

1855.

VICTORIA.

STEAM POSTAL COMMUNICATION

WITH

THE UNITED KINGDOM.

LAI*D* upon THE COUNCIL TABLE by THE CHIEF SECRETARY, by command of HIS EXCELLENCY THE GOVERNOR, and ordered by THE COUNCIL to be printed, 5th December, 1855.

His Excellency the Governor General to Governor Sir Charles Hotham.

Government House,
Sydney, 16th March, 1855.

SIR,

The Peninsular and Oriental Steam Company having relinquished their contract for the conveyance of the Australian mails by way of Singapore, and the General Screw Navigation Company having been compelled to discontinue their bi-monthly steamers, *via* the Cape of Good Hope, it is evident that the benefit of steam communication with England will be lost to these Colonies for a time, unless some prompt steps can be taken to combine the efforts of the whole of the Australian Colonies, towards the attainment of an object confessedly of the greatest importance to their interests. Under these circumstances, I have thought it desirable to bring under your notice the heads of a plan by which the establishment of a monthly line of steam packets to England can be secured, with only so much delay as may be required to communicate with Her Majesty's Government, to whom, perhaps, the arrangements with the Steam Company or Companies may best be left.

2. In arranging this scheme, I have not allowed the consideration of the loss contingent upon the employment of steam vessels to convey the mails to weigh against the benefits which will accrue to these communities from a rapid and regular communication with Europe, such as can only be secured by the employment of steam power. Every succeeding year, however, as it adds to the population and wealth of these Colonies, will lessen the difference between the amount of postage received, and the sum contributed towards the maintenance of the line of packets, and in a few years it is probable that the postage will cover the whole cost.

3. The data in our possession by which we may be enabled to calculate the actual amount of the loss at the present instant are not very precise, they will serve however to afford a pretty close approximation.

4. Judging from the amount of the postage upon letters sent from this Colony to England, and received from thence, which may be taken at £2600 per annum, I do not imagine that the sum paid to the English Post Office in aid of the two lines of steam communication can exceed £8000 per annum. The cost to the Home Government of these two lines cannot be taken at less than £36,000 per annum. The difference between £8000 and the amount of the contribution which will be required from these Colonies to establish and maintain a monthly line of steam packets, may be taken roughly as the measure of the sacrifice made by the Colonies to secure this great object.

5. The questions, then, which I wish to submit for your consideration are :—

(1.) What should be the maximum amount paid to one or several Steam Companies for maintaining a regular monthly communication between England and the Australian Colonies?

(2.) In what proportion should this amount be divided between the Colonies and the Mother Country?

(3.) In what manner should the contribution paid by the Colonies be apportioned amongst them?

6. In considering the first of these questions with my Executive Council, the sum of £100,000 was taken as affording a fair and reasonable inducement to any company to undertake the risk and expense of establishing this monthly communication. The amount was of course arbitrarily adopted: but we were guided in settling the particular sum by a knowledge of the fact, that the agent for the Panama line had mentioned £100,000 as the amount of guarantee which would be expected by the company of which he was the representative.

7. The reply to the second question is of course only a mere matter of opinion. In fixing the proportion of the Colonial contribution at two-fifths of the whole amount, and that of the Home Government at three-fifths, I have been guided to a certain extent by my idea of the actual sum to be contributed by the Colonies, which I have assumed at £40,000. The question is one of course which must be left for the decision of the Home Government; but I do not think that any objection can fairly be made to the larger proportion required to be advanced by the Mother Country.

8. With regard to the third question, it has appeared to me that the simplest and best guide to the proportion in which the Colonies should contribute to the gross amount required from them, would be the number of letters sent from each Colony to England annually. A return of these can easily be furnished, and as it is to the postage that we must ultimately look to repay the amount of advance, the number of letters sent would seem to be the safest guide we could adopt in proportioning the charge.

9. It is evident that if the Colonies take upon themselves a reasonable proportion of the cost of establishing steam communication with England, the present postal arrangements, by which the English Post Office receives fivepence on each letter, or five-sixths of the whole amount, must terminate.

10. The simplest plan would seem to be that each Colony should receive and appropriate its own postage, imposing such a charge as may seem to it reasonable and proper, without being hampered or bound to a forced concurrence with any arbitrary universal rate, whether such rate be sixpence or a penny; the only condition which it would be necessary to enforce would be that of *compulsory* prepayment, and that the postage stamp, or other equivalent indication that the letter had been properly posted, should carry it to its destination in England or in these Colonies.

