

1892.
NEW ZEALAND.

OCEAN MAIL-SERVICES

(FURTHER PAPERS RELATIVE TO).

[In Continuation of Papers presented on the 9th September, 1891.]

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

SAN FRANCISCO MAIL-SERVICE.

No. 1.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.
SIR,— General Post Office, Wellington, 28th May, 1891.

I have the honour to inform you, by direction of the Postmaster-General, that the Government proposes to ask the House of Representatives to renew with your company the contract for the San Francisco mail-service for a period of three years from the expiry of the present temporary contract.

Should your directors desire to make any representations in the matter, the Postmaster-General will be obliged if they will communicate them to him as early as possible.

I have, &c.,
The Managing Director,
Union Steamship Company of New Zealand (Limited), Dunedin. W. GRAY, Secretary.

No. 2.

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

SIR,— Union Steamship Company of New Zealand (Limited),
Dunedin, 16th June, 1891.

I have the honour to acknowledge the receipt of your favour of the 28th ultimo, advising that the Government purpose asking the House of Representatives to renew the contract for the San Francisco mail-service for a period of three years from the expiry of the present agreement.

This matter is receiving the attention of the chairman and managing director, and will be dealt with by them during their stay in Wellington. They will no doubt see you about the matter.

Yours faithfully,

T. W. WHITSON,

For the Managing Director.

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

No. 3.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,— General Post Office, Wellington, 18th June, 1891.

I have the honour to inform you, in reference to the continuation of the Pacific service after the expiry of the existing temporary contract, that the Government has decided to ask Parliament to agree to a renewal of the service to San Francisco for a period of three years. I shall be in a position, I hope, to send you full particulars by next mail.

Parliament will be asked to renew the Direct service for the same period also.

I have, &c.,

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

W. GRAY, Secretary.

No. 4.

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

SIR,—

13, Victoria Street, London, S.W., 24th July, 1891.

I received, on the day the last mail left, the Hon. the Postmaster-General's letter of the 28th May (*vide* No. 63, F.—4, 1891), stating that the Government had determined to ask Parliament to authorise a renewal of both the Direct and San Francisco services for three years, on the same terms as at present, and directing me to ascertain whether this would be acceptable to the Imperial authorities.

The Hon. the Minister expresses the opinion that, if the proposal is agreed to by Parliament and accepted by the contractors, there ought to be little difficulty in negotiating with the Imperial authorities for a three years' extension of the present arrangements; but I cannot learn that opinion without grievous disappointment, showing as it does that my constantly-repeated warnings have been in vain. I am bound to assure you that any impression of the kind is dangerously mistaken, and, so far from the negotiation you desire me to initiate being the easy and simple one which the Government think, I cannot at present encourage you to think it will succeed. On the contrary, the indications derived as yet from frequent private communications with the Imperial departments all tend to show that there is very little prospect of the existing arrangements being continued for three years.

The London office still insists on its demand to date back the San Francisco apportionment to 1889, and a warning is given that a continued refusal of that demand "may induce the Lords of the Treasury to consider whether they have any interest in further supporting a Direct New Zealand service in opposition to their own Imperial mail-service *via* Suez." The tendency, in fact, which has always existed here, quite naturally and for obvious financial reasons, in favour of sending the London correspondence by the P. and O. and Orient lines, has become more marked than ever. Nor must it be forgotten that for the Imperial Government to join in a three years' renewal of the San Francisco service is for them to do something essentially adverse to a Vancouver line, and therefore sure to be resented by Canada.

Difficult and perplexing, therefore, as the position was last year, it is much worse now. There was one thing, at any rate, last year, to help in getting the very favourable terms that were conceded to the colony—namely, the strong desire of the Imperial authorities to receive the assent of New Zealand as well as Australia to Mr. Goschen's 2½d. rate; but that leverage no longer exists, nor is there anything to take its place. And, most of all, we are again in face of the ever-recurring trouble that the Imperial session is in its last hours, that the Treasury neither can nor will look at anything but getting their remaining votes, and that, immediately the House is up, Ministers and heads of departments will all disperse for the holidays. There is really not the slightest chance of the departments here saying anything at the present moment which could help you in the House of Representatives, but, on the contrary, there is good reason to think it would simply be courting certain failure to press them for an official answer now to a question which is still at so purely hypothetical a stage. The utmost that can be safely done is to go on with such private communications as may seem to afford a chance of ultimately getting a decision not entirely unfavourable to your proposals.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 5.

The Hon. the POSTMASTER-GENERAL, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Office of the Postmaster-General, Washington, D.C., 14th July, 1891.

I have the honour to inform you that, under a recent Act of Congress to provide ocean mail-service between the United States and foreign ports, limiting compensation to outward voyages, I am endeavouring to arrange for fast fortnightly service, on ten years' contracts, between San Francisco and Australia *via* New Zealand, calling alternately at Wellington and Auckland.

I respectfully transmit this information that you may co-operate, if you see proper, in securing quicker communication and regulating return voyages in the interest of your country.

I have, &c.,

J. WANAMAKER, Postmaster-General.

The Hon. the Postmaster-General, Wellington, New Zealand.

No. 6.

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

(Telegram.)

London, 5th September, 1891.

MAIL-SERVICES.—Necessary you should cable figures showing how apportionment made last year works out for both Frisco and Direct services, as between colony and Imperial Treasury, and how it would work out for next three years if now renewed, with reference to respective cost borne by this country and colony.

No. 7.

The Hon. J. G. WARD to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 8th September, 1891.

I have the honour to acknowledge the receipt of your letter of the 14th July, notifying that, under a recent Act of Congress to provide ocean mail-service between the United States and

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.

* * * * *

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.

No. 10.

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

SIR,—

13, Victoria Street, London, S.W., 7th August, 1891.

Not having heard further from you by the s.s. "Doric" to-day on the subject of the mail-services, I have thought it expedient not to delay sending in a formal letter to the London Post Office, copy of which is annexed. At the same time I cannot say that I think there is any better chance than there was when I last wrote of getting an early answer from Her Majesty's Treasury, as the Imperial Parliament is prorogued, and there is sure to be delay owing to the dispersion of Ministers and heads of departments for the autumn holidays.

A paragraph has appeared in the papers here to the effect that Mr. Wanamaker, the Postmaster-General at Washington, has informed the Postmaster-General of New Zealand that he is endeavouring to arrange a fast fortnightly service of steamers between San Francisco and Australia *via* New Zealand, calling alternately at Wellington and Auckland.

I have, &c.,

F. D. BELL.

The Hon. the Premier, Wellington.

Enclosure in No. 10.

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

SIR,—

13, Victoria Street, London, S.W., 7th August, 1891.

The time is fast approaching when it will be necessary to decide whether a more permanent provision for the New Zealand mail-services, both by San Francisco and by Direct steamer, shall take the place of the temporary arrangements we made last year, and, if so, on what terms Her Majesty's Government would continue their support to those services for a further period.

I had hoped to be now in a position to submit for the Postmaster-General's consideration a definite scheme for the renewal of both services; but the same difficulties which have so often hindered a decision on the subject by the New Zealand Parliament until the last days of the session once more prevent me from making any but a tentative proposal at the present time. Nevertheless, I am able to state definitely that my Government will ask the Colonial Legislature to sanction a renewal of both services for three years; and it is therefore essential for them to know beforehand, if possible, what assistance they will receive from Her Majesty's Government.

The isolated position of New Zealand in the Pacific still makes, as it has always made, the existence of an independent postal communication with this country an object of paramount necessity to her, and, although my Government have so often had to regret of late years the adverse circumstances which only permitted of temporary makeshifts being made for that object they have not doubted that the same support as in past years would continue to be given by this country whenever less ephemeral arrangements should be practicable.

Although I fully recognise the inconvenience to the Imperial departments of being asked to consider the question while the renewal of the existing services is still in a hypothetical stage, I trust I may be allowed to submit it now, though only in a tentative shape. With that object, I beg leave to ask whether, in the event of New Zealand deciding to renew both or either of the San Francisco and Direct services for three years, Her Majesty's Government would continue for that period the same apportionments as we arranged last year; or, if those apportionments cannot be agreed to again, then what others would be more acceptable.

It would be the greatest help to my Government, in the proposals they must so soon bring down in the New Zealand House of Representatives, if an early intimation could be given to me of the course which the Postmaster-General would recommend to the Lords of the Treasury.

I am, &c.,

F. D. BELL.

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

No. 11.

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

SIR,—

San Francisco, 17th August, 1891.

On the 24th ultimo I wrote to you (not published) on the subject of the detention of the "Monowai" last trip for twenty-four hours owing to the failure of the British-colonial mail to connect with the west-bound train leaving New York at 9 p.m. several hours after the arrival of the "Umbria." The "Alameda" will be similarly detained this month, and from the same cause.

The "Umbria" was telegraphed off Fire Island at 2.25 p.m. on the 15th, and at the wharf about 6.40 p.m. This gave two hours twenty minutes to connect with the 9 o'clock train. That it did not make connection is proof that the time was not sufficient to handle all the mail at the post office after its arrival there, segregate the Australian and New Zealand portions, and despatch to the New York Central Railroad *Dépôt*. It is usually after 8 p.m. when the "Umbria's" mail reaches the New York Post Office, the time of delivery being at the discretion of the steamship company, which has a contract, or is under engagement, with the London Post Office Department.

There is little doubt that connection might have been made if the same despatch had been used at New York as at San Francisco on the arrival of the colonial mail, and if the Australian mail had been segregated on board the "Umbria." I think it would be worth making an effort to have this done, as suggested by me in my letter to which reference is herein made; but, as then explained, the initiative should be taken by the New Zealand Government, as the United States Post Office authorities are powerless in the matter. The Washington department has established a sea postal service on the German ships in conjunction with the Berlin Post Office Department, but the British

Government declined to inaugurate a similar service on the English packets. The effect of this refusal, so far as the colonies are concerned, is to greatly impair the efficiency of the Californian line as a mail-route between Australia, New Zealand, and England. On the Home trip there is no official obstacle to the prompt transmission of the colonial mail to London.

I also wrote to you informally by the "Monowai" on the subject of railroad charges, and I now desire to invite your serious consideration of it, because the solution of the difficulty rests exclusively with the New Zealand and Australian Governments, and also because the special transit charges in America press heavily and so injuriously upon the San Francisco mail-service.

I was informed at Washington that all the great powers represented at the Postal Conference at Vienna desired to abolish special transit charges, but that the Australian delegates objected and made their retention a condition of joining the Postal Union. Their opposition prevailed; and now the question cannot be brought up again for five years, unless at the request of the new members who did not participate in the former vote. If the special transit charges had been abolished, the uniform rate adopted by the Postal Union would apply to the Australian mail in transit across the United States. It would be useless to attempt to influence Congress to abolish those charges, in view of the state of facts I have presented, as they would be reported to the Committees to which the question might be referred. I would suggest, therefore, that it would be advisable to confer upon this point with the Australian Governments, with a view to a joint request to the other members of the Postal Union to reconsider the vote refusing to abolish special transit charges, and that such motion should prevail. The question may be taken up by consent in this way and satisfactorily settled; otherwise the San Francisco service will be heavily and unnecessarily handicapped for years to come.

This action appears to me to be all the more necessary in view of the projected fortnightly service, which would shorten the time between England and the colonies, and therefore increase the use of the Californian mail-route. This would proportionately increase the special transit charges between San Francisco and New York, a result which the reduced postage rates may make exceedingly onerous.

I have, &c.,

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

ROBT. J. CREIGHTON.

No. 11A.

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

SIR,—

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

I have the honour to inform you that it has been reported to this office that some improvement is needed in the delivery of the colonial mails, from the steamers arriving in New York, to the United States Postal authorities. It is alleged that, owing to the fact that the colonial mails are not separated from those for the United States, delays frequently occur in the transfer of the mails from the steamer to the trains for San Francisco. Were the colonial mails kept distinct from those for the United States it would be possible for the New York Post Office to deliver them immediately to the train, frequently saving twelve hours, and consequent delay of the steamer at San Francisco. I should therefore be glad if you can make any arrangement whereby the transfer of the colonial mails from the steamer to the New York Post Office, and thence to the railway train, can be effected, so as to prevent the delays which now take place.

I have, &c.,

W. GRAY,

The Secretary, General Post Office, London.

For the Postmaster-General.

No. 12.

MAIL-SERVICE RESOLUTIONS (agreed to by the House of Representatives, on Tuesday, 15th September, 1891).

Resolved—1. That, in the opinion of this House, a two-weekly mail-service should be maintained between New Zealand and Great Britain.

2. That, in the event of the Imperial Post Office agreeing to extend the present agreement for the apportionment of the cost of the San Francisco and Direct mail-services between that office and the colony, or any favourable variation thereof, this House empowers the Government to arrange with the present contractors for the renewal of the San Francisco and Direct services for a period not exceeding three years, on the following conditions:—

- (a.) That the basis of payment shall be a rate of 11s. per pound on the net weight of the letters conveyed (excluding those from America by the San Francisco service).
- (b.) That all payments or contributions from Great Britain and other countries shall be receivable by the contractors.
- (c.) That the colony's direct liability to be for payment of its outward letters only.
- (d.) That at least one New Zealand steamer in three shall be employed in the San Francisco service.
- (e.) That the time between San Francisco and New Zealand shall not exceed twenty days; the port of call in the colony to be Auckland or Wellington, at the option of the contractors.
- (f.) That the time between New Zealand and Plymouth shall not exceed forty-two days homeward, and forty-five days outward, the contractors to be at liberty to arrive at and depart from any New Zealand port.
- (g.) No bonus to be paid for early arrival, and penalties at the rate of £4 an hour to be enforced only when late delivery exceeds forty-eight hours.

(h.) That all the provisions of the existing agreements, where not at variance with any of the foregoing conditions, shall be applicable to any new contract or contracts made under this authority.

3. That, in the event of it being impracticable to renew the four-weekly Direct service on the foregoing terms, then the Government to make temporary provision for the alternate fortnightly mail being sent by Direct steamer, at the ordinary ship-letter gratuity, or by the Federal packets, on such terms as it may be possible to arrange with the contracting colonies.

4. That this House also authorises the reduction of the Brindisi-Naples letter-postage to the universal rate of 2½d. per half-ounce, and the rates for books and newspapers being assimilated to the rates *via* San Francisco and by Direct steamers.

No. 13.

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

(Telegram.)

Wellington, 16th September, 1891.

PROPOSE renew Frisco service three years on condition American transit charges reduced. Strongly urge free overland carriage Homeward mails, or that rates specified Article four, Postal Union Regulations, be fixed, and antedated commencement present contract. Cable reply.

No. 14.

The Hon. the POSTMASTER-GENERAL to the RESIDENT AGENT for NEW ZEALAND, San Francisco.

(Telegram.)

Wellington, 16th September, 1891.

FRISCO Service.—House approved renewal three years. Eleven shillings letters. Colony defrays overland transit Homeward. Condition London agreement renewed and American transit reduced. Cabled Washington urging free transit Homeward mails, or reduction rates specified Article four, Postal Union Regulations, and antedate beginning present contract. You strongly appeal. Colonies objected reduction maritime transit not territorial.

No. 15.

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

(Telegram.)

Wellington, 16th September, 1891.

OCEAN Services.—House agreed three years basis, eleven shillings letters both services, books, newspapers, nil. Present apportionment cost Imperial Treasury colony continued. New Zealand Shipping Company declined contract. Further negotiate. Message fifth received. Present Frisco contract—London, eight thousand four hundred forty-five, including Atlantic transit Homeward; colony, seven thousand one hundred twenty-one, excluding transit Frisco to New York. Next three years, London, eight thousand eight hundred thirty, nine thousand seven hundred thirteen, ten thousand eighty-four; New Zealand, seven thousand one hundred eighty, seven thousand eight hundred ninety-eight, eight thousand six hundred eighty-eight. Direct, present contract—London, six thousand six hundred thirty; New Zealand, two thousand five hundred twenty-four. Average next three years—London, three thousand eight hundred ninety-nine; New Zealand, one thousand nine hundred ninety-four. Brindisi rates reduced first proximo.

No. 16.

The Hon. the POSTMASTER-GENERAL, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Washington, 17th September, 1891.

UNABLE to grant request for mails.

No. 17.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.

(Telegram.)

Wellington, 2nd October, 1891.

FRISCO Service.—Quite time renewal fixed up. Will you therefore say whether you accept terms fixed by House of Representatives, and agree renew for three years. Coastal service has also to be arranged. Hope you see your way make reduction. Nothing definite as yet Direct service.

No. 18.

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

(Telegram.)

Dunedin, 5th October, 1891.

FRISCO Service.—Understood you were willing to leave matter open till our letter should reach Spreckels at end of this month, so that he might understand all the circumstances, and decide whether to accept terms offered for three years, or ask you to renew for one year only on present terms. Coastal service can then also be considered, although it appears to us that present subsidy is not more than sufficient for special services rendered.

No. 19.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.
(Telegram.) Wellington, 5th October, 1891.

Fr'isco Service.—Could not wait until you communicated with Spreckels by mail and obtained reply, as the last inward mail under present contract left London on Saturday last. Last mail from this end leaves Auckland on 7th proximo. From this it will be apparent that something should be settled forthwith, as London and public should know at once whether service to be continued.

No. 20.

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

(Telegram.) Dunedin, 6th October, 1891.
We have written fully Spreckels recommending accept for three years. Prefer wait cable reply before finally closing. Prepared guarantee one year to enable you to complete your arrangements. Will this be satisfactory? If not, will open cable communication with Spreckels at once.

No. 21.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.
(Telegram.) Wellington, 7th October, 1891.

Fr'isco Service.—Postmaster-General will be satisfied with your proposed twelve months guarantee, provided you undertake to give definite answer re three years' renewal within a week of arrival of outgoing mail at Fr'isco. But until we hear from Agent-General whether London Post Office will continue present arrangements, Postmaster-General will be unable to ratify even the twelve months' renewal. Agent-General cabled to-day, and advised that your company willing to renew. Asked to reply immediately. Shipping Company, while anxious to contract for conveying mails from London to colony, unable undertake service Homeward. We could not entertain any such offer, but have referred it to London Post Office through Agent-General.

No. 22.

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

(Telegram.) Wellington, 7th October, 1891.
OCEAN Services.—Fr'isco contractors renew four-weekly; eleven shillings letters. Important decision Imperial Treasury known forthwith, enable make contract. Hope renew present terms. New Zealand Shipping Company decline Homeward, but offers contract outward mails. Replied unable entertain, but refer Imperial Post Office, which advise not favourable service Direct steamers one way only. Cable reply urgent both services.

No. 23.

The Hon. A. J. CADMAN to the AGENT-GENERAL, London.

SIR,—Premier's Office, Wellington, 8th October, 1891.

I have the honour to acknowledge the receipt of Sir Dillon Bell's letters of the 24th July and the 7th August last, with reference to his contemplated negotiations with the Imperial authorities for a renewal for three years of existing arrangements for the apportionment of the cost of the San Francisco and Direct mail-services.

It was with much concern that I learned from Sir Dillon Bell's letter of the 24th July that he considered that the difficulties in obtaining the consent of the Imperial Treasury to renew existing arrangements had been entirely under-estimated by the Government. I venture, however, to hope that as negotiations have progressed they have shown that the difficulties were not so serious as feared by Sir Dillon. Government felt that there might be some opposition to a renewal of the arrangement for a term of three years; but by giving the Imperial authorities timely intimation of our intentions, and to the fact that they hitherto have recognised that the colony's isolated position made the existence of independent postal communication with the Mother-country a necessity, it was not unnaturally considered that there ought to be any serious objection to a renewal of existing arrangements, even for three years, at least in respect to the San Francisco service, which, so far, has been the quickest and most reliable mail route for New Zealand. The question of a Vancouver service was not lost sight of. Government had been advised that with the death of Mr. Bryce Douglas the project had received a serious check, from which it was not likely to recover for two or three years; and even now the Government cannot learn that there is any probability of a fast Vancouver service in the near future.

The absence of any information as to the intentions of the Imperial authorities with respect to the proposed renewal of our ocean services hampered the Postmaster-General when framing his resolutions for the consideration of the House of Representatives, and they had to be submitted with the condition that the renewal of the services would be contingent on the Imperial Post Office agreeing to extend the present agreement for the apportionment of the cost, "or any favourable variation thereof." I send copies of the resolutions, which were passed by the House without amendment.

I also enclose a *Hansard* proof of the debate. It will be seen that the question of a fortnightly San Francisco service received considerable attention. Such a service would be highly popular in the colony; but it is unlikely a fortnightly line will be established just yet. The Postmaster-General, Washington, had advised the Government that he was endeavouring to arrange for a fast fortnightly service, and gave the colony the opportunity of co-operating.

It will be observed from the resolutions that payment for the conveyance of mails under the new proposals has been reduced to 11s. per pound on the letter portion for both services, payment for books and newspapers by Direct service being withdrawn. From the speech of the Postmaster-General it will be gathered that, on the other hand, the San Francisco contractors will be relieved from sharing the cost of the transit of the Homeward mails from San Francisco to New York. The New Zealand Shipping Company had already intimated that it was not likely that it would renew under present conditions; and Government has since been advised that, while the company will not undertake the Homeward service, it would be prepared to contract for conveying the London mails to the colony. This proposal, however, could not be entertained by Government; but, at the request of the company, you were yesterday asked by cable to advise the London Post Office of the offer, which, however, was unaccompanied by any conditions. The London Board of the company will no doubt supply these if required. It may therefore, I think, be accepted that there will not be a renewal of the Direct service, and that the colony must therefore fall back on the Federal service for its regular alternate fortnightly mail. The Union Company will be prepared to renew the San Francisco service; but it would be impolitic to commit the colony in any way until the decision of the Imperial Treasury is known.

I received Sir Dillon Bell's cable of the 5th ultimo, which the Postmaster-General did not think it advisable to answer until the House of Representatives had disposed of the mail-service question. A reply was cabled on the 16th.

I also forward a copy of the cable sent you last night, to which I expect to receive a reply by the end of the week. I had hoped that you would have been able to have advised Government ere this of the decision of the Imperial Post Office. The urgency for an immediate settlement is intensified by the fact that the last mail *via* San Francisco under the present contract left London on Saturday last.

As already advised, the Brindisi letter-rate has been reduced to 2½d. It is assumed that it is fully understood by the London Post Office that this route is still to be restricted to specially-addressed correspondence.

I have, &c.,

A. J. CADMAN,

In the absence of the Premier.

Walter Kennaway, Esq., C.M.G.,
Acting Agent-General for New Zealand, 13, Victoria Street,
Wesminster Chambers, S.W., London.

No. 24.

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

SIR,—

General Post Office, Wellington, 8th October, 1891.

I have the honour to enclose herewith mail-service resolutions moved by the Hon. Mr. Ward in the House of Representatives on the 15th ultimo, and *Hansard* proof of the debate thereon. You will see that the House affirmed all the resolutions.

The basis of payment by the colony is a rate of 11s. per pound on the net weight of the letters conveyed, and you will learn from Mr. Ward's speech that it is proposed that the colony defray the cost of the overland carriage from San Francisco to New York. All payments or contributions from Great Britain and other countries will be allotted to the contractors as well.

Reference to the prospective fortnightly San Francisco service was favourably received by the House, as it has been by business men also. The Postmaster-General, however, from the information in his possession, could hold out but little hope that such a service was likely to be taken up in the meantime.

While it will probably be possible to arrange with the contractors the terms of a three years' renewal of the service, there are other considerations to be disposed of before negotiations can be concluded. They are,—

1. The decision of the London Post Office in the matter of the proposed continuance of existing arrangements for the conveyance of outward mails to San Francisco, and Homeward mails from New York, and of existing postage credits on outward letters; and

2. Whether the Washington Post Office will reduce to New Zealand the prohibitory territorial transit charges to the minimum rates which it is understood may be levied under the Postal Union Regulations. The rates at present charged are 55 cents (say, 2s. 3½d.) per pound of letters and 17 cents (say, 8½d.) per pound of other articles. The Union rates referred to are 2 francs per kilogramme (say, 8½d. per pound) of letters and 25 centimes per kilogramme (say, 1½d. per pound) of other articles, the reduction representing, therefore, the very appreciable difference of, say, 1s. 6½d. per pound on letters and 7½d. per pound on other articles.

* * * * *

This office has already asked Washington to reduce the territorial transit rates, and has been refused. Previous representations by yourself and Messrs. Spreckels Brothers have also been without result. The Government is unable to discover the reason for this illiberal and unexpected refusal, and is much disappointed at it. The application has again been renewed, but there is naturally less hope of success now than before. With the prospect of a fortnightly service within the proposed renewed term of contract, it would be a matter for unfeigned regret if the colony which has maintained the service so long should now be forced to withdraw from it, and I hope the negotiations will enable the colony to conclude a contract for a three years' renewal of the service.

I enclose copy of the Postmaster-General's telegrams to yourself and the Postmaster-General, Washington, of the 16th ultimo, notifying the passage of the proposals through the House; also a copy of the reply from Washington; and have again to urge that you will bring every influence you can to bear on the authorities at Washington, in order that the eminently reasonable request of the colony for the reduction of the transit charges may be accepted.

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

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

No. 25.

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

SIR,—

General Post Office, Wellington, 8th October, 1891.

I have the honour to enclose herewith a copy of resolutions passed by the House of Representatives on the 15th ultimo in relation to ocean mail-services, including the renewal of the San Francisco mail-service for the next three years. I also enclose copy of my telegram to you of the 16th ultimo, and of your reply of the following day; and in reference thereto have to say that I am grievously disappointed at what appears to me to be so reasonable a request having been refused. The rates now charged are, as you are aware, 55 cents per pound of letters, and 17 cents per pound of other articles; while the rates which might be levied under the Postal Union Regulations are 2 francs per kilogramme (say, 18 cents per pound) of letters and 25 centimes per kilogramme (say, 2 cents per pound) of other articles. If the extraordinary rates, which are really prohibitory, must be maintained, New Zealand will probably have to rely on some other mail route for the transport of its mails to and from Great Britain. I trust, however, that the mutual desire to maintain the San Francisco service, especially in view of the prospect of its becoming fortnightly, may weigh with you, and that the reduction asked for may yet be made New Zealand.

I have, &c.,
W. GRAY,
For the Postmaster-General.

The Hon. the Postmaster-General, Washington, U.S.A.

No. 26.

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

(Telegram.)

London, 10th October, 1891.

IMPERIAL Post Office ask whether transmission Frisco Auckland of mail leaving London 31st October is already provided for.

No. 27.

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

(Telegram.)

Wellington, 12th October, 1891.

FRISCO Service.—Mail leaving London 31st October already provided for.

No. 28.

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

SIR,—

13, Victoria Street, London, S.W., 2nd September, 1891.

