

1882.

NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE

(FURTHER PAPERS RELATIVE TO).

[In Continuation of Papers presented on the 3rd August, 1881.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

Sir JULIUS VOGEL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 4th October, 1880.

I have the honor to acknowledge the receipt of your letter of the 15th July (No. 10, F.-4, 1881), enclosing two copies of a printed paper relating to the San Francisco service.

I have not yet been able to do anything in relation thereto. I have called at the Post Office, but found the chief officers, with whom it would be of any service to talk over the matter, absent on their usual autumnal holiday.

You may rely on my doing all I can to secure to the colony the utmost advantage from the legislation of the United States. I am agreeably surprised at the success of Mr. Creighton's efforts. I confess I did not anticipate such a result from them. I am decidedly of opinion that whether or not a money saving accrues to the two colonies from the power conferred by the Post Office Appropriation Act on the Postmaster-General of the United States, they gain greatly by the official recognition of the value of the San Francisco service, which the clause introduced into the Act bears with it; and I think Mr. Creighton's exertions are greatly to be commended.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Hon. the Postmaster-General, Wellington.

No. 2.

The Hon. Mr. HALL to Sir F. D. BELL.

SIR,—

Post Office and Telegraph Department, Wellington, 29th January, 1881.

You will gather from the postal papers presented to Parliament during last session (F.-2 and F.-2A, 1880), and from the records of your office, particulars of the negotiations initiated some time ago by Mr. R. J. Creighton, Resident Agent for this department at San Francisco, towards obtaining a reduction of the American land-transit charges on English and Australian closed mails.

2. Your predecessor was requested some months ago to place himself in communication with the Imperial postal authorities with the view of obtaining for the colonies the benefit of any reduction which the United States Post Office may decide to make.

3. I would refer you to my letter of the 15th July last (No. 10, F.-4, 1881) to Sir Julius Vogel, and to his reply thereto of the 4th October. Sir Julius Vogel was unable at the time, for reasons stated in his letter, to take the desired action. I shall be glad, therefore, if you would at once re-open the question by putting yourself in communication with the Imperial postal authorities, and urge that the colonies shall receive the benefit of any reduction in the overland transit charges which the United States Post Office may be induced to make.

I have, &c.,

JOHN HALL,

Postmaster-General.

Sir F. D. Bell,
Agent-General for New Zealand, London.

1—F. 3.

No. 3.

The Hon. Mr. HALL to the AGENT-GENERAL.

SIR,—

Post Office and Telegraph Department, Wellington, 26th February, 1881.

For the purpose of keeping you informed of the progress of the negotiations in the matter of the reduction of the American transit charges for the carriage of the colonial closed mails between San Francisco and New York, I have the honor to enclose copies of correspondence which has passed since the date of my last letter (29th January).

2. I regret that I am unable by the outgoing mail to forward to the United States Post Office a reply to the request preferred by Mr. Blackfan (No. 13, F.-4, 1881), as I am not yet in possession of the views of the Postmaster-General of New South Wales.

3. I trust you will be successful in obtaining a recognition of the claim of the colonies to the concession asked for in my letter to the Imperial Post Office.

I have, &c.,

JOHN HALL,

Postmaster-General.

The Agent-General for New Zealand, London.

No. 4.

Mr. GRAY to the AGENT-GENERAL.

SIR,—

Post Office and Telegraph Department, Wellington, 23rd April, 1881.

I have the honor to forward enclosed copies of letters (No. 27, *et seq.*, F.-4, 1881) to Mr. Creighton, the Superintendent of Foreign Mails, Washington, and the Secretary of the General Post Office, Sydney, on one from Mr. Creighton to this office, copy also enclosed (No. 26, F.-4, 1881), in which he notifies that the United States Congress has voted forty thousand dollars on account of the overland freight charges on closed colonial mails, to be paid the contracting colonies.

I have, &c.,

W. GRAY,

(for Postmaster-General.)

The Agent-General for New Zealand, London.

No. 5.

Sir F. D. BELL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 16th May, 1881.

I had the honor to receive lately your letter of the 26th February, transmitting copies of further correspondence on the subject of remitting the United States transit charges for closed mails between New York and San Francisco.

I am sorry to say that I do not yet see quite clearly how the renewed representations to the London Post Office, which you desire me to make, would advance your object at this moment. In your letter under reply you allude to a letter from yourself to the London Office, which I have not seen; but it seems to me, after reading carefully Mr. Blackfan's letter which you send me, that everything now depends on whether the San Francisco mail service is to be renewed or not.

The transit charge is made by the United States Post Office, and paid by the London Office in account with the States. If the States Office remitted the charge, it would cease to be paid in London and recovered from the colonies. Now, in my predecessor's letter to you, of 28th January (No. 11, F.-4, 1881), which you will have received shortly after sending your present letter to me, Sir Julius Vogel transmitted copy of a letter he had received from the London Office declining to express any opinion upon the proposed arrangement between the colonies and the States. The reason of that refusal seems obvious. At that time the proposal in Congress for remitting the transit charge had taken the form of an appropriation; and, in a letter to me of 3rd February last, Mr. Creighton assumed that, while the money voted would be paid direct by the States to the colonies, the Washington Office would continue all the same to collect the charge from the London Office. While this was pending, the London Office would not be likely to express any opinion of its own.

The matter has now taken a different shape by the United States Postmaster-General having made it a condition of his exercising the discretion vested in him by Congress, that the San Francisco mail service shall be renewed. It seems clear, indeed, from the correspondence you send me, that Congress was induced to give this discretion by representations that if the transit charges were retained the service would be abandoned, and if they were remitted it would be renewed. This was perhaps a necessary element in the case, since if there was no mail service there would be no mails going through and no charges to remit. At any rate the London Post Office will certainly not move until the United States have agreed to make the remission, and the United States Post Office will not make the remission unless the mail service is renewed. I cannot, therefore, lead you to expect that the London Office will make a hypothetical promise in what is still an uncertain stage of the question; but I shall carefully watch for the first favourable opportunity of bringing it again under their consideration.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

No. 6.

Mr. GRAY to Sir F. D. BELL.

SIR,—

Post Office and Telegraph Department, Wellington, 16th July, 1881.

I have the honor to acknowledge the receipt of your letter of the 16th May, referring to mine of the 26th February, on the subject of the remission of the United States charges for transit of colonial closed mails between San Francisco and New York.

2. From my letter to you of the 23rd April last, you will have understood that the position of affairs had altered since the despatch of my previous letter, and that the continuance of the service *vid* San Francisco is not now insisted on by the United States as a condition of the payment of \$40,000 to the contracting colonies.

I have, &c.,

Sir F. D. Bell, K.C.M.G.,
Agent-General for New Zealand, London.

W. GRAY,
(for the Postmaster-General.)

No. 7.

Mr. BLACKFAN to the Hon. the POSTMASTER-GENERAL.

Post Office Department, Office of Foreign Mails,
Washington, D.C., 8th August, 1881.