11. I have written hastily, as I am aware that the Legislative Council of Victoria is at present sitting. And as any arrangements which it may be considered desirable to make must have the sanction of the Legislature, you might, perhaps, think it advisable to bring the subject at once before them.

I, on my part, shall be quite prepared to recommend to the Legislative Council of New South Wales the adoption of any scheme based upon the principles laid down in this letter, without considering myself bound to the particular measures to which I have alluded as, in my opinion, well suited to secure the object we all must have in view.

12. I have written in the same terms to the Governors of Van Diemen's Land, South Australia, Western Australia, and New Zealand, and I trust that the result may be an united effort on the part of the Colonies in the South Seas, to carry out an object of which I do not think it possible to exaggerate the importance.

I have the honor to be,

Sir,

Your most obedient Servant,

(Signed)

W. DENISON.

To His Excellency, Sir Charles Hotham,
&c., &c., &c.,
Victoria.

Governor Sir Charles Hotham to His Excellency the Governor General, in reply.

Melbourne, 13th April, 1855.

SIR,

I have the honor to acknowledge the receipt of your Despatch dated March 16, 1855, suggesting that the Australian Colonies should combine their means for the purpose of re-establishing steam communication between England and Australia.

I lost no time in laying your letter before the Legislative Council, who, after discussing the subject in general terms, came to the following resolution, "That the Government be authorised to take steps to restore steam communication forthwith between the United Kingdom and this Colony."

You will perceive that the terms of this resolution indicate a desire that immediate measures should be adopted, and the tenor of the debate shewed that the Council eschewed the question of cost, and left it to be arranged and settled by my Government.

On carefully reviewing your Despatch, I observed the same eagerness to accomplish this desirable object, and I felt no doubt that the Colony whose Government you direct, would, (provided its interests were considered), lend its sanction to any measure which would expedite the Postal Service and save unnecessary delay.

I have accordingly transmitted to Her Majesty's Principal Secretary of State, Despatches by the *Lightning*, copies of which I have the honor to enclose. I have pledged the Colony of Victoria to make good any such proportion of expense as Her Majesty's Government may see fit to impose; and I have trusted to the good faith of the neighbouring Colonies for the subsequent adjustment of their respective contributions.

In taking this step upon myself, I have felt a full share of responsibility and delicacy, had time permitted I would willingly have communicated with you, and I should undoubtedly have hesitated to act had I not been able to adopt, almost in their entirety, the propositions which you submitted for my consideration, and which I may reasonably suppose are, in the main, consonant with the interests of New South Wales, and the Colonies in these seas.

The route has been left to the decision of Her Majesty's Government, but I have requested that should postal communication be resumed, *via* the Isthmus of Suez, the steamer should remain on her homeward voyage forty-eight (48) hours, exclusive of Sundays, in this port.

The detention of only a few hours did not give sufficient time for a correspondence arising out of the increasing commerce of this port; much inconvenience ensued therefrom and a change was greatly needed.

I have also recommended that the steamer should call at Kangaroo Island and not enter Port Adelaide. I have assigned the reasons for so doing, and hope South Australia will not be reluctant to make the small sacrifice which the requirements of the other Colonies demand.

I have felt considerable embarrassment in determining upon the number of days within which the contractors should be compelled to deliver their mails, and it is one of the questions on which I particularly regret not having had the benefit of your opinion.

As you will perceive the Melbourne Chamber of Commerce were desirous that the rate of speed should be determined by the Cunard Contract, but in that I could not concur. The conveniences and resources for repair which offer themselves at either end of the North American line are wanting here; the same company which even in stormy latitudes would maintain an average high rate of speed during ten days, would fail in retaining it during twenty days, even in fine weather. To fix too high a rate of speed might only defeat our object by deterring a *bona fide* company from undertaking that which they knew could not be performed; hence I resolved to adopt the time in which the *practical* directors of the Panama Company have declared themselves willing to deliver the mails.

I am quite aware that the performance of the monster steamer building in London may, and probably will eclipse the most powerful steamers now constructed. I think it likely that the London mail may be delivered in Melbourne on the 45th day; but on the other hand, we have no certainty in the vessel's destination, in the intention of the company to construct others; in short, we have no data whereon to calculate greater permanent speed than is obtained by our experience of the capabilities of steam vessels already tested and proved.

On the other points mentioned in my Despatch to the Secretary of State, I do not deem it necessary to comment. You will observe that I declared my concurrence in the proposals contained in your Despatch, and he will therefore refer to it for whatever omissions I may have made.