I received in due course your letter of the 1st July, on the subject of the ocean mail-services, informing me that the Government approved the argument I had addressed to the London Post Office on the 11th May (*vide* enclosure in No. 104).

No decision has yet been given by the Treasury on the question of renewing the service under the existing terms of Imperial contribution; and the death of Mr. Raikes, Her Majesty's Postmaster-General, on the 24th ultimo, is sure to cause a further delay. In the meantime, you will no doubt have received my letter of the 24th July, reporting what the position was at that time, and I cannot say that it has in the least degree improved since.

I have, &c.,
F. D. BELL.

The Hon. the Premier, Wellington.

No. 29.

Mr. CREIGHTON to the Secretary, General Post Office, Wellington.

DEAR SIR,—

San Francisco, 16th September, 1891.

I beg to acknowledge the receipt of the following cable to-day from Wellington: "Creighton, San Francisco.—San Francisco Service.—House approved renewal three years; eleven shillings letters. Colony defray overland transit Homeward. Condition, London agree renewal and American transit reduced. Cabled Washington urging free transit Homeward mails, or reduction rates specified Article four, Postal Union Regulations, and antedate beginning of present contract. You strongly appeal. Colonies objected reduction maritime transit not territorial.—WARD, Postmaster-General."

2—F. 2.

I assume that the proposal is to renew the present four-weekly service; and upon that assumption I have requested the agents here to prepare a time-table for the coming year, copy of which I herewith enclose for your information and approval.

I have also the honour to enclose copy of a letter from the Superintendent of Foreign Mails, Mr. Brooks, who represented the United States Postal Department at the Vienna Congress, which covers two of the points in the Postmaster-General's cable. From this communication you will learn that the action of the Australian delegates went very much further than insistence upon maintaining maritime-transit charges. At least, this was the understanding upon which the Congress acted, with the result that I fear nothing can be accomplished for the present in the reduction of the overland-transit charges in this country. This point is brought out very clearly in Mr. Brooks's letter to me. I have, however, written to him upon the subject, copy herewith enclosed.

Upon receiving the Postmaster-General's cable I at once took steps to have the fact of your continuance of the Australian mail-service telegraphed to the newspapers in all Eastern cities, and made the announcement in the local Press, whose comments in three cases I enclose.

I regret that, owing to the delay in the arrival of the "Mariposa" until Saturday, the mail failed to connect with the "Majestic," sailing from New York on the Wednesday following. The Hamburg American Packet Company's fast steamship "Furst Bismarck," however, was billed to sail from New York on Thursday, the 10th instant, at 10 a.m., and if the sailing could be postponed two hours the mail, being on time at New York, could be despatched by her and delivered at Southampton on the same day the "Majestic's" mail would reach London, thereby avoiding delay in transit.

Accordingly, application was made to the local agents of the Hamburg line, who wired to New York my request, and received a reply by telegraph that the steamer would be held two hours to enable the Australian mail to be forwarded by her. Unfortunately, the mail did not reach New York until 1 o'clock p.m., and the detention of the steamer was unavailing, as she had to sail not later than noon to save the tide on the bar. I had telegraphed to the New York Postmaster to give prompt despatch, and received a despatch from him announcing the failure of the arrangement to ship the mail by the "Furst Bismarck."

I enclose copies of despatches and correspondence, from which you will note that the Hamburg American Packet Company went to considerable trouble and expense to oblige the New Zealand Post Office Department. This action of a foreign company is in marked contrast with the refusal, a few months ago, of the English company, which is paid for carrying the mail, to make a detention of a few hours in the sailing of their ship for a similar purpose.

I have taken upon myself to thank the American Hamburg Company, and will transmit to the manager any more formal acknowledgment you may please to make.

I have, &c.,

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

ROBT. J. CREIGHTON.

Enclosure 1 in No. 29.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to Mr. CREIGHTON, San Francisco.

DEAR SIR,—

Washington, D.C., 8th September, 1891.

I have the honour to acknowledge the receipt of your communication of the 18th ultimo, enclosing for the information of this department a copy of your letter of the preceding day to the Secretary of the New Zealand Post Office, relative to the measures you have adopted for expediting the forwarding from San Francisco of the closed mails from the Australasian Colonies for Great Britain, and the measures you suggest to be taken by the colonies for the rapid delivery at New York of the closed mails from Great Britain for the Australasian Colonies.

In reply, I have to inform you that your letters have been read with interest, and that this department will continue, for the future, as it has done in the past, to do everything practicable to expedite the transfer from the steamers, and the forwarding by the first outgoing train of the British closed mails for the colonies arriving at New York.

Referring to your remarks relative to the disadvantage sustained by the United States transcontinental mail-service on account of the high rates charged for the transit of closed mails between San Francisco and New York, I have to inform you that the delegates from the United States to the Postal Congress of Vienna did not advocate only the abolition of the rates in question, but were instructed to secure, if possible, the abolition of all transit rates, so that every country of the Postal Union should be required to transport the closed mails of every other country of the Union free of charge; or, failing to accomplish that end, to advocate the reduction of all transit rates. But, as the maintenance of the present rates was made a condition precedent to the entrance of the Australasian Colonies to the Union, all measures looking to the reduction or abolition of the transit rates were, by unanimous consent, abandoned, in order to accomplish the greater object of securing the adhesion of the colonies to the Union.

It may be well to add that, until there is a reduction of the Postal Union transit rates generally, this department could not consent to reduce the rates chargeable for the transcontinental service between New York and San Francisco, a recent and very careful investigation of the actual cost of that service having shown that the receipts barely cover the expense of transporting the mails.

I am, &c.,

N. M. BROOKS,

Superintendent of Foreign Mails.

Robert J. Creighton, Esq.

Agent of the New Zealand Government, San Francisco, California.

Enclosure 2 in No. 29.

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

SIR,—

San Francisco, 17th September, 1891.

I have the honour to acknowledge receipt of your letter dated the 8th September, referring to the rapid transit of the Australian mail from the Atlantic steamship to the railroad on the day of its arrival at New York; also informing me regarding the action of the colonial representatives at the Postal Congress in respect of transit charges.

In reply, I beg to state that I shall forward your letter to the New Zealand Post Office Department for its information. Apparently; however, the Postmaster-General of New Zealand understands this matter differently, inasmuch as I received the following cable from him yesterday: "Creighton, San Francisco.—San Francisco Service.—Have approved renewal three years; eleven shillings [per pound] letters. Colony defray overland transit Homeward. Condition, London agree renewal and American transit reduced. Cabled Washington urging free transit Homeward mails, or reduction rates specified Article four, Postal Union Regulations, and antedate beginning present contract. You strongly appeal. Colonies objected reduction maritime transit not territorial."

Although your letter would seem to indicate that for the present, at least, no reduction in the transit charges need be expected, I trust that, in view of the persistent adhesion by New Zealand to the American postal route, which has been abandoned by all other Australasian Governments, a way may be found for meeting the views of the Postmaster-General of New Zealand on this point. The arguments heretofore presented by me in favour of this request are upon record in your department, and need not be repeated.

You will note that the renewal of the service by New Zealand is made contingent upon the renewal by Great Britain of its undertaking to forward the Australian closed mail to New York, and defraying the cost of railroad transportation to San Francisco. Inasmuch as the London Post Office deducts the entire postage on printed matter, to offset this expense, it is not probable that any serious objection to renewal will be made. The steamship contractors on the Pacific are required to carry newspapers, books, &c., both ways without any remuneration under the existing system of payment, while the letter rate has been reduced one-twelfth from the net amount under the running contract.

As I understand the cable from Mr. Ward, the New Zealand Postmaster-General, the service contemplated is a continuance of the existing four-weekly one.

Hon. N. M. Brooks,
Superintendent of Foreign Mails, Washington, D.C.

I have, &c.,
ROBT. J. CREIGHTON,
Agent, New Zealand Government.

No. 30.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

Post Office Department, Office of Foreign Mails, Washington, D.C.,
17th September, 1891.

SIR,—

Referring to your cablegram of the 16th instant, in the words following—viz., "Propose renew San Francisco service three years, on condition American transit charges reduced. Strongly urge free overland carriage Homeward mails, or that rates specified Article 4, Postal Union Regulations, be fixed and antedated commencement present contract. Cable reply," to which the Postmaster-General has sent the following reply by cable to-day: "Unable to grant request. Letter mailed"—I have the honour, by direction of the Postmaster-General, to explain that his inability to comply with your request results from the circumstance that the statutes of the United States do not confer upon him authority either to reduce the rates charged for the United States intermediary transit of closed mails of foreign origin, or to grant said conveyance free of charge.

At the last session of Congress that body was requested to confer the desired authority, as was stated in the Postmaster-General's telegram to Mr. Creighton, dated the 10th September, 1890 (*Vide* No. 3, F.—4, 1891), of which you were no doubt advised by Mr. Creighton; but Congress adjourned without action upon the subject, and consequently the Postmaster-General is still without authority to act.

Since then, however, the conditions have been changed by the passage by Congress of "An Act to provide for Ocean Mail-service between the United States and Foreign Ports, and to promote Commerce" (approved the 3rd March, 1891), under which the Postmaster-General is authorised to contract with steamship companies for the sea-conveyance of United States mails to foreign countries; and, pursuant to provisions of the said Act, proposals have been invited for a semi-monthly service from San Francisco to New Zealand and Australia (as you will see by the enclosed pamphlet, which contains the advertisement calling for proposals under the Act in question), which proposals will be opened in this department on the 26th of next month (October), and the contracts awarded as soon thereafter as practicable.

The Hon. the Postmaster-General,
Wellington, New Zealand.

I am, &c.,
N. M. Brooks,
Superintendent of Foreign Mails.

No. 31.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.
(Telegram.) Wellington, 13th October, 1891.

AGENT-GENERAL cabled tenth that London Post Office inquiring whether Frisco mail leaving London thirty-first had been provided for. Replied that the service had already been arranged for. Mail question still unsettled, but Agent-General says Post Office promises early decision.

No. 32.

The Hon. GEORGE McLEAN to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 13th October, 1891.

THANKS for telegram to Mills. John Spreckels away in Honolulu when mail left, but letters say their Postmaster-General would not postpone date of calling tenders, so did not propose tender for fortnightly service. Indicate carrying on service as at present, so not likely any difficulty arranging for three years. There is not likely to be other tenders, so that probably after tenders are in they may be able make suitable arrangements privately.

No. 33.

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

(Telegram.)

Wellington, 14th October, 1891.

WE have been trying obtain reduction American territorial transit rates, but have now been met with decided refusal, on the ground that the maintenance of present maritime and territorial transit rates "was made a condition precedent to the entrance of the Australasian Colonies to the Union." I cannot think that Australian delegates at Vienna Congress would go beyond terms of the Sydney Conference resolution, which affirmed that maritime transit rates should not be lowered without consent of the countries maintaining the sea-services. Nothing was said about territorial transit at Conference. If, however, the condition covers both land- and sea-transit, then this colony is placed in an exceptionally unfavourable position. Kindly say what was really done by delegates. I hope Washington office has misapprehended the real effect of the stipulation.

No. 34.

The SECRETARY, General Post Office, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 15th October, 1891.

COLONIES entered Union on understanding sea rates not lowered. Territorial rates seem not to have been mentioned, but Regulation three, Convention eighteen eighty-five, protects United States territorial charge. However, presume nothing to prevent your negotiating for lower rates by special convention.

No. 35.

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

(Telegram.)

London, 19th October, 1891.

IMPERIAL Treasury's Decision.—Firstly, Atlantic service: Apportionment will be modified in the direction of Postal Union principles, consequently New Zealand Government pay Atlantic conveyance Homeward mail. Secondly, Pacific service: Imperial Government continue pay your contract rates outward letters, amount not to exceed twelve shillings. Thirdly, having regard to possible new routes, apportionment limited for twelve months from 1st November. Fourthly, Imperial Treasury consider incomplete Direct service not desirable.

No. 36.

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

(Telegram.)

Wellington, 21st October, 1891.

MESSAGE received nineteenth. What rates Atlantic? Will American transit be reduced now colony joined Postal Union? Railway service not specially maintained for colonial mails.

No. 37.

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

(Telegram.)

London, 22nd October, 1891.

ATLANTIC rates: Five francs kilogramme letters; fifty centimes other articles. American transit not reduced, being extraordinary service specified Postal Convention Regulation. Rates fixed by agreement, '76 with United States.

No. 38.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.

(Telegram.)

Wellington, 24th October, 1891.

LONDON Post Office will contribute to Frisco service not exceeding twelve shillings per pound for letters, but requires us to provide Atlantic conveyance Homeward, which will increase cost of the service to us by over sixteen hundred pounds a year, and, having regard to "possible new routes"—no doubt meaning Canadian—will only arrange for twelve months. Contract with your company will therefore have to be for twelve months, with option of Postmaster-General to renew for another

year or two years. Will you now fix up coastal service? There will be no renewal Direct service, and Postmaster-General proposes to fall back on the Federal service to secure, with Frisco, fortnightly mails. Proposed that Bluff and Melbourne be the contract ports, and presume you would be willing to arrange for regular connection once every four weeks for nominal sum. Leave and arrive Melbourne within forty-eight hours of arrival and departure of mails. Also state cost coastal service. You receive and deliver mails at Lyttelton.

No. 39.

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

(Telegram.)

Wellington, 24th October, 1891.

POSTMASTER-GENERAL agreed reduce charge for letters by Frisco steamers to twelve shillings per pound, commencing with mail of 30th proximo from Sydney, the first under renewed contract. Every four weeks thereafter. Please inform other colonies. Our direct mail-service probably not renewed, in which case New Zealand would make use of one of the weekly despatches by Federal steamers, which, alternating with San Francisco, would give fortnightly service. Postmaster-General trusts that colonies will be disposed to allow New Zealand to use the service for the bare postages, seeing that our additional contributions will be so much profit to them. What we receive from non-contracting colonies in respect of Frisco service goes to the contractors. Will be glad if you will have matter considered, and reply early next week.

No. 40.

The Hon. GEORGE McLEAN to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 29th October, 1891.

WISH you would make out time-table for mails as you would require steamers to leave. We could then better calculate cost disturbance of our running. We find on trying work it out ourselves fortnightly services alternating with Frisco works out badly at other end.

No. 41.

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

(Telegram.)

Wellington, 30th October, 1891.

OCEAN Services.—Messages 22nd, 24th received (*vide* Nos. 37 and 106). Accept twelve shillings Frisco one year. Unexpected required defray Atlantic, especially no reduction American transit. Direct not renew. Propose replace by Federal packet, secure, with Frisco fortnightly mail. Only specially-addressed letters other services. Intercolonial service necessary. What Imperial Post Office allow. Federal service saving Imperial Post Office. Try better terms Frisco.

No. 42.

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

SIR,—

Premier's Office, Wellington, 2nd November, 1891.

I have the honour to acknowledge the receipt of Sir Dillon Bell's letter of the 2nd September, intimating that no decision had been come to by the Treasury on the question of renewing the ocean-services under the existing terms of Imperial contribution, and that further delay was anticipated owing to the death of Mr. Raikes. I have already posted by the "Kaikoura" my acknowledgment of your telegram of the 24th ultimo, notifying that the Imperial Post Office had consented to forego the dating-back of the San Francisco apportionment.

The Agent-General for New Zealand,
Westminster Chambers, 13, Victoria Street, London, S.W.

I have, &c.,
J. BALLANCE.

No. 43.

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

SIR,—

General Post Office, Wellington, 3rd November, 1891.

I have the honour to acknowledge the receipt of your letter of the 16th September, with enclosures of copy of correspondence, time-table, and newspaper cuttings, and to thank you therefor.

In reply, I have to inform you, on the subject of the renewal of the San Francisco service, and the refusal of the United States Post Office to reduce the territorial transit-charge, that the refusal is the more to be regretted from the fact of one of the reasons put forward being founded on a misapprehension. The representatives of the colonies at the Vienna Congress did not make it a condition to the entrance of the colonies into the Union that the territorial transit rates should not be lowered. Their doing so would have been a violation of the resolution agreed to at the Sydney Postal Conference, which was 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." But, in order to have no doubt upon the point, I telegraphed the Secretary of the General Post Office, Sydney, and the corre-

spondence will show (copy enclosed) that no such condition as is cited by the Washington office was made by the colonies' delegates. Under these circumstances, Washington should reconsider the proposal, and the Postmaster-General will be obliged if you will make further representations with that object. There is no great hope of your success, it is confessed, as you will understand from the cablegram of the 22nd ultimo from the Agent-General, of which I send you a copy. This was in reply to one asking whether the transit rates should not now be reduced to New Zealand, seeing that we had entered the Union, and that the railway mail-service was not specially maintained for the conveyance of the colonial mails.

I note the delay to the "Mariposa," and the further most unfortunate delay to the train which rendered futile the detention of the "Furst Bismarck." The Hamburg American Packet Company well earned your acknowledgments; and the Postmaster-General would be glad if you would send another letter to the company expressive of his recognition of the very valuable services which the company intended to render the colony, and enclosing \$40, the expense it was put to in detaining the "Furst Bismarck." The mail-agent will pay you the amount.

The official time-table has already been drafted on the particulars you have furnished, and I hope to have it issued in a few days.

In reference to the newspaper-cuttings, and the fourth paragraph of your letter, I have to express the department's acknowledgments of the steps you have taken to give as wide publicity as possible to the fact of the renewal.

R. J. Creighton, Esq.,

Resident-Agent for New Zealand, San Francisco, California.

I have, &c.,

W. GRAY, Secretary.

No. 44.

Mr. GRAY to the CHAIRMAN of DIRECTORS, Union Steamship Company, Dunedin.

General Post Office, Wellington, 4th November, 1891.

Proposed Four-weekly Mail-service viâ Melbourne and Suez.

I SEND you a trial time-table, from which you will see how the Bluff-Melbourne service would need to be run. I have assumed that the time-table for the Suez service next year will be a continuation of this year's, under which the inward mails are timed to reach Melbourne on the Saturday. I have allowed six days from Melbourne to Bluff, which probably would admit of your steamers leaving Melbourne as late as Monday, arriving Bluff Friday. But the inward mails arrive irregularly. Thirty-six days are allowed for delivery from London to Melbourne; but the mails generally arrive ahead of time—in some instances nearly a week. For 1890, the Suez delivery in Melbourne averaged thirty-three days ten hours, the shortest in thirty days fifteen hours. In no instance did the delivery exceed thirty-six days. The steamer reaches Albany about six days before mails arrive at Melbourne, and you will always have the advantage of knowing about a week beforehand what arrangements to make. Six days are also allowed the steamer from Bluff to Melbourne. The day of departure is Wednesday, but probably it would be safe to make it Thursday, as the outward mails do not leave Melbourne until 4 p.m. on the Tuesday. Thursday would suit both our mails and your steamer better than Wednesday.

I also send you sketch time-table showing how the San Francisco and Suez services will alternate. In point of time Frisco is a long way to the fore, and there is about as much difficulty now in fixing a time-table with even intervals between the departures and arrivals as there was with the Direct steamers.

The Chairman of Directors, Union Steamship Company, Dunedin.

W. GRAY.

No. 45.

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

Premier's Office, Wellington, 5th November, 1891.

SIR, I have the honour to enclose copies of telegrams which have passed between us on the subject of the renewal of the San Francisco and Direct mail-services since I wrote you on the 8th ultimo.

You have already been advised by my telegram of the 30th ultimo that the terms offered by the Imperial Post Office in aid of the San Francisco service for twelve months have been accepted. But I shall be obliged if you will inform me whether the unwillingness of the Imperial authorities to agree to a three years' renewal had any direct reference to a Canadian service, and whether the prospects of such a service are more hopeful now than when Sir Dillon Bell last wrote on the question.

It is indeed a serious disappointment to find that, while the colony is now called upon to defray the cost of the Atlantic transport Homeward, no reduction is to be made in the United States territorial transit charges. Without losing sight of the fact that the present high rates are maintained under the special agreement of 1876, it is considered that the altered conditions of the San Francisco service suggest a more equitable rate being charged New Zealand for the territorial transport of the colonial mails, and that another endeavour should be made to induce the United States Postal authorities to lower the charges, if not to those contemplated by the Postal Union Regulations, at least to amounts much below those at present levied. I shall be glad, therefore, if you will bring the matter under the notice of the Imperial Post Office, and urge for a concession in favour of the colony.

Government quite agrees with the view of the London Post Office that a partial performance only of the Direct service, as proposed by the New Zealand Shipping Company, would be unsatis-

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.

No. 48.

Mr. GRAY to the Hon. GEORGE McLEAN, Dunedin.

(Telegram.)

Wellington, 6th November, 1891.

HAVE you yet received a cable from Spreckels about renewal Frisco service? Do you select Wellington or Auckland as the port of call? Wish to have matter settled, in order that we may issue time-table. I also await reply from your company about coastal service.

No. 49.

The Hon. GEORGE McLEAN to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 6th November, 1891.

No reply from Spreckels. Probably cable sent about Imperial Government declining for more than one year may have stopped them cabling. Better wait "Monowai's" letters. Think £3,000 fair sum for coastal distribution. Mills reaches Wellington by "Arawa." Wait his arrival before fixing port, but think unlikely disturb Auckland.

No. 50.

The Hon. the POSTMASTER-GENERAL, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Office of the Postmaster-General, Washington, 8th October, 1891.

I have the honour to acknowledge the receipt of your reply, under date of the 8th ultimo, to my letter of the 14th July last, suggesting your co-operation in the efforts I am making to establish a fast fortnightly direct mail-service between the United States and the Australian Colonies, *via* New Zealand, pursuant to the provisions of the recent Act of Congress "to provide for Ocean Mail-service between the United States and Foreign Ports, and to promote Commerce," which Act authorises this department to enter into contracts with steamship companies for the conveyance of mails to foreign countries.

In your reply you state that you are "prepared to consider the merging of the San Francisco service now maintained by New Zealand (or any renewal thereof) into such a service as is proposed, provided New Zealand steamers are allowed equal payments with others," and ask to be advised of my views upon the subject; adding that, in your judgment, "two separate services between the United States and New Zealand under distinct contracts are not required at present."

In reply, I have to inform you that it will be impossible to employ New Zealand steamers in the proposed service to be rendered under contract with this department, for the reason that the Act of Congress authorising the contracts in question expressly provides "that the vessels employed in the mail-service under the provisions of this Act shall be American-built steamships, owned and officered by American citizens," as you will see by reference to section 3 of the Act, as published in the pamphlet which accompanied letter of the Superintendent of Foreign Mails, dated the 17th ultimo, confirming my cable message of the same date in reply to your telegram of the preceding day announcing that your Administration proposed to renew the present contract for the San Francisco mail-service.

I agree with you that "two separate services between the United States and New Zealand under distinct contracts are not required at present;" and my letter of the 14th July last was written in order that your Administration might be fully advised respecting the action of this department looking to establish a contract service prior to any negotiation for the renewal of the contract now in operation.

It cannot be stated definitely at this time when the new service will go into operation; but the bids therefor will be opened on the 26th instant, and I will advise you by wire as soon as the award is made, referring to the contract by its number on page 12 of the pamphlet relative to the "Ocean Mail-service" hereinbefore mentioned, and stating the date when the service will begin.

While it is possible under the offer of subsidy by this Government to secure a better service than that now existing, it has been my hope to have the co-operation of your Administration in order to obtain a much more frequent and faster communication than is possible if either country operates independently.

I am, &c.,

JOHN WANAMAKER,

Postmaster-General.

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

No. 51.

The SECRETARY, General Post Office, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 12th November, 1891.

FULLY considered your cable twenty-fourth ultimo, and consulted Adelaide and Melbourne. Postmaster-General thinks fairest arrangement is to follow recommendation of heads of departments, Sydney Conference, and charge twelve shillings per pound on letters by both Frisco and Suez routes.

No. 52.

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

(Telegram.)

London, 15th November, 1891.

ENDEAVOURING to arrange better terms Frisco. Meanwhile has it yet been arranged transmission Frisco Auckland mails leaving London 28th November?

No. 53.

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

(Telegram.)

Wellington, 16th November, 1891.

FRISCO renewal twelve months arranged. Mail twenty-eighth provided for. Every succeeding four weeks. Anxious reply Federal proposals.

No. 54.

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

Westminster Chambers, 13, Victoria Street, London, S.W.,

18th September, 1891.

SIR,—

Since I wrote you last (2nd September) on postal matters, I have received your letters of the 21st and 23rd July (*vide* Nos. 104 and 105).

In the course of further private communication with the Imperial Treasury on the subject of the ocean mail-services, I found that it was necessary for me to be in a position to give, approximately, figures showing how the apportionment we made last year would work out (for both the San Francisco and Direct services) as between this country and the colony, and also how the same apportionment might be estimated to work out in the course of the next three years if the contracts were renewed on the same terms, so that the Imperial departments might see how the cost would be divided between the London and Wellington offices. I therefore cabled to you on the 5th instant, asking for these particulars, and I received in due course your telegram of the 16th instant, the contents of which I communicated unofficially to the Imperial departments.

I hope that I may now get a decision on the subject before my retirement from office.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 55.

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

SIR,—

Premier's Office, Wellington, 16th November, 1891.

I have the honour to acknowledge the receipt of Sir Dillon Bell's letter of the 18th September last, enclosing copy of cablegrams exchanged with this office in reference to the apportionment in connection with the ocean mail-services, and explaining the need for their exchange.

I have, &c.,

The Agent-General for New Zealand,

J. BALLANCE.

Westminster Chambers, 13, Victoria Street, London, S.W.

No. 56.

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

SIR,—

13, Victoria Street, London, S.W., 30th September, 1891.

I have to acknowledge the receipt of your letters of the 23rd July (*vide* No. 109), 3rd (*vide* No. 135), and 10th ultimo on the subject of the ocean mail-services.

I have learnt with much regret that the negotiations respecting the Direct service had not been brought to a conclusion, while no intimation has yet been received here of what has been done in Parliament as to either the Direct or the San Francisco services. In the absence of that intimation no decision has yet been come to by the Imperial departments, and the question of the contribution to be granted by this country is still in abeyance. The papers I have sent you since the beginning of this year have kept the Hon. the Postmaster-General so completely informed of what I had done on this side that additional explanations are really unnecessary, for nothing is changed in the position I have so often described. When it is known what the colony has decided the Imperial departments will no doubt make up their minds as to what this country will contribute if the services (or either of them) are to be renewed. But up to this time the matter has not been disposed of at the Treasury.

Sir James Fergusson, formerly Governor of New Zealand, succeeds Mr. Raikes in the office of Postmaster-General.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 57.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.
 (Telegram.) Wellington, 17th November, 1891.
 Shall be glad to receive definite proposals *re* intercolonial service.

No. 58.

