

CORRESPONDENCE

RELATIVE TO

CONTRACT FOR CONVEYANCE OF MAILS

Via SUEZ.

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

WELLINGTON.

—
1866.

SCHEDULE OF PAPERS

RELATIVE TO CONTRACT FOR CONVEYANCE OF MAILS *VIA* SUEZ.

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CORRESPONDENCE RELATIVE TO CONTRACT FOR CONVEYANCE OF MAILS
VIA SUEZ.

No. 1.

Copy of a Despatch from the Right Hon. EDWARD CARDWELL, M.P., to Governor
Sir GEORGE GREY, K.C.B.

(No. 101.)
SIR,—

Downing Street,
14th December, 1865.

I have the honor to transmit for your information the accompanying copies of the New Contract which has been concluded with the Peninsular and Oriental Steam Navigation Company, for the conveyance of the Mails between Point de Galle and Sydney, *via* King George's Sound and Melbourne, and which will come into operation on the 1st February next.

I have, &c.,
EDWARD CARDWELL.

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

Enclosure in No. 1.

CONTRACT 17TH NOVEMBER, 1865.—AUSTRALIAN MAILS.

ARTICLES OF AGREEMENT made this seventeenth day of November one thousand eight hundred and sixty-five between the Right Honorable Edward John Lord Stanley of Alderley Her Majesty's Postmaster-General for the time being of the one part and the Peninsular and Oriental Steam Navigation Company of the other part

Witness that the Company for themselves and their successors hereby covenant with the Postmaster-General his executors administrators successors and assigns Her Majesty's Postmaster-General for the time being in manner following (that is to say)

1. That the Company will at all times during the continuance of this agreement or so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance thereof provide keep seaworthy and in complete repair and readiness for the purpose of conveying as hereinafter provided all Her Majesty's mails (in which term "Mails" all boxes bags or packets of letters newspapers books or printed papers and all other articles transmissible by the post without regard either to the place to which they may be addressed or to that in which they may have originated and all empty bags empty boxes and other stores and articles used or to be used in carrying on the Post Office Service which shall be sent by or to or from the Post Office are agreed to be comprehended) which shall at any time and from time to time by the Postmaster-General or any of his officers or agents be required to be conveyed as hereinafter provided between Point de Galle in Ceylon and Sydney in New South Wales *via* King George's Sound and Melbourne a sufficient number of good substantial and efficient steam vessels of adequate power and supplied with first-rate appropriate steam engines.

2. That the vessels to be employed under this agreement shall be always furnished with all necessary and proper machinery engines apparel furniture stores tackle boats fuel lamps oil tallow provisions anchors cables fire-pumps and other proper means for extinguishing fire lightning conductors charts chronometers nautical instruments and whatsoever else may be requisite for equipping the said vessels and rendering them constantly efficient for the service hereby agreed to be performed and also manned and provided with competent officers with appropriate certificates granted pursuant to the Act or Acts of Parliament in force for the time being relative to the granting certificates to officers in the merchant service and with a sufficient number of efficient engineers and a sufficient crew of able seamen and other men to be in all respects as to vessels engines equipment officers engineers and crew subject in the first instance and from time to time and at all times afterwards to the approval of the Postmaster-General or of such other person or persons as he shall at any time or times or from time to time authorize to inspect and examine the same and the Company shall (if required by the Postmaster-General) submit the designs plans and sections of every vessel intended to be employed in the performance of this agreement to the Postmaster-General and be bound to adopt such fittings and scantlings as he or the Lords Commissioners for executing the office of Lord High Admiral of the United Kingdom of Great Britain and Ireland shall consider suitable and requisite and no vessel shall be employed under this agreement until it and its machinery shall have been previously tried under weigh and finally approved as aforesaid.

3. That one of such vessels so approved equipped and manned as aforesaid shall on such days and at such hours as shall be fixed by the Postmaster-General upon or before the day hereinafter appointed for the commencement of this agreement (until and unless any other days or hours shall under the proviso herein in that behalf contained be substituted instead thereof) and immediately after the mails are embarked put to sea from the ports of Point de Galle and Sydney and the Company shall convey in such vessels to and from and cause to be delivered and received at such of the ports and places hereinbefore mentioned all such mails as shall or may be tendered or delivered to or received by the Company or any of their agents officers or servants by or from the Postmaster-General or any of his officers or agents.

4. That should it be deemed by the Postmaster-General his officers or agents requisite for the public service that any vessel to be employed under this agreement should at any time or times delay her departure from any port from which the mails are to be conveyed under this agreement beyond the period appointed for her departure therefrom the Postmaster-General his officers or agents shall have power to order such delay (not however exceeding 24 hours) by letter addressed by him or them to the master of any such vessel or person acting as such and which shall be deemed a sufficient authority for such detention.

5. That the Company shall convey the said mails from Point de Galle *via* King George's Sound and Melbourne to Sydney in 516 hours and from Sydney *via* Melbourne and King George's Sound to Point de Galle in 564 hours, which several periods of 516 hours and 564 hours respectively are exclusive of stoppages for the purpose of the delivery and reception of mails the duration of which will be from time to time fixed by the Postmaster-General. And it is hereby agreed that if the Company shall fail to deliver the said mails at Sydney from Point de Galle in 516 hours or at Point de Galle from Sydney in 564 hours then or in either of such cases and so often as the same shall happen the Company shall forfeit and pay to Her Majesty Her heirs and successors the sum of £200 for every complete period of twenty-four hours consumed on the respective voyage beyond the periods hereinbefore respectively specified. Provided always that the full amount of such sums payable on any one voyage shall never exceed the portion of the sum of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage and provided further that the payment of any such sum shall not be enforced against the Company if it be shown by them to the satisfaction of the Postmaster-General that the delay has arisen from causes over which they had not and could not have had any control.

6. And the Postmaster-General doth hereby covenant to pay to the Company a premium of £50 for every complete period of 24 hours by which the time occupied in any voyage from Point de Galle to Sydney shall be less than 516 hours.

7. That if at any time or times the Postmaster-General shall desire to alter the particular days times or hours of departure from and arrival at any of the ports or places to or from which Her Majesty's mails are to be conveyed under this agreement he shall be at liberty so to do on giving three calendar months' previous notice in writing of such his desire to the Company at their offices in London.

