

FURTHER PAPERS

RELATIVE TO

THE SAN FRANCISCO MAIL SERVICE.

(In continuation of Papers presented 31st October, 1871.)

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

—
1872.

SCHEDULE TO SAN FRANCISCO MAIL SERVICE PAPERS.

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FURTHER PAPERS RELATIVE TO THE SAN FRANCISCO MAIL SERVICE.

I.

MR. VOGEL'S VISIT TO AUSTRALIA.

SIR,—

Wellington, 12th May, 1872.

I have the honor to report that, accompanied by Mr. W. H. Webb, I arrived in Sydney on the 13th February; and that for five weeks I was almost constantly engaged in assisting that gentleman to make an arrangement with the A.S.N. Company for the conveyance of mails between the various Australian Colonies and New Zealand, in connection with the San Francisco Line. I forward to you a copy of the agreement arrived at.

You will observe that it answers the twofold purpose of (1) making a provision by which Mr. Webb* will be enabled to continue the service from San Francisco to Auckland and Port Chalmers, the A.S.N. Company making the connections between Auckland and the various Australian Colonies; and (2) of placing the Government of New Zealand, when asking subsidies from the Australian Governments, under the terms of their contract with Mr. Webb, in a position to assure those Governments of regular connections being made with the main service boats. In fact, the contract enables the resolution adopted by the House of Representatives, on the 7th November, 1871, to be strictly carried out; and I was gratified at having so far succeeded.

No. 6, in "Correspondence."

While the negotiations between Mr. Webb and the Company were in progress, I was in communication with the New South Wales Government upon the subject of a contribution, but I was not able to make any arrangement. I believe the conclusion announced to me by the Colonial Secretary, that no present decision could be come to, was owing principally, if not entirely, to certain political complications, including a general election, which had arisen. The Government, during the personal communications I had with them, did not give me any opportunity of ascertaining how far they were favourable to my proposals. They did not object to those proposals, nor to the mode of making connections with New Zealand. They sent me a letter in reply to my written proposals; and I was given to understand that in the then condition of political affairs, it was impossible anything could be done.

Whilst I was in Sydney, I met the Hon. Mr. Prior, Postmaster-General of Queensland; and I had communications with him respecting the payment of a subsidy by that Colony for connection with the Californian service. In terms of the agreement between Mr. Webb and the A.S.N. Company, I proposed to Mr. Prior that Queensland should pay £8,000 a year for an indirect service between Auckland and Brisbane, by way of Sydney; or £15,000 for a direct service. After consulting with his colleagues by telegraph, Mr. Prior was not able to enter into an arrangement; the fact being that the Queensland Government were considering proposals for a Torres Straits route, the whole cost of which was likely to fall upon that Colony, unless arrangements were made with the Governments of New South Wales and Victoria. Under the circumstances, I thought it desirable not to communicate further with Queensland, pending negotiations with Victoria: not, however, losing sight of the fact that, apart from any contribution which Queensland might be inclined to make, it would be most valuable to New Zealand to secure direct connection with that Colony.

Mr. Webb and I then proceeded to Melbourne, where we arrived on the 19th February; and, without delay, we put ourselves in communication with the Victorian Government.

The proposal we first submitted was in accordance with the terms of the A.S.N. Company's contract with Mr. Webb, and also in accordance with the resolution of the House of Representatives. We proposed to give to Victoria a mail service, by means of direct connection between Melbourne and Auckland, the cost to Victoria to be £25,000 per annum. After considering this proposal, the Government informed me that they would not entertain any proposal which did not make provision for the main boats coming to Melbourne.

So far, I had acted in implicit deference to the resolution of the House of Representatives. But before I left New Zealand I had, in contemplation of the possibility of such a contingency arising, carefully considered the question, whether any arrangement might be made by which, so to speak, a partnership in the terminus of the line could be established. Clause 13 of the contract already entered into with Messrs Webb and Holladay provides that for a period of twelve months a main service involving the use of a fourth boat might be established: the steamer arriving at Auckland from San Francisco to proceed to Australia, after transhipping the New Zealand mails into the steamer in waiting to proceed to Port Chalmers and intermediate ports; the latter vessel, on reaching Auckland on the return trip, to proceed to San Francisco, after receiving the Australian mails, &c., from the steamer arriving from Sydney or Melbourne. Thinking it possible that I might have, in Australia, to propose some such service as that just described, I communicated, before leaving New Zealand, with Mr. Macandrew, who moved in the House of Representatives the original resolutions for a Californian service, and who in the subsequent Session moved the amendment which resulted in the determination that the boats should proceed to Port Chalmers; and I also com-

* It will be convenient to use Mr. Webb's name alone, whenever it is necessary for me to refer to the Contractors, Messrs. Webb and Holladay.

municated with Mr. Reynolds, who last Session moved an amendment, which was adopted, re-affirming the decision that the boats should proceed along the coast to and from Port Chalmers. I asked each of those gentlemen whether, in his opinion—supposing it to prove impossible to make an arrangement with the Australian Colonies by which the decision of the Assembly would be completely carried into effect—it would be a satisfactory compromise to arrange that the boats should, one way, proceed direct between Port Chalmers, Auckland, and San Francisco, and the other way direct between San Francisco, Auckland, and Australia. The reply in each case was to the effect, that the plan affirmed by the Assembly would be more satisfactory; but that if it was found impossible to exactly carry out the wish of the Assembly, it would be desirable to entertain such a compromise as I had sketched.

It was evident that, so far as Victoria was concerned, the refusal to consider a proposal exactly conforming to the decision of the Assembly, was intended to be absolute.

I conferred with Mr. Webb as to his willingness to arrange for a service such as I have indicated. That gentleman consented to vary his contract as proposed, but seeing that it necessitated the employment of a fourth boat, he required the united subsidy from Victoria and New Zealand to be £60,000, and that he should have a share of any subsidies obtained from other colonies.

After coming to this understanding, I proposed to Victoria, that the two Governments should jointly contract with Mr. Webb; that the boats from San Francisco should proceed through to Melbourne, transshipping at Auckland the mails for Port Chalmers and intermediate New Zealand ports, the boats from Port Chalmers proceeding through to San Francisco, transshipping at Auckland the mails from Melbourne; that each Colony should pay £30,000; and that the subsidies received from Great Britain should be divisible amongst the colonial contributaries, and that the subsidies received from other colonies should, after provision being made for branch services, be divisible in equal shares between Victoria, New Zealand, and the Contractors. The Hon. C. Gavan Duffy, the Premier, informed me that his Cabinet would be willing to entertain negotiations on the basis stated; and, after some days, I was given to understand that an arrangement would be agreed to, provided I would consent that the boats from Melbourne should proceed through to San Francisco, and that New Zealand should have the direct boats from San Francisco. I replied that I believed the impression would be, whether rightly or wrongly, that there was an advantage in having the boats to proceed through, without transshipment, on the up-route. It was alleged, in reply, that New Zealand would get the better share in the partnership, because of the number of ports at which the steamers would call; but I rejoined that though the steamers would call at more ports in New Zealand than in Victoria, the latter Colony would have a service involving by far the greater mileage—equal, in fact, to about 20,000 miles a year in excess of the service to New Zealand; and that if the boats were, under the partnership, to remain a certain time in New Zealand waters, it mattered little or nothing to Victoria whether that time was passed at one port or in visiting several ports. Finally, I offered, instead of the Colonies contributing equally towards the subsidy of £60,000, that I would, on behalf of New Zealand, pay £5,000 for choice of routes, or receive that sum if Victoria had the choice.

After consideration, Mr. Duffy informed me that his Cabinet preferred paying the extra amount in order that the boats from Melbourne should proceed direct to San Francisco; and that £5,000 as the extra payment would be agreed to, provided that, in respect to £2,500 of that sum, it was made a first charge upon the portion of the contributions from other Colonies, divisible between Victoria and New Zealand. I acceded to those terms; and I hope that the Government will be satisfied with my having done so.

I considered that, after all, the preference I felt in favour of the through boat on the up-voyage might be exaggerated, especially as Mr. Webb gave me the assurance that room for New Zealand passengers and freight would be reserved in each boat leaving Melbourne for San Francisco, and that in fixing rates and fares from New Zealand ports, he would not make any extra charge consequent upon transshipment, seeing that, whichever way the two Governments agreed to arrange the service, there would have to be transshipment at Auckland. Further, I was not left in doubt as to the fact that, if an agreement was to be come to, it must be on the condition of Victoria having the choice of the routes; and I felt that the difference in payment to some extent represented the value of the preference. I do not say that it fully represented the extra advantage secured by Victoria. All things considered, I would prefer New Zealand paying £32,500 to Victoria's £27,500, in order to secure the through boat on the up-voyage; but I was naturally anxious not to leave without concluding an arrangement.

The contract which the Legislature will be asked to ratify will secure—(1) A through service between the Colony and England; (2) An Inter-Provincial service, except to three or four ports on the West Coast of the Colony; (3) An Inter-Colonial service between Auckland and Melbourne. The cost will be £27,500 a year, reducible by one-third of the yearly surplus from contributions made by other Colonies, after providing for such Colonies the necessary connecting services, and meeting the already-stated first charge of £2,500. When I compared the small payment necessary to secure such results with the payments which New Zealand has made in past years—for the Panama Line, and for Inter-Colonial and Inter-Provincial services—I could not but conclude that Parliament would be well satisfied with the arrangement made. If the route of the vessels, so far as New Zealand is concerned, does not exactly conform to the

terms of the resolution of the House of Representatives, it very nearly does so. To have insisted upon the terms of that resolution, in the chance which had presented itself of a partnership arrangement, would have placed the Government in a very much worse position for negotiating; and I submit that the House cannot fairly complain of the departure from the terms of its resolution, since the contract as drawn contains a stipulation that it shall be of no effect unless ratified by the Victorian Legislative Assembly and the New Zealand House of Representatives. I desire to explain that, the question having arisen whether the required ratification should be of the two Houses in each Colony or only of one, it was agreed to follow the precedent supplied by the contract of the Imperial Government with the P. and O. Company, in which it is provided only that the approval of the House of Commons shall be obtained.

The provision by which such a vessel as the "City of Adelaide" or the "Albion" is to be allowed to be temporarily used, was inserted in consideration of Mr. Webb's proposal to build a boat comprising all the most recent improvements; and we were of opinion that, should he do so, a result would be secured for which it would be well worth while to submit to three or four voyages being made by an inferior, although good, vessel.

A very few days remained after an agreement as to terms had been come to, before it was necessary for Mr. Webb to leave Melbourne on his way to the United States; and it was with very great difficulty that the contract was prepared and signed before that gentleman left.

It was necessary that I should remain a considerable time subsequently, in order to complete and exchange the correspondence with the Victorian Government, as well as to settle a time table, and to decide what steps should be taken to enlist the co-operation of the Imperial Government.

A duplicate of the joint contract, and a copy of the correspondence, are forwarded to you herewith. No. 27.
Also, No. 14 to
No. 26.

I believe that Mr. Webb is very well satisfied with the arrangement; and he has assured me that if he obtains, as he expects to do, a subsidy from the United States, he will replace the "Nevada," "Nebraska," and "Dacota," by new boats, in the construction of which he will introduce all modern improvements for securing comfort and speed.

I have left with the Victorian Government authority on the part of New Zealand to negotiate, in our joint interest, with the other Colonies for subsidies. No. 23.

It became necessary, after concluding an arrangement with Victoria, that an end should be put to the agreement between Mr. Webb and the A.S.N. Company, as far as related to the Victorian branch of the local service which that Company had undertaken to perform. It had been arranged that the contract between Victoria and New Zealand and Mr. Webb should not come into operation for six months: that being the period of notice required to be given under the agreement between Mr. Webb and the Company.

Mr. Webb intended, while at Sydney—on his way from Melbourne to Auckland and San Francisco—to have arranged with the Company for omitting the Melbourne and Auckland service from the agreement; but he found that he could stay but a few hours in Sydney, and he telegraphed to me that he was unable to come to any decision with the Company. He also begged that I would endeavour to aid his solicitor in completing the arrangement. In addition, I received an urgent telegram from Mr. Roxburgh—of Messrs. Roxburgh, Slade, and Spain, who for some time had acted as our solicitors as well as the solicitors for Mr. Webb—asking me to come to Sydney. Feeling the desirability of arrangements being made by which New South Wales and Queensland would be included in the service, I resolved that, instead of returning to New Zealand *via* the Southern Ports, I had better again visit Sydney, and return thence *via* Auckland. I came to this decision reluctantly, and not until I had consulted with Mr. Duffy, who, agreeing with me as to the great importance of placing ourselves in a position to negotiate with New South Wales and Queensland, was anxious that I should comply with Mr. Roxburgh's request. In Sydney, I had very great difficulty in dealing with the Company; and it was only at the very last moment before the departure of the mail that an agreement was assented to by the Company and forwarded to Mr. Webb for his approval. That agreement contains provisions to which I believe Mr. Webb will very much object; and it is possible he may refuse to sign it. Those provisions affect, not the New Zealand Government, but Mr. Webb.

The agreement, as sent to Mr. Webb, will enable Victoria and New Zealand to arrange with New South Wales and Queensland, for direct connection with the San Francisco Line, by boats running between Sydney and Auckland and Brisbane and Auckland. I believe that there is in Sydney a very strong feeling that the Californian service should be, in part, performed by the fine fleet of boats owned by the A.S.N. Company; and I see no reason why that laudable feeling should not be gratified. The arrangement between Mr. Webb and the Company will enable an agreement for a subsidy to be made with the New South Wales Government, whenever that Government are prepared to deal with the question. When I returned to Sydney, I found that the complications to which I have referred as existing during my first visit, had not ended. The general election had just been concluded; but Sir James Martin's tenure of office was uncertain, the Parliament not having met. I believe that in the course of two or three months, negotiations with New South Wales may be resumed, with a fair probability of a successful issue.

With respect to Queensland, I am strongly of opinion that the advantage to New Zealand of direct communication with such a Colony, owing to the trade which would result, would be so great, that it would be wise for New Zealand to contribute, for a year or two, in reduction of E.—No. 5.—No. 2
and Enclosure.

the cost to which Queensland would be put by agreeing to the proposal that she should subsidise a direct boat between Brisbane and Auckland. I feel sure that, after a year or two, a very much reduced payment for that boat would be required by the A.S.N. Company; but meanwhile, Queensland would have to pay, for the connecting boat and for the use of the San Francisco service, £15,000 a year. Of the £15,000, under the joint-contract with Victoria, £2,000 would be received by New Zealand; while under the proposal originally made to that Colony—supposing the joint-contract had not been entered into—£3,000 would have been received by New Zealand, £3,000 by the Contractors, Messrs. Webb and Holladay, and £9,000 by the A.S.N. Company. I am of opinion that if Queensland would agree for the direct boat, it would be beneficial to New Zealand to forego the £2,000, and to pay probably £2,000 or £3,000 besides, in reduction of Queensland's liability.

Queensland would, with advantage, be able to supply its tropical productions to New Zealand; whilst from Brisbane to the extreme north of the Australian Continent, the many settlements which are established, and which are constantly being increased in number, would offer a market for New Zealand produce. This Colony at present sends grain to Victoria and to New South Wales; but it could surely secure a better market for its grain and other products, in settlements the productions of which are essentially of a tropical character.

No. 10.

I desire to direct your attention to Mr. Webb's letter respecting the United States duties on wool and flax; to his efforts to secure a reduction of those duties; and to his successful exertions to induce American wool buyers to extend their operations to the New Zealand market. The large trade with the United States which has grown up since the Californian Line was established, is a testimony to Mr. Webb's exertions, and to the value of the communication which the line affords.

I desire, also, to express my high sense of the indefatigable assistance rendered me by Mr. Gray, the Inspector of Post Offices, throughout the whole of my negotiations.

Whilst I was in Sydney, I had some communications with the Government respecting a joint guarantee for an electric cable to connect New South Wales and New Zealand. I found a strong disposition on the part of the authorities to make an arrangement under which the cost, if any, of a guarantee, would be shared between the two Colonies. I stated that I was willing to make a provisional agreement, subject to the ratification of the respective Legislatures; but the Government of New South Wales, from the causes I have already explained, were not able to enter into such an arrangement, although they declared themselves favourable to the general proposal.

Strong representations were made to me in Sydney, as to the desire of the settlers in Fiji to secure mail communication with New Zealand; and, at the instance of the Hon. Mr. Woods, a member of the Government, I communicated with the Australasian Steam Navigation Company, to ascertain the sum for which they would perform a monthly service between Auckland and Levuka. The Company replied that they were not willing to initiate such a service for less than £5,000 per annum. I do not doubt that after a year or two, that charge would be reduced; and should the Assembly think it desirable to contribute towards the service, for the sake of the trade it would bring to the Colony, I am of opinion the Government of Fiji would be willing to share the cost of the subsidy.

I may state, in conclusion, that during my stay in Sydney, I was glad to be able to negotiate £66,000 debentures issued under "The Wellington Debts Act, 1871," to such advantage as to yield, as I have already informed you, 2 per cent. premium, the debentures bearing 5 per cent. interest—a sale of New Zealand securities which, I believe, has never been excelled.

Upon other points connected with my Mission, you will receive information in a separate form.

The Hon. the Premier, New Zealand.

I have, &c.,

JULIUS VOGEL.

II.

MEMORANDUM FOR HIS EXCELLENCY.

THE Postmaster-General has the honor to communicate to His Excellency the appended letters, which have been received from Mr. W. H. Webb; in order that they may be forwarded to the Secretary of State for the Colonies, should His Excellency consider such a course desirable. It is possible that, through Her Majesty's Consul at the Navigator Islands, some information respecting the subject of the letters may have reached the Foreign Office. Still, the information given by Mr. Webb may be considered useful; because, supposing it to be accurate, it seems to the Postmaster-General that a Treaty has been made by the United States Government which is not only unusual in its character, but which may prove very detrimental to the Australasian Colonies generally, and to New Zealand in particular.

Supposing that a kingdom of the Samoan group should hereafter be recognized by Great Britain, as has been the case with the Hawaiian group, the anomaly would be presented, that the United States, in case of war with Great Britain, would have the right to use, for belligerent purposes, a neutral harbour, from the use of which British vessels would be excluded.

The Postmaster-General is not able to form an opinion whether such a Treaty is opposed to the Law of Nations; but it seems to him to be so, because of the very great advantage it would give to one belligerent power over another.

The whole question is of importance. The leading Chiefs or Kings of the principal of the Polynesian groups are in the habit of communicating with each other. Kamehameha, of the Hawaiian group, for instance, has taken very great interest in the proceedings of Cakobau in Fiji, and has sent congratulations to him. The Postmaster-General was recently informed in Australia, upon very good authority, that negotiations had been opened between Chiefs of the Navigator Islands and King Cakobau, with the view of bringing the Samoan group under the Government of Fiji. Maafu, the most powerful Chief, next to Cakobau, in the Fijian group, and who will most probably succeed that King if the Fijian Government remains intact, is next heir to the sovereignty of the Tongan group. In short, it is possible that the Fijian, Samoan, and Tongan groups may, at no very distant date, be formed into one powerful kingdom.

It need scarcely be pointed out how very serious a matter it would be for the Australasian Colonies if, with such a kingdom as has been indicated, it were permitted to foreign countries to make Treaties similar to that described to Mr. Webb, by the Commander of the "Narragansett."

The Postmaster-General has reason to think that, supposing that Treaty to be of an unusual nature, it is so rather as a result of accident than of design. He has been informed that the object of the United States was only to secure a convenient port in which facilities could be afforded to American shipping, and that the action taken was certainly not dictated or influenced by unfriendly feeling towards the Australasian Colonies. The Postmaster-General thinks, therefore, that if representations were made to the United States Government, Great Britain would be allowed to participate in the Treaty under consideration, so that Pago-Pago would not be made a harbour available only for use by American shipping.

As to the second letter from Mr. Webb, the Captain of the German war-ship "Nympe" informed the Postmaster-General, in Sydney, that there was no truth in the rumours prevalent there, during the vessel's stay in that port, that the German Government intended to take possession of the Fijian or the Samoan group. The Postmaster-General repeated the information to Mr. Webb; but that gentleman seems by his letter to be of opinion that there was some truth in the rumours current in Sydney. The Postmaster-General has lately been told, upon good authority, that the German Consul at Pago-Pago protested strongly against the Treaty which was being made by the Chiefs with the Commander of the "Narragansett."

If His Excellency should see fit to forward to the Secretary of State for the Colonies this Memorandum and its enclosures, it is respectfully requested that he will at the same time explain, that in bringing under notice this Treaty question, the Postmaster-General has not been actuated by a desire to interfere in a matter with which he has officially no concern; but that he considered it to be his duty to place the information in the possession of His Excellency, leaving him to make such use of it as he might consider desirable.

The Postmaster-General also appends hereto, for the information of His Excellency—and for transmission to the Secretary of State for the Colonies, should His Excellency see fit—a copy of the report of Mr. William Seed, the Secretary of Customs, respecting the visit made by him a few months since to the Navigator Islands.

JULIUS VOGEL.

Wellington, 5th June, 1872.

Enclosure 1 in No. II.

Mr. W. H. WEBB to the Hon. J. VOGEL.

SIR,—

Steamer "Nebraska," at Sea, 4th April, 1872.

Having had the good fortune to meet the steamer "Nevada," on my trip homeward from Auckland, on the night of 29th March, I boarded her, and among the letters for me then obtained, I found one from Commander Richard W. Meade, commanding the United States steamer "Narragansett," dated at Pango-Pango, Tutuila, 10th March, 1872, communicating the official intelligence "that on the 17th February, the Chief of Pango-Pango, 'Maunga,' signed a treaty or agreement with me, granting the exclusive right to the United States Government to use this harbour as a coaling and naval station for your line, and our ships of war, and binding himself not to grant a like privilege to any other power than the United States."

Commander Meade says further, "All the Chiefs of the eastern division on Tutuila have, in my presence, signed articles of confederation, and have recognized the flag hoisted by Maunga on the 2nd March, which I saluted with fifteen guns . . . and have solemnly agreed to keep the Port Regulations of Pango-Pango."

He also says, "We have made a careful survey of the bay, placed buoys on the rocks, and in every way made the harbour ready for your line of steam-ships."

On the evening of the 31st March, I entered the harbour of Pago-Pago with the "Nebraska," with the view of selecting and arranging for a suitable coaling station, detaining the steamer a few hours only.

The Hon. J. Vogel, Commissioner of Customs,
Wellington.

I have, &c.,
W. H. WEBB.

Enclosure 2 in No. II.

Mr. W. H. WEBB to the Hon. J. VOGEL.

DEAR SIR,—

Notwithstanding the remark made to you by the Commander of the Prussian man-of-war "Nympe," while lying in the harbour of Sydney, when questioned as to the reported intentions of his Government in regard to the Samoan group, I am now more satisfied than before his late visit to the group, that those reports were well founded, and that the Prussian Government had instructed him to secure the control of Pago-Pago harbour, and perhaps the whole group.

He presented claims against the Chief of Pago-Pago, and has actually levied fines on him, and other Chiefs in the Island of Upola, reported at several thousands of dollars, to be paid very soon. He arrived, however, too late—Commander Meade had made and completed his treaty.

The Hon. J. Vogel, Wellington.

I have, &c.,

W. H. WEBB.

Enclosure 3 in No. II.

REPORT on the NAVIGATOR ISLANDS.

SIR,—

Custom House, Wellington, 13th February, 1872.

I have the honor to state that, in obedience to your instructions, I left Auckland on the evening of the 30th December last, by the mail steamer "Nevada," for the Navigators Islands, and reached that group at 3 a.m. on the 6th ultimo. The steamer, without anchoring, stopped off the eastern end of Tutuila, and sent a boat on shore to land me at Pango Pango Harbour. It was dark when we left the steamer, but daylight dawned just as the boat approached the shore at the Native settlement at the head of the harbour. The Natives, on hearing us, turned out in considerable numbers, and rushed into the water to drag the boat on shore and to assist us in landing. Very soon afterwards the sun rose, and revealed to us the full beauties of the tropical scenery by which we were surrounded. Cocoa-nut palms, bread fruit, bananas, oranges, limes, native chestnuts, and other trees covered the small flat on which the Native village stood, and extended close down to the beach. Dotted about here and there in the shade of these trees were the Natives' houses, and at a little distance in rear of the village the ground rose rather abruptly towards the high, bush-covered hills that surrounded the harbour.

I had been led to believe that the language of the Natives was very similar to that of the New Zealanders; and I was disappointed at finding that, though a dialect of the same Polynesian language, it was so different that I was unable to carry on conversation with them. This was the more perplexing, as the resident missionary, the Rev. Mr. Powell, to whom I had letters of introduction, was absent, and had been so for several months. Fortunately, one or two of the Natives spoke a little English, and came to my assistance. They conveyed me to the house of the chief, Maunga, who welcomed me most courteously, and requested me to take up my quarters with him. I at once accepted his offer, hoping that I should soon find some European settler who would be able to assist me in getting about the islands. My anxiety on this head was soon relieved by the arrival in the course of the morning of a white settler of the name of Hunkin, who, it appears, had boarded the "Nevada" outside, and had been urged by Captain Blethen to communicate with me as soon as possible, with a view of facilitating my movements. Mr. Hunkin offered to assist me in any way he could, and I gladly availed myself of his services. He informed me that he had been a settler on the Navigators for the last thirty-five years, and had acted as British Vice-Consul for a considerable part of that time. I am indebted to him for much of the information I acquired, especially respecting the Natives, with whose customs and traditions he is acknowledged to be better acquainted than any other European in the group. In the afternoon I accompanied him to his place at Tafuna, a few miles to the westward of Pango Pango, where I stayed for the night, and on the following day started for Leone, the principal town of Tutuila, where I was detained for a week waiting for a fair wind to Upolu, the next island to the westward, on which there is the port of Apia, where most of the European settlers reside. Early on the 15th January I left Tutuila by a whaleboat, and reached Apia on the following morning. The distance from Tutuila to the eastern end of Upolu is thirty-six miles, thence to Apia is about twenty miles farther. The British, American, and German Consuls reside at Apia, as it is the centre of trade, and altogether the most important place at present in the whole group. Immediately after my arrival, I placed myself in communication with Mr. Williams, the British Consul, who showed me every attention in his power, and supplied me with much valuable information. I called on the American Consul and on the German Consul, both of whom courteously furnished me with information on various points. Mr. Weber, the German Consul, is the representative of the large mercantile firm of Messrs. Goddefroy and Sons, of Hamburgh, who for many years past have had in their hands almost the whole trade of the group. I was unable to procure exact returns of this trade, but that it must be very large is shown conclusively by the fact that from ten to twelve large ships are despatched each year from Apia with full cargoes. These cargoes, however, are not composed exclusively of local produce. Messrs. Goddefroy have trading stations in other parts of the Pacific, and employ small vessels to bring the produce to Apia for shipment. Some of the large vessels occasionally leave Apia and fill up for Europe at ports in the adjacent groups. They have always, throughout the year, one or two large vessels loading for home, and have four brigs trading to Sydney and five or six small vessels of from 40 to 140 tons trading regularly between Apia and the Solomon Islands, Friendly Islands, Savage Islands, Peru Island, and other islands in the Pacific, where their agents are stationed. The produce brought by these vessels is beche-le-mer, cocoa-nut oil, and cobra, which is shipped direct to Hamburgh. Whilst I was at Apia, they had five or six square-rigged vessels lying in port.

