

2. I have nothing to add to the communication I addressed to you on the 12th instant in anticipation of the receipt of your letter.

The Hon. J. Vogel, C.M.G., Wellington.

I have, &c.,
SAUL SAMUEL.

No. 58.

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

SIR,—

General Post Office, Wellington, 4th July, 1873.

I have the honor to acknowledge the receipt of your letters of the 12th and the 17th June, both written in Melbourne. In the former, you state that when off Hokitika, on your way to Australia, you were astonished to find, from West Coast newspapers, that correspondence between us, in Wellington, relative to a mail service *via* San Francisco had been published before it was in the "possession of our respective Governments;" and you say that you deemed it necessary "at once to correct the statements" contained in a telegraphic summary of that correspondence, "assuming that they have been authorized" by me. In the latter, you acknowledge the receipt of my letter of 4th June, containing the reply of this Government to your proposals, and you state that you have nothing to add to your letter of the 12th. No. 54 of this series.

I have the honor, in reply to that letter, to say that, in publishing the correspondence between us, I only followed the course pursued by your Government in Sydney. The Hon. Mr. Parkes having replied on the 25th February last to a letter signed by the Hon. Mr. Reynolds and myself, the correspondence which had then passed was published in the *Sydney Morning Herald* of the 27th, before a further reply of ours, dated the 26th, had probably been received by your Government.

With regard to your complaint that we are inconsistent in expressing regret that the New South Wales Government, after all that had taken place, should enter into a contract without consulting the New Zealand Government, whilst you judged from my reference to Mr. Russell that he was instructed to enter into a contract "entirely independent of, and without its being considered necessary to consult, the New South Wales Government," I have to explain that you are under a misapprehension.

In the instructions given to Mr. Russell he was expressly informed that negotiations would be opened with the other Colonies with the view of enlisting their co-operation. He was further told that any Colony inclined to co-operate with New Zealand would be asked to appoint some one to act with him; and, to quote the exact words, "the fact will be telegraphed to you, and you will then, of course, take care not to bind yourself, or the Government, in any way which would prevent your dealing with the representative of the other Colony on equal terms. It would be desirable you should obtain all the information possible; but were you to enter into any engagement, the gentleman with whom you would have to act would have reason to complain. The power given to you, therefore, to enter into a contract subject to the approval of Parliament, you will abstain from exercising, should you be advised by telegraph that joint action with one or more of the other Colonies is practicable." The Government would have gladly telegraphed to Mr. Russell that you were prepared to co-operate with him, but for the unfortunate contract with which you had hampered yourself. I use the expression advisedly; because, as the gentleman with whom you had contracted had to go to England to make arrangements, it would have left you much more free had you abstained from making a contract until you reached England. No. 46 of this series.

I am unable to agree with you that the contract you have entered into made proper provision for the New Zealand Service. The expression "of a class similar to the steam ship 'City of Adelaide,'" is too vague to bear any meaning. The provisions contained in clauses 7, 8, and 9 of the contract, to the quality of vessels to be used, their equipment, inspection, &c., cannot, I am advised, be claimed to apply to the vessels proposed to be used for the New Zealand Branch Service. Nor can I agree with you that the contract sufficiently provides for detaining the main-line boats at Kandavau, to await the arrival there of the branch boat. The best proof of the want of care for New Zealand interests—if you have any doubt on the point, after again reading the contract—is to be found in the fact that the contractor would be able, without consulting the Postmaster-General of New Zealand, to transfer the branch service altogether. Clause 24 seems to me to be too explicit to leave room for doubt as to this power. No. 51 of this series.

In stating that the contract did not provide "for the passage of a mail agent," I of course meant—as the construction of that portion of my letter clearly shows—an agent in charge of the New Zealand mails. The contract does provide for "an officer," in charge of the mails, but one agent could not do duty for all the Colonies. Experience has shown that the sorting of the New Zealand mails is enough to occupy a mail agent during nearly the whole of the voyage.

I regret your evident annoyance at the reference to the contractor and his sureties which I thought it necessary to make in my letter. Since you refer to the conversation which passed between us, I may remind you that the principal objection I made to your contract was, that the gentleman who contracted was without means to fulfil the conditions of the contract. You say that I was satisfied with the sureties. You will permit me to remind you that the only answer you made to my objections to the contractor was, that he was but little more than nominally concerned—that the sureties were really the responsible persons. The extent of the satisfaction which I expressed as to the sureties was this—that I was satisfied they would be able to pay a penalty of £10,000, if called upon to do so. But I pointed out to you that they did not own steamers, and that their business was not in any sense connected with the management of steamers. It was no disparagement to the sureties to state that they had merely accepted a concession, undertaking to pay £10,000 if the conceded service was not performed; and that it was certain they meant to part with the concession. I must be allowed to say that in making such a contract, the first consideration is as to the ability of the contractor to carry out his engagement; and that this is more important than the consideration whether he will be able to pay a small penalty, or to get his sureties to do so for him, in the event of his relinquishing his contract.