

1876.
NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE,

(FURTHER PAPERS RELATIVE TO).

(In Continuation of papers presented on the 16th June, 1876.)

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

No. 1.

COPY of a DESPATCH from the Right Hon. the EARL of CARNARVON to Governor the Most Hon. the MARQUIS of NORMANBY, K.C.M.G.

MY LORD,—

Downing Street, 28th April, 1876.

I have the honor to transmit to you a copy of a letter from the Board of Treasury, ^{F.—3.} dated the 21st of January last, upon the subject of an intimation received from the Postmaster-General of the United States, to the effect that the United States Government find it necessary ^{Enclosure 2 in No. 96.} to raise the land transit charge on the Australian and New Zealand mails conveyed to and from San Francisco to 33 cents per pound, being the amount actually paid by them; and requesting my assistance to devise some means by which the Imperial Exchequer might be relieved from having to bear the whole weight of this additional charge, estimated to amount to some £12,000 a year.

2. On the receipt of this letter, I communicated copies of it to the Agents-General for New South Wales and New Zealand, and to Sir Daniel Cooper (who as you are aware, while temporarily representing the Government of New South Wales, had been active in arranging the terms of the mail contracts for the Pacific Service), and requested them to call at this office and make any representations they might desire to offer. After hearing them, I requested them to ^{F.—3.} communicate their views in writing, and I enclose copies of the letters which they subsequently ^{Enclosure 7 in No. 96.} addressed to this department.

3. After giving my most anxious consideration to the whole question, I felt unable to suggest any mode in which Her Majesty's Government could be relieved from the payment of such charge as may be made by the United States Government for the service in question.

The decision of Her Majesty's Government (adopted in order to surmount a serious difficulty which had arisen between the colonies as to the details of the mail service between Australia and this colony) was, I represented to the Treasury, beyond doubt intended to place the three new colonial ocean services then contemplated as far as possible upon an equal footing, by this country undertaking to carry all mail matter not only free of charge to the colonies, but for equal rates of postage (being the rates then existing) to and from the respective termini of those three services, viz. Galle, Singapore, and San Francisco.

4. I explained that it was on the faith of this understanding that the colonies of New South Wales and New Zealand undertook the Pacific Mail Service to and from San Francisco, the cost of which is very heavy, and which could not have been attempted if it had been liable to be placed at a disadvantage as compared with the other two routes in regard to postal rates or in any other respect not foreseen at the time of entering into the engagement. I therefore informed the Lords Commissioners of the Treasury that, in my opinion, it would not be open to Her Majesty's Government to propose an additional charge on newspapers or other mail matter either outwards or homewards.

5. I have now the honor to inform you that, after full consideration, their Lordships have agreed that during the continuance of the present postal arrangements with the Australasian Colonies, Her Majesty's Treasury should maintain the existing rates for mail matter carried *via* San Francisco, accepting the burden of defraying the increased transit charges levied by the United States Government.

6. The Treasury wish it, however, to be understood that they cannot undertake to defray these charges after the termination of the period of five years for which it was settled that the present

arrangement should last, and that the colonies must then contemplate the possibility of a modification being made, in order to relieve Her Majesty's Government of at least some portion of the exceptionally heavy cost of the land conveyance of the mails *via* San Francisco.

7. I have much pleasure in conveying to you the decision of the Lords Commissioners of the Treasury not to disturb in any way the arrangements which, after much consideration, were arrived at for carrying the mails between Great Britain and the Australasian colonies along the best and most carefully selected routes; and I desire further to urge upon the colonies of New South Wales and New Zealand that, in the same spirit in which Her Majesty's Government have accepted a heavy burden which has fallen upon their share of the common undertaking, the Colonial Governments should consider whether they, on their side, cannot overcome any difficulties which may have arisen in carrying on the Pacific Mail Service on the route as now adopted.

