

Treasury, and the interest at 5 per cent. will be paid by the Governor as long as he shall think it worth his while to retain possession of the place. It will thus be in the option of any future Governor to retain or relinquish it.

7. On the whole, I believe that under these arrangements the Governor will be sufficiently provided for, while there will be no room for complaints of encroachment and unauthorized expenditure on his behalf.

8. Although there is an apparent increase of £400 upon the former salary and allowances, I do not think this addition will do more than cover various charges which had been borne by the public for the benefit of the general heads of expenditure. But it is always inconvenient that there should be the necessity for requisitions made by him for accommodation of any kind, which the Ministry are to grant or refuse at their discretion. This will frequently occur when the furniture, &c., of Government House is provided by the public. Hereafter, only the reception-rooms and offices are to be so furnished; but all new furniture for any other part of the house, and all repairs of the old, will have to be found by the Governor. The very handsome provision already made will, however, relieve myself and my successors, for many years to come, of any considerable liability under this head.

9. I cannot omit to mention that there has been evinced on the part of the General Assembly a desire to provide on a liberal scale for the comfort of the Governor, while they have thought it expedient that expenditure on his behalf should be defined and prescribed.

10. I would recommend the Bill, which I transmit, for Her Majesty's assent, and submit for your Lordship's approval generally the arrangements which I have explained.

I have, &c.,

JAMES FERGUSON,

The Right Hon. the Earl of Kimberley.

Governor.

No. 16.

COPY of DESPATCH from Governor the Right Hon. Sir J. FERGUSON, Bart., to the Right Hon. the Earl of KIMBERLEY.

(No. 80.)

Government House, Auckland,

MY LORD,—

New Zealand, 22nd October, 1873.

The Premier, as Postmaster-General, has addressed to me a Memorandum respecting the small extent to which the Imperial Government contributes toward the cost of the Mail Packet Service which was for some time maintained between Great Britain and New Zealand by way of California. He urges that the Imperial contribution was in a much less proportion than has been fixed as fair towards the cost of the new service undertaken jointly by the Governments of New South Wales and New Zealand; that it appears to have left a certain margin of profit to the Imperial Government; and that some help ought rather to have been given to a Colonial Government through whose enterprise an additional means of communication between the Mother Country and the Colonies has been opened.

2. I think it best in this case to forward a copy of the Ministerial Memorandum, as well as of that of the Secretary of the Post Office, on whose calculations the former is partly founded.

3. It can hardly be necessary for me to refer to the great energy which has been displayed by the Government and Legislature of New Zealand in the prosecution of every scheme which offers a prospect of advancement and development, or to remark that it is to the Mother Country that almost all the profitable earnings of the Colony revert beyond what she can herself absorb. But I can assure your Lordship that the liberal co-operation of the Imperial Government in such enterprises as may benefit in common the Colony and the Empire, is received by the former with grateful appreciation.

4. I have approved of a copy of Mr. Vogel's Memorandum being sent to the Agent of the Colony in London, who will be able, if your Lordship pleases, to afford any further information which may be desired upon the subject.

I have, &c.,

JAMES FERGUSON,

The Right Hon. the Earl of Kimberley.

Governor.

Enclosure 1.
Memo. by the
Premier, 17th
Oct., 1873.

Enclosure 2.
Memo. by Mr.
Gray, 16th Oct.,
1873.