

D.—No. 1. B. 4 SUPPLEMENTARY CORRESPONDENCE TO MAIL SERVICE.

(SUPPLEMENTARY.)

might be made by the Indian Government against paying any part of the cost of the packets conveying as far as Galle the Mails for Australia.

Your Lordships will, of course, communicate to the Government of South Australia the decision arrived at, that the packets are not to call at Kangaroo Island. The contractors object to such call on account of the increased risk which would attend the navigation of their packets, and demanding, if the call at Kangaroo Island were to be insisted upon, an additional subsidy of £15,000 a-year, and further requiring an additional day both on the outward and homeward voyage.

It is important that the Government of South Australia should be required to state, not later than by the mail which will leave Australia in October and arrive in England in December, whether or not they abide by their stipulation on this point or are prepared to waive it.

If they do abide by it, they cannot be admitted into participation of the arrangement, and I propose that, in such case, the postage of letters to and from South Australia be raised to 1s. 6d. per half ounce (a charge which I think will make the South Australian portion of the service self-supporting), with the understanding that your Lordships will consider yourselves at full liberty to raise the postage still higher, or even to give orders that at no rate of postage shall any letters for South Australia, except official despatches, be sent by the mail packets.

In the minutes of the Executive Council of Queensland it is stated that the Colony is willing to pay its fair share of any mail subsidy approved by the Imperial Government, but that it cannot engage to make good the possible deficiencies which may arise from other Colonies declining to agree to the proposed renewal of a similar arrangement. Such a reservation, however, cannot be allowed.

The Governments of those Colonies which receive the bulk of the correspondence have already agreed to the arrangement on the terms specified, and it is probable that all the other Colonies will in the end signify their acquiescence; but, be this as it may, it is absolutely necessary that one-half of the subsidy should be paid by the Colonies jointly, and this can only be secured by the proviso to which the Governor of Queensland has objected.

As in the case of South Australia, therefore, the Government of Queensland should be required to state by the Mail which will leave in October next, whether they agree unconditionally to the arrangement on the terms proposed to them, and apprized that if they do not, it will be necessary to adopt with respect to Queensland the same measures as those specified in the case of South Australia.

With respect to a second Monthly Mail, by the way of Torres Straits, as there is now no early prospect of a second Monthly Mail to Australia (except that by way of Panama), it seems unnecessary to notice the remarks on this point in the reply from Queensland. But, even if there were such a prospect, I could not advise your Lordships, for reasons already given, to contribute towards the cost of a Mail *via* Torres Straits.

The foregoing remarks (except those relating to Torres Straits) apply equally to the Colony of New Zealand. The Government of that Colony will, of course, be at liberty to negotiate with the other Australian Governments on the subject of the cost of the contemplated Service by way of Panama; but I strongly advise that the Mother Country should take no part in those negotiations, and should decline to do more in respect to that Service than your Lordships have already expressed your willingness to authorize.

I have, &c.,

(Signed)

STANLEY OF ALDERLEY.

The Lords Commissioners of the Treasury.