SIR,—

I have the honor, by direction of the Postmaster-General, to acknowledge the receipt of your letter of 23rd April last (No. 28, F.-4, 1881), in relation to the legislation enacted by Congress at its last session in aid of the monthly mail steamship service with the United States, maintained by the Governments of New Zealand and New South Wales, and to inform you that the Act making appropriations for the service of the Post Office Department for the fiscal year ending 30th June, 1882, contains the following appropriation, viz.: "*Provided*—That the Postmaster-General is authorized to pay to the Colonies of New Zealand and New South Wales so much of the cost of the overland transportation of the British closed mails to and from Australia as he may deem just, not to exceed one-half of said cost, and the sum of forty thousand dollars is hereby appropriated for that purpose;" and that, in compliance with said legislation, he has ordered, "that the sum of forty thousand dollars, if not exceeding one-half the cost of the overland charges paid to this department by the British Post Office for the United States territorial transit of the British and Australian closed mails during the fiscal year ending 30th June, 1882, be paid to the Colonies of New Zealand and New South Wales out of the said appropriation, in quarterly payments, the sums so paid to be divided equally between the said colonies, and the warrants therefor to be drawn payable to the orders of the Postmasters-General of New Zealand and New South Wales respectively."

It will be perceived that the sum appropriated to be paid to the said colonies is subject to the restriction that it is not to exceed one-half of the cost of the overland transportation of the British closed mails to and from Australia; and also that the same is to be paid to the Colonies of New Zealand and New South Wales. The payments will therefore be made quarterly as soon as satisfactory evidence is received at this department of the weights of the British and Australian closed mails transported overland between New York and San Francisco during each quarter, and each quarter's payment will be made in two equal sums by warrants drawn payable to the orders of the Postmasters-General of New Zealand and New South Wales respectively.

The Postmaster-General, &c., &c., Wellington,
New Zealand.

I am, &c.,
JOSEPH H. BLACKFAN,
Superintendent of Foreign Mails.

No. 8.

Mr. GAMBLE to the Hon. Mr. HALL.

SIR,—

Auckland, 24th September, 1881.

I am instructed by the President of my company to inform you that, the Government of New South Wales having already expressed the wish that the present mail contract between the said company and the Governments of New Zealand and New South Wales may be renewed upon its expiration, he proposes, during the next session of the Congress of the United States, to urge upon that body the importance of the service to the people of the country, and a proper recognition on the part of the Government of the same. He believes that, if his efforts are supported by an official application on the part of the Governments of New Zealand and Australia to the Government of the United States, much good may result therefrom.

In submitting this information, I have therefore the honor to suggest that the Government of New Zealand shall, while reminding the Government of the United States of the steadily-increasing importance of the trade between the two countries—which the people of the United States reap the benefit of without contributing to support—ask that Government to lay the subject before Congress at its coming session, with the recommendation that action be taken to secure for the mail service, in case the present contract is renewed, such recognition on the part of the United States Government as the benefit it renders the people and commerce of that country entitles it to.

I would respectfully ask that if the course I have had the honor of suggesting meets the approval of the Government of New Zealand, I may be furnished with a copy of the communication sent to the Government of the United States, to the end that I may transmit it to the President of my company, who will make use of it in pressing the company's claim upon the most influential of our legislators.

I have, &c.,

The Hon. John Hall, Premier of the Colony of
New Zealand, Wellington.

THOS. T. GAMBLE,
Agent, Pacific Mail Steamship Company.

No. 9.

Mr. Fox to Mr. GAMBLE.

SIR,—

Government Offices, Wellington, 29th September, 1881.

The Premier has directed me to acknowledge his receipt of your letter of the 24th instant.

2. I am to thank you for the explanation given as to proposed action by the President of the Pacific Mail Steamship Company, to endeavour, through Congress, to secure from the Government and the people of the United States a proper recognition of the importance of the service established by the company under its contract with New South Wales and New Zealand. This Government must necessarily feel much interest in such action, and would be glad to be able to co-operate therein.

3. Your letter has been referred to the Postmaster-General for consideration; and I am to ask that you will be so good as, without delay, to supply to Mr. Johnston such evidence as may be at your command respecting the expressed wish of the New South Wales Government that the contract should be renewed.

T. T. Gamble, Esq., Agent, Pacific Mail Steamship Company, Auckland.

I have, &c.,

E. Fox.

No. 10.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL.

SIR,—

Sydney, 27th September, 1881.

We have the honor to enclose extract from letters from the President of the Pacific Mail Steamship Company in reference to the continuance of the mail contract, from which you will gather that probably a representation from the contracting Governments of New South Wales and New Zealand would induce the Congress of the United States to share the cost of any new service with the colonies, and thus lessen very much the cost to the latter while retaining all the advantages of the service; to which we beg your attention, in the hope that some action, such as is suggested by the President of the Pacific Mail Steamship Company, may be taken by the Government in conjunction with that of New South Wales.

We have, &c.,

GILCHRIST, WATT, AND CO.,
General Agents.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 10.

The PRESIDENT, Pacific Mail Steamship Company, to Messrs. GILCHRIST, WATT, and Co.

Extract from Letter received from the President of the Pacific Mail Steamship Company of New York.

"THE question of continuing the Australian line after the expiration of the present contract will depend entirely on the encouragement given by the colonial Governments and (or) our own, as with the business so far developed we certainly do not feel encouraged to run the line unless we receive from some source mail pay equivalent at least to that at present received from the colonial Governments. You are doubtless aware that efforts have been repeatedly made to induce our Congress to recognize in some way the services rendered by our ships, but so far with no success. Mr. Houston desires me to ask you whether you could not have a resolution passed by your Parliament, asking the United States Government to share in the expense of the mail pay for the Australian line, and in that way second the efforts we might be disposed to make in the same quarter if we saw any reasonable prospect of success."

Enclosure 2 in No. 10.

The PRESIDENT, Pacific Mail Steamship Company, to Messrs. GILCHRIST, WATT, and Co.

Extract from Confidential Letter received from the President of the Pacific Mail Steamship Company, dated New York, 20th August, 1881.

"MR. HOUSTON proposes at the proper time to urge on Congress a proper recognition of the service performed by our ships, and feels satisfied that if his efforts were backed up by an official application on the part of the Governments of New South Wales and New Zealand to the Government of the United States, much good might result therefrom. And Mr. Houston believes firmly that an intelligent comprehension of the whole subject is all that is needed to convert the opinions of our legislators (who have for a long time past been afraid to entertain any application of this nature on account of the cry of subsidy) to a just and favourable view of this important matter."

No. 11.

Mr. GRAY to the SUPERINTENDENT of FOREIGN MAILS, Washington.

SIR,—

Post Office and Telegraph Department, Wellington, 8th October, 1881.

