

FURTHER PAPERS

RELATIVE TO

THE ESTABLISHMENT OF A PANAMA MAIL SERVICE

BETWEEN

ENGLAND AND THE AUSTRALASIAN COLONIES.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY BY COMMAND OF
HIS EXCELLENCY.

AUCKLAND:
1864.

SCHEDULE of PAPERS relating to the PANAMA CONTRACT.

No.	Date.	Writer and Subject of Paper.
1	31st October, 1862	Ministerial Memorandum in reference to Mr. Ward's proceeding to England.
2	31st "	Despatch—His Excellency the Governor to the Duke of Newcastle accrediting Mr. Ward.
3	5th December, 1862	Colonial Secretary to Mr. Ward—Instructing him not to fix or recommend any particular Port of Call for the Panama Line.
4	13th November, 1862	Mr. Ward to Colonial Secretary, New South Wales, as to Panama Route.
5	21st "	Reply thereto.
6	25th "	Mr. Ward in reply to Colonial Secretary, New South Wales.
7	19th "	Mr. Ward to Colonial Secretary, Victoria.
8	26th "	Colonial Secretary, Victoria, in reply.
9	2nd December, 1862	Mr. Ward's reply.
10	5th March, 1863	Mr. Ward to the Chancellor of the Exchequer—requesting interview as to Panama Service.
11	20th "	Mr. Ward to the Chancellor of the Exchequer—forwarding statement as to Panama Service.
12	26th "	Mr. Ward to Colonial Office—forwarding copy of statement.
13	1st April, 1863	Mr. Ward and Mr. Hamilton to Postmaster-General—requesting interview.
14	19th "	Mr. Ward to Colonial Secretary, New Zealand—stating result of interview with Her Majesty's Postmaster-General.
15	7th May, 1863	The Right Honorable F. Peel to Mr. Ward—declining, on behalf of Her Majesty's Government, to assist in establishing the Panama Service.
16	19th "	Mr. Ward to Colonial Secretary, New Zealand—enclosing copy of the above.
17	23rd June, 1863	Mr. Ward to Colonial Secretary, New Zealand—stating result of interview with the Chancellor of the Exchequer.
18	8th July, 1863	Secretary I.C.R.M. Company to Mr. Ward—in reply to Mr. Ward's of 25th June (no copy kept.)
19	15th August, 1863	Mr. Ward to the Right Honorable F. Peel—enquiring as apportionment of Postages.
20	28th "	Mr. Ward to Secretary General Post Office—as to Postal arrangements via Panama.
21	28th "	Secretary I.C.R.M. Company to Mr. Ward.
22	2nd September, 1863	Mr. Ward to the Under-Secretary for the Colonies—enquiring as to the transfer of the £13,000 (Inter-Colonial subsidy) to the Panama Route.
23	12th "	The Under-Secretary for the Colonies—in reply to Mr. Ward's enquiry.
24	9th "	Secretary I.C.R.M. Company to Mr. Ward—in reply to Mr. Ward's letter of 7th September (no copy kept.)
25	18th "	Secretary I.C.R.M. Company to Mr. Ward.
26	23rd "	Secretary I.C.R.M. Company to Mr. Ward—in reply to Mr. Ward's letter of the 19th Sept. (no copy kept.)
27	3rd October, 1863	Proposal by I.C.R.M. Company for Panama Service.
28	3rd "	Robert Wilson, Director I.C.R.M. Company, to Mr. Ward—withdrawing the above proposal.
29	5th "	Mr. Ward to the Right Honourable F. Peel—requesting reply letters of 15th August and 5th October, 1863.
30	6th "	Secretary I.C.R.M. Company to Mr. Ward.

SCHEDULE.

No.	Date.	Writer and Subject of Paper.
31	12th October, 1863	Mr. Wilson, Director I.C.R.M. Company, to Mr. Ward—suggesting terms for the Panama Contract.
32	12th "	Mr. Ward to Mr. Wilson, Director, &c.,—in reply to his letter.
33	14th "	I.C.R.M. Company to Mr. Ward—in reply to letter of 12th Oct.
34	16th "	Lord Claud Hamilton, Chairman I.C.R.M. Co., to Mr. Ward—stating definitely conditions of proposed Panama Contract.
35	20th "	Secretary I.C.R.M. Company to Mr. Ward—in reply to a letter of Mr. Ward's (no copy kept.)
36	23rd "	Secretary I.C.R.M. Company to Mr. Ward—suggesting reference to N. Z. Government for their approval.
37	20th "	Mr. Ward to Secretary General Post Office—requesting the assistance of the Post Office Solicitor in preparing Contract.
38	26th "	Secretary to the Post Office in reply.
39	25th "	Mr. Ward to Colonial Secretary, N.Z.
40	30th "	Secretary to I.C.R.M. Company to Mr. Ward.
41	2nd November, 1863	Mr. Ward to I.C.R.M. Company—suggesting amendment of Tender.
42	4th "	Secretary I.C.R.M. Company to Mr. Ward.
43	7th "	Right Hon. F. Peel to Mr. Ward—as to carriage of Mails via Panama.
44	12th "	Secretary I.C.R.M. Company to Mr. Ward—agreeing to modifications.
45	18th "	Chairman I.C.R.M. Company to Mr. Ward—finally agreeing to terms for service.
46	18th "	Secretary I.C.R.M. Company to Mr. Ward.
47	19th "	Mr. Ward to Chairman I.C.R.M. Company—accepting offer of Company.
48	20th "	Consul-General of France to Mr. Ward—in reference to steamers calling at Tahiti.
49	23rd "	Mr. Ward to the Consul-General of France—in reply to the above.
50	24th "	Mr. Ward to Colonial Secretary, N.Z.
51	27th "	Mr. Ward to Chairman I.C.R.M. Company—relating to the proposal to call at Tahiti.
52	4th December, 1863	Mr. Ward to the Consul-General for France—relating to his proposal.
53	3rd "	Mr. Cuncliffe, Solicitor, I.C.R.M. Company, to Mr. Ward—requesting production of his authority.
54	4th "	Mr. Ward to Secretary General Post Office—asking for Survey Report on I.C.R.M. steamers.
55	8th "	Mr. Ward to Secretary I.C.R.M. Company—with time-table of the Panama Service.
56	10th "	Secretary I.C.R.M. Company to Mr. Ward—in reply to the above.
57	10th "	Secretary I.C.R.M. Company to Mr. Ward.
58	11th "	Opinion of Counsel as to Mr. Ward's power to enter into the Panama Contract.
59	12th "	Solicitor I.C.R.M. Company to Mr. Ward.
60	12th "	Secretary-General Post Office to Mr. Ward—in reply to Letter of the 4th Dec.
61	14th "	Consul-General of France to Mr. Ward.
62	17th "	Mr. Ward to Chairman I.C.R.M. Company.
63	17th "	Secretary I.C.R.M. Company to Mr. Ward—fixing passenger rates between Sydney, New Zealand, and Panama.
64	18th "	Mr. Ward to Right Hon. F. Peel—as to continuance of the Subsidy of £13,000.
65	18th "	Mr. Ward to Mr. Wilson, Director I.C.R.M.—as to assignment of Contract.
66	18th "	Mr. Ward to Colonial Secretary, N.Z.—transmitting copies of Contract.
67	7th March, 1864	Postmaster-General, N.Z., to Hon. Reader Wood.
68	7th April, 1864	Colonial Secretary, N.Z., to Mr. Wood—enclosing Memorandum on Contract.
69	29th March, 1864	General Manager I.C.R.M. Company to Postmaster-General, N.Z.—proposing increased speed of Steamers for increased Subsidy.
70	31st "	Postmaster-General, N.Z.,—in reply.
71	29th April, 1863	Lord Stanley, of Alderley, H.M.'s Postmaster-General, to Lords of the Treasury—respecting Mail Service to Australia via Panama.
72	27th September, 1858	H.M.'s Postmaster-General—Minute on the Panama Mail Service.

No.	Date.	Writer and Subject of Paper.
73	19th March, 1864	Mr. Morrison to Colonial Secretary, N.Z.
74	25th May, 1864	Under Secretary, N.Z., to Mr. Morrison.
75	7th April, 1864	Colonial Secretary, N.Z., to Colonial Secretary, N.S.W.
76	7th "	Colonial Secretary, N.Z., to Colonial Secretary, Queensland.
77	12th May, 1864	Colonial Secretary, Queensland, in reply.
78	16th "	Colonial Secretary, N.S.W., in reply.
79	24th April, 1864	Mr. Jollie to Colonial Secretary.
80	9th May, 1864	Colonial Secretary, in reply.
81	26th April, 1864	Superintendent of Canterbury to Attorney-General.
82	26th "	Superintendent of Canterbury to Colonial Secretary.
83	6th May, 1864	Colonial Secretary, in reply.
84	5th "	Mr. Stevens to Postmaster-General, with Report of Committee of Provincial Council of Canterbury.
85	9th "	Acting Postmaster-General, in reply.
86	21st "	Superintendent, Canterbury, to Postmaster-General.
87	19th "	Mr. Wood to Postmaster-General.
88	2nd "	Mr. Ward to Colonial Secretary.
89	16th "	Secretary G. P. O. to Mr. Ward.
90	19th June, 1864	Mr. Wood to Postmaster-General
91	21st " "	Mr. Worley to Mr. Wood
92	22nd " "	Mr. Wood in reply
93	25th " "	Chairman I. C. R. M. Company to Postmaster General.
94	7th Sept. "	Postmaster-General in reply
95	19th Sept. "	Mr. Ward to Postmaster-General, with Enclosures.
96	3rd Oct., "	Secretary G. P. O. in reply.
97	.....	Panama Contract.

FURTHER PAPERS

RELATIVE TO THE

ESTABLISHMENT OF A MAIL SERVICE VIA PANAMA.

No. 1.

FOR HIS EXCELLENCY THE GOVERNOR,—

Ministers beg leave to inform the Governor that, if His Excellency approves, they wish Mr. Crosbie Ward, a Member of the Executive Council, and Postmaster-General of New Zealand, to represent the Government of this Colony in Australia and Great Britain upon general questions relating to the interests of New Zealand, and especially upon the following matters:—

- (1.) The extension of Steam Postal Service from Great Britain to New Zealand *viâ* Panama.
- (2.) The conduct of such business as may be necessary in seeking the Imperial guarantee to the Loan of £500,000 just authorized by the General Assembly.
- (3.) The settlement of accounts between the Imperial Government and this Colony arising out of Commissariat advances during the recent insurrection.
- (4.) The construction of Electric Telegraphs.

With this view, Ministers request that His Excellency will be pleased to inform His Grace the Duke of Newcastle, Her Majesty's Principal Secretary of State for the Colonies, to the above effect, and to allow Mr. Ward to take with him a duplicate of the Despatch giving that information.

F. D. BELL,
In the absence of Mr. Domett.

Auckland, 31st October, 1862.

No. 2.

Auckland, New Zealand,
October 31st, 1862.

MY LORD DUKE,—

I have the honour to transmit to your Grace the Copy of a Minute I have received from my responsible advisers informing me that it is their wish that Mr. Crosbie Ward, a Member of the Executive Council, and Postmaster-General of New Zealand, should represent this Government in Australia and Great Britain upon the several important questions alluded to in the enclosed Minute, the arrangement of some of which will necessarily place him in constant communication with your Grace's Department.

It is therefore the further wish of my Responsible Advisers, that I should communicate with your Grace on this subject, and furnish Mr. Ward with the necessary credentials.

Entertaining a very high opinion of Mr. Ward's capacity and fitness for the important duties to be entrusted to his care, I have felt no difficulty in complying with the wishes of my responsible advisers. I have therefore given my entire concurrence to the proposed arrangement, and beg to recommend Mr. Ward to your Grace's most favourable consideration.

I have, &c..

G. GREY.

His Grace the Duke of Newcastle, K.G.,
&c., &c., &c.

No. 3.

New Zealand, Colonial Secretary's Office,
Auckland, 5th December, 1862.

SIR,—

I have the honour to request you to be good enough, in entering on the part of the Government of New Zealand, into any contract for the Panama Steam Mail Service, not to fix or recommend any particular Port of call or departure in New Zealand; but to give the contractors permission to call at those Ports in New Zealand which can on the outward and homeward voyages respectively be most speedily reached from Panama and *vice versa*, with the smallest cost to the Colony.

I have, &c.

ALFRED DOMETT.

The Honourable Crosbie Ward.
&c., &c., &c.

No. 4.

Sydney, 13th November, 1862.

SIR,—

I have the honour to inform you that the Government of New Zealand, in accordance with the provisions of an Act of the Legislature of that Colony, recently passed, are prepared to take measures for the establishment of Postal communication with Great Britain by way of Panama. The Legislature has appropriated a sum not exceeding £30,000 a-year for five years, for the furtherance of this object, to be applied by way of subsidy; and the Act by which this appropriation is made, contains provisions similar to those of an Act of the Parliament of New South Wales, passed for the same purpose.

The object which the Government of New Zealand has in view is one which, if carried out, must be beneficial to the neighbouring Colonies, and its achievement can best be effected by the co-operation of those Colonies, aided by the Imperial Government. I have, therefore, been instructed to place the views and intentions of the New Zealand Government before you, and to enquire whether the Government of New South Wales will co-operate with them in the prosecution of an undertaking so important to both Colonies.

I am about to proceed to Great Britain, and am fully authorized to represent the New Zealand Government there upon the subject; if the New South Wales Government is prepared to move in the matter, I shall be happy to act in concert with any representative whom they may think fit similarly to authorize.

I have, &c.,

CROSBIE WARD.

The Honourable the Colonial Secretary,
&c., &c., &c.
Sydney.

No. 5.

Colonial Secretary's Office,
Sydney, New South Wales, 21st November, 1862.

SIR,—

I am directed by the Colonial Secretary to acknowledge the receipt of your letter of the 13th inst., stating that you are about to proceed to England, authorised to represent the Government of New Zealand in making arrangements for the establishment of Postal communication with Great Britain by way of Panama, in accordance with an Act of the Legislature of that Colony by which a sum not exceeding Thirty thousand pounds a-year, for five years, has been appropriated for the furtherance of this object, and that you have been instructed, in communicating the views and intentions of the New Zealand Government, to enquire whether the Government of New South Wales will co-operate with them in the prosecution of the undertaking.

2. Mr. Cowper desires me, in reply, to express the gratification which he feels in learning that the Government of New Zealand have now taken such decided steps for the establishment of a line of Postal Service by way of Panama, and to assure you that the Government of New South Wales are fully prepared to co-operate cordially with that of New Zealand in the efforts which are being made to accomplish what has so long been the anxious wish of the Government and Parliament of this Colony.

3. A communication will be made by the present mail to Edward Hamilton, Esquire, 5, Cannon Street, E.C., the Representative Agent for New South Wales resident in London, requesting him to act with you in this matter, under the authority of the Act of this Colony of the 22nd Victoria, No. 15 (2nd November, 1858), a copy of which is enclosed for your information.

4. I am further directed to transmit to you copies of the correspondence on the subject of the Postal Service between the Australian Colonies and the United Kingdom, which has at different times been printed for the local Parliament, and to state that the Colonial Secretary will be glad if by the co-operation of New South Wales with New Zealand, and the other neighbouring Colonies, additional means will be provided of intercourse with the Mother Country, and other parts of the world.

I have, &c.,

W. G. ELYARD,

Under Secretary.

The Honorable Crosbie Ward,
Postmaster General of New Zealand.

No. 6.

Melbourne, 25th November, 1862.

SIR,—

I have the honour to acknowledge your letter of the 21st instant, informing me that the Colonial Secretary of New South Wales would instruct the Representative Agent of that Colony to co-operate with me cordially in the efforts which I am instructed to make on behalf of the Colony of New Zealand for the accomplishment of a Mail Service to and from Great Britain by way of Panama.

In reply I have the honour to request that you will convey to the Colonial Secretary my thanks for the step which he is about to take, and to state that my best efforts will be given to assist Mr. Hamilton in the undertaking.

I have, &c.,

C. WARD.

The Under Secretary, &c.,
New South Wales.

No. 7.

Melbourne, 19th November, 1862.

SIR,—

I have the honor to inform you that by a recent Act of the Government of New Zealand a sum of £30,000 per annum has been granted, for five years, towards the maintainance of a Monthly Steam Mail Service to and from Great Britain *via* Panama, and the Government of that Colony has determined to co-operate with the Government of New South Wales in the task of organising such a service. In furtherance of this object I am about to proceed to Great Britain fully authorised to take such measures as may seem desirable to be taken on the part of the Colony of New Zealand.

Having reason to believe that the united exertions of the two Colonies named will be successful in establishing a Steam Postal Service *via* Panama, I do myself the honour to enquire whether the Government of the Colony of Victoria are prepared to join them in guaranteeing the necessary subsidy in the proportion of £50,000 by New South Wales and £30,000 by New Zealand; and if not whether they will agree to apply to the Colonial contribution towards the expense of this Service, when fixed, the same rule of apportionment as at present obtains with respect to the route *via* Point de Galle and Suez. I need scarcely point out that by the adoption of this rule the Colony will not be called upon to contribute except for and in proportion to any advantage gained, and that unless the rule be adopted much difficulty leading to confusion will probably attend the conveyance of any correspondence from or to the Colony of Victoria along the route in question.

I have, &c.,

CROSBIE WARD.

The Honourable the Chief Secretary,
Victoria.

No. 8.

Chief Secretary's Office,

Melbourne, 26th November, 1862.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 19th instant, informing me that the Government of New Zealand has determined to co-operate with the Government of New South Wales in the task of organizing a Steam Postal Service *via* Panama, and enquiring whether

the Government of Victoria are prepared to join in guaranteeing the necessary subsidy in the proportion of £50,000 by New South Wales and £30,000 by New Zealand; and if not, whether they will agree to apply to the Colonial contribution towards the expense of this line, when fixed, the same rule of apportionment as at present obtains with respect to the route *via* Point de Galle and Suez.

In reply, I have the honor to inform you that after having given your communication their consideration, the Government of this Colony are not prepared to join New South Wales and New Zealand in guaranteeing the necessary subsidy in the proportion of £50,000 by the former and £30,000 by the latter, which is understood to mean that Victoria should become responsible for, say, in round numbers, £142,000, this being the same proportion to £50,000 as the percentage paid by Victoria under present circumstances bears to the percentage paid by New South Wales.

With regard to the second enquiry, I have to state, that until the practicability of the Panama route is proved, and the facilities it would afford to the correspondence of this Colony are made apparent, this Government must decline to enter into any engagement on this subject, preferring, should the line be opened, to leave it to such of the public of Victoria as are desirous of availing themselves of the new Service to pay any additional postage the Governments of New South Wales and New Zealand may think proper to charge.

I have, &c.,

JOHN O'SHANNASSY.

The Honourable Crosbie Ward,
&c., &c., &c.

No. 9.

S. S. 'Madras,'
King George's Sound,
2nd December, 1862.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 26th November, which reached me on board this vessel as she was about to leave the Port of Melbourne. You do me the honor therein to inform me that the Government of Victoria are not prepared to join New South Wales and New Zealand in guaranteeing the necessary subsidy for the proposed Mail Service *via* Panama, in the proportion of £50,000 by New South Wales and £30,000 by New Zealand; and further, that until the practicability of the Panama route is proved, the Government must decline to enter into any engagement on the subject of a contribution in proportion to the correspondence carried for the Colony by that route.

In reply, I have the honor to state that the Government of New South Wales or that of New Zealand will probably communicate with your Government with a view to ascertain more exactly the conditions of co-operation referred to by you.

I have, &c.,

CROSBIE WARD.

The Honorable the Chief Secretary,
Victoria.

No. 10.

3, Adelaide Place,
King William Street, 5th March, 1863.

SIR,—

I have the honor to inform you that I have been instructed by the Government of New Zealand to represent that Colony in this country, and as such Representative to take measures, amongst other matters, for the establishment of a Steam Postal Communication between Great Britain and New Zealand by way of the isthmus of Panama.

His Grace the Duke of Newcastle has been informed of the authority under which I act, by a Despatch from His Excellency Sir George Grey, dated 31st October, 1862.

The Legislature of New Zealand has lately granted a sum not exceeding Thirty thousand pounds per annum for five years from 1st January, 1864, to be applied by way of subsidy for the construction and maintenance of a Monthly Steam Postal Service *via* Panama.

The Government of the Colony of New South Wales having at its disposal for the same object a grant formerly made by the Legislature of that Colony not exceeding Fifty thousand Pounds per annum, has expressed its desire to co-operate with the Government of New Zealand, and has authorised Mr. Edward Hamilton, the Representative of that Colony in this country, to act together with myself for the furtherance of the common object.

In proceeding to carry out the work with which we are charged, we desire to explain to Her Majesty's Government the principal facts which in the opinion of the Colonial Governments render the establishment of such a Postal line a matter of present importance, with the view of seeking the co-operation of Her Majesty's Government in the undertaking. I therefore beg most

respectfully to solicit for myself and Mr. Hamilton the honor of an interview with you for this purpose at such time and place as to yourself may be most convenient.

I have, &c.,

CROSBIE WARD.

The Right Honourable W. E. Gladstone,
Chancellor of the Exchequer.

No. 11.

3, Adelaide Place,
King William Street, 20th March, 1863.

SIR,—

In accordance with the desire expressed in Mr. Wortley's letter of the 9th instant, in reply to my request for an interview on the subject of the Panama Route to New Zealand and Australia, I now beg to enclose two printed copies of a statement showing the reasons why the Colony of New Zealand is anxious to obtain the establishment of a monthly Postal Service by that route, and the ground of my request for the co-operation of Her Majesty's Government in the present effort to improve the Postal communication between Great Britain and New Zealand.

Mr. Edward Hamilton, the Representative Agent of New South Wales, at the same time submits a separate statement, showing the chief reasons in favor of the route, founded upon more general considerations, in which I fully concur.

I therefore request that you will grant to Mr. Hamilton and myself the favor of an interview, that we may point out the steps which we desire to take, with the assistance of Her Majesty's Government in the matter.

I am, Sir, &c.,

CROSBIE WARD.

The Right Honourable
W. E. Gladstone.

No. 12.

3, Adelaide Place,
King William Street, 26th March, 1863.

SIR,—

I have the honor to inform you that, in conjunction with Mr. Edward Hamilton, the Representative Agent of New South Wales, I have asked for an interview with the Right Honorable the Chancellor of the Exchequer on the subject of the Colonial proposal for a mail service *viâ* Panama. In so doing I have laid before Mr. Gladstone a statement of the reasons which have moved the Colony of New Zealand to propose the undertaking, a copy of which I enclose, with a request that you will lay it before the Duke of Newcastle, and inform His Grace of the steps which are being taken in the matter.

I have, &c.,

CROSBIE WARD.

Sir F. Rogers, &c., &c.,
Colonial Office.

No. 13.

5, Cannon Street, E.C., 1st April, 1863.

MY LORD,—

We, the undersigned, being respectively authorised by the Governments of New South Wales and New Zealand to open negotiations with Her Majesty's Government for the establishment of a Monthly Steam Postal Service between Panama and Sydney *viâ* New Zealand, have the honor respectfully to request that your Lordship will be good enough to appoint a time for granting us a personal interview, at which we may inform your Lordship of the powers with which we are invested, and of the grounds on which the Governments of the abovenamed Colonies ask for the assistance of Her Majesty's Government.

We have, &c.,

EDWARD HAMILTON,
Representative Agent of New South Wales.
CROSBIE WARD,
Postmaster-General of New Zealand.

To Lord Stanley, of Alderley,
&c., &c.

No. 14.

3, Adelaide Place,
London Bridge, 19th April, 1863.

SIR,—

I have the honor to report that Mr. E. Hamilton and I were received by the Right Honourable the Lord Stanley of Alderley, Her Majesty's Postmaster-General, on Tuesday last, the 14th instant, and had the honor of a lengthened interview with his Lordship on the subject of the proposed Postal communication with New Zealand and Australia *via* Panama.

His Lordship entered minutely into the details of the proposal as laid before him in the printed papers previously submitted to Mr. Gladstone, copies of which I forwarded for your information by last mail.

We urged upon his Lordship the fact that a conditional promise had been given by the Imperial Government to establish the Panama Line of Packets; and we pointed out that the conditions then required are now substantially fulfilled in the increased subsidy guaranteed by the Colonies.

We further urged the serious injury done to New Zealand by the want of a speedy and reliable means of communication with the United Kingdom, and demonstrated the undue expense to which the Colony is subjected under the present arrangement.

His Lordship referred to the fact that the Colony of New South Wales would obtain no greater advantage, and the other Colonies of Australia less from the Panama Service in a Postal point of view, than is already derived from that *via* Suez; and argued that therefore the interests of the Australian group of Colonies as a whole demanded that the second service, if one should be constructed, should follow the same route as the present.

We replied, that the injury done to any other Colony by the adoption of the Panama Route would be trifling compared to that endured by New Zealand at present; and that a fair division of advantages would be arrived at only by the maintenance of both services.

Further, that the additional security of an alternative route in cases of interruption on one of them, and the communication to be opened with other fields of commerce, gave a decided advantage to the Panama line as a second monthly service.

His Lordship, after referring to matters of minor detail, stated that the question was chiefly one of finance, and as such to be dealt with by the Treasury.

I have further to report that the Chancellor of the Exchequer has not yet informed us on what day he will grant us an interview.

I have, &c.,

CROSBIE WARD.

The Honorable
the Colonial Secretary.
New Zealand.

No. 15.

Treasury Chambers, 7th May, 1863.

SIR,—

With reference to your letter of the 20th March last, addressed to the Chancellor of the Exchequer, on the subject of the proposal made by you on behalf of the New Zealand Government, and by Mr. E. Hamilton on behalf of the Government of New South Wales, namely, that Her Majesty's Government should co-operate with those Colonies in establishing a monthly mail to New Zealand and Australia *via* Panama, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you that my Lords are unable to assist in the establishment of such a line, owing to the expense which it would entail on this country under the proposals made by you and Mr. E. Hamilton.

I am, &c.

F. PEEL.

Crosbie Ward, Esq.,
3, Adelaide Place, London Bridge, E.C.

No. 16.

New Zealand Government Agency Offices,
3, Adelaide Place, London Bridge, E.C., 19th May, 1863.

SIR,—

I have the honor to enclose for your information, a copy of a letter * which I have received from the Secretary to the Treasury on the subject of the co-operation of Her Majesty's Government in the establishment of a Mail Service to New Zealand and Australia *via* Panama.

I am, &c.,

CROSBIE WARD.

The Honorable the Colonial Secretary,
Auckland.

(* No. 15 of these Papers.)

No. 17.

Office of the New Zealand Government Agency,
3, Adelaide Place, King William Street,
London, E.C., 23rd June, 1863.

SIR,—

I have the honor to report that, on Friday last, the 19th instant, a deputation, consisting of Mr. E. Hamilton, the Representative Agent of New South Wales, myself, as representing the Colony of New Zealand, several influential colonists, and a number of Members of Parliament, and other gentlemen variously interested in the establishment of a Steam Mail Communication with Australia and New Zealand, by way of Panama, had the honor of an interview with the Chancellor of the Exchequer, with the view of urging upon Her Majesty's Government the desirability of co-operating with the Colonies in the establishment of such a Service. Mr. Gladstone, who was accompanied by Mr. F. Peel, received us very courteously. Mr. Hamilton, speaking on behalf of the deputation, commenced by presenting a Memorial, a copy of which I forward herewith, numerously signed by bankers, merchants, and colonists in London and other parts of the United Kingdom, praying for the support of Her Majesty's Government to the proposed Service. Mr. Hamilton then referred to the importance of completing the chain of communication round the globe—to the desirability of opening up a channel for commerce and correspondence between the American Continent and the Australian Colonies—to the advantages of an alternative route between the United Kingdom and those Colonies—to the importance of the trade already existing with Australia—and the small expense to which Her Majesty's Government were put for the maintenance of the Postal Service with those Colonies, in proportion to that incurred in communicating with other countries commercially of less importance. He concluded by narrating the main facts connected with the movement for establishing the proposed Service since the year 1851, and pointed out that Her Majesty's Government had given, if not a pledge to establish the Service, at least a distinct intimation of their intention so to do, which had induced the Colonies of New South Wales and New Zealand to make preparations for satisfying the conditions required by Her Majesty's Government, and that these preparations had involved the setting apart of considerable sums of money, which it was fair to suppose had not been done without some difficulty.

