TREASURY MINUTE, DATED 19TH APRIL, 1859.

My Lords have under their consideration the various communications which have taken place, with reference to the establishment of a mail service with the Australian Colonies, *viâ* Panama. At the time when my Lords were negotiating for the service, *viâ* Suez, expectations were held out that steps would be taken to set on foot this second service as soon as proper arrangements could be made for the purpose; and in the notice calling for tenders for the Suez service, a distinct intimation was given to this effect. Since then, Mr. Merewether, clerk of the Executive Council of New South Wales, has been deputed by the Government of New South Wales to act as their agent in any arrangements to be made for carrying out the project in question, and has been in communication with this Board on the subject.

The Colony of New South Wales has actually appropriated a sum of £50,000 a year for 10 years for this monthly service *viâ* Panama, and my Lords are informed by Mr. Merewether, that he has no doubt that the Colony will be prepared to take upon itself the responsibility of one half of the cost of this service, provided it can be accomplished within reasonable limits, undertaking at the same time the necessary intercolonial arrangements, as regards New Zealand and the other Australian Colonies.

One obstacle which interfered with the earlier adoption of this line, was occasioned by the state of the transit route across the Isthmus of Panama, and the heavy charge to which the mails conveyed by that route are subjected on the part of the Granadian Government for transit dues, in addition to the payment made to the railway company for actual conveyance.

My Lords are informed by the letter from the Foreign Office, dated 15th instant, that Lord Malmesbury has not yet been able to make any arrangement on the subject, but that it is a matter to which his attention is constantly directed, and that he will avail himself of the first opportunity to settle it on a more favourable basis than that at present existing.

Considering the vast importance to the Australian Colonies, especially to New South Wales and to New Zealand, of a communication which, amongst other advantages, will afford them facilities of intercourse with the whole continent of America, from which they are at present comparatively excluded:

And looking to the very liberal manner in which the Government of New South Wales have come forward in support of this scheme, my Lords are of opinion that they ought no longer to delay fulfilling the intention which they formerly announced, of inviting tenders for the service.

In coming to this decision, however, it must be clearly understood that my Lords will not consider themselves bound to accept any of the tenders, unless they are fully satisfied:

1. That the amount is reasonable, and such as they would be justified in incurring.
2. That the times and rates of speed are such as to harmonise perfectly with the Suez service, so as to make the two alternate fortnightly with each other; and,
3. That the Governments of the Australian Colonies will undertake one entire half of the cost of both of the services, *viâ* Suez, as well as *viâ* Panama, whatever that may be.

Write accordingly to the Admiralty, and request that they will take the necessary steps for procuring tenders for the performance of a monthly mail service between Great Britain and Sydney, *viâ* Panama, and New Zealand.

The contractors must make provision for conveying to and from Melbourne the letters of Victoria, and the other Australian Colonies.

They must also state at what ports between Great Britain and Panama, and between Panama and Australia, it may be in contemplation to call, and the time at which they will be prepared to commence the service from Australia and Great Britain.

The tenders must specify the maximum number of days to be occupied on the voyages out and home, which must not exceed 55 days on the whole, exclusive of the transit across the Isthmus, and the times of arrival and departure must be so arranged as to alternate fortnightly with the Suez route.

My Lords propose to allow a period of two months, say until the 1st of July, for the delivery of the tenders.

No. 12.

THE RIGHT HONORABLE H. T. L. CORRY TO THE SECRETARY TO THE TREASURY.

Admiralty, 3rd May, 1859.

SIR,—

I am commanded by my Lords Commissioners of the Admiralty to request you will lay before the Lords Commissioners of Her Majesty's Treasury the accompanying draft tender, prepared in accordance with the instructions forwarded in your letter of the 20th ultimo, for the Australian Mail Service, *viâ* Panama; and my Lords desire me to call attention to the circumstance, that no invitation is contained therein for tenders for a service, subsidiary to the existing line between this country and Panama.

I am, &c.,

H. CORRY.

The Secretary to the Treasury.

TREASURY MINUTE ON THE ABOVE LETTER.

Refer to Postmaster-General.

W. H. STEPHENSON.

5th May, 1863.

No. 13.

THE POSTMASTER-GENERAL TO THE TREASURY.

General Post Office, 12th May, 1859.

MY LORDS,—

I have examined the draft tender for the Australian service, *viâ* Panama, referred to me on the 5th instant, and have the honor to submit the following suggestions for your Lordship's consideration:—

1. That the blank left for the term of years should be filled up before the form is issued.
2. That in addition to the tenders for the whole service, tenders should be invited for so much of the service as lies west of Panama, as suggested in Mr. Corry's letter.
3. That an addition be made to the form of tender, with the view of securing the insertion of the number of days, as required by condition No. 9.
4. That the number of days allowed for the service should reckon to and from Port Adelaide; the draft tender names "Melbourne;" but I gather from your Lordship's Minute of the 19th April, that it was intended the time in question should include the whole service. Strictly speaking, this would comprehend King George's Sound; but I presume it is not your intention that the remote and comparatively unimportant Colony of Western Australia should be included in the scheme. I have suggested Port Adelaide, rather than Kangaroo Island, because, as South Australia would be the last Colony reached, there appears to be no reason for stopping short of its principal port. By allowing for the Panama route the same time for reaching Adelaide as is allowed by the Suez route for reaching Sydney, the two routes will, I think, be brought fairly into comparison.
5. But the most material point is the amount of the maximum time allowed. In naming 55 days, your Lordships have taken the time allowed for the Suez route, *viâ* Gibraltar; but I would suggest whether, for the reasons stated in my report of the 4th of October, the time allowed should not be that required for the Despatch *viâ* Marseilles. This would reduce the maximum to 50 days; the route through France having proved somewhat quicker than I anticipated.

I have, &c.,

COLCHESTER.

The Lords Commissioners of the Treasury.

MR. HAMILTON TO THE POSTMASTER-GENERAL.

Treasury Chambers, 17th May, 1859.

MY LORD,—

Adverting to your Lordship's letter of the 12th instant, relative to the proposed mail communication with Australia, *via* Panama, I am desired by the Lords Commissioners of Her Majesty's Treasury to state, that my Lords have caused the Board of Admiralty to be informed that they approve of the draft tender for this service, which was transmitted to your Lordship on the 5th instant, subject to the following alterations, namely, that:—

1. The blank left for the term of years should be filled up with the word "seven," which is the period for which my Lords propose that the contract shall be granted.

2. Tenders should be invited for a service subsidiary to that now existing between this country and Panama.

3. It should be intimated that, although 55 days is stated as the maximum time for performing the service to and from Melbourne, my Lords will be prepared to consider proposals embracing a shorter time of performance.

4. In clause 9, Melbourne should be substituted for Sydney, as the final port of arrival and departure.

I am to observe, that my Lords do not think it desirable to make Port Adelaide the final port instead of Melbourne. The question is one which principally affects the two great Colonies of New South Wales and Victoria, and neither Western nor South Australia will be called upon to make any pecuniary contribution for the service, unless these two Colonies should find it for their own advantage to enter into an arrangement with the Colony of New South Wales.

I am to add, that my Lords apprehend that such a limitation of time as that proposed by your Lordship in the concluding paragraph of your letter, would render the attainment of the object in view impracticable; and, moreover, it appears to my Lords to be scarcely fair to take the Marseilles route as the standard of time, instead of that by Southampton, because it has been stated that the great bulk of the Australian mails invariably take the latter route.

I have, &c.,

G. A. HAMILTON.

The Postmaster-General,
&c., &c., &c.

No. 15.

AUSTRALIAN AND NEW ZEALAND MAILS.—PANAMA ROUTE.

TENDER for Steam Vessels for performing the Mail Service between Great Britain, Sydney, and Melbourne, via Panama and New Zealand.

Names of Vessels.	Tons by Register.	Where Lying.	Horse Power.	Draft of Water when ready for Sea.	Speed under Steam.	Number of Vessels proposed to be employed.	Day on which the Vessel will be ready.	
							For Survey.	Complete for Sea on the part of the Owners.
				Ft. In.	Knots per hour.			

1859.

SIR,—

We hereby offer to the Commissioners for executing the office of Lord High Admiral of the United Kingdom of Great Britain and Ireland the above-mentioned steam vessels for seven years certain, for conveying Her Majesty's mails monthly each way between Great Britain

Sydney, and Melbourne, *via* Panama and New Zealand, at the rates following, namely, at the rate of £ , subject to the several conditions marked A, and to an abatement at the rate of £ per annum, in case no accommodation should be required for a Naval Officer in charge of the mails.

In the event of the tender being accepted, we engage that the vessels above mentioned shall be ready for survey on the day or respective days above mentioned for that purpose, in failure of which we agree to pay to Her Majesty the sum of £10 for every vessel from the day she ought to be ready for survey, for every day during which she shall not be ready for such survey; and we also engage that such vessels shall be complete for sea on the day or respective days above mentioned for that purpose, in failure of which we agree to pay to Her Majesty the sum of £10 for every vessel from the day on which she ought to have been complete for sea, for every day during which she shall not be complete for sea.

And we hereby agree with the said Commissioners to commence the said service from Great Britain on the day of , and from Sydney on the day of , and in the event of such service not being commenced on such days, we hereby agree to pay to Her Majesty the sum of £100 for every day from those days respectively until the said services shall be commenced by us. And we hereby agree that such respective sums of £10, £10, and £100 are to be considered not as penalties, but as liquidated damages, and payable whether any damage shall or shall not be sustained by reason of all or any one or more of such failures, or in the event of any one or more of such failures the said Commissioners shall have the option of determining any agreement for such service by us.

And we do hereby agree to execute a contract according to the said conditions marked A, and for the performance of the said service by not less than the above number of vessels, to be approved of as in the said conditions mentioned.

