

1873.

NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE,

(PAPERS RELATIVE TO).

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

SCHEDULE.

No.	Date.	Writer and Subject.	Page.
1	Aug. 6, 1872 ...	Mr. Webb to the Hon. J. Vogel. Enclosing copies of letters addressed to Mr. Roxburgh, relative to the contract made with the A.S.N. Co. ...	1
2	Aug. 6, 1872 ...	Mr. Webb to the Hon. J. Vogel. Has not received time-table in connection with new Service. Has reason to believe Victorian Government will withdraw from joint contract ...	2
3	Sept. 26, 1872 ...	Mr. Gray to Mr. Webb. Forwarding copy of desired time-table, and copy of Mail Agent's report as to the delaying of Mails ...	2
4	Aug. 6, 1872 ...	Mr. Webb to the Hon. J. Vogel. As to proposed modification of existing time schedule ...	3
5	Sept. 10, 1872 ...	Mr. Webb to the Hon. J. Vogel. Explaining that the unsatisfactory nature of service is due to circumstances entirely beyond his control. As to the decision Government arrived at respecting the "Nevada" ...	3
6	Nov. 23, 1872 ...	The Hon. J. Vogel to Messrs. Webb and Holladay. Contractors are responsible for the present unsatisfactory service, and that the contract has not been properly carried out ...	5
7	Sept. 10, 1872 ...	Mr. Webb to the Hon. J. Vogel. As to the Victorian Government refusing to ratify joint contract. Will continue service under original contract ...	6
8	Nov. 23, 1872 ...	Mr. Gray to Mr. Webb. Acknowledging No. 7 ...	6
9	Sept. 19, 1872 ...	Mr. Driver to the Hon. J. Vogel. Is appointed Messrs. Webb and Holladay's Attorney ...	7
10	Oct. 26, 1872 ...	Mr. Raymond to the Hon. J. Vogel. Messrs. Webb and Holladay have assigned contract ...	7
11	Dec. 24, 1872 ...	Mr. Gray to Mr. Raymond. Acknowledges No. 10. For a copy of Deed of Incorporation under which contract assigned ...	7
12	Nov. 9, 1872 ...	Mr. Raymond to the Hon. J. Vogel. As to the late departure of Mail steamer. "Dakota" has not yet arrived from New York ...	7
13	Dec. 27, 1872 ...	Mr. Gray to Mr. Raymond. Acknowledges No. 12. Reasons urged for delays in service will be considered when adjustment of penalties takes place ...	8
14	Mar. 4, 1873 ...	Mr. Raymond to the Hon. J. Vogel. Acknowledges Nos. 11 and 13 ...	8
15	Dec. 6, 1872 ...	Mr. Raymond to the Hon. J. Vogel. English mails do not go forward by "Dakota," the "City of Brooklyn" having returned to Queenstown disabled ...	8
16	Jan. 8, 1873 ...	Mr. Raymond to the Hon. J. Vogel. English Mails leave San Francisco a week late ...	8
17	Mar. 14, 1873 ...	Mr. Gray, jun., to Mr. Raymond. For further explanation as to the delaying of the New Zealand English Mails in San Francisco ...	9
18	Feb. 5, 1873 ...	Mr. Raymond to the Hon. J. Vogel. Mails are again late. "Moses Taylor," having been extensively repaired, connects with New Zealand steamer at Honolulu. Encloses a certificate of seaworthiness from the Inspector of Hulls ...	9
19	Dec. 12, 1872 ...	The Agent-General to the Hon. the Colonial Secretary. Enclosing correspondence on the subject of an Imperial Subsidy to the San Francisco Service ...	10
20	Jan. 9, 1873 ...	The Agent-General to the Hon. the Colonial Secretary. Enclosing correspondence relative to the San Francisco Service; being a continuation of that forwarded with No. 19. ...	12
21	Jan. 24, 1873 ...	The Agent-General to the Hon. the Colonial Secretary. Forwarding copy of letter addressed to Lord Kimberley, and also copy of telegram addressed to Mr. Vogel at Sydney, relating to the San Francisco Service ...	13
22	Feb. 6, 1873 ...	The Agent-General to the Hon. the Colonial Secretary. Enclosing further correspondence bearing on the San Francisco Service ...	13
23	Feb. 6, 1873 ...	The Agent-General to the Hon. the Colonial Secretary. With copy of telegram sent by Lord Kimberley to the Governor of New South Wales, re Mail Services ...	14
24	Jan. 30, 1873 ...	The Hon. J. Vogel and the Hon. W. H. Reynolds to the Hon. the Colonial Secretary, New South Wales. Proposing that New South Wales co-operate with New Zealand in carrying out the Californian Service ...	14
25	Feb. 17, 1873 ...	The Hon. Henry Parkes to the Hon. J. Vogel. Is prepared to discuss the subject of a Californian Service ...	15
26	...	Minute by the Colonial Secretary, New South Wales, relative to the nature of the interview held between Messrs. Vogel and Reynolds and the members of the Government of New South Wales on the proposal made in No. 24 ...	15
27	Feb. 22, 1873 ...	The Hon. Henry Parkes to the Hon. J. Vogel and the Hon. W. H. Reynolds. Declining to agree to proposals respecting the Californian Service ...	16
28	Feb. 22, 1873 ...	The Hon. J. Vogel and the Hon. W. H. Reynolds to the Hon. the Colonial Secretary, New South Wales. Acknowledging No. 27, and asking that original proposal be re-considered ...	17

SCHEDULE OF SAN FRANCISCO MAIL SERVICE PAPERS—*continued.*

No.	Date.	Writer and Subject.	Page.
29	Feb. 25, 1873 ...	The Hon. Henry Parkes to the Hon. J. Vogel and the Hon. W. H. Reynolds. Declining to re-open the question of a Californian Service as originally proposed in No. 24 ...	19
30	Feb. 26, 1873 ...	The Hon. J. Vogel and the Hon. W. H. Reynolds to the Hon. the Colonial Secretary, New South Wales. Agreeing that it would not be productive of any satisfactory result to continue present correspondence ...	19
31	Feb. 28, 1873 ...	The Agent-General to the Hon. the Colonial Secretary. (Telegram.) Proceedings of Conference required. Mr. Webb's subsidy refused by Senate ...	19
32	Feb. 28, 1873 ...	The Agent-General to the Hon. the Colonial Secretary. (Telegram.) Imperial Post Office refunds £1,500 on account of San Francisco Service ...	20
33	Mar. 5, 1873 ...	The Agent-General to the Hon. J. Vogel and the Hon. W. H. Reynolds, Melbourne. (Telegram.) Imperial subsidy may be granted to a San Francisco Service if Sydney or Melbourne join ...	20
34	Mar. 6, 1873 ...	The Agent-General to the Hon. J. Vogel and the Hon. W. H. Reynolds, Melbourne. (Telegram.) Mr. Webb advises his Agent that he will discontinue service ...	20
35	Mar. 8, 1873 ...	The Agent-General to the Hon. J. Vogel and the Hon. W. H. Reynolds, Melbourne. (Telegram.) San Francisco Service collapsed. Believes new service could be arranged for £60,000 ...	20
36	Mar. 19, 1873 ...	Mr. Driver to the Hon. J. Vogel. (Telegram.) San Francisco steamers withdrawn. English Mails left San Francisco on the 5th March for last time ...	20
37	Mar. 19, 1873 ...	The Hon. J. Vogel to the Hon. J. Bathgate. (Telegram.) Mr. Webb has sold steamers. Has stopped payment of subsidy. Consult Attorney-General ...	20
38	Mar. 19, 1873 ...	The Hon. J. Bathgate to the Hon. J. Vogel. (Telegram.) Replying to No. 37 ...	20
39	Mar. 17, 1873 ...	Messrs. Webb and Holladay to the Hon. J. Vogel. (Telegram.) Withdraw from Contract. That penalty be not enforced. ...	20
40	April 14, 1873 ...	The Hon. J. Vogel to the Agent-General. (Telegram.) Respecting a new San Francisco Service. New Zealand interests to be guarded ...	21
41	Mar. 12, 1873 ...	Mr. W. J. Page to the Postmaster-General. Enclosing copy of telegram from Mr. Webb respecting withdrawal of steamers. New Zealand mails will be sent by way of Suez ...	21
42	May 29, 1873 ...	Mr. Gray, jun., to the Secretary, General Post Office, London. Acknowledging No. 41 ...	21
43	Mar. 21, 1873 ...	The Agent-General to the Hon. the Colonial Secretary, enclosing copy of letter received from the General Post Office respecting collapse of the San Francisco Service ...	21
44	Mar. 21, 1873 ...	The Agent-General to the Hon. the Colonial Secretary. Enclosing copies of further correspondence with the Colonial Office respecting a Mail Service to New Zealand via San Francisco ...	22
45	April 12, 1873 ...	The Hon. J. Vogel to Mr. Gray. Memoranda of instructions ...	23
46	April 12, 1873 ...	The Hon. J. Vogel to Mr. Russell. Letter of instructions respecting a new San Francisco Service ...	24
47	April 12, 1873 ...	The Hon. J. Vogel to Mr. Russell. Authorizing negotiations for a Mail Service between California and New Zealand, or between California, New Zealand, and Australia ...	26
48	April 19, 1873 ...	Mr. Russell to the Hon. J. Vogel. Acknowledging Nos. 46 and 47 ...	27
49	May 24, 1873 ...	The Hon. Henry Parkes to the Hon. the Colonial Secretary. New South Wales Government have entered into a provisional contract for a San Francisco Service. The Hon. Mr. Samuel proceeds to New Zealand with the view of procuring the co-operation of the New Zealand Government ...	27
50	June 3, 1873 ...	The Hon. S. Samuel to the Hon. J. Vogel. Is desirous of obtaining the co-operation of New Zealand in establishing a mail service between Great Britain and Australia via San Francisco, under the provisional contract made with Mr. H. H. Hall ...	27
51	May 13, 1873 ...	Contract between Government of New South Wales and Mr. H. H. Hall ...	28
52	May 13, 1873 ...	Bond ...	31
53	June 4, 1873 ...	The Hon. S. Samuel to the Hon. J. Vogel. If Mr Hall unable to carry out contract, is willing to arrange for another contract ...	32
54	June 4, 1873 ...	The Hon. J. Vogel to the Hon. S. Samuel. Government unable to agree to co-operate with New South Wales under the contract made with Mr. Hall ...	32
55	June 6, 1873 ...	The Hon. W. H. Reynolds to the Hon. the Colonial Secretary, Sydney. Acknowledging No. 49 ...	33
56	June 12, 1873 ...	The Hon. S. Samuel to the Hon. J. Vogel. Replying to No. 54 in anticipation of its receipt ...	33
57	June 17, 1873 ...	The Hon. S. Samuel to the Hon. J. Vogel. Acknowledging receipt of No. 54 ...	34
58	July 4, 1873 ...	The Hon. J. Vogel to the Hon. S. Samuel. Acknowledging receipt of Nos. 56 and 57, and replying to No. 56 ...	35

1873.

NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE.

(PAPERS RELATIVE TO.)

(Presented to both Houses of the General Assembly by command of His Excellency.)

No. 1.

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

U.S., N.Z., and A.M.S.S. Line, 54, Exchange Place,
New York, 6th August, 1872.

SIR,—

I have the honor to enclose herewith, copies of letters of this date, addressed to J. P. Roxburgh, Esq., Sydney, and also to request your favourable consideration and approval of the proposition contained therein, which I deem both advisable and necessary under the unexpected and embarrassing circumstances growing out of the course pursued by the Parliament of Victoria.

Hon. J. Vogel, Postmaster-General, Wellington.

I have, &c.,

W. H. WEBB.

Enclosure 1 in No. 1.

Mr. W. H. WEBB to J. P. ROXBURGH, Esq.

U.S., N.Z., and A.M.S.S. Line, 54, Exchange Place,
New York, 6th August, 1872.

SIR,—

I wrote you by last mail promising to write you definitively by this mail regarding the proposed contract with the A.S.N. Co., of Sydney, which I now do by the present.

You are aware that notice has been given and accepted by the respective parties to the existing contract for its termination next month. This notice was given, as you are also aware, in the full and undoubted expectation that the contract made with the Victorian Government would be ratified without delay. This expectation has not been realized, nor have I any official advices as to when the contract will be ratified by either of the Governments, parties to it.

In view of these unlooked-for circumstances which have arisen since the drafts for the agreement were made, I have decided to return the draft which you forwarded to me, as one satisfactory to the Company, without my signature. I come to this conclusion without regard to any difference in opinion between myself and the Company, as to the conditions of the agreement, but simply because I think it to be the best interests of both parties to await the further action of the Colonial Governments respecting the San Francisco service.

With this view, and being anxious not only to be in good relations with the A.S.N. Co., but to run our steamers in connection with theirs, I come to them through you with this proposition, viz. :— That this line and their Company shall continue to run their steamers under and according to the existing original contract for an indefinite period, and until either the New South Wales Government or the Victorian Government, or both, decide what they will do regarding a contract for mail service with San Francisco, either party to give to the other a reasonable notice—say three and not less than two months' notice—of their determination to discontinue the agreement.

Not being advised of any difficulty having arisen under the original contract, I assume the A.S.N. Co. will gladly assent to my proposition, but the Government of New Zealand, or rather the Postmaster-General Julius Vogel, must give his approval to the arrangement, to make it valid, and enable us to perform the mail service.

I shall forward a copy of this letter to the Postmaster-General of New Zealand, requesting his assent under the circumstances to this arrangement.

I shall also send copies to Henry Driver, Esq., Inspector, and our agents at Auckland and Sydney, directing them to co-operate with you in the matter.

I have therefore again to request that you will arrange this business as above set forth, leaving its conclusion with you and Inspector Driver, keeping in view any action that may have been or is likely to be taken by the Governments who are parties to the mail contract made in March last.

I have, &c.,

W. H. WEBB.

J. P. Roxburgh, Esq., Exchange, Sydney.

1—F. 3.

Enclosure 2 in No. 1.

Mr. W. H. WEBB to J. P. ROXBURGH, Esq.

U.S., N.Z., and A.M.S.S. Line, 54 Exchange Place,
New York, 6th August, 1872.

SIR,—

Since writing my previous letter of this date, saying I would return to you the draft of the agreement forwarded by you from the A.S.N. Co., I have concluded it best to retain the one you sent to me, assuming you or the Company has a copy, and with the expectation that when mail-subsidy matters are definitely settled in the Colonies, we shall have occasion for the use of the document again.

J. P. Roxburgh, Esq., Exchange, Sydney.

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

No. 2.

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

U.S., N.Z., and A.M.S.S. Line, 54, Exchange Place,
New York, 6th August, 1872.

SIR,—

I have the honor to acknowledge the receipt of yours, dated Wellington, 11th May, 1872.

From this letter I received the first information that a time table for the commencement of the service provided for in the contract made between the Governments of Victoria and New Zealand, and Messrs. Webb and Holladay, for mail service between San Francisco and those Colonies, "had been suggested by the Postmaster-General of Victoria, and approved by the Postmaster-General of New Zealand, and a copy of the same forwarded to me."

I beg to assure you, in reply, that I have not received any time table from the Postmaster-General of Victoria, nor any letter or other communication from the Government of Victoria since the date of the signatures to the contract afore mentioned.

You will remember it was distinctly understood and agreed between the parties to that contract, at the time when it was concluded, that the Postmaster-General of Victoria should furnish me in good time with a time table for the new service, one that should conform to the time for the mails leaving London, and as near as possible to the dates then fixed for the New Zealand service.

Notwithstanding the non-receipt of the expected time table, and in the absence of any advice whatever from either the Government of Victoria or New Zealand regarding the ratification of the contract, I proceeded to prepare for entering on the service as required by the contract, and had advertised, both in this country and Europe, the steamer "Dakota," one of the steamers provided for in the contract, to sail from New York on the 12th instant direct for Melbourne *via* Cape Town. Her departure from New York on that date would enable her to arrive at the port of Melbourne in time to connect with the steamer commencing the service from San Francisco in September, 1872, the time provided in the contract for its commencement.

On the 16th ultimo, news was received at San Francisco, that the Duffy Ministry (one party to the contract) had been defeated, and the Parliament of Victoria would not ratify the Webb contract. This news was immediately telegraphed over the commercial world, and proved a terrible blow to our enterprise; but notwithstanding, I proceeded with my preparations to despatch the "Dakota" to Melbourne, waiting the arrival at New York of the mails, in the hope that my advices would afford sufficient encouragement for me to continue my preparations, notwithstanding the defeat of the Duffy Ministry. Unfortunately, when these advices from my agents and others in Australia came to hand, they fully sustained the news given in the telegrams sent from San Francisco, and placed me in a very unfortunate and harassing dilemma.

Information soon thereafter received from Melbourne, *via* Galle, and telegraphed to me from Europe, fully confirmed the news received *via* San Francisco. With such news in hand, and in the absence of any advices from either of the other contracting parties, and which I relied upon, I decided to alter my plans for the present, and change the destination of the "Dakota" to San Francisco instead of Melbourne, for reasons which will readily occur to you, place her in the line at that port under the contract with the New Zealand Government, and await advices from the Governments of Victoria and New Zealand regarding the ratification of the contract made with those Governments jointly.

The "Dakota" will be despatched from this port on the 12th instant direct for San Francisco, and on arrival there, will be placed on the line for mail service.

I am fully of the opinion that the existing circumstances justify the course I have adopted since the receipt of the news, and trust it will be, for like reasons, fully approved by the Government of New Zealand, one of the contracting parties.

Hon. Julius Vogel, Postmaster-General, Wellington.

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

No. 3.

Mr. W. GRAY to Mr. W. H. WEBB.

General Post Office, Wellington, 26th September, 1872.

SIR,—

I am directed by the Hon. the Postmaster-General to acknowledge the receipt of your letter of the 6th ultimo, in which you state that you had not been furnished with a copy of the time table promised by the Postmaster-General of Victoria; and, in reply, beg to enclose a copy of the time table referred to.

I am also requested to forward to you a copy of the report of the Mail Agent by the "Nebraska," and to direct your attention to the serious delays which occurred both on the outward and downward

voyages ; and also to the remarks relating to the "Olympia," the steamer which connected at Honolulu with the "Nebraska."

I have, &c.,
W. GRAY,
(for the Secretary).

No. 4.

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

U.S., N.Z., and A.M.S.S. Line, 54, Exchange Place,
New York, 6th August, 1872.

SIR,—

I have the honor to acknowledge the receipt of yours of 8th June, 1872, referring to the steamer "Nebraska" proceeding in April last to San Francisco, which requires no immediate reply. E. No. 2, 1872,
No. 34.