Mr. WHITSON to the SECRETARY, General Post Office, Wellington.
 Union Steamship Company of New Zealand (Limited), Dunedin,
 18th November, 1891.
 SIR,— I have the pleasure to acknowledge the receipt of your memorandum of 4th instant, addressed to our chairman, enclosing copy of trial time-table in connection with the proposed weekly mail-service *via* Melbourne and Suez, for which I am much obliged.
 I have, &c.,
 T. W. WHITSON,
 For Managing Director.
 W. Gray, Esq., Secretary, General Post Office, Wellington.

No. 59.

The Hon. the PREMIER to the AGENT-GENERAL, London.
 Premier's Office, Wellington, 26th November, 1891.
 SIR,— I have the honour to acknowledge the receipt of Sir F. D. Bell's letter of the 30th September in the matter of the negotiations then indeterminate for the renewal of the ocean mail-services.
 You are now aware of the result of the negotiations in respect of both the San Francisco and the Direct services.
 In the same letter Sir Dillon Bell notifies the succession of Sir James Fergusson to the office of Postmaster-General of the United Kingdom.
 The Agent-General for New Zealand, London.
 I have, &c.,
 J. BALLANCE.

No. 60.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.
 General Post Office, Wellington, 26th November, 1891.
 SIR,— I have the honour to acknowledge the receipt of your telegram of the 12th instant, notifying that the charges to New Zealand for use of the Federal mail-service would be assimilated to those levied on non-contracting colonies using the San Francisco service, in accordance with the recommendation of the heads of departments at the recent Conference, and to inform you that the terms are acquiesced in.
 I enclose herewith a copy of the time-table for the San Francisco service for 1891–92.
 I have, &c.,
 The Secretary, General Post Office, Sydney. W. GRAY, Secretary.

No. 61.

Mr. GRAY to the SUPERINTENDENT of FOREIGN MAILS, Washington.
 General Post Office, Wellington, 26th November, 1891.
 SIR,— I have the honour to acknowledge the receipt of your letter of the 17th September, in reference to the renewal of the San Francisco service, and the request of this department for reduction of the United States territorial transit charges. You explain that the statutes do not confer upon the Postmaster-General authority either to reduce the rates charged for the United States intermediary transit of closed mails of foreign origin, or to grant that conveyance free of charge.
 By the present mail the Hon. Mr. Wanamaker has again been urged to obtain the consent of Congress to a reduction of the transit charges; and it is hoped that at no distant date your office will be able to announce the reduction.
 I am much obliged to you for the copy which you enclosed of the pamphlet containing the advertisement calling for proposals under the Act, approved the 3rd March last, "to provide for Ocean Mail-service between the United States and Foreign Ports, and to promote Commerce." It is hoped that the fast fortnightly service to New Zealand and Australia contemplated under the provisions thereof will shortly become an accomplished fact.
 I have, &c.,
 W. GRAY,
 For the Postmaster-General.
 The Superintendent, Office of Foreign Mails,
 Post Office Department, Washington, D.C.

No. 62.

The Hon. J. G. WARD to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 27th November, 1891.

I have the honour to acknowledge the receipt of your letter of the 8th ultimo, notifying, in reply to mine of the 8th September, that it will be impossible to employ New Zealand steamers in the fast fortnightly service which you propose to provide between the United States and the Australasian Colonies, for reasons which you quote from the Act of the 3rd March, 1891, fully set forth in the pamphlet which accompanied the letter of the Superintendent of Foreign Mails of the 17th September.

I very much regret to learn that New Zealand steamers will be debarred from running at all under the provisions of the Act in question, under which you had invited tenders for the fortnightly service. Nevertheless, I shall be very glad to hear that you have been able to arrange for establishing a fast fortnightly service in the near future. But in order that such a line should be fully used for the transport of mails exchanged between Great Britain and New Zealand, there would need to be a reduction in the United States territorial transit charges for closed mails. You have already moved in the matter, and I venture to urge you to make further representations to Congress, and trust to hear that you have succeeded in obtaining power to reduce the territorial transit charges.

I have, &c.,

J. G. WARD,

The Postmaster-General, &c., Washington, D.C.

Postmaster-General.

No. 63.

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

(Telegram.)

London, 28th November, 1891.

IMPERIAL Post Office decides abolish system specially-addressed letters. Sending outward correspondence indifferently Federal Frisco routes, according as mail timed reach colony first. Other points under consideration.

No. 64.

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

SIR,—

13, Victoria Street, London, S.W., 16th October, 1891.

I beg to transmit copies of cablegrams and correspondence relating to the mail-services, in continuation of those enclosed with my letter of the 9th instant (*vide* No. 156).

I regret that I am still unable to advise you of the decision of Her Majesty's Government in respect to the apportionments. I addressed a note yesterday to the Treasury, again asking when a decision may be expected, and urging the importance of a speedy reply.

I may explain that, in pointing out, as I did in the letter of the 8th instant, which I addressed to the General Post Office, that the San Francisco mail-contract terminated with the mail which left London on the 3rd instant, I was guided—first, by the information contained in your letter of the 20th May last (not published); and, secondly, by the revised time-tables, dated 20th March last, received at this office from the Postmaster-General at Wellington. I take the opportunity of enclosing herewith copy of Sir F. D. Bell's letter of the 9th July, which is referred to in the General Post Office letter of the 9th instant.

I may add that the report of the New Zealand Post and Telegraph Department, and the papers relating to the ocean mail-services, laid before Parliament at its second session of this year, were not available, the first copies having only reached this office by the mail delivered this day.

I have, &c.,

The Hon. the Premier, Wellington.

WALTER KENNAWAY.

Enclosure 1 in No. 64.

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

SIR,—

General Post Office, 9th October, 1891.

I hasten to acknowledge the receipt of your letter of the 8th instant, pressing for an answer to the letter addressed to this department by Sir Francis Bell on the 7th August last, inquiring whether Her Majesty's Government would be prepared to continue for a further period of three years the same apportionments as were in force last year in respect of the mails exchanged between this country and New Zealand by the San Francisco route, and by the direct route *via* Plymouth, or, if not, what other apportionments would be more acceptable.

In reply, I am directed by the Postmaster-General to inform you that this question is still under the consideration of the Lords Commissioners of the Treasury, but that a letter shall at once be addressed to their Lordships asking for an early decision.

I am to add that it has been observed with some surprise that you mention the 3rd instant as to the date on which the last despatch of mails to New Zealand *via* San Francisco has been fixed to take place, as it was understood here that the present contract, which, according to a letter from Sir Francis Bell, dated the 9th July last (not published), commenced on the 1st November, 1890, would terminate with a despatch from this country on the 31st October, 1891, and this date has, in fact, been included in a notice which has been issued to the public (copy enclosed).

I shall be glad if you will let me hear further from you on this point, because, if no arrangement has actually been made for a packet to leave San Francisco in connection with a despatch of mails from this country on the 31st instant, the correspondence will have to be sent by the mail *via* Suez leaving on the 30th.

Walter Kennaway, Esq., C.M.G.

I have, &c.,

EDWARD H. REA.

Enclosure 2 in No. 64.

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

SIR,—

13, Victoria Street, 10th October, 1891.

I beg to acknowledge the receipt of your letter of the 9th instant, and, in reference to the question you raise respecting the mails of the 31st October, I have to state that I have cabled to my Government asking whether the provision has already been made for the transmission from San Francisco to Auckland of the mails leaving London on the 31st instant.

All the information which I have on record respecting the matter points to the fact that the contract referred to in Sir F. D. Bell's letter of the 9th July terminates as regards the outward mails with that leaving London on the 3rd October, commencing as it did with the mail leaving on the 1st November, 1890, and providing for thirteen mails each way.

I have, &c.,

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

WALTER KENNAWAY.

Enclosure 3 in No. 64.

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

SIR,—

13, Victoria Street, 12th October, 1891.

Referring to your letter of the 9th instant, and to my reply of the 10th instant, I beg to inform you that, in answer to my inquiry, I have received a cablegram from my Government stating that provision has been made for the transmission from San Francisco of the mails leaving London on the 31st instant.

I am, &c.,

The Secretary, General Post Office.

WALTER KENNAWAY.

Enclosure 4 in No. 64.

The MANAGER, New Zealand Shipping Company, to the AGENT-GENERAL, London.

The New Zealand Shipping Company, 138, Leadenhall Street,

SIR,—

9th October, 1891.

I beg to acknowledge your letter of this day, and, in compliance with your request that this company should specify the terms upon which it would undertake the outward mail-service only, I am directed to say that these would be at a remuneration of 11s. per pound for letters, with a minimum payment of £8,000 per annum; contract time, 1,200 hours.

I am, &c.,

The Agent-General for New Zealand.

O. R. STRICKLAND, Manager.

Enclosure 5 in No. 64.

The ACTING AGENT-GENERAL to the MANAGER, New Zealand Shipping Company, London.

SIR,—

13, Victoria Street, S.W., 10th October, 1891.

Referring to your letters of the 8th and the 9th instant, I beg to state that, after carefully considering the terms of the offers contained therein, they do not appear to me sufficiently precise to enable me, with the best advantage, to place them before my Government by cablegram. I refer, for instance, to your proviso expressed in the words "other conditions to be agreed."

I would suggest, therefore, in order to facilitate the conclusion of the matter, that you should offer to renew your present contract for one year, specifying such of the conditions that your company desire to amend or omit, and that you adopt a similar course as regards your offer as to the outward service only.

If you adopt my suggestion I should then be able to cable your company's offers to my Government in a form most likely to enable them to come to a speedy decision.

I am, &c.,

The Manager, New Zealand Shipping Company.

WALTER KENNAWAY.

Enclosure 6 in No. 64.

The MANAGER, New Zealand Shipping Company, to the ACTING AGENT-GENERAL, London.

The New Zealand Shipping Company, 138, Leadenhall Street,

SIR,—

10th October, 1891.

I am directed to authorise your sending the following cablegram to the colony *re* mail-service: "Company offer to renew contract one year on same terms, except £16,000 per annum subsidy in lieu of mail-money, or carry outward mails only one year for 11s. letters; minimum, £8,000; 1,200 hours. Subject to reply within ten days."

I am, &c.,

The Agent-General for New Zealand.

O. R. STRICKLAND, Manager.

Enclosure 7 in No. 64.

The ACTING AGENT-GENERAL to the MANAGER, New Zealand Shipping Company, London.

SIR,—

13, Victoria Street, 12th October, 1891.

I beg to inform you that, having communicated to my Government the offers contained in your letters of the 8th, 9th, and 10th instant, I have received a cablegram in reply declining to accept them, and adding that the conditions for the renewal of the contract, as communicated to the representative of your company in the colony, cannot be varied.

The Manager, New Zealand Shipping Company (Limited).

I am, &c.,

WALTER KENNAWAY.

No. 65.

The Hon. A. J. CADMAN to the AGENT-GENERAL, London.

SIR,—

Premier's Office, Wellington, 7th December, 1891.

I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 16th October, forwarding copies of cablegrams and correspondence relating to the ocean mail-services, in continuance of those enclosed with his letter of the 9th idem. The question of the provision for the despatch *via* San Francisco from London on the 31st October is also dealt with therein.

I have, &c.,

A. J. CADMAN,

For the Premier.

The Agent-General for New Zealand, London.

No. 66.

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

SIR,—

13, Victoria Street, London, S.W., 30th October, 1891.

I beg to transmit copies of cablegrams and correspondence relating to the mail-services, in continuation of those enclosed with my letter of the 16th instant.

With regard to your inquiries contained in your cablegram of the 21st instant (*vide* No. 36), I may state that the rates for the Atlantic sea-transit are fixed by Article IV. of the Postal Union Convention, as modified by the additional Act of Lisbon, which provides "that in all cases where the sea-transit rate is fixed at present at 5 francs per kilogramme of letters or post-cards, and at 50 centimes per kilogramme of other articles, those rates are maintained."

When the United States first joined the Postal Union, the Atlantic rate was 6 francs 50 centimes (the old Mediterranean rate); but this was subsequently reduced to 5 francs, at which it stands at present.

With respect to the American land-transit, it is specified in the detailed regulations of the Paris-Lisbon Convention as an "extraordinary" service, the rates for which have, under Article V., to be "regulated by mutual consent between the Administrations concerned;" and the rates are therefore fixed by an agreement between the United Kingdom and United States, signed at Washington on the 6th October, 1876, copy of which I herewith transmit.

I am informed that the General Post Office have more than once approached the United States Government with the view of reducing the rates charged under this agreement, but without success, it being represented by that Government that the service in question in reality costs them more than what they receive under the agreement.

On the 27th instant I received a telegram from the Secretary to the General Post Office, asking what were the arrangements for the New Zealand mail-services after the end of this month, and, on seeing him with respect thereto, he explained that the information was required for a list which was being prepared for departmental circulation, specifying the mails leaving this country, and that, if the Direct service was discontinued, it was proposed to state in the list that the New Zealand mails hitherto sent by the Direct steamers would go *via* Brindisi and Australia.

I asked that an official communication be made to me to that effect, and I intended, on its receipt, to have telegraphed its substance to you, but your cablegram, received as I am writing this, will now enable me to take further action in the matter.

I understand by the instructions conveyed to me by to-day's telegram that I am authorised to accept the decision of Her Majesty's Government so far as the San Francisco service is concerned; but that, in view of the saving made by the General Post Office in transmitting the alternate mails by Federal packet instead of by Direct steamer, I am first to endeavour, if possible, to obtain better terms, such as, for instance, the reduction or withdrawal of the charge for the Atlantic transit of the Homeward mails.

I must say, however, that I am not sanguine that the General Post Office will consent to any modification, as, in all the interviews I have had with the officials of the General Post Office, they make a point of saying that they regard any contribution towards the San Francisco service as a special favour to New Zealand, and that, so far as the General Post Office is concerned, they would be quite content to send the outward mails by the Brindisi-Australian route.

I have, &c.,

WALTER KENNAWAY.

The Hon. the Premier, Wellington.

Enclosure 1 in No. 66.

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

SIR,—

General Post Office, E.C., 17th October, 1891.

With reference to Sir Francis Bell's letter of the 7th of August last, and to your own communication on the same subject, dated the 8th instant, I am directed by the Postmaster-General to inform you that he has now received the decision of the Treasury as to the extent to which Her Majesty's Government are prepared to continue their support towards the independent mail-services maintained by the Government of New Zealand.

It has been a primary question for consideration whether New Zealand, having entered the Postal Union, the payment to the colony for any mails from this country which may be carried by colonial packet services should not be regulated, as from the first of this month, strictly according to Union principles; and on this point the Treasury have expressed their opinion that such would be the natural course of procedure. They are unwilling, however, to press upon the colony at once the adoption, in their entirety, of those principles for the apportionment of the expense of the New Zealand mail-services.

But they consider the existing apportionment is still too unfavourable to this country to justify them in agreeing to a further prolongation of the arrangement without some modification of its terms; and they are not disposed to bind themselves to the San Francisco route for so long a term as three years, in view of the possibility of other and more advantageous routes being available in the near future.

Under these circumstances, their Lordships propose that the existing apportionment should be modified in the direction of Union principles so far as regards the Atlantic service, and that the colony (instead of the Imperial Treasury) should pay for the conveyance of its Homeward mails upon that part of the line, this country continuing to pay for the Pacific service (outward), at the rates paid for it to the contractors by the colony, not exceeding 12s. per pound for letters; this arrangement to be limited to one year from the first of next month.

As to the Direct service between Plymouth and New Zealand, for which it appears a partial offer only has been received by the New Zealand Government, the Treasury are of opinion that unless the service can be made complete in both directions its continuance is not desirable.

The Postmaster-General requests that you will be good enough to communicate this decision to the New Zealand Government.

Walter Kennaway, Esq., C.M.G.

I am, &c.,

S. A. BLACKWOOD.

Enclosure 2 in No. 66.

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

SIR,—

13, Victoria Street, 19th October, 1891.

I have the honour to acknowledge the receipt of your letter of the 17th instant, communicating to me for transmission to my Government the decision of the Imperial Treasury as to the extent to which Her Majesty's Government are prepared to continue to support the mail-service to New Zealand *via* San Francisco, and giving the opinion of the Treasury that unless the service by the Direct steamers can be made complete its continuance is not desirable.

I beg leave to request you to convey to the Postmaster-General my thanks for the information which he has thus communicated to me, and which I have transmitted by cablegram to my Government.

I have, &c.,

The Secretary, General Post Office.

WALTER KENNAWAY.

Enclosure 3 in No. 66.

GENERAL POST OFFICE.

AGREEMENT between the General Post Office of the United Kingdom of Great Britain and Ireland and the General Post Office of the United States of America, signed at Washington the 6th October, 1876.

Special arrangement between the General Post Offices of the United Kingdom and the United States, fixing rates of territorial transit charges on British closed mails conveyed across the American continent, between Boston or New York and San Francisco:—

Whereas Article X. of the treaty concerning the formation of a General Postal Union, signed at Berne, 9th October, 1874, provides that the territorial transit charges on the mails conveyed across the United States of America by the railways between New York and San Francisco shall continue to form the object of special arrangements between the Post Offices concerned; and whereas the territorial transit rates for the conveyance of correspondence in closed mails through the United States, fixed by the eleventh article of the Postal Convention of 7/24, November, 1868, between the General Post Office of the United Kingdom of Great Britain and Ireland and the General Post Office of the United States of America, were, by a notice of one year, terminated on the 24th August, 1876; the undersigned, being thereunto duly authorised by their respective Governments, and acting for and in behalf of the General Post Offices of the United Kingdom and of the United States respectively, do hereby agree that the territorial transit charges to be paid by the British Post Office to the United States Post Office on the British closed mails conveyed on and after the 24th August, 1876, across the territory of the United States, between Boston or New York and San Francisco, shall be 6 francs per kilogramme of letters, and 2 francs per kilogramme of newspapers, other printed matter, and patterns and samples of merchandise.

This agreement shall be terminable at any time on a notice by either office of one year.

In testimony whereof the undersigned have subscribed their names and affixed their seals hereto at Washington in duplicate original this 6th day of October, 1876.

(L.S.) EDWARD THORNTON,

H.B.M.'s Minister.

(L.S.) JAS. N. TYNER,

Postmaster-General of the United States.

No. 67.

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

SIR,—

13, Victoria Street, London, S.W., 6th November, 1891.

Referring to my letter of the 30th ultimo, I beg leave herewith to transmit copy of letter which I have addressed to the Imperial Post Office, and in which I have endeavoured to set forth so far as possible the views respecting the ocean mail-services which I understand to be entertained by the Government, as conveyed to me by your cablegram of the 30th ultimo (*vide* No. 41).

The instructions contained in your cablegram in the form in which it was received were not altogether clear on one or two points; but, having carefully considered its general tenor, I decided to address the Imperial Post Office on the lines both expressed and indicated therein, and, in view of the definite proposal which I was able to make as regards the substitution of the Federal for the Direct service, to ask for a reconsideration of the whole question.

There is one point on which I may be asked by the Imperial Post Office for further information, and that is with respect to the intercolonial service—namely, whether New Zealand proposes to establish a subsidised line. In your cablegram it is stated that such service is a “necessary” one, and I am inclined to understand from that expression that in your view it must be subsidised, in order to insure certainty and punctuality in the receipt and delivery of the mails.

I have, &c.,

The Hon. the Premier, Wellington.

WALTER KENNAWAY.

Enclosure in No. 67.

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

SIR,—

13, Victoria Street, 6th November, 1891.

Referring to your letter of the 17th ultimo, in which you communicated to me particulars of the modifications which the Imperial Treasury proposed should be adopted in respect to the apportionment of the expense of the mail-service to and from New Zealand by the San Francisco route, and in which you also stated that unless the Direct service *via* Plymouth could be made complete it would not, in the opinion of the Treasury, be desirable to continue it, I have the honour to inform you that, having transmitted to my Government particulars of the modifications thus proposed, I have been instructed to bring the matter again under the notice of the Postmaster-General, and to request the favour, under the circumstances which I have now to lay before you, of the proposals made by the Imperial Treasury receiving further consideration.

In the first place, my Government desire me to represent that the Treasury's requirement that the colony should defray the cost of the Atlantic sea-transit of the Homeward mails was entirely unexpected, more especially as such requirement was unaccompanied by any proposal to reduce the cost of the territorial transit from San Francisco to New York, the arrangement for which has all along been the subject of a special agreement between Her Majesty's Government and the United States. It is therefore strongly felt that, in making material modifications in the existing apportionment in the direction of Postal Union principles, some modification might at the same time have been made in the same direction as regards the territorial transit charges through America, so as to bring them into greater conformity with the general principles of the Postal Union. And, in connection with this part of the subject, I am to point out that the railway service between San Francisco and New York is not specially maintained for the transit of the mails to and from New Zealand, and that now that the colony has joined the Postal Union it may reasonably be expected that some reduction in the cost of transit might be made.

I have further to state, for the information of the Postmaster-General, that my Government, concurring with the expressed opinion of the Imperial Treasury that it would not be desirable to continue the Direct service *via* Plymouth in an incomplete form, have decided not to continue that service, and in its place they propose to avail themselves of the mail-service between Australia and the United Kingdom *via* Suez, and to transmit the Homeward mails by that route once every four weeks, so as to secure with the San Francisco service a fortnightly mail between the two countries; and they invite the Imperial Post Office to adopt the same course as regards the outward mails, it being understood on both sides that only specially-addressed letters are to be transmitted by the intervening and other services.

In making this proposal, I am to point out that, in carrying it into effect, it will be necessary to arrange for an intercolonial mail-service between New Zealand and Australia; and, in reference thereto, my Government desire to be informed what the Imperial Post Office will allow towards the cost of such service; and in asking this I am to direct special attention to the amount of saving to the Imperial Post Office that will be effected by the substitution of the Federal service for the Direct mail-service.

The more definite proposals which my Government have now directed me to bring before Her Majesty's Government, differing materially as they do from the existing arrangements under which the Imperial Treasury considered the subject, with the result given in your letter of the 17th ultimo, encourage the belief that the Treasury will consent to reconsider their decision with the view of making the apportionment, as regards the San Francisco service, less unfavourable to New Zealand, and, in the opinion of my Government, justifies them in asking that under the circumstances the modifications proposed be not pressed, but that the existing apportionment be allowed to stand.

I beg leave to add, as affecting the question of apportionment, that, in making provision for the continuance of the San Francisco service, it is felt by the Postal authorities in the colony that the policy of renewing it from year to year is unsatisfactory, inasmuch as the uncertainty under which the service has thus been maintained has, it is believed, prevented a better class of steamers being placed on the line, and it is anticipated that any renewal, if made for a fixed term of years, would no doubt ultimately result in an acceleration in the delivery of the mails; and from this point of view I venture to represent that the colony is placed at a disadvantage by the decision of Her Majesty's Treasury to limit the operation of the new apportionment to one year. That the service is a valuable one to this country is shown by the fact that within the present year the London mails have reached the colony in thirty-three days, showing a material acceleration of speed, and one that compares favourably with any other service available for the conveyance of Her Majesty's mails to New Zealand.

I may be permitted also to point out that, in accepting, under the proposals of Her Majesty's Government, the twopence-halfpenny postage rate, the colony has suffered, and will continue to suffer, a serious diminution of its receipts from postage, and that the greater part of such loss will be in respect of the San Francisco service. It is true that the Mother-country has also to bear a similar loss; but such reduction, it may be remembered, was made at the instance and in the furtherance of the policy of Her Majesty's Government; and, moreover, it has had, as regards New Zealand, the exceptional result of that colony having to reduce its own inland postage from 2d. to 1d., involving an estimated annual loss of £40,000.

Taking, therefore, into consideration that the proposal of the Treasury that New Zealand should defray the cost of the Atlantic transit was unexpected, and therefore unprovided for by my Government; that such additional expense is not accompanied by any reduction of the cost of the territorial transit through America; that the Imperial Post Office will effect a considerable saving by the substitution of the Federal for the Direct service; and giving due weight to the other representations which I have ventured to make in this letter, I desire to express the hope, on behalf of my Government, that the Postmaster-General will see fit to submit the matter again to Her Majesty's Treasury, with the view of modifying the proposals as contained in your letter of the 17th ultimo, in the direction of renewing unaltered the apportionment which has been in force for the last twelve months.

I have, &c.,

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

WALTER KENNAWAY.

No. 68.

The Hon. W. P. REEVES to the AGENT-GENERAL, London.

SIR,—

Premier's Office, Wellington, 22nd December, 1891.

I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 30th October, enclosing copies of cablegrams and correspondence relating to the mail-services, in continuation of those sent with his letter of the 16th idem.

It is, of course, needless to make any effort now to have the Atlantic transit charges reduced, or New Zealand relieved of them, and almost hopeless to expect any reduction in the United States territorial charges; but Mr. Creighton is at present engaged in a final endeavour to influence the Washington Post Office in favour of a reduction of the latter.

I have, &c.,

W. P. REEVES,

For the Premier.

The Agent-General for New Zealand, London.

No. 69.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to the Hon. the POSTMASTER-GENERAL Wellington.

SIR,—

Post Office Department, Office of Foreign Mails, Washington, D.C.,
11th November, 1891.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 8th ultimo, enclosing a copy of the resolutions passed by the House of Representatives of New Zealand in relation to ocean mail-service, including the renewal of the San Francisco service for three years; copies of your telegram of the 16th of September last to the Postmaster-General, and his telegraphic reply of the next day; and expressing regret that the United States transcontinental transit rates on the closed mails passing between Great Britain and the colonies cannot be reduced.

In reply, I am directed to call your attention to this department's letter of the 17th September last (which could not have been received when your letter under reply was written), confirming the Postmaster-General's telegram of the same date, and setting forth fully the reasons why the transit rates in question cannot be reduced at this time.

From that letter you will see that, in the absence of specific legislative authority to that end, the Postmaster-General is powerless to comply with your suggestion, however much he might be inclined to do so if he were at liberty to act in that direction.

The Postmaster-General, &c., Wellington.

I have, &c.,
N. M. BROOKS,
Superintendent of Foreign Mails.

No. 70.

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

SIR,—

San Francisco, 12th November, 1891.

I have the honour to acknowledge the receipt of your letter of the 8th October, informing me of the action of the House of Representatives upon the resolutions by the Hon. Mr. Ward relative to the renewal of the California mail-service, also the debate in Parliament upon this motion.

I read the debate with a great deal of interest, and was pleased at its general favourable tone. It is to be regretted, however, that, owing to the action of the Imperial Post Office authorities, Mr. Ward's policy of fixing the service for three years certain cannot be carried into effect, as it would have given the contractors an assurance that for that period at least there would be no further reduction in the payment for carrying the mail. Everything is now in a most unsatisfactory position, owing to this vital change of programme in the colony, and to the uncertainty regarding the action of the American Postmaster-General on the new service.

As you are aware, Messrs. Spreckels did not tender for a fortnightly service, because it could not be worked in with the four-weekly service approved by the New Zealand Parliament. They tendered for a service similar to that which you have adopted, and this tender was rejected as being outside the law. Another offer has been made to continue the line upon the same terms as 1891; but up till to-day no reply has been received from Washington, as I am informed.