I have the honor to acknowledge the receipt of your letter of the 8th August last, conveying the intelligence that your Congress had been pleased to appropriate \$40,000 to be paid in aid of the San Francisco mail service in equal amounts to the contracting Colonies of New South Wales and New Zealand, for the year ending the 30th June, 1882, provided that sum does not exceed half of the cost of transit of the colonial mails through the United States. It is a matter for congratulation that the question of this grant-in-aid has now arrived at so satisfactory a state. Of the effect of the action of Congress in these colonies I have already apprised you in former letters.

2. The Postmaster-General apprehends that there will be no delay in ascertaining the exact annual cost of the overland transport of the closed mails *via* San Francisco, to and from Australia; and he hopes that by the next mail the first instalment of the amount voted will be received.

The Superintendent, Office of Foreign Mails,
Post Office Department, Washington, D.C.

I have, &c.,
W. GRAY,
Secretary.

No. 12.

Mr. GRAY to Mr. CREIGHTON.

SIR,— Post Office and Telegraph Department, Wellington, 8th October, 1881.
I have the honor to forward you a copy of a letter of the 8th August last from the Post Office Department, Washington, to this office, from which you will learn that the United States Department is now prepared to pay to the two colonies contracting in the San Francisco mail service the \$40,000 voted by Congress on fulfilment of the conditions noted in the letter.

I have, &c.,
W. GRAY,
Secretary.

R. J. Creighton, Esq., San Francisco.

No. 13.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,— Post Office and Telegraph Department, Wellington, 8th October, 1881.
I have been directed to forward you the enclosed copy of a letter of the 8th August last from the Post Office Department at Washington, on the subject of the \$40,000 appropriated as a direct payment by the United States Legislature to the Post Office Departments of New South Wales and New Zealand in aid of the San Francisco mail service. You will observe that so soon as the United States Post Office is satisfied that the \$40,000 do not exceed one-half the cost of the territorial transit of the colonial mails between New York and San Francisco, the colonies will be paid a proportionate sum, the payment to date from the 1st July last.

2. I am also directed to state, with reference to the satisfactory stage which this matter has now reached, that the New Zealand Government cannot but recognize that this grant-in-aid is mainly due to the persistent and energetic representations with which Mr. R. J. Creighton, the agent for this Government at San Francisco, urged the propriety of the United States assisting the contracting colonies in maintaining the San Francisco service. I am therefore directed to ascertain whether the Hon. the Postmaster-General of New South Wales will join with the Postmaster-General here in marking their appreciation of the value of Mr. Creighton's services by each granting him one hundred guineas upon the first payment being made by the United States Post Office.

3. As it will shortly be necessary to take into consideration the question of renewing the San Francisco service, the Postmaster-General is desirous of ascertaining the views of the Government of New South Wales with respect to the continuance of the service after the expiration of the existing contract. The Postmaster-General believes that the importance of the service to the United States is beginning to be recognized there, and that a substantial subsidy may be obtained from that country. The Postmaster-General will be pleased to receive an early intimation from the Hon. Mr. Suttor of the intention of his Government with regard to a renewal of the service and to making a formal inquiry from the United States authorities whether they will recommend Congress to grant a subsidy in aid of it, and, if so, of what amount.

I have, &c.,
W. GRAY,
Secretary.

The Secretary, General Post Office, Sydney.

No. 14.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,— Post Office and Telegraph Department, Wellington, 10th October, 1881.
I have the honor to acknowledge the receipt of your letter of the 27th ultimo, enclosing extracts from letters from the President of the Pacific Mail Steamship Company, in reference to a continuance of the San Francisco mail service, and to the advisability of a representation from the contracting colonies to the United States authorities for a subsidy in aid of the service. The matters will be dealt with in the course of a few days, and you will thereupon be communicated with in due course.

I have, &c.,
W. GRAY,
Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 15.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,— General Post Office, Sydney, 14th November, 1881.
With reference to your letter dated the 8th ultimo, enclosing copy of a communication from Washington relative to the sum of money appropriated by the United States Government in aid of the San Francisco mail service, and to Mr. Creighton's assistance in regard thereto, I am directed by the Postmaster-General to inform you that this Government will be quite prepared to act in conjunction with New Zealand as regards recognizing the services of Mr. Creighton as proposed.

The question of renewing the San Francisco mail service is now under the consideration of this Government, and no unnecessary delay will take place in informing your Government of the decision arrived at.

I have, &c.,

S. H. LAMBTON,

Secretary.

The Secretary, General Post Office, Wellington, New Zealand.

No. 16.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

(Telegram.)

Wellington, 16th November, 1881.

RENEWAL Frisco service. Postmaster-General anxious for reply to my letter eighth October. If representations to be made American Government, letters should be forwarded next mail.

Secretary, Post Office, Sydney.

W. GRAY.

No. 17.

Mr. GRAY to Mr. CREIGHTON.

SIR,—

Post Office and Telegraph Department, Wellington, 3rd December, 1881.

In forwarding you the enclosed copy of a letter of the 14th ultimo from the General Post Office, Sydney, I cannot do better than to send you, without further remark, a copy, subjoined, of that portion of my letter, to which the original is a reply, having direct reference to yourself. A copy of the communication from Washington, referred to by the Sydney Office, was supplied to you with my letter of the 8th October. (For extract see second paragraph of No. 13.)

I have, &c.,

W. GRAY,

Secretary.

R. J. Creighton, Esq., San Francisco.

No. 18.

Mr. CREIGHTON to Mr. GRAY.

SIR,—

San Francisco, California, 19th December, 1881.

I have the honor to enclose copies of letters addressed by me to the United States Postmaster-General and Mr. Blackfan, Superintendent of Foreign Mails, respectively, upon matters connected with New Zealand postal affairs, for the information of the Hon. the Postmaster-General. Pressure of private engagements prevented me attending to these details earlier; but I fancy no time has really been lost, owing to the Cabinet changes now going forward in Washington. Mr. James retires, and the new Postmaster-General has not been appointed. Several of the non-political heads of departments have been changed, and therefore new business would hardly have been attended to. In a few days we shall have the Government completed, and my letter to the Postmaster-General will arrive opportunely. I have, as you will perceive, put the wool duty suggestively in my letter to the Postmaster-General. My reason was that the Republican party is the Protectionist party, and, while it would be perfectly willing to grant a subsidy to stimulate commerce, it would not remit duties to attain the same end. Moreover, the wool-growers held a convention recently, in which the beauties of a protective tariff were extolled; and a National Trades' Convention, composed of manufacturers, bankers, and mechanics, in New York, has just demanded more protection against the pauper labour of Europe. The Republicans, when parties are evenly balanced, will magnify protection, which kept them in power last election, and therefore I did not urge the tariff remission except as an aid to American shipping. Public opinion must be formed before any action looking to free trade in wool can be hoped for from Congress. I am doing my best in that direction in the Press of New York and the magazines. The Administration originates no measures of legislation in this country, therefore the Cabinet will not take the initiative. My suggestion of collecting the transportation charges, as now, and paying them to the contracting colonies, is at once feasible and effective. The amount would be equivalent to a substantial subsidy. It may be done, being in the line of last year's precedent; but Congress must take the initiative. The Postmaster-General will hardly recommend it: the best we may expect is that he will not oppose it. If he should substantially approve, I shall be most agreeably surprised.