I expected to have been able to return from Upolu by one of the small trading schooners, but found that there was no probability of one going to Tutuila for a considerable time: I therefore determined to return by the whaleboat by which I came, and accordingly left Apia on the evening of the 19th January, reached Ulotongea (at the eastern end of Upolu) by daylight next morning, and about 11 o'clock started for Tutuila with a light leading wind, which died away before we were half way across, and caused us to make a long and tedious passage. We landed at a harbour called Masefau, on the northern side of Tutuila, and the following day proceeded to the small island of Aunu'u, where, by arrangement with Captain Blethen, I was to wait for the steamer. As I was detained at Aunu'u nine days, I took the opportunity of paying a second visit to Pango Pango Harbour, and had the pleasure of meeting the Rev. Mr. Powell, who had returned to his station a few days previously. He treated me with great kindness and supplied me with much interesting information.

The "Nevada" arrived off Aunu'u on the night of the 30th January, and I returned by her to New Zealand, reaching Auckland on the 17th instant.

Having referred to the various localities I visited, I now proceed to give a general description of the whole group, and to remark upon such points as appear to me to be specially interesting.

Samoa is the Native name of the Navigators Islands. The group is situated in the Pacific Ocean, between the meridians of 169° 24' and 172° 50' West longitude, and between the parallels of 13° 30' and 14° 30' South latitude. There are ten inhabited islands extending from Ta'u, the easternmost, to Savaii, the most western island, viz., Ta'u, Olosenga, Of'u, Aunu'u, Tutuila, Nuutele, Upolu, Manono, and Savaii. The Native population is from 33,000 to 34,000. The islands were surveyed by the United States Exploring Expedition in 1839. Commodore Wilkes, in his narrative of that expedition, states that they contain 1,650 square miles, divided as follows, viz. :—

Savaii	...	...	...	...	700	Apolima	...	...	...	...	7
Upolu	...	...	...	...	560	Manua	...	...	...	...	100
Tutuila	...	...	...	...	240	Olosenga	...	...	...	...	24
Manono	...	...	...	...	9	Of'u	...	...	...	...	10

The principal islands, it will be seen, are Savaii, Upolu, and Tutuila. Savaii, which I was unable to visit, is the largest island. The following description of it is quoted from the work mentioned above :—

“Savaii is the most western island of the Samoan group, and is also the largest, being forty miles in length and twenty in breadth. It is not, however, as populous or as important as several of the others. It differs from any of the others in its appearance, for its shore is low, and the ascent thence to the centre is gradual, except where the cones of a few extinct craters are seen. In the middle of the island a peak rises, which is almost continually enveloped in the clouds, and is the highest land in the group. On account of these clouds, angles could not be taken for determining its height accurately, but it certainly exceeds four thousand feet.

“Another marked difference between Savaii and the other large islands is the want of any permanent streams, a circumstance which may be explained, notwithstanding the frequency of rain, by the porous nature of the rock (vesicular lava) of which it is chiefly composed. Water, however, gushes out near the shore in copious springs, and when heavy and continued rains have occurred, streams are formed in the ravines, but these soon disappear after the rains have ceased.

“The coral reef attached to this island is interrupted to the south and west, where the surf beats full upon the rocky shore. There are, in consequence, but few places where boats can land, and only one harbour for ships, that of Mataatua: even this is unsafe from November to February, when the north-westerly gales prevail.

“The soil is fertile, and was composed, in every part of the island that was visited, of decomposed volcanic rock, and vegetable mould.”

Upolu is ten miles to the eastward of Savaii, and is next in size. It is about forty miles long and thirteen broad. It has a main ridge extending from east to west, broken here and there into sharp peaks and hummocks. From this main ridge a number of smaller ridges and broad gradual slopes run down to a low shore, which is encircled by a coral reef, interrupted here and there by channels which form the entrances to safe and convenient anchorages for small vessels. At Apia the reef extends across a good-sized bay and forms a safe and commodious harbour for large ships, which is entered through a deep and clear channel formed by a break in the reef.

Between Savaii and Upolu are two small islands; at the south-east end of Tutuila there is the small island of Aunu'u, and sixty miles to the east of this lies Manu'a. The following description of these islands is taken from an account of the Samoan group, published in 1868, by the Rev. Mr. Powell, in the *Chronicle of the London Missionary Society* :—

“The first island that comes in sight of voyagers arriving from the eastward is Ta'u (Ta-'oo), the largest of the three islands that constitute the group which the Natives call Manu'a (Ma-noo-a). It is about six miles long, four and a half broad, and sixteen in circumference, and contains one hundred square miles.

“About six miles west of Ta'u is the island of Olosenga (O-la-say-nga). This is a very rocky island, three miles long, five hundred yards wide, and about fifteen hundred feet high. It contains twenty-four square miles. It is precipitous on every side,—least so on the north-east, most on the north and south-west. On the latter side, about two hundred feet from the shore, rises up a mural precipice twelve hundred feet high. The principal village is situated, in times of peace, on the strip of land in front of this precipice. In times of war the people live on the mountain.

“About two miles and a half off the eastern point of the island, a volcanic eruption burst out from the deep ocean in September, 1866.

“Ofu (O-foo), the smallest of the three islands included in the Manu'an group, is neither so high nor so precipitous as Olosenga. It is separated from the latter by only a narrow, shallow strait, about a fourth of a mile wide. A double-pointed crag off its eastern extremity, together with the precipitous, craggy nature of Olosenga, give to the neighbourhood a remarkably romantic appearance.

“The population of the Manu'an group is about 1,500.

“Aunu'u.—Sixty miles west of Ofu is the island of Tutuila (Too-too-ee-la). A mile from Tutuila, off its south-east point, is the little island of Aunu'u (Au-noo'oo.) This island is about five miles in circumference. Population, 200.

“Manono.—Two miles from the western point of Upolu, and encircled by its reef, is the island of Manono (Ma-no-no). It is nearly of triangular shape, and less than five miles in circumference. It contains nine square miles. It has a mountain a few hundred feet high, from whose summit can be obtained a splendid view of Upolu and Savaii. It is itself ‘one entire garden, in looking at which the eye can scarcely tire.’ It has a population of about 1,000. This island held a very extensive political supremacy over Upolu till the war of 1847-54, in which she lost supremacy, and was obliged to take her place on a level with those over whom she formerly exercised much despotic power.

“Apolima (A-po-lee-ma) is about two miles from Manono. It is a crater somewhat resembling a horse-shoe, while its depth may well suggest the idea of the hand with the fingers contracted, which is the meaning of the name. Its highest part is 472 feet above the sea. The population is about 200.”

Tutuila, the easternmost and smallest of the three principal islands, is thirty-six miles distant from

Upolu. It is seventeen miles long, and its greatest width is five miles. The total Native population of Tutuila is about 4,000. The land is generally mountainous, with steep, sharp-edged ridges, rising here and there into lofty peaks, the highest of which (that of Matafae) is 2,327 feet above the sea, and forms a prominent landmark for the excellent harbour of Pango Pango. As the existence of this harbour so greatly enhances the importance of the Navigators Islands, and as a description of it by a nautical man will be more valuable than any account of it I could give, I quote the following from a report by Captain Wakeman, an experienced master mariner, who was recently deputed by Mr. Webb to visit Tutuila, and ascertain whether this harbour would be a suitable place for a coaling station for his steamers:—

“ At daylight I found myself in the most perfectly land-locked harbour that exists in the Pacific Ocean. In approaching this harbour from the South, either by night or day, the mariner has unmistakable landmarks to conduct him into port: one on the port hand, a high, peaked, conical mountain, 2,327 feet high, and on the starboard hand a flat-topped mountain 1,470 feet in height, which keep sentinel on either hand. These landmarks can never be mistaken by the mariner. The entrance to the harbour is three-quarters of a mile in width, between Tower Rock on the port side and Breaker Point on the starboard hand, with soundings of 36 fathoms. A little more than one mile from Breaker Point on the starboard hand, to Goat Island on the port hand, we open out the inner harbour, which extends one mile west at a breadth of 3,000 feet abreast of Goat Island, to 1,100 feet at the head of the bay, carrying soundings from 18 fathoms to 6 fathoms at the head of the bay. The reefs which skirt the shore are from 200 feet to 300 feet wide, almost awash at low sea. They have, at their edge, from 4 fathoms to 5, 6, and 8 fathoms, and deeper in the middle of the harbour. The hills rise abruptly around this bay from 800 to 1,000 feet in height. . . . There is nothing to prevent a steamer, night or day, from proceeding to her wharf. About half-way from Breaker Point to Goat Island, and near mid-channel, is Whale Rock, with 8 feet of water over it at low sea. It has a circumference of about 50 feet, and breaks frequently. A buoy renders this danger harmless. The services of a pilot can never be required by any one who has visited this port before, as the trade winds from E.S.E. carry a vessel from near Breaker Point with a free sheet in a N.N.W. course into the harbour. It follows that vessels under canvas will have to work out, which, in the ebb tide, with the trades, will generally be accomplished in a few tacks. The trouble is that a ship close into the reef goes in stays, and frequently the whirlwinds off the high land baffle her a few points and prevent her taking properly aback, whence a boat is kept ahead ready to tow her around upon the right tack. Mr. Powell, a missionary, has been a resident of this place twenty-two years, and says that he never knew of a longer detention than nine days to any ships in that time, and of but one gale, which came from the eastward, and unroofed a wing of his kitchen. Even the trades themselves are frequently liable to haul from E.S.E. to E.N.E., giving a ship a chance to get out with a leading wind. At the different quarters of the moon the tide rises $4\frac{1}{2}$ feet. . . . On the top of the little island of Annu'u, to the east of Tutuila, at an elevation of 600 feet, a site for a lighthouse has been secured, as it can be seen alike from the north or south, and is right in a line with the ship's course in passing. Being only seven miles from the entrance to Pango Pango Bay or Harbour, the ships could pick up the port lights, and go in immediately to the wharf, in the darkest night. There are several fine harbours for schooners on both sides of Tutuila.

Savaii and Upolu contain the largest extent of flat land,—fully two-thirds of their area, about 500,000 acres, are fit for cultivation. Tutuila is more mountainous than Savaii and Upolu: probably not more than one-third of its area, or about 50,000 acres would be fit for cultivation; but it has a great advantage over the neighbouring islands in the possession of the excellent harbour of Pango Pango, described above. The whole group is of volcanic origin. Craters of extinct volcanoes are seen at various points. Some of the small islands of the group are composed of a single large crater rising abruptly from the sea. The soil on all the islands is exceedingly rich, and is everywhere covered with dense vegetation, from the water's edge up to the tops of the mountains. The high mountain ridges, extending through the middle of the larger islands, attract the passing clouds, which furnish a copious and never-failing supply of moisture, and feed the numerous streams of beautiful clear water that abound in every direction.

The climate is mild and agreeable; the temperature generally ranges between 70° and 80°, but the heat is greatly subdued by the breezes that are constantly blowing. Mr. Williams, the British Consul, kept a meteorological register, for the Board of Trade, from 1860 to 1865, from which I made an abstract of the mean recorded temperature in every month in the year 1864. (Copy of this abstract is appended hereto.) The south-east trades blow steadily from April to October, being strongest in June and July. From November to March, westerly winds frequently blow, but not for any length of time together. A strong gale may generally be looked for some time in January, but frequently an entire year will pass without a severe gale. February, as a rule, is fine, with variable winds. March is usually the worst and most boisterous month in the year, the winds being still variable, and gales occurring from north to north-west. Copious rains fall from the beginning of December to March. June and July are the coolest, and September and October the hottest, months, although it will be seen, from the abstract above referred to, that there is very little variation in the temperature throughout the year. Hence the growth of vegetation goes on without check all the year round. Cotton and Indian corn yield three crops a year. I saw some of the latter gathered in the middle of January, which had been sown at the beginning of last October: thus it was planted and the crop gathered within four months. The taro also comes to maturity in four months, and is planted continuously all the year round. When the Natives take up the taro, they cut off the top, make a hole in the ground with a stick, into which the top is thrust without the ground being dug over or in any way prepared. A short time after it is planted they clean the ground, and mulch between the plants with grass and leaves, to keep down the weeds. Bananas yield ripe fruit nine months after planting,—some of the introduced varieties come to maturity in six months. This fruit attains a great size, especially the indigenous varieties, some of which I measured, and found to be eight inches long and nine inches in circumference.

Samoa is very rarely visited by the destructive hurricanes that so frequently sweep across most of

the other groups in the Pacific. In December, 1840, there was a severe gale, but scarcely what could be called a hurricane. In April, 1850, a hurricane occurred, when two ships and a schooner were wrecked at Apia. For twenty years after this,—that is, up to 1870,—the islands were entirely free from hurricanes; but four or five heavy gales occurred during that period. These hurricanes, when they occur, are often very local: sometimes they visit one island, leaving the others untouched; for instance, in January, 1870, a cyclone swept over Tutuila but did not reach the other islands.

The following are the principal productions of the group:—Cocoa-nuts, cotton, Native chestnut (*inocarpus edulis*), candle-nuts, bananas, mountain plantains, oranges, lemons, limes, citrons, shaddocks, pineapples, mangoes, guavas, Malay apples, rose apples, custard apples, pawpaws, tamarinds, bread-fruit, yams, taro, pumpkins, melons, sweet potatoes, arrowroot, ginger, wild nutmeg, sugarcane, mandioc or sweet casava, indigo, coffee, Indian corn, tobacco, chilis, vi (*spondias dulcis*), medicinal plants, several trees with very fragrant blossoms that might be used for the preparation of scents, some that exude aromatic gum, and others that furnish very handsome and durable wood, suitable for cabinet-ware and furniture.

There are two cotton plantations on Upolu, of from 200 to 300 acres each, belonging to Messrs. Goddefroy, and several smaller ones belonging to other Europeans. Both the Sea Island and kidney cotton grow most luxuriantly, and bear well. When planted in March, the first crop is ready for picking in July. The first year of planting there are two crops, one in July and one in September or October; in succeeding years three crops may be picked.

The chief article of export is cobra, which is the kernel of the cocoa-nut cut into small pieces and dried in the sun. The preparation of cocoa-nut oil has been almost entirely given up by the Natives, as they find that they can get a more rapid and certain return for their labour by the simple process of preparing cobra. The oil is now expressed from the cobra on its reaching Europe. The trade mostly in request by the Natives is white and printed calicoes, (which are known by the general name of "cloth," and are used by both sexes as *lava-lavas* or waist cloths,) gay coloured cotton handkerchiefs, butchers knives, and American axes. The knives most approved of are large heavy ones, of about 14 or 16 inches in length, which the Natives use for all purposes. Soap, sewing cotton, and small fish-hooks come next. Double-barrel guns, powder, lead, and shot, are also in great demand just at present. It is alleged that since the introduction of fire-arms the loss of life in the Native wars is much less than it used to be formerly, when they fought only with clubs and spears at close quarters, as the combatants observe great caution in approaching each other, from fear of the guns, and both sides commence firing a long way out of range.

The British Consul puts down the European population as under:—

British subjects	...	...	...	...	250
Subjects of the United States of America	...	...	...	...	45
Germans, Spaniards, Portuguese, and others	...	...	...	...	150
					445

This must include the half-castes, for I am satisfied, from inquiries I made from old residents and others best able to give information on this point, that the foreign residents do not reach the number here given. I believe there are altogether about 250 Europeans on the group, most of whom are English.

The following statistics of imports, exports, and shipping, for the last five years, were supplied to me by the British Consul:—

Year.		Imports. Value.		Exports. Value.
1867	...	£36,600	...	£40,598
1868	...	37,200	...	38,020
1869	...	35,992	...	32,500
1870	...	42,800	...	25,600
1871	...	25,000	...	45,000

The imports in 1871 were less than in previous years on account of the large stocks that were on hand; the increase in exports was caused by the Natives pouring in all the produce they could gather, for the purpose of purchasing arms and ammunition for a war that was going on between two of the tribes.

The arrivals of shipping were as under:—

		No. of Ships.		Tonnage.
1867.—British	...	26	...	5,991
Foreign	...	31	...	3,800
				9,791
1868.—British	...	34	...	8,038
United States of America	...	5	...	3,072
German	...	24	...	3,875
Tahitian	...	2	...	159
				15,144
1869.—British	...	29	...	4,402
United States of America	...	3	...	3,690
German	...	22	...	4,230
Tahitian	...	2	...	150
				12,472
1870.—British	...	32	...	4,940
United States of America	...	6	...	3,791
German	...	28	...	7,004
Tahitian	...	4	...	650
				16,385

	No. of Ships.	Tonnage.
1871.—British	26	4,856
United States of America	3	500
German	36	8,696
Tahitian	2	230
		———— 14,282

In 1871, four ships of war visited Apia, namely, one British, one American, one French, and one Russian.

Referring to the trade of Samoa, Mr. Williams, in his last consular report to the British Government, states that "The imports are from the Australian Colonies and Hamburgh: the greater part, however, are of British manufacture. About one-third of the exports are shipped to the colonies, and go thence to England; two-thirds, to Hamburgh direct, being shipped by the representative of the German firm, Messrs. Goddefroy and Sons.

"In 1858 the business of these islands was in the hands of two British merchants, one German house, and one American. In 1870 six British merchants and traders were established in Apia, besides a number of small agencies; one German house, with several out-stations and agencies; and three American houses, with their agencies."

Large tracts of land are being sold by the Natives to the foreign residents. Upwards of 70,000 acres have already been so disposed of, principally on Upolu. The price paid has been from 4s. to 20s. per acre; but where the land is near the sea shore, and covered with bread-fruit and cocoa-nuts, it has fetched as much as £2 or £3 an acre.

Whilst enumerating the advantages possessed by the Navigators group, it is only right to point out that these islands, like all other tropical countries, are not free from certain drawbacks. Chief of these is the prevalence of elephantiasis, from which disease the foreign residents are not exempt. They are not usually attacked by it for several years after their arrival, and some have remained free from it after a lengthened residence; but most of the old settlers suffer more or less from it in some shape or other. Opinion varies very much as to the cause of this disease;—some say that it is caused by incautiously laying about in the bush in wet weather; others, that it arises from the constant and almost exclusive use of vegetable diet; whilst others say it results from the malaria that must constantly arise from decaying vegetation. Many of the residents think that the moderate use of stimulants averts this disorder, and it is generally believed that quinine is an excellent remedy for it. At some parts of the islands, especially in damp, low-lying situations, the inhabitants are more affected by it than they are in others, whilst on the small island of Anuu'u they are entirely exempt from it.

Flies and mosquitoes are very numerous, and are particularly annoying and troublesome, especially to strangers; but they will probably disappear, to a great extent, when wider clearings are made in the dense vegetation that everywhere surrounds the towns and villages.

The Samoan Natives are a fine, tall, handsome race, of a light-brown colour. They are docile, truthful, and hospitable, and are very lively and vivacious. In conversation among themselves and in their intercourse with foreigners they are exceedingly courteous and polite. They have different styles of salutation corresponding with the social rank of the persons addressed: for instance, in addressing the chiefs or distinguished strangers they use the expression *Lau-Afia*, or "Your Majesty." In speaking to chiefs of lower rank they address them as *Lau-Susu*, as we would use the words "Your Lordship." To chiefs of lower degree than those who are thus addressed, the term *Ala-Ala* is used; and to the common people, the salutation is *Omai* or *Sau*, simply meaning "you have arrived," or "you are here."

The men only tattoo, and not on their faces, as the New Zealanders do, but on their bodies, from the waist to the knee, entirely black for the most part, except where relieved here and there by graceful stripes and patterns. At a short distance this tattooing gives them the appearance of having on black knee-breeches. The clothing of both sexes is a piece of calico or native cloth wound round the waist and reaching to the knees. Some of the women wear a couple of coloured cotton handkerchiefs, in the shape of a narrow poncho, over their breasts and shoulders, and hanging loosely down to below the waist. When in the bush, or working in their taro plantations, or when fishing, they wear a kilt of the long, handsome leaves of the *Ti* (*Dracæna terminalis*). They have a kind of fine mat, plaited of fine strips of the leaves of a plant called *Lau-ie*. These mats are only used on important occasions, and they esteem them more highly than any European commodity. Some of them are quite celebrated, having names that are known all over the group;—the older they are, the more they are valued. The oldest one known is called *Moe-e-fui-fui*, meaning "the mat that slept among the creepers." This name was given to it from the circumstance of its having been hidden away among the creeping kind of convolvulus that grows on the shore;—it is known to be over 200 years old, as the names of its owners during that time can be traced down. The best mats are made at Manu'a. They are the most coveted property a Native can possess, no labour or enterprise being considered too great to secure them. Both men and women spend a deal of time in dressing their hair, and frequently apply lime to it, which is laid on in a liquid state, about the consistency of cream, and has the effect of turning the hair to a reddish hue. Both men and women frequently wear flowers in their hair,—generally a single blossom of the beautiful scarlet *Hybiscus*, which is always found growing near their houses. Nature has supplied them so bountifully with food, in the shape of cocoa-nuts, bread-fruit, bananas, native chestnuts, and other wild fruits, and the taro yields them an abundant crop with so little cultivation, that they have no necessity to exert themselves much, and they are therefore little inclined to industry, and probably will never be induced to undertake steady labour of any kind. Their houses are neat, substantial structures, generally circular in shape, with high-pitched conical roofs, supported in the centre by two or three stout posts, and open all round, but fitted with narrow mats made of cocoa-nut leaves, which are strung together like Venetian blinds, and can be let down in stormy weather. The Samoans are very expert in the management of their canoes, of which they have five different kinds: the *A-lia*, or large double canoes, some of which are capable of carrying two hundred men; the *Tau-mua-lua*, from 30 to 50 feet long—(these were first made about seventeen years ago, and are

fashioned after the model of our whaleboats); the *Va-alo*, or fishing canoes, with outrigger—(these are most beautiful little craft, and very fast,—they look exactly like our modern clipper ships, and probably furnished the model from which they were designed); then there is the *Soatau*, outrigger dug-out canoe capable of carrying five or six people; and, lastly, the *Paopao*, a smaller dug-out canoe for one person.

The Natives are all professed Christians. Christianity was first introduced into Samoa, in August, 1830, by the father of the present British Consul, the Rev. J. Williams, who landed a number of Native teachers from Tahiti. A few years afterwards, about 1835, five English missionaries, belonging to the London Missionary Society, landed on the islands, and from that time to the present several congregational missionaries have been constantly resident on the group. In addition to these, there is a Roman Catholic Bishop resident at Apia, and a number of Catholic priests in various parts of the islands. The Natives for nearly thirty years past, I understand, have annually contributed considerable sums towards the support of the mission establishments.

There is no principal chief having authority over the whole group, although there are three great chiefs having the title of *Tui*, or King, viz., *Tui-Manua*, *Tui-A-ana*, and *Tui-Atua*. The first-named is at Manua and the other two at Upolu. Although holding the high-sounding title of King, these chiefs really have no more authority than the *Alii*, or chiefs of towns, all being controlled by the councillors of the towns. Formerly there was a *Tui Samoa*, or King, of the whole group, similar to the Tui Tonga and Tui Viti (King of Tonga and King of Fiji), but this has not been the case for probably hundreds of years. Each town or village has its own chief. In some cases a number of villages are banded together in a kind of confederacy, over which the chief who has the greatest influence exercises a nominal kind of rule. The principal chiefs are called *Alii*, next to whom are the heads of certain families in each village, called *Tu-la-fale*, who comprise a very considerable section of the community, and really exercise more influence than the chiefs. Everything affecting the interest of the village is debated in council, where the *Tu-la-fale* sit with the chief and do most of the speaking. The decisions of the council become law for the whole village. The system of government varies in different districts. In some towns the *Matuas*, or Patriarchs, exercise considerable authority, whilst in others the *Tu-la-fales* have the most influence; this, however, they only possess collectively, not individually. The Natives, having so little to do, spend a great deal of time in their councils, where they discuss and regulate all the affairs of the town or village, down to the most trifling matter. They are constantly laying down laws for the price of food when sold to the Europeans, and what shall be paid by Europeans to the Natives they employ as boats' crews. The village council leaves no man, not even the chief, free to bargain for the disposal of what is his own. No argument can overcome its decisions, and the only way to remove these restrictions is for foreigners to abstain altogether from having any dealings with the Natives whilst they endeavour to enforce these mischievous and absurd laws for regulating prices.

None of the Samoan Natives, up to the present time, have been taken away in labour vessels. They would have the strongest objection to being removed from their own islands, and would not willingly engage themselves as labourers. There is, however, on Samoa a considerable number of Natives from islands near the Line, and from Niue, or Savage Island, who have been imported to work on the cotton plantations and about some of the warehouses. I saw a gang of thirty-five of the Line Islanders hoeing in a cotton field;—they are darker in colour, and much smaller men than the Samoans. It struck me that they looked wretchedly dejected and forlorn, and that they plodded along at their work in a most languid and monotonous manner. Some were engaged, I was told, for five years, and some for three years, with pay of from three dollars to five dollars a month. They have to labour from 6 o'clock in the morning to 6 o'clock in the evening, with a rest of an hour for breakfast and an hour for dinner. The Niue men that I saw were working about one of the stores at Apia;—they were clothed in European costume and had a lively and cheerful look. Several of them, I was told, after being sent back to their homes, had engaged themselves for a second term of service and returned to Apia; but I did not hear that this had been the case with any of the Natives from the Line Islands.