On the part of New Zealand, I then proceeded to point out that as between a second or fortnightly Postal Service by way of Suez, and a monthly line by way of Panama, that Colony, from the delay of its Mails when carried by the former route, the great expense to which it is put in maintaining that route, the extent of its correspondence, and the increasing value of its trade, had a fair claim to be considered, and should, even though no other reason existed, cause a preference to be given to the latter route.

A Mail line by Panama would include in a four months' course of Post the great majority of the Australian Colonies; and where a preference would be given by it in point of time, this preference would fall to those Colonies which were worse served by the present route.

Lord Alfred Churchhill, M.P., referred to the large subsidies granted by the Colonies as evidencing their readiness to do all that could be asked of them on their own behalf.

Several gentlemen present expressed their view of the understanding between Her Majesty's Government and the Colonies as amounting to a pledge to establish the proposed Service on certain conditions, which had now been substantially fulfilled.

The Chancellor of the Exchequer observed that all questions of efficiency in postal communication were questions for the Post Office to consider. He could not enter into that branch of the subject, nor could any disputes between the Colonies themselves as to the comparative advantages gained by each be proper subjects for discussion at that time. In point of efficiency, as compared with probable cost, the Post Office reported against the Panama route; and though the Post Office was not the ultimate judge of the whole matter, its opinion must have very great weight as a ground of decision.

He could not see that that opinion had been refuted or successfully attacked. As to the pledge which it had been tried to fasten on the Government, it did not appear to be more than the expression of an intention on the part of the last Administration, by which he thought that even they themselves were not bound, and which at any rate was not binding on their successors. There was nothing more common than for one Administration to set aside the plans and intentions of their predecessors for good reasons. The present Government had found so great expense impending in the shape of contemplated subsidies on postal lines that when they came into office they referred the whole subject to a Select Committee of the House of Commons, which reported against the present proposal.

Mr. Hamilton said the subject had been referred to that Committee, and the Government had refused to take action until the Committee should report. But the Committee had made no report on the subject.

The Chancellor of the Exchequer further observed that the necessity for increased Postal Communication with Australia had not been proved. He could not take for granted that a necessity existed.

Mr. Hamilton remarked that proof could not be wanted in such a case further than that Her Majesty's Government had themselves determined that fortnightly communication was necessary with other distant parts of the world whose commerce was not greater than that of Australia.

The Chancellor of the Exchequer went on to remark that, if the Panama Service were to be

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.

That the present Australian Postal Service, which recur at intervals of a whole calendar month, is inadequate, and that thereby great loss is sustained by the public, whether from the retardation of intelligence, the delay of remittances, or the consequences of accident.

That a second monthly service will partially remove these evils, and ought to be immediately organized.

That a considerable trade is carried on between Australia and New Zealand on the one part, and the United States and South America on the other; that its further development is checked by the want of direct postal communication, and that the United Kingdom, as the focus to which the transactions of trade ultimately converge, would be greatly benefitted thereby.

That the trade of New Zealand for 1862 exceeded Seven millions sterling, and that it is increasing more rapidly than that of any of the Australian Colonies.

That by the Eastern Route this Colony is excluded from the course of the Australian Post, for the return mail leaves Sydney, the terminus of the line, eight days after the contract time of arrival, and the double voyage between Sydney and Auckland cannot be performed in less than ten days.

That by a Service averaging ten knots an hour from Panama across the Pacific, New Zealand would be brought within forty-eight days, Sydney within fifty-four days, and Melbourne (by means of a distinct branch starting from New Zealand) within fifty-five days of Southampton.

That it is the opinion of practical men, that in the Pacific Ocean vessels of moderate horse power (say 1:6) will give the required average speed of ten knots per hour, and that an annual subsidy of £150,000 a year will support the Service, including the special branch between New Zealand and Melbourne.

That more than one half of the subsidy is guaranteed by act of appropriation, viz. :—£50,000 a year by the Parliament of New South Wales, and £30,000 a year by the Legislature of New Zealand.

That the establishment of a Postal Service via Panama, was recommended twelve years ago by a Committee of the House of Commons.

That Her Majesty's Government has at various times announced its intention of carrying that recommendation into effect; that in the year 1859 the Treasury deliberately and expressly acknowledged that the Service ought to be forthwith organized,—that it communicated to the Government of New South Wales the conditions under which its acquiescence and support would be accorded, and that the fulfilment of these conditions entitles that Colony to claim the performance of the engagement entered into.

That the relative importance of the Eastern Colonies, as measured by correspondence, commerce, and population, has been steadily progressive, and that as the Service *via* Suez is most favourable to the Southern Colonies, the interests of the other Colonies ought to determine the route of the second Service.

That Sydney is the only Australian Port at which large Ocean Steamers can be docked and repaired, and that consequently it must practically be the terminus of the Trunk Line, both on the Eastern and on the Western Route.

5, Cannon-street, London, E.C.,

9th June, 1863.

[Here follow 97 signatures.]

No. 18.

Inter-Colonial Royal Mail Steam Packet Company, Limited,

Offices, 41, Moorgate Street, London, E.C., July 8th, 1863.

MY DEAR SIR,—

Absence from Town has prevented my acknowledging the receipt of your esteemed favour of the 25th ult., ere this.

The Company will be quite prepared to undertake the entire Mail Service of the Colony, and the Directors, I feel sure, will be glad to do all they possibly can towards arranging a solid contract for that purpose.

They have been hoping all along that the Government would not adopt the very unusual course of terminating the Contract before the expiration of the full term of 10 years—in fact, its continuance for that period has always been regarded as a matter of certainty.

If, however, it is thought desirable, with a view to avoid unnecessary complication, and in order to place the service on a more satisfactory footing, to put an end to the original contract in November, 1865, and to make an entirely new one, I doubt not that the Directors would readily acquiesce in that course.

Captain V. Hall has already been written to on the subject, and I hope we shall be able to come to some definite understanding before you return to New Zealand.

I assume that it would not be necessary for us to wait until November, 1865, before commencing the Melbourne and Otago Line; but that the Government would allow us to take it up some time next year, as I believe the Contract with Messrs. McMeckan, Blackwood, and Co., can be terminated in June, 1864.

It may, perhaps, not be altogether out of place for me to mention that, although the Company has now been in operation nearly five years, the expectations originally formed as to the

remunerative nature of the Contract, and the New Zealand trade generally, have not yet been realized.

The nett profit on the working, including all sums appropriated for dividends, and written off for depreciation, &c., have been considerably less than a third of the subsidies—that is to say, more than two-thirds of the aggregate subsidy have been spent in carrying on the service, in addition to the receipts for freight and passage money.

I state this in order to show that the Company has not yet reaped that moderate degree of success which might reasonably have been expected to result from an undertaking in which a large amount of capital has been invested, and which certainly has been very beneficial to the Colony.

I feel justified, however, in regarding your letter as an evidence of your friendly appreciation of the position of the Company, and an earnest of a continuance of an interest you take in its prosperity.

I hope we may meet with equal consideration from the Government of New Zealand, and that they will give the Company liberal and firm support.

I have, &c.,

JAS. WORLEY.

The Honourable Crosbie Ward, Esq.

No. 19.

London, 15th August, 1863.

SIR,—

Referring to previous correspondence on the subject of the establishment of a Mail Service between Great Britain, New Zealand, and Australia, by way of Panama, in the course of which the Lords Commissioners of Her Majesty's Treasury express an unwillingness to co-operate with the Colonies of New South Wales and New Zealand in establishing such a service, in consequence of the expense which would be entailed thereby upon this country, I have now the honour to acquaint you, for their Lordships' information, that proposals have been made to perform the service required for a subsidy which it may be within the power of the Government of New Zealand alone to guarantee.

Before definitely accepting the proposals referred to, I do myself the honour to submit for their Lordships' consideration, whether it might not be advisable for the public service that the negotiations of the service should be entered into, and the Contract effected, by Her Majesty's Postmaster-General, the guarantee of the Colony being taken for the payment of the whole subsidy.

I would further submit that an arrangement should be come to in case of a satisfactory Contract being made for carrying out the service, whether through the Imperial Post Office, or otherwise, but at the sole cost of New Zealand, for the purpose of fixing the rates of Postage and apportioning between the two countries the postages received in the United Kingdom on correspondence conveyed by the packets in question. The principle of such apportionment has, I am aware from minutes of their Lordships, which have been made public, already received consideration, and requires merely to be applied to the present case.

I have to request that you will draw their Lordships' attention to the questions which I have raised, at as early a period as may be convenient, in order that the arrangements for the service may be proceeded with, with as little delay as possible.

I have, &c.,

CROSBIE WARD.

The Right Honourable F. Peel,

&c. &c. &c.

Treasury Chambers, Whitehall.

No. 20.

London, 28th August, 1863.

SIR,—

I had the honor on the 15th instant to address to the Secretary of the Treasury a letter informing him, that proposals had been made to me for the establishment of a Postal Service between Great Britain and New Zealand by way of Panama, for a subsidy which it might be within the power of the Colony alone to guarantee, and requesting that the Lords Commissioners of Her Majesty's Treasury would consider whether or not it would be desirable for the public Service that a Contract on the basis of such proposals should be entered into by the Imperial Post Office, upon the guarantee of the Colony; and also suggesting that in any case an arrangement should be come to without delay, for apportioning the gross postages receivable in this country upon correspondence forwarded hence to the Australian Colonies and New Zealand, by the route in question. As the subject will doubtless be brought before the Right Honorable the Postmaster-General, I do myself the honor of drawing your attention to some considerations affecting it, which appear to me of importance.

The correspondence passing between this country and the Australian Colonies by the route in question will probably be conveyed most expeditiously from Great Britain to the Isthmus of Panama, by the West Indian Royal Mail Packets; though an alternative route may possibly be made use of. The Mails will cross the Isthmus of Panama by the Railway now in operation, and will be forwarded from Panama to New Zealand and Australia by the Packets which it is proposed to run under contract with the Government of New Zealand.

Between Great Britain and the Eastern side of the Isthmus, therefore, the outward and homeward correspondence may be conveyed by packets under contract with Her Majesty's Government. Should this route appear to the Postmaster-General to be the best adapted for the purpose, I have to request that it may be adopted accordingly for the conveyance of the through Mails to and from the Australian Colonies over this portion of the whole line.

With regard to the apportionment of the gross postages receivable in this country, I understand the rule to be finally settled that the Inland Postage of One Penny per single letter is charged upon the correspondence both ways, and carried to the credit of the United Kingdom; or for the sake of simplicity, a double rate of twopence per single letter is so credited upon the outward correspondence only. Assuming, then, the same regulations and rates of postage to be applicable so far as may be, to the correspondence conveyed by the proposed as by the existing route, the question which I have raised becomes one respecting the apportionment of the sea-postage, or two-thirds of the gross postage pre-paid in the United Kingdom on the correspondence addressed to be conveyed to the Australian Colonies by the route in question.

I have to submit that under the peculiar circumstances of the present case, the sea-postage, whatever it may amount to, should be wholly credited to the Colony, on the following grounds:—

The Colony of New Zealand has been and is labouring under serious disadvantages in respect of its communication with the United Kingdom by the route and service at present in operation, and has made great exertions, and is willing to incur considerable expense, for the purpose of removing those disadvantages by the construction of a more direct and speedy Mail Service *via* Panama. The construction of such a service must be not only of local, but also of very general benefit, and particularly so to the United Kingdom, for which reason the Colonial Government invited Her Majesty's Government to join them in granting a sufficient subsidy for the purpose.

Her Majesty's Government have declined for the present to co-operate in the manner pointed out, on account of the expense which would be entailed upon this country by so doing. But I am assured that the advantage to be derived from the proposed service is so fully recognized by the Government, that assistance of every kind, excepting only by the grant of a subsidy, may be calculated upon with certainty.

The Mails to be conveyed on the proposed route by Her Majesty's Contract Packets will be inconsiderable in bulk as compared with the whole Australian or West Indian Mails, and will therefore add little, if anything, to the trouble of conveyance. And as by the terms of the Contract, the addition of these Mails to those already carried by the West India Royal Mail line, can cause no increase in the subsidy payable to the contractors, it is submitted that this country will be put to no fresh outlay whatever by the proposed arrangement. On the other hand, should any portion of the sea-postage collected on letters sent by the route in question be paid over to the Imperial Treasury, this country will absolutely derive a profit from the outlay of the Colony on the Pacific portion of the line. This result is clearly not one which Her Majesty's Government would desire to bring about.

I have to observe further, that by the same Contract Packets, mails are conveyed to other colonies and foreign countries without their being required to repay any portion of the subsidy; and it cannot be suggested that the Australian Colonies ought to be placed at a disadvantage as compared with those countries.

I submit, therefore, that looking to the manifest Postal disadvantages from which it is sought to relieve the Colony of New Zealand, to the many advantages which will accrue from the proposed Service to the commerce of Great Britain and many of her Colonies, and to the appreciable importance of the undertaking towards the varied interests of a great portion of the world, and also recognizing the spirit and vigour manifested by New Zealand in the matter, it will not be unworthy of Her Majesty's Government to assist the enterprize, not only in the way now requested, but also by facilitating the construction and maintenance of the Service by every means in their power, and I have to request that the Right Honorable the Postmaster-General will be pleased to recommend that the proper steps be taken accordingly.

I have, &c.,
CROSBIE WARD.

The Secretary of the General Post Office,
St. Martin's-le-Grand.

No. 21.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., August 28th, 1863.

DEAR SIR,—

As I have reason to believe the I. R. M. Company will be able to make an offer for the Panama Service which will be more acceptable to the Colonists than the one you now have under

consideration, I am induced to ask you to allow time for Mr. Wilson and myself to lay the matter before the Directors with a view to sending in a tender.

When the 'Otago' arrives out, we shall have three spare vessels, and I am strongly of opinion that we could very well commence the Panama line with the 'Otago,' 'Auckland,' and 'Claud Hamilton,' running them to and from Wellington in correspondence with the 'Prince Alfred.' I feel sure the 'Otago' could perform the voyage from Wellington to Panama *easily* in twenty-three or twenty-four days, and the 'Auckland' in twenty-five or twenty-six days. At an average speed of nine knots an hour, the distance could be traversed in twenty-five days, and if the 'Auckland' averaged nine knots from Portsmouth to St. Vincent with an unusually heavy cargo, and the engines working expansively, and light variable winds, there can be no doubt that under ordinary circumstances her performances would not be less satisfactory in the Pacific.

My argument is this—that if the 'Phoebe,' a vessel of only 650 tons and 120 horse-power, was found big enough to carry on the Cape Mail Service for a series of years, a vessel of 800 tons and horse-power, and able to carry sufficient coals, would be large enough for a service of less distance, so long as there was sufficient passenger accommodation.

We could purchase a very good second-hand boat as a reserve for the present Services, and undertake to build two vessels, say, of 1,200 tons and 250 horse-power, for employment on the Panama line when the traffic was more developed.

A subsidy not exceeding £60,000 a-year would satisfy us, and it would not, I think, be too much, as the mileage rate would be but little in excess of what we are now receiving, whereas the working expenses would be far more than those of our present Service.

Assuming that you still recognize the principle of giving this Company a preference on certain conditions,

I have, &c.,

JAS. WORLEY.

The Honourable Crosbie Ward, Esq.

No. 22.

London, 2nd September, 1863.

SIR,—

I have the honor to inform you that arrangements are now in progress and likely to be brought to an early and satisfactory conclusion for constructing and maintaining a monthly Steam Postal Communication between Great Britain and New Zealand by way of Panama at an expense which it will be within the power of the Colony alone to guarantee. Her Majesty's Government having declined to grant a portion of the subsidy on account of the expense which would be entailed thereby upon this country, I do myself the honor to bring before your notice some points in which the Colony desires the assistance of the Government in a manner which will not entail any addition to present expenditure.

In the first place, it may be thought desirable for the public service that the further negotiation and execution of the Contract on the basis of the arrangements already made should be taken up by Her Majesty's Post Office, the payment of the subsidy required being guaranteed by the Colony. Should such a course be preferred, I am willing on behalf of the Colony to adopt it. But in any case I venture to request that the material assistance which the knowledge and experience of Her Majesty's Postal Officers can afford may be rendered to me.

Secondly: The Lords Commissioners of Her Majesty's Treasury having determined that in any case such as the present, a portion of the gross postages receivable in this country on letters addressed to go by the route in question should be credited to the colony or country at whose charge the service is performed, I have to request that that portion be fixed in the present case at the whole of the sea postage, leaving the rate of twopence on each half-ounce letter of the outward correspondence to be credited to the United Kingdom as the charge for the inland conveyance of both outward and homeward Mails according to a rule already laid down. The request now preferred is equivalent to one for the free carriage of the New Zealand Mails between this country and the Isthmus of Panama, and is made on the ground that the conveyance of such Mails in addition to those already carried by the Contract Mail Packets will entail no additional expense on the Imperial Treasury, either by way of subsidy or otherwise, while, if any charge at all be made for such conveyance the United Kingdom will to that extent derive a revenue from the expenditure of the Colony.

Thirdly: Her Majesty's Government having undertaken to contribute a sum of £13,000 per annum for five years yet to run, for the conveyance of Mails between the two countries on the Branch Service to and from New Zealand and Sydney, I submit that on the establishment of an efficient Service by way of Panama, the Branch Service in question will become of minor importance; and that in case of the Government of New Zealand permitting the Contract to lapse, the subsidy may be devoted to accomplishing the same object by being applied to reduce the subsidy payable by the Colony between New Zealand and Panama.

Further: I would request the assistance of Her Majesty's Government in securing the best possible terms for the conveyance of mails, passengers, and valuable cargo in transit between this country and New Zealand across the isthmus of Panama, by arrangements to be made both with the Government of New Granada and with the proprietors of the Railway now in operation there.

I have already addressed to the Secretary of the Treasury letters raising the questions which

are above detailed, and specifically requesting assistance and co-operation in the large enterprize which the Colony of New Zealand is undertaking. And I do myself the honour of laying the whole subject before you for the information of His Grace the Duke of Newcastle, and for the purpose of seeking His Grace's advice and assistance in recommending that the necessary steps be taken for aiding the exertions and fulfilling the desires of the Government and people of the Colony.

I have, &c.,

CROSBIE WARD.

The Under Secretary of State for the Colonies,
Colonial Office, Downing Street.

No. 23.

Downing Street, 12th September, 1863.

SIR,—

I am directed by the Duke of Newcastle to acknowledge the receipt of your letter of the 2nd inst., in which you state that the New Zealand Government are now engaged in making arrangements for the formation of Monthly Steam Postal Communication, *via* Panama, between this country and the Colony.

I am to acquaint you, in reply, that His Grace has expressed to the Lords Commissioners of the Treasury his wish that you may receive every assistance which Her Majesty's Government can properly give in carrying out what appears to His Grace to be a very useful project.

I have, &c.,

FREDERICK ROGERS.

Crosbie Ward, Esq.

No. 24.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41 Moorgate Street.

London, E.C., September 9th, 1863.

MY DEAR SIR,—

Your esteemed favour of the 7th instant is to hand.

The next meeting of the Board will take place on Friday the 18th, and they will then go fully into the whole question of the Panama line, and on the following Tuesday and Wednesday there will be a *special* meeting to come to a *final* decision, which will be communicated to you without a moment's delay.

The apprehension that if the service is undertaken by other parties, our interests may materially suffer, has all along stimulated my anxiety that the I. R. M. Company should endeavour to secure the contract. You will doubtless remember that very shortly after your arrival in this country, I threw out the suggestion that in the event of the Home Government refusing to give the required assistance, and your being unable to establish a Special Service for the entire distance, we might arrange to run some of our boats between New Zealand and Panama. Such being the case, I think we may be regarded as the first in the field, and therefore I feel sure the claims of the I. R. M. Company will receive due consideration at your hands.

The impression conveyed to my mind from our conversation the other day, was that if the Board made a formal offer on terms similar to those sketched out in my letter, there was every probability that it would be accepted, if all the details could be satisfactorily adjusted.

I feel more than ever convinced that the 'P. Alfred,' 'Auckland' and 'Otago' could do the work well, and there would be no difficulty in providing bigger boats the moment the traffic became developed.

May I ask whether you propose making a contract in conjunction with Mr Hamilton, or intend the New Zealand Government in the first instance to undertake the payment of the entire subsidy?

I believe you said you would be in town again about the middle of next week. I should much like to work out with you all the various details before laying the matter before the Board, if possible.

I have, &c.,

JAMES WORLEY.

The Honourable Crosbie Ward, Esq.

P.S.—I don't see what there would be to prevent our commencing the Service in February or March.

J. W.

FURTHER PAPERS RELATIVE TO THE

No. 25.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., September 18th, 1863.

MY DEAR SIR,—

At the Board Meeting held to-day, a resolution was agreed to substantially confirming the informal offer contained in my letter of the 28th ultimo, in reference to the Panama line; so that in order to arrange an absolute contract it only remains for all the details to be satisfactorily settled. Hoping to see you before the next mail goes out,

I am, &c.,

JAS. WORLEY.

The Honourable Crosbie Ward, Esq.

P.S.—I presume you received in due course my letter of the 9th instant, in answer to yours of the 7th.

J. W.

No. 26.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., September 23rd, 1863.

MY DEAR SIR,—

I have the pleasure to acknowledge the due receipt of your letter of the 19th instant. I am authorised to inform you, in reply, that the Directors, at the special meeting held this day, finally decided to confirm the offer suggested by me relative to the Panama line. They have already commenced making arrangements for procuring the requisite capital, for the purpose of providing the additional vessels required, and it is their intention to give the order for them immediately the formal contract is settled, so as to be able to commence the service with the least possible delay, and in such a manner as shall be thoroughly satisfactory to all parties.

We should give you the 'Otago,' and 'Auckland' or 'Claud Hamilton,' as a reserve, and two new vessels of 1,400 tons B. M., and 250 H. P., guaranteed to go 12 knots on trial.

I have no wish to disparage the fleet of the E. I. and L. Shipping Company; but I feel sure the vessels we propose to supply would perform the service in less time and with greater regularity than theirs.

The Directors will be glad to have an early intimation as to whether you are prepared to close with us, and to know when you are likely to be in London again.

I have, &c.,

JAS. WORLEY.

P.S.—Eventually we should furnish two more large boats.

J. W.

The Honourable Crosbie Ward, Esq.

Captain Vine Hall states in his last letter that he had arranged for the extension of the Cook's Straits line to Otago, the Government agreeing to give us an addition of £800 a-year.

He also reports that the 'Auckland' left Sydney for Auckland on the 18th July, with the mails.

J. W.

No. 27.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., October 3, 1863.

1. The Company propose, for a subsidy of £66,000 per annum for five years, to undertake the performance of a monthly mail service each way between Sydney, Wellington, and Panama.

2. To provide 4 vessels, say, the 'Auckland' (800 tons B. M. and 150 H. P.) and 3 of about 1,400 tons and 250 H. P., guaranteed to go 12 knots per hour on trial.

3. To perform the service in 28 days from Wellington to Panama, and in say 36 days from Sydney to Panama.

4. To commence the service in August, 1864.

5. It is understood that all the Inter-Provincial services required by the New Zealand Government are to be given to the Company, at a mileage rate not much less than that received for the present services, and that the Company consent to the termination of the original contract with the Admiralty in November, 1864.

CLAUD HAMILTON,
Chairman.

No. 28.

Oriental Inland Steam Company (Limited),
9, Billiter Street, London, E.C.,
3rd October 1863.

MY DEAR SIR,—

Circumstances have arisen since Lord C. Hamilton despatched the proposition relative to Panama service to you which render it necessary for me to ask the favour of your postponing the consideration of it officially until there has been time for the Board as a whole to consider it more formally. This need not delay the matter many days. I am exceedingly sorry to give you this inconvenience.

I have, &c.,
ROBERT WILSON.

Crosbie Ward, Esq.,
Postmaster-General of New Zealand,
&c., &c., &c.

No. 29.

London, 5th October, 1863.

SIR,—

I had the honour to address you on the 15th August last, submitting for the consideration of the Lords of the Treasury certain questions relating to the construction of a Mail Service between the United Kingdom and New Zealand by way of Panama, which is about to be undertaken by the Colony.

The negotiations with the intending Contractors are now nearly complete, but before proceeding further, I am very desirous to obtain the decision of their Lordships on the points submitted, and shall therefore be much obliged for as early a reply to my letter as may be possible.

I have, &c.,
CROSBIE WARD.

The Right Honourable F. Peel, M.P.,
&c., &c., &c.,
Treasury, Whitehall.

No. 30.

Inter-Colonial R. M. Steam Packet Company (Limited).
Offices, 41, Moorgate Street,
London, E.C., October 6, 1863.

MY DEAR SIR,—

The error in the distance having entirely disconcerted all our calculations, I fear we shall not be able to do anything more in the matter until the next Board meeting, appointed for Friday the 16th instant, when the whole question will be gone into.

The aspect of the affair is certainly very much changed in other respects also, as the Board had no idea that we should be expected to give up all our present subsidies, and to accept greatly reduced rates all round, in one case (the Auckland line), even less than half.

I think the Board will hardly be prepared to agree to the terms proposed, as a subsidy of £87,000 a year would be too little for all the services; and seeing the P. and O. Company give merely a nine or nine and a half knot service over a distance of 5,400 knots for £134,600 a-year, it would not be prudent for us to undertake a ten knot service, where the distance is 2,200 miles greater, for a subsidy barely half that amount.

It was understood that the new rate for the Inter-Provincial Services would not be much less than the present average rate, which is about seven shillings and sixpence per mile; but five shillings per mile, is thirty per cent. less.

I have taken a copy of the outline of proposed new Contract, and therefore return the original as desired.

I have, &c.,
JAMES WORLEY.

The Honble. Crosbie Ward, Esq.

No. 31.

Oriental Inland Steam Company (Limited),
9, Billiter Street, London, E.C.,
12th October, 1863.

MY DEAR SIR,—

I regret extremely that it was not in my power to write before 4 P.M. on Saturday, as I had hoped to have done, a diversity of pressing occupation hindering me.

In accordance with your wish, I now set down the main features of the terms on which it is my intention to recommend the Directors of the Inter-Colonial Company to tender for the Panama Service, which tender, in its general shape, will be submitted to you without delay, after the meeting of the Board on Friday next.

1. Though the Subsidy be divided the service to be between Sydney and Panama as the termini, the time occupied being 30 days to Wellington, and 37 days (if it is necessary to specify this) to Sydney. As the distance between Panama and Wellington is 6,514 knots, and it would require 30 days, at 9 knots average steaming, to accomplish 6,480 knots, the Company could not undertake, with any reasonable hope of success, to perform the distance in less than 30 days, though, of course, it would be its interest to endeavour to do so.

The price of coal at Sydney renders it necessary to stipulate for this Port as a terminus, the saving in the working expenses of each voyage by this being an important item in the estimate of possible profit or loss.

2. The amount of subsidy to be £70,000 per annum for twelve voyages between Wellington and Panama, and twelve voyages between Panama and Wellington, with an additional £6,000 a year for the same number of voyages each way between Wellington and Sydney.

3. The Contract to be for seven years, terminable at that time by notice of one year, and to be carried out by Vessels of not less than 1,000 tons burden, and 250 horse-power.

4. If, at the expiry of three years, the Government of New Zealand should require the employment of vessels of larger dimensions than 1,000 tons, then that a new Contract shall be entered into between the Inter-Colonial Company and the Government, for a further term of seven years, at an increase of subsidy to be agreed upon.

5. The present Inter-Provincial Services, and any additional Inter-Provincial Services, which may be required before the commencement of engagements under the new Contract, are to be continued after the commencement under the new Contract at a mileage rate of six shillings per mile; and that all further increase in such Inter-Provincial Services, during the period of the Contract, shall be offered to the Inter-Colonial Company at the same rate.

6. The Company shall commence the Panama Service with two of its existing vessels, if necessary, in November, 1864, and shall undertake to have three new Steamers ready to be placed on the Service by the 1st January, 1865.

7. That the penalties shall consist of £100 per day for delay after Contract time, and that the Company shall receive a premium of £200 a day when its vessels shall be in advance of it.

I think I have omitted no point of main importance, though there are many subsidiary ones which would require to be discussed and agreed upon, but the foregoing being offered upon one side and accepted on the other, I do not think any serious disagreement upon details could arise.

I have, &c.,

ROBERT WILSON.

The Honourable Crosbie Ward,
Postmaster-General, New Zealand,
&c. &c.

No. 32.

London, 12th October, 1863.