I regret that the long and stormy Atlantic passage has again delayed the mail; but this may always be expected at the present season.

The Money-Order Convention with New Zealand, signed by the President recently, is regarded in the United States as the beginning of an active intercourse between the two countries. I hope these anticipations may be realized. Similar conventions have been concluded with New South Wales and Victoria.

I hope the Postmaster-General will approve of the proposition which I have made to the United States Postmaster-General. It appears to me to be the only practical way of reaching a satisfactory arrangement. A direct-subsidy project would be loaded down with a Brazilian, Mexican, China, and half a dozen similar schemes to sell or get into commission all the disengaged steamships in America. Business men in San Francisco are beginning to take greater interest in this matter, but they are slow to move.

I have to apologize for sending you the original drafts of my letters, but I have been too much pressed for time to have them copied.

I have, &c.,

W. Gray, Esq., Secretary, Post Office, Wellington.

ROBT. J. CREIGHTON.

Enclosure 1 in No. 18.

Mr. CREIGHTON to Mr. BLACKFAN.

SIR,—

San Francisco, 1st December, 1881.

I have been requested by the Secretary of the New Zealand Post Office Department to communicate with you in reference to your letter of 8th August, 1881, upon the question of paying to the Governments of New Zealand and New South Wales the sum of \$40,000, in terms of the General Appropriation Act, for the fiscal year ending 30th June, 1882.

In your letter you state that "the payments will be made quarterly, as soon as satisfactory evidence is received at this department of the weights of the British and Australian closed mails transported overland between New York and San Francisco during each quarter." It appears, therefore, that upon the 31st of December current there will be two quarterly payments due under the law of Congress, subject to proof of weight, and that the first payment became due on 30th September ultimo. As the United States Post Office Department has the weights of each closed British and Australian mail in its monthly records, for purposes of accounting with the British Government among other things, I respectfully suggest that "satisfactory evidence of weight" is always within reach, and that therefore any delay on this account must be occasioned by an oversight, which I am satisfied has only to be brought to your notice to be rectified.

With regard to the provision of the law that a sum not exceeding \$40,000 should be paid to the contracting colonies, or such lesser sum as by actual weight is found to be a moiety of the money paid or payable by the British Post Office on account of the overland transportation of the enclosed colonial mails across this continent, I have to remark that the statement of accounts between the Washington and London departments would settle the matter at once. Washington charges the London Post Office, under the Thornton-Tyner Convention, by weight; the London office debits the colonies with the amount, pays the department in Washington, and collects a much larger sum from the colonies for its international agency. I fail to perceive, therefore, how there can be any doubt or difficulty either as to weight or amount, seeing that both are upon record in Washington. In this connection I also take leave to refer you to the last annual report of Postmaster-General Key, page 509, under the head "Transcontinental Australian Mails," in which the statement is made that the annual cost of carrying the British and Australian mail across this continent is about \$190,000 annually. If this statement is correct, \$40,000 is not one-fourth, much less a moiety, of the amount.

Since August, 1876, the British Government has paid the United States for this "lengthy and expensive railway service," and the Postmaster-General acknowledged in his report for the fiscal year ended 30th June, 1879, that the United States Treasury had received, for the two years and ten months covered by the payments, "the actual cost of doing the work, which to this time amounts to something over a quarter of a million of dollars." These figures would bring the estimate of \$40,000 for half the service annually pretty near the mark.

I am the more solicitous about this matter because, although the New Zealand Government is willing to renew the existing mail contract, there is a strong feeling in that colony and New South Wales in favor of a direct ocean postal service without touching at any American port. If the United States Government manifests a liberal spirit in aiding the two contracting colonies, it would go a very long way towards the renewal of the existing contract with the Pacific Mail Company, or some other American steamship company, and thus help to develop American commerce.

I respectfully submit the foregoing observations in the fullest confidence that the matter will receive prompt attention, and that the outgoing steamer will convey to the New Zealand and New South Wales Governments the two first instalments under the Appropriation Act, as the service for December with them has been completed. I may here remark, parenthetically, that I was under the impression that the appropriation was retroactive, but in this it appears I was mistaken.

I have, &c.,

ROBT. J. CREIGHTON,

Resident Agent, New Zealand Government.

Hon. Joseph H. Blackfan, Superintendent of Foreign Mails, Washington, D.C.

Enclosure 2 in No. 18.

Mr. CREIGHTON to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

500, Montgomery Street, San Francisco, California, 19th December, 1881.

I have been requested by the Secretary of the New Zealand Post Office to bring under your notice officially the fact, of which you are doubtless aware, that the existing mail contract between the Pacific Mail Company and the Governments of New Zealand and New South Wales expires in November, 1883; and to express a hope that the United States Government will be able to hold out some inducement to the colonies to continue this mail service.

I need hardly resort to argument to convince you of the very great advantage the Australian mail service has been to American commerce, having already in memoranda and correspondence had the honor of bringing the subject to the attention of your predecessor, Hon. Judge Key, and to Congress, through the kind offices of the Hon. Horace Davis and Hon. Senator Newton Booth. Congress admitted the equity of the claim to substantial aid by an appropriation of \$40,000 for the fiscal year 1881-82, correspondence regarding the payment of which I have opened with Mr. Blackfan, Superintendent of Foreign Mails.

I hope the Post Office Department at Washington will recognize the propriety of recommending to Congress a similar appropriation for the next fiscal year, and thereby relieve in some degree the extra burden which the maintenance of mail communication with England by way of San Francisco and New York entails upon the Colonies of New Zealand and New South Wales. As you are doubtless aware,

this appropriation is supposed to be equivalent to a moiety of the charge for railroad carriage across this continent upon the enclosed British and Colonial mail, which the United States Post Office Department collects from the British Government, and which the latter in its turn collects from the contracting colonies. In reality, \$40,000 does not cover a moiety of this charge, while the London Post Office makes a profit on the transaction. The contract under which this charge is levied was made between the Hon. Mr. Tyner and Sir Edward Thornton, British Minister at Washington, and it was approved at the Paris Postal Convention. It is, however, pertinent to note that the colonies which were to pay had no voice either in negotiating the postal contract or in the International Postal Convention. Mr. Tyner wanted to augment the postal revenue [see Postmaster-General's Report, 1879-80], and the British Government wanted to break down the mail service between England and Australia *via* the United States. [See extracts from official papers in my memoranda on the subject, copy of which is herewith attached.] Public policy, I respectfully submit, is in favour of granting substantial aid to the American trade with Australia, which is certain to be largely augmented by the money-order conventions recently concluded between the United States and the leading Australasian Colonies. The mere question of revenue hardly arises in the case, however, as the payments to the railroad companies for transporting the British-Australian closed mails are not separated from the payments for carriage of domestic mails; and the total remission would not in any case be felt in the revenue transactions of the year.

