

MR. HAMILTON TO MR. MERIVALE.

Treasury Chambers,
15th November, 1858.

SIR,—

(Enclosure.)

I have laid before the Lords Commissioners of Her Majesty's Treasury your Letter of the 9th instant, transmitting a copy of a Despatch from the Governor of New South Wales and of its enclosures, together with a copy of the answer returned to the Governor by Secretary Sir E. B. Lytton, on the subject of Postal Communication between this Country and Australia, and I am desired by their Lordships to state, for the information of Sir E. B. Lytton, that they entirely concur in the observations contained in his Despatch.

It will be impossible, My Lords apprehend, to arrive at the establishment of an efficient Service suitable to the wishes and interests of the various Australian Colonies, unless some general plan of action can be adopted with the acquiescence of all parties, and with the mutual forbearance and concession so judiciously urged by the Secretary of State.

Considering that this Country represents the largest individual interest in the promotion of the undertaking, and offers more available means for establishing a Service than the Colonies, Her Majesty's Government willingly consented to use their endeavours, with the view of making such arrangements as, upon mature deliberation, would appear to be most beneficial to Great Britain and to Australia.

The sudden failure of the late Contractors, placed Her Majesty's Government in a very difficult position—they felt it was necessary to take prompt measures to prevent the interruption of the Communication; they have now succeeded, relying upon the co-operation of the Colonies, in establishing what they have no doubt will prove a regular and efficient Service by Suez;—they are willing to consider the subject of a second Service by Panama, and they would regret if a want of co-operation upon the part of the Colonies were to disturb the uniformity of those arrangements, and render their efforts nugatory.

In reference to the establishment of the second route, *viâ* Panama, My Lords have observed with satisfaction, that the subject is now engaging the attention of the Colonies—as their desire to see this line of Communication opened up, in conformity with the intimation conveyed in the notice appended to the advertisement for the Service *viâ* Suez, continues unabated.

At the same time, My Lords cannot but feel that, the amount of subsidy requisite for this Service must, of necessity, be very large, and that, however desirous they may be to see it established, there are limits, beyond which it would not be justifiable to go, in the contribution to be made by the Imperial Government.

My Lords are desirous, therefore, of eliciting from all the Colonies an express opinion as to the practicability and eligibility of this route for the performance of a Service, alternating and harmonizing with that *viâ* Suez, and also a distinct statement of the amount of Subsidy which each Government would be willing to contribute in aid thereof, and for what period.

One of the Resolutions (No. 5.) of the Legislative Assembly of New South Wales, enclosed in Sir William Denison's Despatch, states, with reference to subsidising a line *viâ* Panama "the question of cost is not the first for consideration."

Should the other Colonies be inclined to consider the question in the same liberal spirit, strong grounds would be afforded for ascertaining, by Tender in this Country, the cost at which the Service could be obtained, and for establishing it, if the terms should appear reasonable.

At the same time, My Lords are unable to agree with the opinion expressed in the second Resolution of the Legislative Assembly of New South Wales,—“That any new arrangement for the performance of the Mail Service by the Indian route, though it ensured Postal regularity and speed, would confer no other considerable benefit on New South Wales,” nor can they believe that the Colony will hesitate to contribute its fair proportion to any Service which offers the advantages of regular and prompt Communication with the Mother Country.

My Lords presume, therefore, that the Subsidy which the Colony of New South Wales express themselves ready to contribute, towards a line *viâ* Panama, will be independent of, and in addition to, that for the Suez Service.

With regard to the opinion which prevails in this Country, as to the necessity for the adoption of the Panama Line, My Lords think it right to mention that the Postmaster-General has expressed a strong opinion that, so far as Postal considerations are concerned, the second Service is not at present required.

A plan has been suggested in reference to the Suez route, on the principle of the Colonies, by their joint action, arranging for the Service from Australia to some intermediate point between this Country and these Colonies, and although it has not been thought advisable to adopt this principle under the new arrangements, My Lords would not be unwilling to consider any suggestions of a similar nature, in reference to the contemplated Service by way of Panama.

With these remarks, My Lords, being satisfied that no interruption is likely to occur in the present Monthly Communication, leave the question of the second Service, until they shall have received answers from the Colonies upon the points above mentioned.

Should the opinion thus expressed be sufficiently satisfactory and unanimous, My Lords will at once apply themselves to consider the best means of carrying out the wishes of the Colonies upon the most favorable terms they may be able to obtain.

I am, &c.,

(Signed)

GEO. A. HAMILTON.

F. Merivale, Esq.,
&c., &c., &c.