

3. "That the Governments of the Australian Colonies will undertake one entire half of the cost of both services, *via* Suez as well as *via* Panama, whatever that may be."

It is scarcely necessary to point out that these conditions have been fully complied with. The subsidy agreed to be paid for the Panama service, is about one-third less than the amount specified by the Lords of the Treasury as a reasonable sum. There can be no difficulty in so harmonizing the two services, that the one shall be made to alternate fortnightly with the other. New Zealand has made itself liable for the whole of the Panama subsidy; and it is understood that Victoria has guaranteed a moiety of the cost of the Suez lines.

The cost of the two lines, <i>i.e.</i> , of the aggregate service, has already been estimated at	£305,000
The Imperial moiety will be	£152,500
The Colonial moiety	152,500
	£305,000

With regard to the apportionment of the Colonial moiety of £152,500, no fairer rule of apportionment suggests itself than the number of letters despatched to and from the respective Colonies.

Adopting this rule of apportionment, the proportions between the respective Colonies may be stated as follows:—

Victoria would have to contribute 49·3 per cent. =	£75,781
South Australia " 8·2 " =	12,504
New South Wales " 17·9 " =	27,293
New Zealand " 16·3 " =	24,866
Tasmania " 4 " =	6,100
Queensland " 3 " =	4,575
Western Australia " 1·3 " =	1,981

But however equitable this rule of apportionment may be, it would scarcely be wise to insist upon it, should it be objected to by some of the Colonies, more especially by Victoria; for without Victoria's acquiescence, this proposal for an aggregate service could not be carried out.

Dr. F., therefore, suggests that New South Wales and New Zealand, as being the two Colonies which would derive the greatest benefit from the Panama line, should each contribute (say) £32,500, so as to reduce Victoria's contribution to about £62,500. Upon such terms, Victoria would almost be compelled to fall into the arrangement; for after the Panama line is in operation, the £35,000 at present paid by New South Wales and New Zealand, towards the Suez service, will probably be reduced to £15,000 a-year, thus entailing upon Victoria a payment of £20,000 a-year in addition to the £40,000 she at present pays for the Suez line; whereas, under the arrangement now suggested, Victoria's contribution to the two services, comprising a fortnightly postal communication with Great Britain, would amount, as already stated, to about £62,500 a-year.

Dr. Featherston wishes it to be understood that his proposal for the aggregate service is contingent upon New South Wales joining New Zealand in the Panama contract; for unless the two Colonies are prepared to act in complete unison in this matter, there is little or no chance of their obtaining the assistance and co-operation of the other Colonies in carrying out either the Panama or the aggregate service.

Dr. F. would only further point out that, as the Lords of the Treasury have notified that the existing Suez service will terminate next February, it is extremely desirable that no delay should occur in determining the future postal arrangements between the Colonies and Great Britain.

I. E. FEATHERSTON.

No 22.

New South Wales,
Colonial Secretary's Office, Sydney, 22nd April, 1865.

SIR,—

I have the honor to enclose a copy of a resolution passed by the Legislative Assembly on the 20th instant, which was brought forward by me with the view of obtaining the opinion of the House upon the proposal contained in the Memorandum which you addressed to me on the 10th ultimo.

You are aware that in consequence of our financial difficulties, I had some hesitation whether the proposal should be submitted for consideration at the present moment; and I am therefore particularly gratified at the result arrived at by the Assembly, more especially after what has taken place between the respective Governments of New Zealand and New South Wales, during several years past.

It would perhaps be desirable that you should now, as I understand is your intention, proceed to Melbourne, and endeavour to obtain also the co-operation of the Victorian Government; in which I hope you will be successful.

I shall be glad to hear from you when you have ascertained whether such co-operation will be given, and I beg now to assure you that the Government of New South Wales will be prepared to do whatever may be necessary to carry out the resolution of the Assembly.

I have, &c,

CHARLES COWPER.

His Honor Dr. Featherston,
Representative Agent of the New Zealand Government,
Respecting the Panama Postal Contract.