8. That if at any time or times the Postmaster-General shall desire otherwise to modify the services hereby agreed to be performed (as for example to increase or decrease the frequency of the conveyance of mails between any of the ports or places to or from which such mails are to be conveyed under this agreement) or to extend the conveyance of such mails to any other ports or places not specified in this agreement or to discontinue the conveyance of mails to any port he shall be at liberty so to do on giving reasonable notice to the Company and on paying to them for such increased or extended services such further consideration and in the event of the services hereby agreed to be performed being reduced on his paying to them such reduced consideration as hereinafter provided or in any case not hereinafter provided as may be mutually agreed upon between the Company and the Postmaster-General or failing such mutual agreement by arbitration in the manner hereinafter provided.

9. That the particular days times and hours of departure from and arrival at any such ports or places or other services if any which may be appointed by any such alteration under the two preceding clauses shall for the time being be deemed to be the days times and hours of departure and arrival of mails and other services under this agreement and shall be observed and kept by the Company accordingly.

10. That if the Company fail to provide an efficient vessel at Point de Galle or Sydney in accordance with the terms of this agreement ready to put to sea on and at the appointed day and hour then and so often as the same shall happen the Company shall forfeit and pay unto Her Majesty Her heirs and successors the sum of £500 and also the further sum of £100 for every successive twenty-four hours which shall elapse until such vessel actually proceeds to sea on her voyage in the performance of this agreement. Provided always that the aggregate amount of the penalties to be recoverable under this clause in respect of any one voyage or contemplated voyage shall not exceed by more than the sum of £2,000 the portion of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage such portion being in all cases in proportion to the mileage of the voyage or contemplated voyage in respect of which such penalties may have been incurred.

11. That the Company shall receive and allow to remain on board each of the vessels so to be and while employed in the performance of this agreement and also while remaining at any port or place to or from which mails are to be conveyed under this agreement and with or without mails in charge an officer in Her Majesty's Navy to be appointed by the Postmaster-General to take charge of the said mails and also a servant of the said officer (if required) and that every such officer shall be recognized and considered by the Company their officers agents and seamen as the agent of the Postmaster-General in charge of mails and as having full authority in all cases to require a due and strict performance of this agreement on the part of the Company their officers servants and agents and to determine so far as relates to the levying of penalties every question whenever arising relative to proceeding to sea or putting into harbour or the necessity of stopping to assist any vessel in distress or to save human life and that the decision of such officer as aforesaid shall in every such case be final and binding on the Company unless the Postmaster-General on appeal by the Company thinks proper to decide otherwise. Provided however that the words "to determine every question" shall not confer upon such officer the power of control over the commander of the vessel conveying the said mails.

12. That if the Postmaster-General at any time or times think fit he shall be at liberty to substitute for such naval officer and his servant a civil officer in the service of the Postmaster-General to have charge of the said mails and thereupon any such last-mentioned officer and his assistant (if required) shall be received and be allowed to remain on board each of the said vessels as hereinbefore provided with respect to any such naval officer and his servant but when any civil officer in the service of the Post Office shall be in charge of the said mails his duties shall be confined to the Post Office business.

13. That a suitable first-class cabin with appropriate bed bedding and furniture shall at the cost of the Company be provided and appropriated by them for the exclusive use and accommodation of every such naval or civil officer and also (to the satisfaction of the Postmaster-General) a proper and convenient place of deposit on board with secure lock and key for the mails and that every of the said officers shall be victualled by the Company as a chief cabin passenger without any charge either for his passage or victualling and that should any such naval officer require a servant or should any such civil officer require an assistant such servant or assistant shall also be provided with a proper and suitable berth and be duly victualled by and at the cost of the Company as a fore cabin passenger without any charge being made for the same.

14. That the Company shall provide on board each of the vessels to be employed under this agreement all necessary and suitable accommodation to the satisfaction of the Postmaster-General for the purpose of sorting and making up the mails thereby conveyed and on being required by the Postmaster-General so to do shall erect on each of such vessels a separate and convenient room the actual cost of erecting such sorting-room and of providing all such furniture lamps and other conveniences as may be necessary or convenient for the purpose of sorting and making up such mails being paid for by the Postmaster-General but such furniture lamps and other conveniences being cleaned and kept in repair and the oil for the lamps supplied by the servants and at the cost of the Company.

15. That at each port or place where the said mails are to be delivered and received the officer having charge of mails shall whenever and as often as by him shall be deemed practicable or necessary be conveyed on shore and also from the shore to the vessel employed for the time being in the performance of this agreement together with or (if such officer shall consider it requisite for the purposes of this agreement so to do) without mails in a suitable and seaworthy boat of not less than four oars to be furnished with effectual covering for the mails and properly provided manned and equipped by the Company and that the directions of such officer shall in all cases be obeyed as to the mode time and place of receiving and delivering such mails.

16. That if the Postmaster-General during the continuance of this agreement think fit to entrust the charge and custody of the mails to the master or commander of the vessels to be employed for the time being in the performance of this agreement and in all cases where the officer or other person appointed to have charge of the mails shall be absent the master or commander of such vessel shall (without any charge other than that herein provided to be paid to the Company) take due care of and the Company shall be responsible for the receipt safe custody and delivery of the said mails and each of such masters or commanders shall make the usual oath or declaration or declarations required or which may hereafter be required by the Postmaster-General in such and similar cases and furnish such journals returns and information to and perform such services as the Postmaster-General or his agents may require. And every such master or commander or officer duly authorized by him having the charge of mails shall himself immediately on the arrival at any of the said ports or places of any such vessel deliver all mails for such port or place into the hands of the Postmaster or other person at such port or place as the Postmaster-General shall authorize to receive the same receiving in like manner all the return or other mails to be forwarded in due course and that the crew of each of the said vessels respectively shall assist in conveying the mails between the mail-room and the sorting-room to be erected (if required) in each of the said vessels as hereinbefore mentioned.

