

Ward that it is your wish to have before you the facts of the case before granting the interview which he has solicited on my behalf, as well as his own, I have prepared and have now the honor to submit the accompanying printed statement which sets forth the negotiations which took place in 1859, and the grounds on which the assistance of Her Majesty's Government is now asked.

In that statement, for the length of which I feel that some apology is due, I have endeavoured to establish the following points: viz., that the guarantee of an annual subsidy of £80,000 a year by the Governments of New South Wales and New Zealand entitles them to claim the performance of the pledge given by the Treasury in 1859.

That one monthly postal service is inadequate to the requirements of the trade of Australia, and that a service *via* Panama is indispensable to New Zealand; that the nett cost to the Treasury of the present monthly service is very small; that in proportion to the service performed the subsidy now granted to the Peninsular and Oriental Steam Navigation Company is exorbitant, and that it is important to put an end to the monopoly of that Company by the organisation of a distinct service *via* Panama.

Sundry documents having reference to the subject-matter of my statement are herewith enclosed.

I have, &c.,

EDWARD HAMILTON,

Representative Agent of New South Wales.

The Right Honorable the Chancellor of the Exchequer.

Enclosure in Enclosure 2, in No. 17.

STATEMENT BY MR. E. HAMILTON, SHOWING THE GROUNDS ON WHICH THE COLONIES OF NEW SOUTH WALES AND NEW ZEALAND CLAIM THE ESTABLISHMENT OF A MONTHLY POSTAL SERVICE VIA PANAMA.

In the year 1858 a notice was issued by the Admiralty, calling for tenders for a steam postal service to Sydney *via* Suez, and to that notice the following postscript was attached:—

“It is to be observed that so soon as arrangements are completed, it is the intention of the Government to call for tenders for a monthly steam communication with Australia *via* Panama, in addition to the service *via* Suez.

In the same year the Parliament of New South Wales appropriated towards this service a sum of £50,000 a year for 10 years, and the Government of that Colony sent Mr. E. C. Merewether to this country, to arrange the organization of it in concert with Her Majesty's Government. Shortly after his arrival, in the early part of 1859, he entered into communication with the authorities at the Treasury, and by Minute dated 19th April, 1859, the Lords Commissioners declared their opinion to be “that they ought no longer to delay fulfilling the intention which they formally announced, of inviting tenders for the service,” and they virtually pledged themselves to accept one of the tenders, provided the three conditions hereinafter mentioned were complied with. The words of the Minute are:—

“In coming to this decision, however, it must be clearly understood that my Lords will not consider themselves bound to accept any of the tenders unless they are fully satisfied—

“1. That the amount is reasonable, and such as they would be justified in incurring.

“2. That the times and rates of speed are such as to harmonise perfectly with the Suez service, so as to make the two alternate fortnightly with each other; and—

“3. That the Governments of the Australian Colonies will undertake one entire half of the cost of both the services *via* Suez, as well as *via* Panama, whatever that may be.”

Shortly after the settlement of this Minute, a notice, calling for tenders, was issued, and in the beginning of the month of July, 1859, six tenders were sent in. By more than one of them the first of the above named conditions was satisfied, as the understanding on the part of the Treasury was, “that £150,000 would be considered a reasonable subsidy.” (Mr. W. H. Stephenson's Evidence, 479, 480.) As to the second, it was found that no practical difficulty existed, for the contractors agreed to perform the voyage each way between Southampton and Sydney in 55 days, including all necessary stoppages. As to the third, further reference to the Government of New South Wales became necessary, inasmuch as no one in this country was authorised to give the required guarantee that the Governments of the Australian Colonies would undertake one entire half of the cost of both services, *via* Suez and *via* Panama.

It may here be remarked that the question as regards this third condition was unnecessarily complicated by the terms of the notice, and the then existing views of the Treasury; for at that time nothing short of a thorough service from Southampton to Sydney by either route was contemplated; whereas the Australian Mail is now carried by a branch service starting from Point de Galle; and as to the Panama service, the present proposal is only to form an extension or branch from Panama to Sydney. It is important to bear this in mind, in accepting the tenders sent in as a basis whereon to form an estimate of the cost of establishing an efficient service between Sydney and Panama.