I have also to acknowledge the receipt of yours of 8th June, 1872, referring to my request for a modification of the schedule time between Auckland and Port Chalmers. E. No. 2, 1872,
No. 30.

I am still of the opinion that it is desirable my request should be granted ; but I propose to leave the matter on my part with Mr. Henry Driver, Inspector of the Line, for such adjustment as you may think best.

I have the satisfaction to be able to inform you that the steamer "Dakota," with extensive and very costly alterations to fit her for the mail service, will leave this port on the 12th instant direct for San Francisco, there to take her place on the line in November next.

Hon. Julius Vogel, Postmaster-General, Wellington.

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

No. 5.

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

U.S., N.Z., and A.M.S.S. Co.'s Agency, San Francisco,
10th September, 1872.

SIR,—

Your communication of 6th July, addressed to New York, came to hand on 28th August in San Francisco, where it had been detained to meet my expected arrival. E. No. 2, 1872,
No. 37.

I confess that I read with much surprise and mortification that you seem to think that I have wilfully encroached upon the generosity of your Government little by little, and pursued that course which satisfied my own convenience ; nor have I considered it necessary to make any explanations for delays.

In the first place, I may assure you that my agent in San Francisco is instructed, and in all cases deems it his duty, to forward mails promptly, regardless of expense and all other circumstances or interests, and I am quite satisfied that your mails are the chief object of his solicitude ; and if, in the matter of making explanations of delays he has been deficient, it was because his energies were more intently occupied in efforts to despatch the mails, and he trusted to your own agents to report the facts for your information.

You will bear in mind that these delays and substitution of steamers were, in all cases, emergencies which could not be foreseen ; and under the circumstances, it was quite impossible to consult your own or any other Government if any further loss of time was to be avoided.

I have prepared a table of such delays that you may see, however numerous and irritating they may be, it will show that they were of a character which could not be foreseen ; and our efforts to meet and overcome them were made in good faith, regardless of cost, or the unexpected losses they imposed upon us.

To take the example you quote, of the delay here from the 22nd to the 24th May—two days.

Owing to an accident (the cause of which to this day cannot be ascertained) to the "Mohonga," delaying her arrival at Honolulu, I ordered the "Nebraska" to bring up her mails to San Francisco, leaving orders for the "Mohonga" to remain idle, with her crew on board, at Honolulu for three weeks, to bring up the succeeding mails per "Nevada," which she did, reaching here on the 22nd May. She was at once discharged, coaled, and despatched.

The detention here was two days. On reference to a letter from Captain Blethen of the "Nevada," I find that he reports his ship "ready for sea at Auckland on her day, 18th April, but detained forty-eight hours by the Post Office Department ; and on arrival of the 'Wonga Wonga' a further detention was ordered by Mr. Vogel until the following day, the 21st, until the arrival of the 'Hero,' with Mr. Vogel on board, to enable him to forward important despatches, &c."

Thus it would seem that the delay of three days in Auckland might in justice, under all the circumstances, be made a reasonable explanation or offset of the consequent delay of two days in San Francisco ; but the consequent extra heavy expense falls on us only. Other explanations you will find in the table I herewith hand you.

It should not be overlooked that in order to regain, if possible, the time lost by the misfortunes of December, January, and February, our captains were ordered to drive their ships to their utmost, regardless of cost, when, if we had consulted our own convenience or interest only, we should have contented ourselves with not running any such risks as you attribute to our not having supplied a third suitable boat.

The third ship, the "Dakota," as you have been advised, I concluded would require more extensive changes to fit her for this service than was supposed at the time of making the contract.

All those changes were contracted for with the largest establishment doing such work in this country, before I set out for Australia ; and I have it in writing that she would be ready for sea before 1st January, 1872, so that she could take her place on the line last of March or April. Owing to

the very severe winter, and other uncontrollable causes, this could not be accomplished, and my agent in San Francisco was compelled to charter the "Mohonga," and at a cost nearly equal to the mail subsidy paid. He could not obtain any other vessel at that time, at any cost, though he made strenuous efforts to obtain one.

Led to believe the "Dakota" could be finished and around in four months, he chartered the "Mohonga" for that time. In meantime the trades commenced their strikes, and the work could not be done as contemplated. When the strikes were over, New York suffered from intensely hot weather; sometimes hundreds killed in a day by sunstroke, making it dangerous in heavy work on ships in the unsheltered sun; thus again causing most irritating and costly delays of the engineering work.

This detention, however, enabled me to avail of my experience in crossing the tropics to introduce improvements to her hull, which must add to the comfort of passengers, and, therefore, to the future benefit of the mail service.

The "Dakota" got off on 15th August, and we hope will depart from San Francisco on 6th November for New Zealand.

The "Mohonga" has been sadly belied by a black-mailing press. She has been so rebuilt that she might almost be called a new iron ship (not a wooden one). She is 1,330 tons register; her boilers and engines are of a superior class; her upper works, decks, and insides are wholly new. Owing to some defect in construction, there are leaks around the sky-lights and decks, causing annoyance; but her hull is perfectly tight, and has gone eight months without pumping. She was put into the dry dock when chartered, where she was surveyed by the United States Government Inspectors, and by surveyors from Lloyds, French Veritas, San Francisco, New York and Boston underwriters; and insurances were effected on her hull for 125,000 dollars, and full lines at most favourable rates on any cargo by her. She was pronounced by them a good A1½ ship. To carry the mails safely and surely, and that we might forward them promptly, we had not the least doubt she was and is fully competent. We were only disappointed in her speed. And now, reviewing the past, we are conscious that under the painful embarrassment of our disappointments, and the impossibility of chartering any other good steamer to forward the mails, we did the best thing possible; and that under all circumstances we think we might expect the generous consideration at the hands of the Government we have heretofore had and shall strive to deserve.

The San Francisco papers, on whose testimony you appear to rely, are not considered by respectable people here as either reliable or virtuously disinterested. Nor can we see that the libel law ought to be appealed to by a ship charterer for protection from slander, other than it should always be expected of any Government officer to take the same cause whenever he or his motives are assailed by his declared enemy.

That you have not had all the explanation you claim that you ought to have had, and which we admit you are entitled to, should be charged rather to the ignorance of our agents that such would be expected of them, when your own agents were on the spot,—and that during a large part of this time I was in the Colonies or at Washington, with my mind intent on other matters of common interest,—than that there was any motive of concealment, or desire of encroachment on your indulgence, of which we have never suspected ourselves, and know that such motives never existed.

We are also surprised at your remarks concerning the "Nevada," and your notification to us here that she will not be permitted to carry passengers; at the same time instructing your agent to protest against her being despatched on another voyage to New Zealand, when your instructions must be carried out long before your notification could possibly reach us.

We here respectfully protest against such action on your part, denying your right to issue such orders under circumstances which do not warrant it; and we do most decidedly deny that there is any good reason or law why she may not carry passengers, unless the law gives arbitrary power, and without reason, for Government to do so. You can well imagine the disastrous results to the service, to the Government, and to the contractors, if you shall have persisted in carrying out such intentions.

I have read the opinions of Messrs. Stewart, Blackett, and Nancarrow, Government Inspectors, and have submitted them to the consideration of our Government Inspecting Engineers, and we all coincide in our judgment as to the character of the defective "welds" (they are not cracks or breaks of texture); and we agree as to opinion that the vessel may proceed with perfect safety to passengers, excepting that in our opinion as these imperfect welds always existed, and have worked some years in this state, and now after repeated and comparative examinations are not in any degree worse, we here deny that there was any necessity to require a deduction of steam pressure, at the same time holding the contractors to make speed.

We admit that as engines, however perfect, may at any time break down, it is safer to carry 12 lbs. than 20 lbs., and would be still safer to carry 6 lbs. of steam.

We do not believe that any of the gentlemen named, were they in charge of the "Nevada," would hesitate to carry the usual pressure were it in the control of their own judgment; and can but say that their recommendation to reduce the pressure, and repair to a distant port for a new shaft, is a concession they are forced to yield to an unreasonable false public prejudice, to which the weakness of my own agents in unnecessarily calling an official survey may have led them.

I have a spare shaft lying in this place for the "Nevada," but I declare to you that I have more confidence in the one now in the ship, which has been well tested, than try another whose imperfect welds are not yet developed.

The Postmaster-General, Wellington, New Zealand.

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

Enclosure in No 5.

MEMORANDUM of Mail Days from San Francisco, of Delays, and Explanations of Causes thereof.

Contract date of Departure.	Actual Departure.	No. of days Late.	Remarks.
1871.	1871.		
April 8...	April 8...	...	
May 6...	May 6...	...	
June 21...	June 21...	...	
July 19...	July 20...	1	Detained by order of Postmaster-General of New Zealand.
Aug. 16...	Aug. 16...	...	
Sept. 13...	Sept. 13...	...	
Oct. 11...	Oct. 11...	...	
Nov. 8...	Nov. 9...	1	
Dec. 6...	Dec. 12...	6	English steamer one day late at New York.
1872.	1872.		Atlantic steamer detained, and overland route blockaded by snow.
Jan. 3...	Jan. 9...	6	
Jan. 31...	Feb. 6...	6	English steamer one day late at New York.
Feb. 28...	Feb. 29...	1	
March 27...	Mar. 29...	2	Mails detained on Atlantic two days.
	April 6...	...	"Mohongo" returned for repairs, and sailed this day.
April 24...	April 27...	3	English steamer two days overdue; transferred mails to "Nebraska."
May 22...	May 24...	2	"Nevada" detained three days in Auckland.
June 19...	June 20...	1	Wharves crowded, and no berth for steamer.
July 17...	July 17...	...	"Idaho" detained at Honolulu, waiting "Nevada," which was only allowed to carry 12 lbs. steam. "Olympia" was then chartered.
Aug. 14...	Aug. 19...	5	

REMARKS.

December 6, January 3 and 31.—During all this time the winter was unusually severe throughout the Northern Hemisphere. The English mails were overdue two and three days on arrival at New York. The railroads across the Continent ran regularly, except on one section of the Union Pacific. There the snow blockaded the mails. Consulting the supposed interests of the New Zealand people, the steamers were detained six days (instead of forty-eight hours), sadly to our loss, and much consequent confusion and undeserved censure.

February 28.—Mail late one day arriving at New York. Detained by a land-slide in Pennsylvania two days, but the United States Postmaster-General and Presidents of the railroads took a warm interest, and, by special orders and by special trains, the New Zealand mails had preference over all other business. The "Montana" was under steam and ready with her passengers twenty-four hours, and started after midnight, as soon as the last bag was on board.

April 24.—English steamer two days late at New York. S.S. "California" was chartered, coaled, and ready for sea when the "Nebraska" came in on evening of 24th instant. Discharged the "Nebraska," transferred mails, coaled, and sailed in sixty hours after arrival. The mails were only detained here one day. The chartering, coaling, and other expenses of the "California" were very heavy.

May 24.—"Nevada" detained three days in Auckland by Post Office Department, resulting in two days' delay in San Francisco.

June 19.—Loss of one day, because no suitable berth could be found for a side-wheel steamer for twenty-four hours after arrival, wharves being full.

August 19.—"Idaho" detained at Honolulu, waiting for "Nevada," which, being ordered to carry only 12 lbs. steam, made slow passage. Here, hourly expecting arrival of the "Idaho" until mail day, I was compelled to charter and fit out "Olympia," which required some days, in order to forward the mails.

No. 6.

The Hon. J. VOGEL to Messrs. W. H. WEBB and BEN HOLLADAY.

GENTLEMEN,—

General Post Office, Wellington, 23rd November, 1872.

I have the honor to acknowledge the receipt of your letter of September 10th, in which you urge various reasons for the purpose of explaining the delays and irregularities in the Mail Service, upon which I dwelt in my letter of July 6th.

I cannot admit the validity of those reasons. You must allow me to remind you that the Government of New Zealand have never agreed to waive or to modify the terms of the contract entered into by you on the 7th of March, 1871; and that, in my letter of the 6th of July, I pointed out that you had ignored the provisions of that contract.

Your statements respecting the "Mohonga," and your explanations generally, really bear out what I wrote—that you seem to consider that you have a right, apart from the contract, to continue to make connections at Honolulu, instead of making each voyage from San Francisco to New Zealand, and from New Zealand to San Francisco, with the same boat, that boat being one of those provided for in the contract.

E. No. 2, 1
No. 37.

My complaint has throughout been that you have not used the boats you agreed to use, or others of the same class, for the through voyage. Had the "Dakota" and the "Santiago de Cuba" been put into order immediately after the signing of the contract, the result as to the reputation of the line would have been far more satisfactory, and I believe that you, as contractors, would have been much better paid. A prolonged correspondence on the subject would be fruitless. I am glad to think that you intend at once to put the service upon a proper footing.

I cannot agree with several of the statements made as to the causes of the steamers being delayed; but a correspondence about them would be useless. I would suggest that you should so instruct and empower your agents in the Colony that they may be able to make such representations on the subject at the proper time as they may consider desirable; for, as you are aware, the contract provides that once a year there shall be an adjustment of accounts between the Government and the contractors.

As to the "Nevada," the apparent damage to her shaft was sufficiently brought under the notice of the Government to compel some action; and the action taken was that which the Government considered necessary and right. Now that the vessel has proceeded on to San Francisco, I hope that you will exercise the most careful judgment as to whether it is desirable to fit her with a new shaft. I am quite willing to assure you that I have confidence in your desire to make and to keep your vessel efficient, and that I recognize the difficulties with which you have to contend, owing to the insufficient number of vessels you have hitherto had at your command.

W. H. Webb, Esq., and Ben Holladay, Esq., San Francisco.

I have, &c.,
JULIUS VOGEL.

No. 7.

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

San Francisco, 10th September, 1872.

SIR,—

E. No. 2, 1872,
Nos. 37 and 38.

I have the honor to acknowledge both your communications dated Wellington, 6th July, 1872, and take due notice of the same.

E. No. 2, 1872,
No. 38.

I beg now to reply to the one which more particularly refers to the contract made with yourself and the Postmaster-General of Victoria jointly.

It appears that at the date of your writing you were without official information as to the course the Victorian Government intended to adopt respecting the contract, but you had reason to think it very doubtful whether the contract would be ratified by that Government.

Official information reached me here on the 4th instant, by telegraph, to the effect that the "Legislative Assembly of Victoria decline, by a large majority, to ratify provisional postal contract;"—the first and only official communication received from that Government on the subject since we executed the contract in Melbourne, 13th March last, and only at about the date when, according to the terms of the contract, the new service was to be commenced. However, this telegram enables me to write advisedly in reply to your letter.

You further say, that in event of the Victorian Government declining, as you anticipated it would, to ratify the contract, it would become necessary for me to decide what course I would adopt.

Governed by the reliable information that reached me from other than official sources, I arrived, though reluctantly, to the same conclusion as yourself, and after waiting fully the proper time in which it was absolutely necessary I should have had official notice respecting the decision of the Victorian Government, I proceeded to act on the assumption that the contract would not be ratified, and, therefore, elected to proceed under the original contract made with the New Zealand Government on the 7th March, 1871, and am now proceeding in accordance therewith.

E. No. 4, 1871,
Enclosure 1 in
No. 90.

With regard to the several propositions you make for future service, I beg most respectfully to decline to proceed under the joint contract, receiving only the share of the subsidy (£27,500) which New Zealand agreed to pay.

Regarding the next proposition, I beg to refer you to my preceding remarks, where I say I have elected to proceed under the original contract of 7th March, 1871, for my answer to that.

Regarding the third proposition, I beg also to say that I am quite willing and ready to enter upon negotiations for an alteration or modification of the original contract, or the making of a new one; and have, in accordance with your suggestion, given to Mr. Henry Driver, of Dunedin, full and ample powers in the premises which go forward by this mail, together with my instructions upon the whole subject.

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

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

No. 8.

Mr. W. GRAY to Mr. W. H. WEBB.

General Post Office, Wellington, 23rd November, 1872.

SIR,—

I have been directed to acknowledge the receipt of your letter of the 10th September last, and, in reply, to state that, with reference to the concluding paragraph, Mr. Driver has already placed himself in communication with the Government on the matter referred to.

W. H. Webb, Esq., San Francisco.

I have, &c.,
W. GRAY,
(for the Secretary).

No. 9.

Mr. HENRY DRIVER to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Wellington, 19th September, 1872.

I have the honor to state, for your information, that I hold a power of attorney to act for Messrs. Webb and Holladay in all matters connected with the contract for the San Francisco Mail Service, and will thank you to address all communications connected therewith to me at Dunedin.

I may mention that Messrs. Henderson and Macfarlane (the general agents for the line), of Auckland, are authorized to receive the subsidy, and any transactions with them will have my approval.

I am advised by Mr. Webb that the "Dakota" will sail from San Francisco for New Zealand on or about 6th November proximo, to take her place on the line.

The Hon. the Postmaster-General, Wellington.

I have, &c.,
HENRY DRIVER.

No. 10.

Mr. I. W. RAYMOND to the Hon. the POSTMASTER-GENERAL.

U.S., N.Z., and A.M.S.S. Co.'s Agency,

San Francisco, 26th October, 1872.

SIR,—

By direction of William H. Webb, Esq., of New York, I have the honor to advise and to notify you by this writing, that the line has, upon the 24th of the present month, in conformity with a provision in the contract entered into with you on behalf of the Government of New Zealand with William H. Webb and Benjamin Holladay, dated March 7th, 1871, conveyed and sold all its right, title, and interest in and to the said contract to the California, New Zealand, and Australia Mail Steam Ship Company. E. No. 4, 1871,
Enclosure 1 in
No. 90.

All the interests of the line in all the steam ships and charters of steam ships now engaged in performing the service under said contract were likewise sold and conveyed to said Company at the same time.

The California, New Zealand, and Australia Steam Ship Company was organized on the 22nd of October, in the city of New York, by virtue of an Act of the State of New York, passed expressly for the formation of steam ship companies, and assumes all the obligations of the contract of March 7th, 1871, as also all the obligations or responsibility of William H. Webb and Benjamin Holladay in connection with said contract.

Mr. William H. Webb, of New York, and Mr. Lloyd Tevis, of San Francisco, were respectively unanimously elected President and Vice-President of said Company.

The persons interested in the organization of said Company are among the most wealthy and influential citizens of New York and San Francisco, and intend to carry out the requirements of the contract, and may be expected to do so with greater regularity than heretofore.

Mr. Benjamin Holladay has no interest in the Company.

Trusting the course adopted as herein set forth will be fully acceptable to the Government of New Zealand, and eventually result satisfactorily to all parties concerned,

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

I have, &c.,
I. W. RAYMOND,
Agent.

No. 11.

Mr. W. GRAY to Mr. I. W. RAYMOND.

SIR,—

General Post Office, Wellington, 24th December, 1872.

