

REPORT AND RECOMMENDATIONS BY PERMANENT HEADS OF DEPARTMENTS
ON "2. P. AND O. AND ORIENT CONTRACT, 1895," AS AMENDED BY THE
CONFERENCE.

2. P. AND O. AND ORIENT CONTRACT, 1895.

The present contracts held by the P. and O. and Orient Companies will expire on the 31st January, 1895.

The total subsidy paid is £170,000 per annum, of which the sum of £95,000 per annum is paid by the Imperial Government and £75,000 by the colonies of New South Wales, Victoria, South Australia, Queensland, Tasmania, Western Australia, and Fiji, the colonies contributing on the basis of population.

The following were the amounts paid by the colonies for the year 1891 :—

	£
New South Wales	26,767
Victoria	26,595
Queensland	9,425
South Australia	7,483
Tasmania	3,506
Western Australia	1,224

In view of the necessity for speedy and regular communication between the United Kingdom and Australasia, we are of opinion that the system of subsidies should be continued, and the Mail Service maintained by the United Kingdom and the Colonies as at present.

We recommend :—

"That the London Post Office be invited to call for tenders in *Great Britain and Australasia for a weekly service* on conditions approved by the colonies, from *bonâ fide British* companies (to be performed by *one or more* companies *running on alternate weeks* as at present). Before accepting any such tender that all tenders be submitted to the colonies."

The following to be some of the principal conditions :—

That the term be 7 years.

That it be a stipulation that greater improvements in the time of the arrival of mails be insisted upon, as under the present arrangement of slow and fast vessels the equal weekly interval is destroyed.

That the time to be occupied between Brindisi or Naples and Adelaide be reduced to thirty days, *or such lesser time as tenderers may offer*. The accompanying Return (see Appendix D) shows the times occupied by the steamers of the two companies from Brindisi and Naples to Adelaide during the year 1892, the average time taken having been from Brindisi, 28 days 17 hrs. 20 min., and from Naples 28 days 22 hrs. 26 min.

That Brindisi and Naples, or either, be the European termini, and Adelaide the Australian terminus; but outward vessels to go on to Melbourne and Sydney, carrying mails to either of those ports if required. Homeward steamers to start from Sydney, calling at Melbourne and Adelaide, receiving, if required, the whole or a portion of the mails at Melbourne; to call at Fremantle or Albany both ways, the outward steamers to stay at that port not less than six hours.

That the Postmaster-General, South Australia, be empowered to delay the departure of a steamer for a period not exceeding twenty-four hours, if such delay is deemed necessary in the interests of the Australian colonies or any of them.

That in any future contract the term "mails" shall be held to include parcels, but the parcels to be conveyed wholly by sea as at present.

That the steamers call at Colombo both ways.

That it should be a condition of the new ocean mail contract that the steamers should be required to afford conveniences for the carriage of frozen meats, *butter*, fruits, and other products of Australasia, at stipulated maximum rates of freight for the same, *and that tenderers shall state what cold storage space they will be prepared to supply, having due regard to the requirements of each colony*.

That the other general conditions of the present contracts be adhered to.

In view of the fact that whilst the mails from Australasia are carried by the accelerated train through Italy and France those by Orient steamers are carried by ordinary mail train, the time occupied being about the same in each case, we recommend that the accelerated train service be abolished as decided at the Adelaide Conference of 1890, especially as out of the postage of 2½d. per ½oz. letter, ⅓ of 1d. has to be paid for the Continental transit by such trains against ⅔ of 1d. by ordinary trains.

That the sea-transit rates collected from other countries or colonies making use of the service be placed to the credit of the subsidy, together with any fines that may be inflicted, the balance of the subsidy to be apportioned between the United Kingdom on the one part and the contracting colonies collectively on the other part, on the basis of the amount of mail matter they respectively despatch, the colonies, parties to the contract, to apportion their contribution on the basis of population as at present.

That clause 7 of the P. and O. contract be amended in regard to the conveyance of the Indian-China mails connecting at Colombo. Should it be deemed necessary for the Australian steamers to carry mails in connection with the new contract between Colombo and Brindisi, we consider the Postal Union rates should be paid by the countries despatching those mails, such rates to be dealt with in manner provided for above.

That the day of departure from Adelaide be *Saturday, not later than 2 p.m.*, reaching Albany in 72 hours.

It is necessary that early steps be taken to confer with the Imperial Government on the subject of the new contracts, in order that tenders may be invited with as little delay as possible.