

£20,000 for the service, including a branch steamer between Sydney and Auckland, for which branch steamer £5,000 per annum had to be paid, then there would remain from the New South Wales subsidy £15,000, to be divided equally between Victoria, New Zealand, and Mr. Webb. Similar remarks would apply to any arrangement made with Queensland, Tasmania, or South Australia.

If you are able to agree to the proposal I have made, I should be willing that we should jointly enter into a contract with Mr. Webb, embodying the terms thereof, and subject to the approval of our respective Legislatures.

If we enter into the arrangement proposed, Mr. Webb desires to build the fourth boat required; but, in order that he may be able to do so, he will have meanwhile to charter one of the local boats. Although the boat to be so chartered would not be equal in size to the vessels we require, I am inclined to agree to what Mr. Webb proposes; since he assures me that if he builds a boat she will embrace all the most recent improvements, and will be a vessel which will, in every respect, give more satisfaction than would be possible if he were compelled to purchase one in order to commence the service. I should suggest to you, therefore, to agree to allow a local boat to be used whilst Mr. Webb is building a fourth boat.

Mr. Webb would not be able to undertake to commence the service for six months, on account of an engagement he has entered into with the Australasian Steam Navigation Company, from which it would require six months to secure a release. It is possible, however, he may be able to amend his arrangement with that Company, and so be in a position to begin the service in somewhat less than six months.

Mr. Webb assures me, that if he obtains the United States subsidy, as he expects to do, not only will he build the fourth boat, but he will replace the present boats by others of the same character as he now proposes to build; in short, he will make the line second to no ocean line in the world.

I have, &c.,

The Hon. the Chief Secretary, Victoria.

JULIUS VOGEL.

No. 15.

MR. WEBB to the Hon. J. VOGEL.

SIR,—

Melbourne, 3rd March, 1872.

My intercourse with the Ministry of Victoria, since my arrival here, and others having political influence in the colony, as also with the Press and leading merchants of Melbourne, fully convinces me that unless you are prepared to make to the Victorian Government some concession allowing the steamers of our line to appear regularly in this harbour, and run through from Melbourne to San Francisco, instead of going from San Francisco to Melbourne, there is absolutely no hope whatever of making an agreement with the Government of this Colony to join the Government of New Zealand in the matter of subsidy for a mail service to San Francisco; in short, the Cabinet tell me so most positively. Whether rightly or wrongly, it is their belief that you would get the best of the proposed partnership arrangement, because of the steamers calling at so many ports in New Zealand, and only at one in Victoria.

In consideration of this advantage in your favour, this Government insist that they should have the right to the choice of the through route, and they prefer the through route from Melbourne, giving you the through route from San Francisco.

It appears you also have the same preference; but I earnestly urge upon you, for the sake of making an agreement, which otherwise I am fully satisfied would be impossible, to give way in this respect. I am sure both Governments attach too much importance to the selection of which way each should enjoy the through route.

I would make my arrangements such, that both Colonies should enjoy the benefits of the joint terminus-ship of the line, and in such manner that it will be a matter of indifference, both to shippers and passengers, as to which way the transshipment is made. As transshipment is necessary one way or the other at some point, it will not affect the charges I shall fix; indeed, if you will yield in this matter to the wish of the Victorian Government, and thereby induce them to join you, and grant a subsidy for mail service, I hereby give you the following undertaking:—

(1.) That I will retain proportionate space in the steamers from Melbourne to San Francisco for New Zealand passengers and freight.

(2.) I will in no way allow the transshipment of passengers and freight in the New Zealand ports to work to the disadvantage of New Zealand passengers or shippers, and will fix the through rates the same as if no transshipment was made.

I have, &c.,

U.S., N.Z., and A.M.S.S. Line,
W. H. WEBB.

The Hon. Julius Vogel, &c., &c., Melbourne.

No. 16.

The Hon. C. GAYAN DUFFY to the Hon. J. VOGEL.

SIR,—

Chief Secretary's Office, Melbourne, 5th March, 1872.

In reply to your letter of March 2nd, I beg to say that I cannot agree with you that, under the terms of your amended proposal, Victoria would share equally with New Zealand the terminus of the line. You intend that the main steamers shall visit several ports in New Zealand, and only one port in Victoria, which is certainly not equal sharing. The carriage of the mails by the main steamers