

FURTHER PAPERS

RELATIVE TO

THE ESTABLISHMENT OF A PANAMA MAIL SERVICE,

BETWEEN

ENGLAND AND THE AUSTRALIAN COLONIES.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

1865.

SCHEDULE OF Papers relating to the Panama Contract.

No.	Date.	Writer and subject of Paper.
1	24th December, 1864.	Captain Hall, to Postmaster General. Company is willing to make modifications in contract with Mr. Ward.
2	28th December, 1864.	Captain Hall, to Postmaster General. Respecting continuance of Coleman contract.
3	29th December, 1864.	Postmaster General, to Captain Hall. For further information on the above letters.
4	29th December, 1864.	Captain Hall, to Postmaster General. Proposing modifications in Panama contract.
5	29th December, 1864.	Captain Hall, to Postmaster General. Further proposal on same.
6	30th December, 1864.	Postmaster General, to Captain Hall. In reply to above.
7	6th February, 1865.	Captain Hall, to Postmaster General (with inclosure). As to his powers to act on behalf of the Company.
8	6th February, 1865.	Captain Hall, to Postmaster General. Proposals for new contract.
9	9th February, 1865.	Postmaster General, to Captain Hall. Minute of proposals for agreement.
10	10th February, 1865.	Captain Hall, to Postmaster General. Modifications of proposals of 6th February.
11	9th March, 1865.	Postmaster General, to Lord Claud Hamilton. Enclosing copy of preliminary agreement.
12	12th September, 1864	Secretary, General Post Office, to Traffic Agent, Panama. Requesting information respecting cost of transit, &c., by Panama Railway.
13	7th January, 1865.	Superintendent, Panama Railroad, to Secretary, General Post Office. In answer to No. 12.
14	29th May, 1865.	Secretary, General Post Office, New Zealand, to Secretary, General Post Office, London. Announcing preliminary agreement, and requesting Imperial Post Office to pay transit expenses at Panama, and charge same to Colony of New Zealand.
15	29th May, 1865.	Secretary, General Post Office, New Zealand, to Superintendent, Panama Railroad. Announcing preliminary agreement and proposed arrangement for Imperial Post Office to pay charges for transit.
16	6th February, 1865.	Hon. F. A. Weld, to Dr. Featherston. Requesting him to visit Australian Colonies, with a view to obtaining their co-operation in the Panama scheme.
17	10th February, 1865.	Dr. Featherston, to Hon. F. A. Weld. Acceding to the request contained in No. 16.
18	11th February, 1865.	Colonial Secretary, New Zealand, to Colonial Secretary, Queensland. Announcing Dr. Featherston's mission.
19	18th April, 1865.	Colonial Secretary, Queensland, to Colonial Secretary, New Zealand. In reply to No. 18.
20	12th May, 1865.	Colonial Secretary, New Zealand, to Colonial Secretary, New South Wales. Expressing gratification afforded to New Zealand Government by the co-operation of New South Wales.
21	1st June, 1865.	Dr. Featherston, to Colonial Secretary (with enclosure). Reporting result of mission.
22	22nd April, 1865.	Hon. C. Cowper, to Dr. Featherston (with enclosure). Forwarding resolution of General Assembly, New South Wales.
23	25th March, 1865.	Dr. Featherston, to Colonial Secretary, Queensland. Forwarding for the consideration of the Government of Queensland a copy of his Memorandum, dated 10th March, 1865, addressed to Colonial Secretary, New South Wales.
24	27th March, 1865.	Colonial Secretary, Queensland, to Dr. Featherston. In reply to No. 23.
24	19th April, 1865.	Dr. Featherston, to Hon. J. McCulloch. Enclosing Memorandum of 10th March, 1865, and requesting an interview.
25	27th April, 1865.	Hon. J. McCulloch, to Dr. Featherston. In reply to his letter of 19th April, 1865.
25	13th May, 1865.	Dr. Featherston, to Colonial Secretary, New South Wales. Enclosing copy of Mr. McCulloch's letter of 27th April, 1865, and thanking the Ministry for their co-operation.
26	10th June, 1865.	Hon. F. A. Weld, to Dr. Featherston. Acknowledging the zeal and ability displayed by him during his mission.
27	13th June, 1865.	Dr. Featherston, to Hon. F. A. Weld. In reply to No. 26.

FURTHER PAPERS

RELATIVE TO THE

ESTABLISHMENT OF A MAIL SERVICE VIA PANAMA.

No. 1.

Panama New Zealand and Australian, Royal Mail Company (Limited)
Sydney, Melbourne, and New Zealand.

Auckland, December 24th, 1864.

SIR,—

I have the honor to say that, with reference to the Panama Contract, this Company is prepared to make any reasonable modifications in it to meet the views of the Government of New Zealand.

Although I have no special powers to make new arrangements, I am able to state what the nature of those are which the Company would recognize.

The three Inter-Provincial services as mentioned in the Contract, and Clause 27, being objected to—the Company would, I believe, be prepared to waive these two points and carry out the Contract for the mails between Sydney and Panama, and *vice versa*, touching at New Zealand, for the sum of £95,000 per annum, if allowed 30 days between Panama and New Zealand, (about 9 knots); or, for the sum of £120,000 per annum, if allowed only 27 days, or a 10 knot service.

The dates of arrivals and departures, &c., to be arranged by Government.

The Company will also be prepared to give the fullest consideration to any other proposal, on the part of the New Zealand Government, which may enable them consistently to carry out the Panama Mail Contract.

I have, &c.,

JOHN VINE HALL,

General Manager,

P. N. Z. & A. R. M. Company.

The Honourable Postmaster General,
New Zealand.

No. 2.

Auckland, December 28th, 1864.

SIR,—

In reply to your enquiry relative to the “Coleman Contract,” I beg to say, that looking again at the last communication received from the Company—written two days after I left London, and from the tenor of which I was enabled to state the money amount which might meet the difficulties of Clause 27, and the three Inter-Provincial services, I see no mention of the “Coleman

Contract"—therefore, I cannot speak positively upon that point. But from conversations on the subject with the Directors, and the fact of their building two superior steamers, to serve as tenders to the Panama boat, *i. e.*, to distribute mails and passengers, I am inclined to think that they expect to perform that service (which would amount to one whole Inter-Provincial one, Wellington being the Port of Call) under the Contract. Also, feeling that the short stay in port would scarcely enable the Panama boat to supply the commercial part of the Inter-Colonial line fully, it was thought another boat would be necessary. There would I apprehend be no difficulty in the Company consenting to forego ostensibly the "Coleman Contract," as such, if understanding on certain agreed terms, that such services should be secured to them, as it is most likely to work the whole service satisfactorily if the Company carried to their destinations—at all events to the larger ports—their own Passengers and Mails.