8. It is needless to point out that the interests of the Colony of Fiji are involved to a most important extent in the maintenance of the present route, nor can it be supposed that the interests of Australia and New Zealand are uninfluenced by it. Without reverting to those essential colonial considerations on which the annexation of the Fiji Islands was determined, they may, I think, be properly recalled to the recollection of your Ministers if, as you—the Governor of New Zealand—lately intimated to me, it is contemplated that, in consequence of the absence of lights, the steamers should cease to call at Fiji on their way to and from San Francisco and New South Wales and New Zealand.

9. When the site of the capital of the Colony of Fiji is decided, it may be possible for the colony to do what is requisite in regard to lighting the approaches to the port. But whatever may be done in this matter, it may fairly be expected that, as the mail steamers have hitherto called at a port in Fiji without the coasts being lighted, they shall continue to do so for the remainder of the time during which the present arrangement is to last, whatever may be done as to lights. Her Majesty's Government are, I think, only pressing for what is reasonable and just in urging this, as a return for the new burden which it may be contended on behalf of this country is now cast upon it, of carrying the mails to and from San Francisco at a cost which was not contemplated in 1873, and which would in all probability, if then anticipated, have precluded Her Majesty's Government from undertaking what it then bound itself to do.

I have, &c.,

CARNARVON.

Governor the Most Hon. the Marquis of Normanby, K.C.M.G.

Enclosure 1 in No. 1.

MEMORANDUM by Sir DANIEL COOPER on Letter (and Enclosures) of Mr. LAW, of the Treasury, in the matter of the Transit of the Mail to and from New York and San Francisco.

WHEN the Imperial Government wished to relieve itself from the responsibility and trouble attaching to the mail service between England and Australia, finding that united action could not be obtained between all the colonies, it offered to carry to and receive at Galle and Singapore respectively, the mails by the eastern route, also at San Francisco by the western passage; and Lord Kimberley sent his decision to that effect to the various colonies, as per telegram 16th May, 1873; this arrangement to hold good for five years.

Whatever negotiations took place between the Treasury, the Colonial Office, and the Post Office, New South Wales at least was no party to them, but was reluctantly compelled to work under the yoke of Melbourne, or seek the aid of New Zealand in establishing the western mail route on a sound and permanent footing. After many breakdowns, and spending many hundreds of thousands of pounds, these two colonies have just entered into a contract for eight years, which they believe will work satisfactorily, and the mail will be delivered each way within forty-eight days, for which service they are to pay a subsidy of £90,000 a year.

This contract was made on the basis of the present postal rates not being increased, and the confidence that a public arrangement made by the Secretary of State for the Colonies would be held inviolable.

Mr. Law's comparison between the San Francisco route and that *via* Brindisi does not hold good; if comparison be made at all, it must be between the Southampton route, to which the Brindisi is only a fast branch, or an express supplement, and which does exceptional work over that branch, and for which those who do not avail themselves of the main or Southampton line pay an extra rate.

As a colonist I protest most emphatically against any alteration of the postal rates as at present existing, at all events until the expiring of the five years designated in Lord Kimberley's telegram. The reason advanced by Mr. Law for attempting to disturb this arrangement is in reality a strong argument why the same should be maintained. It is clear that the Government did not make this arrangement in ignorance of the difficulty that has arisen, but had actually discussed it, and then made their own terms, deliberately omitting that which, if brought forward, would most certainly have been resolutely resisted both in New South Wales and New Zealand, who claimed then, and claim now, that they should have the power of sending their mails at the same

rate of charge in all respects as the mails using the eastern passage. This I have no doubt was the intention of Lord Kimberley, and this is why no allusion as to the possibility of any extra charge was made in the telegram.

It is quite useless for the Lords of the Treasury to make any recommendation that the charge for newspapers should be fourpence for four ounces (4d. per 4 oz.); the real question is that the charge must be the same as that by the eastern route, one penny for four ounces (1d. per 4 oz.), or prohibit altogether the sending of any but letters by the San Francisco route. They may just as well recommend four shillings for the four ounces as fourpence. Those who wish to send newspapers by the eastern route can do so *via* Southampton, and it is at their own option whether or not they pay the extra charge *via* Brindisi, but *via* San Francisco there is no such choice.