A feud has existed for some time past between two sections of the Natives on Upolu and Manono: they have already fought twice during the last three years, when several were killed on each side, and hostilities are again imminent. The quarrel commenced about three years ago between *Tua Masanga* and *Manono* (one of the small islands off the western end of Upolu, the inhabitants of which formerly had considerable political influence over the people of Upolu,) as to which party should have the right to nominate a chief to succeed to the title of *Malieatoa*, which is an old hereditary title of high rank. The *Tua Masanga* nominated for the title the eldest son of the late *Malieatoa*: the *Manono* party set up the brother of the deceased chief. The chieftainship, although hereditary, does not necessarily descend from father to son. Although the present war began ostensibly for the purpose of settling the succession to the title of *Malieatoa*, yet it soon took wider dimensions; and the *Manono* party, with a view of gaining more adherents to their side, declared it to be the *Tuua o tu la fonu*, or "war for establishing laws;" but probably the real motive that impelled the *Manono* party to take up arms, was a jealousy of the advantages enjoyed by the *Tua Masanga* in having the foreign settlement of Apia within their borders. This jealousy, and the fear of being deprived altogether of their political supremacy, induced the *Manono* party to establish themselves on the long low point that forms the western boundary of Apia Harbour, the name of which they changed from *Murinnu* to *Samoa ua tasi* "Samoa is one." From this position they hope to gain the ascendancy over the party who are now paramount in Apia. Great preparations are being made by both sides, and blows will no doubt be come to very shortly; but the Samoans do not appear to be a warlike race, and the war, although it may be protracted, is not likely to be a sanguinary one. The present disturbed state of affairs, however, is most disastrous to the Natives, as they congregate together in large numbers and neglect their cultivations. They are selling their land in all directions to buy arms, without retaining sufficient reserves for their own support; and of course this disposition is being eagerly taken advantage of by many of the white settlers who desire to acquire land. Although not a warlike they are a very vain race, and their vanity compels them to enter into hostilities that both sides would probably gladly avoid. It is the opinion of many of the oldest residents who are thoroughly acquainted with the Natives, that the

parties now at war would be glad to see peace restored; and that they, as well as the rest of the Native population, would welcome a foreign power that could put an end to their troubles and establish law and order among them.

Whilst I was at Apia I took the opportunity, through the aid of Mr. Williams, the British Consul, (who has been thirty-three years in the islands, and is thoroughly acquainted with the language, manners, and customs of the Natives, and has their confidence,) to ascertain the views, from one of the leading chiefs from each side in the present quarrel, as to the feelings of the Natives with reference to a foreign power assuming the government of the islands. The most influential chief of the Manono party, and representing one of the three great districts into which the Island of Upolu is divided, said, "There is no country we should like to take over Samoa equal to England. We know the English are just; an English protectorate would be sweet." The principal chief belonging to the Tua Masanga, or section inhabiting the central district of Upolu, in which is the harbour and settlement of Apia, said that "his own feeling and that of his people was, that they would gladly welcome British rule, but that they did not want any other power." He was repeatedly questioned, and his answer was always the same. He was then asked why the Natives preferred the English? His reply was, that "they knew that the British would deal justly by them, but other powers would oppress them." This conclusion, he said, was formed from the experience of the oppressive treatment they had already experienced at the hands of the subjects as well as the vessels of war of other nations. His opinion was, that the great majority of the Natives were anxious for the British Government to come to Samoa to establish law and good government. What they would prefer would be to have a council of chiefs, aided by English officers, to frame and carry out laws, and to have the occasional presence of an English vessel of war to back up the authority of the council.

On Tutuila, *Maunga*, the chief at Pango Pango Harbour, told me that the Natives would be glad to see Great Britain take the islands under her protection. He said they made an application to this effect through the British Consul to the Queen about twenty-five years ago; that they were still of the same mind, and were waiting for a favourable reply. An answer, I was told, was returned to this application, to the effect that the British Government was not prepared to take possession of the islands, but that it would not stand by and see any other power exercise greater authority in them than it did. The chiefs of Tutuila and of Upolu, I understand, have twice forwarded requests, through the British Consul, to the Home Government to take possession of the islands or establish a protectorate over them. The foreign residents are exceedingly desirous of seeing some settled form of government established, and the great majority of them are in favour of British rule. In an interview I had with the Roman Catholic Bishop at Apia, he told me that he very much regretted the present disturbed state of the Natives on Upolu, as it stopped all progress among them. He would like to see some Government take possession of the group, and thought that the Natives would be glad to welcome any power that would establish law and order, and put an end to their fights. He would rather see England or America than any other foreign power take possession of the islands. He knew that British rule was just and liberal, and that all religions would have equal liberty. Any authority that came to the islands would have to be from some recognized Government, and should be introduced by a vessel of war. He estimated the population at about 34,000;—this was the number set down a few years ago, after careful inquiry, and he did not think there was much difference now—the population was about stationary. He had a high opinion of the Samoans, and considered them docile, truthful, and honest; but the chiefs were exceedingly jealous of each other, which led to frequent wars.

In the course of conversation with Mr. Weber, the German Consul, he informed me that he had large claims against the Natives, and that he had been applying to his Government, for several years past, to get a vessel of war to call. The Prussian Government had at length acceded to his application, and promised that the "Nympha" should visit the islands on her way to China. This vessel is expected at Apia very shortly. Mr. Weber told me that he had no intimation whatever that it was the intention of his Government to take possession of or to assume any authority over the islands. On reaching Auckland, on my return from the Navigators, I learned from a gentleman just returned from Sydney, that the "Nympha" had reached that place, and that the Captain had stated that he had instructions to proceed thence to the Navigators Islands, where he was to refit his ship, and to land and exercise his men.

There can be no doubt, I think, that both Natives and Europeans would gladly welcome the establishment of British authority on the islands, and that it will be a matter of lasting regret to all who are in any way interested in the extension of commerce and civilization among the countless islands of the Pacific, if the Government disregard the wishes of the Natives, and refuse to take possession of or to establish a protectorate over this valuable group. The importance of securing possession of the harbour of Pango Pango for a coaling station for the steamers carrying the New Zealand and Australian English mails to and from San Francisco, is too obvious to require comment. The distance from—

Pango Pango to Auckland	...	...	...	...	1,577 miles.
" Vavau, Friendly Islands	...	...	...	...	380 "
" Levuka, Fiji	...	...	...	...	630 "
" Tongatabu	...	...	...	...	475 "
" Tahiti	...	...	...	...	1,250 "
" New Caledonia	...	...	...	...	1,445 "
" Sydney	...	...	...	...	2,410 "
" Melbourne	...	...	...	...	2,864 "
" Honolulu	...	...	...	...	2,283 "

From its central and commanding position in respect to the other groups in the Pacific, Pango Pango Harbour would further appear to be admirably suited for a naval dépôt, or for a station from which Her Majesty's cruisers could rapidly reach the different islands, and thus be able to suppress the abuses of the South Sea labour traffic. The Government of the United States appear to be fully sensible of the important position of the Navigators Islands, for intelligence has just been brought by

the "Nevada" that the United States sloop of war "Narragansett," which vessel was at Honolulu when the "Nevada" left that place, is under orders to proceed to the Navigators for the purpose of forming a naval station at Pango Pango Harbour. Commerce is rapidly increasing in the Pacific, and trading stations owned by British subjects are being established in it in various directions. Large numbers of British vessels are now constantly employed in distributing British manufactures, and gathering up produce at the various islands for shipment (generally through the Australian Colonies and New Zealand) to Great Britain. Very large interests are thus rapidly springing up among the South Sea Islands, and the necessity for having some station in the Pacific where British authority shall prevail and where British justice can be administered, will year by year become more pressing.

If British authority should be established on Samoa, I believe that the Natives, under proper management, would readily adapt themselves to our institutions and conform to all necessary laws for maintaining order among themselves. They have already made efforts to establish laws for the punishment of crime. A simple code was, some time since, drawn up by the British Consul, which the Natives approved of, but, owing to dissensions among themselves, it did not come into operation. Perhaps the most certain indication of their fitness for civil government that can be adduced, is the fact that they have adopted the plan of levying taxes among themselves for particular objects. For instance, quite recently the Upolu people fixed a tax of one dollar a head on adult males, a half dollar on youths, and a quarter dollar on male children, for the purpose of buying arms and ammunition for the present war.

New Zealand, in addition to being the nearest British Colony to the Navigators, is also most favourably situated for communicating with that group, owing to the prevailing winds for nine months in the year being favourable for the passage both ways. One or two vessels are already employed in trading to them, and it is certain that at no distant date this trade will rapidly increase, as the islands are capable of yielding sugar, coffee, cotton, and almost every kind of tropical produce; whilst New Zealand raises in abundance and can supply, in exchange for these commodities, exactly those articles which the white settlers on the islands stand most in need of, such as flour, butter, cheese, preserved meats, &c., &c.

Many of the European settlers are fully alive to the advantages they would derive from a connection with New Zealand, and a large number of them, I have no doubt, would willingly aid in establishing such a connection. Several of them recognize that the long experience the New Zealand Government has had in the management of the Maoris, would enable it to suggest measures or to take steps that would avert many complications that they think would arise if the management of the islands were placed entirely under persons having little or no knowledge of the character and prejudices of the Polynesian Natives.

From the particulars given above it will be seen that the Navigators Islands occupy a most important position in the Pacific; that they possess two safe and commodious harbours, suitable for the largest size vessels, which harbours are admirably adapted for stations from which operations could be rapidly carried out for suppressing the pernicious and iniquitous labour traffic that is now carried on among the South Sea Islands; that the Islands are capable of producing almost everything that is grown within the tropics, and that they are likely to become an important centre for trade;—further, that they are inhabited by a docile and amiable race of Natives, who have the warmest attachment to Great Britain, and earnestly desire to place themselves under her rule and protection.

On reviewing these conditions, and having regard especially to the geographical position of New Zealand in relation to the Navigators and adjacent groups, and to the fact that a considerable trade is likely soon to spring up between this Colony and those Islands, the conclusion, I think, that must be arrived at is, that it would be advisable that the New Zealand Government should strongly support the wishes of the Natives, and should urge upon the Imperial Government to comply with those wishes, by establishing British protection and authority over the Islands of Samoa.

I have, &c.,

The Hon. the Commissioner of Customs, Wellington.

WILLIAM SEED.

EXTRACT from the Meteorological Register kept at the British Consulate at Apia, in the Navigators Islands, for the Year 1864.

MONTH.	LOWEST AND HIGHEST TEMPERATURE DURING THE MONTH.				HIGHEST RECORDED TEMPERATURE DURING THE MONTH.
	6 o'clock a.m.		4 o'clock p.m.		
	Lowest.	Highest.	Lowest.	Highest.	
January	70	75	76	82	85 at 8 a.m.
February	71	79	77	84	85 at 10 a.m.
March	70	81	74	85	86 at 8 a.m.
April	70	76	74	88	88 at 4 p.m.
May	65	82	78	85	85 at 4 p.m.
June	65	74	78	83	83 at 4 p.m.
July	61	74	79	82	82 at 4 p.m.
August	59	77	78	84	84 at 4 p.m.
September	67	78	81	83	86 at 8 a.m.
October	61	79	82	84	86 at 8 a.m.
November	73	76	78	79	84 at 8 a.m.
December	71	78	82	86	86 at 4 p.m.

CORRESPONDENCE.

No. 1.

The Hon. J. ROBERTSON to the Hon. W. GISBORNE.

SIR,—

Sydney, 26th September, 1871.

1. I have the honor to inform you that on my colleague the Postmaster-General applying to Mr. H. H. Hall, of this city, for information why no English mail was received by the steamer "Wonga Wonga," which arrived here on the 24th ultimo, he stated that Captain Stewart and his agents at San Francisco applied to the Postmaster there, who informed them that Mr. Vogel had undertaken to forward the Australian mails free of cost.

2. I am aware by the receipt of your letter of the 2nd instant, that your Government have been pleased to offer, free of cost, the carriage of mails to this Colony to the end of the present year; but I have to express the regret of this Government that, in anticipation of such offer and its consideration, a member of your Government should have thought it desirable, if such really be the case, to stay, somewhat prematurely, as it seems, the transmission of mails to this Colony by a service for which Parliament had voted a subsidy, to the inconvenience and dissatisfaction of the public here.

I have, &c.,

The Hon. the Colonial Secretary, New Zealand.

JOHN ROBERTSON.

No. 2.

The Hon. W. GISBORNE to the Hon. J. ROBERTSON.

SIR,—

Colonial Secretary's Office,

Wellington, 19th October, 1871.

I have the honor to acknowledge the receipt of your letter of the 26th September, in which you state, that on your colleague the Postmaster-General applying to Mr. H. H. Hall for information why no English mail was received by the steamer "Wonga Wonga," which arrived at Sydney on the 24th August, Mr. Hall stated that Captain Stewart and his agents at San Francisco applied to the Postmaster there, who informed them that Mr. Vogel had undertaken to forward the Australian mails free of cost; and in which you express regret that a member of the Government of New Zealand should have thought it desirable, if such really were the case, to stay, somewhat prematurely, the transmission of mails to New South Wales by a service subsidized by the Colony, thus causing inconvenience and dissatisfaction to the public.

In reply, I have the honor to assure you that you have been misinformed. On Mr. Vogel's arrival in San Francisco, in July last, Mr. Webb stated to him that he had telegraphed to Washington as to whether mails for New South Wales, then to arrive from England, were to be forwarded to the Colony by Mr. Hall's line, or by the line under contract with the New Zealand Government; and that the reply had been that the matter was left in the hands of the Postmaster at San Francisco. Mr. Vogel strongly advised Mr. Webb to use his influence with the Postmaster to send the New South Wales mails by the "Wonga Wonga," upon the ground that it was not certain that there would be connection at Auckland, so that the mails could be forwarded at once to Sydney. Had there been such communication, the mails would have reached Sydney sooner than they would if shipped on board the "Wonga Wonga." Mr. Vogel is not able to speak positively as to the course taken by Mr. Webb; but he is under the impression that that gentleman, without further representation, left the matter to the decision of the Postmaster at San Francisco.

I have, &c.,

The Hon. the Chief Secretary,
New South Wales.W. GISBORNE,
Colonial Secretary.

No. 3.

The Hon. J. ROBERTSON to the Hon. W. GISBORNE.

SIR,—

Sydney, 23rd October, 1871.

I have the honor to forward to you the enclosed copy of a letter from the Postmaster-General of San Francisco, California, on the subject of the transmission of our English mails *via* New Zealand, and not otherwise, unless by the consent of your Government; and to request that this Government may be favoured with an explanation, at your earliest convenience, whether the action of the Postal Department of the United States has been the result of any communication on the subject from the Government of your Colony.

I have, &c.,

The Hon. the Colonial Secretary of New Zealand.

JOHN ROBERTSON.

Enclosure in No. 3.

N. B. STONE, P.M., to the Hon. JOSEPH DOCKER.

SIR,—

Post Office, San Francisco, 13th September, 1871.

I have the honor to acknowledge the receipt of your letter, B71-2978, dated 28th July, 1871, covering copy of a letter from the Hon. H. H. Hall, United States Consul at Sydney, and notice contents.

In reply, I beg leave to inform you, that the instructions sent me by the United States Post Office Department, respecting the forwarding of English mails for your colony at the time of the sailing of the "City of Melbourne" on her first voyage, were positive, to send all English mails for your Colony *via* New Zealand. In answer to a letter subsequently sent the department on this subject, I am further instructed that English mails for your colony can only be sent direct, by consent of the New Zealand Government.

The Hon. Joseph Docker,
Postmaster-General, Sydney, N.S.W.

I have, &c.,
N. B. STONE, Postmaster.

No. 4.

The Hon. W. GISBORNE to the Hon. J. ROBERTSON.

SIR,—

Colonial Secretary's Office, Wellington, 5th December, 1871.

I have the honor to acknowledge receipt of your letter of 23rd October, enclosing copy of a letter from the Postmaster at San Francisco, California, to the effect that, at the time of the sailing of the "City of Melbourne" "on her first voyage," he was instructed by his department to send all English mails for your colony *via* New Zealand; and that he has since been instructed by his department, that English mails for your colony can only be sent direct, by consent of the New Zealand Government.

Complying with your request that your Government may, as early as possible, be favoured with an explanation whether the action of the Postal Department of the United States has been the result of any communication on the subject from this Government, I have the honor to state—

(1.) That as to the specific complaint made in your letter of 26th September, that mails for New South Wales were not forwarded direct, an explanation has already been given, the letter containing it having probably crossed yours of 23rd October.

(2.) That no action has been taken which can justify the instructions stated in the letter of the Postmaster at San Francisco to have been given to him.

I enclose printed copy of a Convention entered into between the Government of the United States and that of this Colony. You will see that by clause 6 of the Convention, the United States agree not to forward, without the consent of this Government, mails for any colony except New Zealand by mail steamers subsidized by this Colony.

I am sure you cannot consider such an arrangement an unfair one; and I must add, that the Government of New Zealand have not attempted to influence the Government of the United States to refuse to New South Wales a like arrangement as regards mail steamers subsidized by that colony.

The Hon. the Colonial Secretary, New South Wales.

I have, &c.,
W. GISBORNE.

No. 5.

The Hon. J. ROBERTSON to the Hon. W. GISBORNE.

SIR,—

Sydney, 31st January, 1872.

I have the honor to acknowledge the receipt of your letters of the 19th October and 5th December last, in reply to my communication of the 23rd of the former month, on the subject of the transmission of the English mails for this colony *via* New Zealand and not otherwise, unless by the consent of your Government; and, in reply, to transmit, for your information, a copy of a minute by the Postmaster-General of this colony on the subject, which has been adopted by the Cabinet.

The Hon. the Colonial Secretary of New Zealand.

I have, &c.,
JOHN ROBERTSON.

Enclosure in No. 5.

MINUTE by the Hon. J. DOCKER.

THE complaint of this Government was, not that the Government of the United States had refused to forward mails addressed to this colony by mail steamers subsidized by the Colony of New Zealand, without previously obtaining the consent of the latter Government, but that it had refused to deliver mails addressed to this colony, to the authorized agents of a vessel acting as a mail steamer, unless the consent of the New Zealand Government had been obtained.

The 6th clause of the Postal Convention referred to in this letter cannot apply to this case, because this clause merely authorizes the New Zealand Post Office to require the United States Post Office not to forward by such subsidized packets any mails addressed to any colony not agreeing with New Zealand to contribute to the maintenance of any such line: and, indeed, if it did apply, such notice not having been given, and Australian mails shipped on board such vessels, it would simply put it in the power of New Zealand to detain such mails.

But I think that a clue to the action of the United States postal authorities may be found in the various contracts entered into between Mr. Vogel and the successive American contractors for the conveyance of New Zealand mails *via* San Francisco, in each of which contracts the name of the Australian Colonies is introduced. These contracts are, one concluded on the 22nd November, 1870, between Mr. Vogel and Messrs. Holladay and Brenham, another, dated the 6th February, 1871, between Mr. Vogel and Messrs. Webb and Holladay; and a third dated the 7th March, 1871, between Mr. Vogel and Messrs. Webb and Holladay.

As all these agreements contain the same provision and in the same words, I will confine myself to an examination of the last. Clause 23 of this agreement provides, in terms of the Postal Convention, that no mails whatever to or from any of the colonies of Australia, shall be received on board or carried in any of the steam vessels employed under the contract, without the written consent of the Postmaster-General. This, of course, could not be complained of; but the 24th clause provides that "in pursuance of the Postal Convention . . . and in order to insure reasonable contributions from the Australian Colonies . . . the Postmaster-General and the contractors will use their best endeavours to prevent the transmission of all mails to or from any of the Australian Colonies . . . unless such colony . . . shall enter into arrangements with the Postmaster-General as provided by clause 15." This reference to clause 15 is evidently an error, as it does not bear upon the question, but its meaning is discovered by turning to clause 15 of the contract of the 6th February, 1871, which allows the Postmaster-General, but not the contractors, to make arrangements with Australian Governments for the conveyance of mails.

This correspondence upon the subject must, I think, show that the contractors, if not the Postmaster-General, have been acting under the provisions of the contract; and it is highly probable they would do so, as the clause subjects them to a penalty of £500 for a wilful breach of this stipulation.

J. D.

29th December, 1871.

No. 6.

MEMORANDUM OF AGREEMENT made the seventeenth day of February, one thousand eight hundred and seventy-two, between WILLIAM HENRY WEBB, of New York, in the United States of America, Esquire, and BEN HOLLADAY, of San Francisco, in the United States of America, aforesaid, Esquire, hereinafter called "the Contractors," of the one part, and THE AUSTRALASIAN STEAM NAVIGATION COMPANY, a Corporation carrying on business in Sydney, in the Colony of New South Wales, and elsewhere, hereinafter called "the said Company," of the other part

WHEREAS by a Memorandum of Agreement dated the seventh day of March, one thousand eight hundred and seventy-one, and made between the Honorable Julius Vogel, Postmaster-General of New Zealand, of the one part, and the Contractors, of the other part, it was, amongst other things, agreed that the Contractors should establish a line of mail steam vessels, to be called "The United States, New Zealand, and Australia Mail Steamship Line," to run between the ports of San Francisco and New Zealand, to commence at San Francisco on the 8th day of April, one thousand eight hundred and seventy-one, for ten years, and that one of the vessels to be employed under the said contract should leave San Francisco once in every twenty-eight days, and should proceed thence to Port Chalmers, by way of and calling at Auckland, Wellington, and Lyttelton, in New Zealand; and one of the said vessels should leave Port Chalmers once in every twenty-eight days, and should proceed to San Francisco, by way of and calling at Lyttelton, Wellington, and Auckland: And further, that the Contractors should, once in every twenty-eight days, run a steamer in connection with the aforesaid steamers between Auckland and Sydney, and between Sydney and Auckland, and, if required to do so by the Postmaster-General, the Contractors should, or at their own option they might, run the said steamer to Melbourne, and from Melbourne to Sydney and Auckland, and which Memorandum of Agreement is set out in the Schedule (B) hereto: And whereas it has been arranged and agreed that a steamer shall be run to and from Melbourne in connection with such service, to run direct between Auckland and Melbourne, and between Melbourne and Auckland, if the Government of Victoria shall grant and pay a subsidy for the service, such subsidy to be agreed on between the parties hereto and the Postmaster-General for the time being of New Zealand, but otherwise to run *via* Sydney: And whereas it hath been agreed between the Contractors and the said Company that the said Company shall, at their own expense, provide and run steam vessels between Auckland and Sydney, Brisbane and Melbourne, for the carriage from and to Auckland of mails, passengers, and freight, for the Contractors, in connection with the said recited contract of the seventh day of March, one thousand eight hundred and seventy-one, and in good time to make immediate connection at Auckland with the steam vessels run under such contract, and otherwise in a manner and upon the terms and conditions hereinafter appearing: And the Postmaster-General of New Zealand hath testified his concurrence in such arrangement and agreement by a memorandum at the foot hereof, in manner therein set forth:

NOW THESE PRESENTS WITNESS that the Contractors jointly and severally, for themselves and each of them, their and each of their heirs, executors, and administrators and permitted assigns, covenant and agree with the said Company, and the said Company covenant and agree with the Contractors their executors and administrators and permitted assigns, in manner following, that is to say:—

That the said Company shall and will, at their own expense, provide and run first-class steam vessels from Auckland to Sydney, and from Sydney to Brisbane, and from Brisbane to Sydney, and from Sydney to Auckland; and (if such subsidy as aforesaid shall be obtained from the Government of Victoria) from Auckland direct to Melbourne, and from Melbourne direct to Auckland, or otherwise, from Auckland to Melbourne *via* Sydney, and from Melbourne to Auckland *via* Sydney, for the carriage of, and shall therein and thereby, at the expense of the said Company, carry for the Contractors, from and to the several places aforesaid, all the mails, passengers, and freight in connection with the steam vessels of the Contractors arriving at and departing from Auckland, from and to San Francisco and intermediate places, in pursuance of the above recited Memorandum of Agreement of the seventh day of March, one thousand

eight hundred and seventy-one, or such of the said passengers and freight as the steam vessels of the said Company shall have accommodation and stowage for carrying: Provided that if the said steam vessels shall, three times in any twelve months during this agreement, be or be found to be insufficient to carry all the passengers and freight as above, the Contractors may give to the said Company a request in writing to provide larger vessels, of such register tonnage as the Contractors shall require, not exceeding one thousand five hundred tons gross, within twelve calendar months from the giving of such request, and the said Company shall, within two months after the giving of such request, signify in writing to the Contractors their assent to or dissent from such request; and in case the said Company shall fail so to signify their assent to or dissent from such request, or shall dissent from such request within such two months, then the Contractors shall be at liberty to put an end to this agreement by giving six calendar months' notice, in manner herein provided, in case of failure to obtain any of the subsidies herein mentioned; and if the said Company shall assent, they shall be bound to furnish such steamer within such twelve calendar months.

That the said service shall commence on the sixteenth day of February, one thousand eight hundred and seventy-two, and shall continue for the period during which the said contract of the seventh day of March, one thousand eight hundred and seventy-one, shall continue thereafter, unless previously determined as hereinafter mentioned; and the steam vessels of the said Company to be employed in such service shall leave the several places aforesaid at times to be fixed by a table to be from time to time furnished by the Postmaster-General of New Zealand, or such person or persons as he may appoint; a reasonable notice of any alteration to be given to the said Company: Provided that no such alteration shall render necessary the employment of an additional steam vessel, except as herein provided.

That the periods within which the several passages shall be made shall not exceed the following, namely:—One hundred and thirty-eight hours between Auckland and Sydney, and between Sydney and Auckland; sixty hours between Brisbane and Sydney, and between Sydney and Brisbane; one hundred and sixty-eight hours between Auckland and Melbourne, and between Melbourne and Auckland direct; sixty hours between Sydney and Melbourne, and between Melbourne and Sydney; two hundred and ten hours between Auckland and Melbourne *via* Sydney, and between Melbourne and Auckland *via* Sydney, and six hours extra in case of arrival in Sydney after dark, and twelve hours extra in case of the non-arrival of the vessel from Auckland in twenty-four hours after her contract time; two hundred and ten hours between Auckland and Brisbane *via* Sydney, and between Brisbane and Auckland *via* Sydney, and six hours extra in case of arrival in Sydney after dark, and twelve hours extra in case of the non-arrival of the vessel from Auckland in twenty-four hours after her contract time; and one hundred and fifty hours between Auckland and Brisbane, and between Brisbane and Auckland direct.

