

*Objection.**Answer.*

It is true these latter tenderers only tender to perform the service from Batavia, and expected to receive a subsidy of £25,000 in addition from the Batavian Government; but as the expense of the conveyance of mails from Batavia to Singapore was estimated by previous parties at £1,000 per annum, this would not add much to the expense.

The only additional "incidence of expense" to Great Britain for a fortnightly communication would be the increased share she would be called upon to pay for the transit of the mail from Galle or Singapore (as the case may be) to Australia, and a moiety of the expense of the double branch lines. The conveyance of the mails to Galle or Singapore would not add an additional sixpence to the expense incurred by Great Britain, as the contracts for the India and China mails would remain the same if the Australian mails were not conveyed by them. In fact, the burthen of the Mother Country would be diminished in proportion to the amount imposed upon the Australian Colonies for the performance of this service, because the China subsidy is entirely borne by Great Britain.

The same remarks apply to the Panama route. If Great Britain contributed to the expense of the line from Panama, she was invited to estimate the expense of conveying the mails to Colon; the moiety of which then imposed upon the Colonies would have been a direct diminution of the subsidy paid to the Royal West Indian Mail Company, at present sustained entirely by Great Britain.

But His Grace intimates—"It is fair to remark that the cost (of the route *via* Suez and King George's Sound will probably soon be enhanced by the withdrawal of most of the Indian letters from the packets conveying the Australian mails between Suez and Ceylon."

It is this uncertainty with regard to the "incidence of payment" to which they might be subjected that creates alarm in the Colonies. They find the contract for conveying the Indian mails, a portion of which is charged against the Australian Colonies, suddenly raised from £230,125 to £400,000. They find also a provision in the contract by which the same may be further increased to £500,000, in the event of a certain amount of interest on the capital of the Peninsular and Oriental Company not being realized; and as that Company, in its last report, stated its losses during the previous year at £177,000 (which certainly would not leave any margin for the payment of this dividend, they do not entertain much doubt that the larger sum will be required. The Colonists therefore hesitate in regard to committing themselves to any indefinite expenditure, over which they have no control, or even possess the power of examining into.

With regard to the reply which is to be given, in concert with the other Australian Colonies, to the question proposed for their consideration, "Whether they will undertake to provide in future for the postal service between Ceylon and Sydney, on the understanding that the Mother Country will pay one-half of the reasonable expense,"—it will be evident from the foregoing remarks, that neither the service *via* King George's Sound, or *via* Torres Straits, would afford to this Colony the advantage of a regular fortnightly mail; that in fact this is only to be obtained by such a modification of the services *via* Suez and Panama as will make them harmonize. This Colony, therefore, occupying as it were a neutral position in the question of the respective routes from Ceylon, can only afford its aid to either of these routes with a view of harmonizing the interests of Colonies more directly affected by them. It was this view of the question which influenced the Delegates of New South Wales at the Melbourne Conference, when they voluntarily proposed, on behalf of this Colony, to take a larger share of the common burthen than any advantage conferred upon the Colony would have warranted. But they felt that the benefit and weight to be derived by uniting the Colonies in a Federal Bond in furtherance of any subject should be the paramount object—far transcending any question of mere economy. It is to be regretted that His Grace should have taken a different view, evidently moved by the opinions of