We are, &c.,

Signatures.
Address.

The Secretary of the Admiralty.

N.B.—All tenders to be made upon this printed form, and they are to be addressed to the Secretary of the Admiralty, at Somerset-place, with the words "Tender for the Conveyance of Mails," and "Comptroller of Transport Service," in the left hand corner of the envelope, and no tender will be received unless it be made precisely according to the preceding printed form. Any conditions or alterations which the party tendering may wish to suggest, must be added to the tender, either at the end of the printed form, or by a separate letter at the time of making the tender.

CONDITIONS OF THE TENDERS

To be received for a Contract for the Conveyance of Her Majesty's Mails to and from Sydney and Melbourne, *via* Panama and New Zealand.

(*Referred to as marked A*).

1. The contractors must engage to convey Her Majesty's Mails and Despatches, monthly, each way between Great Britain and Sydney, *via* Panama and New Zealand, by a sufficient number of full power steam-vessels. The contractors must also make provision for conveying to and from Sydney and Melbourne the letters of Victoria and the other Australian colonies.

2. It is to be stated at what intermediate port or ports between Great Britain and Panama and between Panama and Australia it may be in contemplation to call.

3. It must be stated at what time the contractors will be prepared to commence the service from Australia and from Great Britain under the penalties hereinafter provided for.

4. The contractors must engage to supply, during the continuance of the contract, a sufficient number of vessels for the performance of the contract, and these vessels are to be subject at all proper times to survey by officers in the employment of the Admiralty; and any defect discovered on such survey to be immediately made good by the contractors. This survey to extend to the crew, officers, and engineers, and machinery, as well as to the hull of the vessel; and it is to be understood that no vessel is to be employed under this contract until she shall have been surveyed by the Admiralty in hull and machinery, tried under weigh, and finally approved by their Lordships.

5. The vessels to be always supplied and furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, oil, tallow, provisions, anchors, cables, fire-pumps, and other proper means of extinguishing fire, lightning conductors, charts, chronometers, proper nautical instruments, and whatsoever else may be requisite and necessary for equipping the said vessels, and rendering them constantly efficient for the service to be performed, and also manned and provided with legally qualified and competent officers, and a sufficient crew of able seamen and other men.

6. The said Commissioners are to have the power of ordering the vessels to be so arranged and constructed for the purposes of the contract as they may consider suitable; and may require the designs and plans of all vessels to be built for the performance of the contract to be submitted to them previously to their construction.

7. Proper accommodation to be provided, free of expense, for the naval officer in charge of the mails; but the parties tendering are at liberty to state what deduction they would make in the event of this condition not being required.

8. The said Commissioners may, at their option, substitute for the naval officer an officer of the Post Office and his assistant, to be employed in sorting the mails on board the packets. They may also require the contractors to erect a suitable sorting-room on board each of the vessels employed between Great Britain and Sydney, such sorting-room to be not less than 10 feet by 8 feet, and 6 feet in height.

9. The tenders must specify the maximum number of days between the departure of the mail from Great Britain and its arrival at Melbourne, and from Melbourne and its arrival in the United Kingdom respectively, but in no case must the voyage out or home exceed 55 days in the whole, exclusive of the transit across the Isthmus. Although, however, 55 days are fixed as the maximum time for performing the service to and from Melbourne, proposals embracing a shorter time will receive favourable consideration.

10. The days and hours of departure from each port are to be fixed by the said Commissioners, and may be altered from time to time by them, on giving three months' notice to the contractors; it being understood that the departures will be so arranged as to alternate fortnightly with the mails by the Suez route.

11. A penalty of £500 to be incurred when the contractors fail in providing a vessel, in accordance with their agreement, ready to put to sea at the appointed hour; and also the sum of £100 for every successive day which shall elapse until such steam vessel shall actually proceed to sea; and also £10 per hour for every hour consumed on the voyage beyond the total number of days stipulated in the contract as the period within which the respective voyages will be completed, either outward or homeward; but so that the full amount of such penalties on any one voyage shall never exceed the proportion of the subsidy applicable to such voyage; and penalties for overtime will not be enforced if it be shown to the satisfaction of their Lordships that the delay has arisen from causes over which the contractors have not and could not have any control.

12. A premium of £50 will be given for every day less than the total number of days occupied in the voyage.

13. The mails shall be conveyed in the said vessels, and be delivered and received at each of the places to which the said vessels are to proceed in the performance of the contract; and, at each port or place where the said mails are to be delivered and received, the agent having charge of them shall, whenever and as often as by him deemed practicable or necessary, be conveyed on shore, and also from the shore to the vessel employed in the performance of the contract, together with, or if necessary for the performance of the duties of such agent, without Her Majesty's Mails, in a suitable and seaworthy boat of not less than four oars, to be furnished with effectual covering for the mail bags, and to be provided and properly manned and equipped by the contractors; and the directions of such agent shall in all cases be obeyed, as to the mode, time, and place of receiving and delivering Her Majesty's Mails.

14. Should the said Commissioners deem it expedient to place the said mails and despatches in charge of the master or commander of any of the said vessels, the said master or commander shall take the usual Post Office oath or declaration, and furnish such journal returns and information, and perform such services, as the said Commissioners or their agent may require, and be responsible for the due receipt and delivery of the said mail and despatches.

15. The contractors shall not receive or permit to be received on board any of the vessels employed under the contract, any letters for conveyance other than those duly in charge of the said naval officer, or which are or may be privileged by law, the said naval officer to report any default in this respect; and in case of any such default, the contractors shall be liable to be proceeded against for a breach of the contract.

16. The whole postage of all letters conveyed in the vessels employed under the contract is to be at the disposal of Her Majesty's Postmaster-General.

17. The contractors and all commanding and other officers of the vessels to be employed in the performance of the contract, and all agents, seamen, and servants of the contractors, shall at all times during the continuance of the contract, punctually attend to the orders and directions of the said Commissioners, or any of their officers or agents, as to the landing, delivering and receiving Her Majesty's Mails; and all and every the sums of money stipulated to be forfeited and paid by the contractors unto her Majesty, her heirs and successors, shall be considered as stipulated or ascertained damages, and shall and may be deducted and retained by the said Commissioners out of any monies payable, or which may thereafter be payable to the contractors, or the payment may be enforced, with full costs of suit, at the discretion of the said Commissioners.

18. The contractors shall and will, when and as often as in writing they or the masters of their respective vessels shall be required so to do by the said Commissioners, or by any naval or other officer or agent acting under their authority (such writing to specify the rank or description of the person or persons to be conveyed and the accommodation to be provided for him or them), receive and provide for, victual and convey on board each, every, or any of the vessels to be employed in the performance of the contract, for the whole or any portion of the voyages of the said vessels (in addition to the naval officer authorised to have the charge of the said mails), any naval, military, or civil officers in the service of her Majesty, not exceeding four, and also their wives and children as chief-cabin passengers, and any non-commissioned or warrant officers, or civilians in her Majesty's service, not exceeding two, with their wives and children, as fore-cabin passengers, and any number of seamen, marines, or soldiers in her Majesty's service, not exceeding ten, with their wives and children, as deck passengers, to be effectually protected from sun, rain, and bad

weather, charging for such chief-cabin, fore-cabin, and deck passengers, the fares or rates charged by the said contractors for ordinary passengers of a similar description ; a fortnight's notice being given to the agent of the contractors at the port of embarkation. Whenever the contractors shall convey any soldiers as deck passengers, other than those specially provided for by this contract, the contractors shall provide them with adequate protection from rain, sun, and bad weather, and they shall not be exposed on deck without such competent shelter.

19. When a passage has been ordered for any person at the expense of the public, the payment shall only be made on the production of the order for the passage, and certificate from the person in the following form, viz. :—

"I hereby certify that on the _____ I embarked at _____ as a
passenger on board the mail steam packet _____ for passage to
and landed at _____ on the _____."

To this certificate the following addition is to be made in every case of a male cabin passenger, viz. :—

"I further certify that the first dinner meal taken on board was on the _____
and the last dinner meal on the _____"

"Dated this _____ day of _____."

And the correctness of the dates must be corroborated by the master of the packet, adding underneath the passenger's signature,—

"The dates inserted in this certificate are correct."

(Signature.)

"Master of the Packet."

The passage-money for the families and wives of officers shall be paid to the contractors by the officers themselves. All children under three years of age to be conveyed free.

20. The contractors shall receive on board each and every of the said vessels employed in the performance of the contract, any number of small packages, not exceeding 20 feet, containing astronomical instruments, charts, wearing apparel, medicines, or other articles, and convey and deliver the same to, from, and between all or any of the ports or places to or from which the said mails are to be conveyed, in the performance of the contract, when and as often as directed by the said Commissioners, their agents, or by the British naval officer in command of the station, free from all costs and charges ; and shall also receive on board each and every of the said vessels, and convey and deliver to, from, and between all or any of the said ports or places, any naval or other stores not exceeding 10 tons in weight, at any one time, in any one vessel, at the rate of freight charged by the contractors for private goods, on receiving from the said Commissioners, or any of their officers, or agents, two days' previous notice of its being their intention to have such stores so conveyed ; and the said contractors shall in all cases be strictly responsible for the due custody and safe delivery of the said packages, articles, and stores.

21. The contract to continue in force for seven years from the day on which the first vessel shall commence her voyage. The Board of Admiralty will be empowered to determine the contract in the event of repeated irregularities.

22. Payments will be made by bills on her Majesty's Paymaster-General, payable in seven days from and after the respective dates thereof, on the production by the contractors, from time to time, to the Accountant-General of the Navy of certificates from the proper officers that the several voyages have been duly performed, and the contract strictly and punctually carried out.

