

public papers. It appears that the documents of which this Minute forms a part, were forwarded to me from the Colonial Office shortly after the departure of the May Mail; but owing to a temporary absence from my private residence in London, they did not reach me, and I was consequently not aware that the exclusion of New South Wales from all direct benefit in the contract was based on an erroneous assumption, that your Government had refused to contribute to the subsidy for any new contract, even though provisional and temporary, "unless the Panama route were adopted for one line packets." But as it appeared to me, after full consideration, that your Government would be much dissatisfied with this unprecedented omission, I called at the Colonial Office for information, and then for the first time saw the document in question. As there was but little time for deliberation and consultation with the Colonists of New South Wales now resident in England, I went forthwith to the Treasury, and pointed out that your Government had never refused to continue its contribution towards a provisional service *via* Suez, and represented that the terms of the contract which made no provision for the delivery of the New South Wales letters at the Port of Sydney, would cause very great dissatisfaction both to the Government and the inhabitants of that Colony. Being invited to address the Financial Secretary on the subject, I drew up the letter dated June 20th, herewith enclosed, and further sought an interview with the Under Secretary of State for the Colonies, requesting him to move His Grace the Duke of Newcastle to bring the matter promptly under the notice of the Treasury, and to request them to send the Mail boat, as usual on to the Port of Sydney. The Under Secretary of State being satisfied that New South Wales would have just grounds of complaint promised to move in the matter; but gave me but little hope of being able to interfere in time to alter the arrangements before the departure of the present Mail. The Authorities of the Treasury, however, did not wait for interference on the part of the Colonial Office, but immediately took the necessary steps for complying with the request contained in my letter above referred to; and on Saturday last, the 22nd, it was arranged at the Treasury, with the Chairman of the Peninsular and Oriental Company, that the contract should be modified, and that the Mail boat should go on to the Port of Sydney, as heretofore. I hope to receive your assurance that I have not misinterpreted the interests of New South Wales, or the intentions of your Government.

Since received and
herewith forwarded.
E. H.
26th June, 1860.

If the original contract had been adhered to, New South Wales would have been placed in a most disadvantageous position, in regard to the Postal Service, by losing all control over the period of departure of the return boat, and in every respect would have been dependent on the courtesy of another Colonial Government for the enjoyment even of the small advantages she has hitherto derived from the Suez service. I was informed at the Treasury that a reply would be sent to my letter; and I apprehend that this reply, which I expect to receive before the departure of the Mail on the 26th instant, will embody the understanding as to the liability of New South Wales under which the contract has been modified. In anticipation of it, however, I beg to say, that I have undertaken no responsibility on account of your Government, beyond that which has hitherto existed; the extent of which is defined in the seventh paragraph of the Minute of the Executive Council of 2nd April, 1860. I may also add, that since the date of my letter to Mr. Laing, I have seen, at the Colonial Office, an extract from a Despatch from the Governor-General, dated April, 1860, in which it is intimated that the Government of New South Wales accede to an increased contribution for the through Suez service *via* Ceylon, with the understanding that "such contribution will terminate as soon as the Panama route "is in action." This assured me that your Government could never have intended to withdraw from the Suez subsidy, and thus to lose the advantages she has received as a contributor, so long as "the "Panama line was not in action."

I am informed that the Peninsular and Oriental Company wished to make the present contract permanent, but this request the Lords of the Treasury declined to accede to until they receive further advices from the Colonies. The Company also shrink from being subjected to penalties for unpunctual delivery *in London*; but without this liability it appears to me that the Colonies will get no certain benefit from a branch line, as if the condition is for punctual delivery at Ceylon instead of London, the Australian Mail may, and probably will, be often left nearly a fortnight impounded at Point de Galle. In the event of your continuing to contribute to the Suez Line, this point is well worthy of your consideration, and I shall be glad to receive your instructions. But the Authorities at the Treasury are fully alive to this difficulty, and are prepared to make such provisions as are adequate to the protection of all interests concerned. Some concession to the Company has, for the present, been made on this point, but I am not aware of the nature of it. The amount of subsidy is also open to further consideration, in consequence of the extension of the contract to Sydney, but the increase will not be material.

I have, &c.,

The Hon. the Colonial Secretary,
Sydney, New South Wales.

EDWD. HAMILTON.

Sub-Enclosure 1 to Enclosure in No.3.

MR. EDWARD HAMILTON TO FINANCIAL SECRETARY TO THE TREASURY.

5, Cannon Street, E.C.,
London, 20 June, 1860.

SIR,—

My attention has been drawn to the contract lately entered into with the Peninsular and Oriental Company for the conveyance of the Australian Mails once a month to and fro, between Point