I have to acknowledge the receipt of your letter of the 26th October last, in which you inform me that the contract entered into on the 7th March, 1871, between the New Zealand Government and Mr. W. H. Webb and Mr. Ben. Holladay, had, on the 24th October last, been assigned by those gentlemen to a Company named "The California, New Zealand, and Australia Steam Ship Company."

In the meantime, you will be good enough to forward me a copy of the deed of incorporation, and such particulars in connection with the Company and its formation as the Government should be made acquainted with, together with a copy of the Act of the State of New York, confirming the incorporation.

I. W. Raymond, Esq., San Francisco.

I have, &c.,
W. GRAY,
(for the Postmaster-General).

No. 12.

Mr. RAYMOND to the Hon. the POSTMASTER-GENERAL.

C., N.Z., and A.M.S.S. Co.'s Agency, San Francisco,

9th November, 1872.

SIR,—

The despatch of the mails from this port three days after the schedule mail day, requires that I should make explanations of the reasons for delay.

The s.s. "Dakota" sailed from New York on the 15th August, the captain intending to make his voyage to this port in eighty days. Confidently expecting her arrival, she was advertised to leave here on the 6th November, and to run through to New Zealand without interchange at Honolulu.

She has not arrived, for what reason I am not advised. The "Idaho," which brought up your last mail, arrived at midnight 4th-5th instant, but having been disabled at sea (thus lengthening her voyage) could not be prepared in time to return, and I have been obliged to charter the s.s. "Ajax" to carry the mails as far as Honolulu, and then transfer them to the "Nevada" as heretofore.

I expect the "Ajax" to make better time to Honolulu than the "Idaho" could, and thus diminish this detention.

The disappointment by the the non-arrival of the "Dakota" is great to us, as it must be to our friends in New Zealand; but I trust that it will be apparent this delay arises from causes beyond our control.

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

I have, &c.,
I. W. RAYMOND,
Agent.

No. 13.

Mr. W. GRAY to Mr. I. W. RAYMOND.

SIR,—

General Post Office, Wellington, 27th December, 1872.

I have to acknowledge the receipt of your letter of the 9th ultimo, reporting that in consequence of the non-arrival of the "Dakota," from New York, the mails for New Zealand, which should have left San Francisco on the 6th ultimo, were not despatched until the 9th; and that the "Nevada" would be ordered to return to this Colony from Honolulu, the connection being made good by the "Ajax."

In reply, I beg to state that the validity of the reasons urged by you with regard to the serious delays in the performance of the service, and the frequent departure from the terms of the contract, at a period now twenty months since the agreement was signed, will be duly considered on the occasion of the adjustment of penalties in March next.

I. W. Raymond, Esq., San Francisco.

I have, &c.,
W. GRAY,
(for the Postmaster-General).

No. 14.

Mr. I. W. RAYMOND to the Hon. the POSTMASTER-GENERAL.

C., N.Z., and A.M.S.S. Co's. Agency, San Francisco,
4th March, 1873.

SIR,—

I have the honor to acknowledge the receipt of your letters of 24th and 27th December, and note that you request a copy of the deed of incorporation of this Company, &c. As all those documents are in the Company's office at New York, I have forwarded both your letters to the President, and called his attention to what you are pleased to say in both your letters.

The Hon. the Postmaster-General, Wellington, N.Z.

I have, &c.,
I. W. RAYMOND,
Agent.

No. 15.

Mr. I. W. RAYMOND to the Hon. the POSTMASTER-GENERAL.

C., N.Z., and A.M.S.S. Line, San Francisco,
6th December, 1872.

SIR,—

I have the honor to explain that, on being informed that the New Zealand mails from London were detained, I postponed the departure of the s.s. "Dakota," from the schedule date of 4th December to 6th December.

Since the publication of the postponement, it is said that the New Zealand mails from London were sent per s.s. "City of Brooklyn," which put back to Queenstown, disabled, on 24th November, and the mails again forwarded by s.s. "Java." It will be readily comprehended that any further delay at this port would create endless confusion in the future service of this line.

The Hon. the Postmaster-General, Wellington, N.Z.

I have, &c.,
I. W. RAYMOND,
Agent.

No. 16.

Mr. I. W. RAYMOND to the Hon. the POSTMASTER-GENERAL.

C., N.Z., and A.M.S.S. Co's. Agency, San Francisco,
8th January, 1873.

SIR,—

It is again my duty to advise you that the London mails for New Zealand leave this port one week behind the schedule time, viz., 1st January, 1873, but to account for the detention I now enclose to you a telegraphic despatch from the Postmaster at New York, advising of the late arrival of those mails in that city. I do not know when they left London, but the newspapers report very severe weather and long passages on the Atlantic Ocean. There has also been some obstruction from snow near the City of New York, but the overland railroads have been running with regularity thus far in the winter.

The Hon. the Postmaster-General, Wellington, N.Z.

I have, &c.,
I. W. RAYMOND.

Enclosure in No. 16.

Mr. P. H. JONES to Mr. I. W. RAYMOND.

(Telegram.)

New York, 29th December, 1872.

ENGLISH steamers only in this morning. New Zealand matter by them will leave to-night.

P. H. JONES,
Postmaster,

I. W. Raymond, Agent of Steamers.

(Per E. De Forrest,
Superintendent, Registry Department).

No. 17.

Mr. W. GRAY, jun., to Mr. I. W. RAYMOND.

SIR,—

General Post Office, Wellington, 14th March, 1873.

I have been directed to acknowledge the receipt of your letter of the 8th of January last, reporting that the New Zealand mails would again leave San Francisco a week late, owing, as you allege, to delays on the Atlantic, and slight interruptions from snow storms.

While regretting the circumstances which appear mainly to have prevented the observance of contract time, I am to draw your attention to a very significant fact in connection with the despatch of the mails on the occasion in question. The last portion of the English mails for this Colony reached your city at noon of the 7th of January, and although it was obvious they should have met with prompt despatch (more particularly as there were two months' correspondence in course of transit), it is observed that the "Nebraska" did not take her departure until 9.20 a.m. of the 9th, thereby subjecting the mails to an additional delay of about forty-five hours beyond that already suffered between Great Britain and San Francisco. It is almost needless for me to point out to you how distasteful it is to bring this matter under your notice; and I cannot but express surprise that you should have concealed the fact of this detention from the Postmaster-General, when informing him of the late arrival of the mails.

It has also been reported to this office that the repairs to the "Nebraska" were in such a very backward state, that had the mails reached San Francisco on the proper day, the "Nebraska" could not have proceeded to sea on the date specified in the time table; and I have to request that you will furnish this Department with a report on the subject.

With regard to the delay particularly referred to in this letter, I am directed to call upon you for a full explanation of the circumstances which led to the "Nebraska" being detained for a period of forty-five hours after the mails had reached San Francisco; and that such explanation be forwarded by return mail.

I have, &c.,

W. GRAY, jun.,

I. W. Raymond, Esq., San Francisco.

(in the absence of the Secretary).

No. 18.

Mr. I. W. RAYMOND to the Hon. the POSTMASTER-GENERAL.

U.S., N.Z., and A.M.S.S. Co.'s Agency, San Francisco,

5th February, 1873.

SIR,—

The "Moses Taylor" leaves this day with the London mails one week later than schedule time, during all which time she has had her crew on board waiting for the mails.

So far as I am informed the mails only arrived and left New York on 25th January. Owing to winter delays they have missed connections, and only arrived last night at San Francisco.

In order to lay up and give our steamers needed repairs, I have put on the "Moses Taylor" to make interchange at Honolulu. I have given the "Moses Taylor" extensive repairs, at heavy expense, so that she now rates $A1\frac{1}{2}$; and, for your special information, I hand you a certificate from Captain Waterman, who is not only United States Inspector of Hulls, but is surveyor for London Lloyds.

I have, &c.,

I. W. RAYMOND.

The Hon. the Postmaster-General, Wellington, N.Z.

Enclosure in No. 18.

Mr. R. H. WATERMAN to Mr. RAYMOND.

Office of United States Local Inspectors of Steam Vessels,

San Francisco, 4th February, 1873.

SIR,—

At your request I make report of the condition of the American steam ship "Moses Taylor," Howell, master, burthen from register 1,354 tons. She has just now had the following repairs under my supervision:—Entire new ceiling from apron to stern-post, six inches thick, and through fastened; a new set of lower-deck beams from gallows frame to fore-hatch; all new knees to lower deck, through fastened; new main-deck waterways, fore and aft. She has twelve new crooks and six pair of pointers reaching from lower deck to the bilge kelsons, re-treenailed from plank sheer to keel, with locust treenails wedged. She is iron cross-braced throughout, with solid floor; her boilers and machinery have been thoroughly overhauled, and her fire security is good. She has just now been in dry dock, stripped, caulked, and re-metaled, and all under-water openings put in good order.

She is now seaworthy, and entitled to the confidence of shippers, passengers, and underwriters, all the requirements of the United States steam ship laws being complied with.

I have, &c.,

I. W. RAYMOND, Esq.

R. H. WATERMAN,

United States Inspector of Hulls.

No. 19.

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

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

SIR,—

I have the honor to transmit herewith copies of correspondence relative to the subsidizing, by the Imperial Government, of Mr. W. H. Webb's line of San Francisco and New Zealand Mail Packets.

I have, &c.,

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

I. E. FEATHERSTON.

Enclosure 1 in No. 19.

Earl KIMBERLEY to the AGENT-GENERAL for New Zealand.

SIR,—

Downing Street, 26th November, 1872.

I am directed by the Earl of Kimberley to transmit to you, for your consideration, copies of a note and its enclosures which have been received through the Foreign Office from the United States Chargé d'Affaires upon the question of subsidizing the line of mail packets plying between New Zealand and San Francisco, known as "Webb's Line."

I have, &c.,

The Agent-General for New Zealand.

H. T. HOLLAND.

Sub-Enclosure 1 to Enclosure 1 in No. 19.

Mr. B. MORAN to Earl GRANVILLE.

(Unofficial and informal.)

Legation of the United States, London,
1st November, 1872.

MY LORD,—

Mr. William H. Webb, one of the proprietors of a line of American steam ships plying between San Francisco and New Zealand and Australia, has expressed a wish to the Government of the United States that Her Majesty's Government should be made acquainted with some facts in regard to his enterprise, with a view to counteract any tendency that may exist in England or the Australian Colonies to its prejudice.

The Company, which is known by the name of "The United States, New Zealand, and Australian Mail Steam Ship Line," entered into a contract in March, 1871, with the Government of New Zealand, for a line of steamers to run at stated times between San Francisco and the New Zealand group; but it seems that they failed to obtain a subsidy from the Government of Victoria, at whose principal ports their ships also touch, pursuant to a contract which Mr. Webb made with the Postmaster-General of that Colony, in consequence of a change of Ministry, the Victorian Government refusing to make an appropriation for the amount stipulated.

It is understood, however, that the subsidy granted by the Government of New Zealand still continues; and it is hoped that the Victorian contract may yet be confirmed, or at all events that it may not be hastily granted to a rival line, which cannot expect to succeed in this important Mail Service.

No subsidy has yet been given to the Company by the Congress of the United States, but Mr. Webb desires it to be made known to Her Majesty's Government, and especially to Her Majesty's Post Office Department, that the President of the United States and the Postmaster-General recommended, in their respective Messages last December, that Congress should enact laws at the last session, granting pecuniary aid for the encouragement of commerce in American-built ships, and particularly mentioning the trade which the United States, New Zealand, and Australian Line was established to develop and promote; and also to make Her Majesty's Government and Postmaster-General acquainted with the contents of the letter addressed by Postmaster-General Creswell to the Postmaster-General of Victoria and New Zealand on the 19th of June, 1872, the letter addressed by the Hon. the Secretary of the Navy to Mr. Webb on the 12th of June, 1872, and a letter addressed by the Senate Committee on Post Offices and Post Roads to him on the 11th of that month. The writers of all those letters take an interest in the success of Mr. Webb's line, and express a hope that Congress will aid it by a subsidy.

Mr. Webb also desires that the Representative of the United States in London should put himself in communication with the London Agents of the interested Colonies, make them acquainted with the foregoing facts, as well as with the contents of the letters above named, and explain to them fully the present state of the enterprise.

These wishes having been brought to Mr. Fish's notice, I have been informed that he is willing that anything I can do in the case should be attempted, but that my proceedings for the purpose are to be strictly unofficial and informal.

I beg, therefore, to submit the case in a purely unofficial and informal manner for the information of Her Majesty's Government, Her Majesty's Post Office Department, and the London Agents of the interested Colonies; and to enclose herewith copies of the above-mentioned letters explaining the views of their respective writers in regard to a subsidy to the line from Congress.

E. No. 4, 1871,
Enclosure 1 in
No. 90.

E. No. 2, 1872,
No. 43.

But while Mr. Webb and his friends have reason to expect that Congress may make the grant during its coming session, I am especially reminded by Mr. Fish that, in view of the independent action of that body, I can make no promise, express or implied, to bind it or the Government of the United States in the case.

If your Lordship should think it worth while, I shall be glad to talk the matter over with you informally at your leisure, or with the Agents of the interested Colonies who may now be in London, and afford any further information that it may be in my power to give.

The Right Hon. the Earl Granville, K.G.

I have, &c.,
BENJAMIN MORAN.

Sub-Enclosure 2 to Enclosure 1 in No. 19.

The CHAIRMAN and MEMBERS of POST OFFICE COMMITTEE, United States Senate,
to Mr. W. H. WEBB.

SIR,— United States Senate Chambers, Washington, 11th June, 1872.

On the eve of the adjournment of the forty-second Session of Congress, the undersigned, Chairman and Members of the Committee on Post Office and Post Roads of the Senate of the United States, address this communication to you, to express their unqualified indorsement of your energy and enterprise towards developing the commerce of the Pacific Ocean between our own country and that of Australia, as well as the Islands of the South Pacific.

We take pleasure in further informing you that we have considered the Bill now pending before Congress to establish, facilitate, and maintain mail steam ship service between this country and the Colonies, and have unanimously recommended its passage; and they only regret the want of time, and pressure of other business having preference by right under the rules of Congress, have prevented final action upon it.

But we beg to assure you, in our opinion, this Government will, no doubt, at an early date of the next session, which convenes in December next, take prompt action on the measure to aid in developing more fully this new commercial enterprise which you have inaugurated.

We have, &c.,
ALEX. RAMSAY, Chairman.
SAML. C. POMEROY.
C. COLE.
L. M. FERRY.
JAMES R. KELLY.

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

Sub-Enclosure 3 to Enclosure 1 in No. 19.

The SECRETARY, United States Navy, to Mr. W. H. WEBB.

SIR,— Navy Department, Washington, 12th June, 1872.

In reply to your letter of this date, it gives me pleasure to say that this Department naturally takes a strong interest in all measures which tend to increase our commerce in the Pacific Ocean, either with the countries of China and Japan, or with the newer and growing Colonies of Australia and New Zealand, also with the Islands lying between the coasts of the United States on the west and those countries.

Among such measures, your line of steamers from San Francisco to Australia and New Zealand *via* the Sandwich and Navigators Islands deserves, in the estimation of this Department, all the aid and encouragement from the Government of the United States which can with propriety be rendered, and you may rely upon all the support we can properly give you.

The Department is fully aware of the convenient position of the Navigators Islands as a stopping place between San Francisco and New Zealand and Australia, and also of the advantages of the land-locked harbour of Pago-Pago as a place of a naval and coaling station, repairing ships, and generally as a mercantile port, and of its natural capacities for defence, in which it has the preference over the reef-locked harbours in its vicinity, or any harbour in that portion of the Pacific.

Wishing you a successful prosecution of your enterprise in your attempt to bridge over by steam the vast distance of sea which separates our West Coast from that of Australia and New Zealand,

I have, &c.,
GEO. M. ROBESON,
Secretary of the Navy.

William H. Webb, Esq., Washington.

Enclosure 2 in No. 19.

The AGENT-GENERAL to Mr. H. T. HOLLAND.

SIR,— London, 4th December, 1872.

I have the honor to acknowledge the receipt of your letter of the 26th ultimo, forwarding, by Enclosure No. 1. direction of the Earl of Kimberley, copies of a note and its enclosures which have recently been addressed to Earl Granville, "unofficially and informally," by the Chargé d'Affaires of the United States, upon the question of subsidizing the mail packets plying between New Zealand and San Francisco.

I was in hopes that I should have been favoured with a reply to the communication addressed to E. No. 2, 1872, Lord Kimberley on the 25th June last by the Right Hon. Mr. Childers and myself on this very No. 42. subject; but probably his Lordship considered that a reply was rendered unnecessary, by the withdrawal of Victoria from the conditional contract entered into between its Government and that of New Zealand, and by the counter proposal sent in by the Lords Commissioners of the Treasury.

I may, however, be permitted to remind his Lordship that the application for a subsidy to the San Francisco service was made to Her Majesty's Government by the Colonial Treasurer of New Zealand, when he was in England in 1871, and that I simply continued the negotiations commenced by him.

The mere fact of Victoria at a late period of the negotiations joining in the application, did not materially affect the case presented by New Zealand. But the unexpected withdrawal of Victoria from its arrangement with New Zealand rendered the claim of the latter to a subsidy from the Imperial Government all the stronger, inasmuch as New Zealand had already maintained the service for two years without any assistance from the Australian Colonies, and was bound by contract to continue the line for a further period of eight years, at an annual cost of from £40,000 to £50,000.

I am glad, therefore, that the Chargé d'Affaires at the United States has brought the question again under the consideration of Her Majesty's Government; and I shall feel obliged if Lord Kimberley will be pleased to place me in communication with Mr. Moran, and also to grant me the favour of a personal interview in a matter of such deep interest to New Zealand.

H. T. Holland, Esq., Colonial Office.

I have, &c.,

I. E. FEATHERSTON.

Enclosure 3 in No. 19.

Mr. H. T. HOLLAND to the AGENT-GENERAL for New Zealand.

SIR,—

Downing Street, 11th December, 1872.

I have laid before the Earl of Kimberley your letter of the 4th instant, on the question of subsidizing the line of mail steamers plying between New Zealand and San Francisco.

I am directed by his Lordship to inform you that the joint letter, signed by yourself and Mr. Childers, of 25th June, was not directly answered, for the reason you suppose, that the letter from the Lords Commissioners of the Treasury of 14th August, which was communicated to you on the 20th of that month, was virtually a reply to the letter in question.

The object of sending to you copies of Mr. Moran's note and its enclosures, was to make his application known to you as the representative in this country of the Colony principally concerned, and also to ascertain whether you had any observations to make which might be considered when the joint opinion of the Australasian Colonies on the subject of postal communication should be received.

