

of the existing Service. From this experience, it has become evident that, in so far as New Zealand is concerned, any Service *viâ* Suez must, however well conducted, be infinitely inferior as a Postal medium to one by Panama. In illustration of this, it is sufficient to state that under no circumstances can the letters from London which may arrive at Sydney for New Zealand *viâ* Suez in any month, be replied to by the return Mail leaving Sydney for London on the same month; while by the Panama route, which would involve calling at New Zealand both on the outward and homeward passage, ample time would be afforded for replies. This consideration alone would recommend that New Zealand should co-operate with New South Wales in the endeavour to obtain a Service by way of Panama. Ministers also entirely concur with the Government of New South Wales in believing that the cost of the Suez line would be materially diminished, while its efficiency as a Mail Service would be unimpaired, by the substitution of Ceylon for Mauritius as the line of route, and by the employment of Vessels with a view to the conveyance of Mails rather than Passengers. A saving of time, averaging about 24 hours in each voyage, might also be effected if the Suez Steamers, instead of going up to Williamstown, were to land and receive at Queenscliffe, the Mails to and from Victoria and Tasmania.

The propositions of the Government of New South Wales will accordingly receive every support from this Government, which will, in the approaching session of the New Zealand Legislature, propose that this Colony should contribute to the cost of the Australian Steam Service on the following conditions *viz*: 1stly. That, with respect to either the Suez or the Panama Service, one moiety of the whole cost is to be borne by Great Britain. 2ndly. That of the whole amount of subsidy payable by the Colonies, New Zealand is to contribute such proportion as the number of New Zealand letters received and sent, bears to the whole number of letters conveyed. 3rdly. That in the event of the Panama line being brought into operation, and any of the Australian Colonies refusing to contribute towards its cost, it may in that case be optional with New Zealand to decline to contribute any longer to the cost of the Suez line.

(Signed) E. W. STAFFORD.

COPY OF A MEMORANDUM BY MR. STAFFORD.

Colonial Secretary's Office,
Auckland, 1st March, 1860.

Referring to the Duke of Newcastle's Despatch of the 1st December last, with its enclosures, STEAM POSTAL SERVICE. on the subject of a proposal to substitute Ceylon for Mauritius in the line of route for the Australian Mail Service—an increase of Twenty-five Thousands Pounds being made to the subsidy now paid to the Peninsular and Oriental Company for that Service—it is observed, that the line of route now proposed is the same as that recommended in Mr. Stafford's Memorandum of the 24th January last. The change proposed will therefore in this respect, it is believed, prove beneficial.

As regards the additional amount asked for by the Peninsular and Oriental Company, it does not appear, if the Service is carried out mainly in conformity with the propositions of the Government of New South Wales, referred to in Mr. Stafford's Memorandum of the 24th January, that it would warrant any additional payment on account of it; on the contrary, a saving of expense, as between such a Service and that which now subsists, appears probable. The Government of New Zealand cannot, therefore, without further information of the cost of the Service, after the New Line has been tested, pledge itself to propose to the Legislature to vote unconditionally any addition to the amount for which New Zealand is now liable, but is prepared to recommend that such additional amount be authorised, if it should subsequently appear to the Government of New Zealand and that of New South Wales (which has an almost identical interest with New Zealand in this question, and with which this Government desires to act in concert as regards it), that a further payment by these two Colonies was absolutely necessary in order to maintain their Steam Mail Service with Great Britain.

(Signed) E. W. STAFFORD.

COPY OF A DESPATCH FROM MR. STAFFORD, TO THE COLONIAL SECRETARY,
NEW SOUTH WALES.

New Zealand,
Colonial Secretary's Office,
Auckland, 14th March, 1860.

SIR,—

With reference to previous communications on the subject of the Steam Postal Service between the Australasian Colonies and Great Britain, I do myself the honor to transmit for the information of the Government of New South Wales, the Copy of a Memorandum explanatory of the views of this Government with respect to it; as also the Copy of a further Memorandum specially referring to the proposal made by the Peninsular and Oriental Company, to substitute Ceylon for Mauritius in the line of route, an additional Subsidy of Twenty-five Thousand Pounds per annum being paid to them for conducting the Australian Mail Service.

I have, &c.,

(Signed) E. W. STAFFORD.

The Honorable the Colonial Secretary,
Sydney, New South Wales.