

(No. 10.)



1860.

T A S M A N I A.

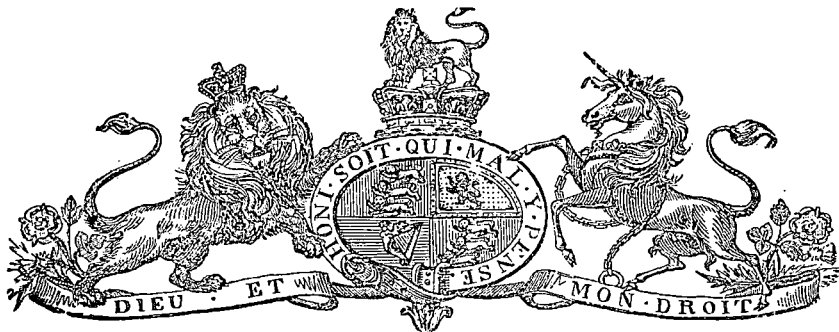
---

NEW CONTRACT FOR THE CONVEYANCE OF MAILS  
BETWEEN MELBOURNE AND POINT DE GALLE.

CORRESPONDENCE WITH THE GOVERNMENT OF VICTORIA.

---

Laid upon the Table by Mr. Colonial Treasurer, and ordered by the House to be  
printed, 25 July, 1860.



*Chief Secretary's Office, Melbourne, Victoria, 14th July, 1860.*

SIR,

I HAVE the honor to forward herewith a Memorandum from the Honorable the Postmaster-General of this Colony on the subject of the new Contract for the conveyance of Mails between Point de Galle and Melbourne, with other papers relating to that Contract; and I am directed by the Chief Secretary to invite the earliest attention of the Government of Tasmania to the matter.

I have the honor to be,  
Sir,

Your most obedient Servant,

J. MOORE, *Under Secretary.*

*The Honorable the Colonial Secretary,  
Tasmania.*

---

[COPY.]

*MEMORANDUM from the Postmaster-General to the Chief Secretary of VICTORIA, on the subject of the new Contract for the Conveyance of Mails between POINT DE GALLE and MELBOURNE.*

IN consequence of the information contained in the accompanying Despatch and its enclosures, respecting the new arrangement with the Peninsular and Oriental Company for the conveyance of the Australian Mails, it becomes necessary to communicate with New South Wales, South Australia, Tasmania, Western Australia, Queensland, and New Zealand on the subject, in order to ascertain the views of the respective Governments thereupon.

As will be seen by the enclosures to the Despatch from the Secretary of State for the Colonies, of 18th May, 1860, (copy herewith,) an arrangement has been entered into with the Peninsular and Oriental Steam Navigation Company for a Monthly Mail Service between Melbourne and Point de Galle, via King George's Sound, in concert with one of the lines of Postal Steamers conveying the India and China Mails.

For this service the sum of £120,000 per annum, by way of subsidy, has been agreed upon; one moiety to be paid by the British Government, and the other by the Government of Victoria.

The Mails will, in future, be conveyed under this new contract; the first outward steamer leaving Point de Galle on the 22nd instant, and the first vessel with the homeward Mails leaving Melbourne on the 26th.

It is, consequently, of the utmost importance that an immediate arrangement should be entered into by this Government with such of the Colonies interested as intend to participate in the benefits of the new service.

I have, therefore, the honor to suggest that the concurrence of the Governments of New South Wales, South Australia, New Zealand, Tasmania, Queensland, and Western Australia may be invited in the following proposals:—

1st. That each of the Colonies shall contribute to the moiety (£60,000) to be paid by Victoria, and to the cost of the transit of Mails through France and Egypt and all other expenses, in proportion to the number of letters despatched by each, to be ascertained at such periods as may hereafter be determined on.

2nd. That, in the event of any of the Colonies declining to enter into any such agreement, the proportion that would be payable by such Colony or Colonies shall be charged to the Colonies contributing according to the number of letters despatched by each.

3rd. That the cost of the Branch services from Melbourne shall be borne exclusively by the Colonies requiring the same.

(No. 10.)

4

I have further the honor to suggest that a copy of this Memorandum may be forwarded to the Colonies interested in this question, with an urgent request that the earliest possible attention may be given to the subject; and, in the case of New South Wales, South Australia, and Tasmania, that the decision of the respective Governments may be communicated, if possible, before the sailing, on the 26th inst., of the next homeward Mails.