That the vessels to be employed between Auckland and Sydney, and Sydney and Auckland, and between Auckland and Melbourne, and Melbourne and Auckland, either direct or *via* Sydney, or between Sydney and Melbourne, and Melbourne and Sydney, as the case may be, shall be such as the "City of Adelaide" and the "City of Melbourne," "Wonga Wonga," "Alexandra," and "Rangatira," now run by the said Company; and that the vessel or vessels to be employed between Auckland and Sydney, and also the vessel or vessels to be employed between Sydney and Melbourne, shall be subject to the approval of the Postmaster-General of New Zealand, and, if a subsidy shall be obtained from New South Wales, the Postmaster-General of New South Wales; and the vessel or vessels to be employed between Auckland and Melbourne direct shall be subject to the approval of the Postmaster-General of New Zealand, and, if a subsidy shall be obtained from Victoria, the Postmaster-General of Victoria; and that the said Company may run other steam vessels between Sydney and Brisbane, such as are now employed by the Company on that line, subject to the approval of the Postmaster-General of Queensland; and that all such vessels to be employed under this agreement shall be of a character in every way suitable for the performance of the before-mentioned services, and shall always be kept, by and at the expense of the said Company, in good and complete repair and condition, and in every respect seaworthy, in good and complete working order, well and properly fitted out and furnished, and provided with every requisite for rendering them constantly efficient for the service in every particular as first-class mail and passenger steam vessels; and such vessels respectively shall be of sufficient speed to perform the voyages aforesaid, within the times aforesaid, without difficulty.

That all wool required to be carried in the said Company's steamers shall be dumped if the said Company shall so require it.

That the said Company shall, on demand, pay to the Contractors, or one of them, or their or one of their agents, all moneys, costs, charges, damages, and expenses which the Contractors, or either of them may rightfully pay or incur in consequence of the non-observance or non-performance, by the said Company, of any part or parts of this agreement.

That, for the services herein described, to be well and faithfully performed by the said Company, the Contractors shall pay to the said Company at the rate of two thousand pounds per annum, being one-fifth of the subsidy agreed to be paid by the Postmaster-General of New Zealand to the Contractors for the mail service between Auckland and Sydney, or between Auckland, Sydney, and Melbourne, as the case may be, under the before-recited contract; also one-fifth of any subsidy which may from time to time be obtained from the Government of New South Wales for the mail service to and from San Francisco *via* Auckland by "The United States, New Zealand, and Australian Mail Steamship Line," and one-fifth of the net freight and passage money to be received by the Contractors for goods and passengers by the said line to and from Sydney *via* Auckland; also one-fourth of any subsidy which may from time to time be obtained from the Government of Queensland for the mail service *via* Sydney and Auckland by the said line, and one-fourth of the net freight and passage money to be received by the Contractors for goods and passengers by the said line to and from Brisbane *via* Sydney and Auckland; also one-fourth of any subsidy which may from time to time be obtained from the Government of Victoria for the mail service by the said line *via* Auckland, and one-fourth of the net freight and passage money to be received by the Contractors for goods and passengers by the said

line to and from Melbourne *via* Auckland, or one-fifth of such net freight and passage money as aforesaid to and from Melbourne *via* Sydney and Auckland, as the case may be; and all such portions of freights and passage moneys to be paid by the Contractors in *pro rata* payments as soon as collected by them, regular accounts, as far as practicable, to be rendered to the said Company, at their office in Sydney, every twenty-eight days. All such payments to be subject to the due performance, by the said Company, of this agreement in every particular.

That the word "net" herein used shall mean gross, with a deduction of seven and a half per centum only.

That the said Contractors shall be at liberty to deduct from any payments aforesaid, any moneys which may from time to time be or become payable to them by the said Company under this agreement, in consequence of any default in the observance or performance by them of any part of this agreement.

That each of the said subsidies shall be such only as shall be mutually agreed upon between the Contractors, the said Company, and the Postmaster-General for the time being of New Zealand.

That, until such a subsidy shall have been granted by the Government of Victoria, it shall be lawful for the said Company to convey the said goods and passengers, and such mails as the Contractors may require to be conveyed, to and from Melbourne *via* Sydney instead of direct: Provided that in such case the said Company shall be paid one-fifth instead of one-fourth of the net freight and passage money as aforesaid: Provided also that, in case of such subsidy not being obtained, the said Company shall not, as between themselves and the Contractors, be bound to carry mails to or from Melbourne in connection with the Contractors' said line for more than six calendar months from the date hereof.

That in case at any time during this agreement the said several Governments of New South Wales, Victoria, and Queensland, or any or either of them, shall fail to pay subsidies to be agreed upon as aforesaid, or in case any one or more of such subsidies shall not be agreed upon as aforesaid, it shall be lawful for either of the said parties hereto to give to the other notice in writing of their intention to put an end to this agreement, or for the Postmaster-General of New Zealand himself to give a like notice to the said parties, and this agreement shall thereupon, at the expiration of six calendar months from the time of the giving of such notice, cease and be void, except as to any prior breach, and subject to the final adjustment of accounts or otherwise; and such notice, and any other notices connected with this agreement, may be given by or to the agent of the Contractors in San Francisco, and by or to the Secretary or Manager or other officer at the office of the said Company in Sydney, and that copies of all such notices given by the parties hereto shall be forthwith given to the Postmaster-General of New Zealand: Provided that, with regard to any such notice to be given by the Postmaster-General of New Zealand, the time at which the same shall expire shall be specified therein, and shall not be less than six calendar months.

That the said Company shall, so far as it is or shall be compatible with this agreement, observe and perform all the provisions of any contract or agreement which may be entered into by the Postmaster-General of New Zealand with the consent of the Contractors, or by the Contractors with the consent of the Postmaster-General of New Zealand, with any of the Australian Governments, for the carriage of mails to and from San Francisco *via* Auckland.

That the said Company shall have the whole benefit of any premiums which may, under any agreement with the Governments of New South Wales, Victoria, and Queensland, and either of them, become payable for early delivery of mails in that portion of the service performed by them.

That the said Company shall use their utmost endeavours to prevent their commanders, officers, and servants from carrying any letters or other mail matter to or from Auckland, and shall not employ any person who shall be found doing or to have done so; and that the said Company shall by such vessels carry all mails which shall be delivered to them, or which they shall be required to carry, by the Contractors, or their agent or agents, or any Government from time to time under contract with the Postmaster-General of New Zealand with the consent of the Contractors, or with the Contractors with the consent of the Postmaster-General of New Zealand, or under any agreement with the Government of New Zealand for the carriage of mails to and from San Francisco *via* Auckland; and that the said Company shall not carry any other mails from or to San Francisco, or any ports or places between Auckland and San Francisco, otherwise than under and subject to this agreement.

That the said Company shall give precedence to all the passengers and goods traffic of the Contractors, both to and from all or any of the places aforesaid; but shall, without prejudice to this agreement, and so as not to endanger, impede, or interfere in any way with such traffic, be at liberty to fill up for their own benefit.

That the said Company shall not be at liberty to assign or underlet this contract or any part thereof.

That, during the existence of this agreement, neither party to it shall run steam vessels, nor contract with any other person or persons to run steam vessels, either directly or indirectly, in competition with the other party to this agreement, to or from any of the ports or places mentioned or referred to in this agreement.

That the term "all mails" throughout this contract, shall be taken to mean all letters, newspapers, books, printed or written papers, and other things usually transmitted by post, and the boxes, bags, and packages in which the same are enclosed, and also all empty bags, boxes, and packages, and other stores and articles used in carrying on the Post Office service, which shall be sent to or from any post office; and no letters, newspapers, or printed or written papers, other than books, shall be knowingly carried in any form or manner other than as mails, without the consent of the Contractors.

That the Contractors are, at their own expense, to appoint and employ their own agents in the several places aforesaid, and such agents shall have the supervision and direction of all business connected with this agreement, such as determining the rates of freight and passage money (subject as regards the rates of freights and passage money as herein mentioned), the making engagements with passengers and shippers, the collection of passage and freight moneys, and otherwise. And that the said Company will give every information and facility in the power of the Company for the proper and quick despatch of such business, without further remuneration than herein appears, including the use of the warehouses of the said Company for freight, until the departure of the next steamer.

That the said Company shall provide, to the satisfaction of the Contractors and the Postmaster-General, on board all steam vessels employed under this contract, proper, safe, and convenient places for the deposit of mails, with locks, keys, and secure fastenings.

That the said Company shall also provide, to the satisfaction of the Contractors and the Postmaster-General, all necessary and suitable accommodation, including lights, for the purpose of sorting and making up the mails on board the several steam vessels employed under this contract; and, on being required to do so by the Contractors or the said Postmaster-General, shall or will, at their own cost, erect or set apart, on each of the said vessels, a separate and convenient room for such purposes. The master or commander of each of the said vessels shall also provide assistance for conveying the mail between the mail-room and the sorting-room.

That if the Postmaster-General shall think fit to entrust the charge and custody of the mails to the master or commander of any vessel to be employed under this contract, and in all cases where the officer or other person appointed to have charge of the mails shall be absent to the knowledge of the master or commander of such vessel, such master or commander shall, without any charge other than that herein provided to be paid to the said Company, take due care of, and the said Company shall be responsible for the receipt, safe custody, and delivery of, the said mails.

That the said Company shall take and deliver, and the Postmaster-General respectively shall cause all mails in Auckland, Sydney, Brisbane, and Melbourne, (if any) to be delivered at or taken from the ship's side, and such delivery shall be taken within two hours after arrival at the appointed place of delivery.

That the said Company, and all commanding and other officers in charge of the vessels employed under this contract, shall at all times punctually attend to the orders and directions of the Postmaster-General, his officers or agents, as to the mode, time, and place of delivering and receiving mails, subject to the special provisions herein contained, and so far as such orders and directions are reasonable and consistent with the safety of the vessel.

That the said Company shall have no claim to any postage, nor to any payment on account thereof, for mails carried under this contract, except as herein provided; but the said Company shall be entitled to receive, for their own sole use and benefit, the usual postage money to be obtained for conveyance by their vessels of mails between ports or places in Australia, not mentioned in this contract.

That the said Company shall provide suitable first-class accommodation for a mail officer or agent on board each of the vessels employed under this contract, who shall be at liberty to use such accommodation as may be required for the performance of his duties, and such officer or agent shall be victualled by the said Company as a chief cabin passenger without charge either for his passage or victualling.

That every such mail officer or agent shall be recognized and treated by the said Company, their officers and agents, as the agent of the Postmaster-General in charge of the mail, and as having full authority in all cases to require a due and strict performance of this contract: Provided that no such agent or officer shall have power to control or interfere with any commander or officer in the performance of his duty, and every such agent and officer shall be subject to all general orders issued by the master or commander for the good order, health, and comfort of the passengers and crew, and the safety of the vessel.

That if the Postmaster-General, or his officers or agents, shall at any time deem it requisite for the public service that any vessel should be detained beyond the appointed time of departure, it shall be lawful for the Postmaster-General, his officers or agents, to order such delay not exceeding forty-eight hours at Auckland, and not exceeding twenty-four hours at any of the other ports or places in Australia, by letter addressed to and delivered to the commander of the vessel or the person acting as such, or left for him on board the vessel, or to the agent of the Company at such port or place, four hours at least before the hour appointed for departure: Provided that the Postmaster-General of New Zealand, or such person as he may appoint, may detain any vessel at Auckland, for the arrival of the Contractors' steam vessel, beyond such forty-eight hours, but not beyond one hundred and sixty-eight hours: Provided that the Contractors shall pay to the said Company two pounds per hour for every hour during which any vessel shall be so detained after the first seventy-two hours.

That the Contractors shall have power to assign this contract to a Company intended to be established by them for the purpose of taking over and carrying out the aforesaid line; but this contract or any part thereof shall not be otherwise assigned, underlet, or disposed of by the Contractors, or by the Company to whom the same may be assigned, without the consent in writing of the said Company, party hereto, first obtained for that purpose.

That the said Company shall in all other respects conform to the stipulations of the said Memorandum of Agreement of the seventh day of March, one thousand eight hundred and seventy-one, and shall be equally bound with the Contractors by all directions of the Postmaster-General of New Zealand; and the Postmaster-General of any colony from which a subsidy as aforesaid may be obtained, shall have the same powers with regard to his colony, as the Postmaster-General of New Zealand has by the said agreement of seventh day of March, one thousand eight hundred and seventy-one, and by this agreement with regard to New Zealand; and the words "Postmaster-General" herein, shall apply to and mean the Postmaster-General of the Colony or place from or to which mails shall be carried as aforesaid, whose Government shall pay a subsidy as aforesaid.

That all goods and passengers carried under this agreement shall be carried under a through bill of lading and through passenger ticket, to be from time to time agreed upon between the parties hereto.

That in case of the breach by either party of this agreement, or any clause, matter, or thing herein contained, and of such breach continuing for twenty-one days, the other shall be at liberty to put an end to this agreement by giving six calendar months' notice in writing in manner herein contained, in case of failure to obtain any of the subsidies herein contained.

That in case it should become necessary for the Contractors to send on from New Zealand any vessel of theirs, employed in their said line, to Melbourne or Sydney, for repairs, they shall be at liberty by such

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vessel to carry passengers and freight to and from Sydney or Melbourne, but the said Company shall be entitled to the like proportion of the passage money and freight as if such passengers and freight had been conveyed by one of their own vessels under this agreement.

That the said Company shall, if and when thereunto required by the said Contractors, run a boat, to be approved of by the Postmasters-General of New Zealand and Queensland, direct between Auckland and Brisbane, for conveyance to and fro of passengers, mails, and freight; and that, for such direct service, the said Company shall receive during the first six calendar months the sum of five thousand pounds; and after the expiration of six calendar months, if the said contractors shall require such direct service to be continued, at the rate of the sum of nine thousand pounds per annum, out of any subsidy or other moneys payable or to be payable by the Queensland Government; but the said Company for such direct service shall be entitled to receive only one-fifth instead of one-fourth of the line traffic by the said direct steamer.

That the schedule of fares and freights hereunto annexed and marked A shall be the minimum rates of fares and freights for the conveyance of goods and passengers by the said liue: Provided, nevertheless, that the Contractors shall have power to reduce the payment for a cabin passage from San Francisco to Melbourne direct, or vice versa, to forty pounds, and for a steerage passage to and from San Francisco via Auckland direct, to fifteen pounds.

That the Postmaster-General of New Zealand shall receive and pay over to the said Company their proportion, as herein mentioned, of subsidies from time to time paid by the New Zealand Government or any of the Australian Governments.

That nothing herein contained shall have the effect, or be considered to have the effect, of authorizing or empowering the Contractors to make arrangements for the carriage of mails, or to carry mails, with or for any Government, without the consent of the Postmaster-General of New Zealand, or otherwise to restrict him in or alter his powers under the above-recited agreement of the ninth of March, one thousand eight hundred and seventy-one.

In witness whereof the said Company hath hereunto affixed its seal, and the said Contractors have hereunto set their hands and seals, the day and year first above written.

J. MILSON, JR.,
JAMES H. NEALE,
THOS. WALKER,
M. METCALFE,
JOHN BREWSTER, } Directors.

At a meeting of the Board of Directors of the Australasian Steam Navigation Company, held at their Office on the 23rd day of February, 1872, the Seal of the said Company was duly affixed hereto in the presence of

WM. H. TROWTON, Manager.

Signed, sealed, and delivered by the said William Henry Webb, in the presence of

DAVID DAINTRY, JOHN P. ROXBURGH.

Signed, sealed, and delivered by the said Ben Holladay, by his attorney, William Henry Webb, in the presence of

DAVID DAINTRY, JOHN P. ROXBURGH.

W. H. WEBB.

BEN HOLLADAY, (By his Attorney, W. H. WEBB).

On behalf of the Government of New Zealand, I, the undersigned Julius Vogel, Postmaster-General of New Zealand, and a Member of the Executive Council thereof, hereby testify the consent and concurrence of myself, as such Postmaster-General, and of the Government of New Zealand, to the above agreement, so far as regards the vessels to be employed as above, and as regards the performance by the Contractors of the mail service between Auckland, Sydney and Brisbane, and Melbourne, and so long only as the above agreement shall continue. This concurrence is not in any way to restrict, prejudice, or affect the powers of the Postmaster-General of New Zealand under the contract of the seventh of March, one thousand eight hundred and seventy-one, nor is it to prejudice or affect the liability of the Contractors thereunder, further than and except as to the employment, during the continuance of the said agreement, of the steam vessels of the Australasian Steam Navigation Company, as above, in substitution of steam vessels of the Contractors as above, for the performance by the Contractors of the mail service between Auckland and Sydney and Brisbane and Melbourne.

JULIUS VOGEL.

SCHEDULE A.

The Fares and Freights at present are:—

Table with 4 columns: Route, First (£), Second (£), Third (£). Rows include Sydney to San Francisco, Sydney to Honolulu, San Francisco to Auckland, San Francisco to Sydney, San Francisco to Melbourne, San Francisco to Brisbane, and Wool to San Francisco (Clean, Greasy, D. W. and Measurement).

W. H. WEBB.

No. 7.

The Hon. J. VOGEL to the Hon. J. ROBERTSON, New South Wales.

SIR,—

Sydney, 1st February, 1872.

I have the honor to submit to you a proposal respecting the carriage of mails to and from New South Wales and England *via* San Francisco.

Mr. W. H. Webb, on behalf of himself and Mr. Ben Holladay (representing "The United States, New Zealand, and Australia Mail Steamship Line"), has entered into an arrangement with "The Australasian Steam Navigation Company," to connect, by means of a fast steamer, with the steamers of the before-mentioned line. It is proposed that the vessel shall leave Sydney in time to catch the outward mail at Auckland; and that immediately on the arrival at Auckland of the boat from San Francisco, the steamer shall start from Auckland, with the mails, passengers, and freight for Sydney.

The outward mails from Great Britain would be despatched a fortnight after those *via* Brindisi; and on this side the times could be so arranged as to make the service alternate fortnightly with that performed by the boats of the P. and O. Company.

We should require for the conveyance of the New South Wales Mails, a subsidy of £20,000 per annum. I may observe that of that subsidy there would—under the arrangement of the New Zealand Government with Messrs. Webb and Holladay—pass to New Zealand only £8,000 in reduction of its subsidy of £50,000 to the line. But the £50,000 includes a payment of £10,000 as special consideration for the service between Auckland and Australia; so that the amount recovered out of the subsidy which I now propose New South Wales should pay, would be less than the special payment which New Zealand has undertaken to make.

There appears to be some uncertainty here as to the terms on which mails are conveyed across the American Continent. I desire, therefore, to explain to you the arrangement under which the New Zealand Mails are conveyed, and which arrangement can, of course, be made applicable to New South Wales. All mails from Great Britain to New Zealand, or from New Zealand to Great Britain, are respectively sent as "Closed Mails" to San Francisco or to New York; and are forwarded by the United States Postal Department, in the one case to England, and in the other case to San Francisco. Under a Convention between Great Britain and the United States, letters, in "Closed Mails," passing across the American Continent, are subject to a territorial charge of 3¼ cents an ounce; while from New York to London they are subject to a charge of 1d. per letter. These amounts the Imperial Government have to pay to the Government of the United States.

When New Zealand originated the service *via* San Francisco, the Imperial Post Office agreed to make all such payments to the United States Government on account of New Zealand letters, and to forward mails for New Zealand from Great Britain to New York, in consideration of the department retaining all the postages collected in Great Britain. With respect to newspapers and book parcels, the Imperial Post Office agreed to make to the United States Government all necessary payments for conveyance from Great Britain to San Francisco, in consideration of retaining the postages; but as the amount of those postages is not sufficient to cover the charges both ways, the Imperial Post Office debits New Zealand with the payments made, under the Convention, to the United States Government, for the conveyance of newspapers and book parcels between San Francisco and Great Britain. The amount of such payments is, however, inconsiderable; and, as will be observed, it is the only charge made to New Zealand by Great Britain in respect to mails to and from the colony *via* San Francisco. But it may justly be urged that, besides paying the very small American charges, the Imperial Post Office should contribute to the subsidy or give up some of the postages.

During my recent visit to England, I wrote to the Postmaster-General, pointing out that whilst A.—No. 6, New Zealand was left to bear the whole cost of the carriage of mails between the colony and San Francisco both ways, the amount of the postages on letters which the Post Office collected and retained, really amounted to much more than the Imperial Government had to pay to the Government of the United States. The Post Office defended the calculation, upon the basis of which the postages were retained, by claiming upon each letter, inwards and outwards, a charge of 1d. for English inland postage. In reply, I represented that there would still be a margin of ½d. per letter, in favour of the Imperial Government, between the amount which it received and that which it paid to the United States; and I strongly urged upon the department that it was not in accordance with a liberal practice to charge inland postage upon such letters, seeing that New Zealand was carrying free the mails from San Francisco to the colony. I also objected very much to another item in the calculation—that of 1d. per letter between England and New York—as the mails are despatched to New York by steamers under contract with the Imperial Government to carry all mails that are put on board.

After protracted negotiations, an understanding was arrived at, that the Post Office would consider the question of treating the service *via* San Francisco as an alternative fortnightly one with that performed by the P. and O. Company. The question of the subsidy to be paid in such case was not entered upon; but I have no doubt that an arrangement can be matured, under which the Imperial Post Office will contribute a moderate subsidy to the San Francisco Service.

It is part of the proposal which I now make to your Government, that in the event of an Imperial subsidy being received, it shall be shared between the colonies contributing to the service, in proportion to their respective contributions. The amount which New South Wales is now asked to pay will, therefore, be reducible by its proportion of any Imperial subsidy which may be obtained.

I have been led to believe that your Government may object to make any permanent arrangement without calling for tenders. Should such be the case, I am willing that the arrangement now proposed should be terminable by either party to it, upon six months' notice, given at any period after the arrangement shall have been in force for six months. This would enable you to call for tenders, should you resolve so to do, and would enable the successful tenderers to make the necessary arrangements.

I would suggest to you that it would be worthy of consideration, if you enter into the arrangement now proposed, whether it would not be desirable to reduce the rate of postage to England. Seeing that, in any case, the postages received here on letters would not be subject to any charge for

American transit, and may therefore be looked upon as net revenue, it might be found that a reduction of the rate of postage to (say) 3d. might lead to an increase of revenue, whilst it would very much encourage communication with the Mother Country.

The Hon. the Colonial Secretary, New South Wales.

I have, &c.,
JULIUS VOGEL.

No. 8.

The Hon. J. ROBERTSON to the Hon. J. VOGEL.

SIR,—

Sydney, 5th February, 1872.

I have the honor to acknowledge the receipt of your letter of the 1st instant, submitting a proposal in detail respecting the carriage of mails to and from this colony and England *via* San Francisco.

2. In reply, I beg to inform you, that this Government, having fully considered such proposal, have arrived at the conclusion that they are not yet in a position to deal with it, and think that its determination should therefore stand over for the present.

The Hon. Julius Vogel, Esq., &c., Sydney.

I have, &c.,
JOHN ROBERTSON.

No. 9.

The Hon. J. VOGEL to the MANAGER, A.S.N. Co.

SIR,—

Sydney, New South Wales, 17th February, 1872.

I have the honor to inform you that I undertake to procure the exemption of the steamers belonging to your company, which connect at Auckland, New Zealand, with the San Francisco contract mail steamers, from pilotage and light dues at the port of Auckland.

The Manager, A.S.N. Co.

I have, &c.,
JULIUS VOGEL,
Postmaster-General, New Zealand.

No. 10.

MR. WEBB to the Hon. J. VOGEL.

SIR,—

Melbourne, 26th February, 1872.

With reference to the requirements of clause 41 in the contract for mail service made March 7th, 1871, I have the honor to advise you of what has been done in this respect. Immediately after signing the contract, a representative of the Line was delegated to attend upon the Congress of the United States, then in session, collect such statistics of the wool and flax trade as were then obtainable, and present them to Congress, with proper arguments for a reduction of the duty on New Zealand and Australian wool and flax.

That session of Congress closed so soon after our contract was made, that little more could be done in that direction until after the re-assembling of Congress.

I have, myself, had personal interviews with the Committees of Congress having the subject of the tariff in charge, and also with influential members of Congress favourable to a general reduction of the existing tariff, who assured me that at the next session of Congress (now assembled) some reduction of the duty on wool and flax should be made. During the interval between the adjournment of the late Congress and the assembling of the present one, an association of wool growers, woollen manufacturers, and others, has been formed in the United States, whose avowed object is to procure a reduction of the duty on imported wool and flax; and I confidently rely upon our combined efforts to effect the desired reduction at the present session of Congress.

Immediately on beginning to run our line of steamers, I discovered that but little freight was moving between the respective countries. I therefore applied myself to cause the wool and flax of New Zealand and the other colonies to be shipped to the United States, and thus secure the freight for our steamers. To accomplish this, it was necessary to hold out some extra inducements to the manufacturers and purchasers of wool and flax, who reside almost entirely in the Atlantic cities of the United States, to determine them to purchase direct in the New Zealand and Australian markets, and ship to and through San Francisco by steamer and railroad, instead of purchasing in the European markets, and shipping by sailing ships as heretofore. I therefore offered to those parties, if they would purchase in these colonies at the approaching season of wool and flax sales, that I would freight their purchases not only to San Francisco, but to the railroad stations in the cities and towns where their mills and warehouses were located in the Atlantic cities, at an unprecedented low rate of freight, and on through bills of lading, thus relieving them and the shippers of all trouble and responsibility from the time of shipment until the delivery at their own doors.

These offers of mine, with still more onerous conditions attached, were accepted by some, and large purchases of wool by American buyers immediately followed, competing with the Home and European buyer, and thus very greatly advancing the market price of the wool throughout the whole season in all the colonies.

These purchases have been, and are still being, freighted to the United States, under contract with our line, and in our steamers, at rates which allow no profit to the line, but with great advantage and enormous profit to all the colonies.