23. The contractors shall undertake for themselves all arrangements relative to quarantine, as connected with the due and regular performance of the conditions of the contract.

24. The contractors shall not assign, underlet, or dispose of the contract, or any part thereof, without the consent in writing of the said Commissioners ; and in case of any deliberate or wilful breach thereof, by the contractors, the said Commissioners may terminate it without any previous notice to them, nor shall they be entitled to any compensation in consequence of such determination.

25. No Member of the House of Commons shall be admitted to any share or part of the contract, or to any benefit to arise therefrom, which is not permitted by Act of Parliament now in force.

26. The contractors to be bound with two sureties in £25,000 for the due performance of their contract.

N.B.—Tenders will be received for a service subsidiary to that now existing between this country and the Isthmus of Panama,—*e.g.*, one between Panama and the Australian ports, subject to the foregoing conditions so far as they are applicable—and it is to be understood that the said Commissioners do not engage to accept the lowest tender irrespective of all other considerations, and are not bound necessarily to accept any of the tenders that may be sent in.

No. 16.

SIR F. ROGERS TO THE SECRETARY TO THE POST OFFICE.

Downing Street, 31st January, 1863.

SIR,—

I am directed by the Secretary of State for the Colonies to transmit to you, for the information of the Postmaster-General, copies of the under-mentioned document.

I am, &c.,

F. ROGERS.

The Secretary to the Post Office.

Number.	Date.	Description of Document.
114	25 Nov. 1862.	Copy of a Despatch from the Governor of Victoria, on the subject of establishing postal communication <i>viâ</i> Panama

Enclosure in No. 16.

GOVERNOR SIR H. BARKLY TO THE DUKE OF NEWCASTLE.

Government Offices, Melbourne,
25th November, 1862.

MY LORD DUKE,—

The enclosed letter from the Postmaster-General of New Zealand, together with a Minute thereupon by the Postmaster-General of Victoria, have just been handed to me by my Chief Secretary, as elucidating the views of my advisers on the subject of establishing postal communication, *viâ* Panama.

As the mail for England closes in a few hours, I have not time to say more than that I entirely concur in those views, so far as they affect the inexpediency of any contract being entered into for the purpose, which would endanger the continuance of the Suez line.

I have, &c.,

H. BARKLY.

His Grace the Duke of Newcastle, K.G., &c.

Enclosure (A.) in Enclosure in No. 16.

THE POSTMASTER-GENERAL OF NEW ZEALAND TO THE CHIEF SECRETARY IN VICTORIA.

Melbourne, 19th November, 1862.

SIR,—

I have the honor to inform you that by a recent act of the Legislature of New Zealand, a sum of thirty thousand pounds (£30,000) per annum has been granted for five years towards the maintenance of a monthly steam mail service to and from Great Britain, *viâ* Panama, and the Government of that Colony has determined to co-operate with the Government of New South Wales in the task of organising such a service. In furtherance of this object, I am about to proceed to Great Britain, fully authorised to take such measures as may seem desirable to be taken on the part of the Colony of New Zealand. Having reason to believe that the united exertions of the two colonies named will be successful in establishing a steam Postal service *viâ* Panama, I do myself the honor to enquire whether the Government of the Colony of Victoria are prepared to join them in guaranteeing the necessary subsidy in the proportion of Fifty thousand pounds (£50,000), by New South Wales, and Thirty thousand pounds (£30,000) by New Zealand, and, if not, whether they will agree to apply to the colonial contribution towards the expense of this line, when fixed, the same rate of apportionment as at present obtains with respect to the route *viâ* Point de Galle and Suez.

I need scarcely point out that, by the adoption of this rule, the Colony will not be called upon to contribute except for and in proportion to any advantage gained, and that, unless the rule be adopted, much difficulty leading to confusion will probably attend the conveyance of any correspondence from or to the Colony of Victoria along the route in question.

I have, &c.,

CROSBIE WARD,
Postmaster-General of New Zealand.

The Honorable the Chief Secretary.

Enclosure (B.) in Enclosure in No. 16.

MINUTE ON A LETTER FROM THE HONORABLE CROSBIE WARD ON THE SUBJECT OF STEAM POSTAL COMMUNICATION VIA PANAMA.

General Post Office, Melbourne, 25th November, 1862.

THE proposals contained in the letter from the Honorable C. Ward, on the subject of steam vessel communication with England, *viâ* Panama, are such as I cannot recommend for the favourable consideration of the Cabinet.

In the first place it has to be considered that the Government of Victoria is in a manner pledged to the Imperial Government to guarantee the payment of half the entire cost of the present service, in the event of the other colonies declining to continue parties to the arrangement.

It is also clear that the present postal route, *via* Point de Galle, is the one best suited to this Colony, and should in my opinion be maintained in preference even at the cost above mentioned; while on the other hand the Panama line would make Melbourne the last port of arrival and the first of departure.

It is presumed that were the service, *via* Panama, commenced upon the guarantee of the Governments of New South Wales and New Zealand, as stated in Mr. Ward's letter under notice, that the support at present afforded by these colonies to the line, *via* Suez and Point de Galle, would be withdrawn.

In this case, supposing Tasmania and South Australia still adhered to the existing arrangement, it would devolve on this colony to pay 87 per cent. of the colonial moiety on account of the contract with the Peninsular and Oriental Company.

With this contingency in view, I feel no hesitation in recommending that Mr. Ward should be informed, in answer to his first inquiry, that this Government is not prepared to join New South Wales and New Zealand in guaranteeing the necessary subsidy, in the proportion of £50,000 by the former, and £30,000 by the latter, which is understood to mean that Victoria should become responsible for, say in round numbers, £142,000, this being the same proportion to £50,000 as the percentage paid by Victoria, under present circumstances, bears to the percentage paid by New South Wales.

With respect to Mr. Ward's second inquiry, whether the Government will agree to apply to the colonial contribution towards the expense of the proposed line, when fixed, at the same rate of apportionment as at present obtains with respect to the Point de Galle and Suez route, I would reply to this that, until the practicability of a Panama route is proved, and the facilities it would afford to the correspondence of this colony are made apparent, this Government must decline to enter into any engagement on the subject; preferring, should the line be opened, to leave it for a time to such of the public of Victoria, as are desirous of availing themselves of the new service, to pay any additional postage the Governments of New South Wales and New Zealand may think proper to charge.

GEO. SAM. EVANS,
Postmaster-General.

No. 17.

MR. HAMILTON TO THE POSTMASTER-GENERAL.

Treasury Chambers, 30th March, 1863.

MY LORD,—

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith a letter from Mr. Crosbie Ward, Postmaster-General of New Zealand, dated the 20th inst.; together with a letter from Mr. E. Hamilton, Representative Agent of New South Wales, of the same date, on the subject of the establishment of postal communication with New Zealand and New South Wales, *via* Panama; and I am to request that your Lordship will favour my Lord with your opinion as to the amount of need for such a service, with a view to the purposes of your Lordship's department, and of benefit it might be expected to produce.

I am, &c.,

G. A. HAMILTON.

The Postmaster-General.

Enclosure 1 in No. 17.

THE HONORABLE C. WARD TO THE RIGHT HONORABLE W. E. GLADSTONE, M.P.

3, Adelaide-place, London Bridge, E.C.,
20th March, 1863.

SIR,—

In accordance with the desire expressed in Mr. Wortley's letter of the 9th instant, in reply to my request for an interview on the subject of the Panama route to New Zealand and Australia, I now beg to enclose two printed copies of a statement showing the reasons why the Colony of New Zealand is anxious to obtain the establishment of a monthly postal service by that route, and the grounds of my request for the co-operation of Her Majesty's Government in the present effort to improve the postal communication between Great Britain and New Zealand.

Mr. Edward Hamilton, the Representative Agent of New South Wales, at the same time submits a separate statement showing the chief reasons in favour of the route founded on more general considerations, in which I fully concur.

I therefore respectfully request that you will grant to Mr. Hamilton and myself the favour of an interview, that we may point out the steps which we desire to take, with the assistance of Her Majesty's Government in this matter.

I am, &c.,

CROSBIE WARD.

The Right Hon. W. E. Gladstone.

Enclosure in Enclosure 1, in No. 17.

STATEMENT BY MR. CROSBIE WARD IN FAVOUR OF ESTABLISHING POSTAL COMMUNICATION WITH NEW ZEALAND, VIA PANAMA.

The Legislature of New Zealand has granted a sum of £30,000 per annum for five years towards a subsidy for maintaining a monthly mail service with the United Kingdom, *viâ* Panama, mainly on the grounds that the existing route *viâ* Suez, places New Zealand at a serious disadvantage in point of postal communication, and that the service maintained by that route is unduly expensive, unsatisfactory, and insufficient for the requirements of the colony.

The Suez route to New Zealand places that Colony at an artificial distance from England, more than 2,000 miles greater than by way of Panama. This additional distance creates serious delay in the carriage of correspondence, and causes an expense to fall upon the colony quite disproportioned to the advantages received.

The delay complained of arises in the following manner: the terminal station of the service is in Australia, at a distance of about 1,200 miles from New Zealand; the times of arrival and departure at and from the terminus, are arranged so as to afford a sufficient interval there for replies to be sent by the return packet; with this interval the course of post to and from the Australian Colonies is a little under four months; but the New Zealand Mails do not arrive at their destination till it is too late to reply by the packet returning from Australia, and a delay of a whole month is the consequence, making the course of post five months in the case of New Zealand.

In addition to the ordinary delay thus caused, it is to be observed that the times of departure of the homeward packets on the main line from Australia being, as is desirable, adhered to punctually, without reference to the New Zealand branch service, the great distance to be traversed by the smaller packets from that colony involves the alternative of either despatching its homeward mails at a very early date, or of risking the detention of those mails in Australia, as has sometimes happened for another month.