The increased and increasing postal facilities by the Eastern route is another reason why every encouragement should be given to the Australian Colonies to continue the existing mail service, bringing as it does travel this way, thereby developing American trade. The Orient and the Peninsular and Oriental lines practically give the colonies a weekly mail service with England, and the new steamships of the Peninsular and Oriental line will run at a high rate of speed, carrying freight and passengers at lower prices than the Pacific-American line can presently afford to do. If, however, the two contracting colonies are weighted with a heavy subsidy to an American steamship company, and are moreover handicapped by slow boats, high rates of passage, and heavy transportation charges by the United States Post Office, it is not very likely that the mail contract will be renewed. It would be of no special advantage as a mail agency; and the collateral advantage of trading with the United States would not justify the public expenditure involved. The loss would fall upon America, which is opening a promising and remunerative trade with Australia and New Zealand.

I would respectfully suggest, therefore, with a view to encourage commercial intercourse with the Australian Colonies and New Zealand, that the total sum collected from the British Government under the Tyner-Thornton contract or agreement be paid by the United States Government to the Governments of such Australian Colonies as may subsidize an American line of steamships to carry the American and British and Australian mails between San Francisco and the colonies, at a rate of speed not slower than the ships of the Peninsular and Oriental line in the Australian trade, subject to such other regulations as the United States Government might deem essential: this arrangement to come into force after the termination of the existing contract; and that \$40,000 be appropriated, as already suggested, for the fiscal year 1882-83. In my judgment this would fully meet the requirements of the case. It would provide substantial aid without raising the question of a direct subsidy, by simply treating the Australian enclosed mail as domestic mail for purposes of transportation, in lieu of the free carriage and distribution of the American mail throughout the colonies and South Sea Islands generally. And it would also prevent the British Government consummating its avowed policy of breaking down the Australian-American mail service for the purpose of monopolizing the profitable trade of the South Pacific Colonies.

I submit these considerations to you with very great respect, in the confident assurance that you will give them the attention they merit. It has been suggested to me by the New Zealand Government that the advantage of a remission of the duty upon colonial wool should be brought under your attention. I do so in deference to the expressed wish of the Secretary of the Post Office, but I am aware that, as a question directly of revenue, it must originate in the House of Representatives, and that your department has no control in the matter. Nevertheless, it may not be superfluous to say that, were Australian wool admitted duty free, return freight would be provided for the steamers, and a fortnightly service might be confidently calculated upon. I had an opportunity of enforcing this argument at considerable length in the December issue of the *International Review* in an article on "New Outlets for American Products," and therefore will not trouble you with *data*.

I shall transmit a copy of this letter to the Postmaster-General of New Zealand, together with any acknowledgment you may be pleased to make. I should esteem it a great favour to be able to inform the New Zealand Government, which is deeply solicitous on the subject of continued mail connection with the United States, that their suggestion through me had not been unfavourably received.

I have, &c.,

ROBT. J. CREIGHTON,

Hon. Postmaster General, Washington, D.C.

Resident Agent, New Zealand Government.

No. 19.

Mr. GRAY to Mr. CREIGHTON.

SIR,—

Post Office and Telegraph Department, Wellington, 24th January, 1882.

I have to acknowledge receipt of, and on behalf of the Hon. the Postmaster-General to thank you for, your letter of the 19th ultimo, with the copies enclosed of those from you to the United States Postmaster-General and Mr. Blackfan, in the matters of the renewal of, and aid from the United States for, the San Francisco mail service, and of the encouragement of the trade from these colonies with the United States in wool. The Postmaster-General is glad to acknowledge the force of your representations, and he anxiously looks forward to the receipt of the replies of which you have promised to send copies.

2. Your communications have also been perused by the Hon. the Premier, and you would learn by last mail that Sir Henry Parkes had left for Washington for the especial purpose of urging the claims of the colonies, and that he had also been asked to confer with you on the matters dealt with in your letter. The Premier trusts that Sir Henry and yourself have met, and that good results may follow any representations you may have thought fit to make to the United States Government. It is certainly a matter for regret that in the information you have been enabled to supply there is little prospect at present of the Australian wools being admitted to the United States duty free; but it is hoped that the further representations which you will doubtlessly make in conjunction with Sir Henry Parkes will bring about a change or modification in the opinion of the American woolgrowers in favour of wool from the colonies.

I have, &c.,

W. GRAY,
Secretary.

R. J. Creighton, Esq., San Francisco.

No. 20.

MR. CREIGHTON to MR. GRAY.

SIR,—

San Francisco, California, 13th February, 1882.

I have the honor herewith to forward letters from the Hon. Postmaster-General Howe and Mr. Blackfan, Superintendent of Foreign Mails, in reply to communications from me, copies of which were transmitted by a previous mail. Mr. Blackfan's letter would have gone by the preceding steamer, but it had been misdelivered, and I did not receive it until some considerable time after the vessel sailed. This was fortunate as it happened, because I was able to place it before Sir Henry Parkes, in explanation by me of the *status* of the postal-subsidy question. I also sent him a written statement of what I had done, and my reason for so doing.

The Post Office Appropriation Bill is before the House, but as yet I have not learned what will be done in regard to the New Zealand subsidy. If I had been in Washington I have no doubt it would have been renewed to the extent of \$40,000 at least, but, owing to the administrative changes and changes in the Post Office Department, and to the general uncertainty, a matter of this kind, without direct personal attention, having no political bearings whatever, was apt to be overlooked. I have not lost hope, however, as the following resolution from a conference of the House Sub-Committees on Commerce, Naval Affairs, and Post Office will be reported to their respective full Committees for action: "*Resolved*, That it is the sense of this Joint-Committee that it is advisable to promote the commercial interests of the United States by providing sufficient compensation for the carriage of ocean mails from the United States to foreign ports by American ships." This has reference primarily to Mr. John Roach's proposal to subsidize a Brazilian line, also Mr. Lorrillard's project to subsidize an 18-knot steamship service between New York and Liverpool or Milford Haven. Upon the skirts of this subsidy scheme, which is being promoted by a very strong lobby, backed by money, are the China, Mexican, and Central American lines; and of course the Pacific Mail will present its claims in connection with the Australian service. The country is very prosperous, and it is just possible that the Protectionist party in Congress, which is in the majority, may appropriate a large subsidy, to be distributed under some general scheme, with the view of reducing the Treasury balances and prolonging the life of the existing tariff. In that event, the Australian service would probably come in for a share; but the colonial Treasuries would not profit thereby as they would were my policy carried out. But direct subsidies will provoke strong opposition, whereas an indirect subsidy, in the form of a return of payments made by the contracting colonies, would not be open to the same objection on principle. Should Sir Henry Parkes make a tariff concession and a direct subsidy conditions precedent to the renewal of the contract, the result may be fatal to even a modified vote in aid of the colonies. The tariff is something Congress fights shy of in view of the general election in 1884, and the flourish of trumpets in the colonies which accompanied Sir Henry's departure directed general attention to the subject and left the impression that they have everything to gain and the United States everything to lose by the concession asked for, inasmuch as the colonies cannot make any special fiscal arrangement to offset it. It is matter of regret that New Zealand is not in a position to make its own arrangements with the United States without risk of having them traversed, at the most critical point, by conflicting interests. In such a case there is nothing insuperable in the way of even a tariff concession; but when the wool-producing capacity of the entire colonies is aggregated and pitched at the heads of American woolgrowers, the question assumes a very different aspect.