17. That the Company shall not nor shall any of the masters of any of the vessels employed or to be employed under this agreement receive or permit to be received on board any of the vessels employed under this agreement any letters for conveyance other than those duly in charge of the said naval officer or other person authorized to have charge of the said mails or which are or may be privileged by law nor any mails for conveyance on behalf of any colony or foreign country without the consent of the Postmaster-General. And the said naval officer or other person shall report to the Postmaster-General any default in these respects. And in case of any such default respectively the Company shall be liable to be proceeded against for a breach of this agreement.

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

19. That the Company and all commanding and other officers of the vessels employed in the performance of this agreement and all agents seamen and servants of the Company shall at all times punctually attend to the orders and directions of the Postmaster-General his officers or agents as to the mode time and place of landing delivering and receiving mails.

20. That the Company shall when and as often as in writing they or the masters of their respective vessels are required so to do by the Postmaster-General or by any naval or other officers or agents acting under his 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 provide for victual and convey to and from and between any of the ports or places to which any vessels are to proceed in the performance of this agreement on board every or any of the vessels to be employed in the performance of this agreement (in addition to the naval or other officer authorized to have charge of the said mails) any number of naval military or civil officers or other persons in the service of Her Majesty hereinafter described as Government contract passengers (not exceeding four in any one ship) with or without their wives and children as first-class passengers and any number of Government contract passengers

(not exceeding two in any one ship) with or without their wives and children as second-class passengers and any number of Government contract passengers (not exceeding ten in any one ship) with or without their wives and children as third-class passengers to be berthed below deck (due notice being given if practicable to the Company or to their agent at the port of embarkation of all such passengers as may be required to be received provided for victualled and conveyed as aforesaid) and that whenever the Company shall convey any third-class Government contract passengers (other than those hereinbefore specially provided for) the Company shall provide them with proper accommodation below deck.

21. That the passage money for all passengers to be conveyed on the requisition of the Postmaster-General or any person acting under or by his authority other than and except the naval officer in charge of mails and his servant (if any) or the civil officer of the Post Office in charge thereof and his assistant (if any) shall be paid in full of all charge for mess and victualling at and after the fares and rates charged by the Company for ordinary passengers of a similar description or in cases where there is no charge to correspond at such rates as may be agreed upon between the Lords Commissioners of the Admiralty and the Company.

22. That Government contract passengers shall be treated in no respect whatever in an inferior manner to ordinary passengers of the same class and in a manner at least equal to that required by the regulations of Her Majesty's Transport Service and the messing of the first and second-class Government contract passengers shall include each day an imperial pint of good sound bottled or draught ale or beer and that of the first class in addition an imperial pint of good foreign wine either port or white. The several classes of Government contract passengers shall mess in separate places and they shall be provided free of extra charge with medical attendance medicine and medical comforts and with mess utensils and fittings cooking utensils articles for table use mess places cabins and berths fuel lights requisite articles of bedding and all other necessaries and all third-class Government contract passengers shall have hammocks or bunks subject to the approval of the naval authorities placed between decks.

23. That the passage money for Government contract passengers shall be the same as that charged by the said Company for ordinary passengers of a similar kind and shall include everything specified in the last preceding article of this agreement and the freight of baggage according to Government scale and returns of the embarkation and disembarkation of all Government contract passengers shall be furnished to the Director of Transport Services immediately after the departure and arrival of each vessel.

24. That whenever any alterations of rates for ordinary passengers shall be made by the said Company notices of such alterations shall forthwith be given by the Company to the Postmaster-General and the Lords Commissioners of the Admiralty.

25. That payments for passage money of Government contract passengers shall be applied for by invoices (according to a form to be obtained from the office of the Director of Transport Services) to be lodged in the office of the Accountant-General of the Navy by the said Company or their successors and upon the production to such Director of the orders for the passages together with a certificate under the hand of the Commanding Officer specifying the number of the third-class passengers (men women and children) conveyed with the ages and sexes of such children and stating the periods during which such third-class passengers have been regularly supplied while on board with provisions and also a certificate under the hand of each first and second-class passenger of his or her having been landed at the place of destination and of having been properly accommodated and messed during the voyage and specifying the dates inclusive from and to which they were so messed computed from the first to the last dinner meal and upon the lodging of such invoices as aforesaid bills for the amounts which after examination shall be found to be due thereon shall be made out to the said Company or their successors payable by Her Majesty's Paymaster-General in three days from and after the respective dates thereof.

26. That the passage money for the families and wives of commissioned and civil or other persons when not ordered to be conveyed at the public expense shall be paid to the Company by the officers themselves at the rates charged to ordinary passengers of a similar description.

27. That the Company will receive on board of every such vessel any number of small packages containing astronomical instruments charts wearing apparel medicines or other articles and convey and deliver the same to from or between the said ports or places to from or between which the said mails are to be conveyed when and as often as directed by the Postmaster-General his officers or agents or by the British Naval Officer in command of the station or at any port where the vessel may touch free from all costs and charges and also will receive on board of every such vessel and convey and deliver to from and between all or any of the said ports or places (on receiving from the Postmaster-General his officers or agents or from the British Naval Officer in command of the station two days' previous notice) any naval or other stores not exceeding ten tons in weight or fifteen tons of forty cubic feet each in measurement at any one time in any one vessel at the lowest rate of freight charged by the Company for private goods of a similar description and that the Company shall in all cases be strictly responsible for the due custody and safe delivery of the said packages articles and stores and shall give immediately notice to the said Commissioners of any alteration in the rate of freight charged by them for private goods provided always that stores consisting of liquids chemical preparations or other articles of a dangerous or damaging nature shall not be ordered to be conveyed under this agreement.

28. That all and every the sums of money hereby stipulated to be paid by the Company unto Her Majesty Her heirs and successors shall be considered as stipulated or ascertained damages whether any damage or loss have or have not been sustained and shall and may be retained by the Postmaster-General out of any moneys payable or which may thereafter become payable to the Company or the payment may be enforced as a debt due to Her Majesty with full costs of suit at the discretion of the Postmaster-General. Provided however that the payment by the Company of any sums of money by way of penalties shall not in any manner prejudice the right of the Postmaster-General to treat the failure if any on the part of the Company to provide a proper vessel or to perform any voyage at or within the times hereinbefore respectively mentioned in that behalf as a breach of this agreement.