I have, &c.,

JOHN VINE HALL.

The Honourable the Postmaster General.

No. 3.

Auckland, December 29th, 1864.

DEAR SIR,—

Your letter of the 24th instant would have been earlier replied to had not Sunday, and a holiday intervened. You are aware from our conversation that the Government are prepared to carry into effect the arrangement proposed by Mr. Crosbie Ward, after certain modifications which I mentioned to you, have been made. I observe in your note under reply that you do not make any reference to the "Coleman Contract," of which due notice of termination has been given; and I understand that the two sums mentioned by you are those which, if agreed to, would induce the Company to enter into a contract between Wellington and Panama, similar to that purported to have been entered into by Mr. Ward, but without the conditions which I mentioned to you as objected to by the Assembly. I am not prepared at present to state how far it would be practicable to accede to these terms; neither can I well submit them for the consideration of my colleagues until I am sure that we entirely understand each other.

May I request an early reply, as I leave for Wellington on Friday next.

Yours, &c.,

J. RICHARDSON,

Postmaster General.

To Captain Vine Hall,
Auckland.

No. 4.

Panama, New Zealand, and Australian Royal Mail Company, (Limited),
Sydney, Melbourne, and New Zealand.

Auckland, December 29th, 1864.

SIR,—

I have the honor to submit concisely for your consideration, and the further elucidation of my letters of the 24th and 28th instant, the modifications in the Panama Contract to which I believe this Company will consent.

1st. Waiving the Inter-Provincial services therein stipulated to be performed at certain rates, and likewise Clause 27, the Company to perform the Mail Service as per Contract, between Panama and Sydney, and *vice versa*, for the sum of £95,000 per annum.

2nd. If a ten knot service be required, the amount to be £120,000 per annum.

3rd. Also to forego the "Coleman Contract," on condition of carrying on the Mails and Passengers (North and South) from Wellington on certain agreed terms, and having one Inter-Colonial service, Sydney and Wellington, or Sydney and Auckland.

I may observe that the amounts payable for these services performed are not additions to the cost of the Panama line, and the object in desiring to secure them is principally to carry out the whole scheme more completely, and to have a definite employment for the vessels which have been prepared at a large cost for these supplementary services.

As an unexpected delay has occurred in the ratification of the Contract, causing considerable loss to the Company, from the vessels now built being in the interim unemployed—it is confidently hoped that the extra lines, viz: 1 East Coast, and 1 West Coast, ("Ashley" and "Airedale"), now being worked by this Company, will not be determined whilst negotiations are pending, until

November, 1865; and that within a reasonable time after that date as may be absolutely necessary for the Company to commence the Panama line, and for the Government to make new arrangements—consequent upon the Panama service—say not later than January 1st, 1866, all the Company's lines now in operation may continue to be performed as at present.

I need scarcely say, that it is the Company's interest to commence operations at the earliest possible period after the terms are finally agreed upon.

I have, &c.,

JOHN VINE HALL.

The Honourable Postmaster General,
New Zealand.

No. 5.

Panama, New Zealand, and Australian Royal Mail Company, (Limited),
Sydney, and New Zealand.

Auckland, December 29th, 1864.

SIR,—

I send accompanying the letter—which I trust is sufficiently explicit—a proposal for the consideration of Government, which I would submit is but fair and reasonable and will certainly not be taken advantage of by us.

The sooner the Company can receive a satisfactory reply from the New Zealand Government, the sooner can they complete their preparations.

It was in England confidently anticipated that the Atlantic telegraph will now be a success. If so, New Zealand, by the Panama scheme, will be brought within 40 days, of England.

I trust sincerely some satisfactory arrangement may be arrived at.

Another proposal might (it has just struck me) meet all views. Expunge "Coleman Contract" altogether, say £100,000 instead of £95,000, and extend the five years to seven. I would advise this, but I do not believe the Company could make ends meet by any further concession.

I have, &c.,

JOHN VINE HALL.

The Honourable Postmaster General,
New Zealand.

No. 6.

Auckland, December 30th, 1864.

DEAR SIR,—

In acknowledgment of your letter of yesterday's date, I have the honor to state that there is now no misapprehension of your views, though I cannot see how an arrangement can be affected should the Company adhere to the sums stated.

I shall lose no time in endeavouring to ascertain what amount of assistance I may reasonably hope to receive from the different Provinces, and from the Australian Colonies, and having ascertained this, I shall be prepared to address you more definitely at an early date.

With respect to the concluding paragraph of your letter, I would state that there is no intention on the part of the Government to determine the contracts during the recess. More than this I am not in a position to promise, but this, at least, I consider to be but an act of justice to the Company.

Yours, &c.,

J. RICHARDSON.

To Captain Vine Hall, Auckland.

No. 7.

Wellington, February 6th, 1865.

SIR,—

I beg herewith to hand you extracts from my last advices from the Directors of the Panama, New Zealand, and Australian Royal Mail Company, which I think will shew I have now sufficient power to treat with the New Zealand Government on the Panama question.

FURTHER PAPERS RELATIVE TO THE

I submit also another proposal, with a view to settle the modifications of the Contract.

I have, &c.,

Honourable Major Richardson,
&c., &c., &c.

JOHN VINE HALL.

Enclosure in No. 7.

Panama, New Zealand, and Australian Royal Mail Company,
41 Moorgate Street, London, E. C., November 25th, 1864.

DEAR SIR,—

As your frequent intercourse with the Board during your recent visit to this country, has enabled you to understand thoroughly their views in reference to the Contract, it is unnecessary for me to write you at any length on the subject. The Directors are, of course, entertaining the hope that the Contract will be adopted in its entirety, but should the General Assembly concur in the views of the Government respecting the proposed modifications, and make it a *sine qua non* that some, if not all of them, should be carried out, it will be for you to determine, after discussion of the various points with the Government, what concessions or compensation should be demanded on the part of the Company.

The Directors, however, are quite prepared, as has already been intimated to you, to leave the settlement of the question in your hands, being convinced you will exert all your influence and best energies to bring about such an arrangement as would receive their immediate approval and confirmation.

I have, &c.,

JAMES WORLEY, Secretary.