As the letter from the Treasury of the 14th August amounts to an express declaration that their Lordships decline to entertain the San Francisco route, unless it should be recommended as a second monthly service by the Australasian Colonies, either conjointly or by a substantial majority, there would seem to be no such present prospect of the San Francisco route being recommended by the Conference as would render it of advantage for Lord Kimberley to enter at this time upon a further consideration of its claims for adoption, although his Lordship would have been happy to see you on the subject had he not been about to leave town.

I am to add that Lord Granville has been requested to make arrangements for your being put in communication with Mr. Moran.

The Agent-General for New Zealand.

I have, &c.,

H. T. HOLLAND.

No. 20.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

9th January, 1873.

SIR,—

I have the honor to enclose a copy of a letter received from Mr. Holland, dated 20th December last, in continuation of correspondence relative to San Francisco service.

I regret that severe illness has prevented me seeing the Hon. Mr. Moran, the Chargé d'Affaires of the United States, but I trust to be able to wait upon him in the course of a week or ten days.

You will gather from previous correspondence that the Lords of the Treasury are not disposed to reopen the question of affording assistance to the San Francisco line, till they learn the result of the Postal Conference now being held at Sydney.

I have, &c.,

I. E. FEATHERSTON,

Agent-General.

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

Enclosure in No. 20.

Mr. H. T. HOLLAND to the AGENT-GENERAL.

SIR,—

Downing Street, 20th December, 1872.

With reference to that part of your letter of the 4th instant, in which you expressed a wish to be placed in communication with the Chargé d'Affaires of the United States on the question of subsidizing the American line of packets plying between San Francisco and New Zealand, I am directed by the Earl of Kimberley to inform you that a letter has been received from the Foreign Office stating that Mr. Moran will be glad to call on you, unofficially, at your office, at 2 o'clock p.m., on Saturday, the 21st instant, or at the same hour on Monday, the 23rd instant, whichever may best suit you.

I am to request that you will communicate your answer direct to Mr. Moran. His address is, 5, Westminster Chambers, Victoria Street.

I have, &c.,

H. T. HOLLAND.

I. E. Featherston, Esq., M.D.

A. No. 2, Enclosure 1 in No. 1.

A. No. 2, Enclosure 1 in No. 1.

No. 21.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
24th January, 1873.

SIR,—

I have the honor to enclose copy of a letter I yesterday addressed to Lord Kimberley. I understood from Mr. Herbert there would be no objection to send the telegram suggested. I enclose copy of one I have sent to Mr. Vogel at Sydney.

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

I have, &c.,
I. E. FEATHERSTON.

Enclosure 1 in No. 21.

The AGENT-GENERAL to Mr. R. G. W. HERBERT.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
23rd January, 1873.

SIR,—

As the Postal Conference commenced its sittings yesterday at Sydney, I beg respectfully to submit that Lord Kimberley's statement, in his letter of the 11th December, that "as the letter from the Treasury of 14th August amounts to an express declaration that their Lordships decline to entertain the San Francisco route unless it should be recommended as a second monthly service by the Australasian Colonies, either conjointly or by a substantial majority, there would seem to be no such present prospect of the San Francisco route being recommended by the Conference as would render it of advantage for Lord Kimberley to enter at this time upon a further consideration of its claim for adoption," is not only not borne out by the terms of their Lordship's letter, but that it is difficult to draw any such conclusion from it. Enclosure 3 in No. 19.

As it is extremely important that there should be no misunderstanding on such a point, I venture to suggest that Lord Kimberley's interpretation of their Lordship's letter, if it is the correct one, should be at once telegraphed out to the Conference.

Robert G. W. Herbert, Colonial Office.

I have, &c.,
I. E. FEATHERSTON.

Enclosure 2 in No. 21.

(Telegram.)

FEATHERSTON to JULIUS VOGEL, Sydney.

24th January, 1873.

KIMBERLEY writes 11th December, "Treasury letter, 14th August, amounts declaration Lordships decline entertain Francisco route unless recommended. Second monthly service by majority Colonies." I asked Kimberley yesterday telegraph this Conference. Chargé d'Affaires acts interest Webb. Arrange with Sydney, abandoning if necessary coastal service. Burnside serious with Sydney. American subsidies, better boats, Australian traffic, run Webb off. A. No. 2, Enclosure 1 in No. 1.

FEATHERSTON.

No. 22.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
6th February, 1873.

SIR,—

In continuation of my letter of the 24th ultimo, I have the honor to transmit to you copy of a letter from Lord Kimberley, covering copy correspondence between the Colonial Office and the Treasury on the subject of the Mail Service with the Australasian Colonies. No. 21 of this series.

It appeared to me that the Lords of the Treasury, in the first part of their letter of the 14th August last, so completely ignored the San Francisco route, by placing it on a par with the Cape, that it was doubtful whether they would under any circumstances entertain a proposal to adopt it as a second postal service alternately with the Suez. A. No. 2, Enclosure 1 in No. 1.

Lord Kimberley's present explanation, indorsed by the Lords of the Treasury, removes any doubts on this point, which was my object in calling attention to the ambiguity of the terms of their letter of the 14th August.

The Hon. the Colonial Secretary, Wellington.

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

Enclosure in No. 22.

Mr. H. T. HOLLAND to the AGENT-GENERAL.

SIR,—

Downing Street, 3rd February, 1873.

With reference to your letter of the 23rd ultimo, on the subject of the Mail Service with the Australasian Colonies, I am directed by the Earl of Kimberley to transmit to you, for your information, a copy of a letter which was addressed by His Lordship's desire to the Lords Commissioners of the Treasury, together with a copy of the reply. Enclosure 1 in No. 21.

Dr. Featherston, Agent-General for New Zealand.
3—F. 3.I am, &c.,
H. T. HOLLAND.

Sub-Enclosure 1 to Enclosure in No. 22.

Mr. HERBERT to the SECRETARY of the TREASURY.

Downing Street, 24th January, 1873.

Not received.

SIR,—

A. No. 1,
Enclosure in No. 9.
Enclosure 1 in
No. 21.

With reference to my letter of the 18th instant, transmitting, for the information of the Lords Commissioners of the Treasury, a Despatch from the Governor of New Zealand with a Memorandum expressing the views of his Ministers on the subject of the Mail Service between England and the Australasian Colonies, I am directed to enclose a letter from Dr. Featherston, the Agent-General for New Zealand in this country.

A. No. 2,
Enclosure 1 in
No. 1.

Lord Kimberley has always understood that their Lordships' letter of the 14th August left it open to the Australian Colonies to "arrange conjointly," or by a "substantial majority," to recommend any second monthly service in addition to the one stipulated for *via* Point de Galle (whether by way of San Francisco or any other route), provided that such second service should be "alternative with the other;" and His Lordship does not perceive why Dr. Featherston should feel difficulty in drawing the same conclusion.

As, however, it would appear possible that there may be some misconception on this subject at the Conference, Lord Kimberley is disposed to think that it would be as well to send a telegram to the Conference now sitting in Sydney, to the effect that as there appears to be some misapprehension in this country, it is to be understood that the Lords Commissioners do not exclude from their consideration any second service that may be recommended by the Colonies, in pursuance of the letter of the 14th August, although they hold themselves free to decline any such second service.

Lord Kimberley will be glad to receive their Lordships' reply to this letter at their earliest convenience, as the sitting of the Conference may not be prolonged.

The Secretary to the Treasury.

I have, &c.,

R. G. W. HERBERT.

Sub-Enclosure 2 to Enclosure in No. 22.

Mr. LAW to the UNDER SECRETARY of STATE, Colonial Office.

SIR,—

Treasury Chambers, 29th January, 1873.

With reference to your letter of the 24th instant, transmitting a letter from Dr. Featherston, the Agent-General for New Zealand in this country, I am directed by the Lords Commissioners of Her Majesty's Treasury to state that my Lords concur in the telegram which the Earl of Kimberley proposes to send to the Conference now sitting in Sydney, to consider the question of the future mail service to Australia, to the effect that as there appears to be some misapprehension in this country, it is to be understood that this Board do not exclude from their consideration any second mail service that may be recommended by the Australian Colonies, in pursuance of their letter of the 14th August (provided it is alternative with the other), although they hold themselves free to decline any such second service.

The Under Secretary of State, Colonial Office.

I have, &c.,

WILLIAM LAW.

No. 23.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

6th February, 1873.

SIR,—

I have the honor to enclose copy of the telegram sent to Sir H. Robinson by Lord Kimberley, in accordance with the suggestion made in my letter of the 23rd January last, copy of which was transmitted in letter of 24th ultimo.

No. 21 and
Enclosure 1.

I have, &c.,

I. E. FEATHERSTON,

Agent-General.

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

Enclosure in No. 23.

The Earl of KIMBERLEY to Sir H. ROBINSON, Sydney.

(Telegram.)

28th January, 1873.

INFORM Conference that as there appears to be some misapprehension in this country, it is to be understood that the Treasury does not exclude from their consideration any second mail service recommended by the Australian Colonies, in pursuance of their letter of the 14th August, provided it is alternative into the other, although they hold themselves free to decline any such service.

A. No. 2,
Enclosure 1 in
No. 1.

No. 24.

The Hon. J. VOGEL and the Hon. W. H. REYNOLDS to the Hon. the COLONIAL SECRETARY,
New South Wales.

SIR,—

Sydney, 30th January, 1873.

In order that you may be at liberty to use the information outside the Conference, we now beg to make proposals respecting the Californian Service, in the form which we have already described to you.

Subject to its being found practicable to arrange with the contractors—as to which we have no doubt—we are willing that the steamers employed in the Californian Service shall run in the manner provided for by the provisional contract, which was last year entered into between Mr. Duffy, Mr. Vogel, E. No. 2, 1872, and Mr. Webb, except that “New South Wales” and “Sydney” shall, in any agreement that may be completed, be substituted for “Victoria” and “Melbourne” respectively. No. 27.

We believe that such a service could be obtained for a payment of from £45,000 to £50,000. In such case, provided that £20,000 of the cost was met by an Imperial subsidy to that amount, New Zealand would be willing to pay the balance.

The only payment we would propose to exact from New South Wales would be the postages received by the Colony for mail matter carried for it by the service, it being understood that if the amount of such postages should exceed £5,000, the excess should be retained by the Colony. We should also propose that the other Colonies should pay to New Zealand the total amount of the postages received for mail matter carried for them respectively by the service.

We should make it a condition that the postal rates should remain as at present—namely, 6d. per half-ounce on letters, and 1d. each for newspapers.

We thus, in effect, offer to New South Wales a mail service without requiring any payment whatever. The boat from Sydney would always proceed to San Francisco, calling at Auckland; whilst the boat from San Francisco (after transhipping at Auckland, into a boat waiting there, the mails for Sydney) would proceed along the New Zealand coast as far as Port Chalmers. The boat into which the mails for Sydney had been transhipped would be the next to proceed to San Francisco. In fact, a division of the terminus of the service between Sydney and Port Chalmers would be effected; the boat from Sydney always performing the up-service, and all the main-boats visiting Sydney in their turn.

In arranging the new contract, we should be willing to give to New South Wales a fair share in the decision of all questions affecting the service; and the times should be so fixed as to give to Sydney the benefit of a fortnightly service.

We admit that for some time the contract with New Zealand has not been satisfactorily performed; but this has arisen from too few boats having been employed. In the new contract we would take care that there should be ample provision for securing the use of a sufficient number of proper boats, and for compelling a satisfactory substitution to be made in case any of the boats employed should become unfit for the efficient performance of the service.

The offer now made is, beyond doubt, a very liberal one. We do not desire to disguise from you that our object in making it is to induce your Government to refrain from entering into a separate contract for a Californian Service—a course which would entail wholly unnecessary competition, and which would probably embitter the relations between the two Colonies. A Bill is now passing through Congress to subsidize the present line, and we are informed it will undoubtedly become law this Session. The amount proposed by the Bill is \$500,000, or £100,000. In effect the present boats would be so subsidized as to make it easy for them to carry cargo and passengers without charge, for the purpose of running off opposition. But whilst we feel that the New Zealand line has this vantage ground, we desire to prevent such an opposition as would necessarily cause the Imperial Government to refrain from subsidizing either of the lines to the amount they otherwise would do. We do not doubt that if New South Wales and New Zealand agree upon the subject, an Imperial subsidy of £20,000 would be at once granted.

We must leave your Government to consider whether they will accept this offer of a service which will really cost your Colony nothing, and which will give you the advantage of a large expenditure in your port, or whether they will prefer a costly competition, in which New South Wales, as well as the contractors with her, must inevitably suffer.

We shall be glad to receive an early answer from you.

We have, &c.,
JULIUS VOGEL.
WILLIAM H. REYNOLDS.

The Hon. the Colonial Secretary, New South Wales.

No. 25.

The Hon. the COLONIAL SECRETARY, New South Wales, to the Hon. J. VOGEL.

SIR,—

Colonial Secretary's Office, Sydney, 17th February, 1873.

I have the honor to inform you that the members of this Government will be prepared to see you and Mr. Reynolds at this office, at 10 a.m. to-morrow, on the subject of a steam mail service between these Colonies and California.

The Hon. J. Vogel.

I have &c.,
HENRY PARKES.

No. 26.

MINUTE of COLONIAL SECRETARY, New South Wales.

SEVERAL interviews between the delegates from New Zealand and members of the Government of New South Wales took place, at which Mr. Vogel and Mr. Reynolds explained more in detail the terms (as put forth in the letter of 30th January) on which they invited New South Wales to become a party to the Webb contract. In one of these interviews it was stated that New Zealand would not object to such alterations in the existing contract as would admit of the main line branching off at the Navigator Islands—one boat running direct to and from Sydney, and another to and from New Zealand; New South Wales in this case to pay an adequate subsidy. But the proposal, however varied, was limited to the Webb line. Finally, the Government of New South Wales retired from the negotiations by the following letter. No. 24 of this series.

No. 27.

The Hon. the COLONIAL SECRETARY, New South Wales, to the Hon. J. VOGEL and
the Hon. W. H. REYNOLDS.

GENTLEMEN,—

Colonial Secretary's Office, Sydney, 22nd February, 1873.

No. 24 of this
series.

This Government has had under its consideration your letter of the 30th January, on the subject of the Ocean Mail Service established by contract between Mr. Webb, of New York, and the Government of New Zealand, and it has examined the proposals therein contained, with the advantage of the further information communicated by you personally. I desire to explain that your letter was not considered during the sittings of the Intercolonial Conference, because it did not appear to me desirable that the representatives of two of the Colonies should enter into separate negotiations on a branch of one of the questions,—namely, “A scheme of Ocean Mail Service which would meet the demands of all the Australian Colonies and New Zealand,”—for the consideration of which the Conference was expressly convened.

2. In your letter of the 30th ultimo you propose to vary the New Zealand contract so as to extend the existing service to the Australian Colonies, and make Sydney the port of connection, “the boat from Sydney always performing the up service, and all the main boats visiting Sydney in their turn.” You state that “in arranging the new contract you should be willing to give to New South Wales a fair share in the decision of all questions affecting the service.” For these advantages you ask no subsidy whatever from this Colony, and only the postages on the mail matter carried for the Colony to the extent of £5,000.

3. This “very liberal offer,” as you characterize it, is made, however, subject to the conditions that the Government of New South Wales shall “refrain from entering into a separate contract for a Californian service,” and agree with the New Zealand Government in obtaining, or endeavouring to obtain, “an Imperial subsidy of £20,000.”

4. In considering your proposal, supposing that there were no causes of disagreement apart from the merits of the service, the objection at once presents itself that the vessels of this service have not hitherto performed the voyages to and from San Francisco within such periods as would justify the expectation of punctual mail deliveries in England and Australia within the stipulated number of days, which must be an absolute condition in any contract to which this Colony is a party. Recent occurrences make it more than ever necessary that the contract time of any new service subsidized by this Colony should be as short as possible. But this Government feels constrained to decline your offer, on grounds which do not admit of considering the value of its alleged advantages. If it is admitted that the mail service, established under the New Zealand contract, is of the valuable character which you have represented it to be, it follows that you offer New South Wales a substantial interest in that service, free of cost, in consideration of the assistance to be given by this Colony in obtaining from the Imperial Government in its support an annual grant of £20,000. It does not appear to the Government of New South Wales that this is a transaction in which this Colony ought to engage in view of any monetary or other substantial consideration whatever. A broad distinction is drawn between the position in which you propose to place New South Wales and the part she might be asked to take in co-operation with one or more of the other Colonies in any undertaking of a national character in which the mother country was believed to be interested, and towards the cost of which each Colony and the mother country might be honorably expected to contribute in equitable proportion.

5. Besides this grave ground of objection in the nature of your proposal, this Government cannot dissociate from your present offer the adverse attitude assumed by the representatives of New Zealand against the just interests of New South Wales, in the proceedings of the late Conference on the question of the terminus of the Suez Mail Service. In your interview with several of my colleagues and myself on the 18th instant, Mr. Vogel openly avowed that, if the New South Wales delegates, at the commencement of the Conference, had come to an understanding with you, as the delegates of New Zealand on the Webb Mail Service, he would not have interfered in the question of the terminus of the Suez line. In the face of this admission, your persistent hostility to New South Wales in the consideration of the proposals of the Lords of the Treasury by the Conference can only be regarded as an attempt to force this Colony to become a party to the New Zealand contract. It is difficult to suppose that you seriously entertain the belief that any offers which New Zealand could make would induce the Government of New South Wales to fall in with this design, even if the Colony were not required for a consideration to assist in obtaining a money grant from the British Government.

6. In declining your proposals, this Government deeply regrets that, under present circumstances, there is so slight a prospect that it will be able to co-operate with New Zealand in organizing an efficient and economical mail service between these Colonies and England by way of America. In former years New South Wales bore an equal share with New Zealand, for a lengthened period, in establishing the first line of mail steamers across the Pacific; and up to the present time the other Australian Colonies have all refused to grant aid to the Trans-Pacific lines of communication which have been opened. It was hoped that the knowledge of this co-operation in the past might have served to promote a cordial desire for united action in the future; and this Government still looks forward to the time when the two Colonies may join in good faith and on equal terms in supporting the Trans-Pacific Mail Service. Should such time arrive when a service can be proposed in the interest of the two Colonies with satisfactory guarantees for the regular delivery of its mails, and on conditions honorable alike to both, it will be gratifying to this Government to be enabled to co-operate with the Government of New Zealand. No mail service across the Pacific, however, will now be satisfactory to this Colony unless the English and Australian mails in both directions are delivered within forty-five days.

The Hon. Julius Vogel, C.M.G.
The Hon. W. H. Reynolds.

I have, &c.,
HENRY PARKES.

No. 28.

