

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 for consideration:

- 1st. What should be the maximum sum to be paid for such service?
- 2d. In what proportion this amount should be divided between the Colonies and the mother country.
- 3d. 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 £; and he expresses an opinion that of that sum 40,000 £, 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 £ 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 55 days from the date of leaving London, the choice of route to rest with Her Majesty's Government.
- 2d. 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.
- 3d. 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 48 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, Mr. 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 Mr. 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 24 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.

Mr. 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 Govern-