MR DEAR SIR,

Your letter of to-day has just reached me. Fortunately, there is still time to consider your offer, and I am in hopes that I may contrive to leave the matter open for this week. I reply to your letter paragraph by paragraph, noting only what there is any doubt about.

1. 30 days is a great falling off from previous offers, and may make all the difference in getting a subsidy from New South Wales. I have myself no doubt that you will be able to accomplish the distance within the shorter time; but if you are afraid to undertake it, I will give way, deeming the concession a most important one.

2. No observation.

3. I *cannot* make a Contract for more than five years certain. Vessels of 1,000 tons burden are smaller than were proposed—say, 1,100 tons gross register, or 1,400 tons builders' measurement.

4. Not of much importance.

5. I make the present inter-provincial subsidy in round figures £1,250 for 3780 miles per month, or a shade under 6s. 8d. per mile. I am of opinion that a contract for five years from the present time, and extended to three boats, should not exceed 5s. per mile, on these services, especially as a monopoly is asked for.

6. It would be, I think, bad policy to commence with inferior boats. Better wait till the large ones are ready, even a month or two longer, that they may commence the service.

7. I will go so far as to equalise the bonus and the penalty at £100 per diem. The usual rule is to make the former one-fourth or one-sixth of the latter. But this is a case for special encouragement.

Referring back to No. 5, if the Company do not wish to give way, I am ready to leave these services just as they are, each party being bound by the letter of existing agreements, with liberty to make other arrangements by consent—that is, I will take a simple offer for the Panama service.

At latest, we must decide one way or other by noon on Saturday. I shall hope to hear from your Secretary before that time.

I have, &c.

CROSBIE WARD.

Robert Wilson, Esqr., Director I.C.R.M. Company,
41 Moorgate Street, E.C.

No. 33.

Oriental Inland Steam Company,
9. Billiter Street, London, E.C.,
14th October, 1863.

MY DEAR SIR,—

I am greatly obliged by your letter received yesterday. I am much afraid that clause 5 may introduce obstacles, because I have a strong conviction of the probability that profit in the working of the direct Panama service cannot be looked for at the outset of the undertaking. It is therefore essential, in my judgment, that the Company should be protected from the contingency of incurring serious loss on that line by such arrangements in regard to the inter-provincial services as would promise to break the force of such possible loss. On this account it is that I have pressed for a monopoly of inter-provincial services, and a mileage rate of 6s.

Again, as Wellington is much out of the course to Sydney, would it not facilitate negotiations with Sydney and Queensland, as it would certainly facilitate communication with those colonies, if a northern port—as Auckland, or Port Fitzroy, in the Great Barrier Island—were substituted for Wellington as the point at which the mails would be distributed by means of the inter-provincial steamers to the various Provinces of New Zealand. This arrangement would bring Sydney probably two days nearer Panama, and would give sufficient time, I imagine, for the return mails from the southern ports to meet the returning steamer.

Practical men have remarked to me upon the greater inducement this would offer to the New South Wales and Queensland passengers to use the Panama route, amongst other reasons because it would relieve them from the rough weather and risks of the Cook's Straits passage. Will you kindly consider this point, and let me have a line if possible before Friday on it?

I am, &c.

ROBERT WILSON.

The Hon. Crosbie Ward,
Postmaster-General of New Zealand,
&c. &c.

No. 34.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41 Moorgate Street, London, E.C., October 16th, 1863.

SIR,—

With reference to the preliminary negotiations that have taken place respecting the proposed establishment by this Company of a Mail Service between Sydney, New Zealand, and Panama, and the re-adjustment of the present Mail Services performed by the Company, I have now the honour to inform you that the Board of Directors are prepared on the part of the Company to enter into a new contract embracing the performance of a monthly Mail Service between Sydney, New Zealand, and Panama, and *vice versa*; the continuance of the existing line between Sydney and Auckland, and the performance of the present and any additional inter-provincial services that may be required by the Government, on the following terms and conditions:—

1st. The new contract to take effect from the 1st January 1865, and to continue in force for five years from that period.

2nd—*Panama Service.*

1st. The Company to receive a subsidy of seventy-six thousand pounds (£76,000) per annum for twelve voyages a-year, between Sydney, Wellington, and Panama, and twelve voyages *vice versa*.

2nd. The Company to be allowed 30 days for the passage between Wellington and Panama, and 7 days for the passage between Wellington and Sydney.

3rd. The Company to provide three vessels of not less than 1250 tons builders' measurement, and 250 horse-power nominal, by the 1st January, 1865, and within twelve months from that time to supply a fourth steamer of similar capacity.

4th. If at the expiry of two or three years the Government should require the employment of vessels of larger dimensions than those specified above, then that a new contract shall be entered into by the Government with the Company for a further term of seven years, at an increased rate of subsidy, to be agreed upon.

5th. That the boats to be employed shall each be fitted with a Post Office sorting room, with easy access to mail room, and shall carry a Post Office clerk and sorter, free of charge.

6th. The Company to carry all European and Colonial mails that may be put on board by Her Majesty's Postmaster-General, or the Postmaster-General of New Zealand and New South Wales.

7th. The Company to pay a penalty of one hundred pounds (£100) per diem for delay in arrival after contract time, subject to the exceptions stated in original contract, and to be paid a bonus of one hundred pounds (£100) per diem, for each day under the contract time.

8th. Passenger fares between New Zealand and Panama not to exceed £60 for Chief Cabin, and £30 for Second Cabin.

9th. The service to commence from Sydney on the first day of January, 1865, and from Panama the tenth day of February, half the subsidy commencing from the former day, and the full amount from the 1st February.

3rd—Sydney and Auckland Line.

1st. The Company to receive a yearly subsidy of nine thousand pounds (£9000) for a monthly service each way between Sydney and Auckland.

2nd. The Company to be allowed the same time as at present for the performance of this service, and to be at liberty to employ the 'Claud Hamilton' on the line.

3rd. The subsidy being reduced from £13,000 per annum to £9000, the penalties in connection with this service to be reduced from £100 per diem to £50.

4th—Inter-Provincial Services.

1st. The Company to be paid a subsidy at the rate of not less than five shillings per statute mile, say £5000 per annum for each service, provided the distance to be traversed does not exceed 1666 miles monthly.

2nd. The Company's vessels to be employed on not fewer than three inter-provincial services, and the Company to have the option of taking up any other coast lines that may be required by the Government at the same rate.

3rd. The Company's vessels to call at all ports now visited by them, and at any others as may be requisite.

4th. The Company to be allowed the same time as at present for the performance of the said services.

5th. Penalties to be at the rate of £50 per diem; but the aggregate is not to exceed the amount of subsidy receivable for the particular service in respect of which default may have been made.

6th. If Auckland be selected as the Port of call for vessels employed on the Panama line, instead of Wellington, the Company will consent to the discontinuance of the present service between Sydney and Auckland, provided the existing line between Sydney, Otago, and intermediate ports is maintained at the present subsidy.

7th. All the present vessels of the Company to be accepted for employment in the Mail Service provided they are from time to time furnished with certificates from the Steam Navigation Board at Sydney.

8th. All existing contracts to continue in operation until the 1st January, 1865, when they are to be cancelled; and 9th, the Company to give a bond for eight thousand pounds (£8000) for due performance of proposed new contract, in lieu of the present bond for £4000.

The Directors were induced to regard the continuance of the original contract for the full term of ten years as a matter of certainty, and assumed that the New Zealand Government would not, without great reason, determine the contract at the expiration of the first seven years.

If, however, the Government had decided to adopt the latter course, the Company, by consenting to the abandonment of the said contract on the 1st January 1865, instead of from the 1st November 1865, virtually relinquishes more than £6000.

Such being the case, the directors consider the terms now offered are both reasonable as regards the Company and liberal towards the New Zealand Government.

I have further to observe that the Board are of opinion that five years is an insufficient term for so important a contract; but are willing to agree to it, in consequence of your having stated that it is not in your power to stipulate for a longer period.

The Directors, however, in tendering for a five years' service, would respectfully press upon your attention the desirableness of your obtaining on your return to New Zealand a Legislative enactment for the extension of the contract for at least three years from 1870.

I have, &c.,
CLAUD HAMILTON,
Chairman.

The Honourable Crosbie Ward, Esq., Postmaster-General of New Zealand.

No. 35.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., October 20th, 1863.

MY DEAR SIR,—

In answer to your favour received this morning, unless you would agree to give 6s. a-mile, instead of only 5s. for the Inter-Provincial Services, I do not see how the stipulation in reference to the Auckland line can be withdrawn.

Mr. Wilson and Captain Hamilton, whom I have just consulted on the subject, and myself, will, however, take upon ourselves to consent to the clause relating to the 'Claud Hamilton' being expunged, if the concession will induce you to settle the matter without further negotiation. £9,000 a-year is little enough for the Auckland line, particularly if worked with expensive Boats like the 'Prince Alfred,' 'Auckland,' and 'Otago.'

I have, &c.,
JAS. WORLEY.

The Hon. Crosbie Ward, Esq.,
&c., &c.

No. 36.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., October 23rd, 1863.

MY DEAR SIR,—

In reply to your esteemed favour of the 21st inst., and in reference to the conversations held between us, and between yourself and Mr. Wilson, which were communicated to the Board at their meeting to-day, I have to state that as you were not prepared to promise the acceptance of our tender, if the condition relative to the Sydney and Auckland Service were withdrawn, the Directors have deemed it inexpedient to make any modification on this point, beyond expunging the clause respecting the 'Claud Hamilton.' But had the suggestion made by you been put in such a form, that compliance therewith on the part of the Board would have brought our lengthened negotiations to a satisfactory termination, they might have been induced to give way.

Having again carefully considered the entire question, the Directors are of opinion that, under the circumstances, it will perhaps be better that the alternative course you have suggested should be carried out, viz., that the tender submitted by the Board should be referred to the New Zealand Government for their approval, before anything is definitely settled. This would afford ample opportunity for such arrangements to be made in reference to existing services as would be satisfactory to both parties.

It is assumed that you would be willing to recommend to your Government the acceptance of our offer.

The proposed modification respecting the simultaneous commencement of the Panama Service at both ends, and the rates for passengers, &c., &c., could be agreed to.

I remain, &c.,
JAS. WORLEY.

P.S.—According to the Sydney papers, there appears to be every prospect that the bi-monthly service *viâ* Suez, will be established, as New South Wales seems willing to contribute towards it.

J. W.

The Honourable Crosbie Ward, Esq.,
&c., &c.

No. 37.

London, 20th October, 1863.

SIR,—

I have the honour to inform you that the negotiations which have for some time been in progress for the establishment of a line of mail steamers between Panama and New Zealand and Sydney under contract with the Government of New Zealand are now nearly completed, and ready to be embodied in a contract.

I have now accordingly to request the permission of the Postmaster-General to consult the Solicitor to the Post Office in the matter, and to obtain his assistance in preparing the contract, in order not only that the colony may have the advantage of his professional skill and experience in an enterprize so important as the present, but also that the fullest opportunity may be given for the suggestion by Her Majesty's Post Office of conditions calculated to satisfy the general requirements of the Postal Service.

I have, &c.
CROSBIE WARD.

The Secretary, General Post Office,
St. Martin's le Grand.

No. 38.

General Post Office,
26th October, 1863.

SIR,—

I am directed by the Postmaster-General to acknowledge the receipt of your letter of the 20th inst., and to inform you that his Lordship has desired Mr Ashurst, the Solicitor to this

Department, to afford the assistance you require in preparing the contract proposed to be entered into by the Government of New Zealand for the conveyance of mails between that Colony and Panama.

I am, &c.

F. HILL.

Crosbie Ward, Esq.,

Office of the New Zealand Government Agency.

No. 39.

New Zealand Government Agency,
3 Adelaide Place, London Bridge,
25th October, 1863.

SIR,—

I have the honour to inform you that I have received two offers of a generally acceptable character for the establishment of a monthly mail steam service between Panama, New Zealand, and Australia.

The first offer was made by certain persons interested in a number of steamers of about 2000 tons burden, and 300 horse-power, for which it was believed that the service in question offered suitable employment. It was proposed to place *five* of these vessels on the line, to run monthly both ways between Panama and Sydney, calling at Wellington, under contract to perform the distance between Panama and Wellington in thirty clear days, for an annual subsidy of £70,000.

The vessels proposed for the service are those generally well known as having formerly formed part of the fleet of the "General Screw Steam Navigation Company," and are now running between London and Calcutta and Madras. They are vessels of great size, and being fully rigged are capable of achieving a high speed under sail; but the steam power which they carry is rather small in proportion to their bulk, and may be termed "auxiliary," though greater than is implied in the common acceptance of that word.

Having some doubts as to the capability of the vessels proposed for performing the service with regularity in the number of days stated, I requested Captain H. A. Coffey, a gentleman of high nautical skill and experience, to inquire and report to me upon the subject. He had an opportunity of examining the records of their previous performances, as well as of inspecting one of the ships, both in dock and at sea. His report was, in the main, satisfactory, and he stated it as his opinion that from the favourable nature of the winds, and of the navigation generally on the proposed route across the Pacific Ocean, as described by all reports on the subject, the vessels would be able to perform the distance between Panama and Wellington either way within the time specified.

The peculiar advantages of this offer consisted, first, in the size of the vessels, which made it possible not only that they should carry an ample supply of coal for the whole voyage, and so be relieved of the necessity of calling at any intermediate station, but that they should also have abundant room for mails and cargo, without interfering with the large and comfortable accommodation provided for passengers of all classes.

Although not the object for which a subsidy is granted by the Government, there is no doubt that a power of carrying large numbers of passengers, if combined with the speed and regularity requisite for postal purposes, would in the present case be of very great practical utility to the colony. Secondly, and in connection with this branch of the subject, it seemed likely that the parties tendering would be able to make specially favourable arrangements for carrying on a through passenger traffic to and from the Australian colonies with Great Britain, the United States, and the British North American colonies by means of lines of steamers running between the Isthmus of Panama and the principal sea-ports of those countries.

It was a further part of the arrangement, that the guarantee of New Zealand should be given for £55,000 only of the proposed annual subsidy, and that the continuance of the contract should be contingent upon the other Australian Colonies offering within a reasonable period an additional subsidy of £15,000, and reducing by a similar sum the amount guaranteed by New Zealand.

The period fixed for the commencement of the service was the month of April, 1864.

The second offer for the performance of the same service was made by the Inter-Colonial Royal Mail Steam Packet Company, who undertook to build three boats, each of 1,250 tons, and 250 horse-power, with which to commence the service, aided, if necessary, for the first year, by one of their existing fleet; but a fourth vessel, similar to the three above-named, to be ready for the service at the end of that period.

The Company undertook to commence the new service in January, 1865, and to carry it on for five years from that date. At the time named all existing services carried on by the Company were to be surrendered by them, if required, except those contemplated in the original contract, consisting of one inter-Colonial and one inter-Provincial service, which should be extended to the 31st of December, 1869.

Taking as a basis the contract of May, 1858, so extended, the Company undertook to carry on the Panama and New Zealand monthly service for the additional sum of £63,000 per annum, and to maintain two additional inter-Provincial services for a further subsidy of about £6,000 per annum, equivalent to fixing an average rate of 5s. per mile for each inter-Provincial service, or about £15,000 per annum as the total subsidy for the three. The Company also required that the

Government should give them the option of taking up at the same rate any additional inter-Provincial service to be established during the term of the contract.

The port in New Zealand named by the Company was Wellington, and the time to be occupied between Wellington and Panama either way was thirty days.

In both offers, the conditions as to penalties for delay, and a bonus for short time, and the provisions for carrying and sorting the mails, with other matters of less importance, were for the most part alike.

In choosing between the two offers, it has seemed to me that in spite of the peculiar advantages above enumerated as belonging to the first, the preference should be given to the second. The Inter-Colonial Company have, during the past two years, shown so much energy in improving and enlarging their fleet of vessels, and have manifested so strong a disposition to consult the requirements of the Colony generally, that they seem to merit every consideration at the hands of the Government. It is probable that on the establishment of the Panama line, some of the mail services in which they are employed, as well as others to which they may look forward, would be rendered unnecessary, and if the Panama service were carried on by other parties, their prospects would be injuriously affected to a material extent.

But apart from this consideration, it is obvious that the conduct of the several services by one contracting company offers important advantages, rendering it easy, for example, on the establishment of an additional service, to arrange the others to correspond. In the present case, particularly, no inconsiderable trouble and expense will probably be saved to the Government, by the abandonment of services no longer required, simultaneously with the opening of mail communication with Great Britain by the new route *via* Panama.

With respect to the time of commencing the Panama service, although any delay is more or less objectionable, still it seems better to give sufficient time to make arrangements for properly carrying on the service, than to incur the risk of failure by hurry. Besides, I observe that it is proposed by the Government to maintain the Otago and Melbourne services, at considerable expense, until the close of the year 1864; and financial considerations may render it prudent to postpone till after that date the commencement of the new contract.

With reference to the carrying out of the mail service generally, I have to state that Her Majesty's Government are willing to allow all mails intended to be conveyed between Great Britain and Australia and New Zealand, by the Panama route, to be carried by the contract packets between Southampton and Colon, without charge to the Colonies; that is to say, the whole sea postage receivable in England on letters forwarded by that route will be paid over to the Government which maintains the Pacific portion of the line.

Her Majesty's Government have, however, declined to transfer to the Panama service the annual subsidy of £13,000, now paid by them for the branch service of the Suez line between Sydney and New Zealand.

Some expense proportionate to the bulk of the mails will be incurred in respect of the charges of the Panama Railway Company, for the conveyance of the mails across the Isthmus. In relation to this subject, I may be allowed to refer to the proposition of Her Majesty's Government—that the rate of postage between Great Britain and the Australian Colonies, by any route, should be raised from sixpence to one shilling per half ounce letter. Were this change assented to and carried into effect, the sea postage receivable as stated above would be increased from fourpence to tenpence, and the Isthmus charges would become trifling in comparison; while the advantages offered to the public, by the opening of the new route, would fully compensate for the adoption of a postage rate higher than heretofore, but still low compared with the great cost of the postal service of the colony.

I now proceed to indicate the reasons which, on a view of the subject with relation to finance, have induced me to accept the present offer.

The expenditure of the Colony on steam postal services, in addition to the services maintained by Her Majesty's Government, is, in round figures, as follows:—

MAIN LINE.			
Proportion of Expense chargeable to New Zealand, about	...	...	£15,000
INTER-COLONIAL LINES.			
Sydney and Cook's Straits service, about...	...	...	£7,000
Otago and Melbourne	...	...	12,000
			19,000
INTER-PROVINCIAL LINES.			
Two complete services	...	...	15,000
Total	...	...	£49,000

The proposed expenditure will be as follows:—

MAIN LINE.			
Panama and New Zealand	...	...	£63,000
Less Postages receivable, say	...	...	12,000
			51,000
INTER-PROVINCIAL LINES.			
Three complete services	...	...	15,000
			£66,000

Difference, £17,000.

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

it stands for consideration by the Colonial Government, who, upon consultation with some of the Australian Colonies, may possibly find themselves in a position to accept it.

I have, &c.,

CROSBIE WARD.

The Right Honourable Lord Claud Hamilton, M.P.,
Chairman, I.C.R.M. Company,
41, Moorgate Street, London, E.C.

No. 42.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41 Moorgate Street,
London, E.C., November 4th, 1863.

MY DEAR SIR,—

I had the pleasure to receive this morning your favour of the 2nd inst., enclosing an official communication *re* Panama line.

The Board meeting to which I alluded will be held immediately after the arrival of the Mail *via* Marseilles.

As most of the directors are now away in the country, I fear I shall not be able to do anything before the meeting; but I don't hesitate to express the opinion that a satisfactory arrangement will be come to.

I have, &c.,

JAS. WORLEY.

P.S.—The 'Otago' leaves Gravesend for Sydney to-morrow morning.—J. W.
The Honourable Crosbie Ward, Esq.

No. 43.

Treasury Chambers,
7th November, 1863.

SIR,—

I am directed by the Lords Commissioners of Her Majesty's Treasury, to acquaint you that my Lords have had under their consideration your letters of the 15th August and 2nd September last, relative to the proposed establishment of a Mail Service between New Zealand and Panama, at the sole cost of the Government of New Zealand.

With regard to your enquiry as to whether it may not be "advisable for the public service that the negotiations for the Service should be entered into, and the contract effected by or through Her Majesty's Postmaster-General, the guarantee of the colony being taken for the whole subsidy," I am to state, that my Lords having communicated with the Postmaster-General on the subject, his Lordship has intimated that the Post Office authorities will be ready to assist you in any way you may think desirable in carrying on the preliminary negotiations for the service in question; but Lord Stanley of Alderley is of opinion, in which opinion my Lords concur, that it would be better that any contract should be entered into directly by the New Zealand Government, the more especially as the Post Office authorities of that colony are in a better position than the British Post Office for superintending the Service.

With respect to the apportionment of the postage levied on the correspondence sent by the proposed route, so long as the whole rate of postage is 6d. per $\frac{1}{2}$ ounce letter, 4d. of that sum must be considered the portion levied for the sea conveyance, and 2d. the Imperial and Colonial inland rates. If the whole postage be hereafter increased to 1s. per $\frac{1}{2}$ ounce letter, as has been under consideration, and has already been carried into effect with regard to the postage on letters forwarded by the contract packets to the West India Colonies and the Cape of Good Hope, 10d. of the postage of 1s. the $\frac{1}{2}$ ounce may be considered as sea postage.

With regard to the sea postage, therefore, as all letters, newspapers, &c., sent by way of Panama will have to be conveyed between this country and Colon by the packets subsidized by the Home Government, the British Post Office has an equitable claim to a share thereof; but with the view of rendering assistance to New Zealand, should the proposed packet communication be established, my Lords would be prepared to authorise the Postmaster-General, at the outset, temporarily to waive the claim of the Imperial Post Office on account of such sea postage.

My Lords, however, would desire it to be understood that they are at liberty at any time to discontinue this privilege, and to require payment for the service to be rendered, if it appear to them expedient so to do.

With respect to the enquiry in your letter of the 2nd inst., as to whether, in the event of the contemplated service proving efficient, and the Government of New Zealand determining to put an end to the contract for the existing branch service between Sydney and New Zealand, Her Majesty's Government would be willing during the period which that contract has yet to run, to apply towards the cost of the new service the annual contribution of £13,000 now made from Imperial funds in aid of the subsidy for the Branch Service, I am to state that my Lords are not prepared to comply with this request. The contract for this service can be determined in November 1865, provided notice be given twelve months previously, and it appears to my Lords

that when the proper time arrives notice should be given, and the contract terminated, in order to place this line on a footing with the other branch services, provided under the postal arrangements subsisting with the Australian Colonies.

If previous to that time the Branch Packet between Australia and New Zealand is found to be of little value, and can without inconvenience be withdrawn, steps should be taken if practicable for determining the contract at an earlier date, but as the payment by the Home Government of the large contribution of £13,000 a-year arose from accidental circumstances, my Lords are not prepared to authorise its continuance any longer than is absolutely necessary.

I have, &c.,
F. PEEL.

Crosbie Ward, Esq.,
3, Adelaide Place, King William Street, E.C.

No. 44.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., Nov. 12, 1863.

MY DEAR SIR,—

Having consulted the Chairman, Mr. Wilson, and some of the other Directors, I can now say what course will be adopted. We shall withdraw the stipulation in reference to the Auckland and Sydney line, make the commencement of the Panama Service at both ends simultaneous, reduce the maximum charge for first class passengers between Sydney and Panama and Wellington and Panama to £65 and £55 respectively; agree that the fourth boat shall be of the same horsepower as well as capacity as the others; amend paragraph 4, of division No. 2, by adding "and H.P." after the words "larger dimensions;" and undertake instead of requiring seven days for the passage between Wellington and Sydney, that the vessel shall reach the latter port seven days after her arrival at the former one, and leave Wellington seven days after her departure from Sydney; the Company being at liberty to detain her at Wellington for any period not exceeding forty-eight hours.

These are all the modifications you suggested.

The Board would be very glad if you would consent to the 1st March, 1865, instead of the 1st January, being fixed for the commencement of the Panama Service. The reason for this is simply, that we find, in consequence of the Builders having so much work on hand, it will hardly be possible to place the vessels on their station before the middle of January or February. If we give the orders at once we shall not obtain delivery of the ships before next August at the earliest, and it would be the end of September or the beginning of October before we could get them away. As a set-off against this concession, we should provide the fourth boat within six months after the others, instead of twelve, and it is not unlikely it would be even earlier than that, as the Board feel that in order to make the service thoroughly efficient, and be fully prepared for contingencies, it will be necessary to supply the fourth vessel with the least possible delay.

I am not sure also that some of the boats will not be bigger than those promised, but we could not guarantee that they should.

I was in hopes that the Board meeting would have been held next Monday, but as the Mail is unusually late this time, it cannot take place before Wednesday. We shall take care, however, to send the official letter by that day's post.

As the half-yearly general meeting of the shareholders will be held this month, it is proposed to submit the agreement for the new Contract to them for confirmation. The Directors deem it advisable to follow that plan, as we are giving up so large a portion of our existing subsidies; but it will be purely a matter of form. They would of course undertake to recommend the agreement for adoption, and as they and their own immediate friends represent nearly half the entire proprietary, and they have never had any of their recommendations negatived, or even modified, I cannot imagine that any objections will be started in this instance.

I have, &c.,
JAS. WORLEY.

The Honourable Crosbie Ward, Esq.,
&c., &c., &c.

No. 45.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,
London, E.C., November 18th, 1863.

SIR,—

I have the honor to acknowledge the due receipt of your communication of the 2nd inst. in which you state that you would be prepared to accept at once with modifications of trifling importance the offer of the Board conveyed to you in my letter of the 16th October for the per-

formance of the Panama, New Zealand, and Sydney Mail Service, as well as the Inter-Provincial Services, on the terms and conditions specified; but that you are unable to accept that portion of the tender which relates to the Auckland and Sydney line.

Having laid the matter before the Board, I am authorised to inform you in reply, that the stipulation relating to the Auckland and Sydney Service to which you make objection will be withdrawn, and therefore clauses Nos. 1, 2, and 3, of the Division No. 3, mentioned in the tender, will be cancelled.

The Directors, however, are glad to receive the expression of your opinion, that it is not unlikely the General Government may eventually decide upon maintaining the service in question, and possibly a second Inter-Colonial line, for the performance of which it is assumed that the vessels of this Company would be subsidized in preference to those belonging to other parties.

Instead of requiring seven days for the passage between Sydney and Wellington, the Directors would undertake that the vessel should reach the latter port seven days after her arrival at the former one, and leave Wellington seven days after her departure from Sydney, the Company being at liberty to detain the ship at Wellington for any period not exceeding 48 hours.

It is presumed that Wellington will be selected as the port of call in New Zealand. The Board are disposed to give the preference to Auckland, but they leave the matter entirely in your hands.

I have also to state that, if you should desire it, the Board will undertake that the Service between Sydney, New Zealand, and Panama shall commence from Panama the same month as from Sydney, instead of one month later, as at first contemplated; the full subsidy being payable from the date of the commencement of the service, which it is proposed shall be 1st March, 1865, instead of 1st January.

The Board are also prepared to amend clause 4 of division No. 2, by adding the words "and horse-power" after "larger dimensions," and it is understood that the fourth vessel to be provided for the Panama line will be of the same power and capacity as the other three boats. I may mention, also, that it is not unlikely that the fourth vessel will be ready within six months after the others, as the Directors are of opinion that in order to secure the efficient working of the line, and to be prepared for contingencies, it is desirable it should be on the station as early as possible.

The Board are likewise willing to reduce the maximum charge for 1st class passengers between Wellington and Panama to £55, and to stipulate that the through rate to Sydney shall not exceed £65.

I have only further to add that as the Directors now regard the agreement for the new contract as virtually settled, it is their intention to proceed at once with all the necessary arrangements for carrying it out.

I have, &c.,

CLAUD HAMILTON, Chairman.

The Honourable Crosbie Ward, Esq., Postmaster-General of New Zealand,
Adelaide Place, London Bridge.

No. 46.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street, London, E.C., November 18th, 1863.

MY DEAR SIR,—

I beg to thank you for your kind letters of the 13th and 14th inst. The suggestion you make is certainly worthy of careful consideration.

I called at your office this morning, and left a letter from the Board agreeing to all the proposed modifications. It has been decided to dispense with any formal ratification on the part of the shareholders.

We shall inform them in the report we intend issuing to-morrow, preparatory to our half-yearly general meeting, that the arrangement has been concluded for the Panama service.

