

P A P E R S

RELATIVE TO THE

ESTABLISHMENT OF A SECOND MONTHLY MAIL COMMUNICATION

WITH THE

A U S T R A L I A N C O L O N I E S.

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

AUCKLAND :
1864.

PAPERS RELATIVE TO ESTABLISHMENT OF A SECOND MONTHLY MAIL WITH THE AUSTRALIAN COLONIES.

No. 1.

SIR,—Downing Street, 26th September, 1864.
I transmit to you a copy of a letter from the Lords Commissioners of Her Majesty's Treasury, with the accompanying enclosures, stating the conditions upon which they will be prepared to establish, with the concurrence of the Colonies concerned, a second monthly mail communication with the Australian Colonies *viâ* Point de Galle.

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

I have &c.,
EDWARD CARDWELL.

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

Enclosure to No. 1.

Mr. PEEL to Sir F. ROGERS.

SIR,—Treasury Chambers, 23rd September, 1864.
I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you, for the information of Mr. Secretary Cardwell, a copy of a letter from the Postmaster-General, dated the 11th July, 1863, in regard to the establishment of a second Monthly Mail Communication with the Australian Colonies, *viâ* Point de Galle, together with copy of their Lordship's Minute of the 5th instant, and an extract from the Postmaster-General's letter of the 19th instant, on the same subject; and I am to request that you will move Mr. Cardwell to communicate to the Governments of the several Australian Colonies, and of New Zealand, the offer made by the Peninsular and Oriental Steam Navigation Company, and the desire of their Lordships, if the second service be established, simultaneously to double the existing rates of Postage on Letters sent to those Colonies, except as regards letters by private ship, for which the charge would be reduced to only four pence the half ounce, their Lordships reserving their right to raise the postage on letters despatched from this country, even though the additional monthly service be not established.

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

I am, &c.,
F. PEEL.

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

Sub-Enclosure.

MY LORDS,—General Post Office, 11th July, 1863.
During an interview which recently took place at the Post Office with one of the Managing Directors of the Peninsular and Oriental Steam Navigation Company, he mentioned that the Company would, for a moderate addition to the present subsidy, double the existing Postal Service between Point de Galle and Sydney, New South Wales; and in consequence of this observation, I caused inquiry to be made for the purpose of ascertaining the precise terms upon which this advantage could be obtained.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I have, &c., STANLEY OF ALDERLEY.

Sub-Enclosure.

PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY to the SECRETARY of the POST OFFICE.
SIR,— 122, Leadenhall Street, E.C., 13th May, 1863.

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

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

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

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

Sub-Enclosure.

Copy of TREASURY MINUTE, dated 5th September, 1864.

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

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

My Lords advert to their Minute of the 28th December last, whereby the proposed increase in the postage on letters to the Australian Colonies was sanctioned from the month of July following, and expressing their concurrence in opinion with the Postmaster-General that it would not be expedient, at least for the present, to entertain the proposal of the Peninsular and Oriental Steam Navigation Company to double the mail service between Point de Galle and Sydney.

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

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

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

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

Sub-Enclosure.

Extract POSTMASTER-GENERAL'S LETTER of 19th September, 1864.

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

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

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

