

9. Finally, it appears to the Council very desirable that some steps should also be taken to ascertain on what terms contracts for the establishment of the line by Panama would be entered into; and to this end they advise that an advertisement be prepared inviting negotiation, and even calling for tenders for the performance of the service.

This advertisement should be forwarded to the Secretary of State for the Colonies, with a request, that if Her Majesty's Government are prepared to co-operate in the matter with the Government of this Colony, that the same may be extensively published in England and America.

EDWARD C. MEREWETHER,
Clerk of the Council.

MINUTE OF THE GOVERNOR-GENERAL.

The termination of the contract with the European and Australian Mail Company places the Australian Colonies in a different position altogether from that in which they were last week, when I wrote my former Minute on the subject of Steam Postal Communication. It is now no longer a question of the maintenance, or non-maintenance, of a particular contract, but the whole question of the best mode of communicating with different parts of the world, is virtually thrown open, and it will be for the Australian Colonies to consider whether, without sacrificing any of the advantages which they at present possess, or, at all events any of those advantages for which the whole community should be called upon to pay, they might not secure for themselves a far more frequent communication with England and other parts of the world, at a cost but little greater than that which they have hitherto had to pay for a Monthly Mail.

In order to facilitate the consideration of this important subject, it would be as well to determine at once whether the Government, in making a contract for the conveyance of the Mails, is bound, or indeed entitled, to mix up this question with that of the conveyance of passengers and goods.

In my opinion, all that the Government is called upon to consider is, how to get the Mails conveyed in the most rapid and effective manner, consistent, of course, with a proper economy. I do not think that it would be wise on the part of the Government to make any stipulations as to the size of the Vessels, the amount of accommodation, &c., &c.; these are points for the consideration of the contractors, who will, if they consider the passengers and goods traffic likely to prove remunerative, make the necessary arrangements for its accommodation. I have laid much stress upon the preliminary consideration of this question, for upon the view taken by the Governments of the different Australian Colonies with relation to it must depend very much the amount of expense which will be incurred, and the character of the contract or contracts which will have to be entered into. Should it be thought advisable to consider the comfort and convenience of passengers, then it may be necessary to maintain a distinct and separate line, at all events to Suez if not to England; but should the conveyance of the Mails be the sole matter for consideration, then all that we should have to determine would be, the speediest and best mode of conveying the Mails to and from such points as have, by existing arrangements, the benefit of steam communication directly with England. Upon the latter supposition, it appears to me that there are three courses open for adoption:—

1st. To combine, as at present, with the Imperial Government, leaving the arrangements to be made and the contracts entered into by the Lords Commissioners of the Admiralty, as heretofore, under some distinct stipulations as to the amount of payment to be made by the Colonies, and the facilities to be given to their correspondence.

2nd. That the Colonies should submit to the Imperial Government a proposal that the Mail should be carried between England and Ceylon under existing arrangements with the Peninsular and Oriental Company, or under such agreement as may be made by the Postmaster General in England—while the Australian Colonies, either jointly or by some special arrangement among themselves, should contract for the conveyance of the Mails between Australia and Ceylon.

3rd. That provision should be made for a Monthly Mail *viâ* Panama as well as *viâ* Suez, an interval of fourteen days elapsing between the starting of these Mails.

The third scheme may be considered under two points of view.

It may be carried out by the Australian Colonies jointly, forming a part of one great scheme of Postal Communication with all parts of the world, or it may be a separate undertaking on the part of the Government of New South Wales; in either case the Imperial Government must be a party to the scheme, as the conveyance of the Mails to Suez and Panama, respectively, must be provided for under existing arrangements, or under other contracts entered into by the Postmaster General in England.

Should the whole of the Colonies agree to combine for the purpose of carrying out the scheme of a double communication with England, monthly, the expense will be a joint charge upon the revenue of the different Colonies, towards which each will contribute, according to the aggregate of letters despatched annually by both routes. Should the Colony of New South Wales undertake to carry out the Panama line separately, on the refusal of the other Colonies to engage in the scheme, then it will be for the Government to charge upon the correspondence of the other Colonies a fair amount of postage, to cover the expense to which it would be subjected in maintaining the line. In order to avoid the difficulties which would be certain to arise were the several Governments to be parties to one contract, it would be as well, perhaps, that the Victoria Government should make the contract for the Ceylon line, and that of New South Wales for the Panama line. As the provisional arrangement for the conveyance of the Mails is to cease in six months from the 1st July, no time should be lost in communicating with the Governments of the other Australian Colonies, as soon as the Government of