

The existing arrangement with New Zealand will not be disturbed during the continuance of the present contract, but whenever the term of that contract shall have expired, that Colony will be placed in the same position as the other Colonies included in the present scheme.

My Lords propose to continue the arrangement made in February, 1860, by which the Australian Colonies were to be charged with the whole commuted payment of £3250 per annum, the estimated cost of conveying through Egypt the Australian Newspapers sent by the Southampton route, in consideration of the Post Office of this country forbearing from levying an additional penny on account of such transit.

Their Lordships at the same time reserve the right to revise and alter that estimate, and if deemed advisable, to terminate the arrangement altogether; and in the meantime my Lords would be glad to learn the wishes of the various Colonies on the subject.

The Postmaster-General observes in his report that experience has shown that it is impossible to carry on the Australian Service in a satisfactory manner and without danger of the service coming abruptly to an end if each of the numerous and distant Colonies concerned is to be consulted before any final measure be adopted, and he strongly urges the expediency of the controlling authority being altogether assumed by the Government of this country which contributes towards the subsidy as much as all the Colonies together.

My Lords entirely concur in this opinion, and feel convinced that the Colonial Governments themselves will see the necessity of the adoption of such a course. It would be easy for the Colonies to depute persons to act as their agents in the matter with whom the Postmaster-General and their Lordships could consult, and who would attend to the interests of their own Governments; but the final power of concluding terms, and the decision in all matters relating to the Packet contracts should be left in the hands of Her Majesty's Government: any Colony which refuses to abide by that decision being at liberty to withdraw itself from participation in the contract, in which case its Mails would be forwarded by private ships only.

It would also be necessary in such a case that the proportioned payment of any seceding Colony should be divided *pro rata* amongst the remaining Colonies.

Their Lordships do not propose, at all events until they are in possession of the views of the different Colonies on the several arrangements contained in this Minute, to enter into any lengthened contract. The draft contract now before them provides for its termination on a six months' notice, in which event the former agreement for the Mauritius route would revive.

No. 2.

COPY OF A DESPATCH FROM HIS GRACE THE DUKE OF NEWCASTLE TO GOVERNOR GORE BROWNE, C.B.

Downing Street,
20th July, 1861.

SIR,—

With reference to my predecessor's circular dispatch of the 16th November, 1858, respecting the arrangements for the conveyance of the mails between this country and Australia, I transmit for your information, the copy of a letter from the Lords Commissioners of the Treasury, with copy of one from the General Post Office, shewing the balances due from the several Australian Colonies towards the expense of the contract mail packets to the 31st of March last, and in pursuance of the desire of the Lords Commissioners, I have to request that you will take the necessary steps for obtaining payment of the amount owing to the Imperial Treasury on this account by the Colony under your Government.

19th June, 1861.

I have, &c.,

The Governor of New Zealand,
&c., &c., &c.

NEWCASTLE.

Enclosure in No. 2.

MR. HAMILTON TO SIR F. ROGERS.

Treasury Chambers,
19th June, 1861.

SIR,—

I am desired by the Lords Commissioners of Her Majesty's Treasury, to transmit the accompanying copy of a letter from the Post Office, dated 12th inst., and of its enclosure, reporting the balances due from the several Australian Colonies towards the expense of the contract mail packets, and I am to request that you will move the Duke of Newcastle to cause the necessary communications to be made to the several Colonial Governments with a view to obtaining an early settlement of these claims.

I have, &c.,

Sir F. Rogers, Bart.,
&c., &c., &c.

GEORGE A. HAMILTON.