Should the Imperial Government consider it has a just claim on New Zealand and New South Wales, and that it can substantiate it, I would humbly suggest that the better course would be to make the claim for the full sum of £12,000, and try to arrange the matter by friendly negotiation.

In taking the course recommended by the Lords of the Treasury, of making so serious an alteration of the postal rates at a few days' notice, unknown to the two colonies most interested, and with Lord Kimberley's arrangement still in force, an amount of indignation and ill feeling will be aroused that will take many years to allay, especially as the new contract at £90,000 per annum for eight years has only just commenced, and of that sum £15,000 a year has been incurred almost expressly to meet the wishes of the Home Government, to have rapid and regular communication with the new Colony of Fiji.

It is not for me to deal with the question as between the Imperial Government and that of the United States, which is the real point at issue, and not one as between Australia and the Home Government; and I respectfully suggest that the Government should hesitate while attempting to extricate itself from a small pecuniary difficulty with the United States Government, and not create a much more complicated and formidable entanglement with two of its finest colonies, which, once effected, no mere expenditure of money could obliterate or efface.

20, Princes Gardens, 4th February, 1876.

DANIEL COOPER.

Enclosure 2 in No. 1.

Mr. W. FORSTER to the UNDER SECRETARY of STATE for the Colonies.

3, Westminster Chambers, Victoria Street, S.W.,
28th February, 1876.

SIR,—

With reference to your letter of the 29th ultimo, transmitting a copy of a letter from the Treasury, with its enclosures, on the subject of an increase in the transit charges across the American Continent on the Australian and New Zealand mails conveyed *via* San Francisco, I have now the honor, in compliance with the Earl of Carnarvon's request at the interview which I had with his Lordship, to submit the following remarks on the propositions contained in the correspondence in question. Not received.

I regret very much that the position in which the colonies concerned have been placed by former communications from the Colonial Office, and by the subsequent action taken with reference to these communications, appears to render it almost impossible for these colonies to take any steps towards assisting Her Majesty's Government, by sharing a portion of the burden imposed upon the latter by the course adopted by the Government of the United States. Among the communications to which I refer, the chief are,—

1. Telegram from the Secretary of State for the Colonies to His Excellency the Governor of New South Wales, dated 16th May, 1873, in which it is clearly intimated that the Imperial Government will pay to each colony contributing to the mail service the postage received on the outward mail, and it is added, subject to certain immaterial conditions, that "similar payment will be made in case of establishment of service from Singapore or from San Francisco."

2. The undertaking thus signified is confirmed by a despatch dated 13th June, 1873, from the Earl of Kimberley to Sir Hercules Robinson, and by its enclosed letters, A and B, from Mr. Lengen to the Under Secretary of State for the Colonies, dated 16th May, 1873, and from Mr. Strong to the Postmaster-General, dated 14th May, 1873, and it is enunciated in a more complete form in the letter from the Secretary to the Treasury to the Postmaster-General, dated 2nd June, 1873, also enclosed (E) with the despatch above quoted.

By these letters it will be seen that the Imperial Government not only undertake to convey the mails in question free, but that, in effect, the colonies are invited, and the free postage by San Francisco held out as an inducement to those colonies, to make arrangements, upon the basis of such free postage for their letters, for the establishment of a mail service by way of San Francisco from New South Wales and New Zealand across the American Continent to London. It is a fact that such arrangements have been entered into by the two colonies concerned upon that basis, and there can be no doubt that these arrangements were chiefly encouraged and induced by the promise of free postage, as above indicated. I must also point out, with reference to the remark in the Treasury letter of the 21st January, 1876, that "it is open to either side to revise the rates at present in force;" that throughout the correspondence above referred to, and the negotiations in connection therewith, it was fully implied and understood that the

rates to be charged to the public *via* San Francisco would not exceed those *via* Southampton and Galle; and the existing higher rates by Brindisi are accounted for by the charge for the continental land transit, from which charge the San Francisco route is distinctly stated to be free.

