

nevertheless agreed to a contribution of £15,000, and the subsidy is to be divided in those proportions. New and powerful steamers are to be built for the service. I have still reason to think, as I mentioned in my letter of the 7th September, that when the China-Japan contract is signed, the Canadian Pacific Company will endeavour to take up the Australian line separately with another set of fast steamers; and, as the Imperial Government are aware of this, I imagine they will be chary of entering into any engagement that may seem to be adverse to Canada, or of saying beforehand what they would do on the hypothesis of the San Francisco contract being renewed. If I am right in this view you will probably see the importance of an early decision on the question of renewing that contract.

I take this opportunity of enclosing some extracts from the *Times* relating to the saving of time that is alleged to be obtainable by the Vancouver route.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

Enclosure 1 in No. 17.

The IMPERIAL POST OFFICE to the AGENT-GENERAL, London.

SIR,—

General Post Office, London, 17th October, 1887.

The Postmaster-General has referred to the Lords Commissioners of Her Majesty's Treasury the question raised in your letter of the 12th ultimo as to the duration of the present arrangements for apportioning between this country and New Zealand the cost of the conveyance of mails *via* San Francisco and the postage earnings on the correspondence.

On this question Mr. Raikes has now received their Lordships' reply, and I am directed to inform you that they have decided not to continue the present arrangements for an indefinite time after the lapse of the present colonial contract, on the 21st November, 1888. The question whether the arrangements referred to can properly be extended from the 31st January next to the 21st November, 1888, is at present under consideration at the Treasury, and as soon as a decision is received here the Postmaster-General will cause it to be communicated to you.

I have, &c.,

Sir Francis Dillon Bell, K.C.M.G., C.B.

C. H. B. PATEY.

Enclosure 2 in No. 17.

The AGENT-GENERAL to the SECRETARY, General Post Office, London.

SIR,—

7, Westminster Chambers, London, S.W., 18th October, 1887.

I have had the honour to receive your letter of yesterday, informing me that the Lords Commissioners of Her Majesty's Treasury have decided not to continue the present arrangements as to divisions of postage in the carriage of New Zealand mails *via* San Francisco for an indefinite time after the lapse of the existing colonial contract, and that the question whether these arrangements will be extended, even for the period between the 31st January next and the date when the contract expires, is still unsettled.

I venture to request that the decision you now notify to me may be reconsidered by their Lordships. It was not my intention to ask for the existing arrangements to be continued for an "indefinite time," and my Government will readily recognise that there must be a limit. But, on the other hand, their Lordships would hardly deem it right to bring these arrangements suddenly to an end without the indication of any alternative in a postal question which is certainly not of less importance to the large correspondence from this country than it is to the correspondence that comes from New Zealand. I trust, therefore, that the Postmaster-General will be good enough to bring the matter again before the Treasury, with the view of fixing a definite term, say, three years, during which the present arrangements would be continued in case the San Francisco contract is renewed; but in the event of the Treasury having finally decided not to renew the present division of postage at all, then I would ask, what other division would be insisted upon as the London share? The question of renewing the San Francisco contract must necessarily be settled almost immediately; and I would request that the decision of their Lordships may be intimated to me as soon as possible, so that I may telegraph the same to my Government.

I have, &c.,

The Secretary, General Post Office.

F. D. BELL.

No. 18.

The Hon. Major ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 17th January, 1888.

I have the honour to acknowledge the receipt of your letter of the 19th October last, covering copy of correspondence between yourself and the Imperial Post Office on the subject of a continuance of the existing arrangements for carrying the New Zealand mails *via* San Francisco.

I note that the Imperial authorities have decided not to continue the present arrangements for an indefinite time after the lapse of the present colonial contract, on the 21st November proximo.

I have read, with interest, your remarks on the Canadian Pacific service, and the extracts from the London *Times*; and thank you for supplying them.

I have, &c.,

Sir F. Dillon Bell, K.C.M.G., C.B.,

Agent-General for New Zealand, London.

H. A. ATKINSON,

Postmaster-General.