True Copy,

R. S. LEDGER,
J. V. HALL.

No. 8.

Panama, New Zealand, and Australian Royal Mail Company, (Limited).
Wellington, 6th February, 1865.

SIR,—

On the 29th December last, I had the honor of addressing you on the subject of the Panama service, stating as nearly as I was able to (unofficially) what modifications in the Contract the Directors would be disposed to adopt, to meet the views of the Government of New Zealand.

I have by the last mail received a communication from the Directors of this Company, which authorizes me to treat with the Government on this subject, and states the terms on which the Directors are prepared to waive certain advantages contained in the Panama Contract.

- 1st. The Company will perform the service between Panama and Sydney, at the speed mentioned in the Contract, for £92,000 per annum, and if extended to eight instead of five years, £87,000.
- 2nd. If a ten knot service between Panama and Wellington, and not less than eight knots on to Sydney, £112,000; and if extended to eight years, instead of five, the sum to be £107,000.
- 3rd. If the above terms are accepted, the Directors agree to waive the "Coleman Contract," the right to the Inter-Provincial services, mentioned in Mr. Ward's Contract, and the so called monopoly.

I have, &c.,

JOHN VINE HALL,

General Manager, P. N. Z. and A. R. M. Company.

The Honourable the Postmaster General,
Wellington,

No. 9.

An agreement to be made with Captain Vine Hall, as agent for the Inter-Colonial Royal Mail Company, upon the basis of the Secretary's letter, of the 26th June, 1864, subject to modifications as follows :—

The rate of speed to be $8\frac{1}{4}$ knots, instead of ten, the subsidy being £80,000, instead of £100,000.

But, if at any time within two years, the Government desires to increase the rate of speed to ten knots, so as to bring Sydney within four months' course of post, with two days stay at Sydney the subsidy in the latter case to be £100,000.

The bonus under Section 7 of the Contract to be diminished.

The charge for passengers to be fixed according to the Secretary's letter of the 12th November, 1863.

Port of call to be fixed at Wellington.

The Contract to be dependent on the postal service being established through to England.

The Contractor's penalty under Clause 29 to be increased.

J. RICHARDSON,

Postmaster General.

Wellington, February 9th, 1865.

No. 10.

Wellington, February 10th, 1865.

SIR,—

I have the honor to acknowledge receipt of your proposal of agreement of yesterday's date, based upon Mr. Worley's letter of June 26th, 1864, to Mr. Reader Wood.

In reply, I beg to submit that this letter is but an enquiry for "the guidance of the Board," and the £100,000 therein named, applies only to the service of 30 days between Panama and Wellington, and thence to Sydney. In this opinion, I am confirmed, not only by my own impressions of discussions on the subject, but by recent advices from the Secretary of the Company. In a letter of October 25th, 1864, he says: "If these conditions, (preference clause, &c.,) were waived it is thought that £95,000, or £100,000, should be asked, if allowed thirty days for the voyage between Wellington and Panama, &c." and my letters, by last mail fully bear out this view. I therefore regret that I cannot, on the part of the Company, consent to the proposed arrangement, being satisfied that the subsidy named is much below the minimum at which, after a careful consideration of the subject, the Directors believe the service can be carried on, after giving up all the material advantage of the Contract.

The proposal to change the slower service to the quicker one, will be agreed to.

The *Reduction of Bonus* might, in the slower service especially, amount to a considerable sum, which would be too great a concession without some equivalent.

The *fixed charge for Passengers*, as it appears to have been at one time assented to, may be adopted.

The *Port of Call* as proposed.

The clause relating to that part of the service beyond Panama, being entirely new matter, I consider it out of my province to discuss, but I am of opinion that the arrangements which the Peninsular and Oriental Company have with the Imperial Government, respecting the transit of the Isthmus of Suez, would be the rule in this case, and to which I apprehend the Company would not object.

The last clause, *Increase of Contractor's penalty*, I will agree to, making the amount £6000, instead of £4000, for the whole penalty. But upon this head I would observe that from the consistent action the Company have maintained from first entering upon the Contract, to the present time there is little necessity for this, seeing also that they have voluntarily increased the size of the larger ships one fifth, and propose using vessels of double the stipulated tonnage, &c., for the Inter-Provincial services, at an extra prime cost of some £80,000, and an annual one of £20,000.

With a sincere desire now to see the Panama question settled, I venture to make the following modification in the proposals submitted in my letter of the 6th instant, to which I beg to refer.

- 1st. The Company to perform the service between Panama and Sydney, and *vice versa*, as per Contract, for the sum of £90,000 pr. ann. If extended to seven years, £85,000 pr. ann.
- 2nd. If a ten knot service be required between Panama and Wellington, and not less than 8 knots between Wellington and Sydney, £110,000 per annum. If extended to seven years, £105,000 per annum.
- 3rd. Coleman Contract, Inter-Provincial services, and Clause 27 waived.
- 4th. The Bonus (Sec. 7,) may be diminished one half, on the condition that the penalties, (Clause 11,) be reduced in like proportion; and further, as this would be no equivalent, that the services now performed by this Company shall be continued in the spirit of the last clause of Mr. Ward's letter, December 17th, (No. 62,) *i. e.* until the commencement of the Panama service, at the date that may be agreed on. In fact, in any case this is to be considered part of the arrangement.

FURTHER PAPERS RELATIVE TO THE

I trust that the present propositions may be satisfactory to the Government, particularly as I have now submitted the extreme limits given me by the Directors.

I have, &c.,

JOHN VINE HALL,

General Manager, P. N. Z. & A. R. M. Company.

The Honourable the Postmaster General.

No. 11.

General Post Office,

Wellington, 9th March, 1865.

MY LORD,—

I have the honor to inform you that immediately preceding the departure of the last mail, certain preliminary articles of Agreement for a mail service, between Panama and Australia, were duly signed by myself and Captain Vine Hall, a copy of which I enclose for your information, having previously provided Captain Hall with a copy, in order that he might communicate the same to you.

I am unable to write more fully on this subject by the out going mail, as the Government are awaiting the return of a gentleman who has been deputed to endeavour to make arrangements with the Australian Governments, for the establishment of a service which will embrace those Colonies in the proposed Contract

It is a matter of gratification to the Government, that there is an immediate prospect of an arrangement being carried out which will be satisfactory to both the contracting parties.

I have, &c.,

J. RICHARDSON,

Postmaster General.

Right Hon. Lord Claude Hamilton,

Chairman P. N. Z. and A. R. M. Company,
London.

