

1. It appears that in 1846 the Legislative Council of New South Wales recommended that £6,000 a-year for three years should be placed at the disposal of the Home Government, in aid of steam communication *vid* India. In 1852 this recommendation was confirmed, but on condition that the route should be by Torres Straits. In 1852 the Government offered a payment of £6,000 for three years to the first Steam Company which should establish a monthly line of steamers performing the distance from Sydney to England and back in one hundred and twenty days.

2. In 1849 the Governor of Van Diemen's Land reported that £2,000 a-year had been appropriated from the local revenue towards a line from Singapore *vid* Sydney; that is by the Eastern route through Torres Straits.

3. In 1847 the Legislative Council of South Australia reported in favour of a line by way of the Cape, and promised £3,000 a-year for three years if the passage were accomplished within seventy days.

4. In 1853 the Governor of Western Australia reported that the Council would be willing to pay £1000 a-year towards the expense of the line from Singapore to Sydney, provided the ships should call at Fremantle.

5. In the same year the authorities of Victoria, in expressing an anxious desire for a cheap postal communication with England, offered to contribute, so far as their own Colony was concerned, for the necessary expenditure; but it afterwards appeared that a misconception had arisen as to the intention of the Colonial authorities in this declaration.

6. In the present year an Act was passed by the Legislature of South Australia, authorising a payment of £500 to each steam-vessel delivering direct mails, *vid* the Red Sea, within fifty-eight days, provided that such vessel had not touched at any port eastward of Adelaide, and that the mails were delivered direct from the same ship that brought them from the last point of land before reaching the Australian Colonies.

7. There remains to be stated the substance of the communications which have taken place between Sir William Denison and the other Governors in the present year. On the 16th of March Sir William Denison addressed the circular despatch already adverted to, to Sir Charles Hotham, the Governor of Victoria, and to the Governors of the other Australian Colonies, as well as to the Governor of New Zealand; in which after dwelling in appropriate terms upon the necessity of restoring, as early as possible, a regular postal communication, he proposes that the whole of those Colonies should join in defraying a portion of the loss which, at least for some time to come, must attend the establishment of a monthly steam communication between them and England; in which circular Sir William Denison divides the subject into the following three points for consideration:

1st. What should be the maximum sum to be paid for such service?

2nd. In what proportion this amount should be divided between the Colonies and the mother-country.

3rd. In what manner the contribution of the Colonies should be apportioned among them.

In discussing these points Sir William Denison assumes that the maximum cost of the service would be £100,000; and he expresses an opinion that of that sum £40,000, or two-fifths of the whole, should be contributed by the Colonies, and the remainder by the Home Government; and that so far as regards the distribution of the contribution among the different Colonies, that should be determined by the proportion of letters which each Colony transmits by the mail, and should be revised annually. The views entertained by Sir William Denison appear to have been entirely adopted by the Executive Council of New South Wales, who passed a resolution that the Legislative Council should be invited to place the sum of £15,000 annually at the disposal of the Government to carry out the arrangement; as yet, however, no information has been received that that has actually been done.

With regard to the Colony of Victoria, my Lords have before them several despatches of Sir Charles Hotham, addressed to the Secretary of State and to Sir William Denison, by which it appears that the authorities entered warmly into the arrangement proposed; and it appears by Sir C. Hotham's despatch to Sir William Denison of the 4th of May, that he had caused to be inserted in the "Post-office Act Amendment Bill," a clause pledging the Legislature to the expenditure of a sum not exceeding £50,000 per annum for the maintenance of steam communication between Victoria and Great Britain, not less than once a-month, and that the Legislative Council had given its sanction to the Act. But Sir Charles Hotham states that any contribution on the part of Victoria must be subject to the following four conditions:

1st. That no contract should be made that does not provide for the delivery of the mail at Melbourne in a period not exceeding fifty-five days from the date of leaving London, the choice of route to rest with Her Majesty's Government.