(Signed) JOHN R. BAILEY.

*General Post Office, 11th July, 1860.*

(No. 29.)

*Downing-street, 18th May, 1860.*

SIR,

I HAVE the honor to transmit to you the enclosed copy of a letter from the Treasury, accompanied by a Correspondence between that Department, the Peninsular and Oriental Company, and the General Post Office, which Correspondence will explain to you the origin and the particulars of a new arrangement for the conveyance of the Australian Mails. You will perceive that there was no choice at this time but to accept the altered plan. I need not enter into details, as the letter of the Postmaster-General, and the elaborate and comprehensive Minute of the Lords Commissioners of the Treasury, will fully show you for what reasons and upon what understanding Her Majesty's Government have judged it indispensable for the joint interests of the Colonies and of this Country to enter, for the present at all events, into the agreement which has been adopted.

I have the honor to be,  
Sir,

Your most obedient humble Servant,

(Signed) NEWCASTLE.

Governor SIR HENRY BARKLY, K.C.B.,  
*Victoria.*

*COPY of a Letter from Mr. HAMILTON to Mr. ELLIOT.*

*Treasury Chambers, May 15, 1860.*

SIR,

I AM desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of the Duke of Newcastle, the enclosed copies of a letter from the Peninsular and Oriental Steam Navigation Company, dated the 30th ultimo, proposing an alteration in the Australian Mail Service; of a Report thereon from the Postmaster-General of the 10th instant, and of their several enclosures; together with a copy of a Minute of my Lords, dated the 15th instant, upon the subject: and I am to request that you will move His Grace to cause the necessary communications in accordance therewith to be made to the several Colonial Governments by the ensuing mail.

I am, &c.,

(Signed) GEO. A. HAMILTON.

T. F. ELLIOT, *Esq.*

[ Enclosure I. ]

*Mr. HOWELL to Mr. HAMILTON.*

*Peninsular and Oriental Steam Navigation Company,  
122, Leadenhall-street, April 30, 1860.*

SIR,

I HAVE the honor, by order of the Directors, to acknowledge the receipt of your letter of the 27th instant, stating, in reply to mine of the 24th idem, that the Lords Commissioners of Her Majesty's Treasury have not received any communication from the Colonies which would justify them in proposing to Parliament an estimate increased by the sum of £25,000 for the Australian Mail Service; and that their Lordships will, therefore, be glad to be informed whether the Directors have any alternative plan to propose by which, without an increase of charge to this country, the inconvenience of a suspension of mail communication with Australia may be avoided; or whether the Directors intend to avail themselves of the penalty clause to discontinue the Service altogether.

In reply, I am instructed to state that a heavy loss has already been sustained by the Company in maintaining the Service between Sydney and Suez. That the Directors see no prospect of that loss being diminished; and that a sense of duty to their constituents, the shareholders of the Company, compels them to abandon it.

The Directors, however, beg to submit, for their Lordships' sanction, a modification of the Service, which, while it will relieve them from the certainty of causing further loss to the Company, will prove equally efficient with the present arrangement for maintaining the postal service, and effect a considerable saving in the cost of it.

They are willing to maintain a monthly Service between Melbourne and Point de Galle (Ceylon), by means of efficient steam-vessels of the requisite speed, running them in concert with one of the bi-monthly lines of postal steamers conveying the India and China Mails, transferring the Australian Mails to and from the Indian mail-steamers at Point de Galle. The Australian packets to run direct between Melbourne and Point de Galle, touching at King George's Sound only to coal.

And they offer to perform this service for a reduced subsidy of £120,000 per annum.

The accompanying paper marked A shows the working and Time Table of the proposed plan, by which their Lordships will observe that, so far from its involving any inferiority as compared with the existing mode of performing the service, the regularity and time of transit of the Australian Mails will be rather improved by it.

In submitting this proposal, the Directors consider it not irrelevant to observe that the disastrous experience of the late Contractors, together with their own experience during the thirteen months which they have been engaged in conducting a through-service between Sydney and Suez, convinces them that a monthly service on that plan cannot be maintained except at a very high cost—not less than £250,000 per annum.