Enclosure to No. 11.

It is agreed between the Government of New Zealand, and Captain Vine Hall, as agent for the Panama, and New Zealand Royal Mail Steam Company, that a Contract shall be forthwith entered into for the performance of the Postal Service mentioned in the annexed correspondence, according to the terms specified in Captain Vine Hall's letter, of this date, to the Postmaster General. The Contract to contain all usual and proper clauses applicable to contracts of this nature.

The correspondence referred to consists of proposal for agreement by Postmaster General to Captain Vine Hall, dated 9th February, 1865, letter from Captain Vine Hall to Postmaster General, dated 10th February, 1865.

Signed by the Postmaster General, on behalf of the Government of New Zealand; and by Captain Vine Hall, on behalf of the Company, the 10th February, 1865.

J. L. C. RICHARDSON,

Postmaster General.

JOHN VINE HALL,

Acting for P. N. Z. and A. R. M. Company

No. 12.

General Post Office,

Auckland, September 12th, 1864.

SIR,—

I have the honor, by direction of the Postmaster General of New Zealand, to request you to be good enough to inform him what are the rates of fare for passengers, the cost of transit for

ESTABLISHMENT OF A PANAMA MAIL SERVICE

7 D.—No. 1 A.

mails and luggage by the Panama Railway, in fact to furnish any information which you consider would be useful in shewing the expenses involved for the above purposes in connection with a Mail Service between Great Britain and New Zealand *via* Panama.

I have, &c.,

G. ELIOTT ELIOTT,
Secretary.

J Nelson, Esq., Traffic Agent,
Panama Railway, Panama.

No. 13.

Office of the Superintendent of the Panama Rail Road
Aspinwall, (Colon), January 7th, 1865.

SIR,—

I have the honor to reply to your favour of 12th September last, addressed in error to "Jno. Nelson. Esq., Traffic Agent," &c.

Passengers pay twenty-five dollars fare for passage over the Isthmus, being allowed fifty pounds of luggage free, and paying for excess five cents per pound.

Mails are charged twenty two cents per pound.

Vessels bringing Passengers and Cargo and Mails to this port, pay moderate charges for Lighthouse and Wharfage—at Panama a lighterage of two miles is necessary.

I think nothing more is expressly or impliedly asked in your letter.

I have, &c.,

WM. PARKER,
Superintendent Panama Rail Road.

G. ELIOTT ELIOTT Esq., Secretary,
General Post Office, New Zealand.

No. 14.

General Post Office,
Wellington, 29th May, 1865.

SIR,—

I have the honor, by direction of the Honorable the Postmaster General of New Zealand, to inform you that an Agreement has been entered into between this Government and the Panama, New Zealand, and Australian Royal Mail Company (limited) for the conveyance of Her Majesty's mails between Great Britain, New Zealand, and Australia *via* Panama. The contract will commence in January, 1866.

Between Great Britain and the eastern side of the Isthmus of Panama it is presumed that both the outward and homeward mails will be conveyed by the West India Royal Mail Packets. Between Panama, New Zealand, and Australia the mails will be conveyed by the packets which are subsidised by the Government of New Zealand.

As this service is of considerable importance to the Australasian Colonies generally, and one which they have anxiously endeavoured for some years past to establish, the Postmaster General of New Zealand respectfully requests the assistance of the Imperial Post Office to carry out successfully the agreement entered into with the above Company.

So soon as a formal contract has been completed and signed, a copy thereof shall be furnished to your department.

It is understood that some charges are payable for the transit of the mail by railway across the Isthmus of Panama, as well as for lighterage at Panama, and this Government would be much obliged, and the service greatly facilitated, if Her Majesty's Postmaster General would make arrangements for the payment of these expenses, and charge New Zealand with the costs in the postal account between the Colony and Great Britain.

I have, &c.,

G. ELIOTT ELIOTT,
Secretary.

The Secretary General Post Office,
London.

FURTHER PAPERS RELATIVE TO THE

No. 15.

General Post Office,
Wellington, 29th May, 1865.

SIR,—

I am directed to acknowledge the receipt of your letter of the 7th January last, and to thank you for the information therein contained.

An Agreement has been entered into between this Government and the Panama, New Zealand, and Australian Royal Mail Company (limited) for the conveyance of Her Majesty's mails between Great Britain, New Zealand, and Australia *via* Panama. The contract will commence in January, 1866.

Between Great Britain and the eastern side of the Isthmus of Panama it is presumed that both the outward and homeward mails will be conveyed by the West India Royal Mail Packets. Between Panama, New Zealand, and Australia the mails will be conveyed by the packets which are subsidised by the Government of New Zealand.

A communication has been addressed to the Secretary of the General Post Office, London, requesting that an arrangement might be made by the Imperial Post Office, on behalf of this Government, for defraying the charges for the transit of New Zealand mails across the Isthmus of Panama, and also for lighterage, &c.

I have, &c.,

G. ELIOTT ELIOTT,
Secretary.

William Parker, Esq.,
Superintendent Panama Railroad,
Aspinwall (Colon.)

No. 16.

Wellington, 6th February, 1865.

SIR,—

I have the honor, on behalf of the Government of New Zealand, to request that you will proceed to the Australian Colonies, with a view of obtaining the co-operation of such of those Colonies as may be desirous of participating in the advantages secured by the Contract recently entered into by the New Zealand Government with the Panama Steam Navigation Company.

As you have in frequent conversations been fully informed of the views and wishes of the Cabinet, and as the Government places complete confidence in your judgment and discretion, it will be unnecessary for me to embarrass you by any detailed instructions.

I have, &c.

FRED. A. WELD.

His Honor I. E. Featherston.

No. 17.

Superintendent's Office,
Wellington, 10th February, 1865.

SIR,—

In reply to your letter of the 6th instant, I have the honor to intimate that I shall have much pleasure in accepting the proposed mission to Australia, and that I shall be prepared to leave by the mail steamer on the 12th.

I have, &c.,

I. E. FEATHERSTON,

Superintendent.

The Honorable F. A. Weld,
Colonial Secretary.

No. 18.

Colonial Secretary's Office,
Wellington, New Zealand, Feb. 11, 1865.

SIR,—

I have the honor to inform you that the Government of New Zealand has concluded an arrangement with the Panama and New Zealand Steam Company for the establishment of a postal service by way of Panama with Great Britain. Dr. Featherston, the Superintendent of the Province of Wellington, has been appointed, on behalf of the Government of this Colony, to proceed to Australia with a view to negotiate with the respective Governments of the Australian Colonies, in order, should such be their desire, to admit them to a participation in the benefit of the service, in consideration of their contributing towards the subsidy agreed upon.