This appears very clearly in letter E, dated 2nd June, 1873, from the Secretary to the Treasury to the Postmaster-General, already referred to above, and acknowledged in letter E from the Secretary to the Postmaster-General to the Secretary to the Treasury, dated 5th June, 1873.

I am satisfied that if the rates for either letters or newspapers were increased, as suggested, the result would be that very few, if any, letters or newspapers would be transmitted to or from New South Wales by the San Francisco route, which would practically amount to this: that New South Wales would be paying a heavy subsidy without deriving any corresponding benefit or equivalent, so far as the transmission of mails is concerned.

Accordingly, to consent to the proposition emanating from the Imperial Treasury, that a rate of 4d. should be charged on newspapers, would be to prohibit the transmission of newspapers by that route, and would be specially inconsistent with the policy of the New South Wales Government, which transmits newspapers free over the colony (with certain limits as to time of publication).

I have the honor, therefore, to express my hope that, on consideration of the peculiar circumstances above set forth, the proposal of the Treasury to charge 4d. upon newspapers by the San Francisco route will not be pressed any further by Her Majesty's Government.

The Under Secretary of State for the Colonies,
Downing Street, S.W.

I have, &c.,
WILLIAM FORSTER.

No. 2.

MEMORANDUM by the Hon. the POSTMASTER-GENERAL upon the EARL of CARNARVON'S Despatch of the 28th April, 1876.

THE Postmaster-General thinks that His Excellency should be asked to convey the thanks of the Government to the Secretary of State for the Colonies for his efforts to prevent the Lords Commissioners of the Treasury from putting an extra charge on mail matter by the Californian service. The Postmaster-General is, however, of opinion that had the Treasury imposed such extra charge, it would have been a breach of the deliberate agreement made with the Colonies, unless, indeed, the extra charge had been paid to the Colonies concerned, in which case there would have been no need to impose it. Had the United States lowered the transit rates, the Colonies would have gained no advantage, and there seems no reason why they should be subjected to extra charge. The Imperial Government very carefully considered the arrangement which would be most acceptable to them; surely they should be prepared to abide by it. If the transit rates are increased, the cost of the San Francisco mails would probably not exceed the cost of the mails by Suez, although, in the latter case, there is a difficulty in distinguishing between the cost for the Indian and the Australasian mails. As the arrangement now stands, the Postmaster-General is of opinion that the net cost of mail communication between Great Britain and the Australasian Colonies falls more heavily on the latter than on the former. This, however, is merely an opinion, as the means for establishing its correctness are wanting.

The Postmaster-General unwillingly raises these points; but it seems to him necessary to do so, because he regrets to find himself unable to agree with Lord Carnarvon as to its being a duty of this colony to require the Californian service to be performed by way of Fiji. His Lordship is probably unaware of the great risks, delay, discomfort to passengers, and extra cost involved by calling at Fiji. Indeed, the extra postage might be much more than covered out of the extra expenditure. New Zealand has not been unmindful of the advantages of postal communication with Fiji, and a subsidized service has for some time been established between the two colonies. In the event of the Californian mail steamer not calling at Fiji, the Government will, if practicable at a reasonable expense, endeavour to make the times of the present Intercolonial service harmonize with the arrival and departure of the mail steamers.

The Postmaster-General hopes that this assurance will satisfy the Secretary of State. It is to be observed that no arrangement for altering the route has yet been decided on.

Wellington, 11th July, 1876.

JULIUS VOGEL.

No. 3.

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

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

2nd May, 1876.

SIR,—

F.—3. No. 96.