We shall be prepared to sign the contract as soon as ever it is ready. Our solicitors are Messrs Cunliffe and Beaumont of Chancery Lane. They are well known to Mr Ashurst, the Solicitor to the Post Office.

I have, &c.,

JAMES WORLEY.

The Honourable Crosbie Ward, Esq.

No. 47.

London, 19th November, 1863.

MY LORD,—

I have the honor to acknowledge the receipt of your Lordship's letter of the 18th inst., in which you inform me that the Board of Directors of the Inter-Colonial Royal Mail Steam Packet Company are willing to withdraw the stipulation relating to the Auckland and Sydney service contained in clauses 1, 2, and 3, of subdivision No. 3, of their Tender for the Panama, New Zealand, and Sydney Mail Line, and the Inter-Colonial and Inter-Provincial Steam Services.

I have the honor accordingly to state that I accept the present Tender on behalf of the Government of New Zealand.

With regard to the minor modifications proposed in your Lordship's letter, I have to observe that they appear to be desirable amendments to the original Tender, except that the commencement of the Service is proposed to be postponed from the first of January to the first of March, 1865, an alteration in which I trust the Board will not insist unless upon the ground of some practical necessity for it.

A draft Contract, embodying the heads of the Agreement, shall be prepared as quickly as possible, and submitted to your Lordship for the approval of the Board.

I have, &c.,

CROSBIE WARD.

The Right Honourable Lord C. Hamilton, M.P.,

&c., &c., &c.,

I.C.R.M. Company's Offices,

41, Moorgate Street, London, E.C.

No. 48.

Consulât General de France en Angleterre,

London, November 20, 1863.

SIR,—

In reference to an advice I have read this morning in the Money Article of the *Times*, respecting a line of Steamers, intended to run monthly between New Zealand and Panama, I beg leave to apply to you, in order to ascertain whether such Steamers might possibly be allowed to call at Tahiti, and if so, on what conditions both the Government of New Zealand and the Inter-Colonial Company would be prepared to come to an agreement with the French Government.

I would feel particularly obliged by an early answer.

I have, &c.,

FLEURY,

Consul General for France.

To the Honourable Mr. Crosbie Ward,

Representative Agent of New Zealand, London.

No. 49.

London, 23rd November, 1863.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 20th instant, in which you do me the honour to enquire whether the Steamers which have been arranged to run monthly between New Zealand and Panama might possibly be allowed to call at Tahiti, and if so, on what conditions both the Government of New Zealand and the Inter-Colonial Company will be prepared to come to an agreement with the French Government.

In reply, I desire to acquaint you that the New Zealand Government having taken upon themselves the entire charge for, and the sole control of the new service, have done so, not in any exclusive spirit, but with the desire of rendering that means of Postal communication available to all who wish to use it; and among others they will be gratified to include if possible the French Colony of Tahiti.

But before determining the conditions on which the New Zealand Government will be prepared to send their Mail Steamers to Tahiti, it will be necessary to fix to the satisfaction of both parties, the increased distance to be run, and the delay which will be caused in the conveyance of the New Zealand Mails, as well as the principle on which the contribution of the French Government to the general subsidy shall be calculated.

As you express a desire for a speedy reply, and as my duties will compel me to leave town for a few days, after to-morrow, I shall be happy to meet yourself, or such person as you may appoint, at this office, at any time to-morrow, between the hours of 11 a.m. and 4 p.m., for consultation on the matters above referred to; and I shall be glad to receive, early to-morrow, a note appointing the exact hour, if you can accord me the interview.

I have, &c.,

CROSBIE WARD.

A Monsieur Fleury,

Consul General de France,

French Consulate, London.

No. 50.

Office of the New Zealand Government Agency,

3, Adelaide Place, King William Street,

London, E.C., 24th November, 1863.

SIR,—

I have the honor to inform you that I have accepted a Tender from the Inter-Colonial Royal Mail Steam Packet Company to run a monthly Line of Steamers, each way, between Welling-

ton and Panama for five years, beginning from the 1st January, 1865; and that certain alterations in the existing services have been agreed upon to take effect from the same date, in the following manner.

All services now performed by the Company are to cease from the commencement of the new agreement, except those provided for in the original contract of May, 1858, the provisions of which are to continue in force until 31st December, 1869.

The Contract of May, 1858, which came into operation in November of the same year, provides for one Inter-Colonial, and one Inter-Provincial service, to continue for ten years at a subsidy now reduced to £22,000 a year. The Inter-Colonial service so provided will be maintained under the new Contract, so as to complete the communication between Australia and Panama, by way of New Zealand. The monthly Inter-Provincial service provided by the original contract will be supplemented by two other similar services to run according to routes and dates hereafter to be settled.

The subsidy agreed to be paid for the whole service between Panama, Wellington, and Sydney is at the rate of £76,000 a year, of which amount £13,000 already represents the cost of the Inter-Colonial part of the service. The subsidy agreed to be paid for the three Inter-Provincial services, is at the rate of £15,000 a year, for a distance of 5,000 miles per month; of this amount £9,000 already represents the cost of one service. Excess of distance, if performed, is to be paid at a fixed rate of 5s. per mile.

The cost, therefore, of the new services, embracing the New Zealand and Panama monthly line and two monthly Provincial services, is at the rate of £69,000 a year.

The ground upon which I have deemed myself justified in entering into the present contract on the part of the Colony is that a very great advantage is thereby secured at inconsiderable cost. Comparing the expenditure thus undertaken with that at present imposed upon the Colony in the maintenance of its mail steam services, and assuming that the opening of the communication with Great Britain by way of Panama will render unnecessary any contribution of consequence to the main line via Suez, or its branches, the result is, I venture to submit, peculiarly satisfactory, as shewn by the following statement:—

Existing Mail Steam Services.

Contribution to Suez Line, about	...	...	...	...	£18,000
Melbourne and Otago Services	...	...	...	...	12,000
Second Inter-Colonial	...	...	...	...	7,000
Two Inter-Provincial	...	...	...	...	15,000

£52,000

Proposed Services.

Panama and New Zealand Services,	...	...	...	...	£63,000
Three Inter-Provincial,	...	...	...	...	15,000

£78,000

The apparent difference of £16,000 between the above totals is to be reduced by the amount of the Ocean Postage receivable in this Country on Mails forwarded by way of Panama, which by arrangement with H.M.'s Government is to be accounted for to the Colony. After allowing for certain expenses in the transit of the Isthmus of Panama, I am unable to estimate the net yearly revenue to arise from this service, even at the present low postage rates, at less than £10,000. It follows, therefore, that leaving a margin for expenses, arising from the possible conveyance of some correspondence by way of Suez and from other causes, the adoption of the Panama route will not be a real expense to New Zealand of above £10,000 a year, even if the whole subsidy should be defrayed by the Colony alone.

It has not, however, been overlooked that whether by the present or by the proposed route, the cost of Postal subsidies must be a heavy burden on the Colony, and should, if possible, be shared by others. With this view, I have deemed it prudent as well as just to make provision from the first, so far as possible, for the equal accommodation of the Colony of New South Wales, which proffered its assistance from the earliest stages of the negotiations; and I have no doubt that the expense of the undertaking will be shared in the same spirit in which a share of its advantages is offered.

The other conditions of the new Contract are principally the following: The voyage each way between Wellington and Panama is to be completed in thirty clear days under a penalty of £100 a day for delay, and with a bonus at the same rate for short time. Accommodation is to be given on board for a Clerk and Sorter of the Post-Office, and a sorting room is to be provided free of charge.

The Boats are to be of not less than 1,250 tons, builders measurement, and 250 horse-power.

Three are to be ready at the beginning, and a fourth within nine months afterwards.

The Contractors undertake to accept no subsidy from any other Government, or to carry any Mails but those which may be put on board by proper authority. They also enter into a bond for the due performance of the Contract.

With regard to the time fixed for the commencement of the service, I am aware that so long a delay may be deemed objectionable; but it seemed highly inexpedient to commence the service with inferior boats, and, therefore, ample time has been given for the construction of vessels specially adapted to the work. Further, I observe that new Contracts for Inter-Colonial services have been or are about to be entered into to last during the year 1864, which will probably cost a

considerable sum of money. It seemed prudent, therefore, on financial grounds, to postpone the commencement of the Panama Contract.

With respect to the Inter-Colonial services to be abandoned, I have to observe that it seemed expedient to secure to the Government the power of so doing; but there is nothing to prevent their continuance if such be determined on.

The form of Contract is now being prepared by Mr. Ashurst, Solicitor to H.M. Post-Office, and copies will, I trust, be ready for transmission by next mail.

In conclusion, I have to state that the negotiations for the present contract have been entered into with the desire of carrying into effect as fully as possible what seemed to me to be the intentions of the General Assembly expressed in the Session held last year. I trust that the result will be deemed satisfactory.

I have, &c.,

CROSBIE WARD.

The Hon. Colonial Secretary,
Auckland, New Zealand.

No. 51.

Killinchy, 27th November, 1863.

MY LORD,—

I have the honor to acquaint you, for the information of the Board of Directors, that the Consul General for France has applied to me to know whether the Government of New Zealand are willing that the mail steamers between Panama and Wellington shall call at Tahiti, and if so, on what conditions.

I shall be obliged if the Board will give this subject their early consideration, and inform me as soon as possible for what addition to the subsidy a call can be made at Tahiti, either (1) on the voyage each way, or (2) on the outward voyage only from Panama to New Zealand, and the additional time that would be required in each case.

The New Zealand Government will be glad to oblige the French Government by including Tahiti in the service if possible, and it will therefore be a satisfaction to them if the Board can undertake the required addition to the Service at a moderate cost, and without any material loss of time on the voyage.

I have, &c.,

CROSBIE WARD.

The Right Honourable Lord Claud Hamilton, M.P., &c.,
Chairman I. C. R. M. Company, 41, Moorgate Street, London.

No. 52.

London, 4th December, 1863.

SIR,—

Referring to previous correspondence on the subject of the request of the French Government to know whether the steamers under contract with the New Zealand Government might call at Tahiti on the voyage each way between New Zealand and Panama, and to the interview which I had the honour to have with you on the subject, I beg to inform you that the question has been submitted for the consideration of the Contractors.

They inform me that to call at Tahiti would involve a considerable departure from the proper course, especially on the eastward voyage from New Zealand to Panama, and that thereby a loss of time prejudicial to the interests of the Australian Colonies would be incurred, which may be estimated at about three days on an average voyage.

The additional mileage to be steamed would, of course, be an element in the calculation of the additional subsidy to be paid for the service, while the delay spoken of might be obviated by the employment of a swifter class of vessel, to the use of which an additional subsidy would also be required as an inducement.

So far, therefore, no obstacle exists to making Tahiti a port of call but such as may be at once removed by the liberality of the French Government.

But the Contractors state that before they are prepared to name the amount for which they would perform the Service asked for, they must be better informed as to the navigation of the seas around, and on the approach to Tahiti, from both east and west; and they desire also to obtain the most accurate information available as to the Port and Harbour of Tahiti, and the facilities which can be offered for coaling there. They have no doubt that these facts are fully in the possession of the Ministry of Marine of your Government, and they respectfully request that all such information may be supplied to them. In this request I beg to concur.

I have, &c.,

CROSBIE WARD.

A. Mons. Fleury, Consul General for France,
French Consulate, London.

No. 53.

43, Chancery Lane, London, 3rd December, 1863.

SIR,—

When and where could you favour me with an interview relative to the contract with the Inter-Colonial Royal Mail Steam Packet Company for carriage of the Panama mail.

I am instructed by the Directors that you will produce the documents proving your authority for entering into the contract.

I have, &c.,

ROBERT CUNLIFFE.

To the Honourable Crosbie Ward, Postmaster-General New Zealand,
3, Adelaide Place, London, E.C.

No. 54.

London, 4th December, 1863.

SIR,—

Having entered into a contract on behalf of the Government of New Zealand with the Inter-Colonial Royal Mail Steam Packet Company to perform a Steam Postal Service between New Zealand and Panama, under which the Company undertake to provide within a certain time a number of steam vessels to be employed on such service, of a size, speed, and general efficiency described in the contract, I have the honor to request that the Postmaster-General will be pleased to permit any one of these vessels, or of those to be employed under the already existing contract, if tendered for the purpose by the Company, to be inspected and surveyed according to the provisions of the contract in each case, in the same manner as if they were submitted for the service of Her Majesty's Post Office. I have further to request that the result of each survey may be communicated to the Government of New Zealand, and also to the contractors, so far as may be necessary for them to remedy defects or to supply deficiencies.

The consent of the Postmaster-General to this request will confer a favour upon the Government of New Zealand, inasmuch as it will remove a great difficulty which would otherwise be experienced by them in properly surveying before acceptance, vessels built in this country, but to be employed at the other side of the world.

Copies of the contract referred to will be forwarded to your Department as soon as they are completed.

I have, &c.,

CROSBIE WARD.

The Secretary, General Post Office, St. Martin's le Grand.

No. 55.

London, 8th December, 1863.

MY DEAR SIR,—

I send you herewith the Time Table which I propose as that for the Panama and New Zealand Service. You will see that I have not been able to provide that the vessel should return from Panama immediately after her arrival there as you suggested. But you will observe the reasons for this at once.

In the first place, it would, I conceive, be exceedingly dangerous to risk the outward service upon the chance of the time of the homeward vessel being kept exactly, so that if the latter broke down, both must fail. To give fourteen days' rest there is not at all more than enough to provide against contingencies and to give time for small repairs, and for coaling between two such long voyages. At the other end there is only a two days' interval, or at most three; but this means simply that the service cannot be done with three boats, but must take four if it is to occupy 37 days each way. If on trial it does, as I hope, take less time, then without altering the Panama times which are fixed by the West India Royal Mail dates, you will be able in case of necessity to turn your vessel round on her heel in Sydney and send her back to Panama without docking, as the P. and O. Company have sometimes been obliged to do.

As there are two days in the month to go for Panama, it is desirable that that of departure should be at the fortnightly interval from that of arrival, for this reason, viz., that your mails must go through without delay: but if you make your boat that is to carry the outward mail bring the homeward one for the same period of the month, then it must arrive a few days beforehand, and so establish a considerable break in the carriage of the homeward mail. For instance, a boat has to leave Panama on the 22nd, she must arrive on the 19th at latest; but she carries the homeward mail, and thus has to await the Southampton boat's departure from Colon until the 24th. I don't think you can ask me to agree to that? And if there is to be a spare boat, I assume that it would be at Sydney.

But the strongest argument still remains. To take the other fortnightly date would be, as you will see, to make the outward mail arrive in Wellington on the 23rd, and the homeward mail leave on the 24th, thus practically using up a month in replies to letters. We must save a fortnight out of this, and the remainder will then just suffice for the delivery and collection of our mails throughout the colony. At Sydney they will, under ordinary circumstances, have but two days for replies,

but if this is not enough they will still profit by the alternation with the Suez route; from which we shall enjoy no benefit at all.

In conclusion, you will observe that I have fixed the departure from Panama to New Zealand on the same day as that of arrival at Colon from Southampton. I am told that the West India R. M. boats are excessively punctual, and the hour of their arrival is 6 a.m. on the day specified. Persons who have crossed the Isthmus tell me that no difficulty is experienced in making the arrivals and departures in one day. If it can be done, of course we ought to do it. But if, on reference to the Company mentioned, it is found unwise to fix this date, of course it can be altered, and at any rate your time will depend to some extent on theirs.

Pray let me know your opinion on this point as soon as possible.

I have, &c.,

CROSBIE WARD.

James Worley, Esq., Secretary I. C. R. M. Company.

Leave Panama 22nd; leave Wellington 9th } of each
Arrive at Wellington 23rd; arrive at Panama, 8th } month

No. 56.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,

London, E.C., 10th December, 1863.

MY DEAR SIR,—

I had the pleasure to receive in due course your favour of the 5th instant, the contents of which I carefully note.

As you agreed to accept only three vessels for the performance of the Panama service for the first year, it was assumed that it would be arranged in such a way as not to necessitate the employment of a larger fleet; but I have all along seen, that it could only be done by making the return boat leave Sydney three or four days earlier than would be otherwise necessary in order to reach Panama—not later than the 19th of the month; and by fixing the date of departure from the Isthmus for the 24th or 25th, an arrangement which beyond doubt would be regarded with disfavour by the colonists.

If the service is worked in the manner you suggest, it will be requisite for us to provide the fourth boat by March or April, 1865, instead of at the end of the year as at first proposed. I believe, however, there will be no difficulty in our doing this, as the Board are fully alive to the importance of making the service thoroughly efficient in all respects.

With regard to the dates named for the arrivals at and departures from Panama, my opinion is that at least 36 hours should be allowed for the transshipment of mails and cargo, &c., and the journey across the isthmus; in fact, I can hardly see how it would be possible to do it always in that time, unless the quantity of cargo is very small indeed.

The P. and O. Company are allowed 48 hours at Suez and Alexandria, and that would not be any too long for our boats. It is true the distance between these two places is greater than that between Colon and Panama; but when goods are once on the rail, it is almost as easy to convey them 100 miles as 40.

On the other hand, I see full well that the effect of such an arrangement would be to deprive Sydney of the opportunity of sending replies *via* Panama to letters received by that route, as the date of departure would be about the 30th, whereas that of arrival would be the 1st or 2nd. But I think this difficulty would eventually be got over, as there is every reason to expect that the ships we intend to furnish will traverse the distance between New Zealand and Panama in 28 days instead of 30, and probably the stay at Wellington may be made only 24 hours in lieu of 48.

On a careful review of all the circumstances, it occurs to me that the best thing to do will be to leave the adjustment of the Time-Tables until your return to the Colonies, when the matter can be settled with Captain Vine Hall. The delay, I apprehend, would not be of consequence, and it would afford ample time for consideration of the points in question.

I have, &c.,

JAMES WORLEY.

The Hon. Crosbie Ward,
&c. &c.

No. 57.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Office, 41, Moorgate Street,

London, E. C., December 10th, 1863, 2 p.m.

MY DEAR SIR,—

Since writing to you this morning, I have ascertained from the Royal Mail Company that, under their new contract, the mail packets will arrive at Colon on the 9th and 24th of the month, instead of the 7th and 22nd, and leave on the 7th and 22nd, instead of on the 9th and 24th—that is to say, the old plan is reversed.

This entirely alters the case, and I am not sure now that the service will require more than three boats the first five or six months. However, I still think it will be best to leave the Timetables for arrangement in the colonies. Mr. Reep fully concurs in the opinion that there should be an interval of 48 hours between the arrival of the Southampton boat at Colon and the departure of our vessel from Panama.

I have, &c.,

JAS. WORLEY.

The Honorable Crosbie Ward, Esq.,
&c. &c.

No. 58.

Ex parte—The Inter-Colonial Royal Mail Steam Packet Company (Limited), in the matter of the Panama Contract.

Counsel is referred to the accompanying Act of Parliament of New Zealand, 21 and 22 Vic., No. 15, Sec. 15, and to the Act of Parliament 26th Vic., No. 16, Sec. 2, and to the accompanying Copy Despatch from the Governor of New Zealand to the Duke of Newcastle, and the Copy Minute accompanying it; and he is requested to advise the Inter-Colonial Royal Mail Steam Packet Company whether or not, in his opinion, Mr. Crosbie Ward, the Postmaster-General of New Zealand, is authorised to enter into a contract which will bind the New Zealand Government for the carriage of mails between that Colony and Panama with the yearly subsidy of £63,000.

A contract for this purpose is now being prepared by the Post Office authorities here.

The Company are anxious to enter into it, and if the Postmaster-General has authority to bind his Government, his signature will of course be sufficient; but if not, the ratification of the Government of the Colony must be obtained.

Mr Ward contends that the Act of 1862 is merely permissive, and that he, as Postmaster-General, has power to enter into a contract for the carriage of the mails, quite irrespective of that Act.

I think that Mr Crosbie Ward, the Postmaster-General of New Zealand, is not empowered to enter into the contract in question on the behalf of the New Zealand Government. I think section 15 of the New Zealand Post Office Act 1858, 21 and 22 Vict., No. 15, does not confer upon him the power to enter into the contract, although that Section in terms authorizes the Postmaster to enter into contracts for the carriage and conveyance of mails by sea and by land. The General Assembly of New Zealand, under the Colonial Inland Posts Act, 12 and 13 Vic., c. 66, had no power to authorise their Postmaster to enter into contracts for the conveyance of mails beyond the limits of the Colony; nor does the 15 and 16 Victoria, c. 72, under which a representative constitution was granted to the colony, confer any such power. That power belongs exclusively to the British Government by virtue of the 7 and 8 Vict., c. 49, and 11 and 12 Vict., c. 66, and upon principles of public policy I think the power conferred by the New Zealand Act can only be legally exercised with respect to contracts for the conveyance of mails on the continent of the colony, or on the seas between the different islands.

I think that Mr Crosbie Ward has no authority to enter into the contract in question under the provision contained in the 2nd section of the New Zealand Act of 1862. The power conferred by that Act to make arrangements with the British Government for the conveyance of the mails by the particular route is specially delegated by the New Zealand Legislature to the Governor in Council. By the New Zealand Interpretation Act, 1858, section 9, the term "Governor in Council" is defined to mean "the Governor, with the advice and consent of the Executive Council of New Zealand." Besides, the proposed contract exceeds in amount the authorised limit specified in the local statute; I apprehend that a contract exceeding the authorised amount would be *extra vires*, and therefore not enforceable.

R. A. FISHER.

Temple, 11th December, 1863.

No. 59.

43 Chancery Lane,
12th December, 1863.

DEAR SIR,—

I received your letter of this morning; it came when Mr. Worley and I were just going to see Mr Fisher, the Counsellor who gave the opinion adverse to your powers of entering into the Contract.

On explaining to him the nature and intention of the Contract proposed to be entered into, he considers that provided that you are acting under the instructions of the Governor of New Zealand, you *have* power to make it, so that is all right and satisfactory; but, as I told you yesterday, I should have advised the Company to enter into the Contract under any circumstances provided you were willing to sign it.

Mr. Worley and I were looking anxiously for you all day. I sent you the Draft Contract altered in red ink, this morning; and I fear there are alterations made in one or two clauses which were not intended. I refer more particularly to the last two lines of clause 5.

I am anxious, if possible, that you should not be delayed; but I really fear that we shall not get the contract finished on Monday, though (as I told Mr. Worley,) I am quite prepared under

the circumstances to work at it all to-morrow; but then, without you and Mr. Worley at my elbow, I am practically powerless.

I am, &c.,
ROBERT CUNLIFFE.

To the Honourable Crosbie Ward.

No. 60.

General Post Office,
12th December, 1863.

SIR,—

Having submitted to the Postmaster General your letter of 4th instant, I am directed to inform you that his Lordship will be happy to request the Lords Commissioners of the Admiralty to cause any vessel proposed to be employed by the Inter-Colonial Royal Mail Steam Packet Company, under their Contract with the Government of New Zealand for the Panama Mail Service, to be surveyed when offered by the Company, and that the result of the survey will be communicated to the Colonial Government and to the Contractors, in compliance with your request.

I am, &c.,
F. HILL.

Crosbie Ward, Esq.,

No. 61.

London, 14th December, 1863.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 4th instant, relative to the practicability of making Taiti one of the ports of call on the line of steam communication about to be established between New Zealand and Panama.

I have informed His Excellency the Minister of Foreign Affairs at Paris, of the opinion of the contracting company on the matter, and I shall not fail to acquaint you as to the tenor of his reply. Accept, Sir, the assurance of my highest esteem.

I have, &c.,
FLEURY,
Consul-General of France.

To the Honourable Mr. Crosbie Ward,
Representative Agent of New Zealand,
3 Adelaide Place, King William Street, London.

No. 62.

London, 17th December, 1863.

MY LORD,—

Agreeably with the request of the Board, I undertake and agree, on the part of the General Government of New Zealand,—

First. That the Time-table for the Panama service shall always be so arranged that the vessels engaged in that service may continue their voyage from Wellington, or other the port of arrival in New Zealand, to Sydney, in performance of the inter-colonial service to be performed under the agreement of the 28th May, 1858; and may return from Sydney to Wellington, or other the port of departure in New Zealand, in time to perform the service to Panama, thus making one continuous through line between Sydney, New Zealand, and Panama.

Secondly. That the port of arrival in New Zealand for such inter-colonial service, to be performed under the agreement of 28th May, 1858, shall always be the port of departure for Panama, and that such port shall be the only port in New Zealand to which the Inter-Colonial Service, under the said agreement of 1858, shall extend.

Thirdly. That when a fine shall be imposed under the original contract of 1858, in connection with the inter-colonial service between Sydney and New Zealand, a fine is not to be imposed for any consequent delay or breach in the performance of the Panama Service, and *vice versa*,—that is to say, when a fine is imposed for a breach in the performance of the Service between Panama and New Zealand, a fine is not to be imposed for any consequent breach of any Service to be performed under the original contract of 1858.

Fourthly. That the Company shall be allowed seven days for the performance of the Service between New Zealand and Sydney, and for stoppages in New Zealand.

Fifthly. That the existing Inter-Colonial and Inter-Provincial Services shall continue on their present footing until the 1st January, 1865.

It is also agreed between us that all the vessels now belonging to the Company are accepted for the performance of the present mail services, and the contemplated extra Inter-Provincial Service, subject to their being provided from time to time with certificates from the Steam Navigation Board of New Zealand or Sydney.

I have, &c.,
CROSBIE WARD.

The Right Honourable Lord Claud Hamilton, M.P.,
Chairman I. C. R. M. Company, 41, Moorgate Street, London.

No. 63.

Inter-Colonial Royal Mail Steam Packet Company (Limited),
Offices, 41, Moorgate Street,

London, 17th December, 1863.

SIR,—

It is agreed on the part of the Company that the charge for a first-class passage between New Zealand and Panama, and between Sydney and Panama, or *vice versa*, shall not exceed fifty-five pounds (£55) and sixty-five pounds (£65) respectively.

I have, &c.,

JAS. WORLEY.

Secretary.

Honourable Crosbie Ward, Esq.,
Postmaster-General of New Zealand.

No. 64.

London, 18th December, 1863.

SIR,—

With reference to your letter of the 7th November last, on the subject of the proposed Contract for a Postal Service between Panama and New Zealand, I have the honour again to draw your attention to the observations therein contained, upon the subject of the branch service between Sydney and New Zealand, now maintained by a subsidy from Her Majesty's Treasury of £13,000 a-year.

It has already been pointed out in the course of this correspondence that the subsidy paid by the Treasury has hitherto been, and still is in point of fact, but a portion of the whole expenditure entailed by the necessity of conveying the British and New Zealand mails between that Colony and Australia, and that the remaining cost, varying from £20,000 to £25,000 per annum, has been defrayed exclusively by New Zealand. It has therefore been urged that upon the basis of the principle which has been adopted for apportioning the expense of branch services generally, namely, that of equal division, the contribution of Her Majesty's Treasury is, in fact, below the proper amount.

I have now to inform you that a Contract has been finally settled for the carriage of the British and New Zealand Mails by way of the Isthmus of Panama, and that the new service is supported at the sole expense of New Zealand, a step which will in all probability render necessary the discontinuance of all the extraordinary postal subsidies now granted by the Colony. My Lords will surely not consider the extension of the postal service at the cost of the Colony, a ground for withdrawing the present contribution by Her Majesty's Government towards a service which will thereby become more necessary than before.

Upon the discontinuance of the colonial subsidies above referred to, the Imperial service will be the only postal link between New Zealand and the Australian Colonies. It will become at the same time of double importance as the means of communication at once between New Zealand and Great Britain by way of Suez, and between the Australian Colonies and Great Britain by way of Panama. It will form an essential part of the chain of mail services round the globe, and as such ought not to be lightly discontinued. It is probable that if Her Majesty's Government give their co-operation, the Australian Colonies may join New Zealand in defraying a moiety of the subsidy necessary for both the main and the branch line; but if the Government decline to give their support to the service as a whole, at least I trust that they will not by withdrawing the existing subsidy for the branch line, leave the Colony of New Zealand answerable for this expense in addition.

I therefore venture to request that before my Lords finally decide to sanction any act which may have the effect of withdrawing the subsidy in question, they will be pleased to reconsider the whole subject so far as it has been already dealt with, and also will examine into the condition of the Australian Postal Services generally, and the effect which such withdrawal, if carried into effect, might be likely to have upon Postal communications at the time in existence.

I have, &c.,

CROSBIE WARD.