I shall be obliged by your communicating upon this subject with Dr. Featherston as the duly authorised agent of the New Zealand Government.

I have, &c.,

FRED. A. WELD,
Colonial Secretary.

The Honorable

The Colonial Secretary, Queensland.

A similar letter was addressed to the Colonial Secretaries of Victoria, New South Wales, South Australia and Tasmania.

No. 19.

Colonial Secretary's Office,
Brisbane, Queensland, 18th April, 1865.

SIR,—

I do myself the honor to acknowledge the receipt of your letter, dated the 11th February last, intimating that the Government of New Zealand has entered into an arrangement for the establishment of a postal service with Great Britain, by way of Panama, and stating that Dr. Featherston has been deputed as the duly authorised agent of your Government, to invite the co-operation of this Colony, in conjunction with the other Australian Colonies, in contributing to the subsidy payable on account of such service. The subject has been already brought under the notice of His Excellency the Governor in Council, in a memorandum submitted by Dr. Featherston, and it is presumed your Government has been made aware of the views of the Government of Queensland thereon, which have been fully communicated to Dr. Featherston.

I have, &c.,

ROBERT G. W. HERBERT.

The Honorable the Colonial Secretary,
New Zealand.

No. 20.

Wellington, May 12, 1865.

SIR,—

Dr. Featherston, having returned from his mission to Australia, has reported to me the successful issue of his negotiations with your Government in respect to the Panama Contract, I avail myself of this opportunity of expressing the sincere gratification which the co-operation of New South Wales has afforded to the Government of New Zealand, and I beg to assure you that no effort will be wanting to ensure that cordiality and unity of action by which the interests of both Colonies and the success of this great undertaking may be most effectually promoted.

I have, &c.,

FRED. A. WELD.

The Honorable the Colonial Secretary,
New South Wales.

Superintendent's Office,

Wellington, 1st June, 1865.

SIR,—

The correspondence which I have now the honor to enclose will sufficiently indicate the results of the mission to the Australian Colonies, which you were pleased to entrust to me.

From the meagreness and paucity of the documents, you will gather that the negotiations were conducted almost entirely by personal interviews. Their history may be given in a few words.

In passing through Melbourne, *en route* for Sydney, although I saw the Chief Secretary of Victoria, and explained the nature of the proposals I was instructed to submit, I intimated that as New South Wales had always evinced the greatest interest in the Panama line, I felt bound to confer with the Government of that Colony before placing myself in official communication with the Governments of the other Colonies. I gleaned, however, that as the Ministers of Victoria had by that mail (February) in reply to Mr. Cardwell's circular despatch of the 25th November, 1864, pledged themselves to the Home Government to make Victoria responsible for the payment (on certain conditions) of a moiety of the cost of a monthly or fortnightly mail service, *via* Suez, there was little prospect of their contributing towards the Panama line.

Nothing could exceed the cordiality of my reception by the Ministers of New South Wales. Mr. Cowper expressed very warmly his gratification that New Zealand had had the courage to take upon itself the sole responsibility of establishing the service, and frankly admitted that he did not see how New South Wales could honorably decline to join in the contract.

But he stated that there were serious difficulties in the way of their doing so at the present time. No action in the matter could be taken without the sanction of the Legislature. The finances of the Colony were in a state of grave embarrassment. The Treasurer had not yet explained his financial proposals. It was doubtful what reception they would meet with. And further, there was on all sides a general disinclination to increase the annual expenditure.

After repeated conferences, I sent in, on the 10th March, the Memorandum, of which a copy is annexed, and a few days after Mr. Cowper informed me that his Government were prepared to recommend to Parliament the adoption of the proposals therein contained in their entirety.

On the 16th March, Mr. Parkes asked the Colonial Secretary "Whether any proposal has been submitted to this Government by the Government of New Zealand for the establishment of a steam postal and passenger service between England and this Colony, *via* the Isthmus of Panama, and whether the Government will state to the House the particulars of any communications that may have been made, and of any decision that may have been arrived at on the subject?"

Mr. Cowper said "Dr. Featherston, the Superintendent of the Province of Wellington, has arrived in this Colony, duly authorised to negotiate with the Governments of the Australian Colonies, in order—should such be their desire—to admit them to a participation in the service, in consideration of their contributing towards the subsidy agreed to be given by the Government of New Zealand to the Panama and New Zealand Company, for the establishment of a postal service with Great Britain, *via* Panama. Several interviews have been held with Dr. Featherston since his arrival, and a minute has been drawn up embodying a proposal which is now under the consideration of the Government. Upon a review of the proceedings of the Government and Legislature of New South Wales, which are placed on record and published, it will be seen that something like a pledge exists to co-operate in the matter; and, favorably disposed as the present Government is still to the carrying out of a postal service *by way* of Panama, it is intended at an early opportunity to propose to Parliament such a contribution as will enable us to secure a share in the advantages of the Contract."

Even after giving this pledge Mr. Cowper entertained grave doubts whether it was safe or expedient to submit the question to Parliament during its present Session; he felt so warm an interest in it that he was unwilling to risk defeat upon it, and would fain have deferred its consideration till the next Session, by which time he anticipated that the finances of the Colony would present a much more satisfactory aspect; and it was only at my urgent solicitations that he at length, on the 20th of April, moved in a Committee of the House the following Resolution:—"That in the opinion of this House it is expedient to agree to the proposal made by the Government of New Zealand for establishing steam postal communication with England by way of Panama."

After considerable opposition, and two divisions in Committee, the Resolution was passed by the House by a considerable majority; the numbers being 24 for and 21 against.

On the 22nd (the day I left Sydney on my return) Mr. Cowper handed me his official reply to my memorandum of the 10th of March—a reply which I feel assured will be very gratifying and entirely satisfactory to your Government.

But this is not the only service rendered by Mr. Cowper. During the presence in Sydney of three of the Ministers of Victoria, Mr. Cowper most zealously co-operated with me in urging them either to join New South Wales and New Zealand in the Panama Contract, or to accept the other proposal that the Suez and Panama lines should be regarded as constituting one aggregate line of postal communication between Great Britain and the Australian Colonies; the services being so organised that the one should be made to alternate fortnightly with the other. We only succeeded in obtaining a promise that they would carefully consider the question, and be prepared to give me an answer on my return to Melbourne.