In this connection, the following extract from the annual report of Postmaster-General James proves the friendly consideration of the United States Government, and also the wisdom of the course I adopted. He writes, under the head "APPROPRIATION IN AID OF STEAMSHIP SERVICE TO NEW ZEALAND AND NEW SOUTH WALES": "The Act of 3rd March, 1881, making appropriations for the service of the Post Office Department, contained a proviso authorizing the Postmaster-General to 'pay to the Colonies of New Zealand and New South Wales so much of the cost of the overland transportation of the British closed mails to and from Australia as he may deem just, not to exceed one-half of said cost,' and appropriated the sum of \$40,000 for that purpose. In compliance with the terms of this Act I have ordered that the sum of \$40,000, if not exceeding one-half of the cost of the overland charges paid to this department by the British Post Office for the United States territorial transit of the British and Australian closed mails during the current fiscal year, be paid to the Colonies of New Zealand and New South Wales from this appropriation. As the object of this legislation is understood to have been the granting of aid to the Colonies of New Zealand and New South Wales in maintaining the present monthly mail steamship service between Sydney and San Francisco, the propriety of continuing such aid during the next fiscal year is respectfully referred to Congress." This is as strong a recommendation as the Administration could venture to make to Congress for an appropriation of public money for a service beyond the control of one of its departments.

I find from Mr. Blackfan's letter, that \$89,277·27 was paid to the United States in the fiscal year 1880, and \$94,515·69 in 1881. In round numbers, therefore, the transit charges amount to £20,000 a year, and it was the appropriation of this sum exclusively to the use of the colonial Treasuries I have been working for. I also find from the Postmaster-General's last report that \$13,355·83 was claimed by the United States for "payment on account of the Atlantic sea-conveyance of the British and Australian closed mails from New York to Great Britain, for which credit was claimed in the quarterly accounts with the British office." In other words, the cost of sea-transportation last fiscal year, from New York to England, was £3,700, and I presume an equal amount is paid by the Home Government for sea-transportation this way, making a total of about £7,400 a year. You may have these figures before you, but, if not, in any discussion that may arise with the London Postal authorities, they will be useful.

I have written to political friends in Washington regarding the appropriation project, but since Sir Henry Parkes' arrival I am quite undecided how to act, as I am in utter ignorance of his intentions. My present feeling is to let the matter drop, and trust to the chapter of accidents. I may, however, have reason to change this view, when I would adopt such measures as I deemed prudent in the circumstances.

The "Australia" has had a long detention, owing to the protracted Atlantic passages. It is fortunate, however, that the mail goes in so fast a ship and with such a careful commander.

Wm. Gray, Esq., Secretary, Post Office, Wellington.

I have, &c.,

ROBT. J. CREIGHTON.

Enclosure 1 in No. 20.

MR. BLACKFAN to MR. CREIGHTON.

Post Office Department, Office of Foreign Mails,

Washington, D.C., 12th December, 1881.

SIR,—

I have received your letter of the 1st instant, respecting the payments to be made to the Governments of New Zealand and New South Wales out of the appropriation of \$40,000 made by Congress at its last session for the fiscal year ended 30th June, 1882, and have to inform you in reply that the Postmaster-General, in pursuance of the authority given him by the Appropriation Act of the 3rd March, 1881, directed by a formal order dated 4th August last, "that the sum of \$40,000, if not exceeding one-half of the cost of the overland charges paid to this department by the British Post Office for the United States territorial transit of the British and Australian closed mails during the fiscal year ending 30th June, 1882, be paid to the Colonies of New Zealand and New South Wales out of the said appropriation, in quarterly payments, the sum so paid to be divided equally between the said colonies, and the warrants therefor to be drawn payable to the orders of the Postmasters-General of New Zealand and New South Wales respectively;" a copy of which order was on the same date delivered to the Auditor of the Treasury for the Post Office Department as his authority to make payments out of the said appropriation to the said colonies in accordance therewith.

It is the duty of the Auditor of the Treasury for the Post Office Department to issue the warrants in payment of the sum so appropriated as soon as evidence is received by him of the weights of the British and Australian mails transported between New Zealand and San Francisco during each quarter, but as these mails are sent *closed* in each direction, their weights are not ascertained by him until statements thereof are furnished by the British Office, so that considerable time must elapse after the termination of each quarter before the weights of the entire mails transported during such quarter are reported to the Auditor. I am informed by that officer that the statements of weights of mails forwarded from New Zealand and New South Wales to Great Britain do not reach his office until about two months after the date of their despatch from Sydney, so that he cannot pay the quarterly instalments to the said colonies until about two months after the expiration of each quarter, and that he has only just received the full statements of weights for the September quarter of this year; so that it is impossible for him to issue warrants for the first instalment in time to go forward by the outgoing steamer from San Francisco on the 17th instant, but they will be sent by the next steamer.

I have called the special attention of the chief of the Foreign Mail Division in the office of the Auditor of the Treasury for the Post Office Department to the importance of making prompt remittance to the Colonies of New Zealand and New South Wales of the sums payable under this special appropriation, and he has assured me that the quarterly instalments will be paid as soon as possible after the statements of weight are received.

With regard to the annual cost to this department of the overland transportation of the British and Australian closed mails, I would observe that the statement in the last annual report of Postmaster-General Key, page 12, to which you have referred as being page 509 of said report, was that it amounted to "about \$100,000," and not \$190,000, as stated in your letter.

The actual sums credited to this department by the British Post Office in the quarterly accounts with that office on account of the United States territorial transportation of the Australian mails for the years ended 30th June, 1880 and 1881, were reported as follows: For the fiscal year 1880, \$89,277·27; for the fiscal year 1881, \$94,515·69.

I am, &c.,

JOSEPH H. BLACKFAN,
Superintendent, Foreign Mails.

Robert J. Creighton, Esq., Resident Agent,
New Zealand Government, San Francisco, California.

Enclosure 2 in No. 20.

Mr. BLACKFAN to Mr. CREIGHTON.

Post Office Department, Office of Foreign Mails,
Washington, D.C., 10th January, 1882.

SIR,—

I am directed by the Postmaster-General to inform you that he has to-day transmitted to the Speaker of the House of Representatives, for consideration by Congress, your letter of the 19th instant and its enclosure, relative to the continuance, after November, 1883, when the existing contract expires, of the mail service between San Francisco and New Zealand and New South Wales, performed by the Pacific Mail Steamship Company, under contract between that company and the Governments of the colonies named.