The Right Honourable F. Peel, M.P., &c.,
Treasury, Whitehall, S.W.

No. 65.

London, 18th December, 1863.

MY DEAR SIR,—

I put in writing the substance of my verbal statement to you yesterday. Clause 23 of the Contract just signed, provides that the Company shall not assign or under-let the Contract without the consent of the Postmaster-General. But, as I am informed that influential gentlemen connected with the West India Royal Mail and the Pacific Companies, are in communication with your Company, with the view of constituting a new and powerful body to take up your services, I have to say that, in my opinion the Government of New Zealand would be pleased

with such a result. And I should, if it be my place so to do, officially recommend that an assignment of your Contract to such a body, if duly formed in the manner proposed, be assented to. It would, I think, be considered essential that all the Services (*i.e.* both Contracts) should go together, in order that a harmony of working may be secured, and that the Government may not have to deal with separate and, perhaps, clashing interests.

I have, &c.,

CROSBIE WARD.

Robert Wilson, Esq.,
Director, I.C.R.M. Company,
41, Moorgate Street, E.C.

No. 66.

Office of the New Zealand Government Agency,
3, Adelaide Place, King William Street, London, E.C.,
18th December, 1863.

SIR,—

I have the honour to forward you by this mail (separately), the original Contract entered into by me with the Inter-Colonial Royal Mail Steam Packet Company, for the performance of the Panama and New Zealand Monthly Service, and of two Inter-Provincial Services, and also Six printed copies of the Contract. A larger number of copies will be transmitted to you by another opportunity.

I have, &c.,

CROSBIE WARD.

The Honourable the Colonial Secretary,
Auckland, New Zealand.

No. 67.

New Zealand General Post-Office,
Auckland, 7th March, 1864.

SIR,—

I have the honor to inform you that by the December Mail delivered here on the 25th ult., the Government received from Mr. Crosbie Ward, the Contract entered into by him with the Inter-Colonial Royal Mail Steam Packet Company for the Panama service, and for Inter-Colonial and Inter-Provincial services. In the absence of any explanation from Mr. Ward of the grounds on which he considered himself authorized to enter into such a Contract, and in the absence of Captain J. Vine Hall, who was expected here to confer with the Government, prior to the departure of this Mail, it is not the intention of the Government to state conclusively their views in regard to the Contract. They feel, however, that it is due to the Company to inform them through you at the earliest possible moment, that until accepted and ratified by this Government, the Contract made by Mr. Ward cannot be considered as in any respect binding on the Colony.

I have, &c.,

THOMAS B. GILLIES.

The Honourable Reader G. Wood, Esq.,
&c., &c., &c.,
London.

No. 68.

New Zealand General Post Office,
7th April, 1864.

SIR,—

By last Mail, the Honble. Mr. Gillies had the honor of addressing you on the subject of the Panama Contract, and I now propose putting you in possession definitively of the views of the Government thereon. The arrival in the Colony of Mr. Ward, since the date of my last, has placed the Government in possession of that gentleman's views and explanations on the subject of the Contract, as well as of the various communications which passed between himself and the Company in the matter.

After a most anxious and careful consideration of the provisions of the Contract itself, of the correspondence connected therewith, of the powers and instructions of Mr. Ward, and of their own powers, the Government have been compelled reluctantly to arrive at the conclusion that they cannot recognise the Contract as binding on the Colony, and that no action on their part could bind the Colony to a Contract the provisions of which (however advantageous in some respects) are in such direct antagonism to the expressed will of the Legislature.

In order that you may fully understand the reasons which have compelled the Government to adopt a course which must be productive of much embarrassment to the Company, and which,

in the absence of explanation, might be capable of being represented in a light unfavourable to the character and credit of the Colony, I enclose a Memorandum on the subject, which will, I think, clearly show that this Government had no other course open to them than that which they have adopted, and that the Company were at the time they entered into the Contract fully aware that Mr. Ward was not empowered to enter into the Contract on behalf of the Colony.

You will be so good as communicate to the Company the conclusion at which the Government have arrived, at the same time informing the Company that the whole matter will be laid before the House at its first meeting, probably not later than March next, when it will be open to that body to adopt the Contract. At the same time, this Government will not feel it their duty to recommend that course to the House unless the monopoly of Inter-Provincial and Inter-Colonial Services be abandoned by the Company, the Inter-Provincial Time-Table altered, and arrangements be made by which the entire course of Post from England to Sydney, and back, be brought within four months, inclusive of sufficient time at Sydney for reply by the return Mail Steamer. Any proposal to this effect which the Company may have to make will be laid before the Assembly, and this Government will be prepared to recommend its consideration in the most liberal spirit.

I have, &c.,

WILLIAM FOX,
For the Postmaster-General.

The Honble. R. G. Wood,
&c., &c., &c.,
New Zealand Government Agency,
3, Adelaide Place,
King William-street, London, E.C.

Enclosure to No. 68.

MAIL SERVICE "VIA PANAMA."

In the Session of the Colonial Parliament, 1832 (18th August), the following Resolutions were passed relative to steam communication via Panama, and also relating to Intercolonial and Interprovincial Steam Communication:—

- (1.) That the establishment of regular monthly Steam Communication between New Zealand and the United Kingdom via Panama, is calculated to confer very great benefit upon this Colony.
- (2.) That considering the probable expense of such an undertaking, it is desirable that the Service should be so constructed as to confer advantage upon and obtain the support of the neighbouring colonies.
- (3.) That this Committee recommends the appropriation of a sum not exceeding Thirty Thousand Pounds per annum from 1st January, 1864, for five years, as a contribution towards the Colonial portion of the subsidy for such a Service.
- (4.) That the requirements of the Colony will not be fully satisfied with less than three lines of Intercolonial Steam Service, viz., between Melbourne and the South, between Auckland and Sydney, and between Cook's Straits and Sydney respectively.
- (5.) That in making any contract to carry out the Steam Postal Service, the General Government shall avail itself of the assistance of the Provincial Governments, and obtain if possible their concurrence in the same.
- (6.) That communications should be maintained between the principal Provinces of the Colony four times a month, and between all the Provinces twice a month, provided that the whole expense of such Interprovincial Service do not exceed Twenty Thousand Pounds per annum.
- (7.) That all future contracts with the owners of steam-ships for the conveyance of Her Majesty's mails shall be contracts ending only from year to year, determinable by six months' notice from either contracting party to the other.

The first, second, third, fourth, and sixth of these Resolutions were on the motion of Mr. Ward.

Based on the first three of those Resolutions the Panama Steam Postal Act, 1862, was passed. These Resolutions and the Act are the sole authority by the Legislature for the Government of the Colony entering into any Contract on behalf of the Colony for the establishment of the Panama Route.

Shortly after the passing of the Act, Mr. Ward proceeded to England with the instructions and authority, copy of which is attached; at a later period the enclosed letter was sent him.*

In these are contained all the powers and instructions given by the Legislature, Government, or Governor, in reference either to Panama, Intercolonial, or Interprovincial Steam Postal Services.

On Mr. Ward's arrival in England, he appears to have negotiated first on the basis of the above Act, and in co-operation with the New South Wales Representative as that Act contemplated; but finding it impossible to conclude an arrangement for the Service on that basis, he

proceeded to negotiate for a Panama Service under his general powers as Postmaster-General of the Colony, and it is under these powers, as defined by the "Post Office Act, 1858," that he now appears to have considered himself entitled to enter into the contract with the Intercolonial Royal Mail Company.

That Act empowers the Postmaster-General to enter into Contracts for Postal Services "under such instructions as he shall from time to time receive from the Governor." No instructions were given by the Governor, other than those above quoted.

It is clear, therefore, that Mr. Ward had no power given him to enter into a Contract for services which were in excess of or antagonistic to the declared will of the Legislature.

This the Company were fully aware of prior to their entering into the Contract, Mr. Ward having laid all the above-mentioned documents before the Company's Solicitor, who took the opinion of Counsel on this very point, which was unequivocally adverse to Mr. Ward's possessing the necessary authority to bind the Colony.

In the following points, the Contract is in opposition to the declared views of the House:

- (1.) The cost of the Panama service to the Colony was limited by the Act and resolutions of the House to £30,000, whereas the Contract proposes to bind the Colony to a payment of £63,000 for that portion of the service. It has been suggested that this latter sum might be reduced by cutting off the Otago and Melbourne and Sydney and Auckland Intercolonial, and all the Interprovincial services save those provided for in the Contract. But this would be in contravention of the 4th and 6th resolutions of the House, above quoted, and which it will be observed were of equal authority with those at the same time passed in favour of the Panama line. No doubt the Colony would save a portion of the present contribution to the Suez line, and also gain the postages of letters by the Panama line; but these cannot reasonably be calculated at present at a larger sum than £13,000, leaving an excess of £20,000 payable by the Colony beyond the vote of the House.
- (2.) The Resolution of the House (No. 2) provided that the Service should be so constructed as to confer advantage upon and obtain the support of the neighbouring Colonies. Under the Contract no Colony save New Zealand would be in a position to have by that Service a four months' course of post, as the homeward steamers from Sydney would require to sail on the very day of the arrival of the outward steamer, thus conferring almost no postal advantage on the Australian Colonies.
- (3.) The renewal of the Coleman Contract of 1858, and the fixing an Inter-Provincial Service for five years, is in direct opposition to the 7th Resolution above quoted, as well as in opposition to the opinion of the House expressed in the Session of 1863 (which is binding on this Government, although unknown to Mr. Ward when he entered into the Contract)—that the Coleman Contract should be determined by notice in October next, and that all future Inter-Provincial Services should be for one year only.

By the will of the Legislature as above expressed, this Government are as much bound as was Mr. Ward: and they have no inherent power to bind the Colony to a Contract so greatly in excess of and in such decided opposition to the declared views of the Legislature.

Did the Government feel themselves empowered to deal with the Contract on its own merits, they would feel that they had a most difficult task to perform. The votes of the House and the voice of the Colony have ever been propitious to the establishment of the line *via* Panama. There can be no question that the bringing of this Colony into closer communication with England, and also with those great States of America, North and South, whose growth will be coincident with ours whilst other States decay, would be a great benefit to this Colony, though perhaps more in the future than at the present. To New Zealand at least could be secured a four months' course of post—it would make New Zealand the nearest to England instead of the most distant of the Australasian Colonies—and this at a rate confessedly lower than any previous proposal had dreamt of.

But, on the other hand, the Government would feel that the cost, however reasonable, was too great for the Colony in its present position alone to bear; that the Colony could not afford to amputate all its Inter-Colonial and Inter-Provincial Steam Services for the sake of Panama; that the Colony could not afford to ignore the lessons of past history and experience by granting a monopoly for five years of the internal communications (for such are our Inter-Provincial Steamers) of the Colony.

The cost of Steam Postal Services to the Colony, if the contract were adopted as it now stands, would be as follows:—

Panama to New Zealand, per contract	£63,000
New Zealand to New South Wales, as per Coleman contract renewed, and which, though temporarily payable by the Imperial Government, would evidently require to be paid by the Colony after 1865	13,000
Inter-provincial Services as per contract	15,000
Additional for three contracts Inter-provincial Services at 5s. per mile over 5,000 statute miles per month, about	4,000
Two Inter-colonial Services: Sydney and Nelson, and Melbourne and Otago, which, according to resolution of the House, must be retained	23,000
At least three additional Inter-provincial Services, absolutely necessary at 5s. per statute mile	19,800

£137,800

Deduct—

Estimated savings from P. O. Receipts *via* Panama, and
reduced contribution *via* Suez, say 17,800

Total probable cost of Steam Services £120,000

This might perhaps be reduced by the lower rate at which the Inter-colonial Services would hereafter be taken; but on the most favourable view, the cost would be considerably over £100,000 per annum. This certainly far exceeds anything hitherto contemplated by the House of Representatives.

The provision at the end of the 7th Clause of the Contract is a very objectionable one, precluding as it does the shortening the periods of stay at the various ports in New Zealand, and thus stereotyping the trip from Auckland to Otago for five years to a period of ten days.

The 27th Clause, however, is the most objectionable, as giving the Company a monopoly of the whole subsidized Steam Service of the Colony for five years. The Clause is no doubt so expressed as to be peculiarly open to evasion; but the intention is clear, and could only be honourably fulfilled in practice by such a monopoly. This the Government could in no event sanction with their approval.

Were the monopoly of the 27th Clause waived, the Inter-provincial Time Tables re-arranged, and the arrangements made so as to allow the Colony of New South Wales the benefit of a four months' course of post by the Panama route (in which event that Colony would no doubt contribute liberally towards the expense,) the Government of New Zealand would be inclined to view the matter favourably. But in its present shape the Government would be assuming a power not belonging to it, as the Executive of the Colony, were it to profess to give the Contract validity by its sanction.

(Signed) W. Fox.

No. 69.

Auckland, March 29, 1864.

SIR,—

By last mail I am directed by the Chairman of the I. C. R. M. Company to submit a proposal to improve the speed of the Panama service for the consideration of the New Zealand Government.

The proposal is to make the passage from Panama to Wellington in 28 days instead of 30, and *vice versa*. To ensure this it would be necessary to increase the horse-power of any vessels subsequent to those now building, and therefore, as the expenses would be greater the I. C. R. M. Company would require an additional subsidy of £24,000 per annum, and an extension of the date of commencing the service from 1st April, 1865, as at present arranged, to 1st July, 1865.

It is thought that by thus shortening the passage, two days will be afforded at Sydney for replies to letters, and that therefore it is to be expected New South Wales would contribute more than to the service as at present arranged.

As my stay in Auckland is now very limited, I shall feel obliged by an early intimation whether the New Zealand Government is inclined to adopt the proposal or not.

I have, &c.,

JOHN VINE HALL,
General Manager I. C. R. M. Company.

The Honourable the Postmaster-General,
Auckland.

No. 70.

General Post Office,
Auckland, 31st March, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 29th inst., submitting a proposal to improve the speed of the Panama service for the consideration of the New Zealand Government.

In reply I have to inform you that whether the Government ratify the Panama contract or not, they could not think of accepting the proposal made by you.

I have, &c.,

THOMAS B. GILLIES.

John Vine Hall, Esq.,
General Manager I. C. R. M. Company.

No. 71.

General Post Office, April 29, 1863.

MY LORDS,—

After the receipt of your Lordships' letter of the 30th ultimo, I had an application from Mr. Crosbie Ward and Mr. E. Hamilton for an interview with me on the subject to which your letter relates, and I postponed replying to you until that interview had taken place.

Having now seen these gentlemen, I am prepared to state my views.

I gathered from the printed statements contained in Mr. Ward's letter of the 20th ultimo, and from their verbal communication to me, that what these gentlemen, as representatives—the first of New Zealand, and the second of New South Wales—desire is, that Her Majesty's Government should assist in establishing a monthly mail to New Zealand and Australia *via* Panama, by paying half the cost of a Packet Service across the Pacific, and by agreeing to make no claim on the Colonies for the conveyance of the Australian and New Zealand mails by the packets between Southampton and Colon.

With such a demand I cannot recommend your Lordships to comply, since the cost would, in my opinion, greatly exceed the amount of benefit.

Should your Lordships adopt the same measures with regard to Australia and New Zealand which you have sanctioned with respect to China, the West Indies, and the Cape of Good Hope, by raising the postage from 6d. the half-ounce letter to 1s., the time is not, I trust, far distant when, without too great a tax on this country, it will be practicable to have an additional mail to Australia and New Zealand, and thus to render the service fortnightly instead of monthly; but when that period arrives, it will, I have no doubt, be found that the best way of accomplishing this object will be, not by establishing a new service *via* Panama, but by doubling the present service from Ceylon.

Except to New Zealand, which does not receive more than one-sixth part of the whole correspondence, the present route is the shortest; and when the railway is completed between Paris and Ancona, or Brindisi, the difference in its favour (should that railway be employed by this department) will be yet greater, and will be further augmented, and that very considerably, should a railway be laid down through the valley of the Euphrates.

Melbourne—which as the port and capital of Victoria receives and despatches nearly one-half of all the letters between this country and Australia and New Zealand, is much the most important place to be considered—is, by way of Marseilles and Ceylon, 12,100 miles from London, while *via* Panama the distance is 15,300 miles. Measured in time, the first distance is at present forty-five days, while by the Panama route it would probably be fifty-eight days.

While the Marseilles and Ceylon route is thus much superior for letters, newspapers, and books, the superiority is still greater for telegrams. Indeed, for this latter mode of communication the Panama route offers no facility.

As regards the expense, the main cost of the two routes must be determined by a comparison of the cost of a packet service from Panama with that of a second packet service from Ceylon; and I feel no doubt that, if tenders for the two services were called for, it would appear that the cost of the Panama service would be much the greatest.

The present cost of the service between Ceylon and Sydney is rather less than £135,000 per annum; and I have good reason to believe that for a second service a much smaller sum would be demanded; whereas, when in the year 1859 tenders were called for for a service between Panama and Sydney, the lowest of the only three tenders received from what appeared to have been substantial parties, required an annual subsidy of £140,000; the second, £165,000; and the highest, £220,000; and even in these large sums there must have been an increase, in order to provide for a continuation of the service to Melbourne and Adelaide at least.

In the second paragraph of Mr Ward's printed statement, that gentleman declares that the expense to New Zealand of the present service is quite disproportionate to the advantage received.

The reply to such a declaration is simply that no Colony is bound to continue a participation in the present service, and that New Zealand has but to notify its desire to withdraw from it, and to send its letters by private ship, or by other means of its own, and its release would at once be provided for.

Mr E. Hamilton, at page 5 of his printed statement, discusses the question of the amount of postage yielded to this country by the Australian and New Zealand mails, and of the extent of the loss to which this service entails.

In his conclusions Mr Hamilton is very erroneous. The amount of sea postage last year, instead of being £45,000, was but little more than £33,000; and the loss to this country, in place of £45,000, was upwards of £70,000.

The statement made by Mr. Frederick Hill, and to which Mr. E. Hamilton refers, that experience shows that an increase in the number of mails to a distant place leads to a considerable increase in the number of letters, does not appear to me to be at all inconsistent with the opinion which he expressed on the same occasion, that it would not be expedient to establish an additional mail to Australia and New Zealand *via* Panama; nor can I admit that there is anything erroneous in the Post Office assigning 1d. out of each rate of 6d. in the Australian postage to the inland duty of this country, 1d. to the inland colonial duty, and the remaining 4d. to the sea service.

As regards the monopoly, as it is termed, of the Peninsular and Oriental Company, and the complaint that the payment to them for the Australian service is too high, I have only to remark that the present contract was entered into in consequence of the failure of another company to perform the service; that that other company not only discharged its duties very ill, but received a much larger subsidy than the Peninsular and Oriental Company; that no better arrangement than that which was entered into with the Peninsular and Oriental Company was open to the Government; that this arrangement is terminable at any time on six months' notice; and that if Mr. Hamilton, or any other gentleman, can bring forward responsible persons ready to give security for performing the Australian service as well as the Peninsular and Oriental Company,

and upon lower terms, I shall be prepared to give notice to terminate the present contract, and thus to put myself in a position for receiving a tender from these persons.

I have, &c.,

(Signed)

STANLEY OF ALDERLEY.

The Lords Commissioners of the Treasury.

No. 73.

POSTMASTER-GENERAL'S MINUTE, 27TH SEPTEMBER, 1858.

1. In my Minute of the 15th instant on the subject of the Treasury Minute of the 11th (referred to your Lordship for report) I recommended that the consideration of that part of the Treasury Minute which relates to an additional Postal Service to Australia, by way of Panama, should be postponed, in order to admit of the immediate call for tenders for the continuance of the service by way of Suez.

2. Your Lordship and the Treasury having been pleased to adopt this recommendation, and the advertisements for tenders having been issued, I now beg to submit my views on the proposed additional monthly service by way of Panama.

3. The question is divisible under two heads: 1st, whether it is necessary that the postal communication with Australia should be more frequent than at present, viz., once a month? and 2nd, if so, is the Panama route best for the additional mails?

4. As regards the first of these questions, I need not remind your Lordship that the sea postage of all correspondence with the Australian Colonies, including New Zealand, falls very far short of the cost of even a single line of packets; such cost, under the late contract, having been £185,000 a year, while the total sea postage cannot be estimated at more than about £50,000 a year.

5. Having regard to the enormous additional loss which would result from the establishment of a second line of packets, and bearing in mind that the dissatisfaction so strongly felt both here and in Australia is not as to the infrequency of communication so much as to its irregularity, I am of opinion that the wishes of the public, whether at home or in the Colonies, would be more effectually met by doing all that is practicable to improve the existing monthly service than by doubling the frequency of communication.

6. As regards the second question, viz., as to the best route for the additional line of packets (should Government decide to establish one), the points for consideration appear to be mainly as to the ports to which the distances shall be reckoned, and the comparative length of route.

7. The advocates of the Panama route generally select Sydney as the right port, but this is manifestly unfair, inasmuch as, while by the Panama route it is the nearest of the continental Australian ports, by the Suez route it is the most distant. Neither can this port claim preference by amount of correspondence, since the enclosed statement of the correspondence between this country and the several Australian Colonies, including New Zealand, shows that that of New South Wales is only twenty-three per cent. of the whole, while that of Victoria is as much as fifty-eight per cent. The latter Colony is also centrally situated, having Tasmania on the South, South Australia and Western Australia on the West, and New South Wales and New Zealand on the East. It is clear, therefore, that Melbourne is the port to which the distances should be reckoned.

8. It will, of course, be for the Admiralty to state exactly the comparative length of the two routes; but, from the best information I have been able to obtain, it appears that the distance to Melbourne is less by way of Gibraltar and Suez than by way of Panama, to the extent of about 1,500 nautical miles, making a difference, according to the average speed of the packets, of at least six days in favour of the Suez route.

9. Though the contrary has often been assumed, even Sydney is nearer by the Suez route than by the Panama route, and that to the extent of about 300 nautical miles; so that the only colony which would be brought nearer by the adoption of the Panama route is New Zealand, whose correspondence, however, amounts to only six per cent. of the whole.

10. The comparative absence of storms in the Pacific may, to some extent, counterbalance greater distance, but not, I presume so far as to leave any doubt that the communication via Suez will remain the quickest to Melbourne, at least. This, however, is a point on which, no doubt, the Admiralty will report.

11. But by the foregoing statement the superiority of the Suez route is by no means fully shown, since, as respects the mail sent through France, the time is further shortened by four days and a half, while the Panama route admits of no such acceleration. The real advantage, therefore, of the Suez route, when speed is important, cannot be estimated, as regards Melbourne, at less than ten days; and as the saving, via France, of course extends to all the Australian colonies, it may be doubted whether even New Zealand would be materially benefitted by adopting the Panama route.

12. Again, by a slight sacrifice of time (not more probably than one or two days), the Suez route might be made to take in either Point de Galle or the Mauritius; thus in either case, affording important postal facilities, not only to the colony so included, but also to this country, and to the Australian colonies in their correspondence therewith. The Panama route affords no similar facilities.

13. But the Suez route has also an important pecuniary advantage over that by Panama. Our mails are conveyed across the Isthmus of Suez by the Egyptian Government for a fixed annual payment, which amounts to not more than 4d. per pound weight; whereas the charge by the railway company for crossing the Isthmus of Panama is 11d. per pound, in addition to which we have to pay the local Government the exorbitant rate of 1s. an ounce for letters for the mere privilege of passing through their territory. These charges would add, say 2d. to the postage of each newspaper, and 6d. to the postage of each half-ounce letter; or, should the quarter-ounce scale be applied, then 3d. for each quarter-ounce letter, making a total charge of 9d.; so that there could be no cheap mail by this route, the letters *via* Panama being all charged as highly as those sent through France.

14. There is still another circumstance which should not be overlooked in a comparison between the two routes. At both ends of the Suez route the electric telegraph is being rapidly extended. It already reaches from England to Malta, and, even if not yet completed, is in rapid progress from Sydney via Melbourne to Adelaide. Already, therefore, as regards the transmission of news, the distance to and from Sydney by this route is reduced by one-fourth; and supposing that at any future time the telegraph should be extended on the one side to Point de Galle, and on the other to King George's Sound (neither, perhaps, an improbable event), that distance would be so greatly reduced that Sydney would be brought (by telegraph) within fifteen days of London.

15. The Panama route, at present, possesses no similar advantage, and even if the difficulties of crossing the Atlantic be mastered, and the telegraph extended to Panama, there will yet remain the whole time occupied in crossing the Pacific, probably more than thirty days.

16. These several considerations appear to be conclusive as to the decided superiority of the route by Suez over that by Panama, and consequently, even if a monthly service be deemed insufficient, the additional packets should be placed on the Suez route.

17. Should similar views be adopted in the Australian colonies, as I expect they will when the facts of the case are understood, the several Governments, excepting that of New Zealand, and, perhaps, that of New South Wales, will probably decline to provide their share of the cost of any service which may be attempted by way of Panama. It is very important, therefore, that, as indicated in the Treasury Minute, the concurrence of the colonies should be ascertained before any tender is finally accepted.

18. But if, as fairness seems to require, it be made a condition of the tender that the total time from London to Melbourne *via* Panama, shall not exceed that which may be allowed *via* France and Suez, then it may be doubted if any responsible parties will be found to undertake the contract.

19. In another Minute, when submitting a letter from the Treasury on the subject of Postal communication with British Columbia, I propose to consider the question (raised in that letter) as to the best mode of conducting the service on this side the Isthmus of Panama; but as the effect upon the Australian Service would be much the same whether one of the two monthly lines now existing be employed (and that service is so direct that little would, I presume, be gained by adopting another route), or whether a new and independent service be established, I do not consider it necessary to trouble your Lordship on this point at present.

20. Should your Lordship concur in these views, I would suggest that a copy of this Minute, accompanied by a letter from yourself, expressive of such concurrence, be forwarded to the Treasury.

ROWLAND HILL.

27th September, 1858.

FURTHER PAPERS

RELATIVE TO THE

ESTABLISHMENT OF A PANAMA MAIL SERVICE.

No. 73.

Office of the New Zealand, Government Agency,
3 Adelaide Place, King Wm. Street,
London, E.C., 19th March, 1864.

SIR,—

I have the honor to transmit to you a letter which was addressed to this office by the Consul General for France, for Mr. Crosbie Ward, requesting him to call and receive the Charts of the Coast of the Island of Tahiti, &c., and some momoranda that had been prepared by order of the French Minister for Foreign affairs, to show the advantages which the port of Tahiti offers over other places, for a coaling station for steamers on the voyage from Panama to New Zealand.

In Mr. Ward's absence, I waited on the Consul General and assured him the matter would have the consideration of the Government of New Zealand, and on their behalf I begged him to thank the Minister for Foreign Affairs, for the Charts and information which he had been pleased to transmit.

The Charts are sent to the Government, through the Book Post by this mail, and the memoranda are inclosed herewith.

I may observe the Panama, New Zealand and Australian Royal Mail Company, were advised of these documents having been placed at my disposal for transmission to the Colony, and that they have inspected them.

I have, &c.,

JOHN MORRISON.

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

Enclosure 1 to No. 73.

List of Charts received from Consul General of France, and forwarded by Book Post to the Honorable the Colonial Secretary, Auckland:—

L'Archipel des Pomotous, 2 Maps, 1853.

Plan de la Côte occidentale de Tahiti de Papeete à Punaavia, 2 Maps, 1847.

L'Océan Pacifique, 1 Map, 1851.

Enclosure 2 to No. 73.

Consulat General de France, en Angleterre,
5, Scott's Yard, Bush Lane, London, le 8 Mars, 1864.

MONSIEUR,—

En me reportant à ma lettre du 14 Décembre dernier, j'ai l'honneur de vous informer que je viens de recevoir de Mr. le Ministre des affaires Etrangères une réponse aux observations que je lui avais transmises, de la part de l'Intercolonial Royal Mail Company, sur le projet de relier Taïti à la ligne de steamers qui s'organise entre la Nouvelle Zélande et Panama.

Cette réponse étant accompagnée de notes et de Cartes que j'ai pour instruction de mettre à votre disposition, je vous serais très obligé de vouloir bien passer à mon Bureau, de 2 à 4 heures, le jour qui vous conviendra, à fin que je puisse échanger avec vous les explications nécessaires. Veuillez agréer Monsieur, l'assurance de ma considération très distinguée.

Le Consul General de France,
FLEURY.

Hon. Mr. Crosbie Ward,
3, Adelaide Place, King William Street, City.

Enclosure 3 to No. 73.