I have, &c.,
U.S., N.Z., and A.M.S.S. Line, by
W. H. WEBB.

The Hon. Julius Vogel, &c., &c., Melbourne.

No. 11.

The Hon. J. VOGEL to Mr. WEBB.

SIR,—

Melbourne, 28th February, 1872.

I have the honor to acknowledge the receipt of your letter of February 26th. I have to thank you very much for the information it contains, as also for the exertions you have made, not only to obtain a reduction in the rates of duty upon wools in the United States, but also to direct the attention of persons requiring wool to the advantage of making purchases in the markets of these colonies. No doubt, the colonies have already reaped advantage from this source, and equal advantage has been gained by the purchasers; who have not only avoided the heavy reshipment duty which they would have had to pay, had they made their purchases in England, but have also obtained their wool in a very much shorter time.

I sincerely hope that the exertions which you and others are making to secure the free admission—or the admission at a very much reduced rate of duty—of New Zealand and Australian wools into the United States, will be successful.

It appears to me, that if they obtained suitable wools, the United States manufacturers might command an enormous market, not only in the United States, but in China, for their woollen and worsted goods.

W. H. Webb, Esq., &c., &c.

I have, &c.,
JULIUS VOGEL.

No. 12.

The Hon. J. VOGEL to the Hon. C. GAVAN DUFFY, Victoria.

SIR,—

Melbourne, 27th February, 1872.

I have the honor, on behalf of the Government of New Zealand, to submit to you proposals for the conveyance of mails between Victoria and Great Britain *via* San Francisco.

Mr. William H. Webb, who represents "The United States, New Zealand, and Australia Mail Steam-ship Line," has concluded an agreement with "The Australasian Steam Navigation Company" to run a fast steamer from this port, to connect, every four weeks, with the vessels of the line just mentioned. It is intended that the steamer shall leave Hobson's Bay in time to catch the outward mail at Auckland, and shall start thence with mails, passengers, and freight for Victoria immediately on the arrival of the boat from San Francisco.

The subsidy we should require for the conveyance of the Victorian mails is £25,000 per annum. A very considerable portion of that amount—namely, £7,500—would pass to the Australasian Steam Navigation Company, in consideration of their putting on the special direct boat; and the balance—£17,500—would be equally divided between the New Zealand Government and Mr. Webb. The subsidy paid by New Zealand for the line is £50,000, which amount includes £10,000 as a special contribution on account of the service between New Zealand and Australia. The sum passing to New Zealand out of the Victorian subsidy now proposed, would, therefore, be less than the special payment made by New Zealand. There is an understanding with Mr. Webb that, whatever subsidies are obtained from the colonies, New Zealand shall not receive more than £15,000 in reduction of the £50,000 for which she has become responsible to initiate the line.

There is an existing arrangement between Great Britain and New Zealand, under which the Imperial Post Office authorities are to pay all the American charges upon letters both ways, in consideration of retaining the postages collected in Great Britain. The only charge made to the Colony is for the American rates on newspapers and book parcels one way. The Post Office authorities would, no doubt, make a like arrangement with Victoria, and you would thus be assured of being able to send your letters free of any charge for conveyance between San Francisco and England and England and San Francisco. But the arrangement described is certainly much more favourable to the Imperial Post Office than it is to the Colony; and representations on the subject have consequently been made by New Zealand, with the view of obtaining some contribution towards the subsidy. The representations have been not unfavourably entertained. I forward to you some papers on the subject.

It is one condition of the proposals now submitted to you, that should such an Imperial contribution be received, it shall be divided amongst contributing colonies in proportion to the amounts respectively paid by them in aid of the line; so that the £25,000 asked from Victoria would be reducible by its proportion of any sum contributed by the Imperial authorities.

Another considerable reduction of the proposed £25,000 would result from the lessened payment which Victoria would have to make towards the Peninsular and Oriental Company's service. By the present arrangement with that Company, each Colony has to pay in proportion to the number of letters it sends. It is reasonable to suppose that the letters which would go by the San Francisco route would diminish the number of, and consequently the payment for, letters by the Suez route.

While I do not desire to hold out the hope that letters sent *via* San Francisco can be delivered in as short a time as those sent from or to Melbourne *via* Suez and Brindisi, I am of opinion that the San Francisco route will be a quicker one than that between Melbourne and England *via* Suez to Southampton. The contract time for the latter is understood to be fifty-four days. But Mr. Webb will be willing to contract that mails between San Francisco and Melbourne, or between Melbourne

and San Francisco, shall be delivered in thirty-two days and a half; and the time now occupied between San Francisco and England may be stated at nineteen days. There is, however, reason to believe that the latter time will be reduced by improved arrangements which are contemplated for the conveyance of the mails across the continent, by the present railway route through the United States; and a much greater reduction is likely to result from the mails being forwarded by way of Halifax to Chicago, as soon as the connecting railway is finished. It is fairly to be supposed that, by the new route to and from Halifax, mails will be carried between England and San Francisco and between San Francisco and England in sixteen days. Thus, there is offered a mail service occupying at present between Melbourne and England fifty-one days and a half, with the almost certainty of a speedy reduction to forty-eight days and a half, as against the P. and O. Company's contract time of fifty-four days from Melbourne to Southampton.

You will, I think, agree that the comparison between the route *via* San Francisco and that *via* Suez and Southampton is not an unfair one, when I remind you that two-thirds of the letters from these colonies for Great Britain, by the Suez route, are sent by way of Southampton, and only about a third by way of Brindisi.

In considering the question of subsidizing the San Francisco route, it is submitted that the Government of Victoria should duly estimate the value of the line to the Colony as supplying means of direct communication with the United States. I have authority for stating that it was the establishment of this line which turned the attention of wool dealers and manufacturers in the United States to direct purchases in these colonies. Victoria has during the last few months been enabled to judge of the effect upon the value of wools which has resulted from the initiation of this movement; but I believe that the effects known are insignificant in comparison with those which may fairly be anticipated, if the communication now established be maintained.

There is a strong probability that the American duties on Australasian wools will soon be very much reduced. It was one of the objects of my visit to the United States last year, and it has throughout been made a prominent subject of consideration in the arrangements with Mr. Webb, that every legitimate exertion should be used to induce the United States Legislature to reduce the wool duties. There is reason for believing that the exertions made will be successful. The subject is now engaging the attention of the United States Legislature.

But even with the present rates of duty, dealers and manufacturers in the United States will find advantage from themselves purchasing wools in the markets of Australasia; for not only will they gain by direct shipments, in lieu of the re-shipment necessary in England, but they will avoid the enhancement of price which results from the special additional duty which the United States tariff imposes upon wools the product of the Australasian colonies, which are re-shipped from England to the United States.

If communication for postal and mercantile purposes is maintained, the constant presence of American wool-buyers in these markets may, I think, be relied upon. Mr. Webb is able to send wool from the port of Melbourne to New York at a cost not much in excess (when the saving of interest is taken into account) of the present freight from Melbourne to London. Besides, much of the wool purchased here will no doubt be sent by sailing vessels direct to New York or Boston.

It would be difficult to exaggerate the effect which direct purchases by Americans in these markets will have in maintaining and increasing the value of one of the principal products of Victoria. Not only will they enable much of the wool to be sold in the colony, at prices equal to those which would be realized in London, without the expenses for freight and sale having to be deducted; but such purchases will have the effect of keeping up prices in England, by leaving the wool-producers of the colony more independent than they have hitherto been of a single monopolizing market. Indeed, the amount of the subsidy now proposed is trifling when compared with the amounts which have been, and which will continue to be, made in the colony through the increased price obtained for wool, consequent upon the establishment of the mail service *via* San Francisco.

I submit, therefore, that the San Francisco service should be supported by Victoria in consideration of the direct benefits it has conferred, and must continue to confer, on the colony. But it may also properly be urged that New Zealand has some right to claim from Victoria assistance in the establishment of a steam mail service to Great Britain. For years past, New Zealand has contributed her rateable proportion towards the line between England and Melbourne; whilst she has been left unaided—except as regards very small contributions from the Home Government—to maintain the necessary services from her ports to Melbourne and to Sydney, neither Victoria nor New South Wales having made any contributions in aid.

The services subsidized by New Zealand have, moreover, had the effect of throwing an immense trade into Victorian channels. Statistics, which have been accurately prepared, show that during the ten years, 1861 to 1870, inclusive, the total value of imports into New Zealand was £52,580,000, of which amount goods to no less a value than £25,310,000 were from Australia; the imports from Victoria alone amounting to £15,444,000. Thus, during the ten years named, Victoria supplied nearly one-third of the total imports of New Zealand. In addition, exports from New Zealand to Great Britain, to a very large amount, have found their way to their destination through Victoria.

It is submitted that, in view of the facts stated, Victoria owes it to New Zealand, as a matter of reciprocal obligation, to aid in the permanent establishment of a line calculated so largely to benefit both colonies.

I desire to point out, that the route from Melbourne to San Francisco *via* Auckland and the Navigator Islands, is not longer than, if so long as, the route *via* Sydney, Moreton Island, and the Fijis, as proposed to the recent Conference, whilst the navigation is much easier.

As a proof of the desire which has been evinced in Victoria to use the line, I may mention that two-thirds of the letters for America which have been carried by Mr. Webb's boats, have been sent from Melbourne.

The Hon. the Chief Secretary, Victoria.

I have, &c.,
JULIUS VOGEL.

No. 13.

The Hon. C. GAVAN DUFFY to the Hon. J. VOGEL,

SIR,—

Chief Secretary's Office, Melbourne, 29th February, 1872.

I have the honor to acknowledge your letter of the 27th instant, containing a proposal of terms on which Victoria is invited to join New Zealand in subsidizing Mr. Webb's line of steamers from San Francisco.

This Government are not at all disposed to undervalue the advantage of direct communication with the United States for commercial purposes, or even for postal purposes, though this advantage is less certain; nor do they deny the claim New Zealand has upon this colony for friendly aid in the attempt she has made to establish such communication. We will be quite willing to consider the basis of an agreement between the colonies, and to debate it in a personal interview with Mr. Webb and yourself, on one condition, but that condition is a *sine quâ non*—that the main steamers shall come to Melbourne. We do not consider a branch service, such as you propose, one worth paying a subsidy for, or which would or ought to satisfy the wants of the principal city in Australasia.

Should you be disposed to negotiate on the basis which I have indicated, we will be happy to consider your suggestion as to obtaining better terms from the Imperial Government, which ought, we think, to bear a moiety of the expenditure of any line accepted by the principal colonies.

I have, &c.,

C. GAVAN DUFFY.

The Hon. Julius Vogel.

No. 14.

The Hon. J. VOGEL to the Hon. C. GAVAN DUFFY.

SIR,—

Melbourne, 2nd March, 1872.

I have carefully considered the objections to the proposal I have made to you, contained in your letter of the 29th ult., as also those urged at the interview I had with you and your colleagues; and, after discussing the whole subject with Mr. Webb, I have agreed with that gentleman to make you a proposal which would substantially amount to your entering into a contract with Mr. Webb, jointly and upon an equal footing with New Zealand.

In order to do this, an arrangement must be made by which, so to speak, the colonies would share the terminus of the line, which may, I think, be effected in the following manner:—

I propose that a fourth main-service boat shall be provided; that the steamers leaving San Francisco shall proceed to Melbourne by way of Auckland; and that the steamers leaving Port Chalmers shall proceed to San Francisco also by way of Auckland. One of the main-service boats would have to await at Auckland the arrival of the boat to or from San Francisco, and to tranship at once for Melbourne or Port Chalmers, as the case might be. Thus, a steamer would leave San Francisco, and on reaching Auckland would tranship to the boat waiting there to proceed to Port Chalmers; and the boat from San Francisco would proceed to Melbourne. On the route to San Francisco, the vessel from Port Chalmers would proceed through to San Francisco, meeting at Auckland the boat from Melbourne.

By this plan, the whole of the four boats would regularly visit Melbourne and Port Chalmers. The boats from San Francisco would proceed to Melbourne without transshipment of passengers or freight for that port, whilst the boats from Port Chalmers would proceed to San Francisco without the New Zealand passengers or freight having to be transhipped.

As the whole journey, in either case, would be performed by main-service boats, I am of opinion that, to all intents and purposes, the passengers in each case would look upon the service as a direct one, and the inconvenience of occasional transshipment would be very trifling. In respect to freight, shippers would have no concern with the transshipment, since it would be made from one of Mr. Webb's vessels to another, at the expense of the contractors. There would not be the inconvenience of transshipment from large to smaller vessels, as is frequently the case with two of the principal ocean lines in the world—the Peninsular and Oriental Company and the Royal Mail Steam Company's vessels.

I have supposed that the steamer from San Francisco would proceed through to Melbourne, and that the steamer from Port Chalmers would proceed through to San Francisco. I should certainly prefer such being the arrangement; but it is possible that you may desire that the steamer from Melbourne should proceed through to San Francisco, and that the vessel arriving at Auckland from San Francisco should proceed to Port Chalmers.

Should it prove that, in respect to this point, each of us wishes the same thing for his colony, the course that suggests itself is, that each colony should have the benefit of that arrangement for six months during the year, or that each should have it in alternate years. There would be no difficulty in such a course: in fact, when the boats met at Auckland, it would be easy to arrange which should proceed to Melbourne, which to Port Chalmers, and which to San Francisco.

I am of opinion that the arrangement I now propose will meet the objection that you would not be willing to subsidize any service which did not give you the use of the main boats. Not only will the proposed arrangement give you the use of the main boats, but Victoria will enjoy, equally with New Zealand, the advantage of being the terminus of the line. As far as passengers and freight are concerned, I am of opinion Mr. Webb's arrangements will be so effective, that those who use the line, whether in New Zealand or in Victoria, will fail to perceive anything short of the advantages of direct communication and of the terminus of the line.

With respect to terms, I have arranged with Mr. Webb to make you the following offer:—That Victoria and New Zealand shall each pay him £30,000 per annum, and each receive one-third of the amount of any subsidies obtained from other colonies, after deducting the necessary payments for branch services to connect those other colonies with the main service: Mr. Webb to have the remaining one-third. That is to say, supposing it to be arranged that New South Wales shall pay

£20,000 for the service, including a branch steamer between Sydney and Auckland, for which branch steamer £5,000 per annum had to be paid, then there would remain from the New South Wales subsidy £15,000, to be divided equally between Victoria, New Zealand, and Mr. Webb. Similar remarks would apply to any arrangement made with Queensland, Tasmania, or South Australia.

If you are able to agree to the proposal I have made, I should be willing that we should jointly enter into a contract with Mr. Webb, embodying the terms thereof, and subject to the approval of our respective Legislatures.

If we enter into the arrangement proposed, Mr. Webb desires to build the fourth boat required; but, in order that he may be able to do so, he will have meanwhile to charter one of the local boats. Although the boat to be so chartered would not be equal in size to the vessels we require, I am inclined to agree to what Mr. Webb proposes; since he assures me that if he builds a boat she will embrace all the most recent improvements, and will be a vessel which will, in every respect, give more satisfaction than would be possible if he were compelled to purchase one in order to commence the service. I should suggest to you, therefore, to agree to allow a local boat to be used whilst Mr. Webb is building a fourth boat.

Mr. Webb would not be able to undertake to commence the service for six months, on account of an engagement he has entered into with the Australasian Steam Navigation Company, from which it would require six months to secure a release. It is possible, however, he may be able to amend his arrangement with that Company, and so be in a position to begin the service in somewhat less than six months.

Mr. Webb assures me, that if he obtains the United States subsidy, as he expects to do, not only will he build the fourth boat, but he will replace the present boats by others of the same character as he now proposes to build; in short, he will make the line second to no ocean line in the world.

I have, &c.,

The Hon. the Chief Secretary, Victoria.

JULIUS VOGEL.

No. 15.

MR. WEBB to the Hon. J. VOGEL.

SIR,—

Melbourne, 3rd March, 1872.

My intercourse with the Ministry of Victoria, since my arrival here, and others having political influence in the colony, as also with the Press and leading merchants of Melbourne, fully convinces me that unless you are prepared to make to the Victorian Government some concession allowing the steamers of our line to appear regularly in this harbour, and run through from Melbourne to San Francisco, instead of going from San Francisco to Melbourne, there is absolutely no hope whatever of making an agreement with the Government of this Colony to join the Government of New Zealand in the matter of subsidy for a mail service to San Francisco; in short, the Cabinet tell me so most positively. Whether rightly or wrongly, it is their belief that you would get the best of the proposed partnership arrangement, because of the steamers calling at so many ports in New Zealand, and only at one in Victoria.

In consideration of this advantage in your favour, this Government insist that they should have the right to the choice of the through route, and they prefer the through route from Melbourne, giving you the through route from San Francisco.

It appears you also have the same preference; but I earnestly urge upon you, for the sake of making an agreement, which otherwise I am fully satisfied would be impossible, to give way in this respect. I am sure both Governments attach too much importance to the selection of which way each should enjoy the through route.

I would make my arrangements such, that both Colonies should enjoy the benefits of the joint terminus-ship of the line, and in such manner that it will be a matter of indifference, both to shippers and passengers, as to which way the transshipment is made. As transshipment is necessary one way or the other at some point, it will not affect the charges I shall fix; indeed, if you will yield in this matter to the wish of the Victorian Government, and thereby induce them to join you, and grant a subsidy for mail service, I hereby give you the following undertaking:—

(1.) That I will retain proportionate space in the steamers from Melbourne to San Francisco for New Zealand passengers and freight.

(2.) I will in no way allow the transshipment of passengers and freight in the New Zealand ports to work to the disadvantage of New Zealand passengers or shippers, and will fix the through rates the same as if no transshipment was made.

I have, &c.,

U.S., N.Z., and A.M.S.S. Line,
W. H. WEBB.

The Hon. Julius Vogel, &c., &c., Melbourne.

No. 16.

The Hon. C. GAVAN DUFFY to the Hon. J. VOGEL.

SIR,—

Chief Secretary's Office, Melbourne, 5th March, 1872.

In reply to your letter of March 2nd, I beg to say that I cannot agree with you that, under the terms of your amended proposal, Victoria would share equally with New Zealand the terminus of the line. You intend that the main steamers shall visit several ports in New Zealand, and only one port in Victoria, which is certainly not equal sharing. The carriage of the mails by the main steamers

to more than one port in New Zealand would be an undue advantage to that colony, and, I submit, is not necessary, inasmuch as the local mails might be forwarded to Auckland, as our local mails are forwarded to Melbourne.

And, again, by your amended proposal, steamers leaving Melbourne would have to tranship at Auckland, by which passengers would not be certain of the accommodation they could secure, nor could freight be arranged in a manner satisfactory to the shippers. In order that Mr. Webb may obtain the large trade which this colony can supply, we must be able to have in Hobson's Bay the steamers we are transacting business with.

I submit, therefore, that Victoria, which is asked to share in a liability already incurred, should have a right to select from which port the through voyage should be made, and we decidedly prefer that Melbourne should be that port.

The members of the Government will be happy to confer with you, personally, on the details of the proposed service, at eleven o'clock to-morrow, at the General Post Office.

The Hon. Julius Vogel.

I have, &c.,
C. GAVAN DUFFY.

No. 17.

The Hon. J. VOGEL to the Hon. C. GAVAN DUFFY.

SIR,—

Melbourne, 5th March, 1872.

In reply to your letter of this day's date, I have the honor to say that I cannot see how, under the arrangement proposed, Victoria would be prejudiced, whether the boats called at a single port in New Zealand or at three or four ports. Even if it could be shown that Victoria would be affected by the additional ports called at, it must be remembered that the distance from San Francisco to Melbourne is 800 miles in excess of that from San Francisco to Port Chalmers; so that, in the course of a year, under the agreement proposed, Victoria would receive, for the same amount of money, 20,000 miles of steaming more than will be required for the New Zealand service. If a set-off were necessary against the number of New Zealand ports to be visited under the joint contract, it would surely be supplied by the excess of mileage in favour of Victoria. Besides, if the Victorian Government desired that the vessels coming on to Melbourne should proceed to other Victorian ports, the New Zealand Government would have no objection.

But, further, I submit that New Zealand is entitled to consideration on account of its having initiated the Californian Service, and of its having been the means of making all arrangements hitherto; and also, on account of the fact that, before the proposed arrangement with Victoria can come into force, New Zealand will have spent a very large sum of money upon the service.

However, as we each wish that the vessels should proceed through from our respective colonies to San Francisco, I am willing to pay, or to receive, £5,000 for the right of choice: that is to say, I will agree that New Zealand shall pay £32,500 per year towards the subsidy of £60,000, if it has the choice of route, leaving £27,500 a year to be paid by Victoria; or, that Victoria shall pay £32,500 and New Zealand £27,500, if Victoria have the choice.

I shall have much pleasure in meeting you to-morrow, as you propose.

The Hon. the Chief Secretary, Victoria.

I have, &c.,
JULIUS VOGEL.

No. 18.

The Hon. C. GAVAN DUFFY to the Hon. J. VOGEL.

SIR,—

Chief Secretary's Office, Melbourne, 6th March, 1872.

I have the honor to state in writing the decision arrived at during our conference to-day, on the subject of terminus. This Government considered it necessary to insist that the steamer from Melbourne should proceed through to San Francisco. As you stipulate that the choice shall involve a payment of £32,500 as against £27,500, we take the option, and consent to pay £32,500, on condition that Victoria shall be recouped £2,500, by that amount being made a first charge on any sum obtained as subsidies from other colonies, divisible (in the terms of our agreement) between Victoria and New Zealand.

The conditions of the agreement will be immediately reduced to a contract, for our joint signature, to bind the colonies as soon as the sanction of our respective Legislatures shall have been obtained.

A time table will be prepared in the General Post Office for your consideration, framed to secure, as far as it is practicable, the benefit of a fortnightly mail, by alternating with the Suez line.

The Hon. Julius Vogel.

I have, &c.,
C. GAVAN DUFFY.

No. 19.

The Hon. J. VOGEL to the Hon. C. GAVAN DUFFY.

SIR,—

Melbourne, 6th March, 1872.

I have the honor to acknowledge the receipt of your letter of this day's date, detailing the result of our interview to-day.

As Mr. Webb must leave by the outgoing Californian mail, it will be a boon to him to have the contract put into shape with as little delay as possible.

The Hon. the Chief Secretary, Victoria.

I have, &c.,
JULIUS VOGEL.

No. 20.

The Hon. J. VOGEL to Mr. WEBB.

SIR,—

Melbourne, March 6th, 1872.

I have the honor to point out to you that, under the arrangement which you propose, and which is now being matured with the Victorian Government, six months will elapse before effect can be given to the terms of that arrangement; and that, in the meanwhile, we shall, under the present arrangement, be paying you at the rate of £50,000 a year.

It appears to me that the agreement into which you purpose to enter with Victoria virtually supersedes the hope of our obtaining subsidies from the Australian Governments for the next six months, although, under the arrangement with the Australasian Steam Navigation Company, connections with Australia will continue to be made. I have, therefore, to request that, during the six months, you will consent to the payment being considerably reduced.

I must point out that were the "Dacota" now on the line, as she ought under the original contract to have been, the probability is that we should sooner have been able to arrange with the Victorian Government. I hope, therefore, you will consider it reasonable that a reduction should be made in the payment by New Zealand, pending the commencement of the Victorian agreement.

Wm. H. Webb, Esq., &c., &c., Melbourne.

I have, &c.,

JULIUS VOGEL.

No. 21.

Mr. WEBB to the Hon. J. VOGEL.

SIR,—

Melbourne, 13th March, 1872.

I have the honor to acknowledge the receipt of your valued favour of 6th instant, in which you request this Line, for certain reasons therein given, to make a reduction in the payment now made by New Zealand, for mail service, under the contract of 7th March, 1871, and the arrangement recently made, with your approval, with the Australasian Steam Navigation Company.

I am disposed to meet your request, although, as you are aware, £2,000 has to be paid to the Australasian Steam Navigation Company; and I will agree to receive, after the payment due on the departure of the "Nebraska," from Auckland, this voyage, at the rate of £46,000 for thirteen complete services, until the agreement with the Victorian and your Government comes into effect; the payments to the Australasian Steam Navigation Company to be deducted from the £46,000.

I have, &c.,

W. H. WEBB.

BEN HOLLADAY,

The Hon. J. Vogel, Postmaster-General, New Zealand.

By his Attorney, W. H. WEBB.

No. 22.

Mr. WEBB to the POSTMASTERS-GENERAL of VICTORIA and NEW ZEALAND.

GENTLEMEN,—

Melbourne, 13th March, 1872.

I have the honor to ask that you will be so good as to endeavour to make a suitable agreement with the Government of Tasmania, and with the Government of South Australia, as to subsidies for the carriage of mails for those colonies respectively, by the steamers of this line; the agreements to include such arrangements for carrying the mails to and fro between Melbourne and Hobart Town or Launceston, and Melbourne and Adelaide, as may seem to you desirable, and I agree to abide by the arrangement you make.

I have, &c.,

The Hon. the Postmaster-General, Victoria, and
the Hon. the Postmaster-General, New Zealand.U.S., N.Z., and A.M.S.S. Line,
W. H. WEBB.

No. 23.

The Hon. J. VOGEL to the Hon. C. GAVAN DUFFY.

SIR,—

Melbourne, 13th March, 1872.

I hereby delegate to you the power of making agreements with the Governments of South Australia and Tasmania, for the conveyance of mails by the Californian route, and for obtaining subsidies from those Governments for such services.

I have, &c.,

The Hon. the Postmaster-General, Victoria.

JULIUS VOGEL.

No. 24.

The Hon. M. O'GRADY to the Hon. J. VOGEL.

SIR,—

Post Office and Telegraph Department, Melbourne, 26th March, 1872.

I have the honor to suggest, for your consideration, the following Time Table, in the event of the provisional contract for the California, New Zealand, and Australia Mail Line coming into operation:—

A steamer to leave San Francisco at noon on Wednesday, the 14th August, 1872, and on every fourth Wednesday thereafter, subject to waiting for the English mail five days, if

necessary, in terms of clause 36 of the contract. Steamer to leave Auckland six hundred hours thereafter, or in time to arrive with the English mail at Melbourne in seven hundred and eighty hours after leaving San Francisco.

