

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