

(No. 5.)



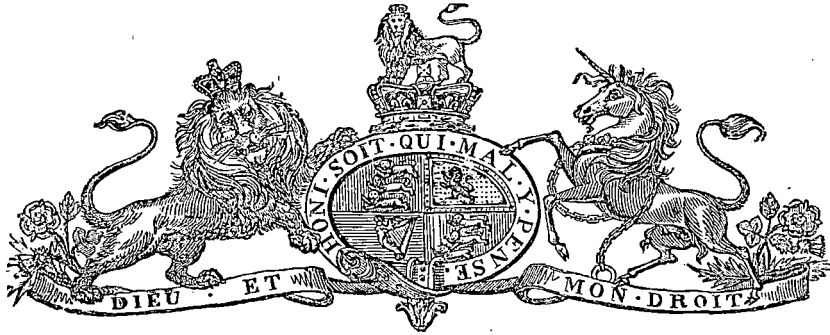
1856.

T A S M A N I A.

STEAM POSTAL COMMUNICATION.

DESPATCH—CIRCULAR—4 DECEMBER, 1855.

Presented to the House by Command of His Excellency, and ordered to be printed,
3 December, 1856.



[CIRCULAR.]

Downing-street, 4th December, 1855.

SIR,

WITH reference to previous correspondence I transmit to you herewith, for your information and guidance, a copy of a Letter from the Secretary to the Board of Treasury, with a Minute of their Lordships dated the 27th ultimo, detailing the plan which they propose to adopt for the establishment of a Steam Postal Communication between this country and Australia, including New Zealand.

You will perceive that it is proposed as part of the arrangement that the entire cost of this service shall be divided equally between the Home Government and those Colonies collectively; and that each of the Colonies shall contribute to the moiety to be paid by them collectively in proportion to the number of letters despatched by each,—to be ascertained every two years.

It will, of course, be necessary to obtain in the first place, from each of the Colonies named, some Act or Resolutions of the Legislature indicating their readiness to abide by the proposed arrangement; and you will, therefore, lose no time in bringing the subject with that view under the consideration of the Legislature of Tasmania, and in reporting the result for the information of Her Majesty's Government.

You will, however, perceive that, as some time must elapse before replies can be received from the different Colonies, and as Her Majesty's Government are anxious that no time should be lost in re-establishing a Monthly Mail by Steam, the Lords Commissioners of the Treasury, relying on the Reports which have been received from the Colonies of New South Wales, Victoria, and South Australia, have decided to take immediate steps in order to secure a re-commencement of the service at the earliest possible period after the receipt of communications from the different Colonies expressing their acceptance of these proposals.

I have, &c.

H. LABOUCHERE.

Governor SIR H. E. F. YOUNG,
Tasmania.

Treasury Chambers, 30th November, 1855.

SIR,

WITH reference to various communications from the Colonial Office upon the subject of a Postal Communication by Steam between this country and the Australian Colonies, I am commanded by the Lords Commissioners of Her Majesty's Treasury to acquaint you, for the information of Mr. Secretary Labouchere, that the plan which my Lords propose may be thus shortly summed up:—

First That they shall instruct the Admiralty to obtain Tenders; by open competition, for a Monthly Postal Service between this country and Australia; the vessels outward and homeward touching at King George's Sound, Melbourne, and

Sydney, carrying the Mails for the six Colonies of New South Wales, Victoria, South Australia, Western Australia, Van Diemen's Land, and New Zealand.

Second. That Branch Services shall be established, by open competition, from Melbourne, as the central point, with Port Adelaide, Van Diemen's Land, and New Zealand.

Third. That all Letters and Newspapers shall be prepaid, and that each Post Office shall retain its own receipts.

Fourth. That the entire cost of the service described shall be divided equally between the Home Government and the Colonies collectively.

Fifth. That each of the Colonies shall contribute to the moiety to be paid by them collectively in proportion to the number of letters despatched by each,—to be ascertained every two years.