29. And in consideration of the due and faithful performance by the said Company of all the services hereby agreed to be by them performed the said Postmaster-General doth hereby covenant and

agree that there shall be paid to the said Company (out of such aids or supplies as may be from time to time provided and appropriated by Parliament for the purpose) so long as they perform the voyages between Point de Galle and Sydney and the other services herein contracted to be performed in the manner and with such vessels as herein respectively mentioned the sums of money following (that is to say)

- A sum after the rate of £120,000 per annum so long as the said Company shall upon the requisition of the Postmaster-General cause to be performed one such voyage each way in every calendar month.
- A sum after the rate of £130,000 per annum if and so long as the said Company shall upon the requisition of the Postmaster-General cause to be performed one such voyage each way in every lunar month of four weeks.
- A sum after the rate of £170,000 per annum if and so long as the said Company shall upon the requisition of the Postmaster-General cause to be performed two such voyages each way in every calendar month.
- A sum after the rate of £184,166 per annum if and so long as the said Company shall upon the requisition of the Postmaster-General cause to be performed two such voyages each way in every lunar month of four weeks.

And that the said payments shall be made in equal quarterly payments on the first day of April the first day of July the first day of October and the first day of January in each year and shall accrue due from day to day and the said payments shall be received by the said Company as full compensation for all costs and expenses which they may incur or be put unto by reason or on account of all and singular the services hereby contracted to be performed subject however to the abatement of any sums of money in respect of forfeitures which the said Company may have incurred or to the addition of any sums in respect of premiums as the case may be as herein provided.

And it is hereby further agreed and declared between and by the said parties to these presents

30. That if at any time during the continuance of this agreement or after determination thereof any dispute shall arise between the parties hereto or their successors respectively concerning any breach or alleged breach by or on the part of the Company of this agreement or the sufficiency of any such breach to justify the Postmaster-General in putting an end to the same or concerning the amount of consideration to be paid to or allowed by the Company as the case may be for such altered services as hereinbefore in that behalf mentioned or concerning any of the covenants matters or things hereinbefore contained or in anywise relating thereto and notwithstanding the power herein contained to determine this agreement and any execution or attempted execution of such power such dispute shall be referred to two arbitrators one to be chosen from time to time by the Postmaster-General and the other by the Company and if such arbitrators should at any time or times not agree in the matter or question referred to them then such question in difference shall be referred by them to an umpire to be chosen by such arbitrators before they proceed with the reference to them and the joint and concurrent award of the said arbitrators or the separate award of the said umpire when the said arbitrators cannot agree shall be binding and conclusive upon both parties.

31. That the whole postage of all mails conveyed in the vessels employed under this agreement shall belong to Her Majesty and shall be at the disposal of Her Majesty's Postmaster-General.

32. That this agreement shall commence on and from the first day of February 1866 and shall continue in force until one of the said parties hereto shall give to the other of them twenty-four calendar months' notice of his or their desire to determine the same and on the expiration of such notice this agreement shall determine accordingly without prejudice nevertheless to any right of action or other proceeding which shall then have accrued to either party for any breach thereof.

33. And it is hereby further agreed that in case the Company shall fail to commence the performance of the services herein agreed to be by them performed on the first day of February 1866 then and in such case the Company shall forfeit and pay unto Her Majesty Her heirs and successors the sum of £100 and also the further sum of £100 for every successive period of twenty-four hours which shall elapse after the first day of February 1866 until the actual and *bona fide* commencement of the performance by the Company of the services herein agreed to be by them performed and further that in case the Company shall fail to have the said vessels to be used in the execution of this contract complete and ready for final survey on the fifteenth day of January 1866 the Company shall forfeit and pay unto Her Majesty Her heirs and successors the sum of £10 for every successive day which shall elapse after the said fifteenth day of January 1866 until such vessel shall be so complete and ready for final survey as aforesaid. Provided always that the total amount of the penalties to be incurred by the said Company by reason of such failures as aforesaid respectively shall not exceed the sum of £25,000.

34. That the Company shall not assign underlet or dispose of this agreement or any part thereof without the consent of the Postmaster-General signified in writing under his hand or under the hand of the Secretary or one of the Assistant Secretaries of the Post Office and that in case of the same or any part thereof being assigned underlet or otherwise disposed of or of any great or habitual breach of this agreement or of any covenant matter or thing herein contained on the part of the Company their officers agents or servants and whether there be or be not any penalty or sum of money payable by the Company for any breach it shall be lawful for the Postmaster-General if he shall think fit (and notwithstanding there may or may not have been any former breach of this contract) by writing under his hand or under the hand of the Secretary or one of the Assistant Secretaries of the Post Office to determine this agreement without any previous notice to the Company or their agents nor shall the Company be entitled to any compensation in respect of such determination.

35. That if on the determination of this agreement any vessel or vessels should have started or should start with the mails in conformity with this agreement such voyage or voyages shall be continued and performed and the mails be delivered and received during the same as if this agreement had remained in force with regard to any such vessels and services and with respect to such vessels and services as last aforesaid this agreement shall be considered as having terminated when such vessels and services shall have reached their port or place of destination and been performed.

36. That all notices or directions which the Postmaster-General his officers agents or others are hereby authorized to give to the Company their officers servants or agents other than any notice of termination of this contract may at the option of the Postmaster-General his officers agents or others either be delivered to the master of any of the said vessels or other officer or agent of the Company in the charge or management of any vessel employed in the performance of this agreement or left for the Company at their office or house of business in London or at their or any of their last known places of business or abode and any notices or directions so given or left shall be binding on the Company Provided always that any notice of termination of this contract shall be served on the Company their officers servants or agents at their office or last known office in London.