This leaves the service in a very loose position. Meantime the "Alameda" sails on schedule date, the Atlantic steamer having made port early on Saturday; and no doubt the vessels will continue to be despatched as advertised, pending a final understanding with Mr. Wanamaker. Should, however, that gentleman limit payments to the reduced postages, as the law requires, it will deprive the contractors of more than \$30,000; and this, with your reduced payments, would certainly not provide reasonable compensation for the service rendered. I am not without hope that a temporary arrangement will be come to which will enable the contractors to continue the service.

It is quite clear to my mind that the London office has steadily pursued a policy to embarrass the American service, while nursing the Canadian scheme; and the economical policy of the colony, combined with the course pursued by the United States Congress, has all but rendered it successful, when, if the American ships are withdrawn, a clear way would be open for a Canadian line. As this, however, would rather injure than benefit New Zealand—cutting it off from the American market, which is becoming of greater value almost daily to your producers—and inasmuch also as the American mail route is unquestionably the best for New Zealand, it is difficult to understand why such a policy should be deliberately adopted and steadily pursued.

You also enclose copy of cables which passed between the Postmasters-General of New Zealand and the United States on the subject of overland-transit charges, and "urge me to bring every influence I can bear upon the authorities at Washington, in order that the eminently reasonable request of the colony for the reduction of the transit charges may be accepted."

The colony, having entered the Postal Union, should not, I think, be bound by the special contract between Great Britain and the United States; and I shall take an early opportunity of urging this point should the direct correspondence of Mr. Ward not accomplish what he seeks.

For the present, however, I do not think it is in the interest of New Zealand to make a rupture with the United States, however strong its case, for the reason that its money-payments and loyalty to the American connection have been urged as a claim for special consideration in overtures that have been made to the Secretary of State for reciprocal trade, which, if successful, would be of enormous advantage to the colony. Correspondence on this subject is forwarded by the "Alameda" to the Premier. Should the United States put New Zealand half-bred wool, coal, and fruit on the free list, the question of a postal subsidy would be a secondary consideration.

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

I have, &c.,
ROBT. J. CREIGHTON.

No. 71.

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

SIR,—

General Post Office, Wellington, 22nd December, 1891.

I have the honour to acknowledge the receipt of your letter of the 12th ultimo, on the subject of the renewal of the San Francisco service, and the action of the Imperial and the American Governments in relation thereto.

The position of the matter has not changed here since I wrote you on the 5th ultimo. No doubt you have already undertaken further representations on the question of the reduction of the territorial rates; and I hope that your efforts may obtain an abatement in the charges.

I assume that nothing will result from the invitation for tenders for a fortnightly service.

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

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

No. 72.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,— Office of Foreign Mails, Washington, D.C., 2nd December, 1891.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 5th ultimo, with reference to previous correspondence relative to a reduction of the rates charged by this department for the transcontinental conveyance of the closed mails passing between Great Britain and the Australasian Colonies.

Since your communication under reply was written, you have no doubt received this department's letters of the 17th September and the 11th November last respectively, which set forth fully the reasons why the rates in question cannot be reduced at this time, and show that the failure to comply with your suggestion does not arise from an indisposition on the part of the Postmaster-General.

The Postmaster-General, &c., Wellington.

I have, &c.,
N. M. BROOKS,
Superintendent of Foreign Mails.

No. 73.

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

SIR,— San Francisco, 9th December, 1891.

I have the honour to acknowledge receipt of your letter of the 3rd November, covering correspondence, &c., in reference to the American transit charges on the closed British-Australian mail; also yours of the 5th November.

In compliance with your request, I have written to the Superintendent of Foreign Mails (copy of letter herewith enclosed). I also wrote to Senator Felton, enclosing copy of my letter to Mr. Brooks, to put him in possession of the facts, and requesting him to urge upon the Postmaster-General compliance with my request for a reduction to the Postal Union rates. Mr. Spreckels has written to the same effect to Senator Felton; but whether this will have any beneficial influence I am unable to say.

The service appears to be in a very unsatisfactory position, more so, in fact, than I have ever before seen it, and I cannot see any way out of the difficulty. Mr. Wanamaker cannot contract for the American mail with any but American ships, nor for less than five nor more than ten; and, despatching the mail as he does now, without a contract, he is only authorised by law to pay the sea and inland postages to American ships, and the sea postages to foreign ships. The adoption of the 5-cents postage will therefore reduce the earnings of the steamships by 7 cents per ½ oz. letter-mail, or considerably more than half the payments for 1891. Whether the steamship companies will continue to run their ships for that pittance, in the face of the temporary arrangement by the New Zealand Government, as a result of Imperial opposition to the American route, is a point upon which I can express no opinion; but it is quite evident, if you insist upon a mixed service, that no better terms can be hoped for from the United States Post Office, and it is equally clear to me that an efficient service cannot be maintained upon that basis.

I have forwarded draft for \$40 to the Hamburg American line as directed. I shall transmit correspondence when I receive reply from New York.

Mr. Spreckels arranged with the New York Central Railroad to run a special train with the Australian mail should the "Umbria's" mail fail to connect with the fast west-bound train leaving New York at 9 p.m. on Saturday. It was hoped to overhaul the regular train at Albany, but, unfortunately, the "Umbria" did not arrive until Sunday morning, and his enterprise was useless. The "Mariposa" cannot sail before Friday, in consequence of the delay on the Atlantic passage. I enclose telegraphic correspondence I had with the Post Office Department on the subject.

Congress is now in session; but I do not look for any change in the policy of our shipping-laws.

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

I have, &c.,
ROBT. J. CREIGHTON.

Enclosure 1 in No. 73.

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

SIR,— 327, Market Street, San Francisco, 2nd December, 1891.

I have the honour to inform you that I have been instructed by the Postmaster-General of New Zealand to reopen the question of railroad transit charges on the closed British-Australian mail; and at the same time he intimated that you had been communicated with direct.

The grounds upon which the Hon. the Postmaster-General decided that the request of New Zealand for a reduction in the railroad transit charges would not be complied with were threefold—(1) That the Australian representatives at the Postal Union Congress at Vienna made the retention of transit charges as then existing a condition of entering the Union; (2) that the amount charged does not exceed the payment to the railroad for the carriage of the closed mail; (3) that, however willing the Postmaster-General might be to agree to the request of New Zealand, he had no power to do so without authority from Congress, which it failed to confer upon him.

In regard to the first objection—namely, that the United States Post Office is bound to levy the railroad transit charges specified in the Tyner-Thornton agreement, in compliance with a resolution of the Postal Conference of 1891, I am informed by the Postmaster-General of New Zealand that this is based upon a misapprehension of what occurred at the Congress, and if so, as would appear to be the case, this objection would be removed.

The resolution under which the Australian Colonies and New Zealand were admitted to the Postal Union is 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."

This resolution does not refer in any way to territorial transit charges, but expressly mentions maritime charges; and therefore the question of reducing the rates on the closed British-Australian mail becomes one of policy, to be determined exclusively by the United States Post Office.

As the Australian Colonies pay heavy subsidies to at least three steamship lines for ocean carriage of their mail, exclusive of the San Francisco line, their reason for insisting upon retaining control of their maritime-transit rates is obvious. But in respect of territorial transport charges, having entered the Postal Union without any reservation, they appear to be entitled, as a matter of right, to at least such advantage as may accrue by adoption of the rates authorised for such services by the Postal Union. This advantage, however, is denied them by the Postmaster-General's ruling that no reduction in the special transit rates can be made under existing conditions.

The special rates at present charged are 55 cents (say, 2s. 3½d. English currency) per pound of letters, and 17 cents. (say 8½d. British) per pound for other articles.

The Postal Union rates are 2 francs per kilogramme (say 8½d. per pound) of letters, and 25 centimes per kilogramme (say 1½d. per pound) of other articles.

The excess, therefore, at present charged over the Postal Union transit rates appears to be 1s. 6½d., or 38½ cents, per pound on letters, and 7½d., or 14½ cents per pound upon other matter carried by the mail.

It is respectfully submitted, therefore, that, inasmuch as the Australian Colonies are members of the Postal Union, and that as the reservation in the resolution admitting them to such Union did not apply to territorial transit charges, but referred exclusively to maritime charges, they are at least entitled to Postal Union rates between New York and San Francisco since the date when such admission became operative—namely, 1st October, 1891.

I have the honour to request, in view of the foregoing presentation of facts, that you will be pleased to ask the Hon. the Postmaster-General to cause the overland-transit charges on the British-Australian closed mail to be computed at the Postal Union rates from the date mentioned.

With respect to the second objection, that the amount charged does not exceed the payment to the railroad for the carriage of this closed mail, I submit that it cannot apply under existing conditions. Whatever force might attach to it is removed by the fact that Australasia, as a whole, joined the Postal Union without reservation upon this point. It is bound by all the regulations of the Union with the exception above noted. The element of cost, therefore, does not enter into the question at all. The Postal Union having established arbitrary territorial transit rates, each member of the Union is expected to enforce these charges only as against all other members, whether profitable or the reverse. But upon this question of cost I think a reference to the records would show that, whatever may be the fact at the present time, regarding it in the past a very considerable annual revenue was obtained from this source.

In respect to the third objection, that Congress has not seen fit to authorise the Postmaster-General either to reduce the overland charges or dispense with them altogether, I submit that the question of reduction is disposed of by the application of the Postal Union Regulations to this case.

On the broader question of abolishing these transit charges, I venture respectfully to express the opinion that, as a matter of public policy, it is to the interest of the United States Government to make every public concession to New Zealand to enable it to withstand the pressure that has been brought to bear upon it to abandon the Californian mail route, as has already been done by all of the Australian Colonies.

Upon the adhesion of New Zealand to this route depends the maintenance of a direct mail-service, not only between the United States and New Zealand, but between this country also and the entire Australian group of colonies. But the strain upon it is so great that, unless the American Post Office Department comes to its assistance promptly, New Zealand will most reluctantly be compelled to abandon a postal service which it has made so many sacrifices and paid so much money to establish and maintain.

The position, in brief, is this: The New Zealand Legislature authorised a continuance of the mail-service with Great Britain, *via* San Francisco, for three years, upon the conditions set forth in the parliamentary paper herewith attached.

The consent of the London Post Office was asked, and refused, to a three years' contract, but a reluctant assent was given to a year's renewal, conditioned upon New Zealand defraying the cost of the Atlantic service, which the New Zealand Post Office estimates at £1,600 (\$8,000) per year. This sum, added to a moiety of the overland-transit charges, which the British Post Office insists upon New Zealand paying, makes a total annual charge or toll for the privilege of sending its mail through the United States of about £6,000, or \$30,000, yearly. The London Post Office retains the postages upon all printed matter to recoup its moiety of the American transit charges.

In consequence of this payment and deductions of postal revenue, New Zealand has been compelled to reduce the payment to the steamship contractors to the lowest point. But, even with this reduction in the cost of the Pacific Ocean transit, there is no certainty that New Zealand will be able to continue the service without substantial aid from the United States, in direct opposition to British Imperial policy, which is unmistakably hostile to a continuance of the American mail-route.

to Australasia. British interests naturally point to strengthening the Canadian and Eastern Federal routes, and weakening the competing American line of trade and commerce.

I have also the honour to inform you that the New Zealand Post Office has made arrangements for despatching an alternate mail by the Federal service *via* Suez Canal. This must strengthen the policy of the London Post Office, and correspondingly weaken the American connection, which may in reality be said to depend upon the friendship of New Zealand and the enterprise of the steamship companies, which are now running an unprofitable line to maintain direct mail-communication between the United States and Australia.

Under these circumstances, I trust that the Hon. the Postmaster-General may see his way to make the reduction asked for under the Postal Union Regulations, pending a larger measure of relief by Congress.

I have, &c.,

ROBT. J. CREIGHTON,

Hon. N. M. Brooks, Resident Agent, New Zealand Government.
Superintendent of Foreign Mails, Washington, D.C.

No. 74.

The Hon. J. G. WARD to the MANAGING DIRECTOR, Union Steamship Company (Limited),
Dunedin.

(Telegram.)

Invercargill, 4th January, 1892.

You have not yet submitted an offer for special services to Melbourne. Kindly advise if you intend doing so. It is necessary for me to come to a decision definitely by Tuesday next.

No. 75.

Mr. MILLS to the Hon. the POSTMASTER-GENERAL, Invercargill.

(Telegram.)

Dunedin, 4th January, 1892.

FIND that to give close connection with Brindisi service on dates shown in your schedule would involve complete revision of our time-table. This we cannot do for a nominal subsidy, as suggested. Our present schedule days suit the various ports, and any alteration would involve expense and inconvenience, for which we would require a substantial subsidy. We should prefer if you can utilise our present sailings, and we will at all times study convenience of department as far as lays in our power.

No. 76.

The Hon. J. G. WARD to the MANAGING DIRECTOR, Union Steamship Company (Limited),
Dunedin.

(Telegram.)

Invercargill, 4th January, 1892.

MUCH obliged for telegram, and I will arrange for Federal service to be carried by your ordinary steamers in meantime.

No. 77.

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

SIR,—

Premier's Office, Wellington, 21st January, 1892.

I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 6th November, enclosing copy of the one he addressed on that date to the Imperial Post Office, setting forth the several points in favour of a continuation of the apportionment obtaining during the last twelve months of the cost of the San Francisco service, and also of aid towards the cost of an intercolonial service connecting with the Federal mail-steamers.

I am obliged for the clear and concise way in which Mr. Kennaway put the case for the colony. As he says, in respect of the San Francisco apportionment, it was not expected that the colony would have to defray the charges for the Atlantic Homeward transit as well as the exceptionally high rates for the American territorial conveyance, which were not proposed to be reduced. He very properly points out that this is scarcely consistent with the desire of the Imperial Post Office to apply Postal Union principles to the service. The territorial rates, in common fairness, should be reduced to the colony, in consideration both of the new *régime* and of the new apportionment.

With the information Mr. Kennaway had, he did right to ask for assistance towards the cost of an intercolonial service. A really satisfactory service by the Federal packet requires a special one between Australia and New Zealand, but this has been found impracticable at present on the score of cost. The colony, therefore, will have to be content with the transport of the Federal mails intercolonially by the ordinary trading-steamers. A reply of a favourable character from the Imperial Post Office regarding this service might have produced different results; but, in the absence of this, it was considered useless to attempt to reopen negotiations with the Union Steamship Company. The fact, however, remains that the full benefit of an alternate mail by the Federal line cannot be secured without a fast intercolonial service.

I have, &c.,

The Agent-General for New Zealand, London.

J. BALLANCE.

No. 78.

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

(Telegram.)

Wellington, 7th January, 1892.

YOUR letter received 27th November. Consider colony should have been consulted before specially-addressed system abolished. Intercolonial service now impossible except at prohibitive cost. Mails therefore by ordinary steamers leaving Melbourne three days after due date arrival. Only first and second weeks' collection following Frisco despatch should be sent *via* Italy. Mails divided same as by Direct steamers, but without first port call. All later correspondence by Frisco unless specially addressed. Third weeks' collection will arrive earlier colony by Frisco than Italy. Advise Imperial Post Office. This also reply its letter. Mail forwarded "Arawa;" another "Coptic," Saturday.

No. 79.

Mr. GRAY to the SUPERINTENDENT of FOREIGN MAILS, Washington

SIR,—

General Post Office, Wellington, 21st January, 1892.

I have the honour to acknowledge the receipt of your letters of the 11th November last and 2nd ultimo, in relation to the question of lowering the rates for the transcontinental carriage of New Zealand mails by your department.

The Postmaster-General is obliged to the Hon. Mr. Wanamaker for his favourable disposition towards this question, and hopes yet to hear that the rates will be reduced before the expiry of the existing contract for the San Francisco mail-service, in November next.

I have, &c.,

The Superintendent,

W. GRAY, Secretary.

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

No. 80.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 22nd January, 1892.

MESSAGE received seventh. Imperial Post Office agrees.

No. 81.

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

SIR,—

General Post Office, Wellington, 25th January, 1892.

I have the honour to acknowledge the receipt of your letter of the 9th ultimo, on the subject of the reduction of the transit charges, and the present position of the San Francisco service. Your further correspondence with the Washington Post Office in connection with the overland-transit charges, is noted with approval.

The Postmaster-General scarcely thinks that there is such ground for alarm as to the future of the service as you seem to suppose. The fact that this Government has given its voice in favour of a mixed service can hardly be said to have operated prejudicially, or to have brought matters into their present position. Nothing is likely to result from the invitation for tenders for a fortnightly service, and there should be no reason, therefore, why the United States Post Office should not indicate forthwith what it is prepared to give towards maintaining the present service. If this were done both the Oceanic and the Union Steamship Companies would know what they had to expect, and how to act. Of course, in any service jointly maintained by the United States and New Zealand the colony would require to have a voice in its arrangement and management.

I have, &c.,

R. J. Creighton, Esq.,

W. GRAY, Secretary.

Resident Agent for New Zealand, San Francisco, California.

No. 82.

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

SIR,—

San Francisco, 8th January, 1892.

I have the honour to acknowledge, per "Monowai," receipt of time-table for the sailings during 1892. I regret that, owing to a change in the Cunard Company's time-table for the present year, the sailing-day from San Francisco should be changed to Friday, as the "Aurania" takes the "Umbria's" place. You will therefore authorise this change to be made.

Owing to heavy weather, the "Monowai" did not arrive here until the 25th December, 1891, being one day late; and she cannot sail until Monday, the 11th January, because the English mail was shipped on the "Bothnia," which, as you know, is a slow ship. This will be the only trip of the "Bothnia" with the mail. I enclose herewith correspondence with the Hamburg American Packet Company regarding the detention of the "Furst Bismarck," and payment of \$40.

I also enclose correspondence with the Superintendent of Foreign Mails, Washington, on the subject of overland-transit charges, in continuation of my letter on this question forwarded by last mail.

You will see from Mr. Brooks's letter that, so far as the American Post Office is concerned, no relief need be expected. As Mr. Brooks represented the United States at the Postal Congress, his explanation of what took place when the Australian Colonies were admitted is doubtless correct. It appears also to be borne out by Mr. Lambton's cable to you of the 15th October, 1891 (*vide* No. 34).

It was unfortunate, perhaps, that New Zealand was without representation among the Australian delegates, as her interests appear to have been ignored.

As you are now a member of the Postal Union, I do not think it would be competent for you to adopt Mr. Lambton's suggestion, and "negotiate for lower rates by special convention." The only plan of relief that I can see, is the one suggested in a former letter, to the effect that the Australian Colonies jointly request the members of the Postal Union to reconsider the question of transit charges, and adopt a rule which would be satisfactory to New Zealand and the other colonies interested.

Upon receipt of Mr. Brooks's letter, I communicated the contents to Mr. Spreckels, who at once wrote to Senator Felton asking him to present the facts to the Pacific Coast delegation in Congress, with the view of introducing a joint resolution, authorising the Postmaster-General to remit the transit charges on the closed British and colonial mail. A similar resolution was introduced on the 6th February, 1891, at the request of the Postmaster-General, but was shelved, partly owing to the lateness of the date of introduction and to other pressing party business.

I am not without hope that the resolution will pass, although the constitution of the House is very different from what it was last Congress, and the majority has not given any indication of its policy on postal matters. Should a joint resolution pass both Houses it would have the effect of a Bill, and would become operative without the President's approval.

It is understood by Mr. Spreckels that any remission of charges effected through Congressional action, or by any other means, shall inure to the benefit of the steamship contractors, whose remuneration for carrying the mail has been cut down to offset the payments under the Tyner-Thornton agreement, and the new exactions of the British Post Office for the Atlantic service. Last year's payment to the Washington Postal Department for this service was \$54,205.61; and, if this amount could be retrieved, it would give the contractors for the Pacific Ocean service, in addition to present payments, something approaching to reasonable compensation for their work. I am informed by the agents of the Oceanic Company that nothing definite has been done regarding American postal payments. The position remains the same as at date of former advices.

A Bill has been introduced in Congress to repeal the Ocean Postal Subsidy Bill. It is not likely to pass. An amending Bill has been introduced, which would materially aid the Australian mail-service if enacted.

I have, &c.,

ROBT. J. CREIGHTON.

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

Enclosure 1 in No. 82.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to Mr. CREIGHTON, Resident Agent for New Zealand, San Francisco.

SIR,—

Office of Foreign Mails, Washington, D.C., 30th December, 1891.

I have the honour to acknowledge the receipt of your letter of the 2nd instant, reopening, by instruction from the Postmaster-General of New Zealand, the question of reducing the United States charges for transportation between New York and San Francisco of the closed mails for and from the British Australasian Colonies.

In reply, I have to inform you that, in the correspondence which has recently passed between this department and the New Zealand office, the latter office has been informed that, however much the Postmaster-General might be inclined to reduce the charges in question, he is without authority to do so in the absence of special legislation to that end, which legislation he has recommended, but so far unsuccessfully.

In these circumstances, it seems to be hardly necessary to discuss any other reasons for declining to make the desired reductions; but, in reply to your remarks relative to the conditions under which the colonies entered the Universal Postal Union—namely, that the existing maritime-transit rates should be maintained, without reference to the territorial transit rates—I have to inform you that in the diverse interests represented in the Congress of Vienna—some demanding a reduction of the territorial and others of the maritime charges—any modification of the existing status could be arrived at only by compromise. And when, by the admission of the colonies, the question of reducing the maritime rates was eliminated, it at once became impossible to effect a reduction of the territorial rates.

The delegates of the United States were instructed to secure, if possible, the abolition of all transit rates—maritime and territorial—or, failing in this, to procure the reduction of either or both to the lowest rate attainable; but both of these objects became impossible, by reason of the conditions precedent to the admission of the colonies.

With reference to your remarks to the effect that the rates now charged are in excess of the Postal Union territorial transit rates of 2 francs per kilogramme of letters and post-cards and 50 centimes per kilogramme for other articles, I have to call your attention to the circumstance that, by the provisions of Article 4 of the Postal Union Convention now in force, and Article 3 of the regulations for its execution, the rates named do not apply to either of the three "extraordinary services" mentioned in said Convention—namely, "the East Indian mail," the route between New York and San Francisco, and the isthmus transit between Colon and Panama; and that all foreign-closed mails, of whatever origin or destination, which are transported across the United States from New York to San Francisco, or *vice versa*, are subjected to the same charges that are claimed by this depart-

ment for the United States territorial transit of the British Australasian closed mails. In other words, that the charges for this service are absolutely uniform, and have been since the adoption of the present rates.

I am, &c.,

Robert J. Creighton, Esq.,
Agent of the New Zealand Government, No. 327 Market Street,
San Francisco, California.

N. M. Brooks,
Superintendent of Foreign Mails.

Enclosure 2 in No. 82.

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

SIR,—

327, Market Street, San Francisco, 5th January, 1892.

I have the honour to acknowledge receipt of your letter of 30th December, 1891, in reference to the transit charges upon the closed British-Australian mail, which I shall forward to the Postmaster-General of New Zealand for his information.

I regret that the question should remain in its present unsatisfactory position, owing to the unfriendly attitude of the London Post Office to the California mail route.

I shall again suggest to the New Zealand Postal authorities the advisability of requesting the other members of the Postal Union to reconsider the resolution regarding transit charges, with a view to the necessary amendment, inasmuch as there is no certainty of favourable action by Congress.

I remain, &c.,

Hon. N. M. Brooks,
Superintendent of Foreign Mails, Washington, D.C.

ROBT. J. CREIGHTON,
Agent, New Zealand Government.

No. 83.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 28th January, 1892.

The receipt of your telegram of the 22nd instant, announcing that the Imperial Post Office had agreed to the counter-proposals relating to the ocean mail-services made in mine of the 7th, set at rest all fears that that office might be disposed to insist on carrying out the policy it had already determined upon. What has now been mutually arranged is believed to be, under the exceptional circumstances, the best for the interests of the colony, as well as for the Mother-country.

The action of the Imperial Post Office authorities in coming to the decision they did, and the manner in which this was arrived at, is difficult to understand, as the colony had every right to expect that it would in some way have been consulted beforehand.

Mr. Kennaway's cable of the 28th November, conveying the determination of the Imperial Post Office to abolish the system of special superscription, came as a complete surprise, inasmuch as this had been decided upon without knowing whether there was to be a special intercolonial service connecting with the Federal packets, without which there could be no regularity or reliability in the delivery of the mails. Not only this, but the Imperial authorities altogether failed to reply to the inquiries as to their intentions with respect to a connecting service. Negotiations for such a service were then in progress, and the absence of any reply from the Imperial Post Office was embarrassing. The negotiations were not brought to a close until the 4th instant, when the Union Company finally replied that the connection required by the Post Office would completely upset their present running, which they could not afford to do except for such a payment as the Government probably would not be prepared to give. Under the circumstances, the Postmaster-General decided to give up all idea of a special service, and to continue to forward the Federal mails between the colony and Australia by the ordinary steamers. This was scarcely settled when Mr. Kennaway's despatch of the 27th November (*vide* No. 158), giving in detail the intentions of the Imperial Post Office, was received. It then became necessary to at once cable our objections, and at the same time indicate what was desired by the colony. This was done on the 7th instant. Mr. Kennaway might well express surprise that the Imperial Post Office should have arrived at any decision in the matter without consulting the colony. The determination to send three weeks' collections by the Federal route, except the Auckland portion of the third week's, would have resulted in serious inconvenience to business people in the colony if persisted in. This will be apparent when it is remembered that the transit-time by the San Francisco service is thirty-four days to Auckland, and that the Dunedin portion of the mails is delivered on the third day after the steamer's arrival in Auckland—a through transit from London of thirty-seven days. The contract time to Melbourne by the Federal service is thirty-six days, and delivery at the Bluff by ordinary steamer would be about forty-four days, and at Dunedin about forty-five days. The correspondence by the San Francisco mail would be delivered at Auckland three days before the previous week's London mail *via* Italy reached the Bluff. It is obvious, therefore, that only the collections during the first and second weeks immediately succeeding the departure of the mails by San Francisco should be sent *via* Italy, unless specially addressed to go by that route.

The want of a fast intercolonial service undoubtedly minimises the value of the route *via* Suez and Italy; but this cannot be obviated at present. The colony must make the best of the position in the meantime, and when the time arrives for renewing the San Francisco service it may be possible to improve the connection.

The Post Office continues to use the Shaw-Savill-Albion Company's Homeward steamers; and the "Arawa" last month, and the "Coptic" on the 9th instant, conveyed large mails. Cable ad-

vices announce that the "Arawa," which left here on the 12th ultimo, arrived at Plymouth on the 21st instant—in forty days. Our last month's alternate mail by the Federal service, which left the Bluff on the 13th, and Melbourne on the 22nd ultimo, was timed to reach London on the 26th instant, so that there has been a considerable gain by sending bulk mails by the "Arawa." The "Ionic," leaving Lyttelton on the 6th proximo, will probably take another large mail. The Post Office continues to forward specially-addressed correspondence by any route or steamer; and the arrangements so far have been acceptable to the public.