In continuation of my letter of the 10th February, enclosing a correspondence concerning a proposal of the Lords Commissioners of Her Majesty's Treasury, to raise the rate of postage on newspapers and other printed matter *via* San Francisco, I have the honor to forward herewith, for the information of the Government, a copy of a letter which I have received from the Colonial Office, transmitting a copy of a despatch addressed on the same date by the Earl of Carnarvon to his Excellency the Governor, in which it is announced that, on consideration, the Treasury proposal above referred to has been withdrawn.

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

The Hon. the Colonial Secretary, Wellington.

Enclosure in No. 3.

Mr. MALCOLM to the AGENT-GENERAL for New Zealand.

SIR,—

Downing Street, 28th April, 1876.

With reference to your letter of the 8th of February, I am directed by the Earl of Carnarvon to transmit to you, for your information, a copy of a despatch which his Lordship has addressed to the Governors of New South Wales and New Zealand, after further communication with the Lords Commissioners of the Treasury upon the subject of the course to be taken in consequence of the proposed increase by the United States Government of the charge on account of the transit of the mails for Australia and New Zealand across the North American Continent.

The Agent-General for New Zealand.

I have, &c.,
W. R. MALCOLM.

No. 4.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 4th May, 1876.

We have the honor to state that the General Agent of the Pacific Mail Steamship Company, at San Francisco, reports that the "City of San Francisco" delivered her mails from New Zealand at San Francisco on the 9th of March last, thirty-one hours twenty-two minutes under contract time, and that the Mail Agent has so certified. We have to request that you will therefore lodge to our credit in the Bank of New Zealand at Wellington the premiums, in accordance with clause 12 of the contract.

The Hon. the Postmaster-General, Wellington.

We have, &c.,
GILCHRIST, WATT, AND Co.

No. 5.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 16th June, 1876.

I am directed by the Postmaster-General to acknowledge the receipt of your letter of the 4th ultimo, stating that the General Agent of the Pacific Mail Steamship Company reports that the "City of San Francisco" delivered her mails from this colony at San Francisco on the 9th of March last, thirty-one hours and twenty-two minutes under contract time, and that the Mail Agent has so certified.

In reply, I am to state that you appear to be under a misapprehension as to the Mail Agent having given a certificate. The length of the voyage is computed as per enclosed schedule, which shows a bonus due on six hours only. A sum of thirty pounds (£30), being the amount of the bonus, will therefore be lodged to your credit at the Bank of New Zealand here.

Messrs. Gilchrist, Watt, and Co., General Agents of the
Pacific Mail Steamship Company, Sydney.I have, &c.,
W. GRAY,
Secretary.

SCHEDULE REFERRED TO.

The "City of San Francisco" left Auckland midnight of 14th February, and arrived at San Francisco at 12.40 p.m. of 9th March, equal to.. ..	564 hours 40 minutes		
Time gained	24 " 0 "		
	588 " 40 "		
Less time lost (difference in Auckland and San Francisco time)	4 " 10 "		
	584 " 30 "		
		£	s. d.
Being within 591 hours, entitling Contractors to a subsidy of		1,729	16 2
And bonus of £5 per hour for 6 complete hours		30	0 0
		1,759	16 2
Subsidy already paid		1,729	16 2
Balance due		£30	0 0

No. 6.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.
 (Telegram.) 25th May, 1876.
 PLEASE lodge outward subsidy "Granada." Inward subsidy "City of New York." According
 official time, certified.
 The Postmaster-General, Wellington. GILCHRIST, WATT, AND Co.

No. 7.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.
 (Telegram.) 27th May, 1876.
 SIR Daniel Cooper tells us he has telegraphed and written to you explaining "City of San
 Francisco's" detention until 3rd April. Hope you will therefore now lodge five hundred and
 fifty pounds kept back from her subsidy.
 The Postmaster-General, Wellington. GILCHRIST, WATT, AND Co.

