

Her Majesty's Government have given a careful consideration to the proposals contained in this Memorial. I transmit to you for the information of yourself and of your Responsible Advisers, a copy of a letter from the Board of Treasury enclosing, with other papers, an extract of a report by the Postmaster-General upon this subject.

You will perceive that Her Majesty's Government are unable to adopt the views expressed by the Delegates; and it will therefore remain for the Governments of the Colonies concerned, to consider whether they will undertake to provide in future for the Postal Service, between Ceylon and Sydney on the terms mentioned in the Treasury letter.

If this course should be decided on, it will be necessary that I should be informed without delay, whether it is desired that notice should be given to the Peninsular and Oriental Steam Navigation Company for the termination of the present contract.

In the event of the new tenders being called for, I beg to call attention to the form prescribed by the Lords Commissioners of the Treasury in the concluding paragraph of their letter.

I have, &c.,

Governor Sir George Grey, K.C.B., &c.

BUCKINGHAM AND CHANDOS.

Enclosure 1 in No. 5.

Mr. HAMILTON to Sir F. ROGERS.

SIR,—

Treasury Chambers, 2nd October, 1867.

With reference to the several communications received from the Colonial Office on the subject of the Memorial addressed to Her Majesty from the Colonies of Victoria, New South Wales, New Zealand, South Australia, Queensland, and Tasmania, in which they propose that there should be maintained, at the joint expense of the Mother Country and of the Colonies, "three ocean postal lines, one by way of King George's Sound, one by way of Torres Straits, and one by way of New Zealand and Panama," I am commanded by the Lords Commissioners of Her Majesty's Treasury to transmit to you an extract from the report of the Postmaster-General, dated the 24th ultimo, and I am to request that in laying the same before the Duke of Buckingham and Chandos you will move His Grace to inform the Governors of the respective Colonies that the Memorial in question having been referred to this Board, my Lords have, in communication with the Postmaster-General, given the whole subject their most attentive consideration, and it is with much regret that my Lords are compelled to take a view of the matter differing from the views expressed by the Delegates of the Australian Colonies, but my Lords are bound to state that they entirely concur in the opinions expressed by the Duke of Montrose, and that they, therefore, would not feel themselves justified in proposing to Parliament to contribute towards the expense of a packet service *via* Torres Straits, or to do more than is at present done by the British Post Office in support of the packet service *via* Panama.

In making this communication to the Governors of the respective Colonies, my Lords would suggest that His Grace should again inquire whether the Colonial Government will be prepared to make the future necessary arrangements for the service between Ceylon and Sydney (on the understanding that the mother country will pay one-half of the reasonable expense); and if so, whether it be their wish that notice be given to the Peninsular and Oriental Steam Navigation Company to terminate the existing contract.

In the latter case, in order to prevent any part of the time over which the notice would run (two years) from being lost, seeing that the whole will be necessary to secure an effective competition, my Lords would suggest that the Colonial Governments should be requested to send over a form of tender, so that, if this form be approved of, tenders may at once be called for in this country and also in Australia, on the arrival of the then following outward packet; and to guard against a form being transmitted in which my Lords could not concur, they request that the respective Governments be informed that in any forms of tender which they may prepare, insertion must be given in such forms to the conditions numbered 1, 3, 29, and 30, and to the first and third paragraphs of the printed letter preceding the conditions, as appears in the enclosed forms of tender.

I am, &c.,

Sir Frederic Rogers, Bart.

GEO. A. HAMILTON.

Extract from the REPORT of the POSTMASTER-GENERAL, dated 24th August, 1867.

"I HAVE the honor to return to your Lordships the copies of the various Despatches and the other communications which have been received from the different Australian Colonies and New Zealand, in reply to the request which you made to the different Colonial Governments there to concert an arrangement for conducting under their own supervision the packet service between Ceylon and Sydney; so that the responsibility for the satisfactory performance of that service should no longer rest with the Home Government, but with the Governments of the Australian Colonies, which are much nearer to the place of performance. All which documents you referred to me for my report.

"In order, I presume, to give effect to your Lordships' wishes the Colonial Governments, except that of Western Australia, appointed delegates to meet in conference at Melbourne, but these delegates instead of addressing themselves solely to the specific object that had been named, entered into a consideration of the general question of postal communication with the mother country.

"Had your Lordships thought it likely that such a course would be adopted, you would probably have deemed it proper to send out some person well acquainted with the facts of the case, to act as your representative; but I have little doubt that you will agree with me in thinking that there was no necessity for this enlarged inquiry, the chief matter into which it diverged—namely, the expediency of establishing postal services by way of Panama and Torres Straits, having within the last few years been fully discussed, and so far at least as the Home Government was concerned, decided upon.

"As it was, there was no one at the meeting to represent British interests as distinguished from those of different Colonies, and British interests appear, to a great extent, to have been lost sight of.