A steamer to leave Melbourne for San Francisco at two p.m. on Friday, the 27th September, 1872, and every fourth Friday thereafter, leaving Auckland for San Francisco one hundred and eighty hours thereafter, or in time to arrive with the mails for England at San Francisco in seven hundred and eighty hours after leaving Melbourne.

The Hon. Julius Vogel, &c. &c.

I have, &c.,
M. O'GRADY.

No. 25.

The Hon. J. VOGEL to the Hon. C. GAVAN DUFFY.

SIR,—

Melbourne, 27th March, 1872.

I have the honor to acknowledge the receipt of your letter of the 26th instant, enclosing Time Table for the Californian Mail Service, and to state, in reply, that I approve of the same.

I have to request that, in compliance with the terms of the contract, you will furnish the Table to the Contractors.

The Hon. the Postmaster-General, Victoria.

I have, &c.,
JULIUS VOGEL.

No. 26.

The Hon. C. GAVAN DUFFY and the Hon. J. VOGEL to Mr. WEBB.

SIR,—

Melbourne, 13th March, 1872.

We shall be willing, presuming the contract made with you by us is ratified as therein provided, that you shall make an arrangement with the Australasian Steam Navigation Company for connection between New South Wales and the main line of steamers to San Francisco at Auckland, and between Queensland and the main line of steamers at Auckland; provided that you make it a stringent condition that the company shall not carry any mails whatever for Honolulu, San Francisco, or any port or ports beyond New Zealand, by the steamers employed under such arrangement, unless with our joint consent.

That all arrangements for subsidies shall be made by our two Governments, subject to the amount of subsidies agreed to herein.

That, for the carriage of mails, the company consent to receive one-fifth of whatever subsidy we may obtain from New South Wales, such subsidy being not less than £20,000; and that if they carry the Queensland mails indirectly by way of Sydney, the company shall be content to receive one-fourth of any subsidy obtained, such subsidy being not less than £8,000; whilst, if they carry the mails by direct steamer between Brisbane and Auckland, the company shall be content to receive, out of the subsidy obtained, £9,000, such subsidy being not less than £15,000.

You should take care to insert in your arrangement all the necessary provisions to give powers to ourselves—and, should other colonies join, to those other colonies also—respecting postal matters. You should also provide that the two Governments, on entering into arrangements for subsidies with other colonies, shall have power to bind the company with respect to provisions contained in your agreement.

We have, &c.,

For C. GAVAN DUFFY,
Chief Secretary, &c.,
J. M. GRANT,
Commissioner of Lands and Survey,
JULIUS VOGEL,
Postmaster-General of New Zealand.

Wm. H. Webb, Esq., &c., &c., Melbourne.

No. 27.

KNOW ALL MEN by these presents, that we, WILLIAM HENRY WEBB and BEN HOLLADAY, of the City, County, and State of New York, in the United States of America, are held and firmly bound unto the Honorable CHARLES GAVAN DUFFY, the Chief Secretary and Postmaster-General of Victoria, acting on behalf of the Government of Victoria, and the Honorable JULIUS VOGEL, Postmaster-General of New Zealand, acting on behalf of the Government of New Zealand as such Postmaster-General, and their successors respectively in office, in the sum of twenty-five thousand pounds sterling lawful money of the United Kingdom of Great Britain and Ireland, as liquidated damages, and not by way of penalty or otherwise, to be paid to the said the Honorable Charles Gavan Duffy and the Honorable Julius Vogel, Postmasters-General as aforesaid, or to their successors respectively in office, for which payment well and truly to be made we bind our heirs, executors, and administrators jointly and severally firmly by these presents.

Sealed with our seals. Dated this thirteenth day of March, in the year of our Lord one thousand eight hundred and seventy-two.

The condition of the above obligation is such, that if William Henry Webb and Ben Holladay, of the City of New York, or either of them, their or either of their respective heirs, executors, administrators, or authorized assigns, shall well and truly keep and perform a certain contract, bearing even

date herewith, made and entered into by and between the said the Honorable Charles Gavan Duffy, as Chief Secretary and Postmaster-General as aforesaid, of the first part, the Honorable Julius Vogel, as Postmaster-General as aforesaid, of the second part, and then the said William Henry Webb and Ben Holladay of the third part, for the carrying of the Mails and for a Steam Service between Victoria and San Francisco and New Zealand and San Francisco, according to the true intent and meaning thereof, as by reference to the said contract may more fully appear, then the above obligation to be null and void and of no effect, and the obligors to be fully discharged therefrom. But if the said William Henry Webb or the said Ben Holladay, or their representatives as aforesaid, or their said assigns, shall fail to keep and perform the said contract according to the true intent and meaning thereof, then this obligation to remain in full force and effect, and the above-bounden William Henry Webb and Ben Holladay, their heirs, executors, or administrators, shall pay or cause to be paid to the said the Honorable Charles Gavan Duffy and the Honorable Julius Vogel, Postmasters-General as aforesaid, or to their successor or successors in office for the time being, the above-mentioned sum of twenty-five thousand pounds sterling as aforesaid liquidated damages.

Signed, sealed, and delivered by the above-named
 WILLIAM HENRY WEBB, in the presence of
 Signed, sealed, and delivered by the above-named
 BEN HOLLADAY,

ARTICLES OF CONTRACT made the thirteenth day of March, A.D. one thousand eight hundred and seventy-two, between the Honorable CHARLES GAVAN DUFFY, as Chief Secretary and Postmaster-General of the Colony of Victoria, and for and on behalf of the said Colony, of the first part; the Honorable JULIUS VOGEL, as Postmaster-General of the Colony of New Zealand, and a Member of the Executive Council of the said last-mentioned Colony, and for and on behalf of the same Colony, of the second part; and WILLIAM HENRY WEBB, of New York, in the United States of America, Esquire, and BEN HOLLADAY, of New York, aforesaid, Esquire, hereinafter called "the Contractors," of the third part: Witness that they, the Contractors, do, for themselves, their heirs, executors, and administrators, and each of them doth, for himself, his heirs, executors, and administrators, (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Contractors, their heirs, executors, and administrators), hereby covenant with the said Postmaster-General of the Colony of Victoria, and his successors, and with the said Postmaster-General of the Colony of New Zealand, and his successors; and also, as a separate covenant, with each of the said Postmasters-General and his successors: And each of them, the Postmaster-General of the Colony of Victoria and the Postmaster-General of the Colony of New Zealand doth, for and on behalf of the Colony for which he is now the Postmaster-General (but so far only as the covenants and agreements hereinafter contained are to be observed or performed by or are applicable to the said Colonies), hereby covenant with the Contractors, their heirs, executors, and administrators, in manner following:—

1. This contract shall come into force on the nineteenth day of September, one thousand eight hundred and seventy-two, provided it is previously ratified by a resolution of the Legislative Assembly of Victoria, and by a resolution of the House of Representatives of New Zealand respectively. And the said respective Governments shall submit the same contract to the said respective Houses of Legislature.

2. The Contractors shall, from time to time, and at all times during the period of eight years and six months, to be computed from the nineteenth day of September, one thousand eight hundred and seventy-two, and so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance hereof, provide, keep seaworthy, and in complete repair and readiness for the purpose of conveying, as hereinafter provided, all Her Majesty's Mails which shall at any time and from time to time be required to be conveyed, as hereinafter mentioned, between Victoria and San Francisco, and between San Francisco and Victoria, and between New Zealand and San Francisco, and between San Francisco and New Zealand, according to the route and in manner hereinafter provided, a sufficient number, not less than four, of good, substantial, and efficient steam-vessels of adequate power and of a capacity equal to that of the "Nevada," the "Nebraska," or the "Dacotah," and supplied with first-rate steam-engines. The service under this contract shall be called "The California, New Zealand, and Australia Mail Line."

3. In case this contract shall be ratified and come into operation, a certain agreement made the seventh day of March, one thousand eight hundred and seventy-one, at New York, in the United States of America, between the said Honorable Julius Vogel, of the one part, and the Contractors, of the other part, whereby a contract was entered into for the conveyance of Her Majesty's Mails by the Contractors between San Francisco and New Zealand, shall, from and after such coming into operation, absolutely cease and determine, without prejudice nevertheless to any then existing remedy for the breach of any of the agreements by either party therein contained.

4. That the steam-vessels to be employed under this agreement shall be of the capacity aforesaid, and shall be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire pumps and other proper means for extinguishing fire, lightning conductors, charts, chronometers, nautical instruments, and whatsoever else may be requisite for equipping the said vessels and rendering them constantly efficient for the service hereby agreed to be performed; and also manned and provided with competent officers, and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men, to be in all respects, as to vessels, engines, equipment, and capacity, subject in the first instance, and from time to time and at all times afterwards, to the approval of the Postmaster-General of Victoria and the Postmaster-General of New Zealand, or of such other person or persons as they

shall respectively, at any time, times, or from time to time, authorize jointly on their joint behalf, or severally on their respective behalfs, to inspect and examine the same.

5. The steam-vessels "Nevada," "Nebraska," and "Dacotah" shall be taken as being at the present time equipped, manned, and approved as aforesaid, and as satisfying the requirements of articles 2 and 4.

5A. The Contractors shall forthwith provide a fourth vessel, equal in all respects to the "Nevada," "Nebraska," or "Dacotah": Provided that, if by reason of the Contractors building a fourth vessel such vessel cannot be provided within the period of eighteen months, then, for the period of eighteen months from the ratification by the Legislative Assembly of Victoria of this contract, any vessel equal in all respects to the "City of Adelaide" or the "Albion" shall be taken as satisfying for the fourth boat the requirements of articles 2 and 4.

5B. In cases of emergency the "Moses Taylor" may be employed, but only for such periods as the said Postmasters-General may jointly in writing approve.

5C. If any steam-vessel or vessels employed under this contract shall at any time be lost or become unseaworthy, another steam-vessel or vessels, to be approved, in writing, by the said Postmasters-General jointly, shall be substituted.

5D. It shall be lawful for the Contractors to substitute other vessels for those named, provided that such substitution shall be previously assented to, in writing, by the said Postmasters-General jointly.

6. The said Postmasters-General, or either of them, shall have full power, whenever and so often as they or he may deem it requisite, to survey, by any of their or his qualified officers or agents, all or any of the vessels employed or to be employed in the performance of this agreement, and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, and equipments, of every such vessel; and any defect or deficiency that may be discovered on any such survey shall be forthwith repaired or supplied by the Contractors; and that, for the purposes aforesaid, the said vessels shall (if necessary) be opened in their hulls whenever the said officers may require: And if any of such vessels, or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments shall on any such survey be declared by any of such officers or agents unseaworthy or not adapted to the service hereby agreed to be performed, every vessel which shall be disapproved of, or in which such deficiency or defect shall appear, shall be deemed insufficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of mails until such defect or deficiency has been repaired or supplied to the satisfaction of the said Postmasters-General, Postmaster-General, or officer requiring the same.

7. One of the steam-vessels to be employed under this contract, so approved, equipped, and manned as aforesaid, shall, once in every twenty-eight days, leave San Francisco on the day and hour appointed and immediately after the mails are embarked, shall proceed thence to Auckland, in New Zealand, where the mails for Melbourne shall be transhipped into the vessel employed in the service provided for by the next article, and shall then proceed thence to Port Chalmers, by way of and calling at Wellington and Lyttelton.

8. One of such steam-vessels so approved, equipped, and manned as aforesaid, shall, once in every twenty-eight days, in connection with the service provided for by the last preceding article, leave Auckland with all due speed after the mails for Melbourne are transhipped, and proceed thence to Melbourne.

9. One of such steam-vessels so approved, equipped, and manned as aforesaid, shall, once in every twenty-eight days, leave Melbourne on the day and hour appointed and immediately after the mails are embarked, and shall proceed thence to San Francisco by way of and calling at Auckland.

10. One of such steam-vessels so approved, equipped, and manned as aforesaid, shall, once in every twenty-eight days, and in connection with the service provided for by the last preceding article, leave Port Chalmers on the day and hour appointed and immediately after the mails are embarked, and proceed thence to Auckland by way of and calling at Lyttelton and Wellington, where the mails for San Francisco shall be transhipped into the steam-vessel employed in the service provided for by the last preceding article.

11. In passing Hawke's Bay the vessels shall, weather permitting, call off Napier to deliver and receive mails to and from that place, the said mails to be delivered to and received by a steam-launch to be provided by the Postmaster-General of New Zealand.

12. The said steam-vessels may call at two intermediate places, and no more, between Auckland and San Francisco, and between San Francisco and Auckland, and such two places may be at any of the Hawaiian, Society, or Navigator's Islands as the Contractors shall think fit and appoint: And such ports, after being appointed, may be altered from time to time by the Contractors with the consent of the said Postmasters-General, but not otherwise.

13. The time (including coaling) allowed for the transmission of each mail between San Francisco and Melbourne *via* Auckland, and between Melbourne and San Francisco *via* Auckland, shall not exceed seven hundred and eighty hours.

14. The time (including coaling) allowed for the transmission of each mail between San Francisco and Auckland, and Auckland and San Francisco, shall not exceed six hundred hours, and the Contractors shall use all possible diligence and despatch to depart from Auckland, and thereafter to perform the voyage between Auckland and Port Chalmers within one hundred and ten hours including stoppages, and shall forfeit the sum of two pounds per hour for every hour's unnecessary delay.

15. For the service hereinbefore described, the Contractors shall be paid by the Government of Victoria at the rate of thirty-two thousand five hundred pounds per annum, payable as follows, namely:—The sum of one thousand two hundred and fifty pounds, being one-twenty-sixth part of the said sum, upon the delivery at Melbourne of the first mail from San Francisco; and the sum of two thousand five hundred pounds, being one-thirteenth part of the first-mentioned sum, upon the delivery at Melbourne of every subsequent mail from San Francisco; and the sum of one thousand two hundred and fifty pounds, being one-twenty-sixth part of the first-mentioned sum, upon the delivery at San Francisco of the last mail from Melbourne carried under this contract.

16. For the service hereinbefore described, the Contractors shall be paid by the Government of New Zealand at the rate of twenty-seven thousand five hundred pounds per annum, payable as follows, namely:—The sum of one thousand and fifty-seven pounds thirteen shillings and ten pence, being one-twenty-sixth part of the said sum, upon the delivery at Port Chalmers of the first mail from San Francisco; and the sum of two thousand one hundred and fifteen pound seven shillings and eight pence, being one-thirteenth part of the first-mentioned sum, upon the delivery at Port Chalmers of every subsequent mail from San Francisco, and the sum of one thousand and fifty-seven pounds thirteen shillings and ten pence, being one-twenty-sixth part of the said first-mentioned sum, upon the delivery at San Francisco of the last mail from Port Chalmers carried under this contract.

17. All sums payable to the Contractors under the two last preceding articles shall be paid respectively immediately on the delivery, at Melbourne and Wellington respectively, of each mail to an agent to be appointed by the Contractors at each of these places to receive the same respectively.

18. The Contractors shall be at liberty to carry mails between New Caledonia and the Pacific Islands, and between those places and New Zealand and Victoria, but the Contractors shall not, nor shall any person or persons with their consent or concurrence, carry any mails or run any steam-vessels to or from any part of Australia or New Zealand except under this contract and with the consent of the said Postmasters-General; and the Contractors undertake to make all reasonable effort to give to Victoria and New Zealand the equal benefit of any mails to and from New Caledonia or the Pacific Islands.

19. The Governments of Victoria and New Zealand, but not the Contractors, shall have power to arrange with the Governments of New South Wales, Queensland, South Australia, and Tasmania, for the conveyance, in connection with the service hereby contracted for, of Her Majesty's Mails to and from New South Wales, Queensland, South Australia, and Tasmania, or any or either of such colonies or dependencies, to San Francisco, upon such terms or subsidies as by the said Postmasters-General may be agreed upon: All sums so received to be first charged with payments made for the conveyance of such mails to and from the place necessary to join this service, and after making such payments the annual surplus from the total sums so received shall belong and be paid as follows, namely:—One-third part thereof to the Contractors, and the residue, to the extent of two thousand five hundred pounds per annum, to the Government of Victoria, and if such residue shall exceed the sum of two thousand five hundred pounds per annum, then the excess over the sum of two thousand five hundred pounds shall be equally divided between the Governments of Victoria and New Zealand: Provided that nothing in this clause contained shall authorize the Postmasters-General to enter into arrangements to compel the Contractors without their consent to perform any service not provided for by this agreement.

20. The days and hours of departure for the vessels employed under this contract shall be those specified in a table to be settled by the said Postmasters-General: Provided that the Postmaster-General of Victoria may from time to time alter such days and hours, with the consent of the Postmaster-General of New Zealand, on giving reasonable notice to the Contractors of the required alteration, provided that no such alteration shall require the employment of any additional steam-vessel; and the altered days shall be observed and kept as if the same had been provided for in this contract, and the Contractors shall pay the sum of two pounds per hour for every hour's delay in the departure of any vessel after the specified time. In case of any such alteration being made, the Contractors shall not be bound to ascertain or inquire whether any such consent has been given; but any alterations so made as aforesaid by the Postmaster-General of Victoria shall be binding and conclusive upon the Contractors.

21. The Postmaster-General of New Zealand may from time to time appoint and alter the days and hours of the departure of the vessels employed in this service from any of the New Zealand ports other than Auckland; but such appointments or such alterations shall not affect or be inconsistent with the times fixed under the previous article for the arrival at or departure from Auckland.

22. The Postmaster-General of Victoria shall pay to the Contractors the sum of two pounds per hour for every hour that any mail shall be ready for delivery in Melbourne or San Francisco in less than the contract time, and the Contractors shall pay to the Postmaster-General of Victoria the sum of two pounds per hour for every hour that shall be required for delivery of any mail in Melbourne or San Francisco in excess of the contract time; but if good cause for any such excess be shown to the Postmaster-General, the payment in respect thereof may be remitted at his discretion.

23. The Postmaster-General of New Zealand shall pay to the Contractors the sum of two pounds per hour for every hour that any mail shall arrive at Auckland or San Francisco in less than the contract time, and the Contractors shall pay to the Postmaster-General of New Zealand the sum of two pounds per hour for every hour that any mail shall arrive at Auckland or San Francisco in excess of the contract time; but if good cause for any such excess be shown to the said Postmaster-General, the payment in respect thereof may be remitted at his discretion.

24. All sums payable to the said Governments for delay in the delivery of mails or for other breaches of this contract, may be deducted by them respectively from any sum due by such Governments respectively to the Contractors under this contract.

25. No mails whatever, except as herein provided, shall be received on board or carried in any of the vessels employed under this contract without the written joint consent of the said Postmasters-General; and for every breach of this stipulation, with the consent and connivance of the Contractors, they shall forfeit the sum of five hundred pounds as liquidated damages, to be deducted from any sums then due or to become due to them under this contract.

26. The Contractors shall abide by and conform to any regulations that may be made jointly by the United States Post Office authorities and the said Postmasters-General for the prevention of colonies not contributing to the subsidies payable from participating indirectly in the advantages of the mail service performed under this contract.

27. The term "Her Majesty's Mails," or "all mails," or "any mail," and the word "mails," throughout this contract shall be taken to mean all letters, newspapers, books, printed papers, and other things usually transmitted by post, and the boxes, bags, and packages in which the same are

enclosed, and also all empty boxes, bags, and packages, and other stores and articles used in carrying on the Post Office service which shall be sent to or from any Post Office; and no letters, newspapers, or printed papers other than books, shall be carried in any form or manner other than as mails; but this shall not apply to letters from the Contractors to their agents. And for every breach of this stipulation the Contractors shall pay the sum of one hundred pounds as liquidated damages, to be deducted from any sum then or thereafter payable to them under this contract.

28. The Contractors shall provide, to the satisfaction of the Postmaster-General of Victoria and the Postmaster-General of New Zealand, on board all vessels employed under this contract, proper, safe, vermin-proof, and convenient places of deposit for the mails, with locks, keys, and secure fastenings.

29. The Contractors shall also provide, to the satisfaction of the said Postmasters-General, all necessary and suitable accommodation, including fittings and lights, for the purpose of sorting and making up the mails on board the several steam-vessels employed under this contract; and on being required to do so by the said Postmasters-General, or either of them, shall or will, at their own cost, erect or set apart on each of the said vessels a separate and convenient room for such purposes. The master or commander of each of the said vessels shall also, if required, provide assistance for conveying the mails between the mail-room and the sorting-room.

30. If the said Postmasters-General, or either of them, shall think fit to entrust the charge and custody of their respective mails to the master or commander of any vessel to be employed under this contract, and in all cases where the officer or other person appointed to have charge of the mails, or of the Victorian mails, or of the New Zealand mails, shall be absent to the knowledge of the master or commander of such vessel, such master or commander shall, without any charge other than that herein provided to be paid to the Contractors, take due care of, and the Contractors shall be responsible for the receipt, safe custody, and delivery of, the said mails.

31. The Contractors shall, at their own expense, deliver and take all mails to and from the Post Office in San Francisco, and shall also at the like expense tranship from one vessel into the other all mails which under this contract are to be transhipped at Auckland, and the Postmaster-General of Victoria and the Postmaster-General of New Zealand respectively shall cause all mails in Victoria and New Zealand respectively to be delivered at or taken from the vessel's side, and such delivery shall be taken within two hours after arrival at the appointed place of delivery.

32. The Contractors, and all commanding and other officers in charge of the vessels employed under this contract, shall at all times punctually attend to the orders and directions of the said Postmasters-General respectively, and their respective officers or agents, as to the mode, time, and place of landing, delivering, and receiving their respective mails, subject to the special provisions herein contained, and so far as such orders and directions are reasonable and consistent with the safety of the vessels.

33. The Contractors shall have no claim to any postage, nor to any payment on account thereof, for mails carried under this contract, except as herein provided.

34. The Contractors shall provide suitable first-class accommodation for a mail officer or agent in charge of the Victorian mails, and a mail officer or agent in charge of the New Zealand mails respectively, or of two officers or agents, or of one officer or agent, or his assistant, in charge of the joint mails on board each of the vessels employed under this contract, who shall respectively be at liberty to use such accommodation as may be requisite for the performance of their respective duties; and such officers or agents and assistants shall be victualled by the Contractors, as chief cabin passengers, without charge either for their passages or victualling.

35. Every such mail officer or agent and assistant shall be recognized and treated by the Contractors, their officers and agents, as the agent of the Postmaster-General by whom he may be appointed, and as having full authority in all cases to require a due and strict performance of this contract: Provided that no such agent, officer, or assistant shall have power to control or interfere with any commander or officer in the performance of his duty; and every such agent, officer, and assistant shall be subject to all general orders issued by the master or commander for the good order, health, and comfort of the passengers and crew.

36. If either of the said Postmasters-General, or their respective officers or agents, shall at any time deem it requisite for the public service that any vessel should be detained beyond the appointed time of departure, it shall be lawful for either of such Postmasters-General, or such officers or agents, to order such delay—not exceeding forty-eight hours at San Francisco, and not exceeding twenty-four hours at Melbourne or twenty-four hours at any other port—by letter addressed to and delivered to the commander of the vessel, or the person acting as such, or left for him on board the vessel, three hours at least before the hour appointed for departure: Provided that this authority shall not extend to enable the Postmaster-General of New Zealand, his officers or agents, to order any such delay at Melbourne, nor to enable the Postmaster-General of Victoria, his officers or agents, to order any such delay at Port Chalmers, Lyttelton, Wellington, or Hawke's Bay. And in order to insure the due carrying of the mails from San Francisco, the Contractors, without any such notice, shall delay any vessel (if necessary) five days to await the arrival of the English mails from New York, and in every such case the number of hours during which such vessel shall be so detained shall be added to the contract time.

37. The Contractors shall have power to assign this contract to a company already or intended to be established by them for the purposes of taking over and carrying out the same; but this contract, or any part thereof, shall not be otherwise assigned, or underlet or disposed of by the Contractors, or by the company to whom the same may be assigned, without the joint consent in writing of the Postmasters-General first obtained for such purpose: Provided that the assignees shall, at the time of such assignment, enter into a bond with the Postmasters-General similar in all respects to those required to be entered into by the Contractors by this contract.

38. In case this contract is assigned, underlet, or disposed of otherwise than in accordance with the provisions hereinbefore contained, or in case of any great or habitual breach of this agreement, or of any covenant, matter, or thing herein contained, on the part of the Contractors, their officers, agents, or

servants, and whether there be or be not any penalty or sum of money payable by the Contractors for any breach, it shall be lawful for the said Postmasters-General, if they shall jointly think fit (and notwithstanding there may or may not have been any former breach of this contract), by writing under their hands, to determine this agreement without any previous notice to the Contractors or their agents: Provided that on the said Postmasters-General determining the contract they shall offer to the Contractors, by giving four months' previous notice, the alternative of an arbitration by two indifferent persons upon the whole ground of complaint—one arbitrator to be named by the Contractors and the other by the Postmaster-General of Victoria—or, if the arbitrators differ, by an umpire to be chosen by them before entering upon the arbitration; and if either party shall fail to name an arbitrator after notice in writing by the other or their agents requiring them so to do, or shall name an arbitrator who neglects to act or proceed with due diligence in the business of the arbitration, or who will not join in naming an umpire, then by the decision of the arbitrator named by the other party, and any such decision as aforesaid shall in all cases be binding and conclusive: Provided that any such arbitration shall be held and conducted at Melbourne.

39. During the continuance of this contract, and so long as the same shall be faithfully carried out by the Contractors, no charge for pilotage, tonnage, lighthouse, or harbour dues shall be made at any port in New Zealand for any of the steam-vessels employed in carrying out this contract; and no charge for tonnage, lighthouse, or harbour dues shall be made at Melbourne for any of the steam-vessels employed in carrying out this contract.

40. If the Contractors shall fail to commence the performance of the services herein agreed to be by them performed according to the provisions hereof, or, having commenced the same, shall refuse or wilfully neglect to carry on the same, they shall forfeit and pay to the said Postmasters-General, or either of them, the sum of twenty-five thousand pounds as liquidated damages.

41. The Contractors shall use their best endeavours to procure the mails carried under this contract to be taken to and from San Francisco and New York free from charge, under the postal convention between Great Britain and the United States; and so long as the freedom of charge shall not exist, the said Postmasters-General may deduct from the payments to be made to the Contractors a sum at the rate of one thousand pounds per annum—the sum so to be deducted (if any) to belong to the Governments of Victoria and New Zealand in equal shares.