I enclose copy of your cable of the 28th November, of mine of the 7th instant, and of your reply of the 22nd.

The Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 84.

The SECRETARY, General Post Office, London, to the Hon. the POSTMASTER-GENERAL, Wellington.
SIR,—

General Post Office, London, 16th December, 1891.

On receipt of your letter of the 10th September last, stating that delay frequently occurs in the transfer from the mail packet to the train at New York of the mails from this country for New Zealand *via* San Francisco, I addressed a communication to the United States Post Office on the subject.

The Postmaster-General at Washington, although assuring me in his reply that for many months past the closed mails in question have been despatched from New York by the first available train after the arrival of the packet, states that, as an additional precaution against delay, arrangements have now been made by his Administration whereby they shall be transferred direct from the packet to the train without passing through the New York Post Office as heretofore. I may add that, with the view of facilitating this arrangement, this department has addressed to each of the British contract packet companies concerned a request that the mails for New Zealand which are placed on board the packet at Liverpool or Queenstown may be kept separate from the other mails on board.

I am, &c.,

The Postmaster-General, Wellington.

ED. H. REA.

No. 85.

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

SIR,—

General Post Office, Wellington, 8th February, 1892.

With reference to the passage in your letter of the 17th August last, in which you recommend that the London Post Office be moved to take steps to have the outward colonial mails more expeditiously transferred to the train at New York, I have the honour to enclose herewith a copy of the reply to the letter which I wrote that office on the subject.

You will see that every precaution appears to be now provided for to insure the promptest despatch of the mails overland.

I have, &c.,

R. J. Creighton, Esq.,

W. GRAY, Secretary.

Resident Agent for New Zealand, San Francisco, California.

No. 86.

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

SIR,—

General Post Office, Wellington, 9th February, 1892.

I have the honour to acknowledge the receipt of your letter of the 16th December last, and to thank you for the action taken to facilitate the prompt transference of the colonial mails from the contract packets on their arrival at New York to the railway trains for San Francisco.

I have, &c.,

W. GRAY,

The Secretary, General Post Office, London.

For the Postmaster-General.

No. 87.

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

SIR,—

General Post Office, Wellington, 17th February, 1892.

I have the honour to acknowledge the receipt of your letter of the 8th ultimo, enclosing correspondence with the Superintendent, Foreign Mails, Washington, on the subject of the overland-transit charges; also with the Hamburg American Packet Company, with further reference to the detention of the "Furst Bismarck," and the payment of \$40.

The alteration of the sailing-day of the steamers from San Francisco from Thursday to the following Friday will be made in the time-tables forthwith; and I have advised the Union Steamship Company of the change. It is very unfortunate that the change should be found necessary.

It is to be hoped that your further representations in the matter of the overland-transit charges may not be altogether in vain, and that the resolution which was to be submitted to Congress authorising the Postmaster-General to remit the charges will pass. I would, however, point out that Mr. Spreckels is under a misapprehension in supposing that any reduction in the transit charges will result in a corresponding increase in the payments to the contractors.

The Bill to amend the Ocean Postal Subsidy Bill, which you advise had been introduced in Congress, I trust provides for an adequate payment to the San Francisco service, and, I need scarcely add, the Postmaster-General earnestly hopes it may become law.

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

R. J. Creighton, Esq.,
Resident Agent for New Zealand, c/o Oceanic Steamship Company,
327, Market Street, San Francisco, California.

No. 88.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.
SIR,— General Post Office, Wellington, 18th February, 1892.

I have the honour to inform you that it is necessary to change the sailing-day of the mail-steamer from San Francisco. Owing to an alteration in the Cunard Company's time-table for the present year, the "Aurania" takes the "Umbria's" place, and, in consequence, the mail will not reach San Francisco before Friday. Friday will therefore be substituted for Thursday, beginning with the departure of this month's steamer from San Francisco.

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

The Managing Director,
Union Steamship Company of New Zealand (Limited), Dunedin.

No. 89.

Mr. WHITSON to the SECRETARY, General Post Office, Wellington.
SIR,— Union Steamship Company (Limited), Dunedin, 27th February, 1892.

I have the honour to acknowledge the receipt of your favour of the 18th instant, and have to thank you for the information regarding the alteration in the day of sailing of the mail-steamer from San Francisco.

I have, &c.,
T. W. WHITSON,
For Managing Director.

The Secretary, General Post Office, Wellington.

No. 90.

The AGENT-GENERAL to the Hon. the PREMIER, Wellington.
SIR,— 13, Victoria Street, London, S.W., 23rd January, 1892.

I beg to transmit copy of letter which, in accordance with the instructions contained in your cablegram of the 7th instant, I addressed to the Imperial Post Office.

It will be seen by Sir S. A. Blackwood's reply (copy enclosed) that your request to hold back the letters, &c., which it was proposed to send by the Suez mail of the week immediately preceding that in which the San Francisco mail is despatched, and forward them by the San Francisco route, has been complied with.

I am communicating with the General Post Office authorities as to that portion of your cablegram of the 7th instant which asks that the mails *via* Suez be divided in the same way as was adopted in the case of the Direct service, but without first port of call.

I have, &c.,
W. B. PERCEVAL.

The Hon. the Premier, Wellington.

Enclosure 1 in No. 90.

The AGENT-GENERAL to the SECRETARY, General Post Office, London.
SIR,— 13, Victoria Street, S.W., 11th January, 1892.

Referring to the correspondence which took place between yourself and this office in November last respecting the mail-services, a copy of which was forwarded to my Government, I have the honour to inform you that I have now received advice by cablegram that my Government have not been able to arrange for a special intercolonial service for the conveyance of the mails between Australia and New Zealand, and that, therefore, the mails sent by the Suez route will have to be forwarded from Australia to New Zealand by the ordinary steamer which leaves Melbourne three days after the due date of their arrival at that port.

Under these circumstances, my Government instruct me to request the Postmaster-General that he will limit the transmission of the New Zealand mails *via* Suez to the first and second weeks' collection of letters, &c., following the despatch of the mails forwarded *via* San Francisco, so that the mail-services between New Zealand and the Mother-country may remain divided, as regards the times of despatch and delivery, as when there existed a service by the Direct steamers. And, in making this request, I am to point out that correspondence sent by the Suez route in the week previous to that in which the San Francisco mails are despatched will arrive later in the colony than if they were held over for transmission *via* San Francisco.

I trust that this intimation will be given effect to as soon as possible, and that the letters, &c., which, under the proposed arrangement advised by you in your letter of the 27th November, would have been sent by this week's Suez mail will be held back and forwarded by the San Francisco mail of next week.

I have been further instructed by my Government to inform you that your letter, addressed to the Postmaster-General in New Zealand, has been duly received, and that a reply to the same is being forwarded by the s.s. "Arawa," which left New Zealand about the 12th December, and that another despatch relating to the same subject will come to you by the s.s. "Coptic," which was fixed to leave New Zealand on the 9th instant.

The Secretary, General Post Office.

I have, &c.,

W. B. PERCEVAL.

Enclosure 2 in No. 90.

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

SIR,—

General Post Office, 19th January, 1892.

I duly received your letter of the 11th instant, and, under the circumstances therein represented, instructions were issued for the correspondence for New Zealand, which, according to the arrangement described in my letter of the 27th November, would have been sent by last week's mail *via* Suez, to be kept back for despatch by the mail going *via* San Francisco on the 23rd instant.

This department awaits with interest the arrival of the letters from the Postmaster-General of New Zealand to which you refer; and, pending the receipt of further information, the plan suggested by you will be continued.

I am, &c.,

Westby B. Perceval, Esq., Agent-General for New Zealand.

S. A. BLACKWOOD.

No. 91.

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

SIR,—

13, Victoria Street, London, S.W., 9th February, 1892.

I have the honour to transmit herewith copy of letter which I have received from the General Post Office replying to Mr. Kennaway's letters of the 16th and the 17th of November last, copies of which were forwarded to you on the 6th and the 27th of that month (*vide* Nos. 67 and 158).

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure in No. 91.

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

SIR,—

General Post Office, London, E.C., 8th February, 1892.

I am directed by the Postmaster-General to inform you that he has laid before the Lords Commissioners of Her Majesty's Treasury the representations made by the Acting Agent-General for New Zealand in his letters to this department dated the 6th and the 17th November last, and has now received the reply of that Board.

Having carefully considered the matter, their Lordships regret that they must adhere to the terms of the arrangement which they made in October last with regard to the payment by the Colony of New Zealand for the Homeward Atlantic service, and to their decision to limit to one year the continuance of the exceptionally high payment to the colony for the conveyance of the Outward mails from San Francisco to New Zealand. They are also of opinion that, as regards the support which this department should give towards the maintenance of an intercolonial line in connection with the Imperial line to and from Australia, the present system under which this department pays for the forward sea-transit, according to the weight of correspondence carried, should not be superseded by any special arrangement.

With respect to the suggestion that some modification might have been made in favour of the colony as regards the land-service from San Francisco to New York, which is expressly excluded from the operation of the Union Convention on account of its enormous extent, I am to state that this department has but recently endeavoured to obtain a reduction of the transit rates charged by the United States Post Office for this exceptional service, and has been informed in reply that no such reduction can be made, as that office already pays for the transit more than it receives at the special rates fixed in 1876.

I am, &c.,

H. BUXTON FORMAN,

For the Secretary.

W. B. Perceval, Esq., Agent-General for New Zealand.

No. 92.

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

SIR,—

13, Victoria Street, London, S.W., 19th March, 1892.

I have to acknowledge receipt of your letters of 21st and 28th January last, and, in reference thereto, I beg to enclose copy of letter received from the London General Post Office, and copy of my reply.

I considered that, as the contents of your letters gave so complete an answer to the representations made by the General Post Office, I could not do better than to send in copies thereof in reply, and to explicitly request, as regards the letters, &c., from this country to New Zealand, that only the collections during the first and second weeks immediately succeeding the departure of the mails by San Francisco should be sent *via* Italy, unless specially addressed to go by that route.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure 1 in No. 92.

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

SIR,—

General Post Office, London, 10th March, 1892.

With reference to my letter of the 19th January last, in which it was stated that, pending the receipt of further information, this department would, as suggested by you, send correspondence for New Zealand *via* Suez only when posted in the first and second weeks following a despatch *via* San Francisco, I beg leave to acquaint you that, from the inquiries which have been made, it would appear to be advantageous to send *via* Suez correspondence addressed to places in the south of New Zealand (as far north as Wellington) posted even in the third week following a despatch *via* San Francisco.

Under these circumstances, it is proposed, unless you have any strong objection to urge, to give instructions that the correspondence for these places be forwarded accordingly.

Correspondence for Auckland has been sent *via* Suez only when posted in the first week following a despatch *via* San Francisco, apparently because it was supposed that the mails were carried on by sea to Sydney, and that correspondence despatched in the second week *via* Suez would thus not arrive at Sydney in time to go forward at once by the intercolonial steamer to Auckland; but, as a matter of fact, all the Australasian mails are landed at Adelaide, and those going eastward are sent on by railway. Thus, mails for Auckland ought to be sent hence *via* Suez in the second as well as in the first week following a despatch *via* San Francisco, as they would arrive at Sydney in good time to go forward by the intercolonial steamer; but, before giving any instructions on this point, I shall be glad to learn whether you concur in this view as to the circumstances of the case.

I am, &c.,

H. BUXTON FORMAN,

For the Secretary.

W. B. Perceval, Esq.

Enclosure 2 in No. 92.

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

SIR,—

13, Victoria Street, London, S.W., 18th March, 1892.

I have the honour to acknowledge the receipt of your letter of the 10th instant, and, before proceeding to reply thereto, I take the opportunity of informing you, in reference to the last paragraph of my letter of the 11th January, that I find, now that I have received a copy of the cablegram to which I then referred, that the sentence which was understood to mean that my Government were communicating to you by letters forwarded by the "Arawa" and "Coptic" was intended to intimate that mails had been sent by those steamers instead of *via* Australia.

I have now received letters from my Government, giving expression to the views they entertain respecting the ocean mail-services, and containing full information as to the routes by which, under the present circumstances, it would be most advantageous to send letters, &c., from this country to New Zealand. I therefore think that my best course will be to furnish you with the extracts therefrom which deal with the subjects concerning which Mr. Kennaway and myself have had the honour of communicating with you within the last few months.

You will see, on the perusal of these extracts, that they clearly show that my Government would not be disposed to concur in the proposal which you have made in your letter.

I therefore beg permission to request, on behalf of my Government, that only the letters, &c., posted on this side during the first and second weeks immediately succeeding the departure of the mails by San Francisco be sent *via* Italy, unless specially addressed to go by that route, and that all others be forwarded by the mails *via* San Francisco.

I have, &c.,

Secretary, General Post Office.

W. B. PERCEVAL.

No. 93.

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

SIR,—

San Francisco, 31st March, 1892.

I have the honour to acknowledge receipt of your letter of the 8th February, 1892, covering copy of letter from the General Post Office, London, in reference to the transfer of mails from ship to railroad at New York. I think the new arrangement will be found to work well. I am also in receipt of your letter of the 17th February. I note what you say regarding the American transit charges—namely, that "Mr. Spreckels is under a misapprehension in supposing that any reduction in the transit charges will result in a corresponding increase in the payments to the contractors."

I certainly understood that this would be the effect, and so informed Mr. Spreckels, inasmuch as the payments to the contractors for ocean transportation had been reduced from 12s. to 11s. per pound on letters, to offset the overland Homeward charges which became payable by New Zealand upon the London Office declining to be longer responsible for these; while no compensation was given to the contractors for the transportation of printed matter, the postage on which London retained outward to reimburse it for delivering the mail at San Francisco.

I informed Mr. Spreckels, in terms of your letter, of this misunderstanding, and he remarked that there was no inducement now for the contractors to exert themselves in the matter. It would be unfortunate if he should become indifferent as to the result, as I am aware that he recently renewed his argument, through the California Congressional Delegation, in favour of the remission of the transit charges, under the impression that it would jointly benefit the Oceanic and Union Companies, which have had their compensation reduced by an estimated equivalent of the amount.

I venture to suggest to the Postmaster-General a reconsideration of this point, which appears to be a vital one, if the Californian mail-route is to be continued.

The Sydney tariff has already seriously interfered with outward freights, and, as you are aware, the American tariff does not encourage inward shipments, and therefore, unless a reasonably fair compensation is paid for the ocean mail-service, there will be little inducement to shipowners to occupy the line, which is admittedly the best for New Zealand. When a chance of accomplishing this presents itself, without burdening the colonial revenue, it appears to me that it should not be set aside.

No progress has been made on the Bill to amend the Ocean Postal Subsidy Act, but the whole question comes up for discussion in the House of Representatives next week. If the amending Bill passes, it will insure the permanence of the service.

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

I have, &c.,

ROBT. J. CREIGHTON.

No. 94.

The Hon. W. P. REEVES to the AGENT-GENERAL, London.

SIR,—

Premier's Office, Wellington, 5th May, 1892.

I have the honour to acknowledge the receipt of your communication of the 9th February, enclosing copy of that of the previous day from the General Post Office, replying to Mr. Kennaway's letters of the 6th and the 17th November last.

It is much to be regretted that the reply indicates so decidedly as it does that the colony is not likely at present to receive more liberal treatment in respect of either the outward postages or the American territorial transit charges.

But the Imperial Government should remember that the San Francisco service is the speediest mail-line between the Mother-country and the colony, and that the London Post Office has hitherto recognised that our exceptional position merited exceptionally favourable treatment. It is to be hoped that this will have due weight, when the time comes for the colony to renew the service, in securing terms more advantageous to New Zealand than those at present in operation.

I have, &c.,

W. B. Perceval, Esq.,
Agent-General for New Zealand, London.

W. P. REEVES,
(In the absence of the Premier).

No. 95.

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

13, Victoria Street, London, S.W., 30th March, 1892.

SIR,—

Ocean Mail Services.

Referring to my letter of the 19th instant (*vide* No. 92), I beg leave to transmit copy of notice of the 29th instant, issued by the London General Post Office, in which there is a special notification respecting the routes by which correspondence for New Zealand will be forwarded from this country, and which practically gives effect to the wishes of your Government, as expressed in your letter of the 28th January last (*vide* No. 83).

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

No. 96.

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

SIR,—

Premier's Office, Wellington, 17th May, 1892.

I have the honour to acknowledge the receipt of your letter of the 23rd January last (*vide* No. 90), with enclosures, confirming your cablegram of the previous day, in which you notified that the Imperial Post Office had agreed to the proposals contained in my cablegram to you of the 7th idem, in so far as they related to the despatch of the outward correspondence alternately by the San Francisco and Suez routes.

The Postmaster-General has been advised by the London Office that mails by the Federal service cannot be divided in the same way as was done with those by the Direct service. A request, however, has been preferred for a closed mail to be made up for Invercargill, to obviate correspondence for any part of Southland being over-carried to Dunedin.

I have, &c.,

W. B. Perceval, Esq.,
Agent-General for New Zealand, London.

J. BALLANCE.

No. 97.

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

SIR,—

Premier's Office, Wellington, 17th May, 1892.

I have the honour to acknowledge the receipt of your letter of the 30th March, enclosing a poster issued by the Imperial Post Office, showing the despatch from London of mails for the Australian Colonies and New Zealand during the six months ending the 30th September next.

W. B. Perceval, Esq.,
Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 98.

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

SIR,—

General Post Office, Wellington, 18th May, 1892.

I have the honour to acknowledge the receipt of your letter of the 31st March on the transfer of the mails at New York, the Ocean Postal Subsidy Amendment Bill, and the question of the reduction of the territorial transit charges.

In reference to the last, and the point raised by Messrs. Spreckels Brothers as to the application of any amounts which would come to the colony in the event of the charges being reduced, I am now to inform you that the Postmaster-General has again given it his earnest consideration, and to express his regret that he is unable to alter the view of the matter which I notified to you in my letter of the 17th February. He cannot agree to the contractors receiving the benefit of any prospective reduction in those charges.

I have, &c.,

W. GRAY,
Secretary.

R. J. Creighton, Esq.

Resident Agent for New Zealand, San Francisco, California.

No. 99.

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

SIR,—

Premier's Office, Wellington, 19th May, 1892.

I have the honour to acknowledge the receipt of your letter of the 19th March, covering a copy of yours of the 10th idem to the Imperial Post Office, and the reply therefrom of the 18th, as to the division of the outward correspondence between the San Francisco and Suez services.

Several of the Federal mails since the beginning of the year have been delivered quicker than was anticipated, owing to the early arrival of the contract steamers in Australia. On two occasions the mail which left London eight days before that despatched *via* San Francisco arrived first, and once the deliveries were simultaneous. But the present method of despatch is the best for the colony, as there is no certainty as to the time of receipt of the Federal mails. Twice it has happened that the mails of two successive despatches from London have been received at the Bluff by the same steamer, the later mails taking thirty-eight and thirty-nine days to reach the colony, and those of the previous week's forty-five and forty-six days. The longest delivery up to the present has been forty-seven days.

The inter-colonial service between Auckland and Sydney has been reduced from weekly to fortnightly for the winter, and the delivery of the Federal mails for the North Island will be even less regular and reliable—another and a stronger reason for continuing existing arrangements.

W. B. Perceval, Esq.,

Agent General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 100.

The Hon. J. G. WARD to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 16th February, 1891.

I have the honour to forward you an extract from a letter received from the London Post Office, from which you will learn that the new apportionment of the cost of the San Francisco service is to date from November, 1889, in accordance with the decision of the Imperial authorities conveyed to you the year before last.

When you succeeded in 1889 in obtaining a renewal for another year of the then existing arrangement in respect of the San Francisco service it was not contemplated to reduce the letter rate from 6d. to 2½d., nor does it appear that the question was discussed during your late negotiations. The decision of the London Post Office to date the new arrangement as far back as November, 1889, has therefore been received with surprise. Remembering that the altered arrangement was the immediate outcome of the reduction in the ocean letter rate to 2½d., a reduction which necessarily involves a considerable loss to the colony on account of its ocean services, the Government is decidedly of opinion that the new apportionment of the cost of the San Francisco service should be restricted to the current year's renewal. I have therefore to request you to be good enough to represent this to the Colonial Office, and, if necessary, to protest against the colony being required to bear any additional burden in respect of the San Francisco service.

The London Post Office, I may add, has been advised that you would communicate with the Colonial Office.

I have, &c.,

J. G. WARD, Postmaster-General.

The Agent-General for New Zealand, London.

Enclosure in No. 100.

(From Letter of the 24th October, 1890, from the General Post Office, London, to the Postmaster-General, Wellington.)

“For some years past it has been recognised that the method of apportioning the expense of the mail-service between this country and New Zealand and Australasia, *via* San Francisco, resulted in an unduly heavy charge on the revenue of this country; and of this opinion the New Zealand Government has been long aware. Applications, however, have been made by that Government to

the Imperial Government for a renewal of the old terms of apportionment from year to year, and this request has been complied with.

“On the last occasion when the Postmaster-General, with the consent of the Lords of the Treasury, renewed the old terms for a year—namely, in October, 1889—the New Zealand Government was informed through its Agent-General in London that, whenever an apportionment more favourable to this department might be arranged, its operation must date from November, 1889, instead of from any later time.

“A fresh apportionment of cost has at length been settled; and I now beg leave to acquaint you that, dating from the 1st November, 1889,

No. 101.

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

SIR,— 13, Victoria Street, London, S.W., 3rd April, 1891.

I have the honour to acknowledge the receipt of the Postmaster-General's letter of the 16th February, relating to the time from which the London Post Office require the new apportionment for the San Francisco service to date.

I have received the intimation with the same surprise as it caused to the Government, and I will take immediate steps to remonstrate against the apportionment claimed by it.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 102.

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

SIR,— 13, Victoria Street, London, S.W., 14th April, 1891.

In continuation of my letter of the 3rd instant, I beg to enclose copy of the letter addressed to the General Post Office, remonstrating against the claim lately made by that office for dating back to 1889 the arrangement made last year respecting the Imperial contribution to the San Francisco service. The matter is still under the consideration of the Post Office and the Treasury.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure in No. 102.

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

SIR,— 13, Victoria Street, London, S.W., 6th April, 1891.

I have received from my Government a copy of letter addressed by the General Post Office to the Wellington office on the 24th October, 1890, with reference to the apportionment between this country and New Zealand of the cost of the San Francisco service. In that letter the Post Office refers to the claim made by the Lords of Her Majesty's Treasury in October, 1889, that if an apportionment more favourable to this country were made its operation should date from November, 1889; and the letter goes on to inform the Wellington office that a fresh apportionment of cost having been settled, the settlement was to date back from the 1st November, 1889.

My Government have instructed me to remonstrate against this intimation.

If you will refer to my reply to Mr. Turnor's letter of the 5th October, 1889 (*vide* No. 39, F.-6, 1890), you will see that I explained the practical difficulties connected with the stipulation of the Treasury, which it appeared to me had been overlooked, and that I said it would be best not to complicate matters by a stipulation which might be incapable of application, and proposed to leave the question of apportionment to be dealt with as part of the general subject thereafter.

If the circumstances had remained the same when we made the arrangement last year as they were in 1889 the intimation contained in your letter above quoted to the Wellington office would have had a different aspect; but I must be permitted to point out that the circumstances were entirely changed by the Chancellor of the Exchequer's proposal for the reduction of postage from 6d. to 2½d., and that the apportionment we made last year for the San Francisco service was part of the arrangement depending on the assent of New Zealand to the Chancellor's proposal. This is clearly shown by the correspondence at the time.

In my letter of the 20th August, 1890 (*vide* No. 27, F.-4, 1891), I informed you that, as my Government intended to agree to Mr. Goschen's proposal, it was necessary for Her Majesty's Government to decide what share of the postage would be allowed to New Zealand under the twopence-halfpenny rate, as regards both the San Francisco and Direct services. On the 28th August (*vide* No. 29, F.-4, 1891), in reply to my letter of the 20th, the new apportionment was made for San Francisco, but I immediately pointed out that it was also necessary to decide the apportionment for the Direct service. On the 10th September (*vide* No. 81, F.-4, 1891) I again called your attention to the matter, pointing out that it was absolutely necessary for my Government to settle the proposals they should submit to the New Zealand Parliament, so that the question of accepting Mr. Goschen's proposal might be definitely decided before the prorogation of our Legislature, which was then imminent; and I informed you of the resolutions that were to be brought down in the House of Representatives to give effect to the arrangements which had been made on this side.

Those resolutions were passed on the 13th September (*vide* No. 10, F.-4, 1891), and gave the assent of the New Zealand Parliament to Mr. Goschen's proposal, subject to the apportionment

for San Francisco which I had cabled, and also to the apportionment for the Direct service which I had proposed to you, but which was not assented to by the Treasury till the 24th October (*vide* No. 89, F.—4, 1891).

In no single letter of the correspondence of last year was any reference made to the stipulation of 1889, and it is quite certain that, if I had known of the intention of the General Post Office to claim that the new apportionment for San Francisco should date back to the time when the postage rate was 6d., I should not have cabled as I did to my Government; nor can I at all say that the New Zealand Parliament would have been willing to accept Mr. Goschen's proposal if it had been accompanied by the stipulation.

Under these circumstances, I cannot doubt that the letter from your department to the Wellington office of the 24th October, 1890, was written inadvertently; but I trust it is only a matter of departmental account, which can be set right between the two offices as such. I should be much obliged by an early intimation of the view taken by the Postmaster-General, in order that I may cable to my Government.

I am, &c.,

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

F. D. BELL.

No. 103.

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

SIR,—

13, Victoria Street, London, S.W., 30th April, 1891.

I enclose copy of a letter received to-day from the Imperial Post Office, in reply to my remonstrance against dating back the new apportionment for the San Francisco service to November, 1889.

I propose to make a careful rejoinder to the statement of the London office, but you will observe that the matter is not definitely closed, and there is reason to think it has not yet been considered by the Imperial Treasury. I would strongly advise the Government to keep the correspondence afloat until the House of Representatives decides what is to be done with the San Francisco service after the expiry of the present temporary contract. It is essential to keep the question open until then, as, if a hostile correspondence were to take place now, it would be detrimental to whatever negotiation may have to be made later on.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure in No. 103.

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

SIR,—

General Post Office, London, 29th April, 1891.

I duly received your letter of the 6th of this month on the subject of the apportionment between this country and New Zealand of the cost of the mail-service to and from the colony *via* San Francisco, from which it appears that the colony takes exception to the claim made in my letter to the Postmaster-General of New Zealand of the 24th October last to date back from November, 1889, the operation of the new apportionment which is more favourable to this country.

