

As, therefore, both the January and February Mails have now arrived, and I am informed at the Colonial Office that by them no reply has been received from any of the Colonies to the reference in question, I lose no time in again inviting your attention to the matter, and trust, that, as those answers, whenever they may be received, will have no direct bearing upon the question which it is at present sought to solve—viz., the costs of the service, the Lords of the Treasury will waive all further delay, and at once move the Lords Commissioners of the Admiralty to issue the necessary notice calling for Tenders.

I would point out to you that, by adopting this course, not only will it be ascertained whether the amount demanded for the Service is reasonable or not, but it will also be seen whether the time within which the route can be performed "will fit that within which the route *viâ* Suez is performed."

These are two of the points upon which Her Majesty's Government desire to be satisfied before they pledge themselves to subsidise the Service, and reliable information with respect to them can be obtained in no other way.

I venture also to express a hope that the Tenders will be called for, before the departure of the Mail of the 18th instant, and that the notice inviting them will be so framed as to meet, in all essential particulars, the views and wishes of the Government and Legislature of New South Wales. These are fully set forth in the Resolutions passed by the Legislature on the 8th September last, and in the Bill appropriating the subsidy, copies of which are already in your possession; but should any further information be required with respect to them, I shall be ready to afford it, and be prepared to wait upon you or any one else that you may be pleased to name for this purpose.

In conclusion, I consider it desirable to remind you of your undertaking, that I should be furnished with a copy of the Admiralty Notice before it is issued, and also be afforded an opportunity of suggesting any alterations therein; and praying an early reply to this communication,

I have, &c.,

(Signed) EDWARD C. MEREWETHER.

Sir Stafford H. Northcote, Bart.,  
&c., &c., &c.,  
Treasury.

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SIR STAFFORD NORTHCOTE TO MR. MERIVALE.

Treasury Chambers,  
19th April, 1859.

Enclosure.)

SIR—

I am desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of Secretary Sir E. B. Lytton, with reference to your Letter of the 23rd February last, the enclosed Copy of a Minute of My Lords of this day's date, relative to the establishment of Postal Communication between this Country and Australia *viâ* Panama.

I am, &c.,

(Signed) STAFFORD H. NORTHCOTE.

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COPY OF TREASURY MINUTE DATED 19TH APRIL, 1859.

My Lords have under their consideration the various communications which have taken place with reference to the establishment of a Mail Service with the Australian Colonies *viâ* Panama.

At the time when My Lords were negotiating for the Service *viâ* Suez, expectations were held out that steps would be taken to set on foot this second Service as soon as proper arrangements could be made for the purpose; and in the notice calling for tenders for the Suez Service, a distinct intimation was given to this effect.

Since then, Mr Merewether, Clerk of the Executive Council of New South Wales, has been deputed by the Government of New South Wales to act as their agent in any arrangements to be made for carrying out the project in question, and has been in communication with this Board on the subject.

The Colony of New South Wales has actually appropriated a sum of £50,000 a-year for ten years for this Monthly Service *viâ* Panama, and My Lords are informed by Mr. Merewether that he has no doubt that the Colony will be prepared to take upon itself the responsibility of one-half of the cost of this Service, provided it can be accomplished within reasonable limits, undertaking at the same time the necessary intercolonial arrangements as regards New Zealand and the other Australian Colonies.

One obstacle which interfered with the earlier adoption of this line was occasioned by the state of the transit route across the Isthmus of Panama, and the heavy charge to which the Mails conveyed by that route are subjected on the part of the Grenadian Government for Transit dues, in addition to the payment made to the Railway Company for actual conveyance.

My Lords are informed, by the Letter from the Foreign Office dated 15th inst., that Lord Malmesbury has not yet been able to make any arrangement on the subject, but that it is a matter to which his attention is constantly directed, and that he will avail himself of the first opportunity to settle it on a more favorable basis than that at present existing.

Considering the vast importance to the Australian Colonies, especially to New South Wales and to New Zealand, of a communication which, amongst other advantages, will afford them facilities of