In other words, New Zealand is not, and apparently cannot be satisfactorily included in a scheme of posts by way of Suez; as unlike the majority of the Australian Colonies, which are practically on the main line, the certainty of communication essential to a mail service cannot in its case be secured.

A statistical statement is appended, which shows the extent of the correspondence between the United Kingdom and New Zealand, and of the trade which has arisen with that Colony. It is worthy of particular notice that the number of letters passing between the two countries, which in the year 1857 was 77,900, or 5·7 per cent. of the whole Australian correspondence, in the year 1860 became 266,700, or 11·6 per cent.; and last year, 1862, rose to 420,200, or 16·3 per cent.

The value of New Zealand imports and exports, which in 1860 amounted to a little over two million pounds, in 1861 exceeded three and three-quarter millions, and by the last returns are shown to have been at the rate of six millions in 1862. The gold discoveries which have greatly augmented the population and trade of the colony during the past year and a half, still promise to develop abundant sources of further prosperity.

The exports, and the great bulk of the imports of the colony, go to and come from the United Kingdom, either directly or indirectly. The reduction to be effected in the time occupied by the course of post as it would effect a proportionate saving on all business transactions between the two countries, may therefore be set down as a gain to be made of no inconsiderable sum of money on each side.

The expense complained of, may be stated briefly as arising in the following manner:—The colonial contributions to the general mail subsidy are assessed in the ratio, first, of the number of letters received and sent by each colony; and, secondly, of the distance of each from England. New Zealand, which has a far larger correspondence in proportion to revenue and population, than any other colony, pays willingly in the former ratio, but objects to its correspondence being carried by a route which, in artificially increasing the distance from England by 2,000 miles, not only delays the mails, but loads the colony with an additional charge for their longer carriage.

The statistical statements accompanying this paper, show that, last year, the population of New Zealand, numbering about 105,000 persons, sent and received 420,200 letters to and from Great Britain, or four letters per head per year; while the correspondence of the other colonies of

the group, numbering about 1,181,000 persons, was 2,155,500 letters, or less than two letters per head of population per year. In other words, the population of New Zealand was 8 per cent, and its correspondence 16 per cent of the whole.

The charge on New Zealand for the year ended 31st March, 1862, for its share of subsidy to the main line was nearly £10,000 out of a total on all the colonies of £67,336. This proportion was based on the correspondence of the year 1860, when the per-centage of New Zealand was 11·6 of the whole. The introduction of the element of distance therefore raised the contribution to be paid by New Zealand from 11·6 to above 14 per cent. The application of the same process to later returns will give a proportionately increased charge as that to be made for the year now current. This charge is for the main line subsidy alone, and is quite irrespective of the cost of any branch line connecting New Zealand with Australia.

To sum up this view of the case, and to show at the same time with what right New Zealand calls attention to her requirements, it follows from the foregoing figures, that a population numbering only 8 per cent. is liable to a contribution of little less than 20 per cent. for the general advantage, in which it participates in a very inferior degree.

The maintenance by the Imperial Government at a cost of £13,000 a year, of a branch service from Australia to New Zealand, without expense to the latter colony, has not been either forgotten or undervalued in making the foregoing observations, which are not effected by it. But it must be said that the Colony cannot look forward to much longer exemption from this additional burden, and already it is a charge of a more than equal sum each year to render this portion of its communication with Great Britain tolerably efficient.

The Colony of New Zealand therefore urges that, in consideration of the serious postal disadvantages under which it now labours, and still more in expectation of its largely increasing requirements for the future, immediate steps should be taken to establish a monthly mail service, uniting it with Great Britain by the direct route *viâ* Panama. In furtherance of this object, the colony undertakes to guarantee a contribution by way of subsidy, not exceeding £30,000 per annum, for five years, from the first January, 1864. And this guarantee is given without withdrawing from the engagement, together with the Australian Colonies, to contribute to the expense of the Suez service in proportion to the number of its letters carried by that route.

CROSBIE WARD,

Postmaster-General and Special Representative of New Zealand,
in the United Kingdom.

London, 16th March, 1863.

TABLE (A.)

COMPARATIVE STATEMENT, showing the White Population, the Value of Imports and Exports, the Correspondence with the United Kingdom, and its Proportion to the whole Australian Correspondence, of the Colony of New Zealand, between the years 1857 and 1862 inclusive, compiled from Official Returns.

YEAR.	Number of White Population.	Value of Imports	Value of Exports	LETTERS.	
				Number sent to and Received from the United Kingdom	Per-centage on whole Australian Correspondence.
1857				£77,900	5·694
1859	*58,733	£1,551,030	£551,484	—	—
1860		1,548,333	588,953	266,700	11·586
1861	98,394	2,493,811	1,370,247	—	—
1862		†2,291,217	†684,462	420,200	16·314

* Census taken at the end of preceding year.

† For six months only to 30th June, 1862.

TABLE (B.)

COMPARATIVE STATEMENT, showing the Correspondence both ways between Great Britain and each of the Australian Colonies and New Zealand, in the years 1857, 1860, and 1862, with the Centesimal Proportion of each Colony, and the Contribution of each for one year, on the basis of the Correspondence of 1860, compiled from Post Office Statements.

C O L O N Y.	1857.		1860.		Contribution for One Year, on basis of Correspondence in 1860.			1862.	
	Number of Letters.	Per Cent.	Number of Letters.	Per Cent.				Number of Letters.	Per Cent.
					£.	s.	d.		
Victoria	798,000	58·3	1,257,400	54·6	33,609	1	7	1,270,400	49·3
New South Wales	311,400	22·8	438,600	19·1	16,166	...	7	459,900	17·9
South Australia	99,400	7·3	173,300	7·7	3,270	4	11	209,400	8·2
New Zealand	77,900	5·7	266,700	11·6	9,830	3	5	420,200	16·3
Tasmania	68,900	5·0	93,400	4·1	2,946	16	3	103,200	4·0
Queensland	...	...	*39,100	1·7	1,440	18	7	79,700	3·0
Western Australia	12,400	·9	28,500	1·2	522	14	8	32,900	1·3
TOTAL	1,368,000	100·0	2,302,000	100·0	67,336	...	...	2,575,700	100·0

* For nine months only from 1st April, 1860.

TABLE (C.)

COMPARATIVE STATEMENT, showing the White Population of each of the Australian Colonies and New Zealand at the date of the latest Census taken in each, the estimated Population of each on the 1st July, 1862, and the Number and Proportion to Population of Letters passing between each and the United Kingdom, during the year 1862, compiled from the Statistical Tables of the United Kingdom, and Post Office Returns.

C O L O N Y.	Date of last Census.	White Population by Census.	Estimated Population 1st July, 1862.	Correspondence to and from Great Britain in 1862.	Per-centage of Letters to Population.
New South Wales	April 1861	348,546	360,000	459,900	1·17
Victoria	June ...	540,322	545,000	1,270,400	2·33
New Zealand	Dec. ...	93,394	105,000	420,200	4·00
South Australia	April ...	126,330	130,000	209,400	1·61
Tasmania	...	89,977	90,000	103,200	1·14
Queensland	...	30,115	40,000	79,700	1·99
Western Australia... ..	...	15,593	16,000	32,900	2·06

Enclosure 2, in No. 17.

MR. E. HAMILTON TO THE RIGHT HONORABLE THE CHANCELLOR OF THE EXCHEQUER.

32, Upper Brook-street, W.,
20th March, 1863.

SIR,—

Having been instructed by the Government of New South Wales to bring again under the consideration of Her Majesty's Government the question of establishing a monthly Steam Postal Service, between Panama and Sydney *via* New Zealand, and for that purpose to act in concert with Mr. Crosbie Ward, the agent of New Zealand, I have the honor to inform you that in the year 1858 the Parliament of New South Wales appropriated towards this object a sum of £50,000 a year for 10 years, of which nearly six are unexpired, making, together with the sum of £30,000 a year, which has been appropriated by the Parliament of New Zealand towards the same object, a total colonial subsidy of £80,000 a year; and having been informed by Mr. Crosbie

Ward that it is your wish to have before you the facts of the case before granting the interview which he has solicited on my behalf, as well as his own, I have prepared and have now the honor to submit the accompanying printed statement which sets forth the negotiations which took place in 1859, and the grounds on which the assistance of Her Majesty's Government is now asked.

In that statement, for the length of which I feel that some apology is due, I have endeavoured to establish the following points: viz., that the guarantee of an annual subsidy of £80,000 a year by the Governments of New South Wales and New Zealand entitles them to claim the performance of the pledge given by the Treasury in 1859.

That one monthly postal service is inadequate to the requirements of the trade of Australia, and that a service *via* Panama is indispensable to New Zealand; that the nett cost to the Treasury of the present monthly service is very small; that in proportion to the service performed the subsidy now granted to the Peninsular and Oriental Steam Navigation Company is exorbitant, and that it is important to put an end to the monopoly of that Company by the organisation of a distinct service *via* Panama.

Sundry documents having reference to the subject-matter of my statement are herewith enclosed.

I have, &c.,

EDWARD HAMILTON,

Representative Agent of New South Wales.

The Right Honorable the Chancellor of the Exchequer.

Enclosure in Enclosure 2, in No. 17.

STATEMENT BY MR. E. HAMILTON, SHOWING THE GROUNDS ON WHICH THE COLONIES OF NEW SOUTH WALES AND NEW ZEALAND CLAIM THE ESTABLISHMENT OF A MONTHLY POSTAL SERVICE VIA PANAMA.

