

foreign ports, limiting compensation to outward voyages, you were endeavouring to arrange for fast fortnightly service on ten years' contracts between San Francisco and Australia *via* New Zealand (Wellington and Auckland alternately); and suggesting the co-operation of this department in securing quicker mail-communication and regulating the return voyages in the interests of this colony.

I have received your letter with a deal of satisfaction; and, in reply to your invitation, I have to inform you that I am prepared to consider the merging of the San Francisco service now maintained by this colony (or any renewal thereof) into such a service as is proposed by you, provided New Zealand steamers are allowed equal payments with others. I shall therefore be pleased to hear from you again on the matter.

But I should like to point out thus early that two separate services between the United States and New Zealand, under distinct contracts, are not required at present.

I have, &c.,

J. G. WARD, Postmaster-General.

The Hon. the Postmaster-General, Washington, D.C.

No. 8.

Mr. GRAY to Mr. CREIGHTON, Resident Agent for New Zealand, San Francisco.

SIR,—

General Post Office, Wellington, 10th September, 1891.

I have the honour to acknowledge the receipt of your letter of the 17th July last (not published), written in New York, announcing that you had been to Washington, in consultation with the Postmaster-General on the mail-service question, the outcome of which resulted in the Hon. Mr. Wanamaker calling for tenders for a fortnightly steam-service between San Francisco, New Zealand, and Australia.

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The proposed alternative fortnightly services have been considered by the Postmaster-General, but it is difficult to say which would be the most advantageous for New Zealand. The possibility of a fortnightly San Francisco service largely subsidised by the United States has been very favourably received, and Mr. Ward thinks that the House of Representatives would be disposed to approve of such a service, provided New Zealand steamers shall receive the same payment as other vessels which may be employed in the service, and that the Imperial Post Office will renew the present arrangement with the colony, under which it pays 12s. per pound on its outward letters, bears the cost of carriage of its mails to San Francisco, and also pays the transit of our Homeward mails across the Atlantic. But it is out of the question to expect the House to agree to a ten years' contract, or even a renewal of the present service beyond three or perhaps five years.

Resolutions are to be submitted to the House of Representatives next week.

I have, &c.,

R. J. Creighton, Esq.,

W. GRAY, Secretary.

Resident Agent for New Zealand, San Francisco.

P.S.—I enclose copy of the letter received from the Postmaster-General, Washington, and a copy of the Hon. Mr. Ward's reply.

No. 9.

The Hon. the PREMIER to the AGENT-GENERAL, London.

SIR,—

Premier's Office, Wellington, 10th September, 1891.

I have the honour to acknowledge the receipt of your letter of the 24th July, acknowledging the Hon. the Postmaster-General's of the 28th May (*vide* No. 63, F.—4, 1891), on the subject of the proposal for a three years' renewal of the Direct and San Francisco services on the same terms as at present.

The Government regrets to learn that there are such difficulties as you point out in the way of securing a three years' renewal with the present apportionment of cost. It was recognised that there were difficulties, but it was not understood that they were so insurmountable in character; and even now it is hoped that they will prove susceptible of being smoothed over, or even removed altogether.

You will learn by cable before this letter reaches you that Government intends to base its proposal to the House for a three years' renewal of the services, conditionally on the present apportionment being continued.

Since writing you on the 28th May, the Postmaster-General has received a communication from the Postmaster-General, Washington, who notifies his intention of endeavouring to arrange for a fortnightly San Francisco service on a ten years' contract. A copy of the letter is enclosed herewith, together with copy of Mr. Ward's reply. If the fortnightly service can be arranged for on reasonable terms, it will most likely be acceptable to the colony.

The Government is as yet without reply from the New Zealand Shipping Company as to renewal of the Direct service; but, from information that has been received, it appears that the company is still disinclined to renew the service on the terms offered.

I have, &c.,

J. BALLANCE.

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

Agent-General for New Zealand, London.