The Hon. J. VOGEL and the Hon. W. H. REYNOLDS to the Hon. the COLONIAL SECRETARY,
New South Wales.

SIR,—

Sydney, 22nd February, 1873.

We have the honor to acknowledge the receipt of your letter of this day's date, in which you explain why you have not hitherto replied to our letter of the 30th January, on the subject of the Californian Service, in which you state what you understand our offer to have been, and why you are unable to accept it—and in which you complain of the course taken by the New Zealand delegates at the late Conference, and you hold out the hope of some future united action between the Colonies with respect to the Californian Mail Service. No. 24 of this series.

2. In reply, we have to state that, at the interviews you have been so good as to accord to us, we understood the reason of your not previously answering our letter; and we also understood that you contemplated making an answer entirely different from that now under consideration. So late as yesterday you informed us, in the presence of other members of the Ministry, that the Government had decided to write to us, to the effect that they were willing, in concert with New Zealand, to arrange the details of a Californian Mail Service, leaving on one side the question whether or not the service known as "Webb's" could be made use of for the purpose; and you further informed us that your letter would contain a statement of the views of the Government as to the details of the service. Our verbal reply to you was, that we should be willing to arrange with your Government the details of a service in the way you proposed, on the understanding that, in doing so, we were not repudiating the liability of New Zealand under the existing contract. In that proposition you acquiesced. We refer to this interview, not for the purpose of complaining of your having changed your intention, but with the hope that you may see your way to revert to your previous decision.

3. In the third paragraph of your letter you fall into an error which is slight, but is important, since it seems to colour your subsequent opinions. You state that our offer of the 30th January was made "subject to the conditions that the Government of New South Wales shall abstain from entering into a separate contract for a Californian Service, and agree with the New Zealand Government in obtaining, or endeavouring to obtain, an Imperial subsidy of twenty thousand pounds." If you will examine the letter from which you quote, you will see that we did not lay down any conditions of the kind. We stated that our object in making the offer was "to induce your Government to refrain from entering into a separate contract for a Californian Service." It may be said that this inaccuracy is not important, for that if the first of the conditions was not expressed, it was implied; but of more importance is the latter part of the statement—that we made it a condition you should "agree with the New Zealand Government in obtaining, or endeavouring to obtain, an Imperial subsidy." We did not lay down such a condition, nor did we even ask New South Wales to join in the application. We merely expressed the opinion that, if New South Wales and New Zealand agreed as to the nature of a service suitable to both, an Imperial subsidy would be at once granted. Our offer was no doubt based on the contingency of an Imperial subsidy being obtained; but we explained in our letter that we desired "to prevent such an opposition as would necessarily cause the Imperial Government to refrain from subsidizing either of the lines to the amount they otherwise would do." The distinction is of some importance, since you, in a subsequent part of your letter, endeavour to make out that we invited New South Wales to enter into a bargain unfair to the Imperial Government.

4. In the fourth paragraph of your letter you raise the objection that the "vessels of this service" have not hitherto performed the voyages within periods which would meet the stipulations you would require to be inserted in a contract to which you were a party. In reply to this we have to point out that in our letter we admitted that the contract had not hitherto been satisfactorily performed, and stated that, "in the new contract we would take care that there should be ample provision for securing the use of a sufficient number of proper boats, and for compelling a satisfactory substitution to be made in case any of the boats employed should become unfit for the efficient performance of the service." Our contract provides for the vessels running at a speed of over ten knots per hour; and the Nebraska lately performed the through voyage from San Francisco to Auckland at an average speed of eleven knots. If you bear in mind those facts, you will, we think, recognize that, unless at the cost of an enormous subsidy, a more rapid service could not be obtained. We are aware that offers have been sent from New York to Sydney to perform a more rapid service; but the information we have received by cable leads us to conclude that there is no probability of that offer being carried out. In a subsequent part of your letter, you state that nothing will be satisfactory to your Colony unless the English and Australian mails are delivered within forty-five days. If, instead of negotiating with us for the service proposed in our letter, you were willing to pay what would be required for making the connections at the Navigator Islands, instead of at Auckland, we are under the impression that New South Wales could be secured a service of twenty-eight days and a half between Sydney and San Francisco, which would, under ordinary circumstances, give to New South Wales a delivery in the time specified by you, and in a shorter time when the direct railway is completed (as it soon will be) which will connect Halifax with Chicago.

5. You further state, in the fourth paragraph of your letter, that you feel constrained to decline the offer we have made you, "on the grounds which do not admit of considering the value of its alleged advantages." Those grounds, as stated in the fourth and fifth paragraphs of your letter, appear to be, that you consider New Zealand is offering you a service upon very liberal terms, in order to induce you to assist in obtaining from the Imperial Government a subsidy for the line, which that Government ought not to pay. We cannot but lament that you should do yourself and us the injustice of supposing that we could make to you an offer which you could not honorably accept. The process of reasoning by which you arrive at your conclusion is not very clear; but that is not strange, since it has cost you so much time to work it out; for your letter of this day's date conveys the first intimation of an objection of that nature. Such an objection was not even hinted at in Conference by any member; though I think that not one member of the Conference would have listened for a moment to a proposal which, by any legitimate process of reasoning, might be open to the implication of dishonor. I think that your error arises from your failing to see that we do not propose to ask

from the Imperial Government one sixpence in consideration of New Zealand relieving New South Wales from making a money payment towards the cost of the service. The £20,000 which we proposed should be asked from the Imperial Government is the sum which it was understood the Imperial Government entertained the idea of giving last year, when an arrangement between Victoria and New Zealand was being considered. It is the amount which the Conference named as a subsidy; and it is an amount which we are of opinion will be, at least in great part, covered by the postages which the Imperial Government receive. In the course of time those postages will no doubt amount to much more than £20,000. New Zealand, in effect, proposed to bear so much of the cost of the service as it would not be proper to ask the Imperial Government to bear. We have not concealed from you that, in undertaking that New Zealand should be liable for £30,000 a year, we trusted to the postages from other Colonies to recoup us to some extent, nor have we concealed from you our belief that the offer we made was a very liberal one. Still further, since you have raised the question, we admit that we think it is a very proper feeling on your part to prefer that New South Wales should contribute towards the subsidy, instead of leaving New Zealand to bear the whole risk. We shall be quite prepared to deal with you on that basis, and we recognize the spirit of independence which has led you to indicate it.

6. When you incline to blame New Zealand for offering to relieve you of any pecuniary risk in connection with the service, you must forget that New Zealand has had to carry on the service, unaided by either Colonial or Imperial contributions. For nearly two years New Zealand has carried the mails for New South Wales without any payment whatever. She has carried all the mails despatched from Great Britain by the route, without receiving even the postages; and therefore, as a simple matter of business, if we are not able to obtain better terms, it suits us that New South Wales should withdraw her opposition, in which case we would give her the proposed service in return for the postages, and would expect to receive a subsidy from the Imperial Government. We do not ask New South Wales to enter into any alliance for the purpose of obtaining improperly a subsidy from the Imperial Government. If New South Wales had for two years made the payments which New Zealand has made, and performed the Californian Service for all the Colonies and Great Britain, without receiving in consideration anything but abuse of the service, she would fail to see anything improper in the offer which has been made.

7. We are sorry to find, from the fifth paragraph of your letter, that you allow your feelings as to what you consider the adverse attitude assumed by the representatives of New Zealand in the late Conference to influence your decision on this question. We cannot enter at length upon the questions relating to the Conference, but we must say that the course we took was forced upon us by New South Wales. Had New South Wales been ready to co-operate with us upon the question of the Californian service, we should certainly—even at the risk of some injury to the postal services required by New Zealand—have been averse to doing anything which New South Wales might have considered injurious to her interests. But you must not suppose that in the course which we did take we overlooked the interests of New Zealand, or were in any way influenced by a spirit of retaliation. The Suez Service is of use to the southern part of New Zealand, but it is of use only in connection with a Melbourne Service. In short, for the purposes of the Suez Service, the interests of New Zealand are intimately identified with those of Victoria. The conditions to which the Conference agreed respecting the Suez Service exactly suit New Zealand. They give to that Colony the use of the main line, and provide for a branch service at the least possible cost and with the least possible risk. Had we taken a course which might have forced Victoria to secede from the Suez Service, it is probable that New Zealand would not have been able to use the line at all. Therefore, whether or not you consider the results of the Conference in relation to the Suez Service to be satisfactory to New South Wales, you must bear in mind that, as far as New Zealand is concerned, those results are entirely satisfactory. What Mr. Vogel meant you to understand at the interview to which you refer was, that had we been able to make satisfactory arrangements with New South Wales in connection with the Californian Service, we should have been willing to forego some advantages in connection with the Suez Service, to the extent of not interfering about the terminus question. But, as we could not come to any understanding with New South Wales respecting the Californian Service, we took the course with respect to the Suez Service most suited to New Zealand's wants. As to forcing New South Wales to become a party to the New Zealand contract, such a course did not present itself to our minds. We found ourselves compelled to act independently of, and without concert with, New South Wales, and so we took our own course as to the Suez Service; and we offered to New South Wales terms as to the Californian Service which we considered, unless she were otherwise bound, she could not fail to accept, and which we still do not understand why she has refused. Had New South Wales been disposed to enter with New Zealand upon the discussion of the question on its merits, we do not pretend that we should have made an offer of so liberal a nature as that which we did make. Indeed, we plainly had to make such an offer as we thought would disarm the opposition of New South Wales. We did not dream, as you imply we did, of exercising any coercion.

8. We share with you the feelings of regret expressed in the sixth paragraph of your letter, that you are unable to see your way, in the present circumstances, to co-operate with New Zealand in organizing an efficient service to San Francisco. We recognize the cordial manner in which New South Wales joined with New Zealand in maintaining the unfortunate Panama Service; and we have pleasure in expressing, on behalf of our Colony, our acknowledgments of your own personal exertions in that matter. We should be glad that the misunderstanding which you now set up should be at once ended; and we think that if you would divest the subject of extraneous considerations, you might still see your way to co-operate with us. New Zealand is at present under engagement for a service which, though it has hitherto been conducted imperfectly, we have every reason to think can be made most efficient; and we ask your co-operation for the purpose of establishing its efficiency. We are willing to agree that if the service cannot be made efficient it should be abandoned. But, as at present advised, we believe that in the course of a very few days the service will receive an immense subsidy from the American

Government, and therefore, that it will be placed on a basis which will defy opposition, unless at a most extravagant cost.

9. To show the good faith in which we have dealt with you, we may state that on the arrival of Mr Webb's representative in Sydney, two days ago, we found that that gentleman was not at all pleased with the offer we had made to New South Wales. He thought at first of declining altogether to entertain it. Subsequently, under the great pressure we put upon him, he consented to do so, but only on the condition that one-half of the total postages received by New Zealand from the Colonies, for mail matter carried by the line, should revert to Mr Webb, in addition to the £50,000 we proposed. We assented to that condition, without even informing you that it had been demanded, so desirous were we not to interpose any obstacle to the prospect of an arrangement.

10. We ask you to consider these facts. We desire to act with New South Wales; both Colonies urgently want a Californian service; New Zealand is inclined to make a considerable payment for it; though we should gladly accept, in lieu of the arrangement we have proposed, a more direct responsibility on the part of New South Wales. We invite you then to reconsider the question, with the view of at once entering into negotiations upon the matter, as we understood you to propose to do at the interview we had with you on the day before the date of your letter. We are very much pressed for time; and we hope you will not consider that there is anything of a disrespectful disregard of your convenience involved in our asking you for a speedy decision.

11. In conclusion, we beg to assure you that our action throughout this matter has been that which we believe the position and the interests of New Zealand imposed upon us as a duty.

We have, &c.,

JULIUS VOGEL.

WILLIAM H. REYNOLDS.

The Hon. the Colonial Secretary, New South Wales.

No. 29.

The Hon. the COLONIAL SECRETARY, New South Wales, to the Hon. J. VOGEL and the Hon. W. H. REYNOLDS.

GENTLEMEN,—

Colonial Secretary's Office, Sydney, 25th February, 1873.

Your letter of the 22nd, received yesterday, has been considered by this Government. Those portions of it which are devoted to an elucidation of the meaning of your previous communication, or which refer more expressly to the terms of your proposals to New South Wales, do not call for any present notice at my hands; nor do I see that any useful object would be gained by entering further upon the grounds of the objections of the Government to your proposal, or by any examination of your views on the points of difference which have been raised.

As you appear to have put too wide an interpretation on the remarks made by me in your last interview with Ministers at this office, I desire to explain (what indeed is sufficiently clear in my letter of the 22nd) that the Government of New South Wales would have been glad to co-operate with New Zealand in organizing a thoroughly efficient mail service between Australia, New Zealand, and Great Britain, by way of America, if New Zealand herself had been in a position to entertain any such proposal, and if special obstacles to co-operation had not unfortunately been raised by the representatives of New Zealand now in this Colony. This Government is desirous of assisting in the establishment of a Trans-Pacific Mail Service, of the character I have described, but it cannot commit itself to the existing Webb contract, which is regarded as costly and disadvantageous to New Zealand, and presenting no prospect of meeting the postal wants of this Colony.

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

The Hon. W. H. Reynolds.

I have, &c.,

HENRY PARKES.

No. 30.

The Hon. J. VOGEL and the Hon. W. H. REYNOLDS to the Hon. the COLONIAL SECRETARY, New South Wales.

SIR,—

Sydney, 26th February, 1873.

We have the honor to acknowledge the receipt of your letter of yesterday's date on the subject of the Californian Service.

We agree with you that, in the present circumstances, no useful object can be gained by entering further upon the grounds of your objections to the offer we have made to your Government.

We hope that you will be able to recognize that, throughout this correspondence, our course has been most conciliatory; and that we have avoided references to passages in your letters which might have caused irritation.

We have, &c.,

JULIUS VOGEL.

WILLIAM H. REYNOLDS.

The Hon. the Colonial Secretary, New South Wales.

No. 31.

FEATHERSTON, London, to COLONIAL SECRETARY, Wellington.

(Telegram.)

London, 28th February, 1873.

DETAILS Conference postal arrangements wanted. Sydney protests. Senate rejected Webb's subsidy.

No. 32.

FEATHERSTON, London, to COLONIAL SECRETARY, Wellington.

(Telegram.)

London, 28th February, 1873.

POST Office refunds fifteen hundred pounds, excess of Francisco receipts over expenses. Cabinet come to no decision Conference postal regulations.

No. 33.

FEATHERSTON, London, to VOGEL and REYNOLDS, Melbourne.

(Telegram.)

London, 5th March, 1873.

IMPERIAL subsidy hinges mainly on your arranging with Melbourne or Sydney to join in line. Protest "Nevada's" passengers arrives inopportune. Senate rejected subsidy.

No. 34.

FEATHERSTON, London, to VOGEL and REYNOLDS, Melbourne.

(Telegram.)

London, 6th March, 1873.

JUST received from Starr, Webb's agent, here: "We have this forenoon received the following cablegram from Webb, dated New York, 5th March:—'Subsidy Bill failed. Make no engagement; withdraw advertisement. Inform Featherston, in consequence of this news.'" Letter not sent to-day. Wait your instructions.

No. 35.

FEATHERSTON, London, to VOGEL and REYNOLDS, Melbourne.

(Telegram.)

London, 8th March, 1873.

WEBB, Monsell: "New Zealand mail left Francisco 5th instant. Congress failing to grant subsidy, steamers must be withdrawn. Stop despatching New Zealand mails *via* Francisco." Webb, Featherston: "Subsidy Bill failed. New Company transfers mails, contracts, and steamers to Stockwell, who sells to Pacific. Latter Company will continue service to Honolulu, but not New Zealand." I believe I could arrange an efficient service provided sixty thousand pounds subsidy guaranteed by New Zealand and Melbourne or Sydney. Circumstances favourable for doing so.

No. 36.

DRIVER, Bluff, to VOGEL, Auckland.

(Telegram.)

Bluff, 19th March, 1873.

GOT telegram from Webb. Congress refused subsidy to all parties. The boats are all sold to Pacific Mail Company, who at once withdrew them off line. The mail left San Francisco on 5th instant for last time. Notice has been given English Post Office not to send more mails *via* San Francisco.

No. 37.

VOGEL, Auckland, to BATHGATE, Wellington.

(Telegram.)

Auckland, 19th March, 1873.

DRIVER advises Webb sold steamers. Boat on way down the coast. I have stopped payment of cheque for current month's service. See Prendergast and ascertain if I am justified in stopping the payment. I allege ground for doing so, the penalties Webb owes us. Ask Prendergast. Also, ask if we can claim amount of bond from the ship itself, or shall we have to sue Webb in United States? Cannot we move Court to grant injunction? Reply in an hour. Consult Gray also.

No. 38.

BATHGATE, Wellington, to VOGEL, Auckland.

(Telegram.)

Wellington, 19th March, 1873.

PRENDERGAST thinks you justified in stopping payment of cheque. See proviso section 22, second volume Appendix, 1871, E. No. 4, page 49. When breach takes place, but not till then, you could proceed under Absent Defendants Act, and seize any ship of theirs here. No remedy by injunction. Mr. Gray not ble to be at office. Contractors liable under bond twenty-five thousand.

No. 39.

WEBB and HOLLADAY, New York, to VOGEL, Auckland.

(Telegram.)

17th March, 1873.

STEAMERS transferred Stockwell, who assumes all contracts—withdraws steamers from Mail Service entailing heavy continuous loss—steamers sold Pacific Mail Company, Webb, Holladay, Stockwell—losses performing service already enormous and ruinous—under these circumstances beg penalty be not enforced.

No. 40.

VOGEL, Wellington, to FEATHERSTON, London.

(Telegram.)

Wellington, 14th April, 1873.

Not heard from Sydney about Californian Service. Believe she wants divert it from New Zealand. Carefully watch our interests. Home Government should not subsidize line unless approved by New Zealand. See Conference resolutions.

No. 41.

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

SIR,—

General Post Office, London, 12th March, 1873.

I enclose the copy of a telegram which reached this office at 4.22 p.m., on the 6th instant, from Mr. Webb, of New York, announcing that Congress having failed to grant a subsidy, his steamers conveying the New Zealand mails between San Francisco and Auckland must be withdrawn, and requesting this office to stop the despatch of New Zealand mails *via* San Francisco.

As a mail was appointed to be despatched from London the same evening that this telegram arrived, it was necessary to determine at once what should be done; and therefore, while taking measures for ascertaining the authenticity of the telegram, the Postmaster-General decided to give orders not to forward the mails by the Inman packet leaving Queenstown for New York on the 7th instant.