42. In order to encourage trade between the United States and the Australian Colonies, the Contractors will use their best endeavours to obtain from the United States Government and Legislature a concession that *Phormium tenax* fibre and wool, the produce of Victoria or New Zealand, or of any of the colonies that may make arrangements under the provision to that effect hereinbefore contained for the carriage of mails under this contract, shall be admitted duty free into the United States.

43. It shall be lawful for the Postmaster-General of Victoria and also for the Postmaster-General of New Zealand respectively, by writing under their respective hands, at any time and from time to time to delegate any of the powers, whether joint or several, vested in them or him respectively by virtue of this contract, to such person or persons as they or he may think fit.

44. That if, on the determination of this agreement, any vessel or vessels should have started or should start with the mails in conformity with this agreement, such voyage or voyages shall be continued and performed, and the mails be delivered and received during the same, as if this agreement had remained in force with regard to any such vessels and services; and with respect to such vessels and services as last aforesaid, this agreement shall be considered as having terminated, when such vessels and services shall have reached their port or place of destination, and been performed.

45. That all and every the sums of money hereby stipulated to be paid by the Contractors as penalties shall be so considered, whether any damage or loss have or have not been sustained, and notwithstanding the provisions for retaining or setting off the same hereinbefore contained, may be enforced by both or either of the Postmasters-General as a debt due with full costs of suit, at their or his discretion: Provided always that the payment by the Contractors of any sums of money by way of penalties shall not in any manner prejudice the rights of the Postmasters-General to treat the failure (if any) on the part of the Contractors in the performance of this contract as a breach thereof.

46. That all notices or directions which are hereby authorized to be given to the Contractors, their officers, servants, or agents, may be delivered to the master of any of said vessels or other officer or agent of the Company in the charge or management of any vessel employed in the performance of this agreement on board such vessel, or left on board such vessel, or left for the Contractors at the office or house of business, at Melbourne or Auckland, of their agents, and any notices or directions so given or left shall be binding on the Contractors.

47. The Contractors may carry mails and mail matter between the United States and the Hawaiian Islands, or between those Islands and New Zealand or Victoria, on such terms as they may see fit, and may receive such payment, by way of postage or subsidy, as may be agreed to be paid therefor; and for the special service the Contractors alone shall receive pay. But no mails shall be carried under this contract between the said Islands and New Zealand or Victoria which do not originate in, or whose final destination shall not be in, said Islands.

48. The Contractors shall enter jointly and severally into a bond with the said Postmasters-General, similar in all respects *mutatis mutandis* with that now existing between the Contractors and the Government of New Zealand, for the performance of the contract referred to in Article three, in the penal sum of twenty-five thousand pounds conditioned for the faithful performance of this contract with each of the said Postmasters-General respectively.

49. If any dispute, question, difference, or controversy shall arise between the said Postmasters-General or their respective Governments respectively, touching these presents or any clause or thing herein contained or the construction thereof, or any matter in any way connected with these presents or the operation hereof, or the rights, duties, or liabilities of the said Governments respectively, in connection with the premises, then and in every or any such case, the matter in difference shall be referred to the arbitrament and the determination of the Governor for the time being of the Province

of South Australia, and the award of the said arbitrator shall be binding and conclusive in every respect.

IN WITNESS whereof the said parties to these presents have hereunto set their hands the day and year first above written.

Witness to the signature of the Hon. Charles Gavan Duffy, who signs by the Hon. James Macpherson Grant, the President of the Board of Lands and Works, and Commissioner of Lands and Survey, of Victoria, who is empowered to execute this contract for him, and for and on behalf of the Government of Victoria—

R. SUTHERLAND,

Chief Clerk, Crown Solicitor's Office, Melbourne.

Witness to the signature of the Hon. Julius Vogel—

W. GRAY,

Inspector of Post Offices, New Zealand.

Witness to the signature of William Henry Webb, and Ben Holladay, by his Attorney, William Henry Webb—

R. W. NUTT,

Notary Public, Melbourne.

For C. GAVAN DUFFY,
J. M. GRANT.

JULIUS VOGEL.

W. H. WEBB.
BEN HOLLADAY,
(By his Attorney, W. H. WEBB).

No. 28.

The Hon. C. GAVAN DUFFY and the Hon. JULIUS VOGEL to the Hon. J. A. CRESSWELL.

SIR,—

Melbourne, Victoria, 13th March, 1872.

We have the honor to inform you, that the colonies of Victoria and New Zealand, have, subject to the ratification of their respective Legislatures, jointly entered into a mail contract with Messrs. Webb and Holladay, such contract being intended as a substitute for the one which has for some time existed between New Zealand and Messrs. Webb and Holladay.

There has not been time to prepare copies of the joint contract to be forwarded by this month's mail, but Mr. Webb, who has been requested by us to present this letter, will be able to inform you of the details of the new arrangement.

We desire to state that, throughout our negotiations with Messrs. Webb and Holladay, there has been an understanding that it was probable they would succeed in obtaining a subsidy from the United States Government; and we have to express the hope that, sharing the feeling which exists in these colonies as to the great uses and advantages which will arise from the steam service, the United States will yield to Messrs. Webb and Holladay a subsidy such as, in conjunction with what they receive from the colonies, will enable them to make the line a first-class one.

We have, &c.,

J. M. GRANT,

For C. GAVAN DUFFY,

Chief Secretary and Postmaster-General, Victoria.

JULIUS VOGEL, Postmaster-General, New Zealand.

The Hon. J. A. Cresswell, Postmaster-General, United States of America.

No. 29.

Mr. WEBB to the Hon. J. VOGEL.

SIR,—

Steamship "Nebraska," at Sea, 6th April, 1872.

Notwithstanding my late communications regarding a re-arrangement of the schedule time for the running of this line of mail steamers, I beg to address you again on the subject.

One year's experience running our steamers between Auckland and Otago, calling at the several intermediate ports, has fully demonstrated that we cannot, in the limited time (110 hours) allotted us in which to perform the mail service between those ports, afford to shippers and travellers the facilities or conveniences they expect and demand, or such as we would gladly afford to them, if we had additional time (say one more day) in which to complete the mail service.

It is impossible to name the day when our steamers will arrive at Auckland from San Francisco, nor can we control the delay necessary for coaling at Auckland before proceeding to Otago, both the arrival and departure depending in a great degree upon the weather.

For the above reasons, we are unable to advertise in advance, in any of the intermediate cities, fixing the time, with the much-needed certainty, when shippers and passengers might expect the steamers to arrive and depart with the mails. But if we could be permitted to occupy one additional day, or about 134 hours in completing the voyage between Auckland and Otago, we could so advertise, and remain a longer time at each of the ports of Wellington and Lyttelton, and thus afford the advantages so much needed, greatly to the benefit of the public, as well as the convenience of the Government and the line.

A new arrangement of the schedule of departures, permitting us to leave Otago on Thursday instead of Friday, would enable us to visit Lyttelton and arrive at Wellington, coal our steamers at this port (as we expect to do in future), and depart before Sunday, arriving in Auckland a few days thereafter, and in good time to leave that port always on the schedule day.

This arrangement will only afford time to coal steamer, receive and deliver mails, freight, and passengers; whereas, the schedule as now arranged, compels us to leave each intermediate port

hurriedly, at extra cost to the line, inconvenience to shippers and passengers, and without affording to the respective cities all the advantages which might be derived from the establishment of the line.

I have, therefore, to most respectfully and urgently request you will, at as early a day as convenient, re-arrange the schedule of time of arrivals and departures in all the New Zealand ports, except Auckland, in accordance with the above-mentioned statement.

The Hon. Julius Vogel, Postmaster-General,
Wellington, New Zealand.

I am, &c.,
W. H. WEBB.

No. 30.

The Hon. J. VOGEL to Mr. WEBB.

SIR,—

General Post Office, Wellington, 8th June, 1872.

I have the honor to acknowledge the receipt of your letter, dated steamer "Nebraska," at sea, 6th April, 1872, in which, on behalf of the United States, New Zealand, and Australia Mail Steam Ship Line, you ask me to consent to a re-arrangement of the schedule times applying to all the New Zealand ports except Auckland, so as to allow 134 hours instead of 110 hours between Auckland and Port Chalmers.

In reply, I have to state that I am not inclined to allow an extension of time between Auckland and Port Chalmers. When the steamer arrives in New Zealand, there is naturally great anxiety in the different Provinces to obtain letters as soon as possible; and I am of opinion that 110 hours for the voyage from Auckland to Port Chalmers really afford all the time necessary. As to the present schedule times preventing your obtaining passengers, I am inclined to think that they have a contrary effect; inasmuch as the fact of your boats proceeding rapidly is likely to be an attraction to passengers.

You are aware that the Government of New Zealand have always favourably considered any reasonable request made by you, and should it at any time be proved to be for the convenience of any Province that your boat should be delayed at the port of that Province, in order to take in cargo, the consent of the Post Office authorities thereto could be easily asked.

On the whole, I prefer that the schedule, as between Auckland and Port Chalmers, should not be modified.

As to allowing a longer period for the voyage from Port Chalmers to Auckland, so as to enable the vessels to be coaled at Wellington, when you desire to do so, I have already, this month, acceded to a request that the "Nebraska" shall leave Port Chalmers on Thursday instead of Friday; and I do not object to that arrangement being continued for the present. But I am sure you will agree with me, that when the new contract comes into operation, it will be wholly unnecessary that the steamer should leave Port Chalmers before Friday, and that possibly it will be desirable she should not leave before Saturday. Supposing Friday to be the day for leaving Auckland, a boat leaving Wellington on the up voyage on Monday morning could easily reach Auckland many hours before the schedule time of starting for San Francisco. You will remember, that under the new contract, the boat from Port Chalmers will not require to be coaled at Auckland. All that will have to be done will be to tranship mails, passengers, and freight to the boat which will have arrived from Melbourne on the way to San Francisco.

I am sure, then, you will feel that the concession you have asked will not be necessary when the new service has been commenced. Up to that commencement, I have no objection to the boats leaving Port Chalmers on Thursday, provided that they also start from Auckland on Thursday.

W. H. Webb, Esq., New York.

I have, &c.,
JULIUS VOGEL.

No. 31.

Mr. WEBB to the Hon. J. VOGEL.

SIR,—

Honolulu, 15th April, 1872.

On my return here on the 9th instant, from New Zealand, I was informed that the Government of the Hawaiian Islands had, through its Ministry and Privy Council, during my absence, taken definite action in regard to the payment of a subsidy to this line, for mail service to the colonies of Australasia. This action consisted chiefly in the passage of a resolution accepting the line as established, and granting a money subsidy of 1,000 dollars per month, so long as the present appropriation lasts, say three years.

In addition to the above, the Government furnishes wharfage (enlarging the present wharf), storehouse, and new shed to be built over the entire wharf, a convenient lot for storage of coals, all free of expense, besides no charge for light and harbour dues, or fresh water, and no compulsory pilotage: these privileges to continue for ten years, if we continue to call at Honolulu for that length of time.

I have accepted the above propositions, being assured they are the very best this Government can afford to offer and pay.

The Hon. Julius Vogel,
Postmaster-General, New Zealand.

I have, &c.,
W. H. WEBB.

No. 32.

The Hon. J. VOGEL to Mr. WEBB.

SIR,—

General Post Office, Wellington, 7th June, 1872.

I have the honor to acknowledge the receipt of your letter dated Honolulu, 15th April,

1872, in which you inform me that you have arranged with the Government of Hawaii for the payment of a subsidy to the U.S., N.Z. and A. Line of Mail Steamers; and that that Government have undertaken to afford various facilities at Honolulu for the working of the line.

I have to thank you for the information supplied; and to express my gratification at your having succeeded in making arrangements which appear to be satisfactory to you.

W. H. Webb, Esq., New York.

I have, &c.,
JULIUS VOGEL.

No. 33.

Mr. WEBB to the Hon. J. VOGEL.

SIR,—

Honolulu, 15th April, 1872.
For some unaccountable reason, no steamer has arrived from San Francisco to connect with the "Nebraska." After waiting such arrival six days, upon consultation with others interested, and your Mail Agent, with whose consent I act, and giving the subject mature reflection, viewing it in all its bearings, I have most reluctantly decided to proceed with the mails to San Francisco on board the "Nebraska," and will leave for that port to-morrow morning.

I expect to find, on my arrival at San Francisco, the telegraph in operation to Australia, in which event I shall avail of it to communicate with you.

The unprecedented delays on the Atlantic Ocean and the Continental railroads the past winter, have thrown our steamers, consequent upon waiting the arrival of the mails at San Francisco, so much behind schedule time, that we find it impossible to regain the lost time, and afford our steamers the opportunity for overhaul absolutely necessary at the termination of each trip, especially when such continued high speed is required as in our contract. Under these circumstances, and the absence of a connecting steamer at Honolulu, I have ordered the "Nevada" to be detained at Honolulu after her next arrival in that port, until next regular schedule day, after which we shall endeavour to keep up the schedule times of departure.

I have, &c.,
W. H. WEBB.

The Hon. Julius Vogel.

No. 34.

The Hon. J. VOGEL to Mr. WEBB.

SIR,—

General Post Office, Wellington, 8th June, 1872.
I have considered your detailed statement of the reasons which induced you to take the steamer "Nebraska" on from Honolulu to San Francisco, that statement being contained in your letter dated Honolulu, April 15, receipt of which I have now the honor to acknowledge.

It would be useless for me now to discuss the policy of the course you pursued.

You will have realized that the non-arrival of the "Nebraska" with the March mail from England has done much to injure the estimation in which the service is held in Australia, and may do much towards inducing a non-ratification of the contract with Victoria. I have no doubt, however, that, in taking the "Nebraska" to San Francisco, you acted, as you thought, for the best.

But I must observe, that the disarrangement of the service is not entirely due to your having—on two occasions, I believe—had to delay the steamer at San Francisco on account of the "snow blockade;" for the primary cause of the disarrangement is the very long time occupied before bringing the "Dacota" into use as one of the contract vessels.

I have, &c.,
JULIUS VOGEL

W. H. Webb, Esq., New York.

No. 35.

Mr. F. H. A. PHILLIPS to the Hon. J. VOGEL.

SIR,—
Australasian Steam Navigation Company, Sydney, 10th April, 1872.
The Board of Directors of this Company had yesterday under consideration the subject of a mail service between Auckland and Levuka, and I have now the honor to inform you that they are willing to perform the service in question for the sum of five thousand pounds per annum.

The Hon. Julius Vogel.
Postmaster-General, New Zealand.

I have, &c.,
F. H. A. PHILLIPS.
Secretary.

No. 36.

The Hon. W. GISBORNE to the Hon. J. G. FRANCIS.

SIR,—
Colonial Secretary's Office, Wellington, 27th June, 1872.
I have the honor to enclose copy of a letter from the Postmaster-General of this Colony, on the subject of the San Francisco contract, and to express the concurrence of this Government in the recommendations contained therein.

The Government are willing to adopt either of the following two courses in modification of the present agreement.

First. To accept, as was offered in the negotiation, the position which Victoria would occupy under the agreement in relation to a through boat to San Francisco, and to pay in consideration thereof £32,500 against £27,500 to be paid by Victoria.

Secondly. Or, if the present provisional contract be ratified, and if the Victorian Government will undertake to aid New Zealand to the utmost in obtaining contributions from Great Britain and from other Colonies, the New Zealand Government will guarantee, subject to the confirmation of the House of Representatives, that the cost to Victoria of the contract service, after deducting the Colony's proportion of contributions received, shall not exceed an average of £25,000 yearly during the contract period of eight years and a half.

The reasons for adopting the latter course are expressed in Mr. Vogel's letter.

This Government will give the guarantee, if confirmed by the House of Representatives, in form which may be desired by Victoria; provided that if payments under it are made during the currency of the contract, any sum which may, upon the average of the whole period, be shown to have been overpaid, shall be recouped to New Zealand.

I am of opinion that if the two Colonies work together heartily in the matter, the cost to Victoria of the contract service will average appreciably less than £25,000 per year, independently of the amount received by the Colony as postages.

The Hon. the Chief Secretary, Melbourne.

I have, &c.,
W. GISBORNE.

Enclosure in No. 36.

The Hon. J. VOGEL to the Hon. W. GISBORNE.

SIR,—

Wellington, 28th June, 1872.

I have the honor to advise that a copy of this letter, after being approved of by the Cabinet, shall be forwarded to the Hon. the Chief Secretary, Victoria.

Although no official communication has been received from Victoria respecting the contract entered into by the Chief Secretary and myself, on behalf of our respective Governments, with Messrs. Webb and Holladay, it is impossible not to be aware of opinions adverse to that contract which have been expressed in Victorian newspapers, as well as by some of the gentlemen who now constitute the Government of that Colony.

Probably, the failure on the part of the Government to communicate with New Zealand on the subject, has arisen from pressure of business. But, seeing that the question of ratifying the contract must shortly be submitted to the Victorian Legislative Assembly, the Government of that Colony, it may be assumed, will accept as an act of consideration, rather than regard as an attempt unduly to force the question upon their consideration, an official communication respecting the service which that contract was intended to secure.

In discussing the objections to the contract, I am necessarily placed at a disadvantage, through not having before me an official statement of the views of the present Government of Victoria. But I gather from the published reports of debates in the Legislative Assembly, that the Hon. Mr. Francis and the Hon. Mr. Langton disapprove of the contract; and in newspaper editorial articles I find several objections to it stated, as also in a report of the Chamber of Commerce.

I propose to reply to those objections; and if it be that some of them are objections not endorsed by the Government of Victoria, allowance will no doubt be made for the difficulty under which I labour in treating the subject upon necessarily incomplete, because not official, data.

An objection upon which great stress appears to have been laid is, that the contract does not contain any provision for the conveyance of mails between England and San Francisco—that, in fact, the service is one which ends at San Francisco. A reference to the papers upon the subject which have been printed, will show that there is a convention between Great Britain and the United States, which renders it unnecessary that any special arrangements should be made by a British Colony for the transmission of its mails between San Francisco and England. Further, as I explained to the Hon. the Chief Secretary, there is a specific arrangement between the Imperial Government and New Zealand—which would be equally applicable to other Colonies—under which, in consideration of the Department retaining the postages collected at Home, the postal authorities satisfy the claims of the United States for the transmission of letters, as well as the charges which are made by the British postal authorities themselves. In respect to newspapers and book parcels, the Home Government make a claim to charge for the territorial transit to and from New York and San Francisco, and for the transit from New York to Great Britain; alleging that the postages received only cover the charge for the carriage of the mails to New York. I pointed out to the Hon. the Chief Secretary—and it is also mentioned, I think, in the correspondence—that the arrangement to which I refer does not do justice to New Zealand; and that I felt certain that when the contract between Victoria and New Zealand was completed, better terms might be obtained. Subsequently, an understanding was come to between the Hon. the Chief Secretary and myself, that the two Governments should jointly apply to the Imperial authorities to contribute one-half the amount of the subsidy payable under the contract.

An objection raised by the Melbourne Chamber of Commerce, is to the effect that the Californian service has not hitherto been performed satisfactorily. Admitting such to have been the case, I submit that the cause is to be found in the fact that only two of the vessels contemplated by the contract have been used. Those two vessels have really performed an immense amount of work. A trustworthy return, copy of which is appended hereto, shows that during twelve months from the date of her first leaving San Francisco under the contract with New Zealand, the "Nebraska" steamed 72,730 miles, at an average speed of $10\frac{1}{2}$ miles per hour. The delays have arisen almost wholly from the unsatisfactory performance of the service between San Francisco and Honolulu; and to a small extent they have been attributable to "snow blockades" in the United States. Those blockades have occurred at points of the Pacific railways at which it had previously been supposed that no difficulty would be

caused by snow, and along which, consequently, snow-sheds had not been erected. There is reason to feel assured that before next winter sheds will be erected at all those points at which the exceptional experience of the past winter has proved that they will be of use. Besides, another trans-continental route will very soon be completed; and it is probable that, in the course of three or four years, a third route will be opened for traffic.

You are aware that under the new contract each boat is to proceed through to San Francisco, so that delay from unsatisfactory connections will cease; and that the contract contains provisions for securing proper speed and efficiency.

The Chamber of Commerce has also attempted, by a series of figures, to show the very great advantage which the Suez route is to Victoria, as compared with the Californian route. As to those figures, it is necessary to remark, that as Victoria has not hitherto contributed towards the cost of the Californian service, it has not been the duty of New Zealand to endeavour that connection between Auckland and Melbourne should be made promptly and rapidly. Some considerable portion of the apparently great delays in delivering mails in Melbourne has been due to that imperfect connection. In no case have the Victorian mails been forwarded to Melbourne by a shorter route than *via* Sydney; and in some cases they have been forwarded *via* the Bluff, and have been necessarily delayed at each port of call between Auckland and the Bluff. A comparison, therefore, of the times occupied in delivering Victorian mails under the Californian Contract, with the P. and O. times during the same period, is fallacious.

It is also right I should say—since the Chamber desires to compare the two services—that for many years the P. and O. service was essentially unsatisfactory. It was only when the Panama service was established that the P. and O. Company made a considerable improvement; and when the Panama service ceased, that of the P. and O. Company again became so unsatisfactory that complaints were constantly made. When the Californian route was opened by New Zealand, the P. and O. service was again much improved: a great reduction in the rates of passage money was made; better boats were put on; and the contract rates of speed were much exceeded. A yet greater improvement followed, when it became known that Victoria had joined New Zealand in a contract, as was shown by the arrival of the last steamer five days before her contract time. I venture to express a very strong opinion, that if the Californian service were to cease, the P. and O. service would not be so rapidly, or in other respects so satisfactorily, performed as it is now being under the pressure of competition.

Great stress seems to have been laid upon the presumption that Victoria's partnership in the contract would relieve New Zealand of a very heavy responsibility, and that without Victoria's assistance the line could not be maintained. I do not deny that New Zealand would derive some relief from the carrying out of the contract; but its amount would not be so large as appears to be supposed. Under the existing contract, Messrs Webb and Holladay are entitled to £40,000 a year for a service terminating in New Zealand, and to £10,000 more for connecting with Australia. Supposing that, by an arrangement with the Contractors, the connecting boat was not run, the cost to New Zealand would be £40,000 only, inclusive of the coastal service; whilst under the new contract it would be £27,500—a difference of £12,500. Certainly, the Colony would be glad of such a relief, although it is not absolutely essential to the continuance of the line; and it would also be glad to know that the service was under the joint management of Victoria and New Zealand. But there is another reason, which must not be overlooked, which makes it the duty of New Zealand to desire the co-operation of Victoria. Plainly stated, the fact is that, if Victoria does not contribute, New Zealand will involuntarily have to carry Victoria's letters. No precaution that can be taken can prevent Victorians using the Californian service. If a boat does not run to Melbourne, the Victorian Post Office does not receive letters to be forwarded by the route; but such letters are nevertheless sent to correspondents in New Zealand, and are by them posted. It has come to my knowledge that a house in Wellington has posted at one time as many as one hundred Victorian letters, to be sent by the San Francisco route. Victoria, therefore, is bound to consider whether it is fair to throw upon this Colony the carriage of letters for Victorians, without contributing towards the cost of the service.

I think that the circumstances under which the contract was made by Victoria and New Zealand have been very much misconstrued. The position taken by the Victorian Government, as I understood it, was this—That it was incumbent upon the Colony, in the future, to make its own distinct mail arrangements; trusting to subsequent agreements with other Colonies for a reduction of the pecuniary liability so incurred. This determination would of course involve responsibility for a considerable liability, to be reduced by contributions from other Colonies and from Great Britain. For example, if Victoria is to arrange for a continuance of the Suez service, her original liability will be great, but she will propose to share it with other Colonies. Considerable experience in connection with the question convinces me that arrangements made by more than one Colony with contractors, are not nearly so satisfactory as arrangements made by one Colony, the liability under which is subsequently divided by agreements with other Colonies. The liability which Victoria undertakes by the San Francisco contract amounts to £32,500 per year—largely reducible, however, by the contributions she has a right to expect to receive. There is reason for believing that Great Britain will make a considerable contribution to the service; and that the other Colonies will sooner or later use the line, and help to defray its cost. The Victorian Government elected to pay £32,500 a-year instead of £27,500, in order to secure the advantage of the boat from Melbourne proceeding through to San Francisco. I was anxious that the positions should have been reversed; and I am now prepared to recommend the adoption of such a course, if the Victorian Government will consent to it.

In either case, so distinctly was it understood, when the arrangement was being made, that the nominal liability of Victoria would be considerably reduced by contributions from Great Britain and the Colonies—and so fully assured am I that such will sooner or later be the case—that I recommend the Government at once to offer to Victoria, that if the contract be ratified, the average yearly cost to that Colony, after deducting the amount of contributions receivable, shall not exceed £25,000, and that any amount in excess of such average cost shall be returned by New Zealand. I recommend to the Government to offer to make this guarantee binding in the particular form which may be preferred by

Victoria, but to include the stipulation that the Victorian Government shall use their utmost exertions to aid New Zealand in obtaining contributions from other Colonies and from Great Britain. This would at once dispose of the allegations as to the excessive cost of the service: for Victoria's £25,000 would be reducible by the amount of postages received in that Colony.

I wish it to be distinctly understood, that I do not, by this recommendation, admit that the contract is in any way unfavourable to the interests of Victoria. Nor do I make the recommendation with the impression that it will devolve on New Zealand a heavier charge than that prescribed by the contract. On the contrary, I am of opinion that the contributions received will reduce Victoria's payment below £25,000. My reason for making the recommendation is, that I foresee that a misunderstanding as to the possible cost to Victoria may result in the rejection of the contract or in prolonged negotiations; whilst if there be in Victoria any desire for the service, the proposal should secure ready assent. I cannot refrain from saying, that from many points of view I consider the rejection of the service by Victoria would be injurious. Although there is a stipulation that the contract must be ratified by the Legislative Assembly before coming into operation, that stipulation was not meant to imply more than similar stipulations elsewhere are commonly held to imply. Mr. Webb left Melbourne with the impression that the contract would be ratified; and the Postmaster-General of Victoria ordered that the first steamer should leave San Francisco in August, so as to commence the service from Melbourne in September. It will be impossible to advise Mr. Webb of the non-ratification of the contract in time to enable him to altogether recall his arrangements. Again, the substance of the contract has been communicated officially to the respective Agents-General of Victoria and New Zealand; and, in short, such a result as refusal to ratify the contract will not only cause embarrassment to third parties who rely on its ratification, but will discourage future arrangements between the Governments of the Australasian Colonies.