La distance de Panama (pointe S.E. du grand Cap, stuée à 92 milles du mouillage) à l'île Otea, attérissage d'Auckland, est de 6,362 milles ou 2120.6 lieues mesuré sur l'arc du grand cercle, cette route fait passer au sud des Pomotous et près de Pitcairn. Sous le rapporté

la navigation, elle offre les circonstances suivantes : les bateaux allant de Panama à Auckland trouveraient, dans la première moitié de leur route, les vents alizés sous vergue ; dans la seconde, les vents d'orient ; pendant l'hiver des vents de la partie Est, et du Sud pendant l'Été.

Le retour devrait s'effectuer en courant plus à l'Est, passer près de l'Île de Pâques, conservant d'abord les vents d'ouest, puis prenant la bordée favorable des vents alizés, modifiés par le voisinage de la Côte d'Amérique. Cette traversée, à 100 lieues par jour, serait ainsi de 22 jours pour l'aller, de 24 pour le retour.

Mais il est probable que le trafic n'est pas aujourd'hui assez considérable pour permettre une aussi longue traversée sans escale. Cela exigerait des paquebots très puissants.

La route avec relâche semble donc forcée. Cette relâche ne peut se faire qu'en deux points 1° à Mangaréva 2° à Taïti.

L'escale de Mangaréva donne pour longueur totale des 2 traversées, (du même point de départ à Otea) 6374 milles ou 2125 lieues, longueur, à 5 Lieues près, égale à celle mesurée sur l'arc de grand cercle direct.

Le port de Mangaréva, mieux connu qu'il ne l'est aujourd'hui, balisé avec des bouées, pourrait peut-être servir à une escale de bateaux à vapeur. Mais l'attérissage nécessiterait deux fanaux, l'un d'une portée de 12 milles, placé sur Mangaréva (sur le morne Nord) l'autre sur la pointe de Koutou-polo, d'une portée de 5 milles. Cette relâche d'ailleurs demanderait l'Étude des îles basses, situées au Vent des Gambiers.

Mangaréva, quoique civilisée à côté des Pomotous, ne possède aucun commerce, aucun ouvrier, et peut-être à l'heure qu'il est, aucun autre Européen que ses missionnaires. Tout serait donc à créer aux Gambiers pour le service des bateaux à vapeur.

A Taïti, tout existe depuis longtemps. La traversée avec Taïti comme point d'escale, se compose de deux parties, l'une de 4386 milles, l'autre de 2165 milles, total 2184 lieues ou 79 lieues de plus que la route précédente.

Comme circonstances de navigation, on trouverait en revenant de Taïti à Panama, les vents plus debout que des Gambiers à Panama, mais, en revanche, de Taïti à Auckland, la route serait aussi de 14° sous le vent de celle correspondante. Il y a donc égalité à peu près sous ce rapport.

Reste donc la question d'accroissement de distance égal au 1-29 de la distance totale, ou de 19 heures environ, ce qui, en présence des ressources concentrées à Taïti, de la facilité d'y faire du charbon, de l'eau, ne permet pas à une Compagnie d'hésiter un instant.

La Compagnie Anglaise, comme la Compagnie Américaine, qui avait envoyé le "Golden Age" en 1854 aurait sans doute choisi Taïti.

Voici quelques renseignements sur le port de Papeïti.

Dans ce port, l'arbri est parfait et le calme absolu, sauf dans les coups de vent de la partie Ouest, qui donnent du clapotis le long des quais. Plusieurs cales servent à l'embarquement ou à l'accostage des navires de Commerce. Il est à croire qu'à l'une d'elles, on trouverait une profondeur suffisante pour permettre l'accostage d'un bateau calant 7m. Dans le cas contraire, comme devant la manutention, à quelques mètres de la plage, il ya une profondeur de 11 mètres, un simple appontement ou un pont volant suffirait pour embarquer directement du charbon sans chalands. À Pare—ute, où le calme est encore plus grand qu'ailleurs, un bateau calant 7m. pourrait s'approcher à 70m. de la plage. L'eau douce se déverse dans la baie de Papeïti par plusieurs endroits ; les embarcations viennent la faire ordinairement à un des appontements, où un tuyau est disposé pour emplir les futailles dans les canots. Dans le cas on l'Escale de Taïti serait adoptée, l'administration coloniale sera, sans doute, conduite à faire exécuter quelques travaux pour améliorer, autant que possible, l'Etat actuel du port de Papeïti.

NOTE.

Sur la navigation d'un bateau à vapeur entre Panama et Auckland avec escale à Taïti.

Enclosure 4 to No. 73.

Ministère de la Marine et des Colonies,
Paris, 19 Février, 1864.

Jusqu'à présent on n'a pas encore découvert de mines de charbon à Taïti, et la Compagnie serait dans l'obligation d'envoyer chercher ce combustible dans les lieux de production les plus rapprochés. En attendant qu'elle ait pu constituer un approvisionnement suffisant, l'Administration française se prêterait volontiers à lui céder une certaine quantité de charbon de terre sur le Dépôt qui y a été formé il ya quelques années par les soins du Département de la Marine. La cession pourrait en être faite au prix de revient qui est d'environ 100 francs la tonne.

En ce qui concerne la quotité de la subvention à fournir à la Compagnie pour l'escale à Taïti, il y a lieu d'observer que cette charge ne devrait pas peser sur le budget français métropolitain, mais bien sur le budget, local du protectorat, qui est obligé de se renfermer dans des ressources très limitées. À ce point de vue, la dite subvention ne pourrait être assez forte, pour permettre à la compagnie d'employer des navires plus grands et plus rapides.

La chose principale à considérer, c'est que le trajet d'Auckland à Panama semble ne pouvoir se faire sans aucune escale, et que l'île de Taïti est située dans une position intermédiaire très favorable pour que cette escale soit placée là plutôt qu'ailleurs. Il ne paraît pas certain que ce parcours produise un retard aussi grand que la Compagnie l'a supposé.

Le Département de la Marine Française aurait intérêt à connaître le plutôt possible les intentions de la compagnie et celles de l'administration, Néo Zélandaise, dont les intérêts sont

connexes attendu qu'il est actuellement saisi par le Commissaire du Gouvernement Français du Protectorat de Taïti, d'un projet tendant à organiser, pour 10 ans un service de paquebots à voiles entre Papeïti, Valparaiso, le Callao et Payta, avec retour direct du Payta sur Papeïti, et qu'il ne peut se prononcer sur ce projet, avant de savoir si la Compagnie Internationale Anglaise présentera des conditions acceptables pour l'administration de Taïti. S'il en était ainsi, on pourrait lui concéder à Papeïti un emplacement temporaire pour son dépôt de charbon, ainsi que l'exonération des droits de pilotage et d'accostage à Taïti, seuls droits qui existent dans la colonie.

No. 74.

Colonial Secretary's Office,
Auckland, May 25th, 1864.

SIR,—

I am directed to acknowledge receipt of your letter of the 19th March, last transmitting a letter addressed by the Consul General for France, to Mr. Crosbie Ward, on behalf of the Government of New Zealand, offering Charts and other information relative to the advantages of Tahiti as a Coaling station for steamers on the voyage from Panama to New Zealand. I am to request you to return to the Consul General for France, the thanks of the Government of New Zealand, for the documents which he has so obligingly supplied and to transmit to him for his information the enclosed copies * (2) of the correspondence which has taken place on the subject of steam communication between England and New Zealand, via Panama.

I have, &c.,

W. GISBOENE,
Under-Secretary.

J. Morrison, Esq.

No. 75.

Colonial Secretary's Office,
Auckland, April 7th, 1864.

SIR,—

I have the honor, on behalf of the General Government of New Zealand, to forward to you herewith Copy of a Contract between the Hon. Crosbie Ward (late Postmaster-General of this Colony) and the I. C. R. M. Co. for the establishment of a Mail Service between Panama, New Zealand, and Sydney. This Contract, which requires the ratification of the Legislature of New Zealand, the Government of New Zealand do not see their way to adopt on behalf of the Colony, unless the neighbouring Colonies, which will be benefitted thereby, are prepared to contribute liberally towards the cost thereof.

May I request you to bring the subject before the Government, and if necessary, the Legislature of your Colony, with a view to inducing them to aid in the establishment of the Panama route, which has been so long desired by the Colony of New South Wales, and which would confer upon that colony even greater advantages (commercially) than upon this colony.

I need hardly say that the Government of this Colony will be disposed so far as is possible to meet the views and wishes of your Government in this matter, and I may add that the Hon. the Postmaster-General of this Colony (Mr. Gillies), proposes to be in Sydney about the 8th proximo, when he will be able to afford your Government any information or explanation you may desire.

I have, &c.,

WILLIAM FOX.

To the Hon. the Colonial Secretary,
New South Wales.

No. 76.

Colonial Secretary's Office,
Auckland, April 7th, 1864.

SIR,—

I have the honor, on behalf of the General Government of New Zealand, to forward to you herewith Copy of a Contract between the Hon. Crosbie Ward (late Postmaster-General of this Colony) and the I. C. R. M. Co., for the establishment of a Mail Service between Panama, New Zealand, and Sydney. This Contract, which requires the ratification of the Legislature of New Zealand, the Government of New Zealand do not see their way to adopt on behalf of the Colony, unless the neighbouring Colonies, which will be benefitted thereby, are prepared to contribute liberally towards the cost thereof.

May I request you to bring the subject before the Government, and if necessary, the Legislature of your Colony, with a view to inducing them to aid in the establishment of the Panama route.

I need hardly say that the Government of this Colony will be disposed, so far as is possible, to meet the views and wishes of your Government in this matter, and to afford your Government any information or explanations you may desire.

I have, &c.,

WILLIAM FOX.

The Hon. the Colonial Secretary,
Queensland.

No. 77.

Queensland,
Colonial Secretary's Office,
Brisbane, May 12th, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 7th ultimo, covering Articles of Agreement entered into with the Intercolonial Royal Mail Company, for the establishment of a Mail Service between Panama, New Zealand, and Sydney; and requesting the co-operation of this Government, by a proportionate contribution to the subsidy, by which you observe the Panama Mail Service can alone be maintained.

In reply, I beg to inform you that, upon a reference of the matter to the Governor in Council, it has been decided that this Government cannot take the action you suggest, as, from the present formation of a Settlement at Cape-York, and the probability of other Settlements being formed on the shores of the Gulf of Carpentaria within a brief period, it is manifestly more desirable, so far as this Colony is concerned, that the more direct route, via Singapore, should be upheld. The extension of settlement along the Northern and North-Eastern seaboard of Queensland will, at no distant date, offer inducements for the establishment of a line of steamers by that route; and in the opinion of this Government it would become their duty to foster such an enterprize, rather than one that would afford no advantage to Queensland not already secured by the existing contract with the Peninsular and Oriental Company.

I have, &c.,

ROBERT G. W. HERBERT.

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

No. 78.

Colonial Secretary's Office,
Sydney, New South Wales, 16th May, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 7th ultimo, forwarding the copy of a contract between the Honorable Crosbie Ward, late Postmaster-General of New Zealand, and the Intercolonial Royal Mail Company, for the establishment of a Mail Service between Sydney, New Zealand, and Panama; and observing that the Government of New Zealand do not see their way to adopt the Contract in question, which requires the ratification of the Legislature, unless the neighbouring colonies, which will be benefitted thereby, are prepared to contribute liberally towards the cost of the service in question:

2. In reply, I do myself the honor to inform you that the Government of New South Wales are not unwilling to co-operate with the other Australian Colonies and with New Zealand, in a general scheme of steam communication with Great Britain, but are not at present disposed to commit themselves to any expenditure for the Panama project.

I have, &c.,

WILLIAM FORSTER.

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

No. 79.

Peel Forest, April 24th, 1864.

SIR,—

I find by a communication I yesterday received from His Honor the Superintendent of Canterbury forwarding the Resolutions of a public meeting held in Christchurch on the subject of Mr. Ward's Panama Steam Navigation Contract, that the Representatives for the Province are requested to state to the General Government their views on that subject, and if possible, support the Resolutions adopted by the meeting.

Thus invited, I shall simply say that, in common with most persons in this quarter of the Colony, I very much regretted to hear that the Government had declined to confirm Mr. Ward's contract. I was not in favour of any very immediate measures for the establishment of the line by Panama, unless the cost of them was moderate, and was shared between New Zealand

and Australia; but considering the very low sum at which Mr. Ward succeeded in getting the Contract taken by the Intercolonial Company, and the almost certainty there was of Sydney and other parts of Australia paying a fair contribution, I think the Government would have been justified, and would have exercised a wise and proper discretion, in ratifying the agreement, even though it so much exceeds the £30,000 set aside for the purpose by the Assembly, and I trust it is not too late for the Government to do that still.

I have, &c.,

FRANCIS JOLLIE.

To the Hon. the Colonial Secretary,
Auckland.

No. 80.

Colonial Secretary's Office,
Auckland, May 9th, 1864.

SIR,—

I have the honor to acknowledge your letter on the subject of the Panama Steam Contract. I regret that the community of Canterbury and its Representatives should (as they appear to have done) have arrived at positive conclusions on this subject, before hearing both sides of the question, or even perusing the correspondence between Mr. Ward and the Directors of the English Company, which will be published very shortly. The Government has, since the date of your letter, had an opportunity of discussing the matter with a member of the Executive Government of the Province of Canterbury, and hopes that the information given to him, and that which may be derived from a perusal of the public documents to which he has been referred, will be of use to the constituencies of Canterbury, should they be inclined to reconsider their decision.

I have, &c.,

WILLIAM FOX.

F. Jollie, Esquire, M.H.R.,
Canterbury.

No. 81.

Superintendent's Office, Christchurch, Canterbury,
26th April, 1864.

SIR,—

I have the honor to inform you that Mr. Stevens, a member of my Executive Council, has been authorized by me to represent the Government of Canterbury, with a view of making arrangements for taking up the Contract entered into by Mr. Crosbie Ward, on behalf of the Colony, with the Intercolonial Royal Mail Company. Mr. Stevens will explain the particular circumstances of his mission, and I feel sure that in a matter of such great importance to the interests of the Colony, I may rely upon your furnishing to him every assistance in your power.

I have, &c.,

S. BEALEY,
Superintendent.

The Hon. the Attorney-General.

No. 82.

Superintendent's Office, Christchurch, Canterbury,
26th April, 1864.

SIR,—

I have the honor to introduce to you Mr. Stevens, a member of my Executive Council. Mr. Stevens has been authorized by me to communicate with the General Government, and to represent the wishes of the Canterbury Government with respect to the Contract lately entered into by Mr. Crosbie Ward with the Intercolonial Royal Mail Company. I feel sure that you will furnish him with such information as may be in your power, and accord him the attention which the importance of his mission will appear to you to require.

I have, &c.,

S. BEALEY,
Superintendent.

The Hon. the Colonial Secretary,
Auckland.

No. 83.

Colonial Secretary's Office,
Auckland, May 6th, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, No. 177, 26th April, 1864, introducing to this Government Mr. Stevens, a member of your Executive Council, who will

represent the wishes of the Canterbury Government with respect to the Contract lately entered into by Mr. Crosbie Ward with the Intercolonial Royal Mail Company.

I have, &c.,

WILLIAM FOX.

His Honor the Superintendent,
Canterbury.

No. 84.

Auckland, May 5th, 1864.

SIR,—

I have the honor to inform you that I have arrived from Canterbury under the direction of the Superintendent of Canterbury, with the view of communicating with the General Government of the Colony as to the ratification of the Contract entered into between Mr. Crosbie Ward and the Intercolonial Royal Mail Steam Packet Company (limited), for the conveyance of New Zealand Mails—Panama and Interprovincial—dated 7th December, 1863.

I beg to hand you the Report of a Committee of the Provincial Council of Canterbury for giving effect to the above-mentioned Contract; and also, the Resolutions* of the Provincial Council on the subject, passed on the 26th April last. In accordance with those Resolutions, I have to request your reply to the following questions:—

1. Whether the Government will be prepared to consider its decision as to the non-ratification of the Contract?
2. Whether, in the event of Government not being prepared to do so, it will be willing to accept the Contract, taking the guarantee of the Province of Canterbury in conjunction with other Provinces, or otherwise, for the excess of the Contract-price on the amount voted for the Panama Service by the General Assembly?
3. Whether, in the event of the Government declining to adopt the course last above mentioned, it will be willing to pay over the sum capable of being appropriated under the vote of the General Assembly for the Panama Service, to one or more of the guaranteeing Provinces, and to credit those Provinces with the Postages, and also to assist the Provinces guaranteeing in negotiations with other Colonies for their contributions?

I have, &c.,

E. C. J. STEVENS,
Member of the Executive Council of the
Canterbury Province.

The Hon. the Postmaster-General,
Auckland.

Enclosure to No. 84.

REPORT of a Committee appointed by the Provincial Council of Canterbury to inquire into and report upon the means best calculated for giving effect to the Contract lately entered into by Crosbie Ward, Esq., for the Conveyance of Mails by way of Panama.

Your Committee have the honor to report that with a view of obtaining authentic information as to the facts connected with the question into which they have been instructed to enquire, they have taken the evidence of two gentlemen (Mr. Ward himself being one) who have been directly concerned in negotiations for the establishment of a Panama Service for the Colony, and who, it may be assumed, have made themselves familiar with all the main points of the case.

It appears that the Colony of New Zealand is placed in a disadvantageous position as regards the other Colonies of the Australasian Group in two essential points so long as it depends solely for its means of Postal Communication with Europe on the present Service by way of Suez.

1st. New Zealand being at the end of the line, and its distance from Australia being too great to allow of the return mail being despatched so as to arrive either at Sydney or Melbourne in time for the return mail for Europe of the same month, the course of post is increased by one whole month.

2nd. Notwithstanding this disadvantage, New Zealand contributes more in proportion towards the maintenance of the Suez line than any of the Australian Colonies, and this in more ways than one.

The rule by which the sum to be paid by each Colony interested in the service is ascertained, imposes the larger share of the burden on those which are most distant from the mother country, consequently New Zealand pays the most of all the Colonies, as not only does it contribute to the service to Sydney, the extremity of the Trunk line, but bears also the expense of the service beyond that point. Thus, for instance, Western Australia contributes nothing to the cost of the service between King George's Sound and Sydney; on the other hand, the Colonies of New South Wales, Queensland, and New Zealand, contribute towards the whole cost, though they get their mails later, and in the case of New Zealand, too late to catch the return mail.

Hitherto, although the larger portions of the New Zealand mail have left the Trunk line at Melbourne, it appears that by some oversight, the contribution of the Colony has been calculated as though the whole was carried on to Sydney.

There is another circumstance which causes the New Zealand contribution to be heavier in proportion to its population than that of any other of the Australian Colonies. The rate of contribution is determined by the amount of correspondence, and as it appears that the correspondence of New Zealand is the largest in proportion to the population, it follows that its contribution is also calculated at a higher rate than that of any other Colony.

The actual sum payable by New Zealand towards the Trunk line as far as Sydney, is estimated for the current year at £20,000. The experience of the past would lead to the belief that this charge will rapidly increase. In fact, it must do so if the New Zealand correspondence continues to have the same proportion as at present to the whole number of letters conveyed.

It is obvious that any arrangement which should have the effect of diminishing the number of New Zealand Letters sent *viâ* Suez, would, in a corresponding degree, diminish the proportion of the contribution payable by New Zealand.

Thus the establishment of the Panama line, besides other advantages, would effect a saving to the Colony on the Suez line which, though it is impossible to estimate the exact amount, must of necessity be considerable.

Again, it is obvious that the establishment of a line *viâ* Panama, instead of *viâ* Suez, by reversing the order in which the Colonies are reached, would make New Zealand, instead of the last, the first port of call, besides making the course of Post four months instead of, as in the case of the Suez line, five months.

As regards the particular contract under consideration, your Committee are of opinion that, comparing the terms obtained by Mr. Ward with those offered on former occasions, it affords advantages as great as could reasonably have been expected. The contract has, moreover, this especial advantage, that it gives to New Zealand the sole control of the line, thus enabling the Colony to regulate the service in such a manner as may seem most conducive to its own interests, as well as to reimburse itself for a part at least of its outlay by arrangements with other Colonies.

It appears from the evidence before your Committee, that besides the benefits to be conferred on the Colony in a postal point of view, the service, as contracted for by Mr. Ward, would offer greatly increased facilities for the Passenger traffic, as well as improve the comfort of the passengers. It is estimated that while the expense of a chief cabin passage *viâ* Suez is not less than £200, equal advantages might be had *viâ* Panama for about half that sum.

Your Committee, having thus shortly adverted to some of the advantages to be secured to the Colony by the contract under consideration, would further remark that the mere fact of that contract having been entered into at all, places the Colony in a new position, even supposing that no further action is taken in the matter. It should not be forgotten, in considering this question, that the faith of the Colony, if not technically, is at all events morally pledged to the acceptance of the terms. By the 15th Clause of "The New Zealand Post Office Act, 1858," power is given to the Postmaster-General, under such instructions as he shall from time to time receive from the Governor, to enter into contracts on behalf of the Colony for the conveyance of mails by sea land. Mr. Ward appears in his negotiations with the Inter-Colonial Royal Mail Company, to have been acting under instructions of the widest and most general character, which left him almost absolute discretion in making arrangements for a Panama service; and although he was not actually Postmaster-General at the time when he entered into the contract, yet it was on the faith of his possessing the powers vested in that Officer that the contractors made arrangements for fulfilling their agreement, while Mr Ward himself had every reason to believe that he still continued to hold the office.

The refusal of the Government to ratify that agreement cannot fail to be considered as a repudiation of an engagement by those who only view the matter in its general aspect as a question of moral obligation, and who do not take into account the technical grounds on which such a course is capable of being defended.

It has moreover been suggested, with how much reason your Committee are unable to say, that the Inter-Colonial Royal Mail Company having already made arrangements for carrying out their contract, and having already entered into engagements on the faith of its terms being observed by the Colony, would be entitled to damages for the loss thereby incurred. But whether this be so or not, it seems certain that the course adopted by the General Government is one calculated very seriously to endanger the credit of the Colony, and very materially to lower the high character which it has hitherto enjoyed in England for good faith and honesty of purpose.

It appears to your Committee, after taking all the circumstances of the case into consideration, that no efforts should be spared for giving effect to the Contract.

Three courses of action for obtaining this object have suggested themselves to your Committee.

1st. That the General Government be urged to reconsider its decision.

2nd. That a guarantee on behalf of the Province be given, that any deficiency in the funds at the disposal of the General Government available for the establishment of a Panama line be made good by the Province.

3rd. That this Province should take upon itself the whole of the liabilities arising out of the Contract.

Of these, the last though the most expeditious and direct, is open to certain objections which would make its adoption desirable only as a last resource.

The Contract entered into by Mr. Ward provides for a Monthly Service each way, between Panama and Wellington, for the sum of £63,000. By the Act of the General Assembly of 1862, intituled "The Panama Route Postal Act, 1862," a sum of £30,000 is appropriated towards this

object; and it may reasonably be supposed that this sum will be made available towards the maintenance of any satisfactory service that may be established *viâ* Panama.

Your Committee have reason to suppose that the objection entertained by the General Government to the Contract arose principally from the fact that the cost of the Contract was in excess of the sum appropriated by the Assembly; and if such is the case, the objection would be removed by supplementing the sum at the disposal of the General Government by funds derived from other sources.

If, therefore, a guarantee were given to the General Government, that this Province would make good the difference between the £30,000 at the disposal of the General Government, and the £63,000, the cost of the service, it may reasonably be supposed that no further difficulty would be raised.

In the event of such an arrangement being made it is hardly conceivable that the rest of the Colony, while thus participating in the benefits, would refuse to participate in the burden also.

This plan of effecting the proposed object, in concurrence with the General Government, appears to your Committee at once the simplest and the one attended with the fewest inconveniences.

Another mode of effecting the same object would be, that this Province should undertake the expenses of the whole Contract in consideration of being credited with the £30,000 appropriated by the Assembly, and the postages levied for conveyance of letters *viâ* Panama in addition to any contributions which might become payable by other Colonies, or other Provinces of this Colony.

In this case, of course, the control of the line would be in the hands of this Province.

The objection, however, to this plan is an objection which applies to any arrangement which does not make the General Government a contracting party. The whole control of the Postal Service being by law vested in the General Government, a conflict of authority might very easily arise between the Provincial and General Governments which would be calculated to create confusion.

In addition to this it must be borne in mind that it would be out of the power of a Provincial Government to give effect, independently of the General Government, to the 27th clause of the Contract, which assures to the Contractors a certain preference in the establishment of new Inter-provincial Services.

On these grounds it is recommended, in the first instance, that the General Government be urged to reconsider its decision, but that the request be accompanied by an assurance to the effect that, should the Government still feel itself unable to alter the decision already arrived at, this Province will alone undertake the expenses of the Contract, in consideration of being reimbursed from the sources already mentioned.

Should neither of these proposals be favourably entertained by the Government, your Committee, considering how seriously both the interests and the character of the Colony would be compromised by a final withdrawal from the engagements already entered into, considering moreover the difficulty which would be experienced in entering upon fresh negotiations, and the disadvantage at which the Colony would treat in consequence of the abandonment of the present Contract; considering, also, the delay which must necessarily occur before any other Contract could be carried into effect, do not hesitate to recommend that this Province should adopt the bold step of undertaking the whole of the liabilities arising under the Contract, trusting to the good sense and good feeling of the rest of the Colony for indemnity, relying at the same time for a reimbursement, of a part at least of the outlay, upon contributions from other colonies.

It is further recommended that the proposals to be made to the General Government be communicated to the Inter-Colonial Royal Mail Company by the out-going mail, and that they be informed that in case of the General Government not acceding to the wishes of the Council, this Province will be answerable for the £63,000 specified in the Contract as the cost of the service, so that the Contractors may in any case feel themselves secure as regards this payment.

Lastly, it is recommended that the Agent of the Province be supplied with full instructions as to the views of the Council and furnished with the powers necessary for completing any arrangements he may find necessary for carrying those views into effect.

HENRY JOHN TANCRED, Chairman.

No. 85.

General Post Office,
Auckland, May 7, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 5th inst., requesting me to reply to the three questions proposed by you.

I enclose for your information a Memorandum* on the Mail Service, via Panama, which will place you fully in possession of the views of the Government on that subject.

You will at once see that with these views the Colonial Government could not re-consider its decision without important modifications of the proposed arrangements.

The Government is also unwilling to pledge themselves to recommend the General Assembly to involve the Colony in any liability upon a Contract to which, as it appears to them, there are such serious objections.

* Published as Enclosure to No. 68.

I have, however, to add, that in the event of some of the Provinces of the Colony desiring to take upon themselves the Contract, the Colonial Government will be happy to afford them every facility for doing so: Provided that the monopoly of all the steam services of the Colony be abandoned by the Inter-Colonial Royal Mail Company (Limited). At the same time I have to suggest to the Provincial Government of Canterbury that before taking any further step to involve the Province in liabilities, or engagements, that it would be prudent for them to reconsider the matter, after they have had an opportunity of perusing the papers on the subject now in the printers' hands, a copy of which, when printed, shall be forwarded to Canterbury without a moment's delay.

I have, &c.,

FRED. WHITAKER,

In absence of Postmaster General.

E. C. Stevens, Esq.,
Member of the Executive Council of
Canterbury Province.

No. 86.

Superintendent's Office,
Christchurch, May 21st, 1864.

SIR,—

I have the honor to transmit to you herewith a copy of the resolutions unanimously adopted by the Provincial Council of this Province, during its recent session, on the subject of the Panama Contract, entered into by Mr. Crosbie Ward on behalf of the Colony.

I have, &c.,

WM. ROLLESTON,
Provincial Secretary
(for the Superintendent).

To the Honorable the Postmaster General,
Auckland.

Enclosure to No. 86.

Provincial Council Chamber,
Canterbury, 26th April, 1864.

Extract from the Records of the Provincial Council on the subject of the Panama Contract:—

Motion was granted that the Council do adopt the following Resolutions:—

Whereas a Contract has been recently entered into by the late Postmaster General of this Colony, on behalf of the Colony of New Zealand, with the Inter-Colonial Royal Mail Company, for the establishment of a postal service with Great Britain, by way of Panama, which Contract His Excellency's Government has not up to the present time ratified on behalf of the Colony: And whereas, in the opinion of the Council, numerous and important advantages would result to this Province and the Colony at large from the establishment of the service provided for in such contract: And whereas, by information recently received from Great Britain, it appears that the above-mentioned Company is taking steps for efficiently carrying out such Contract:

This Council resolves—

1. That it is of the utmost importance, not only to this Province but also to the whole Colony, that the agreement entered into by Mr. Ward on behalf of the Government for the establishment of Steam Mail communication by way of Panama, should be carried into effect.