37. That the Lords Commissioners of the Admiralty for the time being shall at any time during the continuance of this agreement in case of great public emergency have power to purchase all or any of the said vessels at a valuation or to charter the same exclusively for Her Majesty's service at a rate of hire to be mutually fixed and agreed on by the said Commissioners and the Company but if any difference should at any time or times arise as to the amount of valuation or hire so to be paid or as to the amount of damages consequent upon such purchase or hiring such difference shall be referred to two arbitrators or an umpire to be chosen respectively as aforesaid and that the said Commissioners in the case of hiring any such vessel shall return the same to the Company in the same state and condition as she was in at the time of any such hiring reasonable wear and tear excepted and if any difference should arise upon that point the same shall be settled in the same manner as the amount for the hiring is to be settled in case of difference.

38. That in case of such purchase or hire the service hereby agreed to be performed shall be performed by other vessels of the Company if the Company can in due and proper time furnish them such other vessels as to construction machinery equipment officers and crew to be subject to the like approval as other vessels employed under this agreement but in case the Company be unable to furnish such other vessels it shall be lawful for them to determine this agreement from the date of such purchase or hire but the same shall be considered as in force until the completion of any voyages then already undertaken.

39. That in the event of the Company being allowed by the Postmaster-General to continue to perform only a portion of the service there shall be paid to them such annual sum of money as shall be agreed upon by the Postmaster-General and the Company and in case of their differing as to the amount such difference shall be settled by two arbitrators or an umpire to be chosen respectively as aforesaid.

40. That any submission to arbitration in pursuance of this agreement shall be made a rule of any of Her Majesty's Courts of Record pursuant to the Statute in that case made and provided on the application of either party.

41. That in pursuance of the provisions contained in the Act of Parliament passed in the twenty-second year of the reign of King George the Third intituled "An Act for restraining any person concerned in any contract commission or agreement made for the public service from being elected or sitting and voting as a member of the House of Commons," no member of the House of Commons shall be admitted to any share or part of this agreement or to any benefit to arise therefrom.

42. That this agreement shall not be binding until it has lain upon the table of the House of Commons for one month without disapproval unless it be previously approved by a resolution of the said House of Commons.

43. And for the due and faithful performance of all and singular the covenants conditions provisos clauses articles and agreements hereinbefore contained and which on the part and behalf of the said Company their officers agents or servants are or ought to be observed performed fulfilled and kept the said Company do hereby bind themselves and their successors unto Her Majesty the Queen in the sum of £25000 sterling to be paid to Her Majesty Her heirs and successors by way of stipulated or ascertained damages hereby agreed upon between the said Postmaster-General and the said Company in case of the failure on the part of the Company in the execution of this contract or any part thereof.

In witness whereof the said Edward John Lord Stanley of Alderley Her Majesty's Postmaster-General hath hereunto set his hand and seal and the said Peninsular and Oriental Steam Navigation Company have caused their common seal to be hereunto affixed the day and year first above written.

STANLEY OF ALDERLEY. (L.S.)

The
Seal of the
P. & O.
Compy.

Signed sealed and delivered by the within-named Edward John Lord Stanley of Alderley Her Majesty's Postmaster-General in the presence of

J. L. DU PLAT TAYLOR,
Private Secretary General Post Office.

The common seal of the within-named Peninsular and Oriental Steam Navigation Company was hereunto affixed in the presence of

P. D. HADOW, }
ALEX. NAIRNE, } Directors.
WM. H. HALL. }
C. W. HOWELL, Secretary.
Z. BROOKE,

Solicitor's Department General Post Office.

No. 2.

Copy of a Despatch from the Right Hon. EDWARD CARDWELL, M.P., to Governor Sir G. GREY, K.C.B.
(No. 106.)
Downing Street,
26th December, 1865.

SIR,—
I have the honor to transmit for your information a copy of a letter addressed to the Board of Treasury by the Secretary to the Post Office, respecting the treatment of the correspondence for New Zealand after the commencement of the new Australian Contract, of which a copy accompanied my Despatch to you, No. 101, of the 14th instant.

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

I have, &c.,
EDWARD CARDWELL.

Enclosure 1 in No. 2.

Mr. CHILDERS to Sir F. ROGERS.

SIR,—
Treasury Chambers, 22nd December, 1865.
I am directed by the Lords Commissioners of Her Majesty's Treasury to submit herewith copy of a letter from the Secretary to the Post Office, dated 21st instant, relative to the treatment of the correspondence for New Zealand after the commencement of the new Australian Contract; and I am to request that in laying the same before Mr. Secretary Cardwell, you will move him to cause the communication suggested by the Postmaster-General to be made to the Governor of New Zealand.

Sir F. Rogers, Bart.

I have, &c.,
HUGH C. E. CHILDERS.

Enclosure 2 in No. 2.

Mr. TILLEY to Mr. CHILDERS.

SIR,—
General Post Office, 21st December, 1865.
In the absence of the Postmaster-General, I have the honor to request that you will state to the Lords Commissioners of the Treasury that the Governments of New South Wales, Victoria, Western Australia, and Queensland, have acceded to the arrangement proposed for the payment jointly of a moiety of the subsidy to be paid to the Peninsular and Oriental Steam Navigation Company for the new Australian Mail Service, and to the other proposals made to them; and that I have ascertained, by inquiry at the Colonial Office, that the mail just arrived from Australia brought the assent, though only for a limited period, of the Government of South Australia.

The only Colony, therefore, which has not signified its concurrence in the arrangement is New Zealand.

By the Despatch which was received by Governor Sir George Grey in May last, it appeared that the main objection of the Colonial Government arose from the undefined liability to which the Colony would be subject in the event of any of the other Colonies declining to come into the arrangement. This ground for hesitation is now removed by the tenor of the communications received from the other Colonies concerned. So far from incurring an increased pecuniary liability, the Government of New Zealand will be responsible for a lower amount than at present, as the subsidy under the new contract will be £14,000 a year less than the sum now paid.

It is probable that the neglect of that Government to send any further communication on this subject is solely attributable to the pressure put upon them by the Native Insurrection, and that they are desirous of participating in the benefits of the new service.

Under these circumstances, the Postmaster-General is anxious that the Governor should be informed, by the mail of the 26th instant, that, unless previous to the 26th February next, when the first mail under the new contract will be despatched, a communication is received from New Zealand declining to be a party to the measure, their concurrence will be assumed, and the mails for that Colony will be forwarded by the Australian mails as heretofore, and no increase will be made in the rate of postage on the correspondence forwarded; the Postmaster-General feeling assured that the Colony will not refuse to pay its share for the period during which this course may be adopted, should the Government on receiving the letter here suggested finally decide upon withdrawing from the scheme.