As to the speed of the line, I desire to repeat what I stated in my first letter to the Honorable the Chief Secretary—That arrangements will shortly be completed, by which the transmission of mails between England and San Francisco is likely to occupy not more than sixteen days, which would give a service of forty-eight days and a half from England to Melbourne, as against the P. and O. Company's contract time of fifty-four days between Southampton and Melbourne.

It has been suggested that one of the objections to the new contract is, that it does not involve the use of local boats—in other words, that it would be preferred in Melbourne to have local boats making the connection with Auckland, rather than that the large steamers should go through to Melbourne. I confess that when I went to Melbourne I was of opinion that—seeing the Californian service would, for Victoria, be subsidiary to that *via* Suez—Victoria would have been satisfied with a branch service performed by local boats. I am not now in a position to make any suggestion on this point, because of Mr. Webb's absence; but I think that, if it really be the desire of the Victorian Parliament that there should be a locally-performed branch service between Melbourne and Auckland, an arrangement for such a service might be arrived at, although I do not think the cost would ultimately be so small as that under the present arrangement.

I have already explained that a strong reason why New Zealand should desire Victoria to join in support of the line, is supplied by the fact that, whether she joins or not, New Zealand will have, to a greater or less extent, through the action of the people of Victoria, to carry its mails. I desire to add a few words upon a further, and to my mind very cogent, reason why Victoria should not hesitate to assist the San Francisco service. While New Zealand has for years contributed rateably to the cost of the Suez line, neither Victoria nor New South Wales has helped New Zealand in maintaining the necessary connecting services to Melbourne and Sydney. Those services have had the effect of throwing a very large trade into Victorian channels. From 1861 to 1870, inclusive, New Zealand's imports represented a total of £52,580,000. No less than £25,310,000 of that total was the value of imports from Australia; those from Victoria alone being to the value of £15,444,000. Thus, during the specified ten years, Victoria supplied nearly one-third of the total imports of New Zealand; and, in addition, exports to Great Britain, representing a very large value, have been sent through Victoria. The effect of New Zealand obtaining so large a proportion of its imports from Victoria, instead of from Great Britain direct, and sending home so much of its products *via* Victoria, instead of direct, is, that the whole Colony is placed under contribution, through the large additional cost of freight, alike on vessels from Great Britain to New Zealand and from New Zealand to Great Britain.

I have only to add, that Victoria ought to bear in mind, not alone that New Zealand has hitherto carried her mails by the Californian service free, with the exception of one payment of less than a hundred pounds, but also, that when Victoria enters into a partnership in the service, New Zealand will have been already subjected to a heavy cost for what might be regarded as preliminary expenditure on a new undertaking.

The Hon. W. Gisborne, &c., &c.

I have, &c.,

JULIUS VOGEL.

Sub-Enclosure to Enclosure in No 36.

NEBRASKA'S PERFORMANCES.

	D.	H.	M.		D.	H.	M.
San Francisco to Honolulu	...	7	15	30	Port Chalmers to Auckland	...	3 20 0
Honolulu to Auckland	...	14	16	30	Auckland to Honolulu	...	15 19 30
Auckland to Sydney	...	4	11	0	Honolulu to Auckland	...	14 12 0
Sydney to Auckland	...	5	10	0	Auckland to Sydney	...	5 7 0
Auckland to Honolulu	...	15	15	0	Sydney to Melbourne	...	2 2 0
Honolulu to Auckland	...	15	23	0	Melbourne to Sydney	...	2 3 0
Auckland to Port Chalmers	...	3	14	0	Sydney to Auckland	...	5 18 0

	D.	H.	M.		D.	H.	M.		
Auckland to Honolulu	15	18	0	Port Chalmers to Auckland ...	4	15	0	
Honolulu to Auckland	14	15	0	Auckland to Honolulu ...	...	16	2	0
Auckland to Sydney	5	2	30	Honolulu to San Francisco ...	...	8	12	0
Sydney to Auckland	5	13	30	San Francisco to Honolulu ...	...	7	20	0
Auckland to Honolulu	15	11	30	Honolulu to Auckland ...	...	15	16	0
Honolulu to Auckland	14	1	0	Auckland to Port Chalmers, present				
Auckland to Sydney	4	12	30	voyage ...	...	3	18	0
Sydney to Auckland	5	16	0					
Auckland to Honolulu	16	9	0					
Honolulu to Auckland	14	8	30					
Auckland to Port Chalmers	3	23	0					
									288 16 0

Distance run, 72,780 miles, or equal to an average of $10\frac{1}{2}$ miles per hour.

No. 37.

The Hon. J. VOGEL to Messrs. WEBB and HOLLADAY.

GENTLEMEN,—

General Post Office, Wellington, New Zealand, 6th July, 1872.

I have the honor to express to you the strong disapproval of the Government of New Zealand of the manner in which the Californian Mail Service is being performed. It appears to me that you have departed from the terms of your contract little by little, until you consider yourselves at liberty to pursue, with reference to the working of the service, just that course which satisfies your own convenience. For example, the mails from Great Britain, which reached San Francisco on the 21st May, were not forwarded thence until the 24th, owing to your not having ready a vessel to proceed with them. Yet you did not consider it necessary that you should inform me of the delay, or make any explanation respecting its cause. For the service between San Francisco and Honolulu, you have been using just such boats as it has suited you to use, and again, you have not offered to this Government any explanation. That those boats would not have been approved of by the Government, I conclude alike from the information given by the Mail Agents and from opinions published in San Francisco papers. As to the latter, I must suppose them to be well-founded, as I presume that, if they were not so, the libel law would be appealed to on your behalf.

Apart from such opinions, the experience had of the "Mahonga" proves her to be not fit for the service which you have contracted to perform.

You are continuing to make "connections" at Honolulu, instead of running boats through between San Francisco and New Zealand, and we have not yet received trustworthy information of the "Dacota" having left New York to take her place on the line.

The Government of New Zealand, as you know, have made to you many concessions to aid you in overcoming difficulties incidental to the establishment of an Ocean Mail Service; but you have steadily gone beyond our concessions, without informing us either that you desired so to act, or had so acted.

All such actions and omissions must now cease; and I desire that you will understand and accept, in its fullest significance, my notification to you that the Government consider the time has come for holding you strictly to the terms of your contract.

In a conversation with you in Melbourne, when you agreed to reduce to £46,000 the sum receivable for the service, pending the completion of the agreement with the A.S.N. Co., I stated that it was my intention not to recommend the Government to enforce against you the penalties to which you had rendered yourselves liable by breaches of your contract committed up to that time. Since our conversation many provisions of the contract have been broken, and the effect of those breaches have been most irritating and serious. I desire therefore that you will not suppose that by giving you the written notification, "That the Government consider the time has come for holding you strictly to the terms of your contract," I am waiving, or at all weakening, any rights we have under the contract to demand penalties for breaches committed between the date of our conversation and that borne by this letter.

I regret to say that the "Nevada,"—in consequence, probably, of being overworked, because you have failed to supply a third suitable boat—is now in such a condition as to make repairs absolutely necessary. I notify to you that she will not, unless she has been meanwhile thoroughly repaired, be permitted to carry passengers from New Zealand after the voyage which she has just commenced. I am content to believe that you will readily cause such a repair to be undertaken. But as the matter is one of great importance, I think it right to inform you that the Mail Agent is authorised, should the necessity unfortunately arise, to protest against your despatching the "Nevada" on another voyage, unless she shall have been thoroughly repaired.

W. H. Webb, Esq., and
Ben. Holladay, Esq., &c., &c.

I have, &c.,
JULIUS VOGEL.

No. 38.

The Hon. J. VOGEL to Messrs. WEBB and HOLLADAY.

GENTLEMEN,—

General Post Office, Wellington, New Zealand, 6th July, 1872.

I have the honor to forward to you herewith copy of correspondence between the Government of Queensland and the Government of New Zealand; and also, copy of a letter from the Hon. the Colonial Secretary to the Hon. the Chief Secretary of Victoria, and of an enclosure thereto.

The documents in each case explain themselves. But I may add that although we are without any official information as to the course which the Victorian Government intend to adopt respecting the contract which that Government, jointly with New Zealand, entered into with you, I have reason to think, from statements published in Victorian newspapers, that it is very doubtful whether the contract will be ratified.

In such an event it will become necessary for you to decide what course you will adopt.

It would be useless to attempt to disguise from you that the very unsatisfactory manner in which the service has been performed of late has brought it into such disfavour that we are not in so advantageous a position as we were formerly for obtaining subsidies from other Colonies. Even from Great Britain we learn that the postal authorities are in possession of such information as to the irregularities of the service, as to make our chance of obtaining an Imperial subsidy less than we had a right to expect. In New South Wales and Victoria there are complaints on all sides as to the irregularity of the service; there has consequently ceased to be a desire for its extension to Australia, and there has grown a strong feeling in favour of supplanting your service by one properly conducted. You must therefore bear in mind that, if arrangements with other Colonies should prove difficult to make, or impossible to be made, you will have to attribute such a result chiefly to the irregular manner in which your service has been carried on.

If you determine to run the boats as provided for by your contract with Victoria and New Zealand jointly—trusting to the manner in which the service is to be conducted for obtaining a subsidy from Victoria—we shall be prepared to pay the £27,500 provided for by that contract.

Should you prefer to fall back upon the original contract, we should require you to abide by and strictly to perform its conditions; and we should pay you for the service £40,000 per annum, until a boat such as is provided for by clause 11 had been put upon the line between New Zealand and Australia. We should not make a contribution for the branch service, supposing it to be performed by a boat or boats belonging to the A.S.N. Co., unless arrangements for the payment of subsidy are made by the Government of New South Wales and the Government of Queensland. In fact, we should adhere strictly to the terms of the existing contract.

There is a third course which you may consider it desirable to adopt. If, instead of abiding by the terms of the joint contract with Victoria and New Zealand—presuming the Victorian Legislative Assembly should fail to ratify that contract—you were willing to modify those terms, by making the boat from Port Chalmers proceed through to San Francisco, in place of the boat from Melbourne doing so, or in other words reversing the order of running provided by the contract, we would be prepared to arrange with you for increasing, upon that basis, the subsidy which under the joint contract New Zealand would have to pay. In that case the boat arriving at Auckland from San Francisco could, if it were desirable, proceed to Sydney, and thence to Melbourne, instead of to Melbourne direct.

As such matters cannot be discussed and settled by means of correspondence, you should, if you incline to any of the courses I have suggested, entrust to whoever represents you in New Zealand full powers to negotiate.

Supposing the joint contract not to be ratified, and some other arrangement not to be made, I can do no more than assure you that we shall hold you strictly to the terms of the contract now existing, and which will, in either such event, continue in full force.

Of course, we should decline to allow mails to be carried for any Colony not subsidising the line.

W. H. Webb, Esq., and
Ben Holladay, Esq., &c., &c.

I have, &c.,
JULIUS VOGEL.

No. 39.

Mr. I. E. FEATHERSTON to the Hon. W. GISBORNE.

SIR,—

Hamburg, 20th May, 1872.

I have the honor to enclose you a copy of a letter I addressed to Lord Kimberley, (relative to taking soundings between Australia and New Zealand, and surveying the course usually taken by steamers between New Zealand and Honolulu,) immediately on the receipt of Mr. Vogel's telegram, informing me that Victoria had become a party to the San Francisco Mail Contract.

I had previously had an interview with Mr. Monsell, the Postmaster-General, with the view of ascertaining whether the Imperial Government would adopt the service, and grant a reasonable subsidy towards it.

Mr. Monsell admitted that the question now assumed a very different aspect to what it had presented when previously brought before him, and that the desire or determination of the Australian Colonies and New Zealand, that the service should be made to alternate with that *via* Suez, was entitled to and would receive his most careful consideration, with an earnest desire on his part to co-operate with the Colonies.

After a long conversation, it was arranged that we should have a further discussion on the matter on the receipt of the contract entered into between Victoria and New Zealand, of the conditions of which I was then in entire ignorance.

I shall seek an interview with Mr. Monsell immediately on my return to London. I may mention that the Postal Estimates do not come on in Parliament before July.

I have, &c.,

I. E. FEATHERSTON,
Agent-General.

The Hon. W. Gisborne.

No. 40.

The Hon. Mr. FRANCIS to the Hon. W. GISBORNE.*

SIR,— Chief Secretary's Office, Melbourne, 29th June, 1872.
The present Government of Victoria, having carefully considered the provisional contract entered into by their predecessors, in conjunction with the Government of New Zealand, and Mr. Webb on behalf of himself and Mr. Holladay, for a mail service *via* California, have arrived at the conclusion not to recommend its ratification to Parliament. I think it due to you to give you early intimation of our decision, and for your better information I enclose copy of a letter addressed to the Agent-General of this Colony by the last mail.

The Hon. the Colonial Secretary, New Zealand.

I have, &c.,
J. G. FRANCIS.

P.S.—You will be so good as to observe that the accompanying letter is sent for your information only, and not to be made public.

J. G. F.

No. 41.

The AGENT-GENERAL to the Hon. the COLONIAL SECRETARY.

7, Westminster Chambers, Victoria Street,

Westminster, S. W., 26th June, 1872.

SIR,— I have the honor to enclose you a copy of a letter addressed by Mr. Childers and myself to the Secretary of State for the Colonies, on the subject of the San Francisco Mail Service.

I have reason to believe that our proposals will be agreed to with the following modifications—*viz.*, that the subsidy of £20,000 shall only be granted for a period of three years. I myself shall not object to this, as the whole question of postal services from the United Kingdom and the Australasian Colonies will have to be considered previous to the termination (some eighteen months hence) of the present contract with the Peninsular and Oriental Company, when, if the San Francisco service be properly organized and performed, we may reasonably expect an increased contribution towards it from the Imperial Government.

As we have pressed for and been promised an early reply, you will probably receive a telegram stating the result long before the arrival of the present mail.

The Hon. W. Gisborne, Wellington, New Zealand.

I have, &c.,
I. E. FEATHERSTON,
Agent-General.

No. 42.

H. C. E. CHILDERS, Esq., M.P., and the AGENT-GENERAL, to the Right Hon. the SECRETARY of STATE for the Colonies.

8, Victoria Chambers, Victoria Street,

Westminster, S. W., 25th June, 1872.

MY LORD,— We have the honor to inform your Lordship that the Governments of Victoria and New Zealand have entered into a contract with Messrs. Webb and Holladay, of "The United States, New Zealand, and Australian Steam Ship Line," which, when approved by their respective Legislatures, will have the effect of superseding the existing contract with the New Zealand Government, under which some of the Australian mails are now carried to the United Kingdom through the United States.

2. The principal terms of the contract are—That Melbourne shall be the port of departure for San Francisco; that Victoria shall pay a subsidy of £32,500, and New Zealand one of £27,500, towards the service; that the contracting Governments shall have power to admit, on the payment of suitable subsidies, the Governments of New South Wales, South Australia, Tasmania, and Queensland, to share in its advantages; the power of making agreements to that effect with the Governments of South Australia and Tasmania being in another instrument delegated by the New Zealand Government to the Postmaster-General of Victoria; that the Contractors shall be at liberty to carry mails between New Caledonia and the Pacific Islands, and between those Islands and Victoria, but not from any other region of Australasia, save under this contract; that the service shall be performed by steam ships starting, one from San Francisco and one from Melbourne, every twenty-eight days, calling at Auckland and other specified ports in New Zealand, and, in the case of the vessel arriving from San Francisco, transhipping the Victorian mails at Auckland; that these steamships may also call at two intermediate places, and no more, between Auckland and San Francisco, and that such two places may be at any of the Hawaiian, Society, or Navigator's Islands; in fine, that the voyage from Melbourne to San Francisco shall be accomplished, under penalties, within 780 hours (32½ days), and the voyage from San Francisco to Auckland within 600 hours (25 days), with similar arrangements as to the lesser intervening distances.

3. It is proposed by the contracting Governments that this service shall, as nearly as possible, alternate fortnightly with the service conducted under contract with the Peninsular and Oriental Company; and that as the departure from London of the Colonial mails now sent by San Francisco is fixed at a fortnight after the despatch of those sent by Brindisi, so, under the new contract, mails will be despatched from Melbourne, by the United States, New Zealand, and Australian Line, fifteen days after the departure of the Peninsular and Oriental Company's steamer from that port. It is not expected that, at present, the service between Melbourne and London by San Francisco can be effected within the same limit of time as that which suffices for the conveyance of the mails from Melbourne

* This letter crossed on the way the letter addressed to the Chief Secretary, Victoria, on the 27th June.

to London by Point-de-Galle and Brindisi; but it is confidently estimated that the service by San Francisco can be accomplished in fifty-one and a half days (two and a half days less than the contract time between Melbourne and Southampton), and that this period may hereafter be reduced by several days through improvements in the American railway service, and through the employment of steamers on the Pacific of equal power and speed with those used on the Atlantic.

If this not unreasonable expectation should be fulfilled, then the service by San Francisco would become an exactly alternating fortnightly one, in regard to arrival as well as departure, with the service by Point de Galle and Brindisi.

Upon the advantages of such a fortnightly communication, bringing into regular connection as it would all the principal Colonies and Dependencies of the Empire (Her Majesty's African Possessions excepted), we need not dwell.

4. At present we are instructed to invite the Imperial Government to contribute in aid of the subsidy which the Governments of Victoria and New Zealand have contracted to give towards the maintenance of the San Francisco route, and we have now the honor to request your Lordship to submit their claim for such assistance to the Lords Commissioners of Her Majesty's Treasury, and to the Postmaster-General.

We do not doubt that your Lordship will sanction and support a system of communication between the Colonies and the United Kingdom so well calculated to promote their mutual connection, intercourse, and advantage.

5. The sum which we are instructed to invite the Imperial Government to subscribe is an annual contribution of £20,000 for the term of the new contract.

The contract, if sanctioned by the Legislatures of Victoria and New Zealand, will come into operation on the 19th of next September, and hold for eight years and a half from that date.

We believe that, apart from considerations of public policy, the Colonial Governments have a fair claim to expect the assistance of the Imperial Government to at least the extent of the sum we have named. At present, the Imperial Post Office retains the entire postage on the letters despatched to New Zealand *via* San Francisco, and in consideration thereof pays all charges on such letters, as well as on letters coming from New Zealand to and from San Francisco. The American charge on a letter from San Francisco to New York averages, as we are informed, about three farthings, whilst the charge from New York to London may be stated at one penny per letter. Doubling this sum, on the supposition that the correspondence either way is equal in amount, and even adding to it a penny for inland postage, there still remains out of the sixpence charged per letter on all despatched by the Imperial Post Office, a clear and not inconsiderable margin of profit to the Department, which will certainly not decrease if, as may be reasonably expected, correspondence is considerably extended by the facilities of a thoroughly well organized Pacific Service. We do not suggest any disturbance of this arrangement (except that in future no extra charge should be made on the Colonies for books, papers, &c., between San Francisco and this country); but, for the special reasons we have just stated, we confidently expect that the Postmaster-General will support the claim which we make on behalf of our respective Governments on Her Majesty's Imperial Treasury.

6. We have now, therefore, to request that your Lordship will submit the case which we have the honor of laying before you for the consideration of the Departments specially concerned, and of Her Majesty's Ministers; and we will venture to urge upon your Lordship the desirability of doing so with all convenient despatch, so that, if possible, we may be enabled to inform our respective Governments, while their Legislatures are in session (that of Victoria having already met on the 30th of April) of the decision of the Government of the United Kingdom.

We have, &c.,
HUGH C. E. CHILDERS.
I. E. FEATHERSTON.

The Right Hon. the Secretary of State
for the Colonies, Colonial Office.

No. 43.

The POSTMASTER-GENERAL, Washington, to the Hon. GAVAN DUFFY and the Hon. JULIUS VOGEL.
Post Office Department,
Washington, D.C., 19th June, 1872.

GENTLEMEN,—

I have the honor to acknowledge the receipt of your joint communication, dated at Melbourne, 13th March, 1872, respecting the contracts entered into by the Colonies of Victoria and New Zealand with Messrs. Webb and Holladay, for the conveyance of mails by a first-class line of steamships between those Colonies and San Francisco, and expressing the hope that the United States Government, sharing the feeling existing in said Colonies respecting the great advantages to result from the establishment of direct steam communication with the United States, will grant to Messrs. Webb and Holladay such subsidy as will, in conjunction with that they receive from the Colonies, enable them to successfully maintain the service on which they have entered.

I desire to assure you, in reply, that I feel a warm interest in the establishment and maintenance of a direct and rapid steam communication with the Colonies of Australia and New Zealand, believing that such a service will greatly benefit the general business interests of the country; and in my last annual report, dated 18th November, 1871, I called the attention of Congress to the fact that such a service had been inaugurated between the Colonies of Australia and New Zealand and the Port of San Francisco, under the patronage of the New Zealand Government, in the expectation that additional aid to sustain it would be granted by the Government of the United States, and recommended appropriate legislation for the maintenance thereof by a moderate money subsidy, in addition to the mail compensation paid by the Colonies under the existing contracts. The President also, in his annual message to Congress, recommended suitable legislative action in aid of this important service.

I exceedingly regret that notwithstanding these recommendations, and the earnest desire of the

President and the Cabinet, that the necessary steps should be taken by Congress to secure the permanent establishment of a regular and rapid steam communication with the countries of Australasia, that body adjourned without perfecting the desired legislation. I trust, however, that the friendly disposition of the Government of the United States towards this important commercial enterprise will be evinced by favourable action in support of the existing service at the next Session of Congress. It is well known that the members of the Committee on Post Offices and Post Roads of the United States Senate, who have carefully considered the subject, have recommended the passage of a Bill granting a money subsidy in aid of this Mail Steamship Service.

I am, &c.,
JNO. A. J. CRESWELL,
Postmaster-General.

The Hon. Gavan Duffy and the Hon. Julius Vogel.

No. 44.

Dr. FEATHERSTON to the Hon. W. GISBORNE.

7, Westminster Chambers, Victoria Street,
Westminster, S.W., 9th May, 1872.

SIR,— I have the honor to transmit herewith copies of letters I have addressed to Her Majesty's Principal Secretary of State for the Colonies, *in re* soundings for cable between Australia and New Zealand, and survey of Mail Route between New Zealand and Honolulu.

I have, &c.,
I. E. FEATHERSTON,
Agent-General.

The Hon. W. Gisborne, Wellington, New Zealand.

Enclosure in No. 44.

7, Westminster Chambers, Victoria Street,
Westminster, S.W., 7th May, 1872.

MY LORD,—

I have the honor to bring under your consideration two questions of great and immediate interest to New Zealand, and of, I venture to say, equal importance to the United Kingdom.

1. It is quite certain that the telegraphic communication which will, within a very few months, be established between Australia and England, will be extended to New Zealand by means of a submarine cable. This will necessitate taking soundings between Australia and New Zealand.

2. New Zealand has entered into a contract for a monthly mail service between New Zealand and England, *via* San Francisco, for a term of ten years. By a recent telegram, I am informed that the Colony of Victoria has become a party to this contract. The service may consequently be regarded as permanently established. The course usually taken by steamers between Honolulu and New Zealand has been very inaccurately surveyed—if, indeed, it has been surveyed at all. Islands and shoals are laid down in the published charts, which, if they exist, are not found in the position assigned to them; and it is more than probable that other islands and shoals exist which have not yet been discovered. There is no doubt that, by this route, there will be a great passenger traffic, and it is therefore extremely desirable that an accurate survey of it should be made at once, and not delayed until some frightful catastrophe demonstrates its absolute necessity.

With this bare statement of facts, I respectfully ask your Lordship to be pleased to ascertain whether the Lords of the Admiralty would be willing that the taking of these soundings and the execution of this survey should be undertaken by the officers of Her Majesty's ships on the Australian and Pacific stations.

I have, &c.,
I. E. FEATHERSTON,
Agent-General.

The Right Honorable Earl Kimberley,
Secretary of State for the Colonies.

No. 45.

Dr. FEATHERSTON to the Hon. W. GISBORNE.

7, Westminster Chambers, Victoria Street,
Westminster, S.W., 12th July, 1872.

SIR,— I have the honor to transmit herewith copies of the replies received from Earl Kimberley to the letters I addressed to him on the 7th May last.

I have, &c.,
I. E. FEATHERSTON,
Agent-General.

The Hon. the Colonial Secretary, Wellington, N.Z.

Enclosure in No. 45.

Mr. N. T. HOLLAND to Dr. FEATHERSTON.

SIR,— Downning Street, 29th May, 1872.
With reference to your letter of the 7th instant, I am directed by the Earl of Kimberley to transmit to you a copy of a letter from the Lords Commissioners of the Admiralty, upon the question of taking soundings between New Zealand and Australia, and of a survey of the route to be taken by steamers between Honolulu and New Zealand.

I am, &c.,
N. T. HOLLAND.

The Agent-General for New Zealand.

SAN FRANCISCO MAIL SERVICE.

Sub-Enclosure to Enclosure in No. 45.

Mr. HALL to the UNDER SECRETARY of the COLONIAL OFFICE.

SIR,—

Admiralty, 24th May, 1872.

I have received and laid before my Lords Commissioners of the Admiralty your letter of the 13th instant, enclosing one from the Agent-General for New Zealand, respecting the necessity for soundings being taken between New Zealand and Australia, in view of a general telegraphic communication between these places; and also a survey being made of the route to be taken by steamers between Honolulu and New Zealand.

2. I am commanded by their Lordships to acquaint you, for the information of Lord Kimberley, that in regard to a line of deep soundings between Australia and New Zealand for submarine telegraphic purposes, there is at the present time no ship on the station fitted to carry out such an operation; but that when the opportunity occurs the question will not be lost sight of.

3. In regard to surveying the route between the Sandwich Islands and New Zealand, for the benefit of a line of packets, I am desired to state that there is no line in the Pacific so free from danger as the direct route between these two places; and with the latest Admiralty charts, and the ordinary precautions practised by navigators, this line may be traversed with perfect safety.

I have, &c.,

The Under Secretary of the Colonial Office.

ROBERT HALL.