As a service equally efficient for postal purposes can be maintained for £120,000 per annum, it follows that to continue the arrangement of a through-route to Suez would involve an expenditure of public money to the amount of £130,000 per annum for no public object, the only advantage which would be gained by it being the better convenience of a few passengers.

An early commencement of the modified service is desirable, both for the interests of the Imperial Exchequer and the shareholders of this Company; and the Directors therefore propose, with your Lordships' sanction, that it shall commence with the departure from Sydney of the Homeward Mail leaving that port on the 22nd July next, and with the Mail leaving England on the 20th or 26th of June, as pointed out in the Time Table; these Mails to be transferred at Point de Galle to and from the Calcutta mail-steamers, and the Australian Mail Service to be thenceforward worked as shown in the plan.

G. A. HAMILTON, *Esq.*

I have, &c.,  
(Signed) C. W. HOWELL.

(A.)

*SCHEME and TIME TABLE for working a Monthly Line of Steam Postal Service with Australia, in connection with the India and China Mail Contract Packets touching at Point de Galle (Ceylon).*

THE departures of the Mails under the new arrangements are proposed to take place:—

*Outwards.*

From Southampton on the 20th.  
From Marseilles on the 28th.

*Homewards.*

From Melbourne on the 26th.

The departures under the existing plan being:—

*Outwards.*

From Southampton on the 12th.  
From Marseilles on the 20th.

*Homewards.*

From Melbourne on the 18th.

The relinquishment of the present contract, and the commencement of the new service, would be effected as follows:—

*Homeward Route.*

The steamer (say A) which will convey from Suez the Mail leaving England on the 12th (18th May), by which the announcement regarding the alteration would be made, will reach Sydney on the 8th July. Upon arriving at that port she will find one of the Company's Packets (say B) lying there, and which under ordinary circumstances would leave for Suez on the 14th July.

Instead of doing so, she would not start until the 22nd July, so as to enable her to reach Galle in time for the packet due there from Calcutta on the 17th August.

Steamer A, instead of leaving Sydney on the 14th August, would not start until the 22nd, and

would reach Galle on the 16th September. This would be the last departure from Sydney; all following departures would take place from Melbourne.

*Outward Route.*

Instead of the usual Australian Mail on the 12th (18th) June, no Mail would be dispatched until the 20th (26th). This would be conveyed as far as Galle by the Calcutta packet, and a steamer would be provided by the Company at Galle for receiving and conveying the Australian Mail to Melbourne, where it would be due on the 12th August.

The next outward Australian Mail would be dispatched from England on 20th (26th) July, and would reach Galle on the 21st August. Steamer B, before referred to, which would have arrived from Australia on the 16th August, would convey this Mail to Melbourne.

In like manner Steamer A arriving at Galle from Australia on the 16th August, would start for Melbourne on the 22nd September with the Mails leaving England on the 20th (26th) August, and thus full effect would be given to the new arrangement.

*TIME TABLE to end of present Year.*

OUTWARD ROUTE.			HOMEWARD ROUTE.		
Leave Galle.	Arrive at King George's Sound.	Arrive at Melbourne	Leave Melbourne.	Leave King George's Sound.	Arrive at Galle.
July .. .. 22	August .. 6	August .. 12	July .. 26	August .. 1	August .. 16
August .. 21	September 5	September 11	August .. 26	September 1	September 16
September 22	October .. 7	October .. 13	September 26	October .. 2	October .. 17
October .. 22	November 6	November 12	October .. 26	November 1	November 16
November .. 21	December 6	December 12	November 26	December 2	December 17
December .. 22	January .. 6	January .. 12	December 26	January .. 1	January .. 16
.. .. ..	.. .. ..	.. .. ..	.. .. ..	.. .. ..	.. .. ..

AVERAGE SEA-PASSAGE.

Via Southampton to Melbourne	.. .. .	51 days.
Via Marseilles .. .. .	.. .. .	44 days.

The Time Table for the year 1861 would be arranged with the Postmaster-General, as in the case of the Tables for the other Mail Contract Lines which are revised annually.