Having subsequently ascertained from the Agent-General for New Zealand that he had likewise received information, through Messrs. H. Starr and Co., of London, that Mr. Webb had withdrawn from his obligation to convey the mails, the Postmaster-General brought the matter under the consideration of Her Majesty's Secretary of State for the Colonies, and, with his concurrence, decided to forward the New Zealand mails *via* Suez with those for the Australian Colonies, leaving London *via* Southampton on the 13th, and *via* Brindisi on the 21st instant.

The same course will be followed in the despatch of future mails to New Zealand, until information shall be received from the Colony of other arrangements having been made for the conveyance of its mails.

The Postmaster-General, Wellington, N.Z.

I have, &c.,

WM. JAS. PAGE.

Enclosure in No. 41.

Mr. WEBB, New York, to the POSTMASTER-GENERAL, London.

(Telegram.)

New York, 6th March, 1873.

NEW Zealand mail left San Francisco 5th instant. Congress failing to grant subsidy, steamers must be withdrawn. Stop despatch of New Zealand mails *via* San Francisco.

WEBB

No. 42.

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

SIR,—

General Post Office, Wellington, 29th May, 1873.

I am directed to acknowledge the receipt of your letter of the 12th March last, reporting that, in consequence of intelligence having been received of the withdrawal of the line of mail steamers running between San Francisco and New Zealand, instructions had been issued by your office to forward all mails for this Colony by way of Suez; and in thanking you for the prompt action taken in the matter, I am directed to state that the course proposed in the concluding paragraph of your letter is entirely in accordance with the intentions of this Department.

I have, &c.,

W. GRAY, jun.,

(for the Secretary).

The Secretary, General Post Office, London.

No. 43.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

21st March, 1873.

SIR,—

I have the honor to forward herewith, for the information of the Government, copy of a communication from the General Post Office of the 5th instant, relative to the collapse of the San Francisco Mail Service.

I have, &c.,

I. E. FEATHERSTON,

Agent-General.

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

Enclosure in No. 43.

Mr. TILLEY to Dr. FEATHERSTON.

MR. TILLEY presents his compliments to Dr. Featherston, and begs to submit to him a copy of a telegram which he received at 4.25 this afternoon, purporting to be from Mr. Webb, the contractor for the Mail Packet Service between San Francisco and New Zealand.

In the uncertainty whether this communication is authentic, Mr. Tilley has sent a telegram to the Postmaster-General at Washington, asking whether the steamer has really been withdrawn, and in the meantime has given directions that the mails for New Zealand, which in due course should be despatched to New York this evening, should be kept back.

Mr. Tilley will be much obliged if Dr. Featherston will inform him whether any similar intimation has reached him.

General Post Office, 6th March, 1873, 5.15 p.m.

Sub-Enclosure to Enclosure in No. 43.

WEBB, New York, to POSTMASTER-GENERAL, London.

(Telegram.)

NEW Zealand mail left San Francisco 5th instant. Congress failing to grant subsidy, steamers must be withdrawn. Stop despatch of New Zealand mails *via* San Francisco.

No. 44.

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

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
21st March, 1873.

SIR,—

I do myself the honor to forward, for the information of the Government, a copy of my further correspondence with the Colonial Office on the subject of the Mail Service to New Zealand *via* San Francisco.

I have, &c.,

I. E. FEATHERSTON,
Agent-General.

The Hon. the Colonial Secretary, Wellington.

Enclosure 1 in No. 44.

Dr. FEATHERSTON to Mr. HOLLAND.

7, Westminster Chambers, S.W., 14th March, 1873.

Not received.

SIR,— I have the honor to acknowledge the receipt of your letter of 3rd instant, stating that Lord Kimberley had received a Despatch from the Minister of the United States, intimating that the Hon. Mr. Moran would either call upon me, or that His Excellency would favour me with an official interview.

In reply, I have to state that I quite concur in Lord Kimberley's opinion that it would be hardly desirable, at the present stage of the question of postal communication between England and the Australasian Colonies, to make any suggestions or proposals to the United States Minister.

At the same time I beg to remind his Lordship that the New Zealand Government has maintained the San Francisco Mail Service at its sole cost during a period of nearly three years, and is determined, notwithstanding the present collapse of Webb's line, to establish an efficient mail service by that route; and further, that the Australasian Colonies, at the recent Postal Conference in Sydney, have adopted the San Francisco line as an alternating fortnightly mail service with Suez, and have recommended that the Imperial Government should contribute a subsidy of £20,000; and that in adopting this resolution the Conference has complied with the condition upon which Her Majesty's Lords of the Treasury were prepared to reconsider the question of the subsidy which had been virtually promised to the Right Hon. Mr. Childers and myself, last year.

I have the honor, therefore, to submit that it is expedient that I should be informed, with as little delay as possible, whether the Imperial Government is prepared to afford efficient assistance to such a mail service as the one proposed.

I shall in the meantime avail myself of the intimation given to me by the Minister of the United States of his readiness to grant me an interview, as I am aware that it is the desire of the New Zealand Government to maintain and strengthen the relations which have been established by this service between the United States and New Zealand for their mutual advantage.

I have, &c.,

I. E. FEATHERSTON,
Agent-General.

H. T. Holland, Esq., Colonial Office.

Enclosure 2 in No. 44.

Mr. HERBERT to the AGENT-GENERAL.

SIR,—

Downing Street, 20th March, 1873.

I am directed by the Earl of Kimberley to acknowledge the receipt of your letter of the 14th instant on the subject of the Mail Service to New Zealand *via* San Francisco.

Lord Kimberley is glad to learn that you concur with him in thinking that the consideration by Her Majesty's Government of the proposals made by the Conference at Sydney would possibly not be

facilitated by any communication made on the part of one of the Colonies to a Foreign Minister on the subject of a part of those proposals; but his Lordship has, as previously intimated, no objection to your having an interview with the Minister of the United States if, in your discretion, you think it desirable. In the event, however, of your making any reference to the San Francisco Service, His Lordship has no doubt that you will explain that you are not as yet in possession of the views of Her Majesty's Government as to the arrangements to be made for postal communication with New Zealand.

As in your letter you speak of "the subsidy which had been virtually promised to the Right Hon. Mr. Childers and yourself last year," Lord Kimberley thinks it necessary for me to refer you to the statement contained in the letter from this office of the 11th of December last, that the Lords of the Treasury declined to entertain the San Francisco route unless recommended by the Australasian Colonies, and to remind you that this Government, when an intimation was, at your request, given to the Conference that the San Francisco route was not excluded from consideration, reserved to itself, as previously, the option of declining to subsidize any second monthly service.

I am, &c.,

ROBERT G. W. HERBERT.

The Agent-General for New Zealand.

No. 45.

MEMORANDUM No. 1, for Mr. GRAY.

THE custody of the English mails despatched this month *via* San Francisco will be of more than ordinary importance, and it is necessary that the officer in charge of them should be one accustomed to authoritative and responsible action.

If Mr. Gray thinks that his health would permit his taking the position, the voyage might probably enable him to regain that strength without which his office work must be irksome, if not injurious, to him.

The Postmaster-General would be glad should Mr. Gray find himself fit for the voyage, as he would be enabled to attend to other mail-service matters, and especially to the question of recovering the penalties to which Messrs. Webb and Holladay, as contractors for the Californian service, have rendered themselves liable.

Mr. Thomas Russell, who is proceeding to England, will be asked by the Government to make inquiries in the United States and in England respecting the resumption of the Californian service; and authority will be given to him to act in connection with the penalties question.

Mr. Gray will, therefore, be good enough to submit to Mr. Russell such instructions as he may receive, and to regard those instructions as being subject to instructions from that gentleman.

Mr. Gray will be the bearer of a letter addressed to the contractors for the Californian service, in which those gentlemen, or Mr. Webb singly, will be required at once to pay the amount of the penalties incurred by them for breaches of the contract, and also to pay the penalty provided for by the bond, for the continued performance of the service. Mr. Russell will be empowered to accept from the contractors, or from Mr. Webb, an amount less than the total sum of the penalties incurred. Mr. Gray will act in regard to the recovery of the penalties, if he is desired to do so by Mr. Russell. If Mr. Russell should not proceed to America, Mr. Gray must use his own discretion in the matter, except upon one point, namely, that he is not at liberty to consent, on behalf of the Government, to accept from the contractors, or from Mr. Webb, a less sum than £20,000, in satisfaction of the total claim for penalties. Such reduction Mr. Gray will understand is not to be made with a view to oblige or deal easily with the contractors, but because he may consider it expedient to settle the matter without litigation.

Mr. Gray will be so good as to telegraph, or if with Mr. Russell, to ask that gentleman to telegraph from time to time an account of his proceedings. Parliament will meet in the course of June; and the Government will be particularly anxious to know the aspect of the whole matter during that month. Mr. Gray is, therefore, enjoined to telegraph,—or to ask Mr. Russell to telegraph,—at such length as will be sufficiently explanatory to make quite clear the two points, namely:—The prospects of a new service, and the position of the claim against the contractors for penalties.

Wellington, April 12, 1873.

MEMORANDUM No. 2, for Mr. GRAY.

REFERRING to Memorandum No. 1 of even date herewith, Mr. Gray is requested to make inquiries, under instructions from Mr. Russell, as to the practicability of obtaining offers for a Californian Mail Service.

It will be important to ascertain what assistance may be expected from the Hawaiian Government, and from the Government of the State of California, supposing such a service to New Zealand to be established.

The Pacific Mail Company will probably continue the service between San Francisco and Honolulu. If so, any Colonially-subsidized service which did not stop at Honolulu would be a competing service between that port and Honolulu, and would doubtless be strongly opposed by the powerful corporation mentioned. Therefore, it will be desirable to ascertain whether the Pacific Company would be inclined to perform a Mail Service from New Zealand to San Francisco; or, if not, whether they would agree to perform it between Honolulu and San Francisco, in consideration of the large business for their boats which would accrue from a New Zealand Mail Service. In the latter case, it would still be necessary the Pacific Company should enter into bonds for the regular performance of the connecting service, as otherwise the Government would not have a hold upon the Company, so as to secure the carriage of the mails. It would, indeed, not be possible for the Government to make a contract for a service from New Zealand to Honolulu, unless amply secured as to a regular and thoroughly-efficient continuance of that service to San Francisco.

Mr. Gray is aware that, upon several discussions, the Legislature has decided that a New Zealand Californian service should make Auckland the first port of arrival in New Zealand, and the last of departure in the Colony; and that from Auckland the vessels should proceed along the East Coast to Port Chalmers, calling at intermediate ports. The conditions of the contract with Messrs. Webb and Holladay, by which the Government are empowered, and the contractors forbidden, to make arrangements with Australian Colonies, have not worked well; and the Postmaster-General is inclined to think that it would be better to leave the contractors to make their own arrangements with Australia, unless some co-operation can at once be arranged with New South Wales or Victoria. If such can be arranged it will be advised by cablegram to San Francisco.

The conditions which would best suit New Zealand may, therefore, be stated to be, a service between the Colony and Honolulu, or between the Colony and San Francisco, as the case may be, with power to the contractors to run branch boats, subject to arrangements with Australian Colonies.

It is possible that the Legislature might consent to relinquish the provision as to the main-service boats performing the coastal service, and in that case, supposing satisfactory branch boats to be provided, the main boats might proceed to Australia; but the Legislature would only give such consent on condition that the subsidy should be much reduced.

Generally, as to price, the Postmaster-General thinks that for a service between Honolulu, Auckland, intermediate ports, and Port Chalmers, performed by boats of not less than 2,000 tons burthen, contractors would be well paid if they received £35,000 a year;—the contractors to make their own arrangements with Australia, and to receive any subsidy granted by the United States under any arrangement made. New Zealand, and not the contractors, must receive any subsidy granted or contributions payable by the Imperial Government. If the main boats proceed from Auckland to Australia, and boats of not less than 1,000 tons performed the service between Auckland and Port Chalmers, the payment from New Zealand ought certainly to be not more than £30,000 for the service to Auckland and for the coastal service. The Postmaster-General does not consider that the Legislature would be willing to pay more than the amounts stated. He names the extreme limit, and anticipates that a less price may be accepted.

Such boats as have, as a rule, during Messrs. Webb and Holladay's contract been used between Honolulu and San Francisco would assuredly not be tolerated under any future contract. Mr. Gray should, therefore, be very careful in ascertaining the class of vessel proposed to be used between those ports. Between Honolulu and San Francisco probably no objection would be raised to the large side-wheel steamers of the Pacific Company, but between Honolulu and New Zealand there seems to be a feeling in favour of screw boats; and supposing that, as between the last-named places, an offer be made to commence the service with paddle steamers of sufficient size and properly equipped, it would be important to ascertain if, within a time stated, screw boats, of iron, would be substituted.

Mr Gray will observe that if acting by himself he is only empowered to receive offers, and these instructions are given to him in order that he may endeavour to obtain offers suitably shaped. If Mr. Russell proceed with Mr. Gray, as already said Mr. Gray will act under Mr. Russell's instructions. Mr. Russell has power given to him to enter into an arrangement subject to the approval of Parliament.

Should Mr. Gray return by way of England, he will there give assistance to Mr. Russell in ascertaining whether an offer to contract can be obtained from British shipowners. Subject to Mr. Russell's instructions, Mr. Gray may also communicate with the Agent-General, with a like object; but he will not prolong his stay in England for that purpose.

General Post Office, Wellington, 12th April, 1873.

MEMORANDUM No. 3, for Mr. GRAY.

If Mr. Gray should find that his health is not benefited by the voyage to San Francisco, and should think that it will be injurious for him to proceed to New York, he is at liberty to remain in California until his health is sufficiently re-established to enable him to return to New Zealand; which he may do either by way of New York, or by sailing ship from San Francisco to New Zealand or to Australia.

Wellington, 12th April, 1873.

No. 46.

The Hon. J. VOGEL to Mr. T. RUSSELL.

SIR,—

General Government Offices, Wellington, 12th April, 1873.

I have much pleasure in complying with the request of the Government that I would convey to you their thanks for having placed at their disposal any assistance you can render on your way through the United States, and on your arrival in England, in connection with the Californian Mail Service. The Government gladly accept that assistance.

The Secretary to the Post Office, Mr. Gray, proceeds by the "Nebraska," in charge of the mails. He has instructions, if his health permit, to visit New York, with a view to a settlement with Messrs. Webb and Holladay of the penalties they have incurred under their contract, and also of the penalty for the discontinuance of the service, upon which discontinuance it is understood they have resolved. Mr. Gray has been directed that he is to regard the instructions given to him here as subject to any which you may give him. It will be for you, therefore, to decide upon what action he shall take; and should you be unable to attend to any particular matter, you can give him authority to act.

I need not repeat the substance of Mr. Gray's instructions. Suffice it that the Government desire to leave to you the decision what compromise, if any, should be accepted from Messrs. Webb and Holladay; or from Mr. Webb alone, if it should be found desirable to hold him alone responsible; or from the Pacific Mail Company, if that Company have undertaken the liabilities of the contractors,

or of Mr. Webb, under the contract: Provided, however, that no compromise shall be made which involves the acceptance of a less sum than £20,000, as a settlement of the whole claim of the Government, and that any compromise you may agree to is not to be made with a view to oblige or to deal easily with the contractors, but because you consider it expedient to settle the matter without litigation.

As regards the offers, or the agreement subject to the approval of Parliament, which it is desired to obtain, for renewing the Mail Service *via* San Francisco, I have but little to add to what is stated in Mr. Gray's instructions.

I believe that if the Pacific Company run the service between San Francisco and Honolulu, they will not brook opposition; and that any attempt to run a competing service between those places will be resented by them. On the other hand, supposing the Company to intend to maintain the San Francisco and Honolulu service, by means of their large boats, I believe they would be glad of the increased business which a line between New Zealand and Honolulu would bring to those boats. Very possibly, therefore, in consideration of the advantage suggested, the Company may be prepared, for a nominal payment, to perform the Mail Service between San Francisco and Honolulu. Should the Company be so prepared, you will recognize the necessity for their giving a guarantee that they will use suitable boats, and will observe our time table for the connections.

The general impression seems to be that paddle steamers are not suited to navigate the New Zealand and Australian waters. I have referred to that point in my instructions to Mr. Gray; as I have, also, to the question of the New Zealand coastal service from and to Auckland, and of branches to Australia. You will observe that I have indicated what the Government consider should be the maximum prices for the respective services. £35,000 is the amount mentioned for the through service; by which term you must understand that the steamers from San Francisco would have to proceed, without change, to and from Auckland, Wellington, Lyttelton, and Port Chalmers, calling off Napier each way. For the service by which a branch boat would run from Auckland to Port Chalmers, a lower sum is named. If you arrange for this service, I have stipulated that the vessel to run between Auckland and Port Chalmers is not to be less than 1,000 tons burden; but you should suggest to any persons with whom you may make an arrangement, that it would be better to run a full-sized vessel between Auckland and Port Chalmers, as she would then be ready, in case of necessity, to take her place on the line for a through service. I should not, however, consider that the employment of a full-sized boat between Auckland and Port Chalmers would make that service other than a branch one, supposing the boat from San Francisco to proceed to Australia, after touching at Auckland, or the boat from Australia, after touching at Auckland, to proceed through to San Francisco. The respective prices stated in Mr. Gray's instructions are the highest the Government are inclined to name. I regard them as more favourable to contractors than the terms of the arrangement with Messrs. Webb and Holladay, though more suitable to the Government. In either case, those who contract are empowered to arrange with the Australian Colonies, and to receive any subsidy those Colonies may contribute—privileges which Messrs. Webb and Holladay were very anxious to obtain; and in the case of the smaller sum, the main-boat coastal service, to which Messrs. Webb and Holladay so much objected, is avoided. In fine, I believe those gentlemen would have exchanged the terms of their contract for those of either of the two proposed herein. I hope you may be able to arrange for smaller amounts than those named.

Generally, I refer you to the conditions of Messrs. Webb and Holladay's contract. Any arrangement you may make should certainly not be for more than eight years—five years would be preferable.

I am far from certain that the Pacific Company will not be willing to run their boats through from Honolulu to New Zealand, or to Australia, as the case may be. The fact of their not having expressed or indicated an intention to continue Messrs. Webb and Holladay's service may be supposed to prove that they are not disposed to continue it. But it has been suggested that two reasons may have operated with the Company in the course they have taken:—First, that they are at present short of boats; second, that by discontinuing the service altogether, they may hope to force Congress to offer a subsidy. I am inclined to think that the first of these reasons is the one which has operated with the Company; and that if a reasonable time were allowed, they would be glad to arrange for a through service. It need hardly be said that the Pacific Company is one of the most powerful steamship companies in the world; and that they would be able to do the service upon any terms on which they might contract for it. I believe that the Company are now having constructed four very large and fine screw vessels, and probably when they are ready the Company would not have any difficulty in performing the service. You might be able to arrange with the Company to run a vessel to New Zealand say once per eight weeks, until they are able to put upon the line a monthly steamer.