In the first place, it will be necessary to obtain from each of the Colonies named a duly authorised Legislative acquiescence in the arrangement proposed.

For this purpose I am directed to transmit a copy of their Lordships' Minute of the 27th instant, and to request that you will move the Secretary of State to take the necessary steps with that view. But I am to state that, as some time must elapse before replies can be received from the different Colonies, and as my Lords are anxious that no time should be lost in re-establishing a Monthly Mail by Steam, my Lords, relying upon the correspondence now before them from the Governors of New South Wales, Victoria, and South Australia, have decided to take immediate steps in order to secure a commencement of the service at the earliest possible time after the receipt of communications from the different Colonies acquiescing in the proposed arrangements.

I am, &c.

JAMES WILSON.

H. MERIVALE, *Esq.*

TREASURY MINUTE, dated November 27, 1855.

My Lords have under their consideration various communications from the Colonial Office, giving cover to Despatches from the Colonies of New South Wales, Victoria, and South Australia, and reports from the Postmaster-General, upon the subject of a postal communication between England and the Australian Colonies.

My Lords advert to the arrangement which they sanctioned some time ago for the purpose of securing a monthly postal communication with Australia by steam-boats. By that arrangement a mail was carried, *via* the Cape of Good Hope, by the General Screw Steam Navigation Company, and another by the Peninsular and Oriental Company *via* Singapore, in every month alternately, so as to secure a monthly communication between the two. The former of these companies having found itself obliged to abandon the contract, and the latter, in consequence of the demand for their vessels for the purposes of the war, having been obliged to suspend the branch service from Singapore to Australia, my Lords deeply regret that for some months past, so far as steam vessels are concerned, this important postal service has been interrupted.

As early as the month of February last, with a view of obviating this inconvenience, my Lords requested the Lords of the Admiralty to take steps to obtain a tender for a monthly conveyance of mails to Australia, but it is only within the last few weeks that that tender has been received by the Government; and it is one which, in its present shape, and in the position which the question has now assumed, my Lords are not prepared to accept. This tender, which has been received from the Peninsular and Oriental Company, is to convey a mail by steam once in every month between Ceylon and the Australian Colonies, in connection with their India mail-boats, for the sum of 84,000*l.* a year. But as the present estimate of the postal revenue with Australia cannot be computed at more than 36,000*l.*, of which 24,000*l.* can only be taken as the portion applicable to the sea service, my Lords would not feel justified in imposing upon the Home Exchequer exclusively so large a loss (*viz.* 60,000*l.* a year) as would attend the adoption of this tender.

It has been with great satisfaction that my Lords in the meantime have perused the Despatches received from Sir William Denison, Sir Charles Hotham, and Sir R. G. Macdonnell, as well as the proceedings of the respective public authorities of New South Wales, Victoria, and South Australia, upon the subject of postal communication. And my Lords have no doubt that, when sufficient time shall have elapsed to enable the replies of the Governors of Van Diemen's Land, Western Australia, and New Zealand to the Circular Despatch addressed to them by Sir William Denison, of the 16th March, inviting their co-operation with the other Colonies and the mother country in, order to place the postal communication upon a permanent and satisfactory basis, to reach this country, they will be found to coincide with the enlightened and public-spirited views expressed by those Colonies already referred to in reference to the subject of that despatch.

The general tendency of all the correspondence upon this subject which has reached this Board shows that the different Colonies of Australia have become so impressed with the necessity of maintaining a permanent, certain, and rapid postal communication with England, that they are now prepared to share with this country any loss which it may be necessary to incur; but the offers of contribution, though made by those Colonies from which communications have been received in a spirit of earnestness upon which my Lords place the most implicit reliance, are yet either too vague or are accompanied by conditions too contradictory and inconsistent with each other, to form at once the basis of an arrangement with regard to which it is most desirable there should be no possible misunderstanding. It may therefore be convenient that my Lords should here place on record the various proposals which have been made by the different Colonies, first and last, with respect to sharing in the expense of the postal service, and the conditions attached to offers:—

1. It appears that in 1846 the Legislative Council of New South Wales recommended that 6000*l.* a year for three years should be placed at the disposal of the Home Government in aid of steam communication *viâ* India. In 1852 this recommendation was confirmed, but on condition that the route should be by Torres Straits. In 1852 the Government offered a payment of 6000*l.* for three years to the first Steam Company which should establish a monthly line of steamers performing the distance from Sydney to England and back in 120 days.