[ Enclosure 2. ]

*The Duke of ARGYLE to the LORDS COMMISSIONERS of the TREASURY.*

*General Post Office, 10th May, 1860.*

MY LORDS,

I BEG leave to return the accompanying letter from the Peninsular and Oriental Steam Navigation Company, proposing an alteration in the Australian Mail Service: and in doing so, I think it well to state that I understand the present position of the question relating to this Mail Service to be as follows:—

1st. That the Government of Victoria has offered to guarantee payment of half the entire cost of the Service, in which I presume is included not only the sea-conveyance of the Mails, but also the transit through France and Egypt, and all other expenses.

2nd. That Victoria will arrange with the other Australian Colonies, both as respects their participation in the benefits of the Service, and the payment of their respective shares of its cost.

3rdly. That the Government of New South Wales has declined to pay any part of the subsidy, unless the Panama route be adopted for one line of packets.

With regard to the present proposal, I am sorry to say that it provides for the packets ceasing to call at Kangaroo Island; but as there will still be ample time in South Australia for sending replies to England by the return Mail, the objection is partially removed.

By the discontinuance of this stop, the time of arrival at Melbourne ought certainly to be earlier than at present; but on examining the proposed Time Table enclosed in the Company's letter, I found that the dates set down for the arrival at Melbourne were the same as those fixed by the Time Table now in force, and under which the packets call at Kangaroo Island.

I thought it necessary, therefore, to communicate with the Company, and to inquire whether this was not an oversight; and your Lordships will perceive by Mr. Howell's letter of the 5th instant that the Company will undertake to deliver the outward Mails at Melbourne two days earlier than at present, although, for the reasons given, they do not think that a later departure from Melbourne of the homeward mails can safely be attempted.

Under all the circumstances, and with the understanding to which I believe your Lordships have already come with the Company, that the contract may be terminated at a moderate or even at a short notice, I recommend that this offer shall be accepted.

I have, &c.

(Signed) ARGYLE.

*The Lords Commissioners of the Treasury.*

[ Enclosure 3. ]

*Mr. HOWELL to Mr. FREDERIC HILL.*

*Peninsular and Oriental Steam Navigation Company,  
122, Leadenhall-street, May 5, 1860.*

SIR,

I HAVE the honour, by order of the Directors, to acknowledge the receipt of your letter of the 3rd instant (No. 29,847), inquiring whether the Time Table enclosed in my letter to the Treasury of the 30th ultimo, on the subject of the proposed branch line between Ceylon and Melbourne, should not be amended, on account of the time likely to be saved by the packets proceeding direct between King George's Sound and Melbourne, without calling at Kangaroo Island.

In reply, I am directed to acquaint you, that in framing the Time Table in question, and allowing twenty-one days for the run between Melbourne and Ceylon, the Directors considered it desirable to make such an allowance for that portion of the voyage as would render almost certain the arrivals of the packets at Galle on the homeward passage in time for the steamer *en route* to Suez.

The case is somewhat different, however, as regards the outward passage, inasmuch as the packets for Australia can always leave Ceylon a few hours after the arrival of the steamers from Suez; and as these occasionally reach Galle a day or two in anticipation of the Time Table, a further advantage in those instances may be gained.

Under these circumstances, the Directors beg to propose that the period for the conveyance of the outward Mails should be estimated in the Time Table at forty-nine days sea-passage (a saving of two days on the time allowed by the present contract); but that, considering the necessity for leaving a margin between the arrivals of the Australian and Calcutta and China Mails at Galle, the Time Table for the homeward voyages should be calculated at fifty-one days sea-passage for the Mails between Melbourne and England.

I beg to submit an amended Time Table in conformity with these suggestions, and have, &c.

(Signed) C. W. HOWELL.

FREDERIC HILL, *Esq.*

[ Enclosure 4. ]

*COPY of TREASURY MINUTE, dated May 15, 1860.*

My Lords concur with the Post Office that the offer of the Peninsular and Oriental Company should be accepted, for the following reasons:—

1. A continuance of the present contract has become impossible.

The Directors of the Peninsular and Oriental Company, who, by the terms of their original tender, have practically the power of forfeiting the contract on payment of a penalty of £25,000, have signified to the Government that, owing to the heavy loss which they sustain in their present Australian service, they feel themselves under the necessity of availing themselves of this power unless an additional subsidy of £25,000 a year be granted.