In dealing with this question you have associated with it the reduction of postage on letters to this country recently, introduced into the colony; but I would beg leave to point out that, so far as the Treasury and this department are concerned the two questions are quite distinct.

Perhaps, in order to elucidate the facts, it will be well to give here a statement of the various stages of this case.

You are aware that under arrangements made in 1879 the Colony of New Zealand had for many years received exceptionally favourable treatment from the Home Government in respect to the support of the San Francisco mail-service, and that, at the request of the Colonial Government, the Lords of the Treasury on more than one occasion consented to a temporary renewal of the service on the same conditions as to the apportionment of the postage and expenses in favour of the colony. In September, 1889, the question again came under consideration; and the Lords of the Treasury, in agreeing to a further extension of the service for twelve months from the 1st November, 1889, made it a condition that any apportionment adjusted on terms more favourable to the United Kingdom should date back to the 1st November, 1889, so that the Imperial Treasury might not be prejudiced by the extension made to suit the arrangements of New Zealand. The Treasury was then aware that the Imperial Exchequer was incurring a loss of about £13,000 a year in respect of this mail-service, whereas the colony had actually made a profit out of it amounting in the year 1886 to no less than £2,500.

Against the condition laid down by the Treasury, a protest was received from you by this department, and was laid before their Lordships; but they refused to reconsider their decision, and requested that the new apportionment should be proceeded with, subject to the condition precedent.

On the 29th April, 1890, a letter was addressed to you, in common with the other Agents-General in London, on the subject of the proposed reduction to 2½d. of the postage on letters to and from Australasia, stating that the Imperial Treasury was prepared to bear the loss of revenue upon the outward letters under such a reduction, and inquiring if the colonies were prepared to bear the corresponding loss upon the Homeward letters.

On the 20th August, 1890, you replied, stating that the New Zealand Government intended to ask the Colonial Parliament to agree to the Chancellor of the Exchequer's proposal; and on the 28th August, 1890, the new scheme of apportionment which had just been sanctioned by the Treasury, contingent on the renewal of the San Francisco service, was communicated to you. The scheme

follows the recommendation of an interdepartmental committee which sat in 1885 to consider this and other cognate questions, and gives the colony a credit of 12s. per pound upon the outward letters, or more than the whole collection at the reduced rate of postage, which feature alone shows that the very considerable loss of Imperial revenue caused by the universal twopence-halfpenny postage was not taken into consideration in preparing the apportionment scheme with New Zealand.

In conclusion, I may perhaps be allowed to observe that you are under a misapprehension in supposing that the question of the arrears due from New Zealand is merely one between the two Post Offices. The amount due to the United Kingdom could only be remitted by the express authority of the Treasury.

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

I am, &c.,

ALGERNON TURNOR.

No. 104.

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

SIR,—

13, Victoria Street, London, S.W., 12th May, 1891.

In continuation of my letter of the 30th April, I enclose copy of a further letter addressed to the General Post Office, in reply to theirs which I sent you last mail.

It will be seen that my letter repeats what had been said in the previous letter of the 14th April, the object being to confirm the argument and to keep the correspondence afloat for the present until the Government have decided what to do after the present temporary contract for the San Francisco service.

I have only seen newspaper reports as yet of what passed at the Sydney Postal Conference. So far as can be gathered from these necessarily imperfect reports, the Hon. Mr. Ward seems to have favoured the plan of a Vancouver service. There is still, however, no present prospect of any Vancouver service being established with a condition that the ocean steamers should call at New Zealand.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure in No. 104.

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

SIR,—

13, Victoria Street, London, S.W., 11th May, 1891.

I have to acknowledge the receipt of Mr. Turnor's letter of the 29th April, in reply to my remonstrance against dating back to November, 1889, the apportionment for the San Francisco mail-service made last August.

If I rightly understand the position taken by your department, the claim to date back that apportionment rests mainly on these two points: First, that the question of apportionment ought not to be associated with the question of the twopence-halfpenny rate; and, secondly, that the remonstrance I made in 1889 against the stipulation attached by the Treasury to the arrangement then made had been rejected.

As regards the twopence-halfpenny rate, your department objects to its being mixed up with the San Francisco apportionment, because, so far as the Treasury and Post Office are concerned, the questions are quite distinct. But it is beyond doubt that, so far as New Zealand is concerned, they were invariably treated as one. This is manifest from every communication of mine to your department last summer.

Towards the end of June, being then at Paris attending the Telegraph Congress, I asked the Postmaster-General to be good enough to give me an interview, and I came to London expressly for that purpose. My letter of the 28th June (*vide* No. 9, F.-6A, 1890) recited what passed at the interview. I represented to Mr. Raikes that my Government were about to bring Mr. Goschen's proposal before the New Zealand Parliament; but that, before anything could be decided, they must be in a position to tell the Legislature on what conditions the mail-service between this country and the colony was to be carried on. I showed that, as the financial conditions under Mr. Goschen's proposal were entirely novel, the view which New Zealand would take of the twopence-halfpenny rate must depend upon what Her Majesty's Government would decide about the ocean services; and accordingly I asked what contribution the Imperial Government would make for the San Francisco service if New Zealand decided to accept the proposal for the twopence-halfpenny rate.

The question of Imperial contribution not having been decided up to the 20th August, I again represented that my Government intended to ask the Parliament to agree to Mr. Goschen's proposal; but that the question of the ocean mail-services had reached a stage when the apportionment must be decided if the question of the twopence-halfpenny rate was to be settled before the session closed; and I begged once more to be placed in a position to cable an answer to my Government.

On the 28th August the San Francisco apportionment was arranged, and I was requested to communicate the Treasury offer to my Government. I immediately replied that I must also know about the Direct service, in order to let the question of the twopence-halfpenny rate be settled before the session closed. Again, on the 10th September, I pointed out that it was impossible for the matter to be delayed any longer if the question of the twopence-halfpenny rate was to be decided before the New Zealand prorogation, which was then imminent, and I described the resolutions to be brought down in the House of Representatives the next day. These resolutions expressly treated the two questions as one, and could only have been passed in that shape.

Seeing, then, how invariably I had shown that the two questions of assenting to the twopence-halfpenny rate and of the San Francisco apportionment were treated by New Zealand as being one, I cannot but think it will be admitted that some intimation should have been given to me if the Imperial authorities meant them to be separate.

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.

I have, &c.,

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

J. BALLANCE.

Agent-General for New Zealand, London.

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.

I have, &c.,

The Hon. the Premier, Wellington.

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.

Having regard to the fact that for many years the Colony of New Zealand had received exceptionally favourable treatment in this matter, at a large sacrifice of Imperial revenue, the Postmaster-General can hardly think that the Colonial Government will be disposed to contest the claim made by this department to back-date the reassessment from November, 1889, as stipulated by the Treasury; and he hopes that you will place the matter before your Government in such a light as will convince them that the claim is a just one.

I may be allowed to add, with reference to the concluding remarks of your letter of the 11th instant, that the expression "arrears due by New Zealand," used in my letter of the 29th April, was quite innocent in intention, and I regret exceedingly that you should have regarded it as inopportune in a discussion which was designed to be entirely courteous and friendly on the side of this department. The phrase is one of constant official use in transactions with postal administrations, but was perhaps hardly an appropriate one in a semi-diplomatic correspondence.

I am, &c.,

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

ALGERNON TURNOR.

No. 107.

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

SIR,—

13, Victoria Street, London, S.W., 11th June, 1891.

It was very advisable that, in any communications with the Imperial departments about the claim to date back the apportionment for the San Francisco service, the door should be kept open for fresh negotiation whenever it should be decided whether the service was to be continued; and with this object I wished the controversy to be diverted into a new channel.

In the course of the communications that had taken place, it turned out that, instead of the Treasury having insisted on the actual terms of the apportionment of 1890 dating back to 1889, their Lordships had only meant to date back the equitable principle of a more reasonable apportionment as between this country and the colony, and a passage to that effect in Mr. Turnor's letter of the 26th May came very opportunely for the object I wished to attain. A copy of my reply is now enclosed.

It must be remembered that, as the Treasury could have insisted last August on the "equitable principle" being taken into account, so they have the power to insist upon it now if any fresh negotiation has to be made for the San Francisco service. It is fortunate, however, that we shall not be bound by definite figures taken from the 1889-90 accounts, but can deal with the question on a principle to be yet defined in friendly discussion. In the meantime the colony should be prepared to meet the Imperial departments in a conciliatory spirit, as there is a sore feeling about the Exchequer having been called upon for a loss of £13,000 a year while the colony was making a profit out of the service.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure in No. 107.

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

SIR,—

13, Victoria Street, S.W., 4th June, 1891.

Mr. Turnor's very conciliatory letter of the 26th May would in any case have made me reluctant to continue a controversy on the question of dating back the San Francisco apportionment, but, happily, a passage in that letter throws such a new light upon the subject that controversy would be doubly inopportune.

I now learn that when my remonstrance of October, 1889, was laid before the Treasury their Lordships did not mean that the actual terms of a subsequent apportionment were to be retrospective, but only the equitable principle contended for. Nothing could have been fairer; and, if I had known this when we were making the new arrangement last year, I could not have contested the right of the Treasury to insist on the "equitable principle" being then defined, having due regard, of course, to the new circumstances that had arisen.

There would have been no necessity to discuss the abstract question whether the twopence-halfpenny postage rate and the new apportionment had any natural relation to each other, because, in point of fact, the two things could not possibly have been separated. The Chancellor of the Exchequer had asked New Zealand to join him in a great postal reform, involving an appreciable sacrifice of revenue, and, though my Government were very willing to adopt his proposal, it was really not in their power to do so without knowing how the mail-services were to be kept up under the twopence-halfpenny rate. This was, in fact, the precise question I had asked to be considered, and then would have been the opportune time to say how the "equitable principle" ought to be interpreted; but, as nothing was said, it was natural to conclude that the stipulation of 1889 merged in the arrangement of 1890. Any other supposition, indeed, was almost precluded by Mr. Rea's letter of the 28th August, 1890, which expressly asked me to communicate "this offer" to my Government "in reply to their recent telegram."

But, just as the Treasury had it in their power to interpret the "equitable principle" then, so they have it in their power now, since a more permanent arrangement must soon take the place of the temporary makeshift of last year. The question of a Pacific ocean-service has changed very much in the last two years. In 1889 a service by Vancouver seemed likely, for Imperial reasons, to supplant the one by San Francisco. Instead of this, the prospect of a Vancouver service has distinctly receded. The only project now talked of is one for the ocean-steamers to run direct between Vancouver and Queensland without calling at New Zealand, and we in New Zealand will have nothing to do with that project, nor does it seem to be acceptable to Australia. The tendency,

therefore, is likely to be in favour of maintaining the San Francisco service on a more permanent footing, and with better postal speed; and as this must of necessity be decided one way or the other in the next few weeks, then will be the opportune moment for settling not only the future apportionment, but the date from which it ought in equity to take effect.

My Government would very sincerely regret if anything could lead to the idea that they are unmindful of the very generous treatment extended to New Zealand by your department and the Treasury. On the contrary, the very circumstances which had from year to year made temporary makeshifts necessary only served to bring out more strongly their sense of the patience and considerate manner in which their repeated importunities were received.

The Secretary, General Post Office.

I am, &c.,
F. D. BELL.

No. 108.

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

SIR,—

Premier's Office, Wellington, 21st July, 1891.

I have the honour to acknowledge the receipt of your letter of the 29th May last, enclosing copy of the reply from the Imperial Post Office to your letter of the 11th idem, on the subject of dating back the apportionment of postage.

I share your satisfaction at the tone of the reply. You will already perhaps have taken action on my letter of the 28th May (*vide* No. 63, F.-4, 1891), informing you that the Government intends to ask Parliament to renew the San Francisco service for three years.

I have, &c.,
J. BALLANCE.

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

No. 109.

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

SIR,—

Premier's Office, Wellington, 23rd July, 1891.

I have the honour to acknowledge the receipt of your letter of the 11th ultimo, with further reference to the claim of the Imperial Post Office to date back the apportionment for the San Francisco mail-service, and enclosing a copy of your reply to the Secretary, General Post Office, which has been read with much interest and satisfaction.

I have, &c.,
J. BALLANCE.

The Agent-General for New Zealand, London.

No. 110.

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

(Telegram.)

London, 24th October, 1891.

Thirdly, with reference to Postmaster-General's, 16th February, Imperial Post Office consents not date back Fr'isco apportionment.

No. 111.

The Hon. A. J. CADMAN to the AGENT-GENERAL, London.

SIR,—

Premier's Office, Wellington, 30th October, 1891.

In reference to that portion of your telegram of the 24th instant which runs as follows:—"With reference to Postmaster-General's, 16th February, Imperial Post Office consents not date back San Francisco apportionment"—I have to express my satisfaction at the settlement of this question of the apportionment in favour of the colony, and to congratulate you on the success of your efforts to that end.

I have, &c.,
A. J. CADMAN,

The Agent-General for New Zealand, London.

In the absence of the Premier.

No. 112.

The SECRETARY, General Post Office, London, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

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

With reference to your letter of the 16th February last, on the question of dating back the apportionment arrived at in 1889 of the cost of the New Zealand mail-service *via* San Francisco, I am directed by the Postmaster-General to inform you that this question has formed the subject of correspondence between this department and Sir Francis Bell, and has had to be submitted afresh to the Lords Commissioners of Her Majesty's Treasury, whose decision has just been received.

Having regard to all the circumstances urged by Sir Francis Bell on behalf of New Zealand, the Treasury are pleased to decide that, the new apportionment having been in force since the 1st October, the application of it to the preceding year shall not be pressed further.

I am, &c.,
H. BUXTON FORMAN,
For the Secretary.

The Postmaster-General, Wellington.

No. 113.

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

SIR,—

General Post Office, Wellington, 22nd December, 1891.

I have the honour to acknowledge the receipt of your letter of the 26th October, communicating the decision of the Lords Commissioners of Her Majesty's Treasury not to press further the application of the new apportionment of the cost of the San Francisco service to the year 1889-90.

I am much obliged for your communication, and request that you will be so good as to convey to their Lordships my acknowledgments of their considerate treatment of this question.

I have, &c.,

W. GRAY,

The Secretary, General Post Office, London.

For the Postmaster-General.

No. 114.

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

SIR,—

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

Referring to Sir F. D. Bell's letter of the 11th June last, I beg leave to transmit herewith copy of letter received from the General Post Office, stating that Her Majesty's Government have decided not to date the application of the mail-service apportionment made last year further back than the 1st October, 1890.

I attach copy of telegram, in which I conveyed to you the above-mentioned decision.

I have, &c.,

The Hon. the Premier, Wellington.

WALTER KENNAWAY.

Enclosure in No. 114.

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

SIR,—

General Post Office, 23rd October, 1891.

With reference to Sir Francis Bell's letter of the 4th June last, and to previous correspondence, in which there was a friendly controversy between himself and this department on the question of dating back the apportionment of the cost of the New Zealand mail-service *via* San Francisco under the Treasury award of the 28th September, 1889, I am directed by the Postmaster-General to inform you that the question has been submitted to the Lords Commissioners of Her Majesty's Treasury, whose decision has just been received.

Having regard to all the circumstances urged by Sir Francis Bell on behalf of New Zealand, the Treasury are pleased to decide that, as the new apportionment has been in force since the 1st October, 1890, the application of it to the preceding year shall not be pressed further.

I am, &c.,

Walter Kennaway, Esq., C.M.G.

EDWARD H. REA.

No. 115.

The Hon. W. P. REEVES to the AGENT-GENERAL, London.

SIR,—

Premier's Office, Wellington, 22nd December, 1891.

I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 29th October, enclosing copy of that of the 23rd idem from the Imperial Post Office, stating that Her Majesty's Government had decided not to date the application of the mail-service apportionment made last year further back than the 1st October, 1890, together with copy of his telegram to the same effect. The London Post Office has also made that communication direct to the Postmaster-General, and has been requested to convey his thanks to the Imperial Treasury for its action. I shall be glad if you will do the same for the Government.

I have to express my thanks for what your office has done in this matter; and Sir Francis Bell has been apprised of the result.

I have, &c.,

W. P. REEVES,

The Agent-General for New Zealand, London.

For the Premier.

No. 116.

The Hon. J. G. WARD to Sir F. D. BELL, K.C.M.G., Wellington.

SIR,—

General Post Office, Wellington, 14th January, 1892.

I have the honour to communicate with you in reference to the correspondence which as Agent-General you carried on with the Imperial authorities relative to dating back the apportionment of the cost of the San Francisco service. By the last mail information was received from the Acting Agent-General that the Treasury had decided not to date the apportionment further back than the 1st October, 1890.

You will no doubt be interested and pleased to hear of this decision, which it is acknowledged is mainly due to your able advocacy on behalf of the colony.

I have, &c.,

J. G. WARD, Postmaster-General.

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

No. 117.

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

SIR,—

Wellington, 22nd January, 1892.

I have the honour to acknowledge the receipt of your letter informing me that the Imperial Treasury had decided not to date back the apportionment for the San Francisco service further back than the 1st October, 1890.

I congratulate you on this favourable result, and beg you to accept my thanks for the kind reference you have been pleased to make to the representations I had addressed to the Imperial authorities on the subject while I was Agent-General.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 118.

The Hon. GEO. McLEAN to the SECRETARY, General Post Office, Wellington.

Union Steamship Company of New Zealand (Limited), Wellington,

SIR,—

13th July, 1891.

You will observe from the extract from Messrs. Spreckels's letter sent you that not only does the Postmaster-General of the United States deduct £200 per trip on account of the "Monowai" being a New Zealand ship, but he purposes to cut down the payment to sea postages only, thereby putting her even in a worse position than the "Zealandia" occupied.

Might I crave your good offices in a firm protest against such treatment, bringing out clearly the fact that you are supporting the service, and have never during all those years that it has been in existence raised any objection to American ships being employed; and now that it has been arranged to carry on the service with two American and one British vessel, and as their proportion is as two to one, you can readily press on them the necessity of showing just consideration for a line which must be to your mutual advantage as tending to develop trade between the two countries, and that their £12,000 should be treated as a contribution to the service, as it was fully understood to be when granted.

I have, &c.,

GEO. McLEAN,

For Managing Director.

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

Enclosure in No. 118.

(Extract from J. D. Spreckels's Letter of the 30th April, 1891.)

THE United States Post Office Department has raised the question of the ownership of the "Monowai," and the amount of the remuneration she is entitled to receive for carrying the American mail. I explained the nature of our arrangements for a joint service, and was met by the statement that the order of the Postmaster-General granting \$60,000 a year for the Australian mail was expressly declared to apply only to ships owned by the Oceanic Company, and that if the "Monowai" did not belong to that company it was only entitled to receive sea postages computed at the rate of about 44 cents per pound for letters and 4½ cents per pound for other matter, under section 4,009 of the Revised Statutes of the United States. To this I replied that the service was being efficiently performed, and that, if the letter of the order was not complied with, its spirit had been, and that we were entitled to collect the full amount. In reply, under date of the 24th March, 1891, the Superintendent of Foreign Mails wrote: "The Postmaster-General directs me to confirm the statements made in letter 95,081, above referred to, and again to invite your attention to the circumstance that his order of the 9th January last related exclusively to the vessels of your company in its provision that, subject to the provisions and conditions hereinafter contained, the sum of \$60,000 per annum shall be allowed and paid to the Oceanic Steamship Company, of the City of San Francisco, State of California, as full compensation for the services rendered by said company," &c.

"It is probably unnecessary to assure you that the Postmaster-General has no desire to evade any of the provisions of this order of the 9th January last; but when said order was made the Oceanic Steamship Company alone was recognised by the department as interested in the matter, and to that company alone can payment be made under and at the rates prescribed by said order.

"If the business arrangements between your company and the owners of the 'Monowai' are such that, so far as the conveyance of the United States mails for the Australian Colonies are concerned, the steamer 'Monowai' is to be considered as a substitute for your steamer 'Zealandia,' temporarily withdrawn, for whose services in conveying the mails your company is authorised to receive compensation from this department to that effect, then compensation for the services rendered by the steamer 'Monowai' will be allowed to your company at the rate prescribed in the Postmaster-General's order of the 9th January, 1891, otherwise the compensation to be allowed to the agents of the steamer 'Monowai' must be limited to the sea postage on the mails conveyed."

I was not able to state that our business arrangements were in the nature of a temporary substitution of the "Monowai" for the "Zealandia," and so informed the department, whereupon I was advised, under date of the 16th April, that the order recognising the services of the steamers of the Oceanic Steamship Company for the quarter ended the 31st March, 1891, was suspended until further advice had been received from us respecting our authority to receive compensation for the "Monowai's" services.

To this I replied that we had no further remarks to make; that the nature of our business arrangement with the Union Company of New Zealand had been already stated, and that, as your

agents, we were authorised to receive the postal earnings of the "Monowai." There the matter rests for the present. I can see no pretext of justification for reducing the letter rates from £1 5s. to 12s. per pound in the case of Australian correspondence, which aggregates about four-fifths of the colonial mail to the United States. This correspondence must be carried by our steamers; and, as the Australian Government do not make any contract for the San Francisco mail-service, they should not be placed in the same favourable position as New Zealand, which guaranteed its continuance; and it should be borne in mind that the effect will be to lessen Australian postal receipts by more than half. This was unfair to the contractors, who went into the contract with the New Zealand Government in good faith, relying upon it to protect them on Australian business. This concession will not even increase the Anglo-Australian correspondence, because neither the London nor the Australian Post Offices ship any mail-matter by the San Francisco route which may be despatched by the Federal service *via* Suez Canal. It was certainly a discouraging move on the part of the New Zealand Government, and I hope it is capable of amendment.

No. 119.

The Hon. J. G. WARD to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 12th August, 1891.

Under your order of the 9th January last, authorising payment of \$60,000 for the current year to the Oceanic Steamship Company for conveying United States mails by their steamers performing the San Francisco-Honolulu-Auckland-Sydney mail-service contract, there is the following proviso: "Provided that the mails are conveyed in steamers of United States build and register; and that if in any case a foreign-built steamer shall perform the service herein referred to, then the sum allowed said foreign steamer shall be \$1,000 less than would be allowed to a steamer of United States build and register for the same service."

When renewing the present temporary contract with the Union Steamship Company I approved of their steamer "Monowai" replacing the "Zealandia," and she is now performing precisely the same service for the United States Post Office as did the "Zealandia." The contractors, however, have been advised that your department had declined to recognise the "Monowai" as a contract vessel under the provisions of your order of the 9th January (*vide* No. 50, F.—4, 1891), already referred to, relating to foreign steamers, thereby excluding her from receiving a maximum share of the \$60,000; and had fixed her compensation at the sea rates of postage only—namely, 44 cents per pound on letters and 4½ cents per pound on books and newspapers, the minimum payment which every vessel in no way bound by contract obligations is, I understand, entitled to claim for carriage of United States mails. The contractors naturally regard this decision as inequitable and harsh, and they have appealed to me to use my good offices with you for more liberal compensation, if not in proportion to the value of the services actually rendered your department, at least in accordance with the expressed intent of your said order in respect to foreign vessels. I have no hesitation in complying with the request; and I believe that the equity of their claim has only to be brought under your notice to secure for the contractors that consideration which the circumstances seem to me to demand. I therefore urge the matter for settlement in favour of the contractors.

I may perhaps be allowed to remind you that the San Francisco service, for years, was maintained at the joint expense of New South Wales and New Zealand. No direct assistance of any moment has been received from the United States until within the last year, although her commerce, in the meantime, had largely developed owing to the advantages of direct steam-communication with Australasia. The service at the present time is being performed by the Union Steamship Company of New Zealand, as contractors, under a business arrangement with the Oceanic Steamship Company of San Francisco, whereby two steamers of the Oceanic Company, owned and registered in the United States, and one owned by the contractors, and registered in New Zealand, are employed in the performance of the contract. Although the "Monowai" has a claim to an equitable share of the \$60,000, your department, in an apparently inconceivable illiberal spirit, determines to treat the New Zealand steamer as one under no contract obligations whatever, and decides to compensate her services at the minimum rate payable to ordinary traders. This, I venture to say, is not only ungenerous, but is also in marked contrast to the policy of this colony, which ever since it inaugurated the San Francisco service has treated United States vessels engaged in the service with the same liberality as if they had been British owned and registered. I would therefore strongly urge you to reconsider the position taken up by your department in this matter, and to extend to the New-Zealand-owned steamer the same liberal treatment which this Government has always shown to United States vessels, by allowing to the "Monowai" a full share of your subsidy, to which she is fairly entitled.

I have, &c.,

J. G. WARD, Postmaster-General.

The Hon. the Postmaster-General, Washington.

No. 120.

The Hon. the POSTMASTER-GENERAL, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Office of the Postmaster-General, Washington, D.C., 15th September, 1891.

I have the honour to acknowledge the receipt of your letter of the 12th ultimo, relative to what you term the "apparently inconceivable illiberal spirit" exhibited by this department in its treatment of the steamer "Monowai," with reference to the compensation to be allowed for the

services of said steamer in conveying the United States mails from San Francisco for the Australasian Colonies during the present year.

In reply, I have to inform you that my order of the 9th January last, to which you refer, directed that the sum of \$60,000 per annum be paid to the Oceanic Steamship Company for the service rendered by its steamers in conveying the mails in question, subject to certain deductions in case vessels of foreign register are employed for any part of said service.

Upon the occasion of the sailing of the "Monowai," a steamer of New Zealand register, on the 20th February last, with the United States mails for the colonies, the agents of the Oceanic Steamship Company were informed that, if they were authorised to receive pay for the services rendered by said steamer in conveying the mails in question, compensation would be allowed them therefor at the rate specified in my order of the 9th January, 1891; but, if not, then the steamer "Monowai" was not embraced in said order, and only the sea postages could be allowed for her services—viz., 44 cents per pound for letters and $4\frac{1}{2}$ cents per pound for other articles, which is the equivalent of the Postal Union sea-transit rate of 5 francs per kilogramme for letters and 50 centimes per kilogramme for other articles. After some correspondence on the subject, the agents of the Oceanic Steamship Company advised this department that they were authorised to receive pay for the services of the "Monowai," and thereupon payment was ordered to be made at the rate fixed by my order of the 9th January, 1891, for the services of said steamer upon the trip from San Francisco of the 20th February, as well as upon her trip of the 1st May, 1891.

As your Administration has been informed heretofore, the statutes of the United States now in force fix the minimum compensation to be allowed for the sea-conveyance from the United States of mails for foreign countries at the sea and United States inland postage on the mails conveyed, if the service is performed by steamers of United States register, and if the service is performed by steamers of foreign register at the sea postage only.

