

6. Having discovered an error in the distance quoted in our early communications from the official copy of the Evidence given before the Committee of 1851, we applied to Captain Sir Edward Belcher to correct his statement, which he has kindly done in the annexed document (No. 4), to which we have appended an estimate of proximate distances according to our calculations.

7. The preliminary measures being organized, and contracts concluded with the most eminent shipbuilders (No. 5), we are now in a position to establish the postal line from this country to Australasia and New Columbia, for which we have already proposed, and upon terms as to subsidy, and as to the conveyance of passengers as well as mails, highly advantageous to the Colonies.

8. But as it may be desirable to allow further time, prior to the adoption of definitive plans for the Pacific Line, we beg leave to tender for a special temporary contract for 12 or 18 months, to precede the permanent service. The delay would be justified by the following influential motives :—

9. It would allow of the public appreciation of the Pacific Route as the most beneficial for all the Australasian Colonies.

10. A mature selection may be made of the most advantageous of the four available Isthmus routes (*viâ* Tehuantepec, Honduras, Nicaragua, and Panama), and due time allowed for negotiations with the companies conducting the transit.

11. Negotiations will be more effectual with the Governments interested to contribute to the subsidy.

12. A progressive development of traffic will ensue, so as to preclude the ruinous losses that have led to the failure of other companies.

13. The first year's working of the Mauritius Route to Europe will afford a fair comparison with the system proposed by this Company for communication *viâ* Suez; that is, the extension of the Pacific Line from Melbourne to Singapore, to embrace not only the advantage of an alternative route to Europe, but the benefits of communication with India and China, for the rapidly increasing trade, in those directions, of the Australasian Colonies.

14. Efficient combinations can be arranged with local parties for intercolonial branches and extensions for the permanent system of the line.

15. We may add, as a general recommendation of the Panama Route, that in a state of war with any of the Mediterranean nations, the Suez route would be exposed to constant interruptions, while the former is less liable to similar risk, and affords double Atlantic communications, one direct, and another by way of the United States—the latter made available through our engagements with Messrs. Lansing and Starr.

16. The terms we most respectfully submit for such temporary contract are as follows :—

17. Within one month from the date of the contract, we shall name the ships to be employed, which shall not be of less tonnage than 1,000 tons each (except the branch packet for the bifurcation at Wellington), and submit them for survey at the ports where lying.

18. Within four months from the approval of the ships, we shall commence the service from this side, the intermediate delay being necessary for supplying the coaling-stations.

19. For the first six months the departures to be bi-monthly, and subsequently, until the working of the permanent contract shall commence, the departures to be monthly.

20. The time and mileage, in proportion to the distance, to be the same as the present contract *viâ* Suez, which leaves an immense advantage for the latter line over this proposal, inasmuch as the contracting parties there have large subsidies for other services (with which the Australian contract is to be combined) for about two-thirds of the entire distance.

21. We are prepared to contract for the transit of mails across the American Isthmus at the rate of 1d. per letter of a quarter of an ounce weight, 1d. for each newspaper not exceeding four ounces, 2d. for other publications over two ounces and not exceeding four ounces; the book post to every description of document and samples not exceeding 16 ounces. To enable us to fulfil this condition, we request to be allowed to select the route for transit, subject to your Lordships' sanction.

22. In case the extension from Melbourne to Singapore be ordered, the mileage and time for that section to be not less proportionate with those of the subsisting services in the Indian Ocean.

23. But in the event of the Company's steamers in the Pacific section running semi-monthly, the increased mileage for the conveyance of mails is to be reduced to 60 per cent. of the original rate, and for a weekly conveyance the additional mileage will be fixed at 40 per cent. of the original rate.

24. Distinctive rates are to be charged on the correspondence of countries not contributing in due proportion to the subsidy of this line, this Company undertaking, if desired, to treat for contributions, subject to the sanction of your Lordships.

25. The penalties for the temporary contract to be the same as those regulating the Suez Subvention.

26. We do not solicit the preliminary arrangement with a view to raising any right of preference in regard to the permanent service, nor to decide the conditions of the latter in regard to time, subsidy, or penalties, which will naturally be regulated at the time of final tender.

27. We are prepared to offer full explanations with respect to any details that your Lordships may deem deserving of inquiry.

With profound respect we remain, &c.,