While these negotiations were going on in Sydney, Mr. Cowper received a letter from the Colonial Secretary of Queensland, stating that they were in treaty with a Company to establish a steam service

Dr. Featherston's
Memorandum, 10th
March, 1865.

Mr. Cowper's reply,
22nd April, 1865.

Dr. Featherston to
Hon. R. G. W. Her-
bert, 25th March, 1865

Hon. Mr. Herbert's
reply, 27th March,
1865.

Dr. Featherston to
Hon. J. McCulloch,
19th April, 1865.

Hon. Mr. McCulloch's
reply, 27th April,
1865.

via Torres' Straits, and rather deprecating the New South Wales Government at present committing themselves to the Panama line. This decided me at once to proceed to Brisbane, where I arrived on the 24th March.

The Colonial Secretary and the Colonial Treasurer—the only members at the time in town—after fully discussing the question, admitted that even if they succeeded in establishing the Torres' Straits Route it would be only a commercial line for the almost exclusive benefit of Queensland—that while no doubt before many years elapsed, it would afford the most rapid telegraphic communication between the Australian Colonies and Great Britain and the East, still it was doubtful whether as a Postal Service it would ever benefit any of the Australian Colonies; that they fully recognised the importance of a postal alliance between Queensland, New South Wales, and New Zealand; and that the arrangement made by New Zealand for the establishment of the Panama Service, appeared to them so satisfactory that they would strongly recommend the Parliament of Queensland to contribute towards it.

On my return to Melbourne I had another interview with Mr. McCulloch, and found that the views of his Government in regard to the Panama line were unchanged. In his official reply he details at some length the grounds upon which the Government of Victoria decline, for the present, at least, to co-operate with New South Wales and New Zealand.

I am nevertheless of opinion that as soon as the Panama line is in operation, all the Colonies will feel it for their interest to adopt the proposal for an aggregate service, each Colony contributing towards it in proportion to the number of letters annually despatched.

I did not consider it worth while to visit either South Australia or Tasmania. The former has clearly little or no interest in the Panama Route, and the latter is not financially in a position to render any assistance.

I scarcely think that it can be regarded as a matter of regret that Victoria has refused its co-operation, for if she had consented to defray a third of the cost of the Panama Service, she would probably have required that New South Wales and New Zealand should each pay a third of the expense of the Suez line—an arrangement which, considered in a pecuniary point of view, would be far from advantageous to them.

The result of my mission then simply is that the Queensland Government is pledged to recommend its Parliament to contribute, and that the Colony of New South Wales becomes partner with New Zealand in the Panama Contract on equal terms. New South Wales will, therefore, have to be made a party to the Contract with the Panama, New Zealand, and Australian Mail Company—will be entitled to obtain a moiety of the contributions towards the service obtained from other Colonies—of the sea postage received in England, and of the postages levied on the Home Correspondence of other Colonies. But upon the details of the arrangement so far as they formed subjects of discussion between Mr. Cowper and myself, I shall be happy personally to afford the Postmaster General full information.

It only remains for me to tender my sincere thanks to your Government for the wide discretionary powers allowed me in conducting these negotiations.

I have, &c.,

I. E. FEATHERSTON.

The Honorable the Colonial Secretary,
Wellington.

Enclosure to No. 21.

DR. FEATHERSTON TO COLONIAL SECRETARY, NEW SOUTH WALES.

Petty's Hotel, Sydney, March 10, 1865.

DR. FEATHERSTON,—Who has been deputed by the Government of New Zealand to confer with the several Governments of the Australian Colonies, on the subject of the contract into which it has recently entered with the Panama, New Zealand, and Australian Royal Mail Company, for the establishment of a Monthly Postal Service between Great Britain and Australia, *via* Panama and New Zealand, begs to submit to the consideration of the Ministers of New South Wales the following statement in explanation of the contract, and with the view of obtaining their assistance and co-operation.

The contract is for a period of five years and the service is to commence not later than the 1st January, 1866. Wellington is to be the port of call and departure in New Zealand, and Sydney the terminus of the line in Australia.

If the Company perform the service between Panama and Sydney at the rate of $8\frac{1}{2}$ knots an hour, they are to receive a subsidy of £90,000 per annum. If a ten-knot service be insisted on—by which Sydney will be brought within a four months' course of post, with two clear days for reply—the subsidy is to be increased to £110,000. A premium of £50 is to be paid to the Company for every complete period of twenty-four hours by which the mails shall be delivered within the contract time.

Passengers' fares between Panama and Sydney, and New Zealand and Panama, not to exceed, for chief cabin, £65 and £55 respectively.

Although New Zealand has thus taken upon itself the responsibility of establishing the Panama service, relying on the co-operation of the Australian Colonies, and is fully prepared, under any circumstances, to carry out the contract if such co-operation be declined; yet Dr. Featherston submits that, having regard to the careful manner in which the interests of Australia have been guarded in this contract, to the desire evinced by the New Zealand Government to allow all the Colonies to participate in its benefits, and especially to the great advantages which have been secured to New South Wales by making Sydney the terminus, he is fully justified in asking that New South Wales should guarantee a

moiety of the subsidy of £110,000, in the event of Victoria and the other Colonies declining to contribute, which Dr. F. scarcely anticipates, should New South Wales join New Zealand in the contract.

The Imperial Government having agreed not merely to convey the mails from Southampton to Colon, free of charge, but also to credit New Zealand with the sea postage of all letters forwarded by the Panama route, the amount of the subsidy will be reduced, in all probability, to £90,000; so that if New South Wales bears an equal share of the cost with New Zealand, its contribution will still be £5,000 less than the amount appropriated by the Parliament of New South Wales in 1858 for the establishment of the Panama service.

It should also be borne in mind, that should Victoria and the other Colonies refuse to afford any assistance, it is competent for the New Zealand Government to levy on their correspondence any rate of postage it may deem expedient, or to decline to carry their mails.

It is, however, extremely improbable that Victoria will refuse to avail itself of the Panama line, now that it is *un fait accompli*, or will decline to pay a fair and reasonable portion of the cost; thus reducing the contributions of New South Wales and New Zealand to an amount much less than they have hitherto professed their readiness to pay for the attainment of this great boon.

It is not to be understood that New Zealand has any desire to withdraw its support to the Suez line, on the contrary in the event of New South Wales joining New Zealand in the Panama contract, Dr. Featherston is instructed by the Government of New Zealand to suggest to the Government of New South Wales the expediency of their jointly proposing to Victoria and the other Colonies, that the two lines of Suez and Panama should be regarded as constituting one aggregate line of postal communication between Great Britain and the Australian Colonies; the services being so organised, that the one shall be made to alternate fortnightly with the other.