2. In 1849 the Governor of Van Diemen's Land reported that 2000*l.* a year had been appropriated from the Local Revenue towards a line from Singapore *viâ* Sydney; that is, by the eastern route through Torres Straits.

3. In 1847 the Legislative Council of South Australia reported in favour of a line by way of the Cape, and promised 3000*l.* a year for three years if the passage were accomplished within seventy days.

4. In 1853 the Governor of Western Australia reported that the Council would be willing to pay 1000*l.* a year towards the expense of the line from Singapore to Sydney, provided the ships should call at Freemantle.

5. In the same year the authorities of Victoria, in expressing an anxious desire for a cheap postal communication with England, offered to contribute, so far as their own Colony was concerned, for the necessary expenditure; but it afterwards appeared that a misconception had arisen as to the intention of the Colonial authorities in this declaration.

6. In the present year an Act was passed by the Legislature of South Australia, authorising a payment of 500*l.* to each steam-vessel delivering direct mails *viâ* the Red Sea within fifty-eight days, provided that such vessel had not touched at any port eastward of Adelaide, and that the mails were delivered direct from the same ship that brought them from the last point of land before reaching the Australian Colonies.

7. There remains to be stated the substance of the communications which have taken place between Sir William Denison and the other Governors in the present year. On the 16th of March Sir William Denison addressed the Circular Despatch already adverted to to Sir Charles Hotham, the Governor of Victoria, and to the Governors of the other Australian Colonies, as well as to the Governor of New Zealand; in which, after dwelling in appropriate terms upon the necessity of restoring, as early as possible, a regular postal communication, he proposes that the whole of those Colonies should join in defraying a portion of the loss which, at least for some time to come, must attend the establishment of a monthly steam communication between them and England; in which circular Sir William Denison divides the subject into the following three points of consideration:—

1st. What should be the maximum sum to be paid for such service?

2nd. In what proportion this amount should be divided between the Colonies and the mother-country?

3rd. In what manner the contribution of the Colonies should be apportioned among them?

In discussing these points, Sir William Denison assumes that the maximum cost of the service would be 100,000*l.*; and he expresses an opinion that of that sum 40,000*l.*, or two-fifths of the whole, should be contributed by the Colonies, and the remainder by the Home Government; and that, so far as regards the distribution of the contribution among the different Colonies, that should be determined by the proportion of letters which each Colony transmits by the mail, and should be revised annually. The views entertained by Sir William Denison appear to have been entirely adopted by the Executive Council of New South Wales, who passed a resolution that the Legislative Council should be invited to place the sum of 15,000*l.* annually at the disposal of the Government to carry out the arrangement; as yet, however, no information has been received that that has actually been done.

With regard to the Colony of Victoria, my Lords have before them several Despatches of Sir Charles Hotham addressed to the Secretary of State and to Sir William Denison, by which it appears that the authorities entered warmly into the arrangement proposed; and it appears by Sir C. Hotham's Despatch to Sir William Denison of the 4th of May, that he had caused to be inserted in the "Post Office Act Amendment Bill" a clause pledging the Legislature to the expenditure of a sum not exceeding £50,000 per annum for the maintenance of steam communication between Victoria and Great Britain, not less than once a month, and that the Legislative Council had given its sanction to the Act. But Sir Charles Hotham states that any contribution on the part of Victoria must be subject to the following four conditions:—

1st. That no contract should be made that does not provide for the delivery of the mail at Melbourne in a period not exceeding fifty-five days from the date of leaving London,—the choice of route to rest with Her Majesty's Government.