It has been stated that General Burnside and Mr. Scott, the well-known railway proprietor, are prepared to run a line between California and Australia; and Mr. Kaye, the New Zealand Mail Agent, has telegraphed that they are ready to carry on the service on the same terms as those of Messrs. Webb and Holladay's contract. Perhaps you might find it desirable to confer with those gentlemen. It has also been stated that the Inman Company would provide boats for a service; and as to this, too, it might be well worth while for you to make inquiry. But it is undesirable that the Colony should be pledged to the use of boats running between New York and England; because when the Canadian trunk railway is finished, there will be a great saving by the route *via* Halifax.

I am of opinion that should you not be able to arrange with the Pacific Company, or with Messrs. Burnside and Scott, your best chance of success will be in Great Britain. You are empowered, therefore, to negotiate for an offer or a provisional agreement in Great Britain, should you find it necessary to do so. In any negotiations at home I am sure the Agent-General will render you assistance. In asking you specially to attend to the matter in England, if a suitable offer cannot be obtained in the United States, the Government do not imply, in the slightest degree, disrespect to the Agent-General. The only feeling of the Government is, that you, having become aware, in the United States, of all the circumstances connected with the case, and as to the general feeling there as to the San Francisco service, will be better able to deal with those persons in Great Britain who may be inclined to undertake the service than the Agent-General could possibly do, he not having been in the

United States for some time, and being, therefore, of necessity, personally unacquainted with the current position of the question. For it is to be borne in mind that, owing to the lengthened trans-continental route, any service which has not the sympathy and support of persons in authority in the United States, is likely to be more or less a failure.

I have said, in Mr. Gray's instructions, that I think it would be better to leave it to any new contractors to make their own arrangements with Australia, unless some co-operation with the neighbouring Colonies can be at once arranged. At present, the information we possess is, that New South Wales is determined to have a service by way of Fiji, and to offer to New Zealand a branch service from one of that group of Islands. Such a service, though it might be useful for mail purposes, would be far inferior to that which New Zealand has a right to expect. A service by way of Fiji would mean the permanent diversion of the course of American commerce from New Zealand, without any commensurate benefit to Australia. Supposing the Fiji route would insure a few hours' saving in the delivery of mails in New South Wales, that saving would far from compensate for the vessels calling at a port wholly unprovided with the necessary conveniences; for it is understood that the port would be in one of the Islands of the group upon which, as yet, there has been very little, if any, European settlement. In addition, it is to be remembered that the navigation round the whole group is exceedingly dangerous. As far as the interests of New Zealand, and the convenience of New Zealand passengers are concerned, it would be far better that there should be a transhipment at Honolulu than at one of the Fiji group, where, in case of accident to the main boat, or of serious sickness happening to any of the passengers, comparatively none of the appliances of civilization would be obtainable. Honolulu, on the other hand, is an agreeable and well-established place. Means for the repair of vessels or machinery exist there; and if passengers should be detained there, they need not suffer any annoyance, except that of loss of time. It is quite possible, if New South Wales should prove to be obstinately wedded to a Fiji service, Victoria might combine with New Zealand, especially if the main boats proceeded from Auckland to Melbourne direct. On that point, I may be able to telegraph you information before you reach San Francisco. But should you not receive any information from me on the subject, it would be well, in your negotiations, to keep in mind the fact, that probably Victoria, if not New South Wales, would be willing to make some arrangement of the kind I have indicated.

The Government will, however, during the time your voyage will occupy, endeavour to ascertain if the Australian Governments are inclined to act with New Zealand. If the Government of New South Wales should be found to be inclined to act with New Zealand, they will be invited to do so. They will be asked either to arrange the matter in the Colony, or (which would be preferable) to name some one to act with you, and to leave to such person and yourself the entire arrangement, subject to the approval of both Parliaments. If the Government of New South Wales do not respond to this proposal, it will be ascertained if the Government of Victoria are inclined to do so. In case of acceptance by either, 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 in 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 prices mentioned for the two services are those which the Government contemplate, in the event of New Zealand having to make its own arrangements with the contractors; but, should one of the other Colonies agree to co-operate, you will probably find that smaller payments will be sufficient. If you are to act for the Government in conjunction with the representative of some other Colony, the written views of the Government can, if necessary, be addressed to you in England.

The Government desire that any contract you may make shall be subject to the approval of the Legislature, and they wish that a clause to this effect be inserted in the contract. The Government will undertake to recommend to Parliament, for approval, any contract you may make within the limit of these instructions.

The whole subject connected with these negotiations is one of great interest to the Government; and as Parliament is expected shortly to meet, it will be important to know exactly how the question stands. I have, therefore, to urge that you will from time to time telegraph to the Government, at sufficient length to be clearly intelligible, what prospects there are of a renewal of the service, and also what is the position of the claim against the contractors. I shall be glad if you telegraph your impressions from California; also, while *en route* across the Continent, if there is anything to telegraph; and finally from New York and London.

You will consider the instructions given to Mr. Gray to be incorporated with your own.

Thomas Russell, Esq., Auckland.

I have, &c.,

JULIUS VOGEL.

No. 47.

The Hon. J. VOGEL to Mr. T. RUSSELL.

SIR,—

General Government Offices, Wellington, 12th April, 1873.

The Government of New Zealand authorize you to enter into negotiations for a mail service between California and New Zealand, or between California, New Zealand, and Australia.

You are in possession of the opinions of the Government upon the subject; and it is only necessary for me to add, that any arrangement you may make must be within the limit of the instructions you have received, and must contain a provision that such arrangement is subject to the approval of the Legislature.

Thomas Russell, Esq., Auckland.

I have, &c.,

JULIUS VOGEL.

No. 48.

Mr. RUSSELL to the Hon. the POSTMASTER-GENERAL.

SIR,—

Auckland, 19th April, 1873.

I have the honor to acknowledge the receipt of your two letters of 12th April, 1873, conveying instructions to me respecting the existing contract for the San Francisco service, and authority to make a new contract in accordance with those instructions.

I beg to assure you that the duty devolved upon me shall have my best attention; but I am bound to say I am not very hopeful of the result. The limit you give me for a service from San Francisco to New Zealand, similar to that lately performed by the Webb line, is, in my opinion, too small; and for this reason we shall not be able to establish a successful service without the co-operation of one or more of the Australian Colonies.

Again assuring you of my very best efforts,

The Hon. the Postmaster-General.

I have, &c.,
THOMAS RUSSELL.

No. 49.

The Hon. HENRY PARKES to the Hon. the COLONIAL SECRETARY.

SIR,—

Colonial Secretary's Office, Sydney, 24th May, 1873.

I have the honor to inform you that this Government is authorized by Parliament to take the necessary steps to establish an efficient line of steam mail packets between Sydney and San Francisco in connection with the mail service now existing between the last-named port and Great Britain. A sum of £30,000 per annum has been sanctioned for this purpose, which it is considered is more than will be found to be necessary as the yearly subsidy from this Colony, if that co-operation be obtained, which may be reasonably expected from the other Governments interested in the establishment of this service.

2. A provisional contract has been entered into for the service, which we have every reason to believe will secure its performance by ships of adequate capacity and of the first-class in build and steam power. The vessels will be built under the personal inspection of the contractors expressly for this line of steam navigation. No. 51 of this series.

3. The Government of New South Wales is anxious to secure the co-operation of the New Zealand Government in the establishment of this mail service, if such co-operation can be obtained without diminishing the value of the service to this Colony. It appears to me and my colleagues that the service may be made equally valuable to New Zealand and New South Wales, if we can deal, as I entertain a sanguine hope we shall be able to deal, in a liberal and an equitable spirit with the various considerations involved in the question.

4. In order that the whole subject may be fairly discussed with the Government of New Zealand, the Hon. Saul Samuel, the Postmaster-General of this Colony (who is commissioned to proceed to London and Washington in connection with the projected service), will visit New Zealand, and leaves to-day by the steamship "Hero." I sincerely hope his negotiations with your Government will be successful in securing the united action of the two Colonies in a matter of so much importance to both. The main considerations with this Colony are, that the highest speed which is practicable be obtained, and that the passage of the Pacific be not protracted by any unnecessary call or deviation from the direct route; and we are anxious that these considerations should be fully extended to New Zealand.

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

I have, &c.,
HENRY PARKES.

No. 50.

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

SIR,—

Wellington, New Zealand, 3rd June, 1873.

Referring to the Despatch of the Colonial Secretary of New South Wales, addressed to you on the 24th May last, intimating that I had been deputed by that Government to negotiate with your Government with a view to the establishment of a postal service between Great Britain and Australia *via* San Francisco, and referring also to the personal interview on the subject I had with you this day, I beg to inform you that the New South Wales Government have entered into a provisional contract, for a period of six years, for a service once in every four weeks between Sydney and San Francisco *via* Kandavau (Fiji) and Honolulu, with the option of a separate connecting line between Dunedin, Christchurch, Wellington, Auckland, and Kandavau (Fiji). The service, including the connecting line, to be performed by steam vessels of adequate capacity, and of first-class build and steam power.

The contractor is to perform the service at the rate of ten knots an hour, and to receive an annual subsidy of £48,000 for the main line between Sydney and San Francisco, and £12,000 for the line between Dunedin and Kandavau.

In the event of a greater rate of speed than ten knots being desired, provision is made in the contract for the performance of a twelve-knot service for an annual subsidy of £80,000, including the subsidy for the connecting line.

From inquiries that have been made, the New South Wales Government have every reason to be satisfied as to the ability of the contractor successfully to carry out the contract.

Having explained the nature of the provisional contract, I have now to invite the assistance and co-operation of your Government in carrying it out, and I therefore propose—

1. That New Zealand shall agree to pay as its contribution to the subsidy for the ten-knot service the sum of £25,000, New South Wales undertaking the payment of the balance of £35,000.

2. In the event of subsidies being obtained from Great Britain, the United States, Honolulu, Fiji, and other places, New South Wales and New Zealand to equally divide the amount of such subsidies in diminution of the amounts respectively contributed by each.

3. Should the New Zealand Government desire to adopt a service affording the increased speed of twelve knots an hour, provided for in the contract, I shall be prepared to recommend to the Government of New South Wales that any subsidies which may be received by the two Colonies shall be applied to attain that object.

4. If the Imperial Government should determine to aid the service by giving to the Colonies the amount of the outward postage on correspondence despatched from Great Britain instead of contributing a fixed amount, I am willing, on behalf of the Government of New South Wales, that the two Colonies shall respectively receive such postage as would then belong to each in proportion to its correspondence.

5. New South Wales and New Zealand jointly to determine the terms upon which the other Australian Colonies shall participate in the advantages of this service,—New South Wales, with the concurrence of New Zealand, undertaking to negotiate with those Colonies, and to conduct the necessary accounts in connection therewith.

6. As regards the contract itself, New Zealand to possess equally with New South Wales all discretionary powers, rights, and privileges.

7. Should the New Zealand Government prefer to do so, they can make a separate contract for, and take entire control of, the line between Kandavau and Dunedin. In which case New Zealand would contribute to the main service to San Francisco the sum of £13,000, leaving New South Wales to pay the remainder of the subsidy for the main service, viz. £35,000.

I have already submitted to you a copy of the provisional contract, and shall be glad to furnish you with any further information you may desire.

In conclusion, I trust that the proposals I now offer for your consideration will be acceptable to your Government, and will meet with your cordial support.

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

I am, &c.,
SAUL SAMUEL.

No. 51.

ARTICLES OF AGREEMENT made this thirteenth day of May, in the year of our Lord one thousand eight hundred and seventy-three, between HAYDEN HEZEKIAH HALL, of the City of Sydney, in the Colony of New South Wales, Consul of the United States of America in the said Colony, (hereinafter called or styled "the Contractor,") of the one part, and the Honorable SAUL SAMUEL, the Postmaster-General of the said Colony, as such Postmaster-General, for and on behalf of the Government of the said Colony, of the other part.

WHEREAS the Government of the said Colony are desirous of establishing a postal service between the United Kingdom of Great Britain and Ireland and the said Colony by way of San Francisco, in the State of California, and that the mails on the said postal service shall be carried from the port of San Francisco to the port of Sydney, and from the port of Sydney to the port of San Francisco, by steamships leaving the said ports respectively every fourth week during the continuance of the time hereinafter mentioned: And whereas the Government of the said Colony is desirous of negotiating with other Governments, and the Governments of other Colonies for a subsidy or a contribution towards the annual payment that will have to be paid by the Government of New South Wales for the said postal service: And it has therefore been agreed between the Contractor and the said Saul Samuel, as such Postmaster-General, that the Contractor shall enter into these presents for the performance of the postal service between the port of Sydney and the port of San Francisco, as hereinafter mentioned and provided for: Now these presents witness that the Contractor and the Honorable Saul Samuel, as such Postmaster-General, acting on behalf of the Government of the said Colony, under the authority given to or vested in him by "The Postage Act, 1867," hereby agree as follows: that is to say, The Contractor agrees, upon receiving notice from the said Postmaster-General, as hereinafter mentioned, to carry Her Majesty's Mails from the port of Sydney to the port of San Francisco, and from the port of San Francisco to the port of Sydney, making the voyage between the said two ports by direct line by way of Honolulu and Kandavau, Fiji, for the period of six years, commencing and calculated from the expiration of twelve calendar months after notice requiring the Contractor to proceed with this contract, shall be given by the said Postmaster-General as hereinafter provided, by steam vessels starting from each of the said ports every fourth week, and making the voyage from port to port in seven hundred and twenty hours, inclusive of all stoppages, for the sum of forty-eight thousand pounds per annum, or, if the said Postmaster-General shall require it, from port to port between the said ports in six hundred hours for the sum of sixty-eight thousand pounds per annum, the Postmaster-General to give to the Contractor notice of the time within which the said voyages are required to be performed, within five months of the date of these presents; and if notice is given that he is required to perform the said service for either of the fore-mentioned sums, the said postal service shall be performed for the said Postmaster-General exclusively, without the Contractor having the right to enter into any agreement with any other Government, or the Government of any other Colony, or with any other person or persons for the performance of any postal service by the steam vessels employed in such service, and the said Postmaster-General having full liberty to negotiate, arrange, and agree with the Imperial Government, and with the Government of any other Colony or Country, for subsidies or contributions to the sum to be paid annually for the said postal service, and the Contractor being bound to carry all mails forwarded by or on behalf of the Governments paying such contributions or subsidies to the said Postmaster-General, as a portion of the mail to be carried and conveyed by him for the said Postmaster-General under this agreement and without extra charge.

If the said Postmaster-General shall not give the Contractor notice that he requires the said postal service to be done for one or other of the said annual payments of forty-eight thousand pounds or sixty-eight thousand pounds, he shall within the said period of five months give the Contractor notice that he requires the said service to be performed for an annual payment of thirty thousand pounds, and the Contractor shall have the option, for the period of three calendar months after the receipt of such notice by him, of accepting or rejecting such last-mentioned notice, and of performing the said postal service for that sum; and in the event of his accepting such last-mentioned annual payment, he shall not be bound or obliged to carry under this Contract any mails for any Colony other than the said Colony of New South Wales, but he shall be at liberty to contract with the Government of any other Colony or Country for the conveyance of their mails by the steam vessels employed in the postal service mentioned herein, but shall not be at liberty in any way to alter the details or mode of performing the said service.

If the said Postmaster-General shall give the Contractor notice that he requires the mails to be carried for an annual payment of forty-eight thousand pounds or sixty-eight thousand pounds, it shall be lawful for the Postmaster-General to agree with the Government of New Zealand for the conveyance of Her Majesty's Mails to and from Kandavau to Auckland, Wellington, Christchurch, and Dunedin in New Zealand, and from Auckland, Wellington, Christchurch, and Dunedin, to Kandavau, in steam vessels of from eight hundred to one thousand tons burden, of a class similar to the steamship "City of Adelaide," so that the said mails may be received or delivered in the same way and in due time from and at Kandavau on board the steam vessels running from the port of Sydney to the port of San Francisco, and from the port of San Francisco to the port of Sydney; and the Contractor, if he shall be required so to do by the said Postmaster-General at the same time as he shall receive the forty-eight thousand pounds or the sixty-eight thousand pounds notice under this contract, shall and will provide fit and proper vessels to perform the said last-mentioned postal service, and shall perform same under the terms and conditions of this agreement, for the further sum of twelve thousand pounds per annum, which sum shall be paid to him by the said Postmaster-General in addition to the said annual payments of forty-eight thousand pounds or sixty-eight thousand pounds, whichever of those sums shall be payable under the notice given by the said Postmaster-General to the Contractor.

Upon the said Postmaster-General giving the Contractor notice that he requires the said postal service to be performed for either of the said annual payments of forty-eight thousand pounds or sixty-eight thousand pounds as hereinbefore provided, or upon the Postmaster-General giving to the Contractor notice that he requires the said service to be done for an annual payment of thirty thousand pounds, and upon the Contractor accepting as aforesaid such last-mentioned notice, and agreeing to perform the said service for the said sum of thirty thousand pounds, the Contractor agrees to perform the said service upon the terms and conditions following, that is to say:—

And these presents further witness: That the Contractor for himself, his heirs, executors, and administrators, covenants and agrees with the said Saul Samuel, as such Postmaster-General, that the Contractor shall and will perform the said postal service upon the terms and conditions hereinafter contained, that is to say:—

1. The Contractor agrees to commence the service as soon as possible, at a period not exceeding twelve months after receiving due notice from the said Postmaster-General of the said Colony of New South Wales, such notice to be given within five months from the date hereof as hereinbefore provided; and in the event of the said service not being commenced on such a day or the first day thereafter which the said Postmaster-General may fix as the day of sailing, the said Contractor agrees to pay to the said Postmaster-General the sum of one hundred pounds for every day from that time until the service shall be commenced by the said Contractor, but so as the whole amount of penalties for such failure shall not exceed the sum of ten thousand pounds.

2. Every vessel employed in this service is to call on the voyage in both directions at Honolulu and Kandavau (Fiji), or any other island on the direct line from Sydney to Honolulu.

3. The said mail shall be conveyed from Sydney to San Francisco, and from San Francisco to Sydney, every four weeks, by the way of Honolulu and Kandavau, calling at both places, in seven hundred and twenty hours if the sum of forty-eight thousand pounds per annum is to be paid for the conveyance thereof, or in six hundred hours if the sum of sixty-eight thousand pounds per annum is to be paid for the conveyance thereof, or in seven hundred and twenty hours if the said postal service is to be carried for the sum of thirty thousand pounds per annum, inclusive of all stoppages.

