

factory. The terms on which the Shipping Company were prepared to renew the existing service were such as could not be entertained by the colony. Before you receive this letter you will, I hope, have learnt by cable that arrangements have been completed for a fortnightly service alternately *via* San Francisco and *via* Suez. This involves an intercolonial service to admit of prompt connection with the Federal packets at Melbourne, for the maintenance of which, I have little doubt, the Imperial Post Office will be prepared to make a reasonable payment.

As adopting the Suez route for the alternate mail will result in a saving to the Imperial Treasury, I trust it may be possible for you to obtain more liberal terms for the San Francisco service, as suggested in my telegram of the 30th ultimo.

I have, &c.,

The Agent-General for New Zealand, London.

J. BALLANCE.

No. 46.

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

SIR,—

General Post Office, Wellington, 5th November, 1891.

Since addressing your office on the 8th ultimo, on the subject of the United States territorial transit charges on closed mails, I have had forwarded to me the letter of the 8th September last which you addressed to Mr. Creighton, the Resident Agent at San Francisco for New Zealand, on the subject, from which I gather that the scope of the stipulations made by the representatives of the Australasian Colonies at the Vienna Congress, as precedent to the entry of Australasia into the Postal Union, has been misapprehended by you. The resolution under which the admission to the Union was sought ran as follows: "That the representatives of Australasia to the Postal Conference advocate the admission of Australasia into the Postal Union on the condition that Australasia receives adequate representation, and that the maritime-transit rates be not lowered without the consent of the countries maintaining the sea-service." The question of territorial transit does not appear to have been mentioned at all.

I have therefore again to urge upon your consideration the question of reducing the charge for the United States overland carriage of New Zealand's mails delivered by the San Francisco service; and, as the railway service for which the heavy charges are made is not one maintained specially for New Zealand, but is used for the mails of all countries alike, it is considered that this gives the colony, from its exceptional position, a claim to consideration at your hands. If the rates permitted by the Postal Union Regulations cannot be adopted, it may nevertheless be practicable to make some reduction in the charges, which, as I stated in my former letter, are really prohibitory.

My letter of the 8th October informed you of the House of Representatives having agreed to a three years' renewal of the San Francisco service; but I regret to say that the Imperial Post Office is not prepared to agree to continue its contributions in aid of the service for more than twelve months. In the meantime, therefore, the renewal of the service will be for one year only. Under the new agreement with the London Post Office, New Zealand is now required to defray the cost of the Atlantic transit from New York, as well as the American overland transit of the Homeward mails, which makes a reduction of the territorial charges the more necessary to the colony.

I have, &c.,

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

W. GRAY,
For the Postmaster-General.

No. 47.

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

SIR,—

General Post Office, Wellington, 5th November, 1891.

Adverting to my letter of the 8th ultimo, I have now the honour to inform you that the Imperial Post Office has agreed, under somewhat varied conditions, to the renewal of the San Francisco service, but for one year only, a three years' agreement having been refused. The contract, therefore, will have to be for twelve months, but it is hoped that at the end of this term the Imperial Government may be prevailed upon to agree to extend the arrangement for two years longer.

A payment up to 12s. per pound on the outward letters will be made by the London Post Office to New Zealand; but the colony is now required to bear the cost of the Atlantic transit Homeward, and to continue to defray the American overland transit on the Homeward mails, which means an additional expense to New Zealand of over £1,600 a year.

In my letter of the 3rd instant you were requested to further address the Washington Post Office on the subject of the territorial transit charges. The Superintendent of Foreign Mails has also been addressed by this office, by the present mail, and I enclose copy of the letter. The altered conditions under which the Imperial Government consents to the renewal of the service make it all the more important that an abatement in the territorial charges should be agreed to by the United States Postal authorities.

There will be no renewal of the Direct service. The Postmaster-General is now endeavouring to make arrangements for an alternate service by way of Melbourne and Suez.

I have, &c.,

R. J. Creighton, Esq.,
Resident Agent for New Zealand, San Francisco.

W. GRAY, Secretary.