But before concluding this Despatch I would add, that having consulted my Executive Council, I am of opinion that an *annual* calculation should be made of the number of letters sent from each Colony to England, and the amount of the respective Colonial contributions annually revised.

I have the honor, &c.,
(Signed.)

CHAS. HOTHAM.

Governor-General Sir William Denison.

P.S. I have not thought it consistent with my duty to lay the Despatches addressed to the Secretary of State before the Legislative Council of this Colony, although I have made them acquainted with their general bearings.

[No. 1.]

Enclosure in Sir Charles Hotham's Despatch to Sir William Denison.

Toorac, near Melbourne,
7th April, 1855.

[No. 56, Executive.]

SIR,

I have the honor to transmit the copy of a Despatch, which I have received from Governor General Sir W. Denison, and which he informs me has also been transmitted to the Governors of the several neighbouring Colonies, suggesting that immediate measures should be taken for the resumption of Steam Postal Communication between England and Australia.

I lost no time in referring this communication to the Legislative Council, for their consideration, and I am now to report to you that the following resolution was unanimously agreed to—"That the Government be authorised to take steps to restore steam communication forthwith, between the United Kingdom and this Colony."

A perusal of the Debate will shew the importance which the Legislature attached to the subject; their desire that no unnecessary time should be wasted in negotiations, and their willingness to make this Colony responsible for such contribution as Her Majesty's Government might impose, in the full conviction that the neighbouring Colonies would readily reimburse them.

The Legislature did not enter into the proportions of expense which should fall upon England, or upon these Colonies; they concur in the views expressed by Sir W. Denison, as well on that point, as to the amount for which a contract should be taken, and they feel every confidence, that Her Majesty's Government in making their award, will not forget the heavy demands which fall upon young communities, and will contribute liberally towards so desirable an object.

Believing that there is an unanimity of opinion between New South Wales, and this Colony, and being desirous to comply with the wish of the Legislature, I avail myself of the present opportunity to request that you will empower the Lords Commissioners of the Admiralty

Sir W. Denison to Sir
Charles Hotham.

to call for tenders for the maintenance of steam communication between England and the Australian Colonies under the following conditions :—

(1.) That no permanent contract should be made which does not provide for the delivery of the mail at Melbourne in a period of time not exceeding fifty-five (55) days from the date of its leaving London ; the choice of route to rest with Her Majesty's Government.

(2.) That if the overland route should be preferred, the packet must proceed from Point de Galle *via* Cape Leuwin, 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 from Melbourne, she must proceed to Sydney.

(3.) On the supposition that the overland route should be adopted, the packet would proceed to Sydney immediately after the delivery of the Melbourne mails, but on her homeward voyage she must remain forty-eight (48) hours in the port of Melbourne, exclusive of Sundays.

(4.) Preference in accommodation must also be given to passengers from these Colonies on the homeward route, over any passengers for a shorter distance.

The accompanying memorial from the Melbourne Chamber of Commerce, prays that what ever temporary arrangements may be made for six or twelve months to maintain a steam communication with England, it is, in their opinion most desirable that any permanent contract to extend over a term of years, should be thrown open to public competition not only of English companies, but of those of the United States and Continent.

By this it would seem, that the Chamber of Commerce considers no English company to be at the present moment in a position to take up a long contract, although it may be advisable to make a *temporary arrangement* with a foreign company, whether by Panama or otherwise.

It will be for Her Majesty's Government to determine how far it would be prudent to enter into a permanent contract with a foreign company, over whom the British Government cannot exercise a reasonable control.

It will be for them to consider the effect which would be produced by war breaking out with the country, whose flag the packet bears.—for my part I cannot acquiesce in the desire expressed by the memorialists, or give my support to that part of their scheme.

Finally, it is necessary for me to impress upon you the great importance which this Colony in particular (and I believe the group of Australian Colonies), attach to steam postal communication with England,—the Legislature have given me full powers in the matter, they even leave the cost discretionary, but they insist upon my imparting to you without delay, their feelings and wishes, in the earnest hope that Her Majesty's Government will make every effort to obtain for them the advantages they seek.

I have the honor to be, &c.,
(Signed) CHAS. HOTHAM.

The Right Honorable Sir George Grey, Bart.,
&c., &c., &c.

P.S. The conditions which I had the honor of submitting, do not relate to the enormous vessel building by Messrs. Scott, Russell, Brunel and Co., on whose power and capabilities no one can at present base a calculation.