Under such a scheme, it is obvious that Victoria, New South Wales, and New Zealand, would derive almost equal advantages. For while Victoria would be the first port of call and last of departure in the Suez route, she would receive the Panama mails by a branch steamer from Wellington about the same time as the Panama steamer would arrive at Sydney. New South Wales would reap the advantages of being the terminus of both lines, and would equally with Victoria be brought fortnightly within a four months' course of post of Great Britain. New Zealand, by the Panama line, would be the first port of call and last of departure, and its seat of Government might possibly, by running a branch steamer between Wellington and Melbourne, be brought within a four months' course of post by the Suez line.

It is confidently anticipated that not many months will elapse after the commencement of the Panama service, before the voyage between Panama and Sydney will be performed within thirty days.

The questions which arise in respect to this proposal are,—1st, the cost of the proposed aggregate service; and 2nd, the basis upon which the apportionment of the expense is to be made,—1st, as between the Australian Colonies and Great Britain, and 2nd, as between the Australian Colonies *inter se*.

With respect to the probable cost, there is no difficulty in making an approximate estimate.

The present cost of the Suez line, is	£175,000
The cost of the Panama and Sydney line, will be	110,000
	<hr/>
	£285,000
Branch steamer between Wellington and Melbourne	8,000
Probable contribution required by the Home Government for the line between Southampton and Colon, being at about the same rate as is charged against the Colonies for the service between Southampton and Galle	7,000
Branch steamers from Melbourne and Sydney to South Australia, Queensland, and Tasmania	5,000
	<hr/>
Total cost of the two lines	£305,000

In this estimate, it is to be observed that the cost of the Suez line is taken at its present amount. The contract expires in February, 1866, and the probability is that the service will be undertaken for a much smaller sum.

With regard, then, to the basis upon which the apportionment of the expense of this aggregate service is to be made; and 1st, as between the Australian Colonies and Great Britain :—

As the benefits of the service may be safely assumed to be equally divided, it follows that the cost should also be divided equally. This has been admitted by the Imperial Government; for in a Minute of the 29 April, 1859, the Lords of the Treasury, after stating that “the Colony of New South Wales had actually appropriated a sum of £50,000 a year, for ten years, for this monthly service *via* Panama, and that their Lordships were informed by Mr. Merewether, that he had no doubt that the Colony would be prepared to take upon itself the responsibility of one half of the cost of the service,” go on to say, that “considering the vast importance to the Australian Colonies, especially to New South Wales and to New Zealand, of a communication which, among other advantages, will afford them facilities of intercourse with the whole Continent of America, from which they are at present comparatively excluded,” and looking to the very liberal manner in which the Government of New South Wales has come forward in support of the scheme, their Lordships are of opinion that they ought no longer to delay fulfilling the intention which they formerly announced, of inviting tenders for the Panama service,” provided that they are fully satisfied—

1. “That the amount is reasonable, and such as they would be justified in incurring;”
2. “That the times and rates of speed are such as to harmonize perfectly with the Suez service, so as to make the two alternate fortnightly with each other;” and

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.

FURTHER PAPERS RELATIVE TO THE

Enclosure to No. 22.

New South Wales, No. 29, Votes and Proceedings of the
Legislative Assembly, Thursday, 20th April, 1865.

8. Steam Postal Communication with England *via* Panama (Order No. 1 of Government business):—On motion of Mr. Cowper, the Speaker left the Chair, and the House resolved itself into a Committee of the whole for the consideration of the propriety of agreeing to the proposal of the New Zealand Government, in reference to Steam Postal Communication with England *via* Panama.

The Chairman reported the following Resolution:—

Resolved:—That it is expedient to agree to the proposal made by the Government of New Zealand, for establishing Steam Postal Communication with England by way of Panama.

Mr. Cowper then moved, that this Resolution be now agreed to.

Question put.

House divided.

Ayes, 34.

Mr. Cowper,	Mr. Pemell,
Mr. Smart,	Mr. Morrice,
Mr. Arnold,	Mr. Terry,
Mr. Robertson,	Mr. Caldwell,
Mr. Darvall,	Mr. Hart,
Mr. Alexander,	Mr. Joseph,
Mr. Parkes,	Mr. Kemp,
Mr. Stimpson,	Mr. Neale,
Mr. Egan,	Mr. Buchanan,
Mr. Graham,	Dr. Lang,
Mr. Hurley,	Mr. Samuel,
Mr. Sutherland,	Mr. Byrnes,
Mr. Farnell,	Mr. Forlonge,
Mr. Garrett,	Mr. Josephson,
Mr. Brown,	<i>Tellers.</i>
Mr. Cummings,	Mr. Burdekin,
Mr. Donnelly,	Mr. Tighe.
Mr. Oatley,	

Noes, 21.

Mr. Forster,	Mr. Lloyd,
Mr. Macpherson,	<i>Tellers.</i>
Mr. Piddington,	Mr. Lucas,
Mr. Phelps,	Mr. Martin.
Mr. Wilson,	
Mr. White,	
Mr. Lee,	
Mr. Landale,	
Mr. Macleay,	
Mr. Dignam,	
Mr. Cunneen,	
Mr. Cooper,	
Mr. Osborne,	
Mr. Driver,	
Mr. De Salis,	
Mr. Pickering,	
Mr. Mate,	
Mr. Gordon,	

No. 23.

Brisbane, March 25th, 1865.

SIR,—

I have the honor to enclose for the consideration of the Ministers of Queensland a copy of a Memorandum addressed by me to the Colonial Secretary of New South Wales, which will, I trust, sufficiently explain the nature of the proposals which I am authorised to submit on behalf of the New Zealand Government to the several Governments of the Australian Colonies, in reference both to the Panama service recently contracted for by the New Zealand Government, and to future postal arrangements between the Australian Colonies and Great Britain.

As in the event of the majority of the Colonies concurring in the arrangements now submitted to them, it will, in order to give effect to them, be necessary to open up negotiations with the Imperial Government, it becomes extremely desirable that the decision of the Government of each Colony should be made known with as little delay as possible.

