

It follows that even without the aid of other Colonies, the expense to New Zealand of maintaining a direct and speedy mail communication with Great Britain *via* Panama, would only be £17,000 greater than that of contributing to the maintenance of the present indirect and tardy service.

Small as the amount appears comparatively, it is not however to be forgotten that the whole cost, whether of the old service or the new, is absolutely very large, and the assistance of other Colonies is to be hoped for in bearing it. It has therefore been my study so to arrange the service *via* Panama, that its benefits may be shared in to the fullest possible extent by any of the other Colonies, and that New Zealand should not even seem to be securing for herself exclusive advantages. These remarks have special reference to the Colony of New South Wales, whose co-operation in the undertaking has always been freely offered, and whose practical assistance in securing the present contract would no doubt have been readily afforded had time permitted a reference to the Colony.

The contract will probably be drawn up by the Solicitor to Her Majesty's Post Office, and a copy will no doubt be ready for transmission by next mail, shortly after which time I propose to return to the Colony, the business on which I have been engaged being completed.

I have, &c.,

CROSBIE WARD.

The Hon. the Colonial Secretary, Auckland.

No. 40.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., October 30, 1863.

MY DEAR SIR,—

I duly received your esteemed favour of the 25th instant.

Immediately after the arrival of the next advices from the Colonies there will be a Board Meeting, and the whole matter will then be settled one way or the other.

The Directors are very desirous of meeting your views as far as they possibly can; but as the scheme is purely experimental, and one of great magnitude, they are anxious to see their way quite clear, and naturally cautious as to the terms they accept.

I have, &c.,

JAS. WORLEY.

The Honourable Crosbie Ward, Esq.

No. 41.

Killinchy, 2nd November, 1863.

MY LORD,—

I have the honor to acknowledge receipt of your Lordship's letter of the 16th ultimo, conveying to me a tender from the Board of Directors of the Inter-Colonial Royal Mail Steam Packet Company, for the performance of a Monthly Mail Service between Sydney, New Zealand, and Panama, and *vice versa*, for the continuance of the existing line between Sydney and Auckland, and for the performance of the present and any additional Inter-Provincial Services that may be required by the Government of New Zealand, on certain terms and conditions, to which I have given the most careful consideration.

I have to state that the tender now submitted is satisfactory in all its main features, with one exception. I should be prepared to accept at once, with modifications of trifling importance, the offer of the Board to perform the Panama, New Zealand, and Sydney Service, as well as the Inter-Provincial Services, on the terms and conditions specified; but after full consideration, I am unable to accept that portion of the tender which relates to the Auckland and Sydney Service.

In the first place, on the establishment of the Panama line of communication between Great Britain and the Colony, the Service in question would cease to be an important part of the Colonial Postal System, and its continuance therefore would not properly form an item in a general Mail Contract. Further, as the Colony of New Zealand would enter into the Contract as a whole, without any prior understanding with the other Australian Colonies as to a participation in the expenses, it is highly undesirable to load the undertaking with an unnecessary expenditure of £9,000 per annum. It is at the same time quite possible, that upon obtaining the consent of the other Colonies to bear a share of the expense of the main line, the Government of New Zealand may be disposed to maintain one or more additional Inter-Colonial Services. And it is not unlikely that in any case the commercial and other requirements of Auckland may be considered of sufficient importance to warrant the maintenance, either by the Colonial or the Provincial Government, of a special means of communication between that Port and Sydney. The Directors, however, have no doubt sufficient means of forming an opinion on this subject.

I have to state accordingly, that if the Directors will be pleased to amend this tender by withdrawing the third subdivision—sections 1, 2, 3—I shall be happy to accept the remaining portion of the offer forthwith. But if not, and in case of no other acceptable offer for the Panama Service being made to me before the 31st December next, I shall be happy to refer their tender as