In the year 1858 a notice was issued by the Admiralty, calling for tenders for a steam postal service to Sydney *via* Suez, and to that notice the following postscript was attached:—

“It is to be observed that so soon as arrangements are completed, it is the intention of the Government to call for tenders for a monthly steam communication with Australia *via* Panama, in addition to the service *via* Suez.

In the same year the Parliament of New South Wales appropriated towards this service a sum of £50,000 a year for 10 years, and the Government of that Colony sent Mr. E. C. Merewether to this country, to arrange the organization of it in concert with Her Majesty's Government. Shortly after his arrival, in the early part of 1859, he entered into communication with the authorities at the Treasury, and by Minute dated 19th April, 1859, the Lords Commissioners declared their opinion to be “that they ought no longer to delay fulfilling the intention which they formally announced, of inviting tenders for the service,” and they virtually pledged themselves to accept one of the tenders, provided the three conditions hereinafter mentioned were complied with. The words of the Minute are:—

“In coming to this decision, however, it must be clearly understood that my Lords will not consider themselves bound to accept any of the tenders unless they are fully satisfied—

“1. That the amount is reasonable, and such as they would be justified in incurring.

“2. That the times and rates of speed are such as to harmonise perfectly with the Suez service, so as to make the two alternate fortnightly with each other; and—

“3. That the Governments of the Australian Colonies will undertake one entire half of the cost of both the services *via* Suez, as well as *via* Panama, whatever that may be.”

Shortly after the settlement of this Minute, a notice, calling for tenders, was issued, and in the beginning of the month of July, 1859, six tenders were sent in. By more than one of them the first of the above named conditions was satisfied, as the understanding on the part of the Treasury was, “that £150,000 would be considered a reasonable subsidy.” (Mr. W. H. Stephenson's Evidence, 479, 480.) As to the second, it was found that no practical difficulty existed, for the contractors agreed to perform the voyage each way between Southampton and Sydney in 55 days, including all necessary stoppages. As to the third, further reference to the Government of New South Wales became necessary, inasmuch as no one in this country was authorised to give the required guarantee that the Governments of the Australian Colonies would undertake one entire half of the cost of both services, *via* Suez and *via* Panama.

It may here be remarked that the question as regards this third condition was unnecessarily complicated by the terms of the notice, and the then existing views of the Treasury; for at that time nothing short of a thorough service from Southampton to Sydney by either route was contemplated; whereas the Australian Mail is now carried by a branch service starting from Point de Galle; and as to the Panama service, the present proposal is only to form an extension or branch from Panama to Sydney. It is important to bear this in mind, in accepting the tenders sent in as a basis whereon to form an estimate of the cost of establishing an efficient service between Sydney and Panama.

To resume,—

No further action in consequence of this reference has up to the present time been taken by the Government of New South Wales, for sundry reasons, of which the following are the most important :—

1. In the early part of July, 1859, before the tenders had been sent in, the whole subject of ocean postal contracts was referred to a Committee of the House of Commons.
2. The Panama scheme was much discouraged by the Treasury Minute, May 15th, 1860; and
3. The Government of New Zealand declined to bear a share of the Colonial subsidy.

On each of these heads I beg to submit the following remarks.

1.—*The Report of the Committee on Packet Contracts.*

Immediately after the reference to the Committee of the House of Commons, Mr. Merewether addressed a letter to the Treasury (12th August 1859), asking for information as to the course the Government would pursue in the event of their receiving from the Colonies a guarantee for the payment of a moiety of the cost of both services, before the Report of the Committee was laid before Parliament; and on the 17th of the same month he received a reply from Mr. G. A. Hamilton, informing him that the Lords of the Treasury “considered the subject of the Panama, as well as of every other projected mail service, to be under reference to the consideration of a Committee of Parliament, and that their Lordships were not therefore in a condition to enter into any explanations which might have the effect of apparently abridging the discretion of that Committee, which is wholly independent of that of the Treasury.”

The Committee was re-appointed in 1860, and their First Report and Evidence was ordered to be printed on the 22nd May, 1860.

On reference thereto it will be found that no part of the subject referred to them was more fully and attentively investigated than the Australian postal service, and more especially that *via* Panama, for the establishment of which the Treasury had taken such active measures in the early part of 1859. It is not, however, alluded to in the Report; and the omission leads to the inference either that the Committee were not unfavourable to this extension of the packet service, or that they considered that there was no sufficient reason for taking the decision of the question out of the discretion of the Executive Government. If they had been unfavourable to the project, they would not have failed to express their dissent from the opinion deliberately expressed by Mr. W. H. Stephenson, who was “at the head of that department of the Treasury which takes cognisance of mail contracts.” (See Question 281). Mr. W. H. Stephenson’s opinion is given in the following words :—

“I think that Mr. Merewether, the agent accredited by New South Wales, must have gone back with the impression that there would be no impediment to that plan being carried out, provided all those conditions (the three above mentioned) were complied with, and the tenders were reasonable, because we named a sum to him which we should consider a reasonable amount, and that sum was £150,000. I think therefore he might (must?) have gone back with the full impression that it would be done, provided it could be done within those terms.” (Question 570.)

2.—*Treasury Minute, 15 May, 1860.*

It will be observed that this is not based on the Report of the Committee on Packet Contracts, for that report was not laid on the table of the House of Commons till the 22nd of May, seven days after the issue of the Minute.

Owing to the refusal of the Peninsular and Oriental Steam Navigation Company to carry on the then existing contract between Suez and Sydney *via* Mauritius, it became necessary to take some immediate steps for preserving a steam postal service with the Australian Colonies, and with this object the Lords of the Treasury authorised the Postmaster-General to enter into a new contract for a branch line between Point de Galle and Melbourne, which was eventually extended to Sydney, and it may be presumed that the special object of the Minute was to set forth the grounds on which their Lordships had decided on this branch service, as the one best calculated to meet the requirements of the case. It is pointed out very forcibly that the Panama route cannot be looked upon as a substitute for a line by Suez; and the Minute then goes on to say to what extent their Lordships would be prepared at some future time to assist in establishing a service by the former route. As, however, the question was not then practically under the consideration of their Lordships (for it was at this time still in the hands of the Committee of the House of Commons, and no answer had been received to the further enquiries from the Government of New South Wales), I venture to hope that the Minute does not express their final decision on the question.

3.—*The want of Co-operation on the part of New Zealand.*

This difficulty is now removed by an appropriation of an annual subsidy of £30,000 a year, for five years, by the Parliament of that Colony.

The Colonial subsidy thus amounts to £30,000 a year, and as the Government of New South Wales has not expressed any intention of withdrawing its contribution to the Suez service, it is submitted that the third condition is virtually complied with, and that the Government of that

Colony is entitled to claim the redemption of the pledge which Mr. W. H. Stephenson admitted was given by the Treasury in the early part of 1859, to establish the Panama service, provided certain conditions, now fulfilled, were satisfied.

It is not, however, intended to press the claim now put forward by the Colonies of New South Wales and New Zealand, as one to which the faith of the Home Government is pledged, for it may be taken for granted that if the pledge has been given, it will be honorably fulfilled, and it is more to the purpose to endeavour to show,—

1. That the Australian Colonies are, by the extent of their trade, entitled to greater ocean postal facilities than they at present enjoy, and that the establishment of a service *via* Panama, is indispensable to New Zealand.

2. That the real cost of the service to Australia is inconsiderable, and that it constitutes a legitimate charge on the public revenue.

3. That, owing to the monopoly enjoyed by the Peninsular and Oriental Steam Navigation Company, the cost of the present branch service between Point de Galle and Sydney is higher than it need be, and that the most obvious means of reducing it is the establishment of a competing line.

As to the first point,—

In 1860, the value of the exports and imports of the Australian Colonies and New Zealand was nearly £49,000,000 sterling, of which the sum of £29,000,000 was the value of their trade with the United Kingdom. (*Vide* Statistical Tables relating to the Colonies, part VII.) These figures include no export of gold from New Zealand, which during the 16 months ending November, 1862, amounted to £2,000,000 sterling; and as this export must, at the lowest computation, have been balanced by a corresponding import of the same amount, the whole trade of the Australian Colonies and New Zealand for the year 1862 may be estimated at £53,000,000 sterling, and their trade with the United Kingdom at £32,000,000 sterling.

The postal requirements incidental to a trade of so much magnitude, and such expansive buoyancy, must necessarily be large, and, considering the remote and isolated position of these Colonies, it would not be surprising if the cost of maintaining even an inadequate postal service, such as the present, were very heavy; but the fact is that it is not so; and this arises from the circumstance that the Indian service is available for more than half the distance. What the precise amount of it is there is some difficulty in determining, for the last Report of the Postmaster General (the eighth) omits from the list of foreign and colonial services (pp. 34 and 35) the subsidies paid for the branch services to South Australia, Tasmania, and New Zealand. It may, however, be safely assumed that the gross payment by the Treasury does not exceed £90,000 a year; for the half of the whole subsidy paid for the main line is £67,336, the special payment by the Treasury on account of New Zealand is £13,000 (this amount is furnished by Mr. Crosbie Ward), and the special payments on account of South Australia and Tasmania are estimated at £9,664, making together £90,000, which is considerably less than one-tenth of the total amount of the subsidies paid by the Treasury on account of foreign and colonial postal services.

On reference to the eighth report of the Postmaster-General, it will be found that in the year 1861 there were ten different packet services. Of these, seven were supported exclusively by the Treasury; the cost of two, viz., the Indian and Australian, was divided equally between the Treasury and the Governments of these dependencies; and as to the 10th, viz., that to the Cape, the Colonial Government only contributed £6,000 out of a total charge of £33,000.

