

The following passage of your letter is not quite correct:—"If I would consent to cancel the present contract, and make another in conjunction with New Zealand providing for the main steamers calling at your Colony, you were willing that the present contractor should have the preference in such new contract." If you had omitted the words "providing for the main steamers calling at your Colony," the passage would have been more correct. I told you that I was willing to leave the whole matter in the hands of yourself and Mr. Russell; and that if you were able to enter into an entirely new contract, I would consent to the present contractor and his sureties having the preference, if they were able to satisfy you and Mr. Russell of their being desirable contractors. This would have left you at liberty to prefer other contractors, if it had been found advisable to do so. You know it was my opinion that, seeing the gentlemen interested in the contract would not perform the service, you would find it better to negotiate with those who would actually do the work, if they obtained the contract, instead of with persons who merely looked for an intermediate profit.

I have already sufficiently rebutted the assertion—"the sole reason for your Government not according their support to my proposal is, that it does not provide for the main steamers calling at New Zealand." There were not only other reasons stated, but I told you we would be willing the question should be left open, whether transhipment should be made at Auckland, the Bay of Islands, Mongonui, or the Navigator Islands. I did not absolutely even preclude Kandavau; but I did object to the use of inferior boats, and expressed a strong opinion in favour of the use of a main boat for the New Zealand branch of the service.

As to your statement that calling at New Zealand "would involve an unnecessary detour of three days' duration for the whole of the Australian mails," I have to remind you that under the contract with Messrs. Webb and Holladay the voyage from San Francisco to Sydney, by way of Auckland, could have been performed in thirty days—the time for which you have contracted; and that it could certainly have been performed with ease in thirty days, if Mongonui had been the port of transhipment instead of Auckland.

In the course of our conversations, it was abundantly evident that you had been led to make a contract for thirty days between San Francisco and Sydney, believing that that would enable you to secure the time for which your Parliament stipulated in the resolution on the authority of which the contract was signed, namely, forty-five days between England and Sydney: whereas, thirty days between San Francisco and Sydney would make the through service from England occupy forty-eight days.

I have, &c.,  
JULIUS VOGEL.

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