

In the first place it has to be considered that the Government of Victoria is in a manner pledged to the Imperial Government to guarantee the payment of half the entire cost of the present service, in the event of the other colonies declining to continue parties to the arrangement.

It is also clear that the present postal route, *via* Point de Galle, is the one best suited to this Colony, and should in my opinion be maintained in preference even at the cost above mentioned; while on the other hand the Panama line would make Melbourne the last port of arrival and the first of departure.

It is presumed that were the service, *via* Panama, commenced upon the guarantee of the Governments of New South Wales and New Zealand, as stated in Mr. Ward's letter under notice, that the support at present afforded by these colonies to the line, *via* Suez and Point de Galle, would be withdrawn.

In this case, supposing Tasmania and South Australia still adhered to the existing arrangement, it would devolve on this colony to pay 87 per cent. of the colonial moiety on account of the contract with the Peninsular and Oriental Company.

With this contingency in view, I feel no hesitation in recommending that Mr. Ward should be informed, in answer to his first inquiry, that this Government is 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 respect to Mr. Ward's second inquiry, whether the Government will agree to apply to the colonial contribution towards the expense of the proposed line, when fixed, at the same rate of apportionment as at present obtains with respect to the Point de Galle and Suez route, I would reply to this that, until the practicability of a 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 the subject; preferring, should the line be opened, to leave it for a time 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.

GEO. SAM. EVANS,
Postmaster-General.

No. 17.

MR. HAMILTON TO THE POSTMASTER-GENERAL.

Treasury Chambers, 30th March, 1863.

MY LORD,—

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith a letter from Mr. Crosbie Ward, Postmaster-General of New Zealand, dated the 20th inst.; together with a letter from Mr. E. Hamilton, Representative Agent of New South Wales, of the same date, on the subject of the establishment of postal communication with New Zealand and New South Wales, *via* Panama; and I am to request that your Lordship will favour my Lord with your opinion as to the amount of need for such a service, with a view to the purposes of your Lordship's department, and of benefit it might be expected to produce.

I am, &c.,

G. A. HAMILTON.

The Postmaster-General.

Enclosure 1 in No. 17.

THE HONORABLE C. WARD TO THE RIGHT HONORABLE W. E. GLADSTONE, M.P.

3, Adelaide-place, London Bridge, E.C.,
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 grounds 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.