Enclosure, No. 2.

[No. 59, Executive.]

Toorac, near Melbourne,
10th April, 1855.

SIR,

Since I concluded my Despatch, No. 56, of the 7th April, 1855, on steam postal communication, I have received a deputation from the Chamber of Commerce, who have urged two additional points which I have the honor to bring under your notice.

1st. They suggest that the contract should be so drawn, as to give the Government of Victoria the power of hiring a steamer at the expense of the company, in the event of delay being caused either by the company's vessel breaking down or receiving damage.

2nd. They suggest that a clause should be inserted in the contract, compelling the company to take advantage of any improvement in machinery or fuel, by which increased speed is generally acknowledged to have been obtained.

On the first head I have no observation to offer ; on the second I would recommend that the point should be determined by the award of three (3) of the principal Engineers resident in London.

I have the honor, &c.,
(Signed) CHAS. HOTHAM.

The Right Hon. Sir George Grey, Bart.,
&c., &c., &c.

His Excellency the Governor General to Governor Sir Charles Hotham.

[COPY.]

Government House,
Sydney, 18th April, 1855.

SIR,

I have the honor to acknowledge the receipt of your Despatch, dated 13th April, 1855, enclosing copies of your Despatch to the Secretary of State on the subject of the re-establishment

of the monthly steam communication with England, and am happy to find that the Legislature of Victoria has authorised you to take steps to restore steam communication between the United Kingdom and that Colony.

I forward herewith the copy of a Despatch addressed by me to the Secretary of State, which was transmitted by the *Lightning*. In this you will see that I have pressed upon Her Majesty's Government the necessity of taking immediate steps to re-establish a monthly steam packet, leaving the route and all the details to be arranged at home. 5th April, 1855.

I beg to call your attention to the last paragraph in my Despatch, and to suggest the advisability of the introduction of an Act of Council authorising the expenditure by your Government of a sum not exceeding for the purpose of securing a monthly steam communication with England, this being, in point of fact, the only positive guarantee which your Government could afford to a contractor who will undertake, for a term of years, to run a monthly steamer between these Colonies and England.

With regard to the conditions by which you wish the contractors to be bound, I would remark, that to the first no objection can attach, *if it can be secured*.

The second would seem to be unnecessary, and to be likely to induce the Government of South Australia to object to the scheme. If the steam company (supposing it to prefer the overland route) should be able to land the mail at Melbourne in 55 days, and at the same time to call in at Adelaide, it seems hardly necessary to bind it to drop the mail and passengers at Kangaroo Island. I may also remark that the final clause of condition 2, namely, that the steamer must from Melbourne proceed to Sydney, would be inconsistent with the adoption of the Panama route, by which, in all probability, Sydney would be the port of arrival, and Melbourne that of departure.

To condition 3 there can be no objection; but to condition 4, on the supposition of the adoption of the overland route, I should anticipate decided objections on the part of the Indian Government. Such a *preference* as is sought for on behalf of passengers from Australia may also, possibly, be inconsistent with the arrangements of the Peninsular and Oriental Steam Company, which would thus, were this condition made peremptory, be prevented from assisting in the conveyance of the mail to these Colonies.

I fully concur in your opinion that the amount of the contribution from the different Colonies should be revised annually.

I have, &c.,
(Signed) W. DENISON.

His Excellency Sir Charles Hotham.

[COPY.]

Enclosure in Sir Wm. Denison's Despatch to Sir Charles Hotham.

Government House,
Sydney, 5th April, 1855.

SIR,

I have the honor to forward herewith copy of the Minutes of the Proceedings of the Executive Council, upon the subject of steam communication with England, which was brought by me under the notice of the members, in consequence of the notification contained in your Circular Despatch of 1st December, 1854, that the regular transmission of the mails had been interrupted by the exigencies of the war.

2. You will see that the Council adopted the suggestions made in my Minute, that the Colonies should take upon themselves a fair proportion of the expense of the monthly steam communication with England. The members also coincided with me in the view which I took of the mode in which the amount chargeable to the Colonies generally should be distributed amongst them.

3. I, in consequence, addressed the enclosed Despatch to the Governors of the different Australian Colonies, and also to the Governor of New Zealand, suggesting to them the expediency of adopting some general principle, upon which all the Colonies interested might combine for the purpose of securing this object by means of monthly steam packets. I have not, of course, been able to receive replies from the Governors of the different Colonies as yet; but I am happy to find that the Legislature of Victoria—as will be seen by the enclosed Report of its Proceedings—to which my Despatch to Sir Charles Hotham was submitted, has so far adopted the principles contained in it, as to request the Governor to take steps to re-establish the monthly steam packet, even should the cost to that Colony amount to £50,000. 16th March, 1855.