2nd. That if the overland route is adopted, the packet must proceed from Point de Galle *via* Cape Lewin and King George's Sound to Melbourne; she must touch at Kangaroo Island, but, to avoid a loss of two or three days, she must not enter Port Adelaide, and that she shall proceed from Melbourne to Sydney.

3rd. That in case the overland route is adopted, the packet would proceed to Sydney immediately after the delivery of the Melbourne mails; but that on her homeward voyage she must remain at least forty-eight hours in the port of Melbourne, exclusive of Sundays.

4th. That preference must be given to the passengers from the Colonies on the homeward route over any passengers for a shorter distance.

With regard to the Colony of South Australia, my Lords have before them a despatch of the Governor, Sir R. G. Macdonnell, to the Secretary of State, giving cover to a copy of a Despatch addressed by Mr. Finnis, who administered the government of the Colony prior to Sir R. G. Macdonnell's arrival, in reply to Sir William Denison's circular letter; the substance of which is, that he had sufficiently ascertained the state of public feeling in the Colony as to be able to say, with some degree of confidence, that the Legislature (which was not then in session) would give its support to any plan arranged by the Home Government with any steam company, by which an ocean steamer shall monthly call off Port Adelaide, outward and homeward, delivering the mails within the same time as under the late contract with the Peninsular and Oriental Company; remaining in the port only sufficient time to deliver the mails on the outward voyage, but remaining twenty-four hours on the homeward voyage; that to secure this advantage the Government would propose to the Legislative Council a Bill, to pay on behalf of the Colony a contribution not exceeding £12,000 a year. In respect to the cost of the whole service, the Acting Governor of South Australia suggests that the Colonies should pay one-half, and the Imperial Government the other.

My Lords have also read with much satisfaction the enlarged and liberal views taken of the proposal as a whole, in the Minutes of the Executive Council of the 17th of April, as well as in the reports of the Postmaster-General of the Colony, of the Acting Colonial Secretary, the Advocate-General, and the Surveyor-General.

Sir R. G. Macdonnell in his Despatch states that the letter of Mr. Finnis represents the views of Members of the Legislature, and of the general community, being in favour of steamers from Point de Galle, calling off Port Adelaide.

From the remaining three Colonies, *viz.*—Van Diemen's Land, Western Australia, and New Zealand,—as yet no intimation of any reply to Sir William Denison's Despatch has reached this Board.

From this summary of the existing state of these negotiations, it is apparent that they have not yet assumed that clear and tangible position which would enable the Home Government to make them the basis of an actual arrangement. The Executive Council

of New South Wales has passed a resolution to invite the Legislative Council to appropriate a sum of £15,000 towards the service, but no advice has yet been received that this has been adopted. Sir William Denison has stipulated for no conditions which could embarrass the arrangement : but looking to the great preference hitherto shown and embodied in the acts of the Legislature for the route by Torres Straits, by which the first arrival and the last departure would be from Sydney, it is possible the Legislature may attach such a condition to any grant it may make. In Victoria the Legislature has authorised a very liberal expenditure for the purpose, but Sir Charles Hotham has attached conditions which are inconsistent with the conditions contended for by South Australia, and, in part, such as it may be impossible to obtain. In South Australia the only Act that has really been passed offers a payment of £500 to every steamer which shall deliver a direct mail *via* Suez, and without first having called at any port eastward of Adelaide, that is, without having first touched at Melbourne. And the Governor now holds out hopes that the Legislative Council would vote £12,000 a year in aid of a plan by which the mail-packets on their outward and homeward voyages shall call at Port Adelaide. The acquiescence, therefore, of the Colonies of Victoria and South Australia, in the proposal of Sir William Denison, is thus based upon contradictory conditions. With regard to the other three Colonies, no engagement, as far as my Lords know, has yet been entered into of any kind.