When it became advisable, in view of the subsidy paid by your Administration in aid of the direct mail-service between the colonies and San Francisco, to fix a definite amount per annum to be allowed by this department for the same service, a careful estimate was made of the amount of postage collected on correspondence contained in the mails for the colonies during an entire year, from which it appeared that said postage would amount to \$60,000, whereupon my order of the 9th January was made, allowing that sum per annum to the Oceanic Steamship Company, as the steamers of that company were at that time performing the entire service.

My order covered only the regular service therein provided to be performed by vessels of the Oceanic Steamship Company, and if that company failed to perform any part of said service provision was made for certain deductions. But the order was not intended to cover, and had no reference to, services performed by vessels other than those of the Oceanic Steamship Company.

When the steamer "Monowai" was tendered the only question to be decided was whether or not she was performing service for the Oceanic Steamship Company, and, when that question was answered in the affirmative, she was promptly recognised as coming within the scope of my order, and settlement was made accordingly. If she had not been sailing for said company I would have had no alternative but to allow her, as compensation, only the sea postage on the mails conveyed by her.

I have, &c.,

J. WANAMAKER, Postmaster-General.

The Hon. the Postmaster-General, Wellington.

No. 121.

The Hon. J. G. WARD to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 9th December, 1891.

I have the honour to acknowledge the receipt of your letter of the 15th September, replying to mine of the 12th August. You detail the circumstances under which the contribution of \$60,000 paid the Oceanic Steamship Company by your department, in consideration of performance of the San Francisco mail-service, was fixed upon, and notify that, as the "Monowai" had been reported as performing service for the Oceanic Steamship Company, payment for that service was being made at the same rate as for that of vessels belonging to the company.

I am much obliged for your communication, and pleased to find that the "Monowai's" service had already been recognised at the same rates as were paid on account of the "Zealandia," for which the "Monowai" was substituted.

I have, &c.,

The Postmaster-General, Washington, D.C.

J. G. WARD, Postmaster-General.

No. 122.

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

Union Steamship Company of New Zealand (Limited), Dunedin,

29th April, 1891.

DEAR SIR,—

I notice that we have never yet had any vouchers from you for the mailage on the San Francisco mails. I should be glad if you would give effect to the arrangement which was entered into between us—namely, that you should give an estimate of the amount carried each month, subject to adjustment when the formal records were forthcoming. Will you supply us with the particulars of the San Francisco mail-matter forwarded from Sydney, or shall we be supplied with it by the Sydney Post Office direct? Kindly advise me.

Yours, &c.,

T. W. WHITSON,

For Managing Director.

W. Gray, Esq., Wellington.

No. 123.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company of New Zealand (Limited),
Dunedin.

SIR,—

General Post Office, Wellington, 22nd May, 1891.

I regret to find from your letter of the 29th ultimo that there has been a misunderstanding in connection with the subsidy-payments in respect of the present renewed San Francisco service. I understood that at our interview on the 18th February last the vouchers would be rendered by your office as usual, the form in which they were to be made out having been settled; but this seems to have been a misapprehension, which I regret.

I have now to advise you that, for the purpose of periodical payments, the annual subsidy has been calculated as under :—

In respect of mails Homeward	£	5,725
" from London		4,133
" from non-contracting colonies		5,400
Making a total of		£15,258

But from this is to be deducted £1,922, the estimated half-cost of transit of the London Homeward mails from San Francisco to New York, which leaves £13,336 as the net amount payable.

The £15,258 is a minimum amount, and any balance will be paid over so soon as this office is able to adjust the accounts, when you will also be furnished with the weights of the mails conveyed.

Two vouchers, covering payment for twelve voyages, particulars as per accompanying statement [not published], have, as I telegraphed you yesterday, been passed for payment, the "Monowai's" amounts payable at Dunedin, and the "Alameda's" and "Mariposa's," as usual, payable at Auckland. The total amount, as you will observe by the statement, is £6,155 1s., being at the rate of £512 18s. 5d. for each voyage.

Your office will now, I presume, render claims as formerly.

I have also to request you to be good enough to forward the Postmaster-General any reasons you may have to urge why the "Monowai" should not be penalised for late departure from San Francisco, and for her late arrival at Auckland with the London mails of the 24th January last.

I have, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company of New Zealand (Limited), Dunedin.

No. 124.

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

Union Steamship Company of New Zealand (Limited), Dunedin,

28th May, 1891.

SIR,—

I have the pleasure to acknowledge receipt of your favour of the 22nd instant, and thank you for supplying the information which will enable us to render provisional vouchers for mailage payable under the present renewal of the San Francisco service. We must protest, however, against the deduction of £1,922 per annum, the estimated half-cost of transit across America of the London Homeward mails, which you propose to make the contractors liable for in the event of the charge not being borne by the American Government. In considering the renewal of the service, we made a point of objecting to this proviso, and have always maintained that the contractors should not be held liable in any way for the cost of overland carriage. In support of this contention, I might point out the inconsistency of making us pay for the land-transport of newspaper- and book-packets while we do not receive a penny for carrying them over sea. I must earnestly request you, therefore, to reconsider this question, and to pass to our credit the deductions you have made.

This gives me an opportunity of representing how unfair it is, considering the quick service the San Francisco route affords, that we should be asked to carry mail-matter for nothing, while payment is made for the same service to the Direct mail, which takes much longer in transit. It should be remembered, too, that the New Zealand newspapers invariably publish their monthly summaries for transmission by the San Francisco mail, so that the free portion forms a considerable part of the mail-matter carried by our steamers. I hope the Postmaster-General will take this into his favourable consideration.

With regard to your request that we should show cause why the "Monowai" should not be penalised for her late arrival at Auckland with the London mails of the 24th January last, I would only state that the steamer left San Francisco as soon as the mails were put on board, but that, unfortunately, a breakdown in her machinery when two days out compelled her to return to San Francisco for repairs. The accident arose through circumstances over which we had no control. Neither time nor money was spared in repairing the damage, work never ceasing day or night until the steamer was again ready for sea. We trust, therefore, the Postmaster-General will be kind enough to consider that, apart from the cost to us, the circumstances are such as justify us in seeking exemption from the infliction of any penalty for the unavoidable delay.

I have, &c.,

T. W. WHITSON,

The Secretary, General Post Office, Wellington.

For Managing Director.

No. 125.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company of New Zealand (Limited),
Dunedin.

SIR,—

General Post Office, Wellington, 1st July, 1891.

I have the honour to acknowledge the receipt of your letter of the 28th May, in which you protest against the deduction (in case the American Government will not bear the charge) of £1,922 per annum from the subsidy, as the half-cost of the transit of the Homeward mails across the United States; also against being required to carry mail-matter by the San Francisco service for nothing, and ask that no penalty be inflicted for the late arrival of the "Monowai" at Auckland in March last; and, by direction of the Postmaster-General, to say, in respect of the two first matters, that your representations will be considered when the three years' renewal of the service is brought up for consideration.

The Postmaster-General, you will be pleased to learn, has agreed to waive all penalties in connection with the "Monowai's" late arrival in March. I am, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company of New Zealand (Limited), Dunedin.

No. 126.

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

Union Steamship Company of New Zealand (Limited), Dunedin,

17th July, 1891.

SIR,—

I have the honour to acknowledge receipt of your favour of the 1st instant, advising that our protest against the deduction of the half-cost of the transit of Homeward mails across the United States will be considered at the same time as the proposal for the three years' renewal of the service.

The directors instruct me to ask you to convey their thanks to the Postmaster-General for waiving the penalties in connection with the detention of the "Monowai" through a breakdown of her machinery.

I have, &c.,

T. W. WHITSON,

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

For Managing Director.

DIRECT MAIL-SERVICE.

No. 127.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

SIR,—

General Post Office, Wellington, 28th May, 1891.

I have the honour to inform you, by direction of the Postmaster-General, that the Government proposes to ask the House of Representatives to renew with your company the contract for the Direct steam mail-service for a period of three years from the expiry of the present temporary contract. Should your directors desire to make any representations in the matter the Postmaster-General will be obliged if they will communicate them to him as early as possible.

I have, &c.,

W. GRAY, Secretary.

The Secretary, New Zealand Shipping Company (Limited), Christchurch.

No. 128.

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

The New Zealand Shipping Company (Limited), Christchurch,

9th June, 1891.

SIR,—

I have the honour to acknowledge receipt of your letter of the 28th May, which was laid before the Board of directors of this company at its meeting to-day, and I am instructed to say that we are in cable-communication with our London office regarding the proposal of the Hon. the Postmaster-General to extend the existing mail-contract for a further period of three years, and will write you immediately we receive a reply.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

No. 129.

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

The New Zealand Shipping Company (Limited), Christchurch,

15th June, 1891.

SIR,—

Referring to your letter of the 28th ultimo, I have the honour to inform you that cable messages have been received by this company, and by the representatives of Shaw-Savill and Albion

Company, from London, to the effect that the two companies are not prepared to agree to extend the existing mail-contract for a period of three years, as the remuneration is considered quite inadequate for the services required to be performed under the contract.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

No. 130.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

SIR,—

General Post Office, Wellington, 27th June, 1891.

I have the honour, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your letter of the 15th instant, notifying that your company and the representatives of the Shaw-Savill and Albion Company have received cable messages from London to the effect that the two companies are not prepared to agree to extend the existing Direct mail-service contract for a period of three years on the present terms, on the ground of inadequacy of subsidy.

I am desired to express the regret of the Hon. Mr. Ward that a three years' extension of the contract cannot be accepted by the companies; and, at the same time, to advise you that the Government will not be able to agree to any renewal of the service except on the existing conditions.

I have, &c.,

W. GRAY, Secretary.

The Secretary, New Zealand Shipping Company (Limited), Christchurch.

No. 131.

The SECRETARY, New Zealand Shipping Company (Limited), to the Hon. J. G. WARD, Wellington.

(Telegram.)

Christchurch, 13th July, 1891.

WOULD Government give £600 per voyage for fortnightly Direct mail-service, subject three months' notice either side if expedient change route?

No. 132.

The Hon. J. G. WARD to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

(Telegram.)

Wellington, 18th July, 1891.

YOUR telegram of 13th instant has been considered by Cabinet. I regret that the Government cannot give a fixed subsidy of £600 per fortnightly voyage, as requested. Cannot increase offer or alter proposal made 28th May.

No. 133.

Mr. GIBBS to the Hon. the POSTMASTER-GENERAL, Wellington.

The New Zealand Shipping Company (Limited), Christchurch,
24th July, 1891.

SIR,—

I have the honour to acknowledge receipt of your telegram of the 18th instant.

In reply, I beg to inform you that we cabled our London Board on the 22nd instant in terms of your telegram, and on receipt of a reply we will communicate with you again on the subject.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

ISAAC GIBBS, Secretary.

No. 134.

Mr. GIBBS to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

The New Zealand Shipping Company, Christchurch, 28th July, 1891.

Referring to my letter of the 24th instant I have now the honour to inform you that we have received the following cable, dated London, 25th instant: "Direct Mail-service—We delay replying definitely till Mr. Harper arrives."

Mr. Harper is the chairman of the colonial board of directors of this company, and proceeded to London in the s.s. "Arawa" on the 25th instant. He is due in London about the 5th September, and we shall be glad if you can see your way to leave the question of the Direct mail-service open pending his arrival there.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

ISAAC GIBBS, Secretary.

No. 135.

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

SIR,—

Premier's Office, Wellington, 3rd August, 1891.

With reference to the Hon. Mr. Buckley's letter to you of the 28th May (*vide* No. 63, F.—4, 1891), on the subject of the renewal of the ocean mail-services (which my further letter of the 21st ultimo also refers to), I have the honour to inform you that the negotiations in connection

with the Direct service are at present at a standstill. I enclose copy of the correspondence which has taken place with the New Zealand Shipping Company, from which you will learn that the joint companies are not prepared to extend the contract for three years on existing terms, and that the Government has refused an offer of the contractors to perform a fortnightly service for £600 per voyage, and has also notified the contractors that they need not expect that the service will be renewed on other than the present terms.

A last communication from the secretary of the New Zealand Shipping Company, dated the 28th ultimo, follows on the intimation that the matter had been referred to London, and contains a despatch from London saying, "Direct Mail-service.—We delay replying definitely till Mr. Harper arrives." Mr. Harper is the chairman of the colonial board of directors of the company. He is on board the "Arawa," due in London about the 5th proximo.

It is doubtful whether the Government can wait until September. The question of the renewal of the ocean services will probably have to be submitted to Parliament before then.

I have, &c.,

J. BALLANCE.

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

No. 136.

The SECRETARY, Bluff Harbour Board, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Invercargill, 12th August, 1891.

THE following resolutions were passed by the Board at its meeting held yesterday, namely: "That, in view of a fresh contract being about to be entered into for a Direct mail-service between New Zealand and Great Britain, the Postmaster-General be requested to take into consideration the fact that, Bluff Harbour being the nearest port of call in the Middle Island for the inward-bound mail-boats, an earlier delivery of correspondence at its commercial centres would result by having the mails landed there than can be obtained under existing arrangements." Secondly, "That, in addition to the exemption from harbour dues, steamers carrying the English mails, in the event of their requiring to be tendered outside this port, the Board agrees to land the mails at Campbelltown free of all charges beyond the actual cost of coal consumed by the tug performing the service."

No. 137.

The SECRETARY, Chamber of Commerce, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Invercargill, 14th August, 1891.

FOLLOWING resolution unanimously adopted at special meeting of Chamber: "That, in the opinion of this Chamber, the time has come when the Bluff Harbour should be made one of the colonial ports of call for the Direct mail-steamers, and that consequently it should be specifically included as the first port of call for inward ships passing through Foveaux Strait in any new contracts entered into by the Government of the colony with steamship-owners for the conveyance of ocean mails. That the Postmaster-General be urgently requested to give the matter his favourable consideration and support in the Cabinet on the grounds of its merits, it being demonstrable that, by means of a properly-arranged train-service connecting with steamers at the Bluff, the inward mails could be delivered several days earlier over a large portion of the colony than is possible by the present method."

No. 138.

Mr. GRAY to the SECRETARY, Bluff Harbour Board, Bluff.

SIR,—

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

I have the honour, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your telegram of the 12th ultimo, forwarding the resolutions of your Board in favour of making Bluff the first port of call for the Direct service steamers under any new contract that may be entered into for that service, the Board undertaking to land the mails by its steam-tug.

In reply, I am to express the Postmaster-General's regret that he does not now think it practicable to stipulate that the steamers should land the mails at any one port. The determination of the first or any port of call has hitherto been left at the option of the contractors, and, as the subsidy is now so small, it would be useless to negotiate, the Postmaster-General thinks, for an alteration of the conditions in this respect. Your Board is no doubt aware that under the present contract the Bluff is put in the same position as Port Chalmers, Lyttelton, Wellington, and Auckland. What is now desired would, in the Postmaster-General's opinion, be more likely to be secured were the Board to make direct representations to the contracting company.

I have, &c.,

The Secretary, Bluff Harbour Board, Bluff.

W. GRAY, Secretary.

No. 139.

Mr. GRAY to the SECRETARY, Chamber of Commerce, Invercargill.

SIR,—

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

I have the honour, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your telegram of the 14th ultimo, conveying the resolution, adopted at a special meet-

ing of your Chamber, affirming that the Bluff should be made the first port of call under any new contract for the Direct service.

The resolution has been duly considered by the Postmaster-General, who regrets that he is unable to hold out a hope that the desire of the Chamber can be carried into effect, as he considers it would be impracticable to bind the contractors to any one port. The determination of the first or any port of call has hitherto been left to the contractors; and the subsidy is now so small that the Postmaster-General does not think that negotiations on his part for an alteration of the contract-conditions in this respect would be successful. In the present contract the Bluff is put in the same position as Port Chalmers, Lyttelton, Wellington, and Auckland as a port of call; and the Chamber might directly approach the contracting company, and endeavour to prevail on the directors to favourably consider the landing of the inward mails at the Bluff.

The Secretary, Chamber of Commerce, Invercargill.

I have, &c.,

W. GRAY, Secretary.

No. 140.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

(Telegram.)

Wellington, 9th September, 1891.

CAN you now reply definitely *re* renewal Direct service contract? Question ocean services to be considered by House of Representatives on Monday. Important that Postmaster-General should learn decision your company by Friday next.

No. 141.

The SECRETARY, New Zealand Shipping Company (Limited), to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 9th September, 1891.

HAVE cabled our London office that question of mail-services will be submitted to Parliament on 14th instant, and asked them to cable definite reply immediately. We will pass on the reply as soon as received.

No. 142.

The ACTING SECRETARY, New Zealand Shipping Company (Limited), to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 12th September, 1891.

OUR London office cables that we cannot entertain proposals *re* mail-service except at a considerable reduction in speed. The amount offered is so small that our time in London is more valuable.

No. 143.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

SIR,—

General Post Office, Wellington, 16th September, 1891.

I have the honour to acknowledge the receipt of Mr. Bennett's telegram of the 12th instant, notifying receipt of advices from London that your company cannot entertain the proposals of the Government for renewal of the Direct mail-service for three years, except at a considerable reduction in speed.

The Postmaster-General has read the telegram, and I am to express his regret at the decision of your company. I am also to refer you to the resolution (*vide* No. 12) respecting ocean mail-services (copy herewith) submitted to and passed by the House of Representatives yesterday.

I have, &c.,

W. GRAY, Secretary.

The Secretary, New Zealand Shipping Company (Limited), Christchurch.

No. 144.

The SECRETARY, New Zealand Shipping Company (Limited), to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 30th September, 1891.

WOULD Postmaster-General agree make contract with us for carriage of mails from London only.

No. 145.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

(Telegram.)

Wellington, 2nd October, 1891.

POSTMASTER-GENERAL requests me to say that, as your inquiry relates to mails from London only, he could not contract. That is a matter for London Post Office authorities, to whom he will refer matter. I am also to ask whether Postmaster-General is to conclude that yourselves and Shaw-Savill will not renew for carriage of mails both ways on terms fixed by House of Representatives.

No. 146.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 5th October, 1891.

WILL the Postmaster-General refer the question of outward mail-contract to the Imperial authorities by cable? With reference to a contract both out and Home, I am requested to inform you that both shipping companies have received instructions from their London offices not to commit themselves to the terms and conditions of the proposed contract, the remuneration being inadequate.

No. 147.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company, Christchurch.

(Telegram.)

Wellington, 6th October, 1891.

Do I understand that in any contract for conveyance of mails from Plymouth to the colony your company would accept the payment of eleven shillings per pound for the letters, deliver mails in forty-five days, and be liable for penalty of four pounds an hour when late delivery exceeded forty-eight hours?

No. 148.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 6th October, 1891.

ON receipt of your telegram of 2nd instant, we cabled our London office that the Postmaster-General would refer the question of the carriages of outward mails to the Imperial authorities. We are unable to say on what conditions our London office is prepared to carry the outward mails, and we venture to suggest that the matter be left for arrangement in London.

No. 149.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company, Christchurch.

(Telegram.)

Wellington, 7th October, 1891.

AGENT-GENERAL cabled to-day (*vide* No. 22) to inform London Post Office that while your company not disposed to renew Direct service you were prepared to contract for conveyance of mails from London to colony, a proposal Postmaster-General unable to entertain. Suggest that you cable your Board stating what has been done.

No. 150.

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

(Telegram.)

London, 10th October, 1891.

. . . Firstly, New Zealand Shipping Company disowns offer (*vide* No. 22) made in colony outward mails only. Secondly, New Zealand Shipping Company now offer renew contract for twelve months same terms, except requiring £16,000 subsidy instead mail-money; or, alternative offer, will carry outward mails for twelve months, eleven shillings letters, with minimum payment £8,000, and speed twelve hundred hours [50 days]; both offers open ten days. Thirdly, alternative offer, speed provides for probable calling Melbourne. . . .

No. 151.

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

(Telegram.)

Wellington, 12th October, 1891.

OFFERS New Zealand Shipping Company declined. Conditions already advised cannot be varied.

No. 152.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company, Christchurch.

(Telegram.)

Wellington, 13th October, 1891.

YOUR London Board, through Agent-General, has offered—(1) Renew contract for twelve months for £16,000 a year, other conditions as at present; or (2) will convey mails from London to colony for twelve months for eleven shillings per pound for letters, with minimum payment of £8,000; time, twelve hundred hours. As both offers beyond limits fixed by House of Representatives, they have been declined.

No. 153.

The ACTING SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 13th October, 1891.

THANKS for information *re* mail-contract. Mr. Gibbs away South. Will inform him.

No. 154.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company, Christchurch.

(Telegram.)

Wellington, 24th October, 1891.

LONDON Post Office considers the offer of your company for incomplete service not desirable (*vide* No. 35). Other arrangements now being made for service alternating with Frisco.

No. 155.

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

DEAR SIR,—

The New Zealand Shipping Company, Christchurch, 28th October, 1891.

I beg to thank you for your telegram of the 24th instant, intimating that London Post Office considers the offer this company for an incomplete service is not desirable, and that other arrangements are now being made for service alternating with Frisco. We have cabled our London office to the above effect.

I am, &c.,

W. Gray, Esq., Wellington.

ISAAC GIBBS, Secretary.

No. 156.

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

SIR,—

13, Victoria Street, London, S.W., 9th October, 1891.

I beg to acknowledge the receipt of your cablegram (copy herewith) of the 7th instant (*vide* No. 22), relating to the ocean mail-services.

On its receipt I went to the Imperial General Post Office and Treasury, and communicated the facts stated in the cablegram, and urged the importance of a speedy decision with regard to the apportionment. I was informed that the matter was ready in complete form for final consideration, and would be forthwith placed before the Secretary to the Treasury; and on the following day I addressed a letter to the General Post Office, copy of which I herewith enclose.

With regard to the Direct mail-service, I understood your cablegram to instruct me to ascertain the views of the General Post Office with respect to the proposal of the Shipping Company to contract for the conveyance of the outward mails only, and I accordingly made the necessary inquiry in my letter.

Subsequently the manager of the New Zealand Shipping Company called and informed me that the company had received a telegram from the colony asking him to see me with respect to the Direct mail-service; and on referring to the statement in the cablegram to the effect that the Government had received an offer from his company to contract for the outward service only, he stated that, to his knowledge, no properly-authorised offer of the kind had been made.

This morning I received a letter from the company (copy of which I herewith enclose) offering either to undertake a monthly service both ways, or to contract for the outward service only; and in my letter acknowledging its receipt I asked the manager to furnish me with particulars of the terms under which the outward service only would be undertaken.

I conceive that the offers now made by the company are those arrived at after the London Board has been in consultation with Mr. L. Harper (to whom reference is made in your letter of the 3rd August last), and that, therefore, it is incumbent on me to communicate them to the Government for decision.

As indicated by Sir F. D. Bell in his letter of the 24th July last (*vide* No. 4), it is very doubtful whether terms will be obtained from the Imperial Government as favourable as those which have existed in previous years. It is evident that since the arrangements were made last year the General Post Office and the Treasury have examined very closely into the matter, and are convinced that the time has come when the United Kingdom ought to be placed in a more favourable position in respect to the actual cost of the services; and in taking up this position it is borne well in mind that, in case of the discontinuance of the San Francisco and Direct mail-services, the mail-service by Brindisi and Australia can be made available for the transmission of the New Zealand mails at a considerable diminution of cost to the Imperial Treasury.

Moreover, as I gathered in my interview with Mr. Kempe, of the Treasury, on the 7th instant, the fact that New Zealand has entered into the Postal Union will probably be regarded as having an important bearing in the consideration of the matter by the Treasury.

I have, &c.,

The Hon. the Premier, Wellington.

WALTER KENNAWAY.

Enclosure 1 in No. 156.

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

SIR,—

13, Victoria Street, S.W., 8th October, 1891.

Referring to the late Agent-General's letter of the 7th August last (*vide* No. 10), in which he directed our attention to the New Zealand mail-services, and, in view of the approaching termination of the arrangements made last year, asking whether, in the event of New Zealand deciding to renew both or either of the San Francisco and Direct services for three years, Her Majesty's Government would continue for that period the same apportionments as were adopted last year, or, if those apportionments could not be agreed to again, then what others would be more acceptable, I have the honour to inform you that, by cablegram received yesterday, my Government advise me that the contractors for the San Francisco service are prepared to renew their contract for the four-

weekly service by that route on the basis of 11s. per pound for letters; and that, therefore, it has become of urgent importance that the decision of the Imperial Government with reference to the apportionment as regards the future should be made known with the least possible delay, in order that my Government may be placed in a position to conclude the contract.

My Government, in instructing me to request the favour of an early reply, express a hope that the Imperial Government will continue to act in the liberal manner in which they have hitherto dealt with the question of the postal services with New Zealand, and that they will consent to the renewal of the existing apportionments, and thus insure the maintenance of the San Francisco route, which, amongst other advantages, provides a most efficient alternative mail-service between the United Kingdom and Her Majesty's Australasian and Pacific Colonies.

With reference to the Direct mail-service, my Government state that the Shipping Company, who has hitherto contracted to convey the mails both ways, has declined to enter into another contract so far as regards the conveyance of the Homeward mails, but that it offers to contract to take the outward mails. My Government are not inclined to entertain this offer, but they are nevertheless desirous of obtaining the views of Her Majesty's Government with respect to it; and, in communicating the decision as to the apportionments, I shall be much obliged if you will state whether the absence of a definite contract for the conveyance of the Homeward mails by the Direct steamers will be objected to as regards the Imperial contribution.

In bringing this matter again before your notice, and in asking for a speedy reply, I desire to point out that, as regards the San Francisco mail-service, the contract which the colony now desires to renew terminates with the mail which left London on the 3rd instant, and that it is therefore urgently necessary that my Government should be informed of the decision of the Imperial Government in respect to the apportionment.

With respect to the Direct mail, it is also important that a definite decision should be arrived at, as the present contract with the Shipping Company expires, as regards the despatch of the outward mail, with that which leaves Plymouth on the 14th proximo.

I have, &c.,

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

WALTER KENNAWAY.

Enclosure 2 in No. 156.

The MANAGER, New Zealand Shipping Company, to the AGENT-GENERAL, London.

SIR,—

New Zealand Shipping Company, 138, Leadenhall Street, 8th October, 1891.

Referring to my interview with you to-day respecting the continuance of the present Direct mail-service, I have to inform you that we are not aware of any proposal having been made by this company to carry the outward mails only. We did ask our colony office to keep us fully advised if there was any prospect of the Colonial Government making such a contract, but did not authorise any proposal being made.

The Board, however, has decided that, subject to reply in ten days, this company is willing to undertake a monthly service at the same speed to and from the colony, for one year, for a subsidy of £16,000 per annum, other conditions of contract to be agreed. Failing acceptance of this, the Board would contract for conveyance of the outward mails only.

I have, &c.,

The Agent-General for New Zealand.

O. R. STRICKLAND, Manager.

Enclosure 3 in No. 156.

The ACTING AGENT-GENERAL to the MANAGER, New Zealand Shipping Company, London.

