

MR. HAMILTON TO MR. MERIVALE.

Treasury Chambers,
23rd June, 1858.

SIR,—

I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit herewith (Enclosure.) Copy of their Lordships' Minute of the 23rd instant, and to request that you will move Sir Edward B. Lytton to cause the necessary communication to be made thereon to the Australian Colonies.

I am to state, that, looking to the very pressing nature of the case, and to the vast importance of providing for the uninterrupted continuance of the Postal Communication with the Australian Colonies, their Lordships have not hesitated to conclude an arrangement which appeared to them, after the most earnest and careful deliberation, to be the best adapted to meet the peculiar exigency, and to carry out the spirit and intentions of the Treasury Minute of the 27th of November, 1855, and their Lordships rely upon the readiness of the different Colonies interested to acquiesce in the arrangement.

I have, &c.,

(Signed) GEO. A. HAMILTON.

Herman Merivale, Esq.,
&c., &c., &c.

COPY OF A TREASURY MINUTE, DATED 23RD JUNE, 1858.

My Lords have under their consideration a Letter from the Colonial Office of 28th May, (Enclosure.) transmitting Copy of a Despatch from Sir William Denison the Governor of New South Wales, reporting another delay in the arrival of the English Mail at Sydney, and commenting on the continued failure of the European and Australian Mail Company to perform their Contract, also, a copy of a Resolution recently adopted at a Meeting of the Shareholders of the Company, appointing a Liquidator for winding up the affairs of the Company, and the Balance Sheet signed by the Auditor of the Company.

My Lords have also read the Report of their Solicitor, to whom the foregoing papers have been referred, together with a copy of the Contract entered into between the Government and the Company, for the purpose of advising my Lords whether there were grounds for declaring the Contract void in case that course should be considered proper.

My Lords referred to the correspondence which has recently passed, relative to a proposal to modify to some extent the terms of the Contract, with a view to enabling the Company to avail themselves of the valuable assistance of Mr. Cunard in carrying on the service.

However desirous my Lords might have been by any reasonable modification of the terms and conditions of the present Contract, to have assisted the Company in their endeavours to provide for the punctual and efficient performance of the Service for the future; and thereby to remove the cause of dissatisfaction which exists in the Australian Colonies, yet, considering the present position of the Company, which has so materially changed since the negotiations above referred to were set on foot, my Lords are of opinion that they should not be justified in agreeing to any modification or extension of the Contract with the Company.

My Lords have been most reluctant to adopt any course which might aggravate the difficulties of the Company whose losses appear already to be so large, nevertheless seeing that the Company is now, by the Resolution of its Shareholders, actually in course of liquidation and winding up, it appears to my Lords that the only course now open to them is to take immediate steps for determining the existing Contract, and to call for Public Tenders for the establishment of an entirely new Service.

As, however, a considerable time must elapse before a new Postal Service could be entered upon, and it is of the utmost importance that no interruption should take place in the monthly communication with the Australian Colonies, it is absolutely necessary that immediate measures should be adopted for securing the performance of this Service provisionally until permanent arrangements can be concluded.

My Lords have before them a proposal from the Royal Mail Steam Packet Company to work the Australian Mail Service for a period of six months on the following conditions, viz.—

The Royal Mail Steam Packet Company undertake to work the Service for six months from 1st July next, or for such longer period as shall be necessary to enable the ships to complete the voyages then actually commenced—on the conditions of the existing Contract, subject to the following modifications, viz.—

1st. Her Majesty's Government shall, in addition to the present amount of subsidy, guarantee the Company against loss during the working, to an extent not exceeding £6000, per month. The amount of loss to be ascertained from the Company's Books and Accounts, by persons appointed by the Lords Commissioners of the Admiralty.

2nd. The amount which the European and Australian Company are liable to have deducted from the subsidy payable on the 30th June, 1858, under the articles of agreement dated 30th November, 1857, in respect to the six voyages therein mentioned only, shall be retained by Her Majesty's Government.

3rd. In addition to the vessels now employed and which are to be retained as long as required for the said Service, the "Tasmanian" shall be sent out to assist on the line between Suez and Sydney.

4th. The penalties for overtime shall be at the rate of £100 per day, but shall not be enforced in any case, where the delay has arisen from circumstances over which the Company had not, and could not have any control.