

responsibility in connection with it again. This colony will not be content with longer postal time without sharing in savings on subsidy, which, by your proposal, you claim entirely. Nor is it clear that there would be ten thousand pounds saving; for if the Company were to run Coastal Service, the reduction from present subsidy would be small. The only principle likely to be approved by our Parliament is, that whatever saving be effected should be shared equally by both colonies. We recommend reconsideration, and that the two colonies offer to the Company seventy-five thousand pounds, Frisco, Honolulu, Bay of Islands, Sydney, thirteen trips a year. Separate tender for the Coastal Service to be called and jointly approved. The cost thereof to be joint and equal between our respective Governments. The whole to be subject to the approval of Parliament. Meantime the service might be performed by proposed new route.

The Hon. the Colonial Secretary, Wellington.

COLONIAL SECRETARY, Sydney.

### No. 9.

The Hon. Dr. POLLEN to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 18th October, 1876.

WE did not propose to take all savings effected by alteration of contract, but to divide them with you. Our proposal was to take originally proposed C Service for seventy-five thousand, and therefore limited our payment to one-half—namely, thirty-seven thousand five hundred. We think that Company should make some deduction from £75,000, their former offer, in consideration of being relieved from our Coastal service. Will they do this, or are we to consider present proposal final, and ask Parliament to say Yes or No. Hope you will assent to Auckland instead of Bay, as it will be great convenience to us in distribution of mails to places not provided for by arrangement with you, and will cost much less.

The Hon. the Colonial Secretary, Sydney.

DANIEL POLLEN.

### No. 10.

The Hon. Dr. POLLEN to the Hon. the COLONIAL SECRETARY, Sydney.

(Telegram.)

Wellington, 18th October, 1876.

HAVE made careful inquiries as to the cost of distributing mails; probable cost from Auckland, *via* West Coast, about five thousand; from Bay more than double, as East Coast of New Zealand has no ports between Auckland and Wellington suitable for mail steamers, and most of traffic on West Coast. As you will get whole benefit of terminus, we think you should not insist on additional expense and inconvenience for the sake of twelve hours at most.

The Hon. the Colonial Secretary, Sydney.

DANIEL POLLEN.

### No. 11.

The Hon. the COLONIAL SECRETARY, Sydney, to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram.)

Sydney, 20th October, 1876.

WITH reference to your first telegram of the 18th instant, we are with you that the saving on any new arrangement for the Pacific Mail Service shall be equally divided between our respective colonies. You say in effect, in your second telegram of same date, that while five thousand pounds would be sufficient for your coastal service if the mails be landed at Auckland, it would require more than ten thousand pounds if they were delivered at Bay of Islands. We are unable to understand why you cannot arrange for the mails being carried from Bay of Islands to Auckland, which would place them in the position which you seem to desire, which we believe could be done for an annual subsidy of one thousand pounds. You are already aware that the contractors will rather forfeit penalty than do Coastal Service. Pending our negotiation Pacific Mail Service, Gilchrist asks permission, in accordance with the concluding paragraph of our telegram of the 17th instant, to perform service by way of Honolulu, Bay of Islands, and Sydney. Do you consent? Reply promptly, as Gilchrist urgently desires to send instructions to Fiji by telegraphing to "Australia," leaving Auckland to-morrow.

The Hon. the Colonial Secretary, Wellington.

COLONIAL SECRETARY, Sydney.