

As regards the second point, I must also be permitted to complain of no intimation having been given to me until now that my remonstrance against the Treasury stipulation of September, 1889, had been rejected. If this had been known to my Government last autumn it would certainly have influenced not only the question of renewing the San Francisco service, but also the question of assenting to the twopence-halfpenny rate.

On both the main points, therefore, of the Post Office contention, it must, I think, be admitted that I should have been told at the time of the reservations which were to govern the arrangement we made last August; and I am especially constrained to urge this because of the expression "arrears due by New Zealand," which is contained in the last paragraph of Mr. Turnor's letter. An unexpected claim, which is the subject of friendly discussion between the two Post Offices, cannot be rightly designated in those terms.

The Secretary to the General Post Office, St. Martin's-le-Grand.

I have, &c.,

F. D. BELL.

No. 105.

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

SIR,—

Premier's Office, Wellington, 1st July, 1891.

I have the honour to acknowledge the receipt of your three letters of the 14th April last, enclosing copy of the one you addressed to the Imperial Post Office on the 6th idem, remonstrating against the dating back to 1889 of the arrangement made last year respecting the Imperial contribution to the San Francisco service; of the 30th idem, enclosing copy of the reply from the Post Office; and of the 12th May, enclosing copy of your further letter, of the previous day, to the Post Office.

I am obliged for the representations you have made, and especially for your admirable letter of the 11th ultimo, in which you have put the case for the colony so clearly and forcibly. I am quite satisfied that you will keep the matter before the Imperial authorities in the manner best calculated to obtain a favourable decision.

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

Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 106.

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

SIR,—

13, Victoria Street, London, S.W., 29th May, 1891.

In further reference to the claim of the London Post Office to date back the apportionment for the San Francisco service to November, 1889, I now enclose copy of that department's reply to my letter of the 11th instant. The courteous tone of their letter confirms me in the opinion I expressed to you that it would be well not to hasten unduly a final decision on the matter pending the steps which Parliament may take in regard to a continuance of the San Francisco service after this year.

The Hon. the Premier, Wellington.

I have, &c.,

F. D. BELL.

Enclosure in No. 106.

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

SIR,—

General Post Office, London, 26th May, 1891.

In reply to your letter of the 11th instant, I beg leave to point out that the question of the reapportionment between this country and New Zealand of the cost of the mail-service to and from the colony *via* San Francisco was virtually settled by the letter addressed to you from this office on the 5th October, 1889, six months before any communication was made to you with reference to the Chancellor of the Exchequer's proposal for the establishment of a twopence-halfpenny postage on letters between the United Kingdom and Australasia; so that it is evident the two questions have no bearing on each other.

It is true that in your rejoinder dated the 7th, of the same month, while expressing on behalf of the Government of New Zealand their thanks to Her Majesty's Government for consenting to extend the old arrangement for another year, you pointed out some practical difficulties connected with the stipulation by which the Treasury consent was accompanied; and you suggested that, on reconsideration, the Treasury might perhaps think it would be best not to complicate matters at that time by a stipulation which might be incapable of application. Your observations were submitted to the Treasury, but their Lordships were unable to admit that there need be any real difficulty in applying retrospectively, if not the actual terms of any new agreement, at least the equitable principle of the apportionment, so far as regards the colony and this country. Their assent to the extension for another year was given in order to avoid prejudicing the negotiations in prospect or in progress, and their Lordships could not but think that the condition attached was a reasonable one.

It is to be regretted that by some oversight these subsequent remarks of the Treasury were not communicated to you, but that circumstance does not in any way invalidate the condition on which you were informed in October, 1889, that the Treasury would consent to extend for another year the then existing method of apportioning the cost of the San Francisco mail-service.

As a matter of fact, therefore, this question was decided at the close of the year 1889, and had no doubt been communicated to your Government, while no proposal was made with reference to a reduction of colonial letter postage until April, 1890, after the Chancellor of the Exchequer's Budget speech in the House of Commons.