

consider the terms in Great Britain, where there would be some opportunity of ascertaining whether or not it is likely to be carried into effect.

The contract is made with a gentleman who does not own ships, and his sureties are gentlemen carrying on quite another business than that contemplated in the undertaking. The amount of security, £10,000, would be small, supposing it were even given by a firm or company possessing steamships and able themselves to carry out the contract. But when it is taken into consideration in connection with the fact that the contractors and his sureties do not own or possess the vessels required, and that their cost will be very large, it is evident not only that the security affords no assurance that the service will be carried out, but that these gentlemen accept the concession as a speculation either to be carried out at a profit or to be relinquished at their pleasure on the forfeiture of the penalty.

The Government recognize that your monetary proposals are not inequitable; but they disapprove of the arrangements for connecting New Zealand with the service. The time occupied between London and Auckland would be some days longer than was the case with the service lately discontinued. Again, you propose that a small steamer shall run between Kandavau (Fiji) and New Zealand, instead of the main boats coming to this Colony. The inconveniences inseparable from transshipment at a port like Kandavau need not be dwelt upon,—they are obvious, and they must be great. Then, as even the proposed main boats are of but moderate size, considering the quantity of coal they would have to carry, it is to be feared that New Zealand passengers would find themselves compelled to submit to very inferior accommodation, supposing that they ran the risk of a voyage to San Francisco *via* Kandavau, a port which, at present, if I am not mistaken, can scarcely be said to be inhabited. If any arrangement were made for Kandavau as the port of transshipment, this Government would require that a portion of every main steamer should be set apart for New Zealand passengers and freight.

You will gather from the reasons stated that the Government do not approve of the contract in its present form. It would answer no purpose to propose modifications of it here, seeing that as yet it is a mere concession from which one party may retire and the other easily relinquish.

But I gather from your second letter that on your arrival in England you may be prepared to remodel the contract. In that case, Mr. Russell (who is specially charged with carrying out the views of the Government on the Californian Service) will confer with you; and should he not have effected other arrangements, he will be able, I have no doubt, to propose to you terms for a joint service to be undertaken by both Colonies on conditions satisfactory and fair to both.

I have pleasure in thanking you, on behalf of my colleagues and myself, for the consideration shown by your visit to New Zealand, and for the friendly spirit in which you have submitted your proposals.

The Hon. Saul Samuel, Melbourne.

I have, &c.,  
JULIUS VOGEL.

#### No. 55.

The Hon. W. H. REYNOLDS to the Hon. the COLONIAL SECRETARY, Sydney.

SIR,—

Colonial Secretary's Office, Wellington, 6th June, 1873.

I have the honor to acknowledge the receipt of your letter of the 24th ultimo upon the subject of the establishment of a line of steam mail packets between Sydney and San Francisco. No. 49 of this series.

The Hon. Mr. Samuel, who has been received by this Government with much pleasure, will doubtless have submitted to the Government of New South Wales the correspondence which has taken place upon this question, and you will thus be placed in possession of the views of the Government of New Zealand as to the proposed postal service.

The Hon. the Colonial Secretary, Sydney.

I have, &c.,  
WILLIAM H. REYNOLDS.

#### No. 56.

The Hon. SAUL SAMUEL to the Hon. J. VOGEL.

SIR,—

Melbourne, 12th June, 1873.

On my arrival off Hokitika I received a telegram from you stating that you had addressed to me, at Melbourne, a reply to my recent communications on the subject of the establishment of a steam postal service with Great Britain *via* San Francisco. At the same time, several of the West Coast New Zealand newspapers, of the 6th instant, accidentally came into my possession, and I was much astonished to find published, in the form of "Press telegrams," the substance of my communications to you, together with what is stated to be your reply thereto. I feel that I have reason to complain of the extraordinary course pursued in permitting the publication of this correspondence, accompanied as it is by statements and comments which are calculated to mislead. It would, I conceive, have been better and more regular had you waited until I was in receipt of your letter, when the complete correspondence would have been in the possession of our respective Governments before publication in the newspapers.

2. As your reply cannot reach me in time to enable me to answer it before my departure by the June mail steamer for England, I deem it necessary at once to correct the statements referred to, assuming that they have been authorized by you.

3. In the first place, it is said that your Cabinet regret that the New South Wales Government should have entered into a contract without first consulting the New Zealand Government.

In answer to this, I have merely to remark that I am unaware of any engagement, either direct or