I have only to add that, in the event of a notice of such withdrawal reaching this office before February next, a postage of one shilling and sixpence per half-ounce will, as already arranged, be levied on all letters forwarded to or received from New Zealand *via* Suez.

Hugh C. E. Childers, Esq., M.P., &c.,
Treasury.

I have, &c.,
J. TILLEY.

No. 3.

Copy of a Letter from Mr. S. CLARK, Manager A.S.N. Co., to Hon. E. W. STAFFORD.
Australasian Steam Navigation Company,

SIR,—
Sydney, 5th January, 1866.
At the time that public intelligence reached this Colony that tenders were called for a new contract for the conveyance of the mails between Galle and Sydney, the Board of this Company addressed the Governments of New South Wales, Victoria, and South Australia, requesting that they would urge the Home Government to extend the time for the receipt of tenders, so as to admit of Colonial Companies and firms competing for the contract. This request was courteously complied with, but before the Despatches of the Colonial Governments reached England the tender of the Peninsular and Oriental Company had been accepted, and there was thus no opportunity for Colonial tenders being sent in.

Since then, the mail service by the Peninsular and Oriental Company, under the expiring contract, has been performed in a way which has called forth general and strong complaint in all the Colonies; and remonstrances are understood to have been addressed to the Home Government on the subject by one or more of the Australian Governments.

Seeing then, that no opportunity was afforded for Colonial competition when the tenders were last called for, and that the service has for some time and is now being performed in a way that is most unsatisfactory to the Governments and communities of the Colonies interested, the Board of this Company venture to request that the Government of New Zealand will by the next mail urge upon the Home Government to immediately give to the Peninsular and Oriental Company the two years notice required to terminate the contract which commences on the 1st February, 1866, and forthwith call for tenders for a new contract, to commence at the expiration of the two years, giving full time for tenders being sent in by Colonial companies and firms.

In the event of this being done, I am instructed by my Board to say that tenders for the conveyance of the mails between Galle and Sydney will be sent in by this Company; and that, in these tenders, they will undertake to convey the mails at the rate of speed now stipulated for, and for a less sum than is being paid for the present service.

This company has for some time had contracts with the Governments of South Australia and Queensland for the conveyance of their respective English mails between Adelaide and King George's Sound, and between Sydney and Brisbane, and the Board think they are justified in saying that the manner in which these services have been carried out affords a satisfactory guarantee that any mail service undertaken by this company will be efficiently and faithfully performed.

The Hon. the Chief Secretary,
New Zealand.

I have, &c.,
SAMUEL CLARK,
Manager.

No. 4.

Copy of a Letter from Mr. GISBORNE to Mr. CLARK.

(No. 38.) Colonial Secretary's Office,
Wellington, 8th February, 1866.

SIR,— I have the honor, by direction of Mr. Stafford, to acknowledge the receipt of your letter of the 5th ultimo, suggesting that in consequence of the unsatisfactory manner in which the Postal Steam Service between Great Britain and Australia is performed by the Peninsular and Oriental Company, the Home Government should be requested to give the necessary notice to that Company to terminate the new contract, and to allow in any fresh call for tenders, ample time for tenders being sent in by Colonial Companies and firms.

In reply, I am to state, that the New Zealand Government is in favour of the suggested notice being given to the Peninsular and Oriental Company, and that communications on this subject will be addressed to the respective Australian Governments.

S. Clark, Esq.,
Manager of the Australasian Steam Navigation Company,
Sydney.

I have, &c.,
W. GISBORNE,
Under Secretary.

No. 5.

Copy of Circular from the Hon. E. W. STAFFORD to the Hon. COLONIAL and CHIEF SECRETARIES of Australian Colonies and Tasmania.

(Circular No. 54.) Colonial Secretary's Office,
Wellington, 12th February, 1866.

SIR,— I have the honor to enclose for your information a copy of a letter dated the 5th ultimo, from the Manager of the Australasian Steam Navigation Company, suggesting that in consequence of the unsatisfactory manner in which the Postal Steam Service between Great Britain and Australia is performed by the Peninsular and Oriental Company, the Home Government should be asked to give the necessary notice to that Company to terminate the new contract, and to allow in any fresh call for tenders ample time for tenders being sent in by Colonial Companies and firms.

The extreme irregularity with which the service in question has been performed has entailed very considerable increased expenses to the Colony of New Zealand, for extra subsidies, for the conveyance from Australia of over due mails; and in some instances from the delay which has occurred there has been no time for replies by the return mail.

This Government is, therefore, prepared to act on this suggestion of the Australasian Steam Navigation Company, and will communicate to the Imperial Government to that effect. I shall feel obliged if you would be good enough to inform me of the views of the Government of New South Wales on this subject, and what course it proposes to take with reference to it.

The Hon. Colonial Secretary, New South Wales.

Similar letter sent to the Colonial or Chief Secretaries of Australia and Tasmania.

I have, &c.,
E. W. STAFFORD.

No. 6.

Copy of a Letter from the Hon. H. PARKES to the Hon. E. W. STAFFORD.
(No. 66-1049.) Colonial Secretary's Office,

SIR,— Sydney, New South Wales, 6th March, 1866.

I have the honor to acknowledge the due receipt of your letter of the 12th ultimo, enclosing a copy of a letter from the Manager of the Australasian Steam Navigation Company, suggesting that

steps should be taken to terminate the existing contract with the Peninsular and Oriental Steam Navigation Company for carrying the English mails; and that in any new arrangements sufficient time should be allowed for Colonial Companies and firms to send in tenders for the service.

2. A similar application has been made to this Government from the Australasian Steam Navigation Company, both by letter and by deputation of the Directors, and the expediency of retiring from the contract is now under consideration. The Government of Victoria has at the same time invited the Governments of South Australia, Tasmania, Queensland, and New South Wales to send delegates to a conference in Melbourne, to consider the whole subject of the English Postal Service, including the practicability of its being performed by Australian enterprise. An opinion favourable to the termination of the existing contract has also been expressed by the Legislative Assembly of this Colony.

