

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, *viâ* the Cape of Good Hope, by the General Screw Steam Navigation Company, and another by the Peninsular and Oriental Company, *viâ* 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 connexion with their India mail-boats, for the sum of 84,000*£* a year. But as the present estimate of the postal revenue with Australia cannot be computed at more than 36,000*£*, of which 24,000*£* 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*£* 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 Mr. Macdonald, 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 those offers:

1. It appears that in 1846 the Legislative Council of New South Wales recommended that 6,000*£* 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 6,000*£* 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 2,000*£* 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 3,000*£* a year for three years, if the passage were accomplished within 70 days.

4. In 1853 the Governor of Western Australia reported that the Council would be willing to pay 1,000*£* a year towards the expense of the line from Singapore to Sydney, provided the ships should call at Fremantle.

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*£* to each steam-vessel delivering direct mails, *viâ* the Red Sea, within 58 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