I am, &c.,

Robert J. Creighton, Esq., Agent,

New Zealand Government, 500, Montgomery Street, San Francisco, California.

JOSEPH H. BLACKFAN,
Superintendent, Foreign Mails.

Enclosure 3 in No. 20.

Mr. CREIGHTON to Sir HENRY PARKES.

DEAR SIR,—

San Francisco, California, 28th January, 1882.

Referring to our conversation yesterday relative to the California and Australian mail service, I beg to state for your information that, in accordance with a request from the Secretary of the New Zealand Post Office, I applied to the Postmaster-General at Washington for a recommendation to Congress from the Post Office Department in favour of a remission of the transit charges on the enclosed colonial mails across this continent. I based this request upon the manifest advantage to American commerce from continuing the Australian mail service, in support of which I enclosed a memorandum by myself setting out the facts more fully, and referred the Postmaster-General to an article in the *International Review* (New York) for last December, written by me, upon the importance of the colonial markets as openings for American trade, in which this argument is elaborated. I suggested further that the United States Post Office should receive the postal payments from Great Britain under the Thornton-Tyner convention, and that Congress should appropriate the total amount, which should be paid direct to the contracting colonies. In this way substantial aid would be given to the mail service by the United States, and it could be accomplished without exciting hostile comment by rival steamship companies, as would be the case were an application made for a subsidy to the steamship company carrying the mail. I had another purpose in view in making this suggestion. The payments would be made to the colonies direct, and would go into revenue; in the case of a subsidy the steamship company would derive all the advantage.

The Hon. the Postmaster-General of the United States wrote to me, under date 10th January, that he had that day transmitted to the Speaker of the House of Representatives, for consideration by Congress, my letter of the 19th ultimo, and its enclosures, relative to the continuance after November, 1883, when the existing mail contract expires, of the mail service between San Francisco and New Zealand and New South Wales, performed by the Pacific Mail Steamship Company and the Governments named. The proposal is now before the Committee on Post Offices and Post Roads most probably. If favourably received by the Committee, I have no doubt it would be carried into effect by Congress. It would be a substantial aid to the colonies, from the fact that the following sums were paid by the British Post Office to the Washington Treasury Department under the Tyner-Thornton contract, as *per* letter of Mr. Blackfan, Superintendent of Foreign Mails, dated 12th December, 1881, in reply to a communication from me urging the prompt payment of last year's appropriation of \$40,000 to the contracting colonies—namely: For the fiscal year 1880, \$89,277.27; for the fiscal year 1881, \$94,515.69. Mr. Blackfan informed me that the first quarterly payment would be forwarded by next mail, and doubtless it is now on its way to the colonies.

You will gather from the foregoing, therefore, the *status* of the mail-subsidy question, and my reasons for seeking to convert the American transit charge into an annual contribution in aid of the service. Were the payments simply remitted, Great Britain would make the postage reductions as at present, and the colonies would derive no advantage whatever from the liberality of the American Government. On the other hand, were a subsidy voted to an American company, the colonies would not be a gainer. My proposal appears to me to be the only one which cannot fail to aid the Treasuries of the contracting colonies.

I am, &c.,

Sir Henry Parkes, K.C.M.G.

ROBT. J. CREIGHTON.

No. 21.

The THIRD ASSISTANT POSTMASTER-GENERAL, Washington, to the Hon. the POSTMASTER-GENERAL.

Post Office Department,
Office Third Assistant Postmaster-General, Division of Finance,
Washington, D.C., 24th December, 1881.

SIR,—

Herewith find warrant No. 15450 for \$5,000 in your favour, which please present for payment immediately, thereby very materially facilitating the business of the department.

Date and sign the annexed receipt, and return the circular entire by first mail to this office.

I have, &c.,

The Postmaster-General, Wellington.

A. D. HAZEN,
Third Assistant Postmaster-General.

No. 22.

Mr. GRAY to the THIRD ASSISTANT POSTMASTER-GENERAL, Division of Finance, Washington.
 SIR,— Post Office and Telegraph Department, 25th February, 1882.

I have the honor to acknowledge the receipt of your letter of the 24th December last, forwarding warrant No. 15450 for \$5,000, making payment of the first portion of the sum appropriated by your Government to be paid this colony in aid of the San Francisco mail service.

The Third Assistant Postmaster-General, Division of Finance,
 Post Office Department, Washington, D.C.

I have, &c.,
 W. GRAY,
 Secretary.

No. 23.

Mr. GRAY to Mr. CREIGHTON.

SIR,— Post Office and Telegraph Department, Wellington, 25th February, 1882.

In reference to my letter to you of the 3rd December last, I have now the pleasure to inform you that, the Washington Office having made the first payment in aid of the San Francisco service, the gratuity therein promised you will be remitted by next mail.

I have, &c.,
 W. GRAY,
 Secretary.

R. J. Creighton, Esq., San Francisco.

No. 24.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,— Post Office and Telegraph Department, Wellington, 28th February, 1882.

The first instalment of the appropriation voted to our colonies by the United States Senate in aid of the San Francisco mail service having now been paid to each in equal shares, I beg to draw your attention to the agreement conveyed in your letter to this office of the 14th November last, and to ask that you be good enough to remit to this office one hundred guineas, as it is the intention to forward Mr. Creighton the full amount by next mail.

I have, &c.,
 W. GRAY,
 Secretary.

The Secretary, General Post Office, Sydney.

No. 25.

Mr. GRAY to Mr. CREIGHTON.

SIR,— Post Office and Telegraph Department, Wellington, 25th March, 1882.

In accordance with the promise made in my letter of the 25th ultimo, I have now the pleasure to forward the first and second of exchange of a draft for the sum of \$1,008 in American gold, the equivalent of 200 guineas, in payment of the special services rendered by you in obtaining from the United States Government the sum of \$40,000 to New South Wales and New Zealand as payment in aid of the San Francisco service.

2. I am again to express the Postmaster-General's appreciation of the very valuable services you have rendered in this and other matters affecting the welfare of the colony.

I have, &c.,
 W. GRAY,
 Secretary.

R. J. Creighton, Esq., San Francisco.

No. 26.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,— Post Office and Telegraph Department, Wellington, 25th March, 1882.

Adverting to my letter of the 8th October last, and telegram of the 16th November (not yet replied to), I am now directed to inform you, for the information of the Hon. Mr. Brown, that the question of the renewal of the San Francisco service is to be submitted for the consideration of Parliament at its next session, which opens on the 18th May next.

2. As it is essential this department should be placed in early possession of the views of the Government of New South Wales on the question, I am to ask you to be good enough to move the Hon. Mr. Brown to apprise the Postmaster-General of the nature of the recommendations his Government propose to make to the New South Wales Parliament for the continuance of the service after the term of the present contract, which expires in October, 1883.

I have, &c.,
 W. GRAY,
 Secretary.

The Secretary, General Post Office, Sydney.

No. 27.

Mr. GRAY to Mr. CREIGHTON.

SIR,— Post Office and Telegraph Department, Wellington, 28th March, 1882.