Of the seven services exclusively supported by the Treasury, it is only necessary to allude to two:—

£177,000 a year is paid to the Cunard Company for a weekly service to the United States, and £270,000 a year is paid to the Royal Mail Company for a fortnightly service ending at the Isthmus of Panama, and a monthly service to Brazil and the River Plate; and in both these cases, the trade for the requirements and development of which these heavy postal subsidies are paid, is substantially a trade with foreign countries, which, collectively, do not consume a larger amount of British manufactures than the Australian Colonies and New Zealand. The fact that these heavy charges are incurred by the Treasury in the interests of trade with foreign countries is most important, for it shows that postal subsidies are not favours arising out of the intimate relations between the mother country and its dependencies, but that they are acknowledged to be essential parts of the machinery by which the general commercial progress of the United Kingdom is maintained; in fact, a reproductive expenditure, or a price paid for increased returns.

With these precedents, it seems unnecessary to urge further that the establishment of a fortnightly postal service with Australia is due to the magnitude, and essential to the development of the trade between that country and the United Kingdom; but it may be observed that it is also necessary as the only means of reducing within moderate limits the consequences of accident and interruption to the service. In the month of December last, the steamer "Colombo," carrying the Australian mails, was wrecked on one of the Laccadive Islands, and the mails were not fully delivered for more than a month after time. The remittances and drafts forwarded by this mail were probably not less than £3,000,000, and as these are not only the means of paying existing obligations, but form the basis of new contracts even before maturity, the loss to the trade of the United Kingdom was, owing to the mails being despatched only once a month, suspension of payment of this large amount for 15 days, and a delay of an equal amount of fresh transactions for the same period.

A question then arises as to the route of the second service, and this appears to be conclusively settled by the geographical position of New Zealand. The imports and exports of that Colony already exceed £6,000,000 sterling, and it would be difficult to prove that the injury done to any of the Australian Colonies by selecting the Panama route, would be comparable to that which New Zealand would sustain by establishing the second service on the Suez line; for the course of post, *via* Suez, between this country and New Zealand is five months; whereas, by the Panama route, New Zealand would gain a month, and the principal Australian Colonies would lose nothing.

It may be further observed, that it is most desirable to run a furrow across the Pacific, as the first step towards the reclamation and settlement of the fertile islands with which it abounds, and as a means of connecting the Australian Colonies and New Zealand with North and South America, between which countries it is certain that greater postal facilities would create a large commercial and social intercourse.

As to the second point; viz., the real charge upon the Treasury.

Though the nominal cost to the Treasury of the present monthly service to Australia is £90,000 a year, it is very materially reduced by the receipt of postage. But there is no means of determining the amount of the reduction with accuracy. Mr. W. H. Stephenson (Evidence, 557) estimates the whole postage received in 1859 on both sides from Australian and New Zealand correspondence at £90,000, of which at least £45,000 (probably more, for the outward correspondence is believed to be heavier than that from the colonies,) is received by the Post Office on this side. On the other hand, at p. 452 of the Report, a return from the Post Office is given estimating the amount of what is called sea postage, received on this side in the same year at £29,000, but in the absence of the data on which this estimate is formed, and without knowing the basis on which the proportion of sea postage is calculated, these figures cannot be accepted as correct, even if the distinction between sea and inland postage is admitted to be sound; for on referring to Mr. Hill's evidence (from 3,875 to 3,895) it will be observed that he claims, on behalf of the Post Office, 1½d. on every half-ounce of correspondence forwarded by packet ship to the United States; and throughout his examination he seems to be more solicitous about the net revenue earned than about the service rendered by his department. A correct apportionment of the various parts of the whole charge which is called postage, involves considerations of great nicety, which are beyond the purpose of this statement; but it is perfectly clear that in estimating the cost to the country of any postal packet service, that service must be credited with the whole postal receipts, less the mere cost of distribution, on the whole increase of correspondence which springs from the superior rapidity and regularity of the service itself. For these reasons it appears to me that in the absence of more definite information, the figures given by Mr. W. H. Stephenson (Evidence, 557) must be taken as correct for the year 1859, and from them I assume that the receipts in 1862 from sea postage alone, if calculated on a fair principle, must have amounted to £45,000; so that the actual charge on the Treasury for the Suez service to Australia and New Zealand did not, in the year 1862, exceed £45,000, and the excess of expenditure over receipts, according to the Postmaster-General (*vide* Eighth Report, p. 21, and note), is not to be considered a charge on the Post Office, but is incurred for naval and political purposes. Without adopting this departmental view of the matter, it is submitted that the outlay, in proportion to the trade which it supports and encourages, is not large, being less than 2s. 10d. per cent. on the value of that trade, which is but slightly in excess of the general average, for the net cost of the packet service in 1861 was £479,228, or more than 2s. 6d. per cent. on an export and import trade amounting to £377,000,000 sterling (*vide* Eighth Report of Postmaster-General, p. 21, and "Trade and Navigation," 1862).

As to the real cost of the second monthly service, *via* Panama, only an approximate estimate of it can be formed, for it is not improbable that with the prospect of collateral advantages and a considerable passenger traffic, the service may be undertaken for a very moderate subsidy, and the amount of receipts from sea postage is quite uncertain. On this latter point Mr. Hill expresses a very unfavourable opinion if the second service takes the Panama route (*vide* his Evidence, 4,140), but the reasons assigned are far from satisfactory, and it is directly at variance with his answer to the previous question, in which he says that the additional postal facilities which were afforded about 10 years ago, materially increased the amount of correspondence with Australia, and that experience has led him to believe that as regards distant places, frequency, rapidity, and regularity of communication are the real stimulants of correspondence. This is evidently the more correct opinion, and there can be no doubt that if the Panama service is efficient, the increase of receipts from correspondence will be at least as large as it would be if the second service were established on the Suez route.

It is understood that in some quarters subsidies for foreign and colonial postal services are viewed with disfavour, and the reason is, that the charge is palpable, while the indirect advantages lie concealed in the general results of increasing trade and enlarged resources. But it is submitted that the cost of these services is much exaggerated; for, as has been already pointed out, the accounts of the Post Office as to this branch of its receipts are kept, or at least are rendered, on a principle which deprives the service of its earnings; and it is not sufficiently borne in mind that in all cases, such as that of Australia and New Zealand, where the population is rapidly increasing, the cost is at its maximum at the time of the establishment of the service, and is subject to continual reduction by the progressive increase of correspondence; and, moreover, the expenditure is

essentially reproductive, for the mail packet is the handmaid of trade, one of the agents by which its full development is encouraged and its incidental requirements are satisfied; and though it may fail to revive declining vigour, as in the West Indies, it hardly admits of a doubt that the expansion of trade with Brazil would have been retarded but for the postal facilities afforded by the packet service, which was first subsidized in 1850; neither can this expenditure be regarded as wholly exceptional; as a charge for a special purpose on the general revenues of the country, it is as legitimate as the redemption of the sound dues and the state tolls, the object in the two cases being very similar, the encouragement of commerce by the creation of new facilities, or the removal of existing obstacles.

As to the third point, viz., the Monopoly of the Peninsular and Oriental Company.

The mileage paid to this Company for the existing monthly service between Point de Galle and Sydney is 100 per cent. higher than the highest rate paid on steam-packet contracts in other parts of the world.

On the West Indian Line, where the navigation is peculiarly dangerous, and numerous vessels have been lost, the rate is 10s. 10d. (Evidence, 3,340.)

On the East Indian Line, in spite of the losses which have been sustained in the Red Sea, the service is found profitable, though the rate is only 6s. 2d. (*Ib.*)

On the Cunard Line, where at certain seasons of the year the navigation is difficult and hazardous, and many large steamers have been lost, the rate is 9s. 6d. (Evidence, 3,394. *See, however, 3,340 and 4,279, where it is stated to be higher.*)

On the Brazilian Line, which traverses an open sea, the rate is 3s. 11d. (*Ib.* 3,340.)

Whereas on the Australian Line, which, as regards its navigation, is the most favourably circumstanced of all, the rate is 21s. 7d.; the distance run in twelve months being $24 \times 5,200 = 124,800$ miles, and the annual subsidy £135,000, which is only £5,000 less than the tender of the same Company in 1856, for a complete through line between this country and Sydney. (Report, 1860, pp. 387 and 391.)

As no complaints have been made by the Colonies about the costliness of this service, it is perhaps beyond my duty to call attention to it, but as the reply to the proposal now submitted to Her Majesty's Government will mainly turn upon the amount which the two services (*via* Suez and *via* Panama) will cost, some notice of the facts appear to be called for.

On reference to the origin of this contract in 1860, it will be found that it was accepted as an escape from a pressing emergency, and a saving of expense. (*See* Papers printed for the use of the Colonial Office, 18th May, 1860, and Treasury Minute, 15th May, 1860.) At this time the Peninsular and Oriental Company had given notice of the immediate abandonment of the through service from London to Sydney *via* Mauritius, and accompanied the notice with an offer to carry on a through service *via* Point de Galle for £250,000 a year, or a branch service from Point de Galle to Melbourne for £120,000 a year; and this latter alternative, which, so far as the monthly transmission of postal matter was concerned, would meet, and has most efficiently met, all requirements, was accepted by the Treasury. The bait held out by the company was a saving of £130,000 a year on the transmission of correspondence, and this, and the circumstance that the arrangement was considered to be provisional only (*see* Treasury Minute, 15th May, 1860), led to the immediate acceptance of the tender without scrutinising the terms of it, whether, in proportion to the service to be performed, they were reasonable or exorbitant. Having succeeded in obtaining £120,000 a year for this branch service, as far as Melbourne, the company asked and obtained an additional £15,000 a year for extending it to Sydney, though in 1856 the same extension of the service was offered for £5,000 a year. (*Vide* Tender of Peninsular and Oriental Company, Report, p. 387.)