No. 8.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.
 GENTLEMEN,— General Post Office, Wellington, 7th June, 1876.
 I am directed to enclose herewith copy of a telegram forwarded to you on the 5th
 instant, notifying that a sum of £3,197 12s. 4d. had been lodged with the Bank of New Zealand
 here, in respect of the "Granada's" outward and the "City of New York" and "Australia's"
 inward services.
 2. I also enclose herewith copy of the voucher prepared on your behalf in order that you
 may ascertain how the sum lodged with the Bank of New Zealand here on the 5th instant, has
 been computed.
 Messrs. Gilchrist, Watt, and Co., General Agents,
 Pacific Mail Steamship Company, Sydney. I have, &c.,
 W. GRAY,
 Secretary.

Enclosure in No. 8.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.
 (Telegram.) 5th June, 1876.
 THREE one nine seven pounds twelve shillings and fourpence, in respect of "Granada's"
 outward and "City of New York" and "Australia's" inward services, lodged with Bank of
 New Zealand this day.
 Messrs. Gilchrist, Watt, and Co., Sydney. W. GRAY.

No. 9.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL,
 Wellington.

SIR,— Sydney, 1st June, 1876.
 F.—3. No. 113. We have the honor to acknowledge the receipt of your letter of 25th April, and to state
 that the various sums advised by you, as lodged to our credit, have been duly received.
 We thank you for the copy of telegram which you have sent.
 Your offer was fully advised to the Contractors on 7th April, and we hope to receive by an
 early mail distinct authority to deal with the matter. Meantime we are not in a position, nor
 would we feel justified, in giving a full discharge for the subsidies named, inasmuch as we would
 respectfully urge that the Government should not be so rigid in enforcing penalties on the first
 voyage or two of a large mail service where such perfect *bona fides* had been displayed, and such
 strenuous efforts shown on the part of the Contractors to meet the wishes of the Colonial Govern-
 ments in starting before their preparations were fully in order.

We have, &c.,
 GILCHRIST, WATT, AND Co.,
 General Agents for the Contractors, San Francisco Mail Service.
 The Hon. the Postmaster-General, Wellington.

No. 10.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL,
Wellington.

(Telegram.)

20th June, 1876.

PLEASE lodge Bank New Zealand outward and inward subsidies. "Zealandia" inward bonus here, forty-eight hours.

The Hon. the Postmaster-General, Wellington.

GILCHRIST, WATT, AND Co.

No. 11.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.

(Telegram.)

4th July, 1876.

THREE seven fifty-five twelve and fourpence. Bonus, thirty hours to 'Frisco, and forty-four 'Frisco to Auckland.

Messrs. Gilchrist, Watt, and Co., Sydney.

W. GRAY.

No. 12.

Messrs. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL,
Wellington.

SIR,—

Sydney, 8th May, 1876.

We have the honor to state that the following port charges have been made in New Zealand to the vessels engaged under the Postal Contract, viz,—

	£	s.	d.
"Vasco de Gama"	86	12	6
"Colima"	127	2	9
"Cyphrenes"	368	0	0
Total	581	15	3

And we beg you to refund the said sums to us, in terms of clause 22 of the contract.

We may mention that all port charges have been refunded by our Government (not excepting the "Cyphrenes"), and in future no such charges will be made.

We observe that the Fiji Government make heavy pilotage and port charges to the vessels engaged in the mail service, and as that Government contribute nothing to the subsidy, and have their mails carried to Kandavau, we shall be glad if you will assist us with your influence in obtaining a refund of all amounts already charged, and a relief from such charges in future.

We understand the Hawaiian Government remit all such charges, and we think it very unfair to the Contractors that the Fijian Government should be less liberal, seeing they participate so largely in the advantages of the contract.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 13.

Mr. GRAY to Messrs. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 7th June, 1876.

