

the cost to which Queensland would be put by agreeing to the proposal that she should subsidise a direct boat between Brisbane and Auckland. I feel sure that, after a year or two, a very much reduced payment for that boat would be required by the A.S.N. Company; but meanwhile, Queensland would have to pay, for the connecting boat and for the use of the San Francisco service, £15,000 a year. Of the £15,000, under the joint-contract with Victoria, £2,000 would be received by New Zealand; while under the proposal originally made to that Colony—supposing the joint-contract had not been entered into—£3,000 would have been received by New Zealand, £3,000 by the Contractors, Messrs. Webb and Holladay, and £9,000 by the A.S.N. Company. I am of opinion that if Queensland would agree for the direct boat, it would be beneficial to New Zealand to forego the £2,000, and to pay probably £2,000 or £3,000 besides, in reduction of Queensland's liability.

Queensland would, with advantage, be able to supply its tropical productions to New Zealand; whilst from Brisbane to the extreme north of the Australian Continent, the many settlements which are established, and which are constantly being increased in number, would offer a market for New Zealand produce. This Colony at present sends grain to Victoria and to New South Wales; but it could surely secure a better market for its grain and other products, in settlements the productions of which are essentially of a tropical character.

No. 10.

I desire to direct your attention to Mr. Webb's letter respecting the United States duties on wool and flax; to his efforts to secure a reduction of those duties; and to his successful exertions to induce American wool buyers to extend their operations to the New Zealand market. The large trade with the United States which has grown up since the Californian Line was established, is a testimony to Mr. Webb's exertions, and to the value of the communication which the line affords.

I desire, also, to express my high sense of the indefatigable assistance rendered me by Mr. Gray, the Inspector of Post Offices, throughout the whole of my negotiations.

Whilst I was in Sydney, I had some communications with the Government respecting a joint guarantee for an electric cable to connect New South Wales and New Zealand. I found a strong disposition on the part of the authorities to make an arrangement under which the cost, if any, of a guarantee, would be shared between the two Colonies. I stated that I was willing to make a provisional agreement, subject to the ratification of the respective Legislatures; but the Government of New South Wales, from the causes I have already explained, were not able to enter into such an arrangement, although they declared themselves favourable to the general proposal.

Strong representations were made to me in Sydney, as to the desire of the settlers in Fiji to secure mail communication with New Zealand; and, at the instance of the Hon. Mr. Woods, a member of the Government, I communicated with the Australasian Steam Navigation Company, to ascertain the sum for which they would perform a monthly service between Auckland and Levuka. The Company replied that they were not willing to initiate such a service for less than £5,000 per annum. I do not doubt that after a year or two, that charge would be reduced; and should the Assembly think it desirable to contribute towards the service, for the sake of the trade it would bring to the Colony, I am of opinion the Government of Fiji would be willing to share the cost of the subsidy.

I may state, in conclusion, that during my stay in Sydney, I was glad to be able to negotiate £66,000 debentures issued under "The Wellington Debts Act, 1871," to such advantage as to yield, as I have already informed you, 2 per cent. premium, the debentures bearing 5 per cent. interest—a sale of New Zealand securities which, I believe, has never been excelled.

Upon other points connected with my Mission, you will receive information in a separate form.

The Hon. the Premier, New Zealand.

I have, &c.,

JULIUS VOGEL.

II.

MEMORANDUM for HIS EXCELLENCY.

THE Postmaster-General has the honor to communicate to His Excellency the appended letters, which have been received from Mr. W. H. Webb; in order that they may be forwarded to the Secretary of State for the Colonies, should His Excellency consider such a course desirable. It is possible that, through Her Majesty's Consul at the Navigator Islands, some information respecting the subject of the letters may have reached the Foreign Office. Still, the information given by Mr. Webb may be considered useful; because, supposing it to be accurate, it seems to the Postmaster-General that a Treaty has been made by the United States Government which is not only unusual in its character, but which may prove very detrimental to the Australasian Colonies generally, and to New Zealand in particular.

Supposing that a kingdom of the Samoan group should hereafter be recognized by Great Britain, as has been the case with the Hawaiian group, the anomaly would be presented, that the United States, in case of war with Great Britain, would have the right to use, for belligerent purposes, a neutral harbour, from the use of which British vessels would be excluded.

The Postmaster-General is not able to form an opinion whether such a Treaty is opposed to the Law of Nations; but it seems to him to be so, because of the very great advantage it would give to one belligerent power over another.