3. I do myself the honor to enclose, for your information, a copy of a Parliamentary Paper, containing correspondence on this subject between the Governments of New South Wales and Victoria; and any decision that may be arrived at shall be communicated without delay to the Government of New Zealand.

The Hon. the Colonial Secretary, New Zealand.

I have, &c.,

HENRY PARKES.

Enclosure No. 1 in No. 6.

Copy of a Letter from the CHIEF SECRETARY, Victoria, to the Hon. COLONIAL SECRETARY, New South Wales.

Chief Secretary's Office,

Melbourne, 16th February, 1866.

SIR,—

The unsatisfactory manner in which the Peninsular and Oriental Steam Navigation Company has for some time past carried on the Steam Postal Service between England and Australia, has been so apparent, as to render superfluous any lengthened argument in support of the proposition for concerted action on the part of the Colonies interested, in order to secure greater regularity of communication.

There can be no doubt that, as suggested by the Government of South Australia, the time has arrived when the Colonies should unite in order thoroughly to investigate the question, and to devise means for carrying on the service, if necessary, independent of the present contracting Company, which, it is feared, will not, in the absence of any competing power, be induced to apply itself in a cordial spirit effectually to redress the grievances of which the Colonies have such just cause for complaint, even although the subsidy should be augmented in its favor.

It must be admitted that the magnitude of the resources of the Peninsular and Oriental Steam Navigation Company, gives it a most decided advantage over any enterprise dependent for success on the local means at present developed in Australia, and that should it be found necessary to adopt an entirely new system, the Colonies must be prepared to incur, at the outset, the risk of even greater inconveniences and delays than those we are subject to at the present time.

Notwithstanding this, the Government of Victoria feel that it is better not to shrink from encountering the probable temporary evil adverted to, when, by such sacrifice, the steam postal communication with England may ultimately be placed on a permanently satisfactory and efficient footing.

With these views I am directed by His Excellency Sir Charles Darling, to invite the co-operation of your Government, and to suggest, as the best means by which the desired end may be attained, that the Australian Colonies should appoint delegates to meet in Melbourne, as the most central spot, for the purpose of considering whether, and at what period, it would be advisable to terminate the existing contract with the Peninsular and Oriental Steam Navigation Company, and to inquire into and suggest the best means by which the Ocean Postal Service may be provided for, assuming that the connexion with the Company were to be dissolved.

A communication to the same effect has been addressed to the respective Governments of South Australia, Tasmania, and Queensland.

I have, &c.,

JAMES McCULLOCH.

The Colonial Secretary, New South Wales.

Enclosure No. 2 in No. 6.

Copy of a Letter from the Hon. COLONIAL SECRETARY, New South Wales, to the CHIEF SECRETARY, Victoria.

Colonial Secretary's Office,

Sydney, New South Wales, 28th February, 1866.

SIR,—

I am directed by His Excellency Sir John Young, to acknowledge the due receipt of your letter of 16th February, bringing under the notice of this Government the unsatisfactory manner in which the Peninsular and Oriental Steam Navigation Company has for some time past carried on the Postal Service between England and Australia, and suggesting, as the best means of devising a remedy for the serious inconveniences now suffered by the Australian Colonies from this cause, that delegates from South Australia, Tasmania, Queensland, and New South Wales, should meet a representative of your Government in Melbourne to consider the whole subject.

The Government of this Colony is fully alive to the magnitude of the interests that have been disarranged and injured by the failure of the contracting Company to perform the service within the terms of their engagement, and already the expediency of retiring from the contract has been under consideration. The means of redress to which your suggestions directly point, will, sooner or later, be forced to a practical trial. Whether the resources of the Australian steam ship companies are at present equal to an undertaking which the most powerful Company in the world has so imperfectly carried through, may be fairly held in some doubt, without questioning for a moment the power of the Colonies to terminate a grievance so generally felt, or the advisability of adopting immediate steps for

this purpose. The Australasian Steam Navigation Company has opened communication with this Government with the view of tendering for the contract, and, in the event of tenders, open to the Colonies, being called for, is prepared to take up the service at a reduced subsidy. The Company has now afloat, four powerful vessels, which the Directors consider capable of successfully performing the passages between Australia and the Red Sea, and it is urged by them that the time necessary for the termination of the existing contract would be sufficient for the building of other vessels expressly adapted for the service. On the whole, it is hoped that no serious drawbacks would arise from a transference of the service to the hands of Colonial contractors.

The Port of Sydney being the last point of arrival and the first of departure in Australia, this Colony, as a consequence, has suffered more severely than Victoria or South Australia, from the irregularities in the Suez Mail Service; and we cannot be supposed to be less desirous than the Southern Colonies of a thorough investigation of the whole question, in order to arrive, as speedily as possible, at a more satisfactory permanent condition. It appears to this Government, however, that the matter might be discussed by letter, without the necessity of a conference in Melbourne; but, should the other Colonies fall in with the proposal of the Government of Victoria, no difficulty on this point will be raised here.

Connected with the general subject, I am directed to invite your attention to the engagement which this Government has entered into with the Government of New Zealand, for establishing a line of steam communication between England and Australia *via* the Isthmus of Panama, and the immediate prospect of the opening of this line. It will probably be known to you, that this route has, at all times, found many advocates in New South Wales, who have supported it, not merely as a means of postal communication, but as likely to contribute very materially to the commerce and traffic of this portion of Her Majesty's Dominions. The Isthmus of Panama may be regarded as the great gathering ground of converging streams of population, which again diverge from that point and distribute themselves to all parts of the world; and the elements of industrial and commercial enterprise and accruing wealth, thus carried forth, may be confidently expected to flow largely in upon these Colonies, and beneficially influence their progress and prosperity. At the Port of Colon, as also on the Pacific side, steam passenger ships arrive and depart almost daily, keeping up a complete system of rapid communication with England and France, the Atlantic States of America, the West Indies, Mexico, California, British Columbia, and all parts of the West Coast of South America. The contracting Company have built ships for the Australian and Panama service of 1500 to 1800 tons register, and 450 to 500 horse power, combining high rates of speed with adequate accommodation for first, second, and third class passengers; and the first vessel is expected to arrive at Sydney, in April next.