However, notwithstanding all the difficulties and conflicting views as exhibited in the various correspondence under consideration, my Lords are of opinion that the interests involved, both Imperial and Colonial, in a speedy restoration of a monthly postal communication between the United Kingdom and the Australian Colonies are so great, that the time has now arrived when the Home Government should take the initiative, and propose for the adoption of the Colonies some great and comprehensive scheme, which shall upon mature consideration appear the best adapted for the interests of the whole, and pending a communication with the Colonies, in order to save time, to take such preliminary steps as shall secure its coming into operation as soon as possible. And my Lords are the more induced to arrive at this decision for the following reasons :—

1. My Lords cannot, after all the discussions which have taken place upon this subject, be surprised that the different Colonies should view with favour and even insist upon plans which, from the geographical position of the Colonies, promise to confer peculiar advantages upon them, and that in this respect the requirements of some may be at variance with the interests of others or of the whole. And my Lords fear that a great delay would take place if they were to wait until these differences should be adjusted among the Colonies themselves.

2. My Lords are convinced, from the whole tenor of the correspondence now before them, that all the Colonies are now so much in earnest in their desire to see a permanent steam postal communication established, that they will be ready to sink any minor differences of opinion, and to submit to slight disadvantages in order to secure the far greater benefits which will result from a well-considered general scheme.

3. My Lords are further induced confidently to believe that each Colony will accept a general plan, prepared by the Home Government after full consideration, in the full conviction that, as it is proposed without any bias or leaning in favour of any one Colony, it may be assumed as that which is the best calculated to meet the public wants.

The principle upon which the postal communication between England and the Australian Colonies has latterly been conducted, is, that a postage of 6*d.* for a single letter has been charged, of which 4*d.* was understood to represent the sea rate, 1*d.* for collecting or delivering a single letter in any part of the United Kingdom, and the same in any part of the Colonies ; so that the whole cost of sending a letter from any part of the United Kingdom to any part of the Australian Colonies, or *vice versa*, should not exceed 6*d.*

As the whole cost of the packet service has hitherto been borne by the Imperial Government, the portion of the postage which represented the sea service has been accounted for to the Home Post Office, so that of the 6*d.* charged, 5*d.* has been appropriated to England and 1*d.* to the Colony receiving or dispatching the letter, as the case might be.

My Lords have already adverted to the heavy charge which has hitherto been imposed upon the British Exchequer from the loss which has attended this arrangement, and to the circumstance that they would not feel justified in adopting the still heavier loss which would attend the improved service which the Colonial authorities think absolutely required for their present wants. But this difficulty is happily removed by the enlightened view taken by the Colonial authorities, and their willingness to defray a share of the loss which shall be incurred in securing a regular monthly steam communication. This loss, though it will be great at first, may fairly be expected rapidly to diminish by the increase of the postal revenue, consequent not alone upon an increasing population, but also upon the establishment of a more frequent and regular service. And it may also be hoped that

before many years shall pass, the increased communication may enable contracts for the conveyance of mails to be made upon considerably more favourable terms.

With a view to effect such an arrangement, there are two modes which might be adopted:—

1. The present plan might be continued, by which the home authorities defray the whole cost of the sea service, receive the entire sea-postage, and might then divide the net annual loss between the Home Government and the different Colonies in proportions to be fixed. Or,

2. It might be arranged, as has been suggested by Sir William Denison, that each Colony should receive the postage of all the letters forwarded by it to the United Kingdom or to either of the other Colonies, and that the Home Post Office should receive the postage upon all letters outward, in which case the entire cost of the sea service would be divided in the proportions determined upon, in place of the balance of loss; but in the adoption of this plan it would be necessary to introduce the system of compulsory prepayment.