The reason why the Colonial Government have made no protest against the extravagance of the charge is, that the service has been most efficiently performed. Their object was to get an efficient service almost at any cost, and as the Treasury pays half the amount, they have naturally assumed, from the acceptance of the tender, that in proportion to the quality and quantity of the service the bargain was not beyond customary rates.

The conduct of the Peninsular and Oriental Company, in reference to the Australian Mail Service, between 1853 and 1860, proves that their object has been to gain a close monopoly of steam-packet traffic in the Indian Ocean. When the market has been thrown open to competition, they have tendered at a price at which the service could not be profitably worked, and having run competitors off the line, they have made their own terms with the Government. The effect of this monopoly is, that postal communication between this country and Australia is wholly inadequate; for the most is not made of the money appropriated to that object, as much being paid for one service as ought to provide for that and a considerable portion of the one now pressed upon the consideration of Her Majesty's Government; and it is believed that the only chance of breaking down this monopoly, and thereby securing for the public full value for its money, is by subsidising a monthly service between Sydney and Panama, and entrusting it to a new, or, at least, a separate company.

EDWARD HAMILTON,
Representative Agent of New South Wales.

32, Upper Brook-street, W., 19th March, 1863.

MESSRS. E. HAMILTON AND C. WARD TO THE POSTMASTER-GENERAL.

5, Cannon-street, London, E.C., 1st April, 1863.

MY LORD,—

We, the undersigned, being respectively authorised by the Government of New South Wales and New Zealand to open negotiations with Her Majesty's Government for the establishment of a monthly steam postal service between Panama and Sydney, *via* New Zealand, have the honor respectfully to request that your Lordship will be good enough to appoint a time for granting us a personal interview, at which we may inform your Lordship of the power with which we are invested, and of the grounds on which the Governments of the above-named Colonies ask for the assistance of Her Majesty's Government.

We have, &c.,

EDWARD HAMILTON,
(Representative Agent for New South Wales).CROSBIE WARD,
(Postmaster-General of New Zealand).The Right Honorable Lord Stanley of Alderley,
&c., &c., &c.

MINUTE ON THE ABOVE.

Answered:—Lord Stanley will see them on Tuesday, the 14th April, at half-past two.

O. T. BARLOW.

6th April, 1863.

No. 19.

MR. F. HILL TO MR. W. G. ROMAINE, C.B.

General Post Office, 13th April, 1863.

SIR,—

The question of opening a communication with Australia, by the route of Panama, having again been raised, and having been referred for the report of the Postmaster-General, I am directed by his Lordship to request that the Lords Commissioners of the Admiralty will be good enough to inform him whether a vessel, such as those now running between Southampton and St. Thomas, capable of performing the whole distance at the average rate of $10\frac{1}{2}$ knots an hour, might not, in the opinion of their Lordships, be expected to run at a higher rate of speed between Panama and Sydney, in consideration of the generally favourable state of the seas in the Pacific; and, if so, to what extent.

I am, &c.,

F. HILL.

W. G. Romaine, Esq., C.B.,
&c., &c., &c.

No. 20.

MR. ROMAINE, C.B., TO THE SECRETARY TO THE POST OFFICE.

Admiralty, 16th April, 1863.

SIR,—

In reply to your letter of the 13th instant, requesting to know at what speed steamers of a similar description to those employed by the Royal Mail Company between Southampton and St. Thomas might be expected to perform the voyages between Panama and Sydney, I am commanded by my Lords Commissioners of the Admiralty to request you will state to the Postmaster-General that $10\frac{1}{2}$ knots an hour, for such a long voyage, is as much as can be fairly expected. If the Pacific were as free from islands as the Atlantic, perhaps, from the calm state of the sea and its immunity from gales, a speed of 11 knots might be required; but steaming through the low Archipelagos by night will entail a strict look-out, and probably cause frequent slowing of the engines, so that a speed of $10\frac{1}{2}$ knots is as much as should be required.

I am, &c.,

W. G. ROMAINE.

The Secretary to the Post Office.

No. 21.

THE POSTMASTER-GENERAL TO THE TREASURY.

General Post Office, 29th April, 1863.

MY LORDS,—

After the receipt of your Lordship's letter of the 30th ultimo, I had an application from Mr. Crosbie Ward and Mr. E. Hamilton for an interview with me on the subject to which your letter relates, and I postponed replying to you until that interview had taken place.

Having now seen these gentlemen, I am prepared to state my views.

I gather from the printed statements contained in Mr. Ward's letter of the 20th ultimo, and from their verbal communication to me, that what these gentlemen, as representatives—the first of New Zealand, and the second of New South Wales—desire is, that Her Majesty's Government should assist in establishing a monthly mail to New Zealand and Australia, *via* Panama, by paying half the cost of a packet service across the Pacific, and by agreeing to make no claim on the Colonies for the conveyance of the Australian and New Zealand mails by the packets between Southampton and Colon.

With such a demand I cannot recommend your Lordships to comply, since the cost would, in my opinion, greatly exceed the amount of benefit.

Should your Lordships adopt the same measure with regard to Australia and New Zealand which you have sanctioned in respect to China, the West Indies, and the Cape of Good Hope, by raising the postage from 6d. the half-ounce letter to 1s., the time is not, I trust, far distant when, without too great a tax on this country, it will be practicable to have an additional mail to Australia and New Zealand, and thus to render the service fortnightly instead of monthly; but when that period arrives, it will, I have no doubt, be found that the best way of accomplishing this object will be, not by establishing a new service *via* Panama, but by doubling the present service from Ceylon.

Except to New Zealand, which does not receive more than one-sixth part of the whole correspondence, the present route is the shortest; and when the railway is completed between Paris and Ancona, or Brindisi, the difference in its favour (should that railway be employed by this department) will be yet greater, and will be further augmented, and that very considerably, should a railway be laid down through the Valley of the Euphrates.

Melbourne, which, as the port and capital of Victoria, receives and despatches nearly one-half of all the letters between this country and Australia and New Zealand, is much the most important place to be considered, is, by way of Marseilles and Ceylon, 12,100 miles from London, while *via* Panama the distance is 15,300 miles. Measured in time, the first distance is at present 45 days, while by the Panama route it would probably be 58 days.

While the Marseilles and Ceylon route is thus much superior for letters, newspapers, and books, the superiority is still greater for telegrams. Indeed, for this latter mode of communication the Panama route offers no facility.

As regards expense, the main cost of the two routes must be determined by a comparison of the cost of a packet service from Panama with that of second packet service from Ceylon; and I feel no doubt that, if tenders for the two services were called for, it would appear that the cost of the Panama service would be much the greatest.

The present cost of the service between Ceylon and Sydney is rather less than £135,000 per annum; and I have good reason to believe that for a second service a much smaller sum would be demanded; whereas, when in the year 1859, tenders were called for, for a service between Panama and Sydney, the lowest of the only three tenders received, from what appear to have been substantial parties, required an annual subsidy of £140,000; the second, £165,000; and the highest, £220,000; and even on these large sums there must have been an increase, in order to provide for a continuation of the service to Melbourne and Adelaide at least.

In the 2nd paragraph of Mr. Ward's printed statement, that gentleman declares that the expense to New Zealand of the present service is quite disproportionate to the advantage received.

The reply to such a declaration is simply that no Colony is bound to continue a participation in the present service, and that New Zealand has but to notify its desire to withdraw from it, and to send its letters by private ship, or by other means of its own, and its release would be at once provided for.

Mr. E. Hamilton, at page 5 in his printed Statement, discusses the question of the amount of postage yielded to this country by the Australian and New Zealand mails, and of the extent of the loss to it which this service entails.

In his conclusions, Mr. Hamilton is very erroneous. The amount of sea postage last year, instead of being £45,000, was but little more than £33,000; and the loss to this country, in place of £45,000, was upwards of £70,000.

The statement made by Mr. Frederic Hill, and to which Mr. E. Hamilton refers, that experience shows that an increase in the number of mails to a distant place leads to a considerable increase in the number of letters, does not appear to me to be at all inconsistent with the opinion which he expressed on the same occasion, that it would not be expedient to establish an additional mail to Australia and New Zealand, *via* Panama; nor can I admit that there is anything erroneous in the Post Office assigning 1d. out of each rate of 6d. in the Australian postage to the inland duty of this country, 1d. to the inland colonial duty, and the remaining 4d. to the sea service.

As regards the monopoly, as it is termed, of the Peninsular and Oriental Company, and the complaint that the payment to them for the Australian service is too high, I have only to remark that the present contract was entered into in consequence of the failure of another Company to perform the service; that that other Company not only discharged its duties very ill, but received a much larger subsidy than the Peninsular and Oriental Company; that no better arrangement than that which was entered into with the Peninsular and Oriental Company was open to the Government; that this arrangement is terminable at any time on six months' notice; and that if Mr. Hamilton, or any other gentleman, can bring forward responsible persons ready to give security for performing the Australian service as well as the Peninsular and Oriental Company, and upon lower terms, I shall be prepared to give notice to terminate the present contract, and thus to put myself in a position for receiving a tender from these persons.

I have, &c.,

STANLEY OF ALDERLEY.

The Lords Commissioners of the Treasury.

No. 22.

MR. FREDERIC HILL TO SIR F. ROGERS.

General Post Office, 5th May, 1863.

SIR,—

With reference to your letter of the 30th March last, I am directed by the Postmaster-General to return to you the enclosed Act of the Legislature of New Zealand, entitled "An Act for establishing Postal Communication with Great Britain by way of Panama," and to state to you, for the information of the Duke of Newcastle, that, so far as this department is concerned, there is no reason why this Act should not be left in operation.

I have, &c.,

F. HILL.

Sir F. Rogers, Bart., Colonial Office.

No. 23.

SIR F. ROGERS TO MR. HAMILTON.