Believing that the interests of the three Colonies of Queensland, New South Wales, and New Zealand are, as far as postal communication with Europe is concerned, identical, I am not unnaturally anxious to ascertain the views of your Government before I leave, for I need scarcely say that should you decide upon co-operation with New Zealand and New South Wales, such a decision will very materially strengthen my hands in negotiating with the Governments of Victoria, South Australia and Tasmania.

I have, &c.,

I. E. FEATHERSTON.

The Honorable R. G. W. Herbert,
Colonial Secretary, Queensland.

No. 24.

Colonial Secretary's Office,
Brisbane, 27th March, 1865.

SIR,—

I have the honor to acknowledge the receipt of your letter dated the 25th instant, enclosing

copy of a memorandum on the newly arranged Mail Service *via* Panama, and inviting the Government of Queensland to contribute to the subsidy for its maintenance.

The whole question having received the careful consideration of His Excellency the Governor in Council, I have the honor to acquaint you that although this Government is unable, without the previously obtained sanction of the Legislature, to give any positive pledge or to enter into any definite engagement, the proposal for a monthly service *via* Panama alternating with one *via* Suez, so as to afford fortnightly postal communication with Great Britain, is considered to be so satisfactory that it will be favorably recommended to Parliament.

It should be understood that the contribution of Queensland to the subsidy shall be in proportion to the comparative amount of its correspondence, and cannot under any circumstances be materially greater, in the first instance, than the sum named in your memorandum, viz., £4,575. This Colony being more immediately interested in the establishment of a Steam Route *via* Torres' Straits, is obviously precluded from incurring a heavy expense on account of any other new service, although in common with the other Colonies it may expect to derive considerable advantage from such increased facilities of communication with America and Europe as the Government of New Zealand has now provided.

I have, &c.,

ROBERT G. W. HERBERT.

I. E. Featherston Esq.

No. 24.

Sydney, April 19th, 1865.

SIR,—

I have the honor to enclose a copy of the memorandum I recently addressed to the Honorable Mr. Cowper, explanatory of the terms of the Panama contract, and of the grounds upon which the New Zealand Government seeks the assistance and co-operation of the Governments of the several Australian Colonies.

I shall request the favour of an interview with you on my arrival in Melbourne next week, with the view of affording you any further information you may require.

I have, &c.,

I. E. FEATHERSTON.

The Honorable J. McCulloch.

No. 25.

Chief Secretary's Office,
Melbourne, 27th April, 1865.

SIR,—

Adverting to the subject of Steam Postal Service *via* Panama, I have the honor to inform you that your minute dated 10th March, 1865, addressed to the Colonial Secretary of New South Wales, has been very carefully considered, and that every disposition is felt by the Government of Victoria to co-operate with the Governments of New Zealand, and of the other Australian Colonies, in order that the Ocean Mail Service may be placed on a permanent and satisfactory footing.

There are, however, several weighty reasons which render it incumbent on this Government to withhold, at any rate for the present, any promise of support to the Service for which arrangements have been made between the Government of New Zealand and the Panama, New Zealand and Australian Royal Mail Company.

In the first place, it should be stated that the Government of this Colony stands pledged to the Imperial Government to contribute, on the same terms as those of the existing arrangement, towards a service once or twice a month between Point de Galle and Sydney, or, on certain conditions, to pay one entire moiety of the cost of a service once or twice a month between Ceylon and Melbourne, should circumstances render such a guarantee necessary.

Even if this reason did not exist for declining on behalf of Victoria to accept the conditions proposed in your minute under notice for establishing a fortnightly service alternately from Point de Galle and Panama, it is the opinion of this Government that it has yet to be proved that such an arrangement would afford to Victoria advantages at all commensurate to the sum it is proposed she should contribute in support of the scheme, namely £62,500.

It should be borne in mind that the time allowed for the voyage from England to Melbourne *via* Panama, is five or six days in excess of that allowed for the conveyance of the Mails *via* Point de Galle, and the delays which may be expected to arise make it doubtful whether a monthly service *via* Panama could be worked in such harmony with a monthly service *via* Ceylon as to make the two alternate with each other.

On the other hand the large and increasing business between this Colony and the East, the exten-

sion of the Electric Telegraph to Point de Galle, by which the United Kingdom and Australia are brought, with the aid of steam power, within eighteen or twenty days of each other and the ascertained reliable nature of the service performed by the existing Mail line, afford irresistible arguments in favor of the Suez and Red Sea route.

It is believed that the valuable freight in specie and bullion now carried by the Mail Steamers from this Port to India and the East will have the effect of reducing very materially the amount to be paid on account of any new contract that may be entered into for a branch to Australia from the India or China line of Steamers, and it is confidently expected that regular fortnightly Steam Postal Communication with the United Kingdom and the Eastern settlements can be secured for Melbourne at a cost certainly not exceeding that which would be required to be paid for participation in the experimental service proposed in your Minute above mentioned.

I have, &c.,

JAMES McCULLOCH.

His Honor I. E. Featherston, M. D.,
Superintendent of the Province of Wellington,
New Zealand.

No. 25.

Wellington, May 13th, 1865.

SIR,—

I have the honor to enclose you a copy of the Hon. Mr. McCulloch's reply to my proposal that Victoria should join New South Wales and New Zealand in the Panama Contract.

Although Mr. McCulloch declines for the reasons stated to give, for the present, at any rate, any promise of support to the Panama Line, I am still not without hope that the Government of Victoria will ultimately agree to the proposal for constituting the Suez and Panama lines one aggregate service.

I trust I may be permitted to tender you my sincere thanks for the liberal spirit in which you met me, and especially for the personal kindness I received from yourself and all the members of your Government.

I have, &c.,

I. E. FEATHERSTON.

The Honorable Charles Cowper,
Colonial Secretary, New South Wales.

No. 26.

Colonial Secretary's Office,

Wellington, 10th June, 1865.

SIR,—

I have to acknowledge the receipt of your letter of the 1st instant, reporting your proceedings in fulfilment of your mission to the Australian Colonies in connection with the Panama Postal Steam Service.

The Government has to express its acknowledgement of the zeal and ability with which you have so effectually discharged the duties entrusted to you.

The Honorable the Postmaster General would be glad to communicate with you personally, with a view to further information on some details of the arrangement.

I have, &c.,

FRED. A. WELD.

His Honor the Superintendent,
Wellington.

No. 27.

Superintendent's Office,

Wellington, 13th June, 1865.

SIR —

I accept with much pleasure your acknowledgement of my services in Australia.

I have, &c.,

I. E. FEATHERSTON.

The Honorable F. A. Weld,
Colonial Secretary.