Even if the Colonies had been united in wishing to maintain the present service, and to contribute their half of the additional expense, it is very questionable how far this Government would have been justified in proposing to Parliament any addition to the large subsidy already payable; but the positive refusal of New South Wales, and the evident disinclination of Victoria and other Colonies, to purchase a continuance of the present direct service, either by Galle or by the Mauritius, at the price of an increased subsidy, settles the question, and leaves no doubt that it is impossible to entertain that proposal.

2. This being so, the alternative lies between a discontinuance of the regular Postal Service and the adoption of some plan different from that at present in force. The discontinuance, or even sus-

pension, of the present monthly postal communication would be attended with such grave inconvenience, both to this country and, even more, to the Colonies, that the first consideration must be to maintain it at all hazards.

3. The proposal of the Peninsular and Oriental Company affords the means of doing this in a manner equally, or even more, efficient for the general purpose of monthly communication between England and Australia, at a greatly reduced cost, and without any lengthened engagement, which might preclude the adoption of a plan more generally acceptable to the Colonies, should any such be hereafter suggested.

4. No other alternative seems to be practically possible at the present moment.

To cancel the existing contract with the Peninsular and Oriental Company, and invite tenders for a new Service by open competition, would, according to past experience, not be likely to lead to any beneficial result, and such a course would be impossible without a lengthened contract, which the Government are not in a position to enter into in the present divided state of opinion in the Colonies, and consequent uncertainty as to the terms which would be satisfactory to them, and upon which they would be willing to unite in an engagement to contribute half of the subsidy for a period of years.

The Panama route, which has been suggested by New South Wales, cannot be considered as a substitute for a line by Suez, however advantageous it might be for that Colony and for New Zealand in other respects, as the advantage of a gain of six days by the overland route via Marseilles, and of probably eighteen to twenty days by aid of the telegraph, give, under existing circumstances, an overpowering preference to the Suez route, even if we could feel justified in assuming the possibility of performing the passage by Panama with regularity in fifty-three days, and in overlooking the important Imperial and Colonial interests involved in the communication between Australia, India, and China, which is afforded by the route by Ceylon.

In fact, the Panama route can only be considered, at present, as a supplement to the Suez route, and as one in which the Colonial interests of New South Wales and New Zealand are concerned rather than those of this country, which are, in the main, limited to the object of obtaining the most regular and rapid transmission possible of letters and telegraphic intelligence between Australia, considered as a whole, and the mother country.

If the Colonies interested in the Panama route should agree in any plan for running a line of steamers of their own between Sydney and Panama, it would be well worthy of consideration whether this country might not aid and encourage such an effort by combining its own line to Colon with that of the Colonies, and giving the latter some advantage by assigning to them the greater part of the Ocean postage for the entire distance; but while compelled, for the reasons above stated, to contribute largely towards a regular postal line by way of Suez, it does not appear to my Lords that Parliament would be likely to assent to any considerable additional subsidy for a line via Panama. Still less could such a proposal be entertained as a substitute for a proposal by which the present Suez route will be maintained at a reduced cost.

5. My Lords greatly regret the necessity for discontinuing the calling at Kangaroo Island, but there is evidently, under present circumstances, no alternative, as the offer of Victoria, which is the only definite one before the Government by which the suspension of the mail communication altogether can be averted, expressly stipulates for this point; and unless South Australia were prepared to undertake the guarantee of the whole £60,000 a year herself, Her Majesty's Government have clearly no choice left as to the retention of Kangaroo Island as a Station.

My Lords are glad to observe, however, that the Postal interests of South Australia will not be materially affected, inasmuch as ample time will still be afforded for sending replies to England by the return Mail.

6. In communicating these results to the Colonies, the Secretary of State will probably think it right to point out to them that the Government here have acted under an imperative necessity of making arrangements forthwith to prevent the interruption of the Postal Service; and that such arrangements are expressly made terminable at a short notice, so that it may be open for the Colonies to concert among themselves as to any other arrangement which, without involving large additional expense to this country, might be more generally acceptable.

Transmit copy of this Minute to the Postmaster-General for his information, and desire that the necessary steps may be forthwith taken in communication with the Peninsular and Oriental Company, for preparing and submitting to this Board the conditions of a contract for carrying out the proposal of the Company.

State that it will be necessary to provide for, and secure by means of proper penalties, the complete performance of the Service between Melbourne and London.