

established it would embrace the line already established as far as Colon, for which the Imperial Government alone paid the subsidy. This Service might be considered as supporting in a great measure part of all further possible lines in continuation of itself. He did not see how the Colonies could ask the Mother Country also to pay half of the other portion of the line.

After some further conversation, in which the Chancellor of the Exchequer evinced a strong disinclination to accede to the prayer of the Memorial, the deputation retired.

The result of the interview, of which the above forms substantially a condensed report, is to confirm the letter from the Secretary to the Treasury, of which I forwarded you a copy by last Mail. It is now certain that Her Majesty's Government will not co-operate in any endeavour to construct the Service; but it remains to be seen whether if a *bonâ fide* tender for its performance were made involving the payment of a moderate subsidy, the Imperial Government would refuse to contribute some proportion.

The objection entertained to the Panama line by Her Majesty's Government rests no doubt upon its probable expense. And the objection is entertained with the greater force at the present moment, because it appears that a proposal has been made by the Peninsular and Oriental Steam Navigation Company to double their present line from Point de Galle to Sydney for an additional subsidy of £50,000 per year. No doubt, though the Chancellor of the Exchequer did not refer to the fact, the difference between the respective estimates for the two Services is assumed to be greatly in favor of the last-named. But, if the Panama Service were shown to be possible, at no greater expense to the Treasury than the second line *viâ* Suez, this objection would disappear, and in my opinion the hostility of Her Majesty's Government to the present proposal would be overcome. With reference to the probable advantage of the second service *viâ* Suez to the Colony of New Zealand, I think I am justified in assuming that it would cause an improvement upon the present state of Postal Communication. That is to say, that the Inter-colonial Service might be at once and easily so organized as that replies should be forwarded from all parts of New Zealand in time to catch the intermediate fortnightly packet from Melbourne or Sydney—thus saving two weeks upon the present course of Post. But as it would require a considerable additional expense so to add to the existing Services as to obtain the full benefit of fortnightly communication with England, and as without such additional expense the new proposal of the Peninsular and Oriental Company would not even place New Zealand in as good a position as the other Colonies now enjoy, I presume that His Excellency will not be advised to assent on behalf of New Zealand to a guarantee of the Colonial portion of the subsidy required.

In view of all these circumstances, I have much satisfaction in reporting that intimations have been given to me from more than one quarter that proposals will be made to undertake a Monthly Steam Service from Panama to New Zealand and Australia, looking to probable assistance from those Colonies only. It would be presumption in me to express any confidence in the issue of these negotiations; but, so far as I am informed, they appear to be of a *bonâ fide* character.

Copies of the correspondence which has passed between the Imperial Government and myself or Mr. E. Hamilton shall be forwarded as soon as ready.

I have, &c.,

CROSBIE WARD.

The Honble. the Colonial Secretary.
Auckland, New Zealand.

Enclosure in No. 17.

TO THE HONOURABLE THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY. •

Statement, showing that the establishment of a Monthly Steam Postal Service between Australia and Panama, via New Zealand, is urgently required, and ought no longer to be delayed.

WE, the undersigned merchants and others, interested in the trade and general prosperity of Australia and New Zealand, beg respectfully to submit to the favourable consideration of Her Majesty's Government the establishment of a Monthly Steam Postal Service between Panama and Australia, via New Zealand, at the joint charge of these Colonies and the Treasury; and in support of this proposal we have the honour to make the following statement:—

That the export and import trade of the Australias and New Zealand, for the year 1862, exceeded £50,000,000 sterling in value, of which the direct trade with the United Kingdom amounted to £30,000,000 sterling.

That the value of the imports from these Colonies into the United Kingdom is far beyond its nominal amount, for they give in exchange for manufactured commodities a raw material, for which the demand in foreign countries is certain, and practically unlimited.

That, with a view to the support and encouragement of trade with Foreign Countries, having no special claim on the Government of this country, two Postal Services are maintained at the sole cost and charge of the Treasury, viz., a weekly Service to the United States of North America, costing £180,000 a year, and a fortnightly Service with Mexico and West Coast of South America, costing £230,000 a year; and that the claims of trade between the United Kingdom and its Colonies are at least entitled to equally favourable consideration.