

2nd. The Government of New South Wales never contemplated the establishment of a separate and distinct line all the way from England to Australia; all the calculations were based upon the assumption that advantage would be taken of the existing line to India, so far as that could be made available, and the difficulties which have been encountered are due, in a great measure, to the attempt which has been made to establish, with insufficient means, an independent line from Australia to Suez. The Council believe that the experience of the working of this line for the last 18 months has shewn that it is too long to admit of being worked with any probability of regularity by Vessels sailing from Sydney making the voyage to Suez and returning at once. Such a voyage would take 89 days, and no time would be given for such ordinary repairs to machinery as must always be required from time to time.

3rd. It is by no means certain that the work could be done with regularity were the vessels to sail from Suez and Sydney independently of each other; the voyage of each would still be from 44 to 46 days, and this no longer than a Steamer can be fairly expected to work without a thorough inspection of her machinery. The Council are therefore of opinion that it would very much conduce to the regularity of the Mail Service to and from England, if the different stages or portions of the voyage were shortened, as might be done were Ceylon made the termination of the direct voyage from the Colonies, instead of Suez.

4th. Should the Company who at present hold the contract altogether fail either to carry on the Mail Service, or to induce other parties to undertake it, or, should Her Majesty's Government determine the contract, the whole question will then be open for reconsideration, and it will be in the power of the Australian Colonies to propose new arrangements. It is desirable, therefore, that some determination should be arrived at by this Colony as to what those arrangements should be.

5th. In dealing with the question, the Council assume that the advantage of a rapid, frequent, and regular Steam Communication with Europe, Asia, and America, are great enough to justify the Colony in paying to persons who will undertake to provide the necessary means for this, a much larger sum than can be possibly received by the Government in the shape of postage.

6th. It may also be laid down as an axiom or at all events, as a fact deduced from experience, that it does not conduce to the satisfactory working of a contract to have too many persons or bodies parties to it; and that if the parties interested in the due performance of the work are, as is the case with the present Mail Contract, at the two extremities of a line of some 12,000 miles in length, differences of opinion and heart-burnings are nearly certain to occur.

7th. The object of a frequent and regular communication with all the civilized parts of the globe would, it appears to the Council, be best attained by maintaining a line to Ceylon, and from thence to England and India, on the one hand, and another to Panama, and from thence to England and North and South America, on the other; and should it be found, after a fair estimate of the cost of these lines, that it would be advisable to carry them out by entering into contracts for their execution, it would be as well to avoid, as much as possible, the multiplication of parties to the contracts. This result, it appears to the Council, might be secured by the following arrangement:—

The Imperial Government, in consideration of the receipt of the postage paid in England, would engage to deliver the Australian letters at Point De Galle on the first line, and at Panama on the second line. This would add in a very trifling degree to the amount of the subsidies already paid by the Home Government to the Peninsular and Oriental Company, and the Royal West Indian Mail Company, and would be productive, on the other hand, of a saving of the share of the subsidy now paid to the English and Australian Mail Company. In consideration, however, of the greater distance and cost of the conveyance of the Mail between Panama and Sydney, a proportion of the subsidy to be paid to the Company, or individuals working this line, might fairly be chargeable to the Home Government; this, however, would be a matter for future consideration.

8th. The Australian Colonies would, on their part, undertake to convey the Mails between Australia and Point de Galle and Panama, each Colony receiving, as at present, the postage charged upon its letters, and contributing to the expense of the undertaking in proportion to the number of letters sent from each.

9th. In order, however, to avoid the difficulties arising, or likely to arise, from having too many parties to these contracts, it would be advisable that the contract for the line *viâ* Ceylon should be made by the Government of Victoria, and that for the Panama line by the Government of New South Wales; the cost of the two lines being divided between the Australian Colonies, as before stated, in proportion to the number of letters dispatched from each.

10th. A special agreement should also be entered into with the Colony of New Zealand with reference to the amount of its contribution towards the Panama line.

11th. In conclusion, the Council consider it desirable that these views should be communicated to the Governments of the adjacent Colonies, and their concurrence therein invited; and advise accordingly, that the Honorable the Colonial Secretary should adopt this step without delay.

EDWARD C. MEREWETHER,
Clerk of the Council.

MINUTE OF THE GOVERNOR GENERAL.

The Resolutions adopted by the Legislative Assembly, on the 6th August, relative to the Steam Postal Communication with England, open up a very wide question, and one which is deserving of the most serious consideration of the Government.