4. Under these circumstances I have not thought it desirable to await the replies to my Despatches, as great delay would thereby be created, but I beg to submit the subject for the consideration of Her Majesty's Government, with the expression of an earnest wish on my part, that immediate steps should be taken for the re-establishment of steam communication by some route or other.

I feel confident that the Legislature of this Colony will have no hesitation in providing for that proportion of the expenditure which may be fairly chargeable to New South Wales. And as it is not probable that a company would be willing to plunge into an undertaking, involving so large an outlay without some better guarantee than a mere resolution of the Legislature,

which is liable to be rescinded at any instant, I propose to introduce a Bill during the forthcoming Session of Council, which will give Legislative sanction to such agreements as the Government may enter into, either with companies or with the Post Office Authorities in England, for the purpose of securing a monthly steam packet to and from Australia and England.

I have, &c.,

(Signed)

W. DENISON.

The Right Honorable Sir George Grey, Bart.,
&c., &c., &c.

Reply of Sir Charles Hotham.

Melbourne, 4th May, 1855.

SIR,

I do myself the honor to acknowledge the receipt of your Despatch dated April 18th, together with the copy of your letter transmitted by the *Lightning* to the Secretary of State, on the subject of steam postal communication.

2. I concur with you in thinking that an Act of Council affords the only guarantee on which a company would embark its capital, and I have therefore 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 I am happy to inform you that the Legislative Council has given its sanction to the Act.

3. With regard to your remarks on the conditions contained in my Despatch to the Secretary of State, I have to observe that as South Australia is the Colony most interested in postal communication being maintained *via* Suez, I should hope that it would be willing to make some concession for the sake of the advantage it would derive; the expense of sending a small steamer to Kangaroo Island to meet the mail, would be inconsiderable, and would be willingly defrayed by this Colony, but under no circumstances could I consent to the Indian Steamer entering Port Adelaide and retarding the delivery of the mail at Melbourne.

4. Therefore I would wish to be clear on the point that this Colony will consent to fifty-five (55) days being expended in the conveyance of the mail from London to Melbourne, but will not consent to any portion of the time mentioned being expended otherwise than by the route indicated, *viz.*, touching at Kangaroo Island and not entering Port Adelaide; and should it be feasible to perform the voyage in a less time than fifty-five days, the advantages are to accrue to Melbourne, Sydney, and Van Diemen's Land, and no departure from the route, *viz.*, *via* Kangaroo Island, is to take place.

5. The last clause in condition 2 has only relation to the overland route, as the context will shew.

6. In framing the fourth condition I was influenced by a regulation made by Her Majesty's Government, and now in force on the South-east Coast of America. The trunk line extends from Southampton to Rio de Janeiro—from thence a branch packet proceeds to the River Plate, a distance of 1000 miles. On the return voyage the passengers from the River Plate have the preference in accommodation over all others.

7. These Colonies propose to contribute very handsomely to the re-establishment of steam communication, and, in my opinion, have a perfect right to require corresponding advantages.

I have the honor, &c.,

(Signed)

CHAS. HOTHAM.

His Excellency Sir William Denison.

Sir William Denison to Sir Charles Hotham.

Government House,
Sydney, 11th June, 1855.

SIR,

I forward herewith a copy of a Despatch addressed by me to the Secretary of State enclosing a communication from the agents of a company proposing to establish a monthly line of packets from Sydney to Singapore, *via* Torres Straits, for £24,000 per annum and the postage on the letters.

It appeared to me that this proposition as holding out the prospect of the establishment of a mail to England every fortnight deserves the especial attention of Her Majesty's Government.

The contributions required being so very moderate, there would be a balance left out of the estimated amount of the contributions, to be paid to a company or companies amply sufficient to secure the establishment of a second line of steamers along the Western Coast of Australia, meeting thus the requirements of all the Colonies.

I have, &c.,

(Signed)

W. DENISON.

His Excellency Sir Charles Hotham,
&c., &c., &c.

31st May, 1855. No. 77.

16th May, 1855. Beit and Sons.

[No. 77.]

Government House,
Sydney, 31st May, 1855.