It appears to my Lords that the latter plan presents in many respects very important advantages. In the first place, as it may be reckoned that upon an average of the whole year about the same number of letters are sent to and received from each Colony, the plan would practically amount to an equal division of the postage between the Colonies and the United Kingdom, while the inter-Colonial postage would go entirely to the Colonies. In the next place the system of intricate accounts at present subsisting between the Home Post Office and each of the Colonial Offices, in order to show the amounts collected for and due to the former, might be entirely dispensed with. And in the last place it would leave the Home Government and each Colonial Government free to regulate their rates of postage in any way they thought fit, within the terms of existing Treaties, so far as regards foreign States. It would of course be stipulated that a letter from England should be delivered in any part of each of the Colonies for the payment charged in England, and, *vice versa*, that any letter posted in the Colonies should be delivered in any part of the United Kingdom without any additional charge to that made in the Colony. My Lords are therefore prepared to adopt the suggestion made by the Australian authorities on this point, to make prepayment necessary, and that each post office should retain the postage collected by itself as its own proper share of the whole. It will, however, be necessary to make some provision in respect to letters which are posted in the Colonies for Continental or other foreign countries, and which will pass through the English post-office. By this arrangement the sum to be divided between the Home Government and the Colonies will be the entire cost of the service, and not the net loss.

My Lords now come to consider the three points raised by Sir William Denison, viz.:—1st. What amount should be expended for the entire service. 2nd. In what proportion that amount should be paid by the Home Government and the Colonies; and 3rd. In what proportion each Colony shall contribute to the share to be paid by the Colonies respectively.

1st. As to the cost of the service. As the only fair and satisfactory means of determining this point, my Lords propose to give instructions to the Admiralty immediately to ascertain by public competition the lowest rate at which it can be accomplished on the conditions and plans hereinafter defined.

2nd. As to the proportion to be paid by the Home Government on the one hand, and by the Colonies collectively on the other, Sir William Denison suggests that three-fifths should be paid by the Home Government and two-fifths by the Colonies. The Executive Council of South Australia expresses an opinion that on the arrangement ceasing by which the Home Government receives five-sixths of the postage, which is now proposed as part of the new plan, the cost of the service should be borne equally between the mother-country and the Colonies collectively. My Lords are of opinion that there are many sound reasons why this latter course should be adopted, namely, that one-half of the whole cost should be defrayed by the Home Government, and half by the Colonies collectively. In the first place, in making this arrangement, my Lords are desirous above all things that it should be based upon principles that will prove as permanent in their operation as possible, and that will be simple and self-adjusting in the natural changes which must in the course of time take place. It is to be expected that as the Australian Colonies become more and more developed, the net loss arising from a postal service will become less; but it may be laid down as a principle that the advantages derived from the conveyance of letters will always be equal to the people at home and to those of the Colonies, as it is presumed that the same number of letters will be sent and received at each end. This equality of advantages would therefore point to an equal division of the cost. In the next place, as it is proposed that each post office shall retain the prepaid postage upon the whole of its own letters forwarded, and which will practically result in the Colonial post offices receiving half of the entire postal revenue attached to the service, it is obviously fair that they should also bear half the cost. And lastly, it appears to my

Lords that, in a mutual arrangement of this kind, which it is essential to place upon a permanent footing, it would not be desirable, even on the part of the Colonies, for the sake of the slight advantage it would confer upon them, to adopt a plan which had the characteristic of being in any degree one-sided. On the contrary, it is better for all parties that it should be perfectly fair and just. My Lords therefore propose that the Home Government shall in the first place defray the entire cost of the main service, and shall be reimbursed by the Colonies to the extent of one-half.

3rd. As to the proportion of the moiety of the cost which shall be contributed by each Colony. It appears to my Lords that the plan proposed for this purpose by Sir William Denison, and acquiesced in by the authorities of the other Colonies—so far as their views have been expressed—is a perfectly fair and satisfactory one, viz.—that each Colony shall contribute in proportion to the number of letters despatched annually by the steamers. It is proposed that this proportion should be adjusted anew every year, but it appears to my Lords that this would lead to unnecessary trouble, and that if an adjustment took place every two years, it would be sufficiently accurate for all practical purposes.