The Postmaster-General has directed me to acknowledge the receipt of your letter of the 8th ultimo, relative to the charges made in this colony, in respect of the "Vasco de Gama," "Colima," and "Cyphrenes," for port, harbour, and other dues. I have to state that the sum stated to have been paid in respect of the "Vasco de Gama" was refunded by the Collector of Customs at Auckland on the 30th November last; and £44 15s. 10d. out of the sum of £127 2s. 9d., recovered in respect of the "Colima," was also repaid on the 31st December. The Postmaster-General has been pleased to direct that the balance, £82 6s. 11d., shall be refunded your agents at Auckland.

2. With reference to the charges which have been recovered in respect of the "Cyphrenes," I am directed to state that the Postmaster-General is unable to authorize repayment, as the "Cyphrenes" was not only refused to be recognized as a vessel under the contract, but your agents were distinctly informed that she would be liable for all port charges. Under these circumstances the sum paid in respect of this vessel for dues cannot be repaid.

I have, &c.,

W. GRAY,

Secretary.

Messrs. Gilchrist, Watt, and Co., Sydney.

No. 14.

Messrs. OWEN and GRAHAM, Auckland, to the Hon. the POSTMASTER-GENERAL, Wellington.
SIR,—

Auckland, 19th May, 1876.

At the instance of the head office of the Pacific Mail Company in Sydney, we again beg respectfully to bring under your notice our position for a refund of the charges which were enforced against the s.s. "Colima" and "Cyphrenes" at the commencement of the contract.

We are advised by Messrs. Gilchrist, Watt, and Co. that the Government of New South Wales have remitted all their charges against these steamers.

Trusting to receive your favourable consideration in the matter,

We have, &c.,

The Hon. the Postmaster-General, Wellington.

OWEN AND GRAHAM.

No. 15.

Mr. GRAY to MESSRS. OWEN and GRAHAM, Auckland.

GENTLEMEN,—

General Post Office, Wellington, 23rd June, 1876.

I am directed to acknowledge the receipt of your letter of the 19th ultimo, in which you make further application for a refund of port, harbour, and other dues recovered in respect of the steamers "Colima" and "Cyphrenes;" and I have to inform you, in reply, that the Postmaster-General has agreed to refund you £82 6s. 11d., the balance of the sum of £127 2s. 9d., originally recovered in respect of the "Colima." Particulars of the refund will be obtained from the Collector of Customs.

2. The charges which have been collected in respect of the "Cyphrenes" cannot be repaid, as that steamer was not only refused to be recognized as a vessel under the contract, but the agents of the Contractors were distinctly informed that she would be liable for all port charges.

3. I am to add that the General Agents in Sydney have been informed, in reply to a communication from them on the subject, of the decision herein conveyed to you.

I have, &c.,

W. GRAY,
Secretary.

Messrs. Owen and Graham, Auckland.

No. 16.

Messrs. W. and G. TURNBULL and Co., Wellington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Wellington, New Zealand, 27th May, 1876.

We are requested by the General Agents of the Pacific Mail Steamship Company again to apply to you for a refund of the following amounts of pilotage, light, and harbour dues, paid by us on the "Cyphrenes," carrying the December mail, viz. :—

December 11th, 1875.—Pilotage, light, and harbour dues ..	£50 0 0
December 16th, 1875.— do. do. ..	50 0 0

£100 0 0

The 22nd clause of the contract provides that no such charge shall be made in respect of any of the mail steamers, and we are informed that the Sydney Government have made no such charge on any of the steamers. Commending the matter again to your consideration,

We have, &c.,

W. AND G. TURNBULL AND Co.,
Agents Pacific Mail Steamship Company.

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

No. 17.

Mr. GRAY to MESSRS. W. and G. TURNBULL and Co., Wellington.

GENTLEMEN,—

General Post Office, Wellington, 30th June, 1876.

I am directed to acknowledge the receipt of your letter of the 27th ultimo, in which you make application for a refund of the sum of £100, paid by you in December last for port, harbour, and other dues in respect of the steamer "Cyphrenes."