2. That it is expedient that a communication be addressed to His Excellency the Governor, representing the anxious desire of this Council that the contract above referred to should be ratified.

3. That in the event of His Excellency not considering himself empowered, without the sanction of the General Assembly, to enter into engagements involving a payment for the Panama service of a greater sum than that provided for in the Panama Route Postal Act, 1862, this Province will undertake to provide the additional sum of £33,000 required to make up the entire subsidy stipulated for in the contract.

4. That in event of His Excellency not deeming it expedient to concur in either of the foregoing proposals, this Council hereby undertakes, on behalf of the Province of Canterbury, to provide the whole subsidy of £63,000 payable under the contract.

5. That looking to the advantages which other Provinces of the Colony will derive from the establishment of the postal service now under consideration, this Council relies upon the willingness of the Governments of those Provinces to share with that of Canterbury the financial burthen involved therein, in the event of the contract not being adopted on behalf of the Colony by the General Assembly at its next session.

6. That His Honor the Superintendent be requested to take the necessary steps for giving effect to these resolutions, and that this Council will indemnify His Honor for any expenditure incurred in so doing, not exceeding the respective sums above mentioned.

7. That His Honor the Superintendent be requested to forward a copy of the above resolutions to the English Agent, and instruct him to communicate with the contractors for the Panama service, and make them acquainted with the fact that if after further communication,

which is now in progress, with the General Government, the contract entered into by Mr. Crosbie Ward be not ratified by the General Government, the full amount of subsidy payable under the contract will be undertaken by the Province of Canterbury.

No. 87.

Westminster Palace Hotel,
London, May 19th, 1864.

SIR,—

I beg to acknowledge the receipt, on the evening of the 17th instant, of your despatch F. 64—68, dated March 7th, instructing me to communicate to the Intercolonial R.M.S. Company that, until accepted and ratified by the New Zealand Government, the Panama Contract made by Mr. Ward cannot be considered as in any way binding on the Colony. On the 18th I called on Mr. Worley, the Secretary, and I read your despatch to him; I also left a copy with him for the information of the Directors. Mr. Worley expressed some surprise at the communication, when I assured him the sole reasons which led the New Zealand Government to doubt the propriety of ratifying the contract were—first, the excess of money to be paid beyond the amount of £30,000 voted by the Legislature for the establishment of a route *via* Panama, an excess which had not been authorized, and which the finances of New Zealand were not in a position to bear; and secondly, the extension of the original Coleman Contract, which was never contemplated, and which Mr. Ward had no instructions to effect. Mr. Worley stated that Mr. Ward could produce no such instructions in writing, but that the Company had taken Counsel's opinion as to his powers, which was that if, in conjunction with his general powers as Postmaster-General, Mr. Ward had been verbally instructed on these points, his powers would be sufficient to enable him to make a valid contract; that when this opinion was stated to Mr. Ward, he replied that such verbal instructions had been given. I said that I was not aware of any such instructions, either directly or indirectly, having been given to Mr. Ward. Mr. Worley will bring the communication I wrote to him under the notice of the Directors of the Company.

I have, &c.,

READER WOOD.

The Hon. the Postmaster-General,
Auckland.

No. 88.

Christchurch, New Zealand,
2nd June, 1864.

SIR,—

With reference to the correspondence upon the Panama question, which has lately reached me in a printed shape, published by order of the Government, I desire to express a regret that so much that is of an unofficial character should have been sent to press without my having an opportunity to revise it.

Had circumstances permitted such revision, the important parts of the correspondence might in my opinion have been made more correct and complete, and at the same time an opportunity would have been given to me to correct or withdraw some matter that appears undesirable to publish.

Among other errors in the correspondence which it would have been desirable to correct, I beg leave to point to two which are of some importance.

The letter No. 39, from myself to the Honorable the Colonial Secretary, dated 25th October, 1863, ought to have been withdrawn from the correspondence altogether. It was written in readiness for the October Mail, but its despatch was prevented by the fact that the Intercolonial Royal Mail Company, at the last moment, raised a question which required some time to settle. In place of this letter I wrote another, on the 24th November, 1863, which appears in its proper place, as No. 50. But in my absence from home the former letter of October was erroneously posted, it being supposed that I so intended. And the two letters were thus despatched by the same mail.

The second letter, that of 24th November, No. 50, contains a serious clerical error. The difference in cost of the services therein computed is wrong by the sum of ten thousand pounds. The figure *two* ought to be substituted for the figure *one* in the 31st and 24th lines from the bottom of the 31st page.

Both these errors were pointed out by me to the Honorable Mr. Gillies, in going through the correspondence, and were noted in a memorandum at the time for the guidance of the compiler and printer. They are, however, easy to explain; and I do myself the honor to request that you will direct such explanation to be made on the subject as you may think desirable, either to accompany any further general issue of the papers, or to be presented with them to the General Assembly at its next meeting.

I have, &c.,

CROSBIE WARD.

The Honorable the Colonial Secretary,
Auckland.

No. 89.

General Post Office,
Auckland, 16th June, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter, dated 2nd June, 1864, addressed to the Honorable the Colonial Secretary, respecting the printing of the correspondence on the Panama Contract.

I am directed to inform you that Government propose to print some additional papers on this subject, when the corrections which you desire to be made in the correspondence already printed will be attended to; and I am to request you to be good enough to point out any other mistakes which you wish corrected.

I have, &c.,

G. ELLIOTT ELLIOTT,
Secretary.Crosbie Ward, Esquire, M.G.A.,
Christchurch.

No. 90.

Westminster Palace Hotel, London, June 19th, 1864.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 7th April, on the subject of the Panama Contract. I at once waited upon the Secretary of the Company and communicated to him the contents of your letter and its enclosure, I also furnished him with a copy of both documents for the information of the Directors.

The Secretary asked me whether I thought the Government would assent to any such modification of the Contract as it would be in the power of the Company to propose. I replied that I was sure the Government of New Zealand would agree to no proposal of which the extension of the old Coleman contract formed a part, but if that were abandoned I thought it possible an arrangement might be made which would receive the support of the Government in the New Zealand Parliament.

He said the extension in question was a most material part of the Contract, that the subsidy for the Panama route would be quite insufficient to meet its cost, and the reason why they stipulated for the extension was that the loss on the one service might be made up by the gain on the other.

I see, by the *Times* this morning, the Directors appear to have determined to refer the matter again to the New Zealand Government.

I have, &c.,

READER WOOD.

The Hon. the Postmaster-General, Auckland.

No. 91.

Panama, New Zealand, and Australian Royal Mail Company, Limited,
Offices, 41, Moorgate Street, London, E.C., June 21st, 1864.

DEAR SIR,—

Referring to our conversation this morning, permit me to ask, for the guidance of the Board in replying to Mr. Fox's letter and memorandum, whether you are of opinion that in the event of the Company agreeing to the proposed modifications, the New Zealand Government would be willing to raise the subsidy for the Panama Service from £76,000 to £100,000 per annum, and whether you would be prepared to recommend the acceptance of such a proposal.

If the Service is so arranged that the course of post between Sydney and England is brought within four months, the speed of the vessels performing it would have to be at least 10 knots an hour, instead of 8½, as per the December contract, and the expenses of working the line would be greatly increased. Such being the case, and seeing that the Company in waiving the arrangement respecting the inter-provincial services, and the claim to a preference as regards other lines, would be giving up nearly all the advantages of the recent contract, an addition of £24,000 per annum for the through service, would certainly not be any too much.

Requesting the favour of a reply by Thursday afternoon,

I remain, &c.,

JAMES WORLEY.

The Hon. Reader Wood, Esq.

No. 92.

Westminster Palace Hotel, June 22nd, 1864.

DEAR SIR,—

In reply to your note of yesterday's date, I can only say now what I have already stated to you verbally, that I feel sure the New Zealand Government will not propose to the

Legislature the ratification of the Panama arrangement as long as the extension of the old Coleman Contract is part of it. But if that were to be abandoned by your Company, a re-adjustment of the time table made as Mr. Fox proposes, and an amount named as a subsidy for the Panama Service, fair in itself and within the means of the Colony, the Legislature would, I thought, be more likely to consider the matter favourably than it would if the Panama, the Inter-Provincial, and Inter-Colonial services were all mixed up together for the supposed deficiencies on the one to be compensated by the supposed profits on the other, as I understand from you now to be the case.

Yours, &c.,

J. Worley, Esq., Secretary I.C.R.M. Co.

READER WOOD.

No. 93.

Panama, New Zealand, and Australian
Royal Mail Company (Limited),

London, June 25th, 1864.

SIR,—

I have the honor to inform you that the Board of Directors of this Company have received a copy of your letter of the 7th April, addressed to the Hon. Reader Wood, intimating that the Government of New Zealand decline to recognize as binding on the Colony the contract entered into by the Hon. Crosbie Ward, as Postmaster-General of New Zealand, with this Company in December last, for the Panama and other mail services.

They have also received a copy of the memorandum and other documents referred to in your letter.

The Directors having no means of judging as to the correctness of the statements you make with reference to the instructions alleged to have been given to Mr. Ward by his Government, they are unable satisfactorily to answer so much of your letter as refers to the authority of Mr. Ward to bind his Government, and they have therefore forwarded to that gentleman a copy of your letter and of the enclosures, and have requested him to inform them whether or not the statements so made are correct.

The Directors, however, think it right to observe that in entering into the contract with Mr. Ward, they had no reason to doubt his veracity when he stated to them, as he repeatedly did, not only verbally but in writing, that he was fully authorized, as Postmaster-General of New Zealand, to enter into the contract, and the Directors submit that if Mr. Ward did exceed his instructions (which they are not prepared to admit) the Government of New Zealand ought to be responsible for the acts of its own Minister, solemnly entered into on their behalf; and they have further to observe that in attempting to repudiate those acts the Government are seeking to establish a principle which the Directors are not aware has ever yet been recognized by any Government representing a British Colony, and the Directors are confident that the Government will, on reconsideration, feel that their decision is not one which should be adhered to.

In answer to the very extraordinary statement contained in your letter, that the Company were, at the time they entered into the contract, fully aware that Mr. Ward was not empowered to enter into it on behalf of the Colony, and to the allegation in the memorandum that Mr. Ward had laid the documents therein mentioned before the Company's solicitor, who took the opinion of counsel upon this very point, which opinion was unequivocally adverse to Mr. Ward's possessing the necessary authority to bind the Colony, the Directors think it right to lay the following facts before you.

In the month of August last, Mr. Ward having failed in his endeavours to induce Her Majesty's Government to make arrangements for a subsidized mail route *via* Panama, entered into negotiations with this Company, and towards the latter end of the month of November the main terms of the intended contract had been arranged.

Mr. Ward then, by leave of the Post Office authorities, gave instructions to the solicitor of that department to prepare a formal contract with this Company, and the Directors instructed the Company's solicitor to satisfy himself that Mr. Ward had power to make the contract.

The solicitor of the Company accordingly had an interview with the solicitor of the Post Office, and from him he ascertained that Mr. Ward, as Postmaster-General of New Zealand, was entering into the contract under the powers conferred upon him by the 15th clause of the Postal Act of 1858. As that clause enabled the Postmaster-General to enter into any contract on behalf of the Government of New Zealand for the carriage or conveyance of mails by sea or by land, under such instructions as he should from time to time receive from the Governor, the Company's solicitor called on Mr. Ward by appointment to inquire what instructions he had received.

Mr. Ward then handed to the Company's solicitor the despatch of Governor Sir George Grey to His Grace the Duke of Newcastle, dated 31st day of October, 1862, with the accompanying minute of the same date, and he informed the solicitor that those were his credentials, and requested him to take them away with him for the purpose of making copies and then to return them.

The solicitor accordingly did so, and the next day returned them to Mr. Ward, and, not feeling satisfied that these letters contained sufficient instructions from the Governor to enable Mr. Ward to enter into the proposed contract, he laid a case before counsel to advise the Company on this point.

The contract itself, which was then incomplete, was not laid before counsel, and the opinion given by him was in the first instance unfavourable to the power of Mr. Ward to enter into this contract, but the same counsel subsequently wrote that his first opinion was given under an erroneous impression and upon the hypothesis that the proposed contract was intended to be entered into between the Postmaster-General of New Zealand and the Imperial Government, for the conveyance of mails between New Zealand and Great Britain *via* Panama, and upon a statement of the facts made in conference, at which the Secretary of the Company was present, counsel wrote a further opinion that, assuming that Mr. Ward, as New Zealand Postmaster-General, had received instructions from the Governor, he considered that, quite independently and irrespectively of the Act of 1862, he might enter into the proposed contract, and that it would be binding upon, and enforceable against the New Zealand Government, but he was further of opinion that the Governor's despatch with its enclosure would not be sufficient authority from the Governor to Mr. Ward, *per se*, to enter into the proposed contract. A copy of the first opinion given by counsel was handed to Mr. Ward, and it was suggested to him whether it would not be expedient that some further opinion should be taken on the point.

He said he would consider the matter, and the next day he wrote to the solicitor a letter, of which the following is a copy:—

3, Adelaide Place, 12th December, 1863.

MY DEAR SIR,—

On consideration, it is not at all necessary to take a further opinion as to my powers for *my* satisfaction. I am convinced that the Inter-Colonial are safe, and ought to be satisfied that my acts bind the Colony, and this is the main point. Let them see that I am bound as far and as strongly as I can be bound, and that is enough. But I am as anxious as they can be to avoid any doubt that the agreement is finally settled.

Yours truly,

CROSBIE WARD.

R. Cunliffe, Esq.

In reply, the solicitor informed him of the second opinion given by counsel, and a day or two afterwards, at their next interview, Mr. Ward informed the solicitor to the Company, in the presence of the Secretary, and subsequently repeated his assertion in the presence of the solicitor to the Post Office and of the counsel who prepared the contract, that he *was* fully authorised to enter into it, and that his acts would bind the Government; and on the solicitor to the company suggesting that a recital should be inserted in the contract to that effect, he willingly agreed, and it was accordingly so inserted under his direction by the counsel to the Post Office, at the time the contract was finally settled in conference.

It may further be added that the draft contract, as originally prepared, contained a clause that it should not be binding on the New Zealand Government until it had been laid on the table of the House for the space of one month, unless it were previously approved by a resolution of the General Assembly. This clause Mr. Ward struck out of the contract with his own hand, stating that it was not necessary, as he had full power to bind the Colony.

The Directors would much have preferred having sufficient time before commencing the building of the necessary vessels to have heard from the Colony that the contract was satisfactory to the Government, but at Mr. Ward's earnest solicitation, and on his repeated statement of the importance it was to the Colony that the service should commence not later than the spring of 1865, they consented to bind themselves to do so, which rendered it imperatively necessary that they should at once give the orders for the requisite ships. This they accordingly did, believing that the New Zealand Government was bound to fulfil the engagements entered into by its Postmaster-General, as they have hitherto fulfilled those previously entered into by him on their behalf.

Had the Directors any reason to doubt his power to bind the Government they would have insisted on time being given them to obtain the approval of the Government before commencing the vessels required by the contract.

Whilst the Directors thus emphatically repudiate the imputation that they knew Mr. Ward had no power to enter into the contract in question, they are ready to entertain any reasonable modifications of the terms of that contract, always however without prejudice to their rights thereunder, and reserving their claim for full compensation for any loss the Company may sustain in consequence of the Government having refused to abide by the formal acts of its own accredited agent and minister.

I have, &c.,

CLAUD HAMILTON, Chairman.

The Hon. William Fox,

Colonial Secretary, Auckland, New Zealand.

No. 94.

Postmaster-General's Office,
Auckland, 7th September, 1864.

MY LORD,—

I have the honor to acknowledge the receipt of your letter of 25th June, in reply to my letter (per Mr. Fox) of 7th April last, to Mr. Reader Wood, communicated to you relative to the Panama Contract. In reply, I have to inform you that this Government see no reason to alter the determination they have already communicated to you, especially as the facts stated in

your letter are conclusive as to Mr. Ward's having acted in excess of his powers, and of the Company having entered into the Contract on the assumption that Mr. Ward had instructions from the Governor, but of which he produced no evidence satisfactory to the Company's legal adviser, although all Mr. Ward's credentials appear to have been laid before him.

In reply to the last paragraph of your letter, I would refer you to the concluding sentences of the letter of 7th April to Mr. Wood.

I have, &c.,

THOMAS B. GILLIES, Postmaster-General.

Lord Claud Hamilton,

Chairman, Inter-Colonial Royal Mail Company, London.

No. 95.

Christchurch, 19th September, 1864.

SIR,—

I have received a letter from Mr. Worley, the Secretary of the Panama, New Zealand, and Australian Royal Mail Company, enclosing a copy of a letter from the Chairman of that Company to yourself, in reply to your memorandum of 7th April, 1864. Mr. Worley calls upon me, in his letter, for certain explanations in respect of statements made in that memorandum, which explanations I have furnished.

I have, accordingly, the honor to forward a copy of Mr. Worley's letter and of my reply, for your information.

I am, &c.,

CROSBIE WARD.

The Hon. the Colonial Secretary.

Enclosure 1 to No. 95.

Panama, New Zealand, and Australian Royal Mail Company, Limited,
Offices, 41, Moorgate Street, London, E.C., June 25th, 1864.

DEAR SIR,—

I received, on the 13th instant, your letter of the 5th April. The Directors are greatly surprised and annoyed, as you may imagine, at the New Zealand Government having declined to recognise the Panama Contract. They were of course aware of the change of Ministry, but did not suppose for one moment that the new Government would seek to repudiate the Contract, and adopt a course fraught with such serious consequences to the Company, and so much injury to the character and reputation of the Colony.

On the 15th inst., the Board received from Mr. Reader Wood copy of the letter addressed to him by Mr. Fox, communicating the decision at which the Government had arrived, also copy of a memorandum accompanying it setting forth the grounds of their decision: copies of which documents are forwarded herewith.

In the memorandum it is stated that the opinion of counsel obtained by the Company was "unequivocally adverse to the Company," and that the Board knew, at the time the Contract was made, that you did not possess the requisite powers. These assertions are quite contrary to facts, as you are aware, and have doubtless already pointed out to the Government. The *first* opinion of counsel was unfavorable, Mr. Fisher having, as he afterwards stated, given it under a misapprehension; but in his *second* opinion he wrote, "assuming, therefore, that the New Zealand Postmaster-General has received instructions from the Governor, I think, quite independently and irrespectively of the Act of 1862, that Mr. Ward may enter into the proposed contract, and that it will be binding upon, and enforceable against, the New Zealand Government." The question then arose whether you had received the necessary instructions. You stated that you had, and the Contract recites that you were "acting under instructions for that purpose given by the Governor of New Zealand." Mr. Fox, however, most positively asserts that no instructions were given to you beyond the Act of 1862, the Minute dated 31st October, 1862, the letter from Sir George Grey to the Duke of Newcastle, and the letter of the 5th December, 1862, from Mr. Domett.

The Board have, therefore, considered it expedient to refer Mr. Fox's letter and memorandum to you, and they have desired me to request you to be so good as to furnish them, per return of post, with the fullest explanation on the subject, and with clear confirmatory proof that you did receive instructions from the Governor enabling you, as Postmaster-General, to enter into the contract concluded with this Company, in order that the Board may be in a position to reply to the statements made by the present Government.

The Act of 1858 refers to instructions from the *Governor*, not the *Government*, so that it appears to be more a question between yourself and the Governor, as to whose word is to be relied upon.

In the firm belief that the Contract would be carried out by the Government, the name of the Company has been changed; three vessels of 1500 tons and 300 horse power were ordered in January, and heavy expenses have been incurred in procuring the requisite capital; and therefore, if the Contract is not adopted, the Company will suffer very serious losses, for which, in the ordinary operation of the law, *you* will be personally liable. The Board cannot, however,

suppose that the facts are as stated by Mr. Fox, feeling sure you would not wilfully deceive them, and thus place the Company and yourself in such a totally false position, as would be the case if you had exceeded your powers.

The circumstance of the Post Office authorities having assisted in the preparation and settlement of the Contract, and of the Postmaster-General having, in accordance with your request, recommended to the Lords of the Treasury the continuance of the old Contract for the full term of 10 years, shows that *they* did not consider you were exceeding your powers; and therefore, the New Zealand Government can hardly wonder that the Company should have believed that you had the power to make the Contract, and to bind the Colony.

I enclose copy of a letter addressed to Mr. Fox by the Chairman of the Company, and have only further to add that the Board earnestly trusts no effort on your part will be wanting to secure the formal recognition of the Contract, so as to relieve the Company and yourself from the embarrassment caused by the extraordinary conduct of the Government.

I remain, &c.,

JAMES WORLEY.

The Hon. Crosbie Ward, Esq.

Enclosure 2 to No. 95.

Christchurch, New Zealand, 15th September, 1864.

DEAR SIR,—

I have to acknowledge the receipt of your letter of the 25th June. That surprise and annoyance was, as you tell me, felt by your Directors at the refusal of the New Zealand Government to ratify the Panama Contract is no more than I fully expected and felt on my own behalf. I felt this the more keenly, because the disallowance of my acts placed me in the position of appearing to have misled the Directors, who had recognised me as a fully authorised agent of the Government.

You furnish me with a copy of the reply of your Board to the memorandum of Mr. Fox, of 7th April, 1864, in which the decision of the Government was made known to the Directors through Mr. Reader Wood. That reply and your own letter have reference chiefly to the point raised in the memorandum, as to whether any instructions warranted me in entering into the Contract on the part of the Government, and you request me to furnish you, by return of post, with the fullest explanations on the subject, and with clear confirmatory proof that I did receive instructions from the Governor enabling me, as Postmaster-General, to enter into the Contract concluded with the Company.

You tell me that for any losses which the Company may suffer I should, in the ordinary operation of law, be personally liable. I might with such an intimation prudently hesitate in entering into explanations by which I may possibly be personally compromised. I feel, however, that it is due both to your Company and myself that I should answer your letter without reserve.

Before I left the Colony for England I desired to be furnished by the Colonial Government with my credentials: and on the 31st of October a minute of Ministers, of which the following is an extract, was agreed to:—

“For His Excellency the Governor: Ministers beg leave to inform the Governor that, if His Excellency approves, they wish Mr. Crosbie Ward, a member of the Executive Council, and Postmaster-General of New Zealand, to represent the Government of this Colony in Australia and Great Britain upon general questions relating to the interests of New Zealand, and especially upon the following matters: The extension of Steam Postal Service from Great Britain to New Zealand *via* Panama.”

A letter was at the same time written by the Governor to Her Majesty's Secretary of State for the Colonies, to the following effect:—

“Auckland, New Zealand, October 31st, 1862.

“MY LORD DUKE,—

“I have the honor to transmit to your Grace the copy of a minute I have received from my Responsible Advisers, informing me that it is their wish that Mr. Crosbie Ward, a Member of the Executive Council, and Postmaster-General of New Zealand, should represent this Government in Australia and Great Britain upon the several important questions alluded to in the enclosed minute, the arrangement of some of which will necessarily place him in constant communication with your Grace's Department.

“It is, therefore, the further wish of my Responsible Advisers that I should communicate with your Grace on this subject, and furnish Mr. Ward with the necessary credentials.

“Entertaining a very high opinion of Mr. Ward's capacity and fitness for the important duties to be entrusted to his care, I have felt no difficulty in complying with the wishes of my Responsible Advisers. I have, therefore, given my entire concurrence to the proposed arrangement, and beg to recommend Mr. Ward to your Grace's most favorable consideration.

“I have, &c.,

“G. GREY.

“His Grace the Duke of Newcastle, K.G.,

“&c., &c., &c.”

A copy of the Minute and of the Governor's dispatch was presented to me by the Colonial Secretary.

I have always considered, and do still consider, that the foregoing documents so communicated to me conveyed to me full and unlimited power to act as the representative of the Colonial Government in the matter of the extension of the Postal Service by way of Panama, and therefore, to enter into a contract. With that object I was, in fact, to be invested, as the representative of the Government, with all the authority, in reference to that matter, which the Governor or the Government could exercise—such undoubtedly was the meaning and intention of the Government. I have never doubted, and do not now doubt, that such was the effect.

That my acts done under this authority should now be disclaimed by the Colonial Government is to me matter of profound regret and surprise.

The nature and extent of my credentials was fully explained to and laid before your Company, together with the acts of the General Assembly relating to the subject. Your solicitor and counsel considered and advised upon them. If I understand by your letter that during any part of the negotiations between me and your Company I led the Company to suppose that I had other fuller and more detailed instructions than those to which I have referred, I must disclaim absolutely any such interpretation of my conduct or language. There never was on my part the slightest reticence or disguise as to the nature of the authority under which I was acting; indeed, in a matter of such importance it could not be supposed that your Company or their legal advisers should have failed to satisfy themselves as to the extent of my powers.

The only question which it has ever appeared to me could be raised as to the extent of my powers was as to the effect of the Act of 1862. By that Act the General Assembly appropriated a specific sum of £30,000 a-year by way of contribution towards a subsidy for a postal service *via* Panama.

In entering into a Contract for the Service, for an entire subsidy of £63,000 a year, I may appear to have exceeded the limits prescribed by the General Assembly. But the sum of £30,000 a year appropriated by the Assembly was only by way of contribution—a contract which in consideration of £63,000 a year, gave to the Colony of New Zealand the command of the Postal Service, with the power of entering into subordinate arrangements with other Colonies, would be in a money point of view more beneficial than if New Zealand contributed £30,000 a year as her share towards a general Australian Service. Armed, therefore, as I believed, with the power of Postmaster-General, and as the accredited representative of the Colonial Government, I felt myself to be acting up to the spirit, if not to the letter, of the Act of 1862, in entering into the Contract.

But the Act was before your Company, and was distinctly advised upon by your counsel and solicitor.

In your letter to me you state that Mr. Fisher, your counsel, gave you an opinion, as follows:—"Assuming that the New Zealand Postmaster-General has received instructions from the Governor, I think, quite independently and irrespectively of the Act of 1862, that Mr. Ward may enter into the proposed contract, and that it will be binding upon, and enforceable against, the New Zealand Government." That the credentials with which I was armed did convey to me these instructions, both from Governor and Government, I never doubted, and do not doubt. And I trust and believe that the General Assembly, so soon as it meets, will ratify my proceedings.

I have, &c.,

J. Worley, Esq.,
Secretary Panama, New Zealand, and Australian S. N. Coy.

CROSBIE WARD.

No. 96.

General Post Office, Auckland, 3rd October, 1864.

SIR,—

I am directed to acknowledge the receipt of your letter of the 19th September, 1864, forwarding a copy of Mr. Worley's letter to you, dated 25th June, 1864, relative to the Panama Contract, and a copy of your reply thereto, dated 15th September, 1864.

I have, &c.,

Crosbie Ward, Esq., M.H.R., Christchurch.

G. ELLIOTT ELLIOTT.
Secretary.

No. 97.

CONTRACT FOR MAIL SERVICE *via* PANAMA.

ARTICLES OF AGREEMENT made this 17th day of December, 1863, between the Honorable Crosbie Ward, the Postmaster-General of the Colony of New Zealand, and a Member of the Executive Council of the said Colony, of the one part, and the Intercolonial Royal Mail Steam Packet Company (Limited) of the other part.