I have the honor to acknowledge the receipt of your letter of the 13th ultimo, with enclosures from the Hon. Postmaster-General Howe and Mr. Blackfan, on the postal-subsidy question; and also copy of a letter you addressed to Sir Henry Parkes in explanation of what you had done in the matter, and of your reasons for adopting the particular line of action you did. I have also to thank you for the newspaper clippings you were good enough to enclose.

2. The information given in your official as well as unofficial letters is at this time of especial value; and the letters have been perused by the Hons. the Premier and Postmaster-General with interest. The department was not altogether unprepared to learn that the attempt to obtain a reduction of the duty on Australian wools had failed, for in your previous month's letter you hinted there would be little prospect of any such concession being secured at present. It is hoped, however, the postal-subsidy question may fare better, notwithstanding the position is not by any means re-assuring. The Postmaster-General relies on your using your best efforts to secure a substantial payment to the colonies in aid of the San Francisco service, or at least a renewal of last year's appropriation of \$40,000. Sir Henry Parkes has no doubt personally urged the matter on the United States Government and in other quarters, but the Postmaster-General is desirous that you continue your efforts on behalf of the contracting colonies. In your next letter I hope you may be able to report that Congress has favourably dealt with the question.

I have &c.,

W. GRAY,
Secretary.

R. J. Creighton, Esq., San Francisco.

No. 28.

The Hon. Mr. JOHNSTON to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 29th March, 1882.

IN view of our Parliament meeting in May, have written by "Albion" to ascertain intention your Government *re* renewal 'Fr'isco service. Kindly reply early.

WALTER W. JOHNSTON,
Postmaster-General.

Hon. Postmaster-General, Sydney.

No. 29.

The Hon. Mr. BROWN to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 3rd April, 1882.

No decision yet arrived at respecting renewal of 'Fr'isco service.

S. C. BROWN,
Postmaster-General.

Postmaster-General, Wellington.

No. 30.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 11th April, 1882.

Adverting to your letter dated the 25th ultimo, inquiring the nature of the recommendations which this Government propose to make to Parliament regarding the continuance of the San Francisco mail service after the expiration of the present contract in October, 1883, I am directed to invite your attention to the Postmaster-General's telegram of the 1st (*sic*) instant, and to state that Mr. Brown is not in a position to give any further information than that already communicated on the subject in the telegram in question.

I have, &c.,

S. H. LAMBTON,
Secretary.

The Secretary, General Post Office, Wellington.

No. 31.

Sir F. D. BELL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 22nd March, 1882.

I received on the 18th instant a telegram from the Premier desiring me to ascertain from Sir Henry Parkes, on his arrival in this country, what had been done in the matter of a postal subsidy while he was in America.

I saw Sir Henry to-day, and he briefly told me what had happened during his stay at Washington. He saw the United States Postmaster-General, and urged the reasons for which the American Government ought to join in a subsidy for the continuation of the San Francisco service when the present contract expires; adding that, if this were not done, New South Wales and New Zealand would not maintain the service at their own cost. The case for exceptional treatment, as put by Sir Henry Parkes, was admitted, and when he left Washington he was under a strong impression that a subsidy would be proposed to Congress, though nothing final was then arranged.

Sir Henry is preparing a full report of his negotiations for both Governments of New South Wales and New Zealand, and was good enough to promise me an early copy for transmission to you.

I find that, after Sir Henry had left New York and was on his passage to England, the Postal Appropriation Bill was before the United States Senate, where the Postal Committee added an amendment to the Bill granting \$2,500,000 as an annual subsidy to American lines of mail steamers running to foreign ports; but this amendment was ruled out of order, and the Postal Bill passed without it. There is said to be, nevertheless, a belief that a vote for mail subsidies will be passed through Congress during the present session. In the meantime the Postal Bill provides for a fast mail train to the Pacific Coast materially shortening the time overland across the continent, and this acceleration is to apply to the Australian and New Zealand mails.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

No. 32.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL.

SIR,—

Sydney, 20th June, 1881.

We have the honor to address you on the subject of the notice that Sandwich Islands and this port are proclaimed infected places.

With regard to steamers coming to your port from Honolulu, we desire to point out that there is a fifteen days' journey between the ports, thus allowing ample time for the development of any sickness the germs of which may have been received on board at Honolulu, and that if the steamer arrives in port with no sickness on board, there cannot be any danger of its breaking out after that time, and consequently passengers could be allowed to land with perfect safety after the usual examination by a medical officer, and the steamer proceed with her mails; otherwise a steamer may be quarantined that is absolutely free from sickness.

The steamers are bound by contract to call at Honolulu, and none but the gravest reasons should prevent their calling at the port; but if the proclamation issued by your Government renders the steamers arriving from there liable to a term of quarantine, irrespective of there being actual sickness on board or not, it will operate to the serious prejudice of the mail service.

Since the outbreak of the disease at Honolulu the commanders and agents of steamers have been instructed and have taken every precaution to avoid contact with infection, and we are glad to say that no case of sickness has yet occurred on the steamers; and we trust that, in the absence of actual sickness on board, no delay will be caused to the steamers of the mail service either way.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 33.

Messrs. GILCHRIST, WATT, and Co. to the Hon. the POSTMASTER-GENERAL.

SIR,—

Sydney, 2nd July, 1881.

We have the honor to inform you that we have received letter, dated 10th June, from Messrs. H. Hackfeld and Co., agents Pacific Mail Steamship Company, Honolulu, in which they say: "We are glad to be able to inform you to-day that the health authorities have instructed the Collector of Customs to issue from this date clean bills of health to vessels leaving this port, smallpox having ceased to be epidemic."

We presume that this notice will have the effect of obviating the delay in the delivery of mails by this service.

We have, &c.,

GILCHRIST, WATT, AND CO.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 34.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

Post Office and Telegraph Department, Wellington, 11th July, 1881.

I have the honor to acknowledge receipt of your letter of the 20th ultimo, relative to your mail steamers and their being quarantined on arriving at Auckland from Honolulu and Sydney.

2. I beg to state, in reply, that Honolulu has not yet been declared here an infected port. Your two steamers last arriving thence were not quarantined at Auckland; and from our mail agents' reports it appears unlikely that any will have to be so now, as the disease at the former place is said to be fast dying out. The "City of New York" was quarantined in May last, because it had measles on board. But as Sydney is declared infected, vessels from that port are quarantined on arrival in New Zealand, though your steamers are subjected to a minimum detention only. Of this, however, there is no avoidance.

I have, &c.,

W. GRAY,

Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 35.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co.

GENTLEMEN,—

Post Office and Telegraph Department, Wellington, 22nd July, 1881.

I have the honor to acknowledge the receipt of your letter of the 2nd instant, notifying that vessels leaving Honolulu will now get clean bills of health, the smallpox having ceased to be epidemic. You will no doubt by this time have received my letter of the 11th instant bearing on this subject.

I have, &c.,

W. GRAY,

Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.