

of Panama, a scheme which, it is the opinion of myself and colleagues, the Government of Victoria should not in any way support, it is therefore probable, under these circumstances, that the Government of New South Wales will decline to contribute any portion of the subsidy required for the service *viâ* Suez ; and, as it is the earnest wish of your Excellency's Advisers that an entire change should be effected in the steam postal service to these Colonies, it is suggested, in the event of any further alteration being required in the contract with the Peninsular and Oriental Company, or if it is found necessary for this Colony to contribute more than its due proportion of the existing or additional subsidy, that the through and distinct service *viâ* Suez should be abandoned, and that a contract should be entered into by the Authorities in England with the Peninsular and Oriental Company for a monthly service between Melbourne and Galle, there connecting with and continuing the service through the India and China lines in the hands of the same Company. The service, it is believed, will meet fully and adequately all the reasonable requirements of this Colony and of the Colonies of Tasmania, South Australia, and Western Australia.

As this service, it is believed, could be carried on for a comparatively moderate sum, it is recommended that the Government of Victoria should become responsible for payment of one moiety of the subsidy that would be required by the Company for undertaking it, the other moiety being provided for by the British Government, and that such other of the Australian Colonies as may be willing to contribute to account to Victoria for their several proportions, the amount of which should be determined upon the same principle that is observed under existing arrangements.

In the event of the refusal of the other Colonies to join in the undertaking, it is proposed to charge them such fair rate of postage on letters and newspapers forwarded for transmission as will cover the cost incurred on their behalf by this Colony.

The Steam Postal Service thus indicated is the one which your Excellency's Advisers would, under any circumstances, be the most desirous of supporting ; and they would therefore beg to recommend that the desirableness of entering into a new contract upon the proposed basis as early as practicable should be strongly urged upon the Lords of the Treasury.

JOHN R. BAILEY.

General Post Office,
Melbourne, 15th February, 1860.

No. 2.

MR. STAFFORD TO THE COLONIAL SECRETARY, N. S. WALES,

New Zealand,
Colonial Secretary's Office,
Auckland, 20th July, 1860.

SIR,—

(No. 197.)

Information having, though not officially, reached this Government of the termination of the Postal Service by the P. and O. Company between the Ports of Melbourne and Sydney, and it being probable that the Government of New South Wales will forthwith make arrangements for the conveyance of the Sydney Mails between those Ports, I shall feel much obliged if you would have the goodness, until definite arrangements can be made in this matter, to cause the New Zealand Mails to be conveyed on that part of the line by the vessel which may carry the Sydney Mails.

The Government of New Zealand will, of course, be prepared to contribute its share towards the expense of this service.

A communication on this subject has been made to the Postmaster-General of Victoria, who has been requested, pending further instructions, to cause the New Zealand Mails to be forwarded in the manner indicated above.

I have, &c.,

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

E. W. STAFFORD.

No. 3.

COLONIAL SECRETARY, N. S. W., TO COLONIAL SECRETARY, N. Z.

Colonial Secretary's Office,
Sydney, 15th August, 1860.

SIR,—

(No. 3205.)

I have the honor to acknowledge the receipt of your Letter of the 20th ultimo, stating that information had reached you of the termination of the Postal Service by the "Peninsular and Oriental Company," between the Ports of Melbourne and Sydney, and requesting that until definite arrangements could be made, I would cause the New Zealand Mails to be conveyed on that part of the line by the vessel carrying those to Sydney.

2. Considering that the Branch Service was a matter to be determined with the Home Government, which retains the outward Postage on letters to Sydney, and it being understood that the