With regard to the entire cost of the main service, it is necessary to observe that if, upon receiving the tenders which shall be made, it shall be decided to adopt the East Indian route, an addition will have to be made to the amount paid for the service from Point de Galle to the Australian Colonies, as between them and the Home Government for the portion of the cost of the existing overland service, which would fairly represent the Australian postage; inasmuch as, in an arrangement made between Her Majesty's Government and the East India Company for that service, a portion of the entire cost was calculated to be borne by the former in respect to those Colonies.

My Lords now come to consider the important question of the manner in which the service is to be performed, and the steps to be taken with a view to that end. Great difference of opinion has prevailed as to the route which should be adopted as the best, whether by the Cape, by Panama, or by the Indian overland route, although up to this time experience has shown that the latter is the preferable. My Lords are, however, desirous that a fair test should now be made of all these routes, and they are therefore of opinion that any tenders to be invited should be open to all alike, and that it will be for the Government to consider and decide which will be the most advantageous, taken as a whole. At present there is a contract existing with the Peninsular and Oriental Company, for the conveyance of a mail every two months, *via* Singapore, upon terms that may be considered favourable to the Government; that service has been suspended for some time past, in consequence of the vessels of the Company being required for the war, and my Lords have now to decide whether they will hold the Company to the contract, or release them from it. Looking to the circumstance that the new service to be provided for will be monthly, it appears to my Lords that any arrangement for that service which could be made, if it were to work in conjunction with this contract now existing for one-half of it, would be made under great disadvantage, and that the only way by which the best terms and arrangements could be secured would be to throw the whole open to competition. My Lords are therefore of opinion that the best course will be to relieve the Peninsular and Oriental Company from their contract for that portion of the service, and to enter upon the new plan unembarrassed by an existing partial arrangement.

My Lords have already adverted to the conflicting and irreconcilable views taken by the different Colonies as to the mode in which the service should be performed, and as to the route to be taken by the steamers employed; but there are two principles which are so obviously desirable to be observed, that my Lords cannot hesitate to lay them down as a rule which must be for the benefit of the whole: first, that each Colony shall have the benefit of an arrival and departure by each steamer monthly, and that the passage out and home, together, shall be made in the shortest possible time. Upon a very careful examination of the whole subject, and consideration of the correspondence which has taken place, my Lords are of opinion that these objects can be best attained by restricting the points at which the steamers of the main line should call to three, viz.—King George's Sound, Melbourne, and Sydney,—and that all the other Colonies should be provided with branch services fitting into the arrangements of the main service. My Lords have carefully and especially considered the difference of views upon this subject entertained by the Colonies of Victoria and South Australia. The authorities of the latter Colony very naturally desire that the steamer shall call at Port Adelaide; but when it is considered that vessels of the size which must be employed in this service are unable to cross the bar of the port, and are obliged to bring up at a distance from the port of fifteen miles, and from the land of five miles, and often in very bad weather, and that under any circumstances a small branch steamer must be employed; and when it is further considered that calling at Port Adelaide would cause considerable detention to the more important mails of Melbourne and Sydney if the eastern route shall be adopted, as well as a loss of time also on the return voyage, and that therefore the entire voyage out and home would be lengthened, a disadvantage which would affect South Australia as well as the other Colonies, my Lords feel convinced that the inhabitants of that Colony will be satisfied, upon due consideration, that

so far as the arrangement above proposed may be a concession on their part, it is one which the general interests of all concerned calls upon them to make, and that they will see that the saving of time in the outward and homeward services together so obtained, will be an advantage to them as well as to others.

My Lords are, however, of opinion that, in the comprehensive scheme which they are now proposing, arrangements should be made at the common cost for the branch services required to convey the mails to and from Port Adelaide, Van Diemen's Land, and New Zealand, making Melbourne the common point of arrival and departure of those branch services. They therefore propose that arrangements shall be made on the spot for those services, and that the cost of the same shall be added to the cost of the main services and divided in the same proportions as already indicated.

