

Sub-Enclosure 2 to Enclosure in No. 3.

MR. GEORGE HAMILTON TO MR. EDWARD HAMILTON.

Treasury Chambers,
25th June, 1860.

SIR,—

I am directed by the Lords Commissioners of Her Majesty's Treasury to state to you, in reply to your Letter of the 20th instant, on the subject of the Australian Mail Service, that my Lords were in communication, at the time they received your letter, with the Directors of the Peninsular and Oriental Steam Navigation Company upon the subject, and finding that the Company will be able to run their vessels on to Sydney, provided a proportionate increase in their subsidy be made for the actual expense incurred for coals and wear and tear, they have not hesitated, after the assurances which they have now received of the readiness of New South Wales to pay her full share of the necessary subsidy, as heretofore, to conclude a provisional arrangement with the Company for continuing the Mail Service to Sydney.

My Lords hope that these arrangements when completed, will give satisfaction to the Colony of New South Wales and the other Australian Colonies. But in the event of the service not being satisfactory, either in its terms or the manner of its performance, My Lords will take care that the agreement with the Company shall be so framed, as to reserve to them the power of reverting to the existing Contract, or of making such other arrangements as may be found expedient; and if, contrary to expectation, the Colony of New South Wales should decline to adopt the arrangement now proposed, and to continue to pay her share of the subsidy, My Lords must hold themselves free to revert to the original proposal of the Company to carry the mails to Melbourne only.

I am, &c.,
GEO. A. HAMILTON.

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