

mitted for the consideration of a Select Committee of the House of Commons, and as this Committee cannot commence its deliberations until after the meeting of Parliament, a favourable opportunity would seem to be afforded to the Australian Colonies of bringing under the consideration of the Imperial Government those defects in the existing system of Steam Postal Communication which lessen the advantages which they have a right to expect to derive from it; and also those additional facilities for communicating with other parts of the world which it might be desirable to engraft upon our General Postal Scheme.

I propose in this communication to lay before you the views of the Government of New South Wales, with relation to the general question of Steam Postal Communication, trusting that these will be found to harmonise with those of your Government, and, if so, that you will bring them under the notice of the Secretary of State, or empower me to do so, in order to their submission for the consideration of the Select Committee of the House of Commons.

The principles upon which the Government of New South Wales is disposed to base all the arrangements for the conveyance of the Mails to and from England are :—

1st. That the Contract for this purpose should have reference solely to the conveyance of the Mail, and should not embody any arrangement involving extra payments for the accommodation of Passengers.

2nd. That, subject to the conditions required for the most speedy conveyance of the Mails, the cheapest routes should be adopted.

These principles, if applied to the existing line of communication *viâ* Suez, would indicate the advisability of altering the present route *viâ* Mauritius, and of reverting to the original line *viâ* Ceylon. They would also require that there should not be a separate line from Point de Galle to England, but that the line from Australia should merge into the great line from India and China.

It seems to the Government of New South Wales, that the money expended in running two lines of Steamers parallel to each other from Ceylon to England, when the single line already in existence is amply sufficient to carry the Mails, is altogether wasted. The only purpose which this second line is calculated to answer is that of securing certain conveniences to Passengers to and from Auckland; but this does not appear to the Government of New South Wales to be a legitimate reason for imposing on these Colonies and upon the Mother Country, an additional subsidy of from £80,000 to £100,000 per annum; it is, in point of fact, a payment made by the community to the Company, of from £40 to £50 for each Passenger conveyed.

Should the Australian line be made a branch of the Great Eastern Line of Steam Communication, it is probable that the subsidy required would not exceed £90,000 or £100,000 per annum, and the payments made by these Colonies, including their share of the Postage from Point de Galle to England, would not be more than £50,000 to £55,000 per annum, instead of upwards of £90,000.

The question of a Second Monthly Mail has commended itself to the Government of New South Wales, and appears to deserve the attention of the other Australian Colonies. It seems desirable that this second line should proceed by way of Panama, as by such an arrangement the rising Colony of New Zealand would, without any inconvenience to the Australian Colonies, be placed upon an equal footing with these, so far at least as regards the Monthly Post. By the adoption of the Panama route for the second line, the Australian Colonies would be placed in direct and rapid communication with the States of North and South America, with several of which an extensive trade has already sprung up.

With reference, however, to this line, it is the opinion of the Government of New South Wales that it should terminate at the Isthmus of Panama, and that advantage should be taken of the existing lines of Steam Communication for the conveyance of letters from Panama to England and America. Under such an arrangement, it seems probable that a subsidy of £120,000 would be amply sufficient to remunerate a Company for the risk and expense of conveying a Monthly Mail from Panama to Australia, in which case the whole cost to the Colonies, for a Communication with England twice in the Month, would be but little in excess of the amount now paid for the Monthly Mail Service.

It is possible that the Government of South Australia may not consider the advantage to that Colony, of the Panama line, as commensurate with the expense to be incurred in its establishment. It is also possible that the Government of New Zealand would not, were the Panama line once in operation, wish to continue its contribution towards the line *viâ* Suez; should this be the case, the Government of New South Wales would be prepared to recommend to the Legislature, such an additional appropriation towards the subsidy to be paid by the Colonies, as would cover its share of the deficiency thus created.

Trusting that these views of a question so important to the welfare of these Colonies will meet with your favourable consideration,

I have, &c.,

(Signed) W. DENISON.

His Excellency
Colonel Gore Browne, C.B.,
&c., &c., &c.

HIS GRACE THE DUKE OF NEWCASTLE, TO GOVERNOR SIR WM. DENISON, K.C.B.

Downing Street.
7th September, 1853.

SIR,—

With reference to my Predecessor's Circular Despatch of the 17th of May last, informing you that the Lords Commissioners of the Treasury had taken measures for inviting Tenders for the

(Enclosure.)