My Lords advert to a condition which Sir Charles Hotham attaches to his acquiescence in the proposals of Sir William Denison, namely, that in the event of the overland route being adopted, preference should be given to passengers from the Australian Colonies on the homeward route over any passengers for a shorter distance. With regard to this condition, my Lords entirely agree with the objection made by Sir William Denison in his Despatch to Sir Charles Hotham of the 18th of April, in which he urges that such a condition might be inconsistent with any arrangements which the Peninsular and Oriental Company could positively make, and that the effect of insisting upon it would be to exclude from the arrangement the advantage of the competition of that Company. Sir Charles Hotham states as a reason for insisting upon it, the fact that in the return voyages of the South American steamers, the passengers from the furthest point in the River Plate have the preference over those from Rio de Janeiro; but the circumstances are not the same. The Australian steamers, if that route were adopted, would join the Indian line at Point de Galle, and if that were the extreme point of the Indian service the cases would be parallel and the plan possible. But in place of this being so, Point de Galle is a station on the homeward route from Hong Kong, Singapore, and Calcutta, and it would obviously be impracticable to insist upon such a provision in favour of Australian passengers over those who may have come from those various points.

My Lords are of opinion that, in a purely postal arrangement, conditions in relation to passengers, however important the subject is in itself, should not be permitted to embarrass the more immediate question, and that all parties may rest satisfied that, in this respect, any Company undertaking the service will, for its own interests and profit, make such arrangements as shall be most convenient to all parties.

The plan, therefore, which my Lords propose, may be thus shortly summed up :—

1. That they shall instruct the Admiralty to obtain tenders, by open competition, for a monthly postal service between this country and Australia, the vessels, outward and homeward, touching at King George's Sound, Melbourne, and Sydney, carrying the mails for the six Colonies of New South Wales, Victoria, South Australia, Western Australia, Van Diemen's Land, and New Zealand.
2. That branch services shall be established by open competition from Melbourne, as the central point, with Port Adelaide, Van Diemen's Land, and New Zealand.
3. That all letters and newspapers shall be prepaid, and that each post office shall retain its own receipts.
4. That the entire cost of the services described shall be divided equally between the Home Government and the Colonies collectively.
5. That each of the Colonies shall contribute to the moiety to be paid by them collectively, in proportion to the number of letters despatched by each, to be ascertained every two years.

In the first place it will be necessary to obtain from each of the Colonies named a duly authorised Legislative acquiescence in the arrangement proposed. For this purpose let a copy of this Minute be transmitted to the Colonial Office, and request that the Secretary of State will take the necessary steps with that view. But state that, as some time must elapse before replies can be received from the different Colonies, and as my Lords are anxious that no time should be lost in re-establishing a monthly mail by steam, my Lords, relying upon the correspondence now before them from the Governors of New South Wales, Victoria, and South Australia, have decided to take immediate steps in order to secure a commencement of the service at the earliest possible time after the receipt of communications from the different Colonies acquiescing in the proposed arrangements.

Write to the Secretary of the Admiralty, and request that the Lords Commissioners of the Admiralty will take immediate steps to procure tenders for a monthly postal com-

munication by steam with Australia, on the following conditions, and report to this Board before any contract is actually made:—

1. The tenders to be delivered within two months of the date of the advertisement.
2. The tenders to specify the route, and the maximum number of days between the departure of the mail from Southampton and its arrival at Melbourne, and Sydney, and King George's Sound, respectively; and also the number of days on the homeward route.
3. That the service shall be performed under a penalty of £100 a day for delay in starting, and £30 a day for any time consumed in the voyage beyond the allowed maximum.
4. The contractors to state in what time from the acceptance of their tender they will be prepared (under a penalty to be agreed upon) to commence the service.
5. The contractors to give such adequate security as to the Lords of the Admiralty may appear necessary for the payment of any penalties which may become due, and generally for the performance of the contract; which penalties in no case whatever shall be relinquished.
6. The contract to be for five years.

Transmit copy of this Minute to the Colonial Office, Admiralty, and Post Office, for their information and guidance.

JAMES WILSON.