SIR,

In my Despatch No. 30, dated 5th April last, I mentioned that I had forwarded a circular letter to the Governors of all the Australian Colonies and New Zealand, for the purpose of ascertaining from them the amount of contributions which might be expected from each towards the maintenance of monthly steam communication with England.

I have the honor to enclose herewith the replies which I have received to these letters and also copies of some further correspondence with Sir Charles Hotham relative to the conditions annexed to the contribution from Victoria.

I forward also a communication addressed to me by a Mr. Beit, as agent for an English Company, containing an offer to establish a monthly line of packets between Sydney and Singapore, by way of Torres Straits, for the sum of twenty-four thousand pounds per annum, and the postage on the letters. This proposition was submitted by me to the Executive Council, and I forward a copy of the minutes of the proceedings of that body with reference to it, from which it will be seen that the opinion of the Council was, though in favor of the scheme, adverse to the grant of the postage, as in some sort pledging the Government of the different Colonies to the maintenance for a term of years of some uniform charge for the conveyance of the letters. The opinion was that it would be preferable to pay to Mr. Beit a larger annual contribution, and thus to leave the Colonies wholly unfettered to deal with their postal revenue as may seem to them most advisable.

Mr. Beit as will be seen by the endorsed letter, was adverse to modify his proposal. I therefore forward it with an expression of my hope that it may be made the basis of an arrangement for the re-establishment of steam communication by the Oriental Route, and that as the charge is so very trifling, and the Colonies are willing to contribute so largely to the expense, a separate line of packets may be established from Singapore along the Western Coast of Australia, by which these Colonies will have the benefit of steam communication with England every fortnight. Mr. Beit's line of packets would leave Sydney regularly at intervals of a month. A separate line might be arranged to leave Melbourne a fortnight or thereabout after the departure of the Sydney Packet, and thus a regular once a fortnight line would be established, which would meet the wants of all the Colonies, as the Melbourne Line might call at Adelaide in accordance with the wish of the Government of South Australia.

If the scheme can be carried into effect it will hold out to these Colonies advantages far greater than any which can be derived from any other line of packets; and I trust therefore, that Her Majesty's Government will be induced to look favorably upon it, and to make it the basis of the future arrangement for the conveyance of the mail to Australia.

I have, &c.,

(Signed)

W. DENISON.

The Right Honorable The Principal Secretary of State
for the Colonies.

Sydney, 16th May, 1855.

SIR,

As the appointed agents at Sydney for the Australian General Investment Association of London, and on their behalf we are enabled to make the following offer of contract for the conveyance of the Mails to Europe, &c., which we request you to submit to His Excellency the Governor General.

(1.) The company will contract under sufficient guarantee to carry the mails between Sydney and Singapore, *via* "Torres Straits," either way once a month, by steamer of sufficient capacity and power, and to perform the passages within 21 days; the days of departure from Singapore to be so fixed, as to bring in the mails leaving London in the beginning of every month, and the days of departure from Sydney so fixed as to meet the mail leaving Singapore for London, which can be so arranged as to leave an interval of five or six days between the arrival and next departure from Sydney.

Besides the mails, the company will also engage to provide cabin passage for a Mail-master in every boat, and as soon as the Government may have established a Station at Port Albany to call there and deliver mails or land passengers.

(2.) This service the company will undertake for a subsidy of £24,000 per annum, in addition to the postages on letters, as conceded to such Colonies having acquiesced in the uniform 6d. postage, who shall provide the packets at the expense of the Colony, and specified in the letters of the Postmaster General to the Secretary of State for the Colonies, of the 19th March, 1853, enclosed in the Despatch from His Grace the Duke of Newcastle of the 5th April, 1853.

You will please to observe to His Excellency that by this arrangement letters, from England and the rest of Europe will reach Sydney within 59 days under the contracts, but in practice, on the average in 55 or 56 days, and from all India and China within 30 days, and will regularly return in the same time.

As the company which we represent is likely to have a considerable stake in this Colony, we consider the earliest possible establishment of a certain and speedy postal communication of such paramount importance to them, that we have excluded from the calculation of the remuneration required for the service all profit, or even interest for the capital invested. The above-

named amount only covering the actual running expenses under the most careful management, and we are content to look for a profit to the company to the revenue from the passenger traffic, and other sources of revenue.

Should His Excellency approve of this proposal we shall be happy to confer with the Postmaster General to arrange the necessary details.

We remain, &c.,
BEIT AND SONS.

(Signed)

The Honorable the Colonial Secretary.
&c., &c., &c.