2. In reply, I have to state that the charges in question cannot be repaid. The "Cyphrenes" was refused to be recognized as a vessel under the contract by this department, and the agents of the Contractors were distinctly informed that she would be liable for all port charges.

I have, &c.,

W. GRAY,
Secretary.

Messrs. W. and G. Turnbull and Co.,
Agents Pacific Mail Steamship Company, Wellington.

No. 18.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 12th June, 1876.

I have been directed to acknowledge the receipt of your letter of the 2nd March last, F.—3. No. 12. in which you inform me that, on the understanding arrived at, at the recent conference by telegraph between Sir Julius Vogel and the Colonial Secretary and the Postmaster-General of your colony, relative to the outstanding accounts between the two Governments, you had to inform me that the account of this colony's claim, as submitted by Sir Julius Vogel, had been examined and found correct, and to request that the balance of £5,620 6s. 5d., shown to be due by this colony, be remitted as early as convenient.

2. In compliance with your request, I have been directed to forward you the accompanying draft for £5,507 16s. 5d., being the actual sum this colony is indebted your department, after deducting £112 10s., half the amount this colony agreed to pay the San Francisco Mail Contractors for the carriage of the inward San Francisco Mail brought to Auckland in March last by the s.s. "City of Melbourne," from that port to Port Chalmers.

3. I have to enclose extract from a telegram forwarded on the 30th March last by Sir Julius Vogel to the Hon. the Colonial Secretary, New South Wales, referring to this payment, and in doing so would state that it has been considered desirable to make the deduction in question in order that these special accounts should be finally closed. I venture to express the hope that this action may meet with the approval of your department.

4. I have also to express regret for not having answered your letter at a much earlier period.

I have, &c.,
W. GRAY,
Secretary.

The Secretary, General Post Office, Sydney,

EXTRACT REFERRED TO.

Extract from Telegram of 30th March, 1876, to the Hon. the Colonial Secretary, Sydney.

* * * * *
LAST month Contractors carried the "City of Melbourne's" mails from Auckland to Port Chalmers, for which we are willing to pay £225, the price Government paid local Company, of which you will have to pay half.

* * * * *

JULIUS VOGEL.

No. 19.

MESSRS. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 5th June, 1876.

We have the honor to acknowledge receipt of your letter of 17th May, informing us F.—3. No. 185. that it is necessary for your department to have a certified copy of the power of attorney we hold from the Pacific Mail Steamship Company, and to state that we will at once comply with your request.

We have, &c.,
GILCHRIST, WATT, AND Co.

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 20.

MESSRS. GILCHRIST, WATT, and Co., Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 29th May, 1876.

We have the honor, on behalf of the Pacific Mail Steamship Company, to make application to you that the route adopted under the contract of 23rd July, 1875, be changed to a direct route from Sydney to Bay of Islands, Honolulu, San Francisco, and *vice versa*; and, in making the application, we beg respectfully to bring under your notice the following points in favour of the proposed change, which the experience of working the service during the past six months has fully demonstrated:—

1. The Contractors, in complying with their agreement that vessels of "not less gross registered tonnage than 2,500 tons each" should be employed, have constructed and placed in the service the "City of San Francisco," "City of New York," "City of Sydney," "Australia," and "Zealandia," steamships unequalled in power, strength, and magnificence of accommodation by any ever previously seen in the colonies.

2. The calling at Fiji has proved a serious disadvantage to the service, inasmuch as the meeting of three vessels in the Pacific Ocean at one point, many thousand miles distant from the three different points they have started from, cannot but be attended with an uncertainty fatal to a mail service even with the best equipped vessels in the world.

3. The navigation of the Fiji group is liable to great risk from low islands, coral reefs, and unknown currents; and as the Fiji Government have not placed lights on harbours and channels known to be dangerous, much delay is caused to the mail steamers by the necessity for their awaiting daylight to enter, or of making long detours to avoid such passages.

4. The Fiji Government contribute nothing to the service, nor are there any benefits attending the calