

Sub-Enclosure 2 to Enclosure 6 in No. 5.

Mr. HOWELL to the SECRETARY, GENERAL POST OFFICE.

Peninsular and Oriental Steam Navigation Company,
122, Leadenhall Street, London, E.C., 22nd September, 1871.

SIR,—

I have the honor to acknowledge the receipt of your letter of 12th instant, No. 455w, enclosing one dated 4th idem, addressed by the Agent-General for South Australia to the Colonial Office, in which Mr. Dutton states that the Colony of Victoria has expressed its acquiescence in the proposal of South Australia, that this Company's mail packets should call at Glenelg to land and receive the South Australian mails; that New South Wales will not object, provided the periods of arrival and departure from Sydney are not interfered with, and the Colony is not made liable for additional expenditure; and that South Australia is prepared to incur the necessary expense for increased mileage caused by the deviation from the existing contract.

In reply, I am desired most respectfully to submit that the condition above set forth, namely, that the packets should deviate from their present voyage to an extent which, in the opinion of the Directors, would cause a delay of twenty-four hours, and yet be bound to the present dates of arrival at the terminal ports, involves an obligation of an unreasonable character. More particularly would this be the case upon the Australian line, where the weather is frequently too boisterous to admit of any packet, however powerful, making up for lost time.

Nevertheless, the Directors, feeling anxious to meet, as far as possible, the interests of all the Colonies with regard to the mail service, and having recently placed larger vessels on the Australian line, are prepared to undertake the desired service as an experimental one on the following conditions:—

1. That the service may be terminated at six months' notice by either side, if found to interfere with the general working of the line or the postal interests of the more eastern Colonies.

2. That, for the purpose of adjusting premiums and penalties, the contract time for the performance of the voyage in each direction shall be increased by twenty-four hours.

3. That the steamers shall not be bound to remain longer at Glenelg or King George's Sound than six hours.

4. That the payment for the proposed service shall be at the same mileage rate as under the present contract. The additional distance to be performed is 190 miles on each trip, or 4,940 miles per annum, which, at 19s. 1½d. per mile, will amount to £4,724.

With reference to the last-named condition, the Directors feel bound to state that in their opinion the extra consumption of coals in driving and deviating the steamers, and other expenses, will certainly not be covered by the proposed contribution.

Should the Postmaster-General see fit, in the general interests concerned, to enter into an arrangement based on these conditions, the Directors will do their utmost to maintain the interval between the arrivals at and departures from Sydney prescribed in the contract, and they have reason to hope their efforts will, as a rule, be successful.

The Secretary to the General Post Office.

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

Enclosure 7 in No. 5.

Mr. DUTTON to the UNDER SECRETARY of STATE for the COLONIES.

Office of Agent-General for South Australia,
London, 30th September, 1871.

SIR,—

I have the honor to acknowledge receipt of your letter dated 27th instant, transmitting to me, by direction of the Earl of Kimberley, copy of a letter you have received from the General Post Office, enclosing one from the Secretary of the Peninsular and Oriental Steam Navigation Company, and you request me to state my views upon the conditions proposed by the Company for agreeing to such an alteration in the postal route as will admit of the mail steamers calling off Glenelg to deliver and receive the South Australian mails.

I have given these letters careful consideration, and have despatched a telegram to the Government in Adelaide, to catch the last outgoing mail at Galle, containing a copy of those conditions.

I now do myself the honor, in compliance with your request, to submit to the Earl of Kimberley my views thereon.

The Company propose that the service may be terminated at six months' notice, if found to interfere with the general working of the line or the postal interests of the more eastern Colonies. I would submit that this should be altered to a six months' notice from the expiration of twelve months after the commencement of the new service, in order to afford a fairer test of the service, and also to allow of a calm judgment being formed, whether any reasonable inconvenience results to the eastern Colonies from the alteration.

On the second condition, I would observe that there does not appear to me to be any necessity for such a concession, as the Company's steamers are well known to be quite able to keep the present time of arrival even with the proposed deviation. During last year the mail steamers arrived at Sydney as follows:—Only once, a single day behind time; once exactly at contract time; six times, one day; twice, two days; once, three days; and twice, four days, *before* it was due. Mr. Howell expresses, in his letter, a well-grounded hope that the Company's efforts to maintain the interval between the arrivals at and departures from Sydney, prescribed by the contract, will, as a rule, be successful. Of their ability to do this, with the more powerful steamers now on the line, there can exist no reasonable doubt. This certainty of being able to keep time is further increased by the stipulation of the third condition limiting the stay of the steamers at King George's Sound to six hours instead of, as heretofore, twenty-four hours. The stay of six hours at Glenelg is, under ordinary circumstances, quite sufficient for