SIR,—

13, Victoria Street, 9th October, 1891.

I have to acknowledge the receipt of your letter of the 8th instant, in which, while informing me that you were unaware of any authorised proposal having been made by your company to carry the outward mails only, you state that your Board has now decided to make an offer to undertake for one year a monthly service to and from the colony, on the conditions which you specify, for a subsidy of £16,000.

You are no doubt aware that the New Zealand Government has already declined an offer made by your company in the colony to perform a fortnightly service for £600 per voyage, and in the face of this it would seem improbable that your present offer will be entertained.

You add, however, that, failing its acceptance, your company is willing to contract for the conveyance of the outward mails only, and, in communicating your offers to my Government, it appears to me expedient that the terms under which your company would undertake the outward service only should be specified.

I shall therefore await your reply to this before communicating your offers to the Government in the colony.

I am, &c.,

The Manager, New Zealand Shipping Company.

WALTER KENNAWAY.

No. 157.

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

SIR,—

Premier's Office, Wellington, 2nd December, 1891.

I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 9th October, detailing the negotiations he undertook with the Imperial Post Office and Treasury and the New

Zealand Shipping Company, on the receipt of my cablegram of the 7th idem, on the subject of the ocean mail-services.

There is, of course, now no necessity for further action in respect of either the San Francisco or the Direct service; but I am obliged to Mr. Kennaway for the way in which he handled the matter, and request that you will so inform him.

The Agent-General for New Zealand, London.

I have, &c.,

J. BALLANCE.

No. 158.

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

SIR,—

13, Victoria Street, London, S.W., 27th November, 1891.

I have the honour to acknowledge the receipt on the 12th instant of your letter of the 8th October last (*vide* No. 23).

Immediately on its receipt I had an interview with Mr. Assistant Secretary Rea at the General Post Office, and communicated to him in substance what it contained; and subsequently, on the 17th instant, I addressed a letter to the General Post Office, copy of which I herewith transmit.

It was, I considered under the circumstances, very desirable to impress upon the Imperial Post Office authorities that the New Zealand Post Office regarded the question of specially-addressed correspondence as one of material importance; for it was evident that if the General Post Office sent letters, &c., not specially addressed by the weekly mails *via* Suez, the result would be that the amount of correspondence which would go by the San Francisco route would be considerably diminished, and consequently the contribution of Her Majesty's Government towards the cost of that mail-service would be materially reduced. While, in fact, Her Majesty's Government would on the one hand be giving assistance in maintaining the San Francisco service, with the other they would be adopting a system which would inevitably take from that assistance, in the form in which it was offered, a considerable amount of its original value.

Under the circumstances, and considering that no reply had been received from the General Post Office to my letters of the 6th and 17th instant, in which I invited the Imperial authorities to consider your proposal as to substituting the Federal for the Direct mail-service, and it having been intimated to me that those letters had been referred to the Treasury for consideration, you may imagine that I felt considerable surprise on seeing in *The Times* newspaper of the 25th instant a reprint of an official notice from the General Post Office, copy of which I herewith enclose (not published), abolishing, in effect, as regards New Zealand, the system of specially-addressed correspondence. I immediately communicated with Mr. Assistant Secretary Rea respecting the matter, and on the next day (26th instant) I addressed a letter to the General Post Office, copy of which you will find annexed, in which I endeavoured to represent what I believe would be the opinion of my Government with respect to the course which the Imperial Postal authorities had deemed fit to pursue; and in reply I have this day received a letter from the Secretary to the Post Office, copy of which I herewith also transmit.

It will be seen that, while mentioning my letter of the 26th, no attempt is made to explain what I think I have a right to describe as the very singular action of the Imperial Post Office in making public their decision in regard to an important point connected with a matter in which they were at that very time engaged in a negotiation with the New Zealand Government, and to whose proposals no answer had as yet been received.

The Secretary to the Post Office, in his letter of this day, does not reply or in any way refer to the inquiry which I made in my letter to him of the 6th instant, in reference to the necessity of arranging for an intercolonial mail-service between New Zealand and Australia, and I shall therefore, in acknowledging the receipt of his letter, again direct attention to that point.

It appears to me, if I may venture to offer an opinion, that the question of the mail-services ought not to be dealt with in piecemeal. My letter of the 6th to the General Post Office treated it as a whole, and to come to a decision on one point without considering it in relation to the others is neither desirable nor likely to lead to a mutually satisfactory issue. If, for instance, the Imperial Post Office are going to forward as many letters, &c., as they can by the Suez route, then assistance ought to be granted in quite a different form to that of so much a pound for such letters, &c., as may happen to have accumulated within the circumscribed period between the despatch of one week's Suez mail and that going the next week *via* San Francisco.

It will be seen, however, by the Secretary's letter that the Imperial Post Office are prepared to consider any suggestion that may be made by the New Zealand Postal authorities, and that a letter in this sense has been addressed to the Postmaster-General of New Zealand, thus affording an opportunity of making renewed representations and proposals in respect to the whole question of the ocean mail-services between this country and New Zealand.

I attach copy of cablegram which I am sending to you announcing the decision of the Imperial Post Office as regards the question of specially-addressed letters, and informing you that the other points are still under consideration.

I have, &c.,

The Hon. the Premier, Wellington.

WALTER J. KENNAWAY.

Enclosure 1 in No. 158.

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

SIR,—

13, Victoria Street, S.W., 17th November, 1891.

Referring to my letter of the 6th instant, I have the honour to transmit herewith, for the information of the Postmaster-General, copy (received by me by the mail delivered on the 12th

instant) of the resolutions relating to the ocean mail-services which were passed by the New Zealand Parliament.

It will be seen by these that in accordance with the understanding referred to in your letter of the 4th November, 1890, the Brindisi-Naples letter-rate has been reduced to 2½d. I have to add that my Government, in communicating this decision, intimate that it is assumed that it is fully understood by the Imperial Post Office that the Brindisi-Naples route is still to be restricted to specially-addressed correspondence, except, of course, as regards letters, &c., which it is now proposed to send once a month by that route alternately with that *via* San Francisco.

I beg leave to add that my Government express in a cablegram I have received this day a strong desire, which I venture to request you to convey to the Postmaster-General, that as speedy a reply as possible be given in respect to the proposals made in my letter of the 6th instant, to substitute the Federal mail-service *via* Suez for that by the Direct steamers.

In my letter of the 6th instant I adverted to the fact that the proposal of the Treasury as to the Atlantic sea transit, conveyed in your letter of the 17th ultimo, was unexpected and therefore unprovided for; and in reference to this I beg leave to state that my Government, in forwarding the resolutions herewith enclosed, explain that, in the absence of any information as to the intentions of the Imperial Government with respect to the renewal of the mail-services, they relied on the fact that the Imperial Government had hitherto recognised that the colony's isolated position made the existence of an independent postal communication with the Mother Country a necessity.

It was therefore considered by my Government, having meanwhile given intimation of their intentions, that there would not be any serious objection to a renewal for three years of the then existing arrangement, at least as regards the San Francisco service, which so far has been the quickest and most reliable mail-route between the United Kingdom and New Zealand; and the resolutions were therefore submitted to the New Zealand Parliament, with the condition that any such renewal would be contingent on the extension of the then existing apportionment.

I have, &c.,

The Secretary, General Post Office.

WALTER KENNAWAY.

Enclosure 2 in No. 158.

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

SIR,—

13, Victoria Street, London, S.W., 26th November, 1891.

In my letter to you of the 6th instant I stated, for the information of the Postmaster-General, that in the place of the Direct mail-service to New Zealand my Government proposed to avail themselves of the mail-service *via* Suez and Australia, so as to secure with that *via* San Francisco a fortnightly service between the two countries, and that they accordingly invited the Imperial Post Office to adopt the same course as regards the outward mails, it being understood on both sides that only specially-addressed letters would be sent by the intervening and other services.

Again, in my letter to you of the 17th instant, in announcing that my Government had, in accordance with the understanding with Her Majesty's Government, reduced the Brindisi-Naples letter-rate to 2½d, I intimated that it was assumed that the Brindisi-Naples route was still to be restricted to specially-addressed correspondence, except, of course, as regards letters, &c., which it was proposed to send once a month by that route alternately with that *via* San Francisco.

To the proposals to which my above-mentioned letters referred I have not as yet had any reply. But yesterday I received from your department a printed notice (in triplicate), without any covering letter, in which I find that the question of specially-addressed letters had apparently been decided in a way which is unfavourable to the expressed wishes of my Government.

My Government, I feel sure, regard the question of specially-addressed letters as one of material importance, and I am bound, therefore, to represent that they will naturally feel surprised at such an announcement having been made public before they themselves were made acquainted with it, and while, indeed, the question of substituting the Federal mail-service for the Direct was still the subject of negotiation with the Imperial Post Office.

I am free to admit that it was necessary that a notice should be issued as to the continuation of the San Francisco service, and also that the mails which had hitherto gone by the Direct steamers would be sent *via* Suez; but I venture to submit that the same necessity did not exist for announcing that the system of specially-addressed letters would be abolished.

Under these circumstances I beg permission to express a hope that the Postmaster-General will be pleased to take such steps as he may deem expedient in order to afford my Government an opportunity of again considering the question of specially-addressed letters, &c., between the two countries when they have received a reply to the proposal as submitted in my letters of the 6th and 17th instant.

I have, &c.,

The Secretary, General Post Office.

WALTER KENNAWAY.

Enclosure 3 in No. 158.

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

SIR,—

General Post Office, E.C., 27th November, 1891.

In reply to your letter of the 26th instant, I beg leave to inform you that, on the receipt of your letters dated the 6th and 17th instant, the Postmaster-General lost no time in bringing under the consideration of the Lords Commissioners of Her Majesty's Treasury the views expressed by you, on behalf of the Government of New Zealand, with reference to the contribution to be made from the Imperial revenue towards the expense of the mail-service which the colony still proposes to maintain between San Francisco and New Zealand.

The Postmaster-General awaits the decision of their Lordships on this subject.

In the meantime, it rested with the Postmaster-General to consider that part of your letter of the 6th instant which had relation to the routes proposed to be used for the despatch of mails from this country to New Zealand under the altered circumstances of the colonial service.

You stated that the Government of New Zealand proposed to avail themselves of the mail-service between Australia and the United Kingdom *via* Suez, and to transmit the Homeward mails by that route once in every four weeks, so as to secure, with the San Francisco service, a fortnightly mail between the two countries. At the same time you invited this department to adopt a similar course as regards the outward mails, with the understanding, however, "that only specially-addressed letters, &c., are to be transmitted by the intervening and other services."

To this last-mentioned arrangement the Postmaster-General regrets that he is unable to consent. He desires me to remark that when the fortnightly service to and from New Zealand was performed by two colonial lines, independent of the Imperial lines from Brindisi and Naples, it was possible to defend the practice of requiring a special address for letters meant to go *via* Suez; but that when the Suez route is itself one of those by which the regular service is performed, the public in this country would certainly not tolerate a rule requiring them to specially superscribe their letters in one week and not in another for one and the same line.

Governed by these considerations, it is the Postmaster-General's intention to send the outward correspondence to New Zealand indifferently by the eastern and western routes, according as the mail by one or the other is timed to reach the colony first, and a notice to this effect has been issued to the public, copies of which are enclosed.

According to the views of this department, it will be advantageous to send correspondence for all parts of New Zealand *via* Italy in the week immediately following the despatch of the mail *via* San Francisco, and in the second and third weeks following that despatch to send the mails for Invercargill, Christchurch, and Wellington only *via* Italy, retaining the correspondence comprised in the mails for Auckland for despatch *via* San Francisco.

In the week fixed for the despatch of the mail *via* San Francisco, it will be advantageous to send all correspondence by that route.

These rules will be acted upon for the present; but, should it occur to the Postal authorities in New Zealand that better arrangements can be made in the interests of the public, any suggestion that may be made on the subject shall receive prompt consideration.

I may add that a letter in this sense has already been addressed to the Postmaster-General of New Zealand.

Walter Kennaway, Esq., C.M.G.

I am, &c.,

S. A. BLACKWOOD.

No. 159.

The SECRETARY, General Post Office, London, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

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

The Postmaster-General has learned through the Acting Agent-General for New Zealand in London that the Government of New Zealand have decided not to renew the contract for the conveyance of mails between the colony and the United Kingdom by the all-sea route *via* Plymouth, but that they have made arrangements for continuing the four-weekly service by the route of San Francisco.

In communicating this information, Mr. Kennaway states that his Government propose to avail themselves of the mail-service between Australia and the United Kingdom *via* Suez, and to transmit the Homeward mails by that route once in every four weeks, so as to secure with the San Francisco service a fortnightly mail between the two countries. He at the same time invites this department to adopt a similar course as regards the outward mails, with the understanding, however, "that only specially-addressed letters, &c., are to be transmitted by the intervening and other services."

To this last-mentioned arrangement the Postmaster-General regrets that he is unable to consent. He desires me to remark that when the fortnightly service to and from New Zealand was performed by two lines, independent of the Imperial lines from Brindisi and Naples, it was possible to defend the practice of requiring a special address for letters meant to go *via* Suez, but that when the Suez route is itself one of those by which the regular service is performed, the public in this country would certainly not tolerate a rule requiring them to specially superscribe their letters in one week and not in another for one and the same line.

Governed by these considerations, it is the Postmaster-General's intention to send the outward correspondence to New Zealand indifferently by the eastern and western routes, according as the mails by the one or the other is timed to reach the colony first, and a notice to this effect has been issued to the public, copies of which are enclosed.

According to the views of this department, it will be advantageous to send correspondence for all parts of New Zealand *via* Italy in the week immediately following the despatch of the mail *via* San Francisco, and in the second and third weeks following that despatch to send the mails for Invercargill, Christchurch, and Wellington only *via* Italy, retaining the correspondence comprised in the mails for Auckland for despatch *via* San Francisco.

In the week fixed for the despatch of the mail *via* San Francisco it will be advantageous to send all correspondence by that route.

These rules will be acted upon for the present, but should it occur to you that any better arrangements can be made in the interests of the public, any suggestion that you may make on the subject shall receive prompt consideration.

I am, &c.,

The Hon. the Postmaster-General, Wellington.

S. A. BLACKWOOD,

No. 160.

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

SIR,—

General Post Office, Wellington, 16th February, 1892.

I have the honour to acknowledge the receipt of your letter of the 26th November last, announcing that, as this colony had decided not to renew the Direct mail-service, your office had determined to forward mails for New Zealand indifferently by the eastern and western routes, according as the mail by the one or the other was timed to reach the colony, thereby abolishing the special superscription for correspondence intended for transmission *via* Italy. That to give effect to this decision it was considered advantageous to send correspondence for all parts of New Zealand *via* Italy in the week immediately following the despatch of the mail *via* San Francisco, and in the second and third weeks following that despatch to send the mails for Invercargill, Christchurch, and Wellington only *via* Italy, retaining the correspondence comprised in the mails for Auckland for despatch *via* San Francisco. And that in the week fixed for the despatch of the mail *via* San Francisco all correspondence would be sent by that route.

To satisfactorily carry out these proposals, your office must have presupposed that a special intercolonial service connecting with the Federal packets had been arranged, for without such a service the delivery of the San Francisco mails throughout the colony would frequently have anticipated the arrival of the third week's correspondence by the Federal route. The department had been negotiating for an intercolonial service, but as it was found that no satisfactory arrangement could be concluded at a price acceptable to the department, and receiving no reply from your office to the inquiries made through the Agent-General on the matter, it was decided to abandon all idea of a special service, and to rely on the ordinary steamers for the conveyance of the Federal mails between the colony and Australia. This was the position on the receipt of your letter; and, in response to the invitation made in the concluding paragraph, counter-proposals were immediately cabled the Agent-General (*vide* Nos. 78 and 83), in effect, that only the first two weeks' collections following the despatch of the mail *via* San Francisco should be sent *via* Italy, unless specially addressed, and that the other two weeks' correspondence should be forwarded by the succeeding San Francisco mail—proposals which, I am pleased to say, were accepted by your office (*vide* No. 80), and which, I am satisfied, are the best that could be adopted under the exceptional circumstances.

The mails which it is desired that your office shall make up for New Zealand *via* Italy are those formerly despatched by the Direct service, without that for the "first port of call"—namely, for Auckland, Christchurch, Dunedin, Invercargill, Lyttelton, Napier, New Plymouth, Oamaru, Port Chalmers, Timaru, and Wellington. I trust that it may be found practicable to give complete effect to this.

I have, &c.,

W. GRAY,

For the Postmaster-General.

The Secretary, General Post Office, London.

No. 161.

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

SIR,—

13, Victoria Street, London, S.W., 4th December, 1891.

Referring to my letter of the 27th November last, relating to the ocean mail-services, I beg leave to transmit copy of letter which I addressed to the Secretary to the General Post Office on the 1st instant, and copy of the reply thereto.

I have, &c.,

The Hon. the Premier, Wellington.

WALTER KENNAWAY.

Enclosure 1 in No. 161.

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

SIR,—

13, Victoria Street, S.W., 1st December, 1891.

I have the honour to acknowledge the receipt of your letter of the 27th ultimo, informing me that the Postmaster-General has brought under the consideration of Her Majesty's Treasury the views expressed in my letters of the 6th and 17th ultimo, with reference to the contribution from the Imperial revenue towards the expense of the mail-service between San Francisco and New Zealand, and that he was now awaiting the decision of their Lordships in respect thereto.

In the same letter you do me the favour of stating that meanwhile the Postmaster-General had considered that part of my letter of the 6th ultimo which had relation to the routes proposed to be used for the despatch of mails under the altered circumstances of the colonial service, with the result that it was his intention to send the outward correspondence to New Zealand indifferently by the San Francisco and Suez routes, according as the mail by one or other is timed to reach the colony first, and that a notice to that effect had been issued to the public, copy of which you enclosed, and which, I observe, virtually abolishes the system which has hitherto existed as regards specially-superscribed correspondence.

In requesting you to convey to the Postmaster-General my thanks for this information, the substance of which I at once communicated to my Government by cablegram, I venture to point out that there is one part of the subject as regards the substitution of the Suez service for that by the Direct steamers to which you have made no allusion. I refer to the necessity which I pointed out in my letter of the 6th ultimo for arranging for an intercolonial mail-service between New Zealand and Australia, and, in doing so, I asked what the Imperial Post Office would allow towards the cost of such service, the proper establishment of which would materially facilitate the punctual and speedy transit of both outward and Homeward mails, and be an important factor in determining the question as to the time within which correspondence would reach both this country and the colony.

I beg permission also to represent in connection with the proposal to provide for the continuance of a fortnightly mail-service to and from New Zealand by substituting the Suez for the Direct service, that by determining to do away with the system of specially-superscribed correspondence, and thus dealing in part only with the whole question of the mail-services between this country and New Zealand, an important point arises as regards the particular mode in which Her Majesty's Government assists the colony in the maintenance of the San Francisco service—namely, by paying so much per pound for the outward correspondence forwarded by that route.

When that mode of assistance was arranged it was understood that there would be a fortnightly mail to New Zealand, and that therefore at least a fortnight's accumulation of correspondence would go by the San Francisco route, and it may be assumed that it was on the strength of this that my Government have renewed the contract for the conveyance of the mails between San Francisco and New Zealand. The decision, therefore, to do away with the system of specially-addressed correspondence will, it appears to me, seriously affect the value of this contribution on the part of Her Majesty's Government, inasmuch as the amount of the correspondence will be diminished, and consequently the amount received on account thereof materially reduced. It is therefore with satisfaction that I learn, in reply to the representation which I ventured to make in my letter of the 26th ultimo, that an opportunity will be afforded to my Government to suggest other arrangements, and that any such proposal will receive prompt consideration.

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

I have, &c.,

WALTER KENNAWAY.

Enclosure 2 in No. 161.

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

SIR,—

General Post Office, 3rd December, 1891.

I have received your letter of the 1st instant, in which you call attention to one part of your letter of the 6th of last month which has not yet been made the subject of any specific reply on the part of this department.

The point in question had reference to your inquiry as to the amount which the Imperial Post Office would be disposed to contribute towards the establishment of an intercolonial mail-service between New Zealand and Australia in connection with the mails carried between this country and New Zealand by the Suez route.

I regret that this point escaped observation in my recent reply on the subject of the mail-service generally, but I may state that, involving as it does financial considerations, the question is necessarily one of those on which the Postmaster-General has felt it his duty to consult the Lords Commissioners of Her Majesty's Treasury.

I am, &c.,

S. A. BLACKWOOD.

Walter Kennaway, Esq., C.M.G., Agent-General for New Zealand.

No. 162.

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

SIR,—

Premier's Office, Wellington, 9th February, 1892.

I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 4th December, enclosing copy of the one he addressed to the Imperial Post Office on the 1st idem, with copy of the reply thereto, on the subject of the ocean mail-services.

Referring to the concluding portion of Mr. Kennaway's letter to the Post Office, I may inform you that the Postmaster-General is writing that office by the present mail.

I have, &c.,

J. BALLANCE.

The Agent-General for New Zealand, London.

No. 163.

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

SIR,—

13, Victoria Street, London, S.W., 23rd December, 1891.

I beg to acknowledge the receipt of your letter of the 5th November last (*vide* No. 45), on the subject of the ocean mail-services.

No reply has as yet been received from the Imperial Post Office to Mr. Kennaway's letter of the 6th November; and I have not deemed it expedient to press for one, as, in the absence of further definite information as regards the arrangements which you propose to make with the Union Steamship Company for the establishment of an intercolonial service, so as to admit of prompt connection with the Federal packets at Melbourne, I do not feel that I can, with the best advantage, approach the Imperial Office on the subject.

I observe that in your letter now under reply you express a hope that I shall, before its receipt, earn by cable that such arrangement has been completed; but as no such cablegram has, as yet, come to hand, I assume that the question is still unsettled. But I have no doubt that you recognise that it is important that I should have particulars of any such arrangement when asking the Imperial Post Office to make a reasonable contribution towards its cost. In fact, it appears to me that very much rests on the action taken by you as regards this intercolonial service, for, if the monthly service by the Federal packets that will run alternately with that *via* San Francisco is connected with New Zealand by steamers subsidised to deliver the mails with special speed and punctuality, such an arrangement will do away with the desirability, as assumed by the Imperial Post

Office, of sending letters to New Zealand, whether superscribed or not, by the Suez mails, one of which leaves London a week before, and the other a week after, that *via* San Francisco.

With regard to your inquiry as to whether the unwillingness of the Imperial authorities to a three years' renewal of the San Francisco service had any reference to a Canadian service, the General Post Office letter of the 17th October last, copy of which went with Mr. Kennaway's letter to you of the 30th October last, does not specifically name that service; but it may be presumed that the possibility of its establishment weighed with them in limiting the term. But, so far as I am able to learn, the prospects of such a service being established in the near future is at present very uncertain.

With regard to the question of a reduction in the United States territorial transit charges, I will not fail, as soon as I am placed in a position to again communicate with the Imperial Post Office authorities on the whole subject, to urge upon them to endeavour to induce the United States Postal authorities to lower the charges in question.

The Hon. the Premier, Wellington.

I have, &c.,

W. B. PERCEVAL.

No. 164.

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

SIR,—

Premier's Office, Wellington, 16th February, 1892.

I have the honour to acknowledge the receipt of your letter of the 23rd December last, in further reference to the subject of the ocean mail-services.

My letter of the 21st ultimo will have informed you that the proposal for a special inter-colonial connection with the Federal packets has been abandoned.

As to the San Francisco service, I have nothing further to communicate to you at present. I may probably receive shortly such information as will enable me to inform you definitely on the question of the territorial charges.

I have, &c.,

J. BALLANCE.

W. B. Perceval, Esq., Agent-General for New Zealand, London.

PROJECTED CANADIAN PACIFIC SERVICE

(CORRESPONDENCE RESPECTING).

No. 165.

The CORRESPONDENT, Canadian Pacific Railway Company, to the Hon. the COLONIAL SECRETARY, Wellington.

SIR,—

Sydney, New South Wales, 27th July, 1891.

I have the honour to place before you the following information, received by the last Frisco mail, from the President of the Canadian Pacific Railway Company, under date the 3rd May, 1891, Montreal: "The first ship of our China line, the 'Empress of India,' is now in regular service. The 'Empress of Japan,' the second ship, is now at Colombo, on her way to Hongkong, to take her place on the line; and the third will leave England shortly. The 'Empress of India' has made her first trip, leaving Yokohama, Japan, at 4 p.m. on the 17th April, and arriving at Vancouver, B.C., at 3 p.m. on the 27th April. Her passengers and mails arrived here Saturday, the 2nd May; the passengers all delighted with the trip. We will now soon be able to take hold of the question of an Australian service in earnest, if the scheme which Mr. Bryce-Douglas started for a combined Atlantic and Australian service should fail. I do not know yet what effect his death will have upon it.—W. C. VAN HORNE, President C. P. R. Company."

The distance from Yokohama to Vancouver, B.C., is 4,650 miles, and the time occupied by the s.s. "Empress of India," demonstrates the class of vessels proposed to run in the Canadian-Pacific Australian service. The mails and passengers from Japan were landed in London in twenty-one days. The latter information was cabled from London.

I have taken the liberty of forwarding the above information, showing the progressive high-class of mail-steamers now running on the Canadian Pacific route to China and Japan, and very probably, later on, to Australia.

I have, &c.,

J. C. ROUNDING,

Correspondent to Canadian Pacific Railway Company; to Vancouver Board of Trade; and to Messrs. W. Westgarth and Co., Colonial Financiers, London.

The Hon. Colonial Secretary, Parliament House, Wellington, New Zealand.

No. 166.

Mr. GRAY to the CORRESPONDENT, Canadian Pacific Railway Company, Sydney.

SIR,—

General Post Office, Wellington, 13th August, 1891.

I have the honour, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your letter of the 27th ultimo, addressed to the Hon. the Colonial Secretary, embodying a
9—F. 2.

communication received by you from the President of the Canadian Pacific Railway Company on the subject of the class of steamers to be used in the Pacific passage of the Canadian Pacific service, and to thank you for the same.

I have, &c.,

W. GRAY, Secretary.

J. C. Rounding, Esq., Correspondent, Canadian Pacific Railway Company,
Box 1,434, General Post Office, Sydney.

No. 167.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the PREMIER, Wellington.

SIR,—

Colonial Secretary's Office, Sydney, 29th December, 1891.

With reference to the project to establish a steamship line between Canada and Australia in connection with an Atlantic line between Great Britain and Canada, I have the honour, at the instance of the Postmaster-General, to inform you that, as the cost of the service by Suez at present is not covered by the postage received and as it is necessary to exercise economy in the administration of the affairs of the colony, this Government is not prepared to give any direct subsidy to a line between Vancouver and Australia.

I have, &c.,

The Hon. the Prime Minister of New Zealand, Wellington.

GEO. R. DIBBS.

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