4. The term "Mails" in these presents shall be held to comprehend and include all boxes, bags, or packets of letters, newspapers, books, or printed papers, and all other articles transmissible by the post, without regard either to the place to which they may be addressed, or to that in which they may have originated. Also all empty bags, empty boxes, and other stores and articles used or to be used in carrying on the Post Office service, which shall be sent by, or to, or from the Post Office.

5. A penalty of three hundred pounds shall be incurred on each occasion when the Contractor shall fail in providing a vessel in accordance with this contract ready to put to sea at the appointed time, and a further penalty of one hundred pounds for every day's failure in providing such a vessel after such appointed time, the Contractor also to be subject to a penalty of fifty pounds for every complete period of twenty-four hours consumed on any voyage, from whatever cause arising, beyond the number of hours allowed for the voyage. The payment by the Contractor of any penalties shall in no way prejudice the right of the Postmaster-General of New South Wales to treat the failure to provide a proper vessel at the appointed time, or to perform a voyage at or within the appointed period as a breach of this contract.

6. A premium of fifty pounds will be given for every complete period of twenty-four hours by which the time occupied in any voyage from San Francisco to Sydney, or from Sydney to San Francisco, may be less than that allowed by the contract.

7. The Contractor to supply during the continuance of this contract, and to the satisfaction of the said Postmaster-General, a sufficient number of steam vessels of adequate power, and in all respects

suited for the performance of the service within the time stipulated in these presents, such vessels to be built of iron, propelled by screw, and of not less than one thousand five hundred tons register, A1 at Lloyd's, with spar decks, having large capacity for passengers and cargo, with ample ventilation for passing through tropical latitudes, to have steaming and sailing power of the latest and most improved principles.

8. The vessels to be always supplied 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, proper nautical instruments, and whatsoever else may be necessary for equipping the said vessels, and rendering them constantly efficient for the service to be performed. The vessel to be manned by legally qualified and competent officers, and a sufficient crew of engineers, able seamen, and other men.

9. The vessels to be subject at all times to survey by officers in the employment of the Marine Board of the Colony of New South Wales, and any defect discovered in such survey to be immediately made good by the Contractor, failing which the vessel to be considered unfit for use, and the Contractor to become liable to the penalties named in the first condition. The survey to extend not only to the vessels themselves, but also to the officers, engineers, crew, machinery, and everything which the Contractor is bound to provide.

10. The days and hours of departure and arrival at each port to be fixed by the said Postmaster-General, and to be subject to alteration from time to time by him on a notice to the Contractor of three months. The said Postmaster-General also to have power, by an order to the commander, to delay the departure of any vessel from any port for a period not exceeding twenty-four hours, and to delegate this power to any person to whom he may think fit to intrust it.

11. The Contractor to provide, to the satisfaction of the said Postmaster-General, a separate and convenient place of deposit for the mails on board each vessel.

12. Should the said Postmaster-General require it, a room for the purpose of sorting and making up the mails to be also provided, to the satisfaction of the said Postmaster-General, on board each vessel. The actual cost of erecting this sorting-room, and of providing the necessary furniture, lamps, &c., to be defrayed by the said Postmaster-General, but the furniture and lamps to be cleansed and kept in repair, and oil for the lamps to be supplied, at the cost of the Contractor. The services of the crew to be given in the conveyance of the mails between the mail-room and sorting-room.

13. Proper accommodation and mess to be provided, if required, for an officer of the Post Office in charge of the mails—such officer to be victualled and otherwise treated as a chief cabin passenger and whilst the packet stays at any port to or from which mails are conveyed to be allowed to remain on board.

14. At each port where the mails are to be delivered or received, the Contractor shall convey the same, and the officer having charge of them, to and from the shore as may be necessary, in a suitable boat, furnished with suitable cover for the mails, and to be properly manned and equipped.

15. The Contractor, and all commanding and other officers of the vessels which may be employed in the performance of such contract, and all agents, seamen, and servants of the Contractor, shall at all times during the continuance of such contract punctually attend to the orders of the said Postmaster-General, or of any of his officers or agents as to the mode, time, and place of embarking and disembarking mails.

16. Should the said Postmaster-General at any time deem it expedient to place the mails, or any part thereof, in the care of the commander of any vessel, such commander shall take charge of them, and be responsible for their due receipt and delivery. The commander shall also make the usual Post Office declaration, and furnish such journal returns and other information, and perform such other services, as the said Postmaster-General or his officers may from time to time require.

17. If this contract shall be performed under either the forty-eight thousand pounds or the sixty-eight thousand pounds notices, then, except such letters as are not required by law to pass through the Post Office, the Contractor shall not receive or permit to be received for conveyance on board any of the vessels employed under this contract any letter other than those contained in mails carried for the said Postmaster-General under this contract, and no mail shall be conveyed on behalf of any Colony or Country without permission of the said Postmaster-General, and the whole postage of every mail shall under all circumstances be at his disposal.

18. Every vessel which may have started or which should have started before the termination of the contract, must complete its voyage in like manner as if the contract remains in full force, but the Contractor shall be entitled to be paid for overtime at the contract rate.

19. Every sum of money forfeited by the Contractor to be considered as stipulated or ascertained or liquidated damages, and to be payable whether any damage shall or shall not have been sustained by reason of the breach for which the penalty may be imposed, the amount to be deducted by the said Postmaster-General out of any moneys then payable or which may thereafter become payable to the Contractor or at his discretion; the payment thereof may be enforced by action at law with full cost of suit.

20. This contract to continue in force for six years from the time of the commencement thereof, as hereinbefore provided; and the same shall be continued thereafter until the expiration of a twenty-four calendar months' notice, to be given in writing at any time by either party.

21. The Contractor to have the benefit of a free port at Sydney, and the use once every four weeks, from two to three days, of the Fitzroy Dry Dock, if not leased or otherwise occupied, and also of the workshops there, on paying all expenses for the same.

22. Subject to deductions for penalties or otherwise, payments to be made monthly at the General Post Office, Sydney, by equal monthly payments.

23. All notices which the said Postmaster-General or any of his officers or agents are authorized to give either to be delivered to the commander of any vessel of the said Contractor or to any officer or agent of the said Contractor in charge of any such vessels, or to be left at the office or last known place of business of the said Contractor.

24. The Contractor not to assign this contract or any part thereof, without the consent in writing of the said Postmaster-General, save only and except that part of the said contract which relates to the conveyance of mails from Kandavau to New Zealand, and from New Zealand to Kandavau.

25. In case of a breach of the last foregoing condition, the Postmaster-General shall have power at once, and without notice, to terminate this contract as for breach of contract.

26. For the due fulfilment of this contract the Contractor is to enter into a bond to Her Majesty with two responsible sureties in the penalty of ten thousand pounds for the due performance of this contract, and for the payment of all, every, and any fines, forfeitures, sum or sums of money which may become payable by the said Hayden Hezekiah Hall to the said Postmaster-General hereunder.

27. Should any dispute arise respecting the interpretation of any part of this contract the same to be settled by arbitration in the usual manner. In witness whereof the said parties have hereunto set their hands and seals the day and year before written, the said Saul Samuel signing and sealing these presents as such Postmaster-General as aforesaid with the intention of binding the Government of the said Colony and not as extending to create any personal liability on the part of the said Saul Samuel hereunder.

H. H. HALL,
SAUL SAMUEL,
Postmaster-General.

Signed, sealed, and delivered by the said parties in presence
of
T. K. BOWDEN,
Solicitor for Contractor.
JOHN WILLIAMS,
Solicitor, Sydney.

The within written are the articles of agreement recited or referred to in a certain bond, bearing even date herewith, whereby we have become bound to Her Majesty in the penal sum of ten thousand pounds for the due performance of the service within agreed to be performed, and for the payment of all or any penalties, &c., payable under the said articles of agreement.

Witness—T. K. Bowden.
John Williams.

H. H. HALL.
WM. CAMERON.
JOS. B. DUNN.

No. 52.

BOND.

KNOW ALL MEN BY THESE PRESENTS, that we, HAYDEN HEZEKIAH HALL, of the City of Sydney, in the Colony of New South Wales, Consul of the United States of America in the said Colony; WILLIAM CAMERON, of Sydney, in the Colony aforesaid, tobacco manufacturer; and JOSEPH BRAGG DUNN, of Sydney, in the Colony aforesaid, tobacco manufacturer, are held and firmly bound unto our Sovereign Lady Victoria, by the grace of God of the United Kingdom of Great Britain and Ireland Queen, Defender of the Faith, in the sum of ten thousand pounds sterling, to be paid to our said Lady the Queen, her heirs or successors, to which payment well and truly to be made, we bind ourselves and each and every of us, jointly and severally for and in the whole, our and each of our heirs, executors, and administrators, and every of them, firmly by these presents.

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

WHEREAS by certain articles of agreement bearing even date herewith, and made between the said Hayden Hezekiah Hall of the one part, and the Honorable Saul Samuel, the Postmaster-General of the said Colony, of the other part, the said Hayden Hezekiah Hall hath contracted and agreed with the said Saul Samuel, as such Postmaster-General, for the performance of certain postal service in and about the carrying of Her Majesty's mails from the port of Sydney in the said Colony to the port of San Francisco in the State of California, and from the said port of San Francisco to the port of Sydney aforesaid, by steam vessels, starting from the said ports respectively every fourth week, as in the said articles of agreement is mentioned; and also for the performance by the said Hayden Hezekiah Hall, if required by the said Postmaster-General, a postal service from Kandavau, Fiji, to certain ports in New Zealand; and from the said ports in New Zealand to Kandavau, as in the said articles of agreement mentioned: And whereas, previously to and at the time of entering into the said articles of agreement, it was agreed that the said Hayden Hezekiah Hall, with two sufficient sureties, should enter into a bond or obligation to Her Majesty the Queen, in the penal sum of ten thousand pounds, conditioned for the due performance of the said contract contained in the said articles of agreement, and for securing the payment to the said Postmaster-General of all fines, forfeitures, penalties, sum and sums of money which, under the said articles of agreement shall or may at any time and from time to time hereafter become payable to the said Postmaster-General for or by reason of any breach or breaches of any one or more of the covenants, conditions, clauses, stipulations, and agreements which, on the part of the said Hayden Hezekiah Hall, are to be performed, observed, and kept: Now the condition of this obligation is such that if the said Hayden Hezekiah Hall do and shall well and truly perform the said postal service, in the said articles of agreement mentioned, according to the true intent and meaning of the said articles of agreement, and also do and shall well and truly observe, perform, fulfil, and keep all and every the covenants, contracts, agreements, and stipulations, which by or on the part and behalf of the said Hayden Hezekiah Hall, his executors or administrators,

are or ought to be observed, performed, fulfilled, and kept in such manner in all respects as in the said articles of agreement are mentioned or required; and if the said Hayden Hezekiah Hall, his executors or administrators do and shall well and truly pay to the said Postmaster-General all fines, forfeitures penalties, damages, liquidated or ascertained damages, sum and sums of money, which shall or may from time to time, and at any time hereafter, become payable from or by the said Hayden Hezekiah Hall to the said Postmaster-General, under or by virtue of the said articles of agreement, when and as such fines, forfeitures, damages, liquidated or ascertained damages, sum and sums of money shall respectively become and be payable, without any deduction or abatement on any account whatsoever, then this obligation to become void, otherwise to be and remain in full force and virtue.

(L.S.) H. H. HALL.
(L.S.) WM. CAMERON.
(L.S.) JOS. B. DUNN.

Signed, sealed, and delivered by the said Hayden Hezekiah Hall, William Cameron, and Joseph Bragg Dunn—the words “and from the said port of San Francisco to the port of Sydney aforesaid,” having been previously written between the third and fourth lines from the foot of the first page hereof, in the presence of

JOHN WILLIAMS,
Solicitor, Sydney.
T. K. BOWDEN,
Solicitor for Contractor.

No. 53.

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

SIR,—

Wellington, 4th June, 1873.

No. 50 of this series.

Referring to my letter to you of yesterday on the subject of the establishment of a Mail Service *via* San Francisco, I desire to state that, in consequence of some doubt having been expressed by you as to the ability of the contractor to carry out the service, I am willing to act in concert with your representative in England; and that, should the contractor fail to satisfy us of his ability to perform the conditions of the contract, I undertake to adopt measures to cancel the same, and to arrange with your representative for another contract with other parties, based on the same terms and conditions.

I would also again point out to you the advantageous character of this service to your Colony, giving it a speedy and efficient mail service with the United Kingdom at a cost, in the first instance, of £25,000, which sum, it may reasonably be expected, will be reduced by subsidies from Great Britain and other places to at least one-half that amount, say, £12,500.

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

I have, &c.,
SAUL SAMUEL.

No. 54.

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

SIR,—

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

Nos. 50 and 53 of this series.

I have brought under the notice of the Cabinet the proposals in reference to a Californian Service which you made to me verbally yesterday, together with the copy of the contract and bond which you left with me. After these were well considered, your two letters were received, and were also taken into consideration.

I have to express the regret which is felt by the Cabinet that your Government should have entered into a contract for such a service without first consulting the Government of New Zealand, with the view of devising terms which might have led to hearty co-operation. The resolution which was passed on the subject of the service by the late Intercolonial Conference expressly contemplated the two Governments jointly arranging a contract. In correspondence on the subject, your Government have expressed a desire, supposing the Webb-Holladay Contract should be terminated, to act in concurrence with New Zealand. To a deputation from the Sydney Chamber of Commerce, and subsequently in the Legislature, members of your Government gave assurances of a like desire. Yet your Government have, without reference to the Government of this Colony, entered into a contract of so hurried a nature that all those provisions which would tend to give security to New Zealand—supposing the Colony to join with you in the contract—are omitted. I have stated to my colleagues your assurance that you would compel the contractor to assent to such provisions, should an agreement with New Zealand be come to; but the fact remains that the contract does not, at present, include the provisions which would be obviously necessary to justify this Colony to contribute to the service.

There is no adequate provision for the nature of the vessel to do the branch service between Kandavau and New Zealand, for the speed to be adopted, and the penalties for delays, nor for the detention of the main steamer if the branch steamer fail to arrive at Kandavau in time, nor for the passage of a Mail Agent. In brief, you propose that New Zealand should pay five-twelfths of the cost of a service, in the contract for which its interests are wholly neglected. Supposing you are able to remedy these defects, you would be able to insist on another contract, and it then would be better to

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

implied, which should have prevented the Government of either Colony from entering into a provisional contract without first consulting the other; and your Government appear to have recently held this opinion, for in the telegram referred to it is stated (as you also personally informed me) that Mr. Russell, your representative in England, is specially charged with carrying out the views of the New Zealand Government as to a Californian Service; and that, if he had not already made other arrangements, he would be in a position to confer with me, and to "propose terms for a joint service, to be undertaken by both Colonies": thus showing that the New Zealand Government were contemplating arrangements for a Pacific Service entirely independent of, and without its being considered necessary to consult with, the New South Wales Government.

The fact, however, of my being deputed specially to visit your Colony with a view of inviting your co-operation in the establishment of a mail service across the Pacific should be sufficient evidence of the desire on the part of the New South Wales Government to act in concert with that of New Zealand.

4. It is alleged that the New South Wales Government have entered into a contract "of so hurried a nature that all the provisions which would tend to give assurance to New Zealand were omitted, and consequently that no adequate provision is made regarding the character of the vessels for the branch service, for the speed, or for the enforcement of penalties for delay, nor for detention of the main steamer should the branch steamer fail to arrive at Kandavau in time, or for the passage of a mail agent."

Now, the provisional contract distinctly specifies, as regards the character of the vessels to be employed for the branch service, that they shall be of from "800 to 1,000 tons burden, of a class similar to the steamship 'City of Adelaide,'" a vessel well known in the Australasian Intercolonial trade. I cannot, therefore, imagine how such a representation should have appeared. The contract also provides that the branch service shall be performed under the same conditions as the main service.

These conditions provide for the rate of speed either at ten or twelve knots an hour, according to the amount of subsidy paid. There are also clauses amply sufficient for the enforcement of penalties. As regards the detention of the main steamer at Kandavau pending the arrival of the branch steamer from New Zealand, it is stipulated in the contract that "the Postmaster-General of New South Wales is to have power, by an order to the commander, to delay the departure of any vessel from any port for a period not exceeding twenty-four hours, and to delegate this power to any person to whom he may think fit to intrust it."

Under this provision, sufficient arrangements could of course be made for the detention of the packet at Kandavau until the New Zealand steamer had arrived. This is, however, a mere matter of detail.

The statement that there is no provision made for a mail agent is also incorrect, there being a clause in the contract to the effect that "proper accommodation and mess to be provided for an officer of the Post Office in charge of the mails, such officer to be victualled and otherwise treated as a chief-cabin passenger."

But supposing the contract, as regards the service from Kandavau to New Zealand, were open to the objections which I have just met, your Government had the option of making a separate contract for this portion of the service, and of taking it under your entire control.

5. The remarks relative to the business occupation of the gentlemen who are sureties, as well as the observations as to the contract having been entered into as a mere matter of speculation, appear to me to be as unwarrantable as they are uncalled-for, and certainly are not reconcilable with the fact that you personally expressed to me that you were satisfied as to the sufficiency of the sureties; and further, that 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 contractors should have the preference in such new contract.

6. I do not consider it needful to notice some few other objections which have been raised, as they appear to relate to matters of detail which might readily be arranged between the Colonies quite irrespective of the contract agreement.

7. It appears to me that an unnecessary exception has been taken to the manner in which the provisional contract agreement has been prepared, as it is apparent that 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,—an arrangement it is unreasonable to expect, considering that it would involve an unnecessary detour of three days' duration for the whole of the Australian mails and passengers, while the only advantage that New Zealand could derive would be that the passengers to and from Auckland (if that were made the port of call, as proposed by you) would not be subject to any transshipments. Those to and from the important Southern Provinces of New Zealand would of necessity under your proposal have to change steamers at Auckland; and I imagine they would not be much inconvenienced or feel dissatisfied if this change took place at Kandavau some few days earlier or later, as the case may be, so long as the service was an efficient and economical one.

Expressing my regret that your Government have not arrived at a different determination in the matter,

The Hon. Julius Vogel, C.M.G., Wellington, New Zealand.

I have, &c.,
SAUL SAMUEL.

No. 57.

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

SIR,—

Melbourne, 17th June, 1873.

No. 54 of this series.

I have the honor to acknowledge the receipt of your letter dated the 4th instant, on the subject of my proposals to your Government for the establishment of a mail service between Great Britain and Australia *via* San Francisco.

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.

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.

By Authority: GEORGE DIBSBURY, Government Printer, Wellington.

Price, 1s. 6d.]