

The mode in which the Steam Postal Communication has been conducted, under the present contract with the English and Australian Steam Navigation Company, has been most unsatisfactory, there is no doubt; but, in considering the question with reference to the future, not to the past, it behoves the Government to consider, whether the conditions of the contract were such as could be fulfilled with any degree of regularity. It may be said, it is true, that the practicability of the undertaking was a matter for the consideration of the parties who undertook to perform it, and who, it is to be supposed, proportioned the amount of their claim upon the Government to the character of the work they had to do: but in such a wide scheme as was grafted upon the original proposition it is evident that there were many risks to be run, upon which it was difficult, if not impossible, to calculate. 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, so far as that could be made available; and the difficulties which have been encountered are due, in great measure, to the attempt which has been made to establish an independent line from Australia to Suez with insufficient means.

I believe that the experience of the working of this line for the last 18 months, has shown 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. I am 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 then be from 44 to 46 days, and this is longer than a Steamer can be fairly expected to work without a thorough inspection of her machinery. My opinion, therefore, is, that it would very much conduce to the regularity of the Mail Service to and from England and these Colonies, 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 these Colonies, instead of Suez. Looking to the difficulties which the Company has had to encounter, I do not think it would be fair or reasonable to deal hardly with it, or to press for greater punctuality than is fairly attainable. The Colonies, however, have a right to demand that Vessels in good order, and competent, under ordinary circumstances, to perform their work, should be alone employed, and I decidedly object to the employment of the “Victoria,” which it is evident is not capable, looking to her power and to the state of her machinery, to make the voyage in any reasonable time.

Should, then, the present Company propose to continue its contract, or should it, as it has power to do with the assent of the Lords Commissioners of the Admiralty, transfer the contract to any other Company, I should be disposed to recommend such reasonable concessions as would ensure regularity. Should, however, the Company fail altogether either in carrying on the Mail Service itself, or inducing other parties to undertake it, the whole question will then be open for consideration, and I will now proceed to consider the mode in which it would be desirable to deal with it.

I may premise that the advantages of a rapid, frequent, and regular steam communication with Europe Asia, and America, are great enough to justify the payment, by the Colony, to persons who will undertake to provide the necessary means for this, of a much larger sum than can be possibly received by the Government in the shape of postage. I may also, I think, lay 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. The object of a frequent and regular communication with all the civilized parts of the globe would, as it seems to me, 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, and this it appears to me 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 Gallelon 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 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.

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 contributions to the expense of the undertaking in proportion to the number of letters sent from each.

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.