At present the Government of New South Wales is responsible for the whole amount of the Australian subsidy for this important service, and it is now submitted whether a fair contribution should not be paid by the Government of Victoria for the postal and other advantages which your Colony will undoubtedly derive from it. Should the whole burden of this undertaking be left to New South Wales by the Southern Colonies, it may become a question for serious consideration whether this Government is not called upon to retire altogether from the Mail Service *via* Melbourne and King George's Sound—trusting to such friendly Intercolonial arrangements as may be hereafter effected for extending the postal accommodation of the two services to all.

The Chief Secretary, Victoria.

I have, &c.,

HENRY PARKES.

No. 7.

Copy of a Letter from the Hon. J. WHYTE to the Hon. E. W. STAFFORD.

Colonial Secretary's Office,
Tasmania, 6th March, 1866.

SIR,—

I have to acknowledge the receipt of your circular letter of the 12th ultimo, relative to the unsatisfactory manner in which the Postal Service between these Colonies and the mother country is at present performed, and in reply, to inform you that this Government will readily join with the other Colonies in any scheme which is likely to ensure greater punctuality in the delivery of the European Mails.

I may add that, with this object in view, this Government has, at the invitation of that of Victoria, agreed to send a delegate to a conference it is proposed to hold in Melbourne on this subject.

I have, &c.,

The Hon. the Colonial Secretary, Wellington, New Zealand.

JAMES WHYTE.

No. 8.

Copy of a Letter from the Hon. J. McCULLOCH to the Hon. E. W. STAFFORD.

(No. 916.)

Chief Secretary's Office,
Melbourne, 8th March, 1866.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 12th ultimo, transmitting a communication addressed to you by the manager of the Australasian Steam Navigation Company, in which the unsatisfactory state of the Postal Service between Galle and Australia is brought under notice, and an intimation conveyed that in the event of notice being given to the Peninsular and Oriental Company for termination of the present contract, the former Company would be prepared to tender for such service on terms more advantageous to the Colonies.

In reply, I have to inform you, that on receipt of a communication from the Government of South Australia, expressing dissatisfaction with the manner in which the present contract is carried out, this Government proposed to the Government of New South Wales, Queensland, South Australia, and

Tasmania, that a conference of delegates from each Colony should meet in Melbourne, as the most central spot, for the purpose of inquiring whether and at what period it would be advisable to put an end to such contract, and to suggest the best means by which the Ocean Postal Service may be provided for in the event of the connection with the Peninsular and Oriental Steam Navigation Company being dissolved.

The Hon. the Colonial Secretary, New Zealand.

I have, &c.,
JAMES McCULLOCH.

No. 9.

Copy of a Letter from the Hon. J. HART to the Hon. E. W. STAFFORD.

(No. 186.)

SIR,— Chief Secretary's Office,
Adelaide, South Australia, 18th March, 1866.
I have the honor, by desire of His Excellency Sir Dominick Daly, to acknowledge yours of 12th ultimo, enclosing copy of a letter addressed to you by the Manager of the Australasian Steam Navigation Company, relating to the Steam Postal Service between these Colonies and Europe, and requesting to be favoured with the views of this Government on the subject.

In reply, I am directed to inform you, that this Government fully concur in opinion with that of New Zealand, as to the very unsatisfactory manner in which the Peninsular and Oriental Steam Navigation Company have, for some time passed, conducted the service; and have already given notice to the Imperial Government of their wish to terminate the contract at the expiration of two years.

I have the honor to enclose for your information, copy of a letter addressed by this Government to the Manager of the Australasian Steam Navigation Company on the subject.

I have, &c.,
JOHN HART,
Chief Secretary.

The Hon. the Colonial Secretary, New Zealand.

Enclosure in No. 9.

(No. 107.)

SIR,— Chief Secretary's Office,
Adelaide, South Australia, 8th February, 1866.
In acknowledging the receipt of your letter of 5th instant, on the subject of the Ocean Postal Service, I have the honor, by the Chief Secretary's directions, to express the regret of this Government that the Australasian Steam Navigation Company should have been precluded by circumstances from competing for the mail service between Sydney and Galle, as they have always conveyed the mails between King George's Sound and South Australia, in a most satisfactory manner.

The Chief Secretary at the same time desires me to intimate to you, that although this Government were, from necessity, compelled to become parties to the new arrangement made with the Peninsular and Oriental Steam Navigation Company, by the Postmaster-General, yet, by way of practically protesting against that officer's action in the matter, they gave notice by the same mail (December, 1865,) of their desire to terminate the contract at the earliest period.

I have, &c.,
O. K. RICHARDSON,
Under Secretary.

To Samuel Clark, Esq.,
Manager, Australasian Steam Navigation Company,
Sydney.

No. 10.

Copy of a Circular from the Hon. E. W. STAFFORD to the Hon. the COLONIAL SECRETARIES of Tasmania, South Australia, and Victoria.

(No. 124.)

SIR,— Colonial Secretary's Office,
Wellington, 14th April, 1866.

I have the honor to acknowledge the receipt of your letter of the 6th ultimo, on the subject of notice being given to terminate the existing contract with the Peninsular and Oriental Steam Navigation Company for carrying the mails between England and Australia, and, in reply, to inform you, that subsequently to the date of my letter of the 12th February last to you on this subject, the New Zealand Government has notified to the Imperial Government its wish that the contract in question should be terminated.

While I am glad to learn that this important subject will be fully considered at the approaching conference to be held at the invitation of the Government of Victoria at Melbourne, it is a matter of surprise that the New Zealand Government, which is deeply interested both as a large contributor to the main line, and as subsidizing many branch services dependent thereon, has not been invited to send a delegate to that conference.

I have, &c.,
E. W. STAFFORD.

The Hon. the Colonial Secretary, Tasmania.

(No. 125.) Similar letter to Honorable Chief Secretary of South Australia, in reply to his letter of 13th March, 1866.

(No. 126.) Similar letter to Honorable Chief Secretary of Victoria, in reply to his letter of 8th March, 1866.