Whereas by Articles of Agreement dated the 28th day of May, 1858, and made between Zachariah Charles Pearson and James Coleman of the one part, and the Commissioners for executing the Office of Lord High Admiral of the United Kingdom of Great Britain and

Ireland (for and on behalf of Her Majesty) of the other part, a Contract was entered into between the said Zachariah Charles Pearson and James Coleman and Her Majesty's Government for the carriage of the New Zealand and Australian Mails. And whereas by a Deed Poll dated the 11th day of October, 1858, the said Commissioners did, in pursuance of the power in that behalf, in the said Articles contained, delegate, during their will and pleasure, to the Governor of New Zealand for the time being, or to the officer acting as such, all and every the powers, authorities, and privileges given or reserved to them by the said Articles. And whereas by an Indenture dated the 27th day of October, 1858, and made between the said Zachariah Charles Pearson and James Coleman of the one part, and the said Company of the other part, the said Zachariah Charles Pearson and James Coleman did, with the consent of the said Commissioners, previously signified in writing under the hand of one of their Secretaries, assign to the said Company the said Articles and all the right, title, interest, benefit, claim, and demand whatsoever of them, the said Zachariah Charles Pearson and James Coleman, or either of them thereunder. And whereas by an Act of Parliament passed in the 23rd year of the reign of Her present Majesty, all the interests, rights, powers, and authorities of the said Commissioners under any contracts entered into with them for the conveyance of Mails by sea, were transferred to and vested in the Postmaster-General of the said United Kingdom for the time being, as if he had been contracted with and named in all such contracts. And whereas the said Company has agreed with the said Postmaster-General, of the Colony of New Zealand, who enters into this Contract under and by virtue of the powers and provisions of the New Zealand Post Office Act, 1858, and acting under instructions to him for that purpose given by the Governor of New Zealand for the performance of the services hereinafter expressed, and for the extension, as hereinafter mentioned, of the Contract made by the said Articles of the 28th day of May, 1858. Now these Articles witness that the Company, for themselves and their successors, hereby covenant with the said Postmaster-General of the Colony of New Zealand, his executors and administrators, and with his successors and assigns, the Postmasters-General of the Colony of New Zealand for the time being hereinafter collectively called the Postmaster-General in manner following (that is to say):

Company agree to provide a sufficient number of Steam vessels to convey Mails between Wellington and Panama (each way) once in each Calendar month and for the Inter-provincial service.

1. That at all times during the continuance of this Agreement, or so long as the service hereby agreed to be performed between New Zealand and Panama ought to be performed in pursuance thereof, the Company will for the purpose of conveying, as hereinafter provided, all Her Majesty's Mails, (in which term "Mails" all letters, boxes, bags, or packets of letters, newspapers, books, or printed papers, sent by the post to whatever country or place they may be addressed, or in whatever country or place they may have originated, and all empty bags and other stores used or to be used in carrying on the Post Office Service, which shall be sent by or to or from the Post Office are agreed to be comprehended), which shall at any time, and from time to time, by the Postmaster-General, or any of his officers or agents, or in the case of departures from Panama by Her Majesty's Postmaster-General of the United Kingdom, or any of his officers or agents, be required to be conveyed, provide, keep seaworthy, and in complete repair for such conveyance once each way in each calendar month between Wellington in New Zealand and Panama, a sufficient number of good, substantial and efficient steam vessels, three of which, until the 1st day of September, 1865, and after that date, four of which shall be of not less than 1250 tons burden, builder's measurement, and supplied with first-rate appropriate steam engines, of not less than 250 nominal horse-power: And for such conveyance between the different ports of New Zealand as hereinafter mentioned (hereinafter called the Interprovincial Service) a sufficient number of good, substantial and efficient steam vessels, of not less than 350 tons burden, builder's measurement, and supplied with first-rate appropriate steam engines of not less than 70 nominal horse-power, in addition to the steam vessel of that minimum tonnage and horse-power which the Company is now obliged to maintain by the said Articles of the 28th day of May, 1858.

Vessels to be provided with machinery, furniture, &c., and maned with competent officers, &c. Vessels, officers, and crew subject to approval of Postmaster-General. Vessels not to be permanently employed until tried under way and finally approved.

2. That the vessels to be employed under this Agreement shall be always furnished while in actual use with all appropriate and necessary machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil for lamps and engines, tallow, provisions, anchors, cables, fire-pumps and other proper means for extinguishing fire, lightning-conductors, charts, chronometers, proper nautical instruments, medicines and whatsoever else may be requisite for equipping the said vessels and rendering them constantly efficient for the service hereby agreed to be performed, and also manned and provided with competent officers, and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men, to be in all respects, as to vessels, engines equipments, officers, engineers, and crew, subject in the first instance, and from time to time, and at all times afterwards, to the approval of the Postmaster-General, or of such other person or persons as he shall at any time or times, or from time to time, authorise to inspect and examine the same. And no vessel shall be permanently employed under this Agreement until it and its machinery shall have been previously tried under way, and finally approved as aforesaid, and every vessel which may at any time be employed under this Agreement shall be so arranged for the purposes of this Agreement as the Postmaster-General or such other person or persons as aforesaid may at any time or times direct.

Departure of Vessels.

3. That one of such larger vessels so approved, equipped, and manned as aforesaid, shall, on such days and at such hours as are mentioned in the first Table hereunto annexed (until and unless any other days or hours shall under the power herein in that behalf contained be substituted instead thereof), put to sea from and arrive at the ports or places respectively mentioned in such Table. And either one of such smaller vessels so approved, equipped and manned as aforesaid, or the said vessel provided for by the said Articles of the 28th day of May, 1858, (which last-mentioned vessel shall be deemed for all purposes of this Agreement to be employed thereunder), shall on such days and at such hours as are mentioned in the second Table hereunto annexed (until and unless any other days or hours shall under the said power be substituted instead thereof), and immediately after the Mails are embarked, put to sea from, touch, and arrive at the several ports or places mentioned in the same Table. And all the stipulations, matters, and things in such Table contained shall form part of this Agreement, and be observed and performed by the Company accordingly; and the Company shall convey in such vessels to and from, and cause to be delivered at and received from such of the ports or places mentioned in the said Tables respectively, from or at which the said vessels are to start, touch, and arrive in performance of this Agreement, all such Mails as shall or may be tendered or delivered to or received by the Company or any of their agents, officers, or servants, by or from the Postmaster-General or any of his officers or agents, or in the case of departure from Panama, by or from Her Majesty's Postmaster-General of the United Kingdom, or any of his officers or agents.

Vessels shall delay departure from any port for 24 hours if deemed requisite by the respective Postmaster-General or his officers.

4. That should it be deemed by the Postmaster-General, his officers or agents, or in the case of departure from Panama, by Her Majesty's Postmaster-General of the United Kingdom, his officers or agents, requisite for the public service that any vessel to be employed under this Agreement should at any time or times delay her departure from any port from which the Mails are to be conveyed under this Agreement beyond the period appointed for her departure therefrom, the respective Postmaster-General, his officer or agents, shall have power to order such delay (not, however, exceeding 24 hours, by letter addressed by him or them to and delivered to the master of any such vessel, or the person acting as such, and such letter shall be deemed a sufficient authority for such detention.)

Company to convey Ocean Mails in 720 hours each way, and Inter-provincial Mails at 8 knots.

Penalties for delay.

5. That the Company shall convey the said Mails from Wellington to Panama, and from Panama to Wellington, in 720 hours each way, and on the average of each voyage on the inter-provincial service the speed of each vessel under this Contact shall not be less than 8 knots or 8 nautical miles per hour.

Penalties for delay.

6. And it is hereby agreed that if the Company shall fail to deliver the said Mails either at Panama or at Wellington in 720 hours from the time of departure from the other of those ports, or shall fail to start a vessel from any port in the interprovincial service for a complete period of 24 hours after the hour from time to time appointed for that purpose, then, and so often as the same shall happen, the Company shall forfeit and pay to Her Majesty, her heirs and successors, for the benefit of the Postal Revenue of the Colony of New Zealand, in the case of a voyage between Wellington and Panama or between Panama and Wellington, the sum of £100, and in the case of an inter-provincial voyage the sum of £50 for every complete period of 24 hours beyond the periods hereinbefore respectively specified: Provided always that the full amount of such sums payable on any one voyage shall never exceed the sum of £2625 for a voyage either way between Wellington and Panama, nor for an interprovincial voyage the amount of 5s. per statute mile on the length of such voyage: And provided also that such penalty shall accrue and be levied in respect of one only of the ports of arrival, call, or departure, for each interprovincial voyage to be performed under this contract: And provided further that the payment of any such sum shall not be enforced against the Company, if it be shown by them, to the satisfaction of the Postmaster-General, that the delay has arisen from causes over which they had not and could not have any control.

The Postmaster-General to pay the Company premiums for delivering the Mails in less time.

7. And the Postmaster-General doth hereby covenant with the Company to pay to the Company, for every complete period of 24 hours by which the said Mails shall be delivered within the time hereby covenanted for delivery of the same, a premium of £100 in the case of any voyage either way between Wellington and Panama.

The Postmaster-General may at any time alter the port of departure in New Zealand, or the days, times or hours of departure and arrival on Panama service, on giving the Company notice, but under certain restrictions. Similarly as to inter-provincial service.

8. And the Company hereby further covenants as aforesaid in manner following (that is to say): That if at any time or times the Postmaster-General shall desire to alter the particular port in New Zealand for departure and arrival on the service between New Zealand and Panama or the particular days, times, or hours of departure, either from Panama or from Wellington, or from any other the port of departure in New Zealand, for the time being, for the conveyance of Her Majesty's Mails between those places under this Agreement, he shall be at liberty so to do on giving six calendar months' previous notice in writing to the principal agent of the Company in New Zealand: Provided that the same number of hours as hereinbefore mentioned be always

allowed for the voyages between New Zealand and Panama either way. And that no alteration to be made under this Clause shall involve the employment of any more vessels than suffice for the service, as specified in Table No. 1 to this contract, or compel the departure of any vessel from Panama without allowing a reasonable time for the landing at and transshipment from Colon and embarkation at Panama of the Mails and passengers' baggage arriving at Colon by the vessels of the West India Mail Company. And that if at any time he shall desire to alter the particular days, times or hours of departure from, or arrival at, any of the ports or places on the interprovincial service under this Agreement, he shall be at liberty to do so on giving three calendar months' previous notice in writing to the principal agent of the Company in New Zealand: Provided that such last-mentioned alteration do not necessitate any greater speed than eight nautical miles per hour, nor lessen the time during which any vessel may remain at any port of call, arrival or departure.

The Postmaster-General may at any time otherwise modify the services, as stated on reasonable notice to the Company, and on certain considerations.

9. That if any time or times the Postmaster-General shall desire otherwise to modify the services hereby agreed to be performed (as, for example, to increase the frequency of the conveyance of Mails between any of the ports or places between which such Mails are to be conveyed under this Agreement, or to extend the conveyance of such Mails to any other ports or places not specified in this Agreement), he shall be at liberty so to do on giving reasonable notice to the Company, and on paying to them for all increased or extended services resulting from such modification such further consideration as may be mutually agreed upon between the Company and the Postmaster-General, or, failing such mutual agreement, by arbitration in the manner hereinafter expressed.

The services as altered under the two preceding clauses, to be deemed for the time being those to be performed under this Agreement.

10. That the particular ports of departure and arrival, the particular days, times and hours of departure from, and arrival at, any ports or places and all other services, if any, which may be appointed by any alteration under either of the two preceding clauses, shall for the time being be deemed to be the ports, days, times and hours, of departure and arrival of Mails and other services under this Agreement, and shall be observed and kept by the Company accordingly: and these Articles and everything therein contained shall apply thereto as if the same had been originally named herein, and in the Tables hereto annexed.

Penalties for not sailing from Wellington or Panama in due time.

11. That if the Company shall at any appointed day and hour, and at either of the ports named in Table No. 1, fail to put an efficient vessel to sea, in accordance with the terms of this Agreement, then, and so often as the same shall happen, the Company shall forfeit and pay unto Her Majesty, her heirs and successors, for the benefit of the Postal Revenue of the Colony of New Zealand, the sum of £10 per hour for the first 24 hours, and the further sum of £5 per hour for every hour after the first 24 hours which shall elapse until such a vessel actually proceeds to sea on her voyage in performance of this Agreement; but so that the whole amount of such penalty shall not for any one voyage exceed the sum of £2625: And provided that the payment of any such sum shall not be enforced against the Company if it be shown by them, to the satisfaction of the Postmaster-General, that the default has arisen from causes over which they had not and could not have had any control. And it is hereby declared that in the event of the loss of or damage to any vessel belonging to the Company, the Company shall be at liberty to substitute any suitable vessel that can be hired for the purpose.

An Officer or Officers to remain on board the Vessels on the New Zealand and Panama Service, and to take charge of Mails.

12. That the Company shall receive and allow to remain on board each of the vessels, while employed in the performance of the service comprised in Table No. 1, and also while remaining at any of the ports or places named in the said Table No. 1, whether with or without Mails on board, two officers in the service of the Postmaster-General, or a single such officer and his servant, to have charge of the said Mails.

A first class cabin, with bed and bedding, to be provided for such Mail officers; also a proper place for the deposit of the Mails. The officers to be victualled by the Company as chief cabin passengers, and their assistance or servants (when permitted) as fore-cabin passengers.

13. That a suitable first-class cabin, with appropriate bed, bedding and furniture, shall at the cost of the Company, be provided, and appropriated by them for the exclusive use and accommodation of every such single Mail officer, or for the joint but otherwise exclusive use and accommodation of such Mail Officers if two: And also (to the satisfaction of the Postmaster-General) a proper and convenient place of deposit on board, with secure lock and key for the Mails: And that every of the said officers shall be victualled by the Company as a chief-cabin passenger, without any charge either for his passage or victualling: And that, should any such single officer require an assistant or servant, such assistant or servant shall also be provided with a proper and suitable berth, and be duly victualled by and at the cost of the Company as a fore-cabin passenger, without any charge being made for the same.

The Company to provide suitable accommodation for sorting and making up the mails, and, if required to erect a sorting-room. Crew to assist in conveying Mails between the mail-room and sorting-room.

14. That the Company shall provide on board each of the vessels to be employed under this Agreement in the service between New Zealand and Panama all necessary and suitable accommo-

dition, to the satisfaction of the Postmaster-General, for the purpose of sorting and making up the Mails thereby conveyed: And on being required by the Postmaster-General so to do, will at at their own cost, erect on each of such vessels a separate and convenient room for such purpose: And that the crew of each of the said vessels shall assist in conveying the Mails between the mail-room and the sorting-room (if any) to be erected as aforesaid, or other separate sorting-room used as such for the time being.

Company to convey the Mail officers on shore.

15. That at each port or place named in Table No. 1 the Mail officer or officers shall, whenever and as often as by him or them shall be deemed practicable or necessary, and either with or without such assistant or servant as aforesaid, be conveyed on shore, and also from the shore to the vessel employed for the time being in the performance of this Agreement, together with or (if such officer or officers shall consider it requisite for the purposes of this Agreement so to do) without Mails in a suitable and seaworthy boat of not less than four oars, to be furnished with effectual covering for the Mails, and properly provided, manned and equipped by the Company, and the directions of such officer or officers shall in all cases be obeyed as to the mode, time, and place of receiving and delivering such Mails.

The Postmaster-General may entrust the masters or commanders of the vessels with the custody of the Mails. The Master or commander to deliver the Mails to the Postmaster of the port or place where they are to be delivered.

16. That as often as the Postmaster-General, during the continuance of this Agreement, shall think fit to entrust the charge and custody of the Mails to the master or commander of any vessel to be employed for the time being in the performance of this Agreement, and in all cases where the officer or other person appointed to have charge of the Mails shall be absent, the master or commander of such vessel shall without any charge (other than that herein provided to be paid to the Company), take due care of, and the Company shall be responsible for the receipt, safe custody and delivery of the said Mails. And each of such masters or commanders shall make the usual oath or declaration or declarations required or which may hereafter be required, by the Postmaster-General in such and similar cases, and furnish such journals, returns and information, and perform such services as the Postmaster-General or his agents may require. And every such master or commander, or officer duly authorised by him, having the charge of Mails, shall himself, immediately on the arrival of any such vessel at any of the said ports or places deliver all Mails for such port or place into the hands of the Postmaster or such other person at the same port or place as the Postmaster-General shall authorise to receive the same, receiving in like manner all the return or other Mails to be forwarded in due course.

The Company not to receive on board any letters for conveyance other than those in charge of the Mail officers, &c.

17. That the Company shall not, nor shall any of the masters of any of the vessels employed or to be employed under this Agreement, receive or permit to be received on board any of the vessels employed under this Agreement, any letters for conveyance other than those duly in charge of the said Mail officer or officers, or other person authorised to have charge of the said Mails, or which are or may be privileged by law, nor any Mails for conveyance on behalf of any other British colony or any foreign country, without the consent of the Postmaster-General. And the said Mail officer or officers, or other person, shall report to the Postmaster-General any default in these respects, and in case of any such default, the Company shall be liable to be proceeded against for a breach of this Agreement.

Powers for the Postmaster-General or his officers to survey the vessel, &c.

18. That the Postmaster-General shall have full power, whenever and as often as he may deem it requisite, to survey by any of his officers or agents, all or any of the vessels employed and to be employed in the performance of this Agreement, and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, boats, stores, equipments, and the officers, engineers and crew of every such vessel, and that for the purposes aforesaid the said vessels shall (if necessary) be opened in their hulls whenever the said officers or agents may require. And if any of such vessels, or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments shall on any such survey be declared by any of such officers or agents unseaworthy, or not adapted to the service hereby agreed to be performed, every vessel which shall be disapproved of, or in which such deficiency or defect shall appear, shall be deemed inefficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of Mails until such defect or deficiency has been repaired or supplied to the satisfaction of the Postmaster-General.

The Company, &c., to attend to the orders of the Postmaster-General officers as to delivering and receiving the Mails.

19. That the Company and all commanding and other officers of the vessels employed in the performance of this Agreement, and all agents, seamen and servants of the Company, shall at all times punctually attend to the orders and directions of the Postmaster-General, his officers or agents, as to the mode, time and place of landing, delivering, and receiving Mails.

The sums payable by the Company to be considered as stipulated damages.

20. And that all and every the sums of money hereby stipulated to be paid by the Company unto Her Majesty, her heirs and successors, shall be considered as stipulated or ascertained damages, whether any damage or loss have or have not been sustained and shall and may be retained by the Postmaster-General out of any monies payable or which may thereafter become payable to the Company, or the payment may be enforced as a debt due to Her Majesty, with

all costs of suit, at the discretion of the Postmaster-General: Provided, however, that the payment by the Company of any sums of money (by way of penalties) shall not in any manner prejudice the right of the Postmaster-General to treat the failure (if any) on the part of the Company to put to sea with a proper vessel, or to perform any voyage at or within the times in the said tables respectively mentioned as a breach of this Agreement.

Payments to the Company for Services.

21. And in consideration of the covenants and agreements hereby entered into by the Company, the Postmaster-General doth hereby covenant with the Company, that there shall be paid to the Company during the continuance of this Agreement, in respect of the said services comprised in Table No. 1, the sum of £63,000 per annum in monthly payments, and during the continuance of the Agreement for the performance of the said Interprovincial service the further sum of £6000 per annum, in addition to all monies payable under the said Articles of Agreement of the 28th day of May 1858, by monthly payments, for all distances not exceeding 5000 statute miles per calendar month, which they shall run in the performance of the Interprovincial services by these presents and the said Articles agreed to be performed; and for all mileage in excess of the said limit the sum of 5s. per statute mile; and the said respective sums shall be received by the Company as full compensation for all costs and expenses which they may incur or be put unto by reason of all and singular the services hereby contracted to be performed, subject, however, to the abatement of any sums of money in respect of forfeitures which the Company may have incurred, or to the addition of any sums in the respect of premiums (as the case may be) as herein provided, and such payments as well for the service comprised in Table No. 1 as for the Interprovincial service, shall be made monthly: Provided that the first of such payments shall not be made until the completion of one voyage from Wellington to Panama, and of the return voyage from Panama to Wellington; and that such monthly payments shall, in case of the Interprovincial service, be in rateable proportion to the length of the voyages made.

And it is hereby further agreed and declared between and by the said parties to these presents:—

The Postage of all Mails belong to Her Majesty for the New Zealand Revenue.

22. That the whole of the postage of all Mails conveyed in the vessels employed under this Agreement, whether carried from or out of Her Majesty's dominions or otherwise, shall belong to Her Majesty, and shall be at the disposal of the Postmaster-General of the Colony of New Zealand.

Contract not to be assigned. The Postmaster-General may determine this Agreement without any previous notice in case of breach by the Company.

23. That the Company shall not assign, underlet or dispose of this Agreement, or any part thereof, without the consent of the Postmaster-General, signified in writing under his hand or under the hand of the Secretary of the Post Office of New Zealand; and that in case of the same or any part thereof being assigned, underlet or otherwise disposed of, or of any gross or habitual breach of this Agreement, or any covenant, matter or thing herein contained on the part of the Company, their officers, agents or servants, and whether there be or be not any penalty or sum of money payable by the Company for any breach, it shall be lawful for the Postmaster-General, if he shall think fit (and notwithstanding there may or may not have been any former breach of this Contract), by writing under his hand or under the hand of the Secretary of the Post Office of New Zealand, to determine this Agreement without any previous notice to the Company or their agents, nor shall the Company be entitled to any compensation in respect of such determination.

Commencement and duration of Agreement.

24. That this Agreement shall commence on the 1st day of March 1865, by which day the Company shall have three of the larger steam vessels, such and so approved of, equipped and manned as aforesaid, ready for the performance of the service between Wellington and Panama hereby contracted for: And by the first day of September 1865, the Company shall have a fourth such steam vessel, such and so approved of, equipped, and manned as aforesaid, ready for the performance of the same service: And this Agreement shall continue in force till the 28th day of February 1870, and shall then determine, if the Postmaster-General shall by writing under his hand or under the hand of the Secretary of the Post Office of New Zealand for the time being, have given to the Company, or the Company have given to the Postmaster-General, twenty-four calendar months' previous notice in writing that this Agreement shall so determine: But if neither party hereto shall give any such notice, this Agreement shall continue in force even after the time hereinbefore fixed for the determination thereof, until the expiration of twenty four calendar months' notice in writing as aforesaid, given at any time by either of the parties hereto to the other of them.

If, when the Agreement terminates, any vessel shall have started with the Mails, the voyage to be continued and performed as if the Agreement had remained in force.

25. That if, on the determination of this Agreement, any vessel or vessels should have started or should start with the Mails in conformity with this Agreement, such voyage or voyages shall be continued and performed, and the Mails be delivered and received, during the same as if this Agreement had remained in force: And with respect to such vessels and services as last aforesaid, this Agreement shall be considered as having terminated when such vessels and services shall respectively have reached their port or place of destination, and been performed.

Discontinuance of certain services.

26. From and after the 1st day of January, 1865, all services performed by the Company under Agreement with the Government of New Zealand, other than those stipulated for by the said

Articles of the 28th day of May 1858, shall, if so required by the Postmaster-General, be discontinued, and the Company shall have no claim to any compensation on account of such discontinuance.

Company to have option of new services.

27. The Postmaster-General shall give to the Company the option of performing, on reasonable terms and conditions, any Intercolonial or Interprovincial postal service which he may desire to establish or maintain during the continuance of this Agreement, other than those provided for by this Agreement and the said Articles of the 28th day of May 1858.

Contract for Australian and Inter-provincial Mails to be renewed for term of this contract.

28. That from and after the expiration of the Contract made by the said Articles of the 28th day of May, 1858, or other sooner determination thereof under any power in that behalf in the said Articles contained (other than a power to determine the same for the assignment or breach thereof), the said Contract and all and every the covenants, clauses and agreements in the said Articles contained, shall be revived and come into force as a new contract, and endure as such until the end or other determination of this Contract between the Postmaster-General of New Zealand and the Company, as if they had been parties to and everywhere named in the said Articles, instead of the said Commissioners of the Admiralty, and the said Zachariah Charles Pearson and James Coleman respectively, and as if the end or other determination of this Contract had been named therein, instead of the term of ten years from the date thereof, all powers thereby reserved to determine the Contract thereby made at any earlier period for the assignment or breach thereof being nevertheless hereby also reserved, as if they, in common with all the other clauses of the said Articles, were herein repeated.

Company to give bonds with sureties.

29. That the Company shall from time to time, and at all times during the continuance of this agreement, and also from time to time and at all times during the continuance of the Agreement made by the said Articles of the 28th day of May 1858, when and as the same shall have been hereby revived or renewed as aforesaid, become and be bound to Her Majesty, her heirs and successors, with two good and sufficient sureties, in two several penal sums of £4000 each, the one by an obligation conditioned for the performance of this Agreement, and the other by an obligation conditioned for the performance of the said revived or renewed Agreement. And that in case of dispute, the sufficiency of any surety or sureties from time to time proposed by the Company, shall be determined by arbitration, in manner hereinafter expressed: Provided that, if such obligation as hereinbefore mentioned for the performance of the said revived or renewed Agreement shall not be entered into by the Company and such sureties as aforesaid, at or before the expiration or other sooner determination of the Contract made by the said Articles of the 28th day of May, 1858, the Postmaster-General shall not be bound to treat the last-mentioned Agreement as revived or renewed, anything herein contained to the contrary notwithstanding.

As to the service of notices.

30. That all notices or directions which the Postmaster-General, his officers, agents or others are hereby authorised to give to the Company, their officers, servants or agents, (other than any notice of termination of this Contract, or except where otherwise provided by this Contract), may, at the option of the Postmaster-General, his officers, agents or others, either be delivered to the master of any of the said vessels or other officer or agent of the Company in the charge or management of any vessel employed in the performance of this Agreement, or left for the Company at their usual or last known office or house of business in London or New Zealand, and any notices or directions so given or left shall be binding on the Company: Provided always that any notice of termination of this Contract shall be served on the Company, their officers, servants or agents at their office in London.

Disputes to be referred to arbitration

31. That if at any time during the continuance of this Agreement or after the determination thereof, any disputes shall arise between the parties hereto or their successors respectively, concerning any breach, or alleged breach by or on the part of the Company of this Agreement, or the sufficiency of any such breach to justify the Postmaster-General in putting an end to the same, or concerning the amount of consideration to be paid to the Company for such altered services as hereinbefore in that behalf mentioned, or concerning any of the covenants, matters or things herein contained, or in anywise relating thereto, and notwithstanding the power herein contained, to determine this Agreement, and any execution, or attempted execution of such power, such dispute shall be referred to two arbitrators, one to be chosen from time to time by the Postmaster-General, and the other by the Company, and if such arbitrators should at any time or times not agree in the matter or question referred by them, then such question or difference shall be referred by them to an Umpire to be chosen by such arbitrators, before they proceed with the reference to them, and the joint and concurrent award of the said arbitrators, or the separate award of the said Umpire, when the said arbitrators cannot agree, shall be binding and conclusive upon both parties.

Any submission to arbitration to be made a rule of Court.

And that any submission to arbitration in pursuance of this Agreement shall, on the application of either party, be made a rule of any of Her Majesty's Courts of Record, either in England or in New Zealand, pursuant to the laws in that case made and provided.

In witness whereof the said Crosbie Ward, the Postmaster-General of the Colony of New Zealand, hath hereunto set his hand and seal, and the said Intercolonial Royal

Mail Steam Packet Company (Limited) have caused their Common Seal to be hereunto affixed, the day and year first above written.

CROSBIE WARD, (L.S.)

Signed, sealed, and delivered by the above-named Crosbie Ward, the Postmaster-General of the Colony of New Zealand, in the presence of

W. H. ASHURST,

Solicitor to the General Post Office, London.

The Corporate Seal of the above-named Intercolonial Royal Mail Steam Packet Company (Limited) was hereunto affixed in the presence of

GEO. PAULET, (L.S.)

RD. LEVINGE, (L.S.)

Two Directors of the Company.

James Worley, Secretary.

TABLE NO. 1

SERVICE BETWEEN WELLINGTON AND PANAMA.

DEPARTURES	ARRIVALS
From Panama, 25th of each month, or such later day and at such an hour on such later day as may allow 24 hours from the landing at Colon of the Mails from Southampton.	At Wellington, in 720 hours from the time of departure from Panama.
From Wellington, 7th of each month.	At Panama, in 720 hours from the time of departure from Wellington.

TABLE NO. 2.

INTERPROVINCIAL SERVICE.

DEPARTURES	on the 20th of each month		
From Auckland			
" Napier	" 23rd	" "	" "
" Wellington	" 27th	" "	" "
" Lyttelton	" 28th	" "	" "
" Port Chalmers (for Bluff)	" 30th	" "	" "
" Bluff	" 3rd	" "	" "
" Port Chalmers	" 5th	" "	" "
" Lyttelton	" 6th	" "	" "
" Wellington	" 9th	" "	" "
" Napier (for Auckland)	" 11th	" "	" "
" Auckland	" 2nd	" "	" "
" Napier	" 5th	" "	" "
" Wellington	" 9th	" "	" "
" Picton	" 10th	" "	" "
" Nelson	" 12th	" "	" "
" Taranaki (for Manukan)	" 13th	" "	" "
" Manukau	" 20th	" "	" "
" Taranaki	" 21st	" "	" "
" Nelson	" 23rd	" "	" "
" Picton	" 24th	" "	" "
" Wellington	" 27th	" "	" "
" Napier (for Auckland)	" 29th	" "	" "