Downing-street, 30th March, 1863.

SIR,—

I am directed by the Duke of Newcastle to transmit to you copy of an Act passed by the Legislature of New Zealand, the number and title of which is stated in the margin, and I am to request that you will move the Lords Commissioners of the Treasury to inform his Grace whether they see any reasons why this Act should not be left in operation. Extract of so much of the explanatory minute sent home by Sir George Grey from his responsible advisers on the Acts of the Session as relates to this enactment is likewise annexed.

I have, &c.,

FREDERIC ROGERS.

G. A. Hamilton, Esq.,
&c., &c., &c.

Enclosure 1, in No. 23.

NEW ZEALAND.

ANNO VICESIMO SEXTO

VICTORIÆ REGINÆ.

No. 16.

ANALYSIS.

- | | |
|---|---|
| Title. | 4. Sums to be issued by Treasurer under Governor's Warrant. |
| Preamble. | |
| 1. Short Title. | |
| 2. Governor may make contracts. | |
| 3. Governor may make arrangements with Australasian Colonies. | |

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| 5. Treasurer to be allowed credit for all sums so paid. |
| |

AN ACT for establishing Postal Communication with Great Britain by way of Panama.

[15th September, 1862.]

WHEREAS it is expedient to establish postal communication with Great Britain by way of Panama, and that this Colony should contribute towards the accomplishment of the said object:

Be it therefore enacted by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

I. The Short Title of this Act shall be "The Panama Route Postal Act, 1862."

II. The Governor in Council may make such arrangements with the Imperial Government, and may enter into all such contracts as may be deemed expedient for establishing and maintaining for a period not exceeding five years from the first day of January, 1864, a regular and expeditious postal communication by steam between this Colony and Great Britain, by way of Panama; provided that the whole amount of the proportionate expense thereof to be borne by this Colony shall not in any year exceed the sum of £30,000 inclusive of all sums that may be paid for the carriage of mails, or any such service.

III. The Governor in Council may also agree with the other Australasian Colonies, or any of them, for their sharing in the benefits of such postal communication, upon such terms as shall seem fit.

IV. The treasurer of New Zealand shall issue and pay a sum of not more than £30,000 in any one year to such persons for the purposes of this Act, upon such days and in such proportions as the Governor by any warrant to be signed by him shall from time to time order and direct, and every payment so to be made shall be charged upon and payable out of the ordinary revenue of the Colony of New Zealand.

V. The said treasurer shall in his accounts from time to time be allowed credit for any sum of money paid by him in pursuance of any warrant issued by virtue of this Act, and the receipt of the person to whom the same shall be so paid, shall be a full and valid discharge to the said treasurer in passing his said accounts for any such sum as shall be therein mentioned.

(True copy.)

F. D. HILL,
For Colonial Secretary.

Enclosure 2, in No. 23.

Minute by Ministers on the Acts of the General Assembly, Session 1862.

No. 16.—Panama Route Postal Act.

This Act enables steps to be taken for the establishment of postal communication by steam *viâ* Panama, either separately or in combination with any of the Australian Colonies, and appropriates £30,000 a year for five years from 1st January, 1864, for the purpose.

No. 24.

Treasury Minute thereon, dated 6th April, 1863. Refer to the Postmaster-General.

No. 25.

MR. PEEL TO MR. C. WARD.

Treasury Chambers, 7th May, 1863.

SIR,—

With reference to your letter of the 20th March last, addressed to the Chancellor of the Exchequer, on the subject of the proposal made by you on behalf of the New Zealand Government, and by Mr. E. Hamilton on behalf of the Government of New South Wales, viz., that Her Majesty's Government should co-operate with those Colonies in establishing a monthly mail to New Zealand and Australia, *viâ* Panama; I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you that my Lords are unable to assist you in the establishment of such a line, owing to the expense which it would entail on this country, under the proposals made by you and Mr. E. Hamilton.

I am, &c.,

F. PEEL.

Crosbie Ward, Esq.,
3, Adelaide Place, London Bridge, E.C.

No. 26.

MR. PEEL TO MR. E. HAMILTON.

Treasury Chambers, 7th May, 1863.

SIR,—

With reference to your letter of the 20th March last, addressed to the Chancellor of the Exchequer, on the subject of the proposal made by you on behalf of the Government of New South Wales, and by Mr. Crosbie Ward on behalf of the Government of New Zealand, viz., that Her Majesty's Government should co-operate with those Colonies in establishing a monthly mail to New Zealand and Australia *via* Panama; I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you that my Lords are unable to assist you in the establishment of such a line, owing to the expense it would entail upon this country under the proposals made by you and Mr. Crosbie Ward.

I am, &c.,

F. PEEL.

E. Hamilton, Esq.,
32, Upper Brook-street, W.

No. 27.

MR. E. HAMILTON TO THE SECRETARY TO THE TREASURY.

32, Upper Brook-street, 9th May, 1863.

SIR,—

I have the honor to acknowledge your letter of the 7th instant, informing me that the Lords Commissioners of Her Majesty's Treasury are unable to assist in the establishment of a monthly steam postal service between Panama and Sydney *via* New Zealand, owing to the expense it would entail on this country.

I shall have the honour of addressing you further on this subject in the course of next week.

I have, &c.,

E. HAMILTON,

Rep. Agent for New South Wales.

To the Financial Secretary,
&c., &c., Treasury.

No. 28.

MR. E. HAMILTON TO THE SECRETARY TO THE TREASURY.

5, Cannon-street, E.C.,

15th May, 1863.

SIR,—

I have the honor to invite your further attention to the subject of your communication of the 7th instant, in which I am informed that the Lords Commissioners of Her Majesty's Treasury have decided not to assist in the establishment of a monthly steam postal service between Panama and Sydney *via* New Zealand owing to the expense it would entail upon this country.

I was not prepared to hear that this question had been disposed of without further reference to Mr. Crosbie Ward, the agent for New Zealand, and myself, for the statements which were drawn up at the request of the Chancellor of the Exchequer were only intended to place before him the general outline of the claim which was to form the subject of consideration at the interview we had respectfully solicited.

I venture to submit that the proceedings of the Treasury in 1858 and 1859, with reference to this question, virtually constitute an engagement to establish the service on certain conditions specified in the Minute of 19th April, 1859, and that, these conditions being now satisfied, the Colonies of New South Wales and New Zealand have good reason to expect that the engagement will be fulfilled. I am unwilling to say that the Home Government is pledged in the matter; and if there is any distinction between a pledge, and a distinct intimation of opinion, "that the Lords Commissioners of the Treasury ought no longer to delay fulfilling an intention" in which second parties were materially interested, I admit that no pledge has been given. It is, however, beyond question that an understanding was come to, and I respectfully urge that a claim arising out of that understanding cannot be dismissed on the ground stated in your letter of the 7th instant, viz., that a compliance with it would entail a heavy expenditure on this country. The conditions of acquiescence by Her Majesty's Government in 1859 were clear and explicit, viz., a guarantee that one-half the whole cost of both services *via* Panama and *via* Suez should be defrayed by one or more of the Australian Colonies, and in reliance upon that understanding one of those

Colonies and New Zealand have made such financial arrangements as enable them substantially to give the required guarantee. I do not presume to offer any opinion as to the obligation arising out of such proceedings on the part of the Government in respect of domestic objects, but it is hardly open to question that in cases of engagement with other Governments, a change of circumstance or of policy on the part of the Home Government is not a sufficient ground for disappointing the reasonable expectations arising out of such engagements.

Apart, however, from this consideration, I submit that it is premature to refuse to entertain the proposal of the two Colonial Governments on account of the expense of the service, for no steps have been taken to ascertain the amount of it. If the tenders sent in in 1859 are to be relied on, they afford good ground for believing that a subsidy of reasonable amount might be found sufficient, and the fact is, that through the improvements of construction, the economy of fuel, and attention to the details of management, smaller subsidies than heretofore are found to be remunerative.

It is also possible that the two Colonial Governments, rather than forego the establishment of a service which they deem so essential to their interests, might waive the condition that one-half the whole cost should be provided by the Home Government; they might agree to contribute £80,000 a year without any stipulation as to the amount of the contribution of the Treasury.

It is also possible that they might agree to an increased rate of postage.

These, I respectfully submit, are reasons for further inquiry and consideration, and against coming to the final decision communicated in your letter of the 7th instant.

In the printed statement submitted to the Chancellor of the Exchequer, I stated that one monthly postal service is totally inadequate to satisfy the requirements of the trade between this country and the Australian Colonies and New Zealand, and from the information I have since received, on authority which is apparently undoubted, it would seem that this is conceded, for I am informed that communications either preliminary or official have been addressed to the Peninsular and Oriental Company, to ascertain for what increase of subsidy they would run a second monthly service on the present line *viâ* Suez, and it would appear that the exorbitance of their present subsidy, specially alluded to in my statement, is admitted by the offer to perform the second service for less than half the amount they receive for the present service. That the office and agency charges for two services will not be materially larger than for one is very probable, but the working charges will necessarily be doubled, and if these can be met with less than half the amount of the present subsidy, it follows either that the Company is enormously overpaid for maintaining a single service, or that in demanding so low a rate for the second service, it is exceptionally influenced by feelings of moderation and liberality.

Lastly, I feel it my duty to say that it is not probable that the Colony of New South Wales will contribute towards a second service *viâ* Suez, or that it will acquiesce in any additional postal arrangements, from which the southern colonies will, as on the Suez line, derive the principal benefit; and Mr. Crosbie Ward distinctly stated to the Postmaster-General, that New Zealand will not be a party to them.

I have, &c.,

EDWARD HAMILTON,

Rep. Agent of New South Wales.

The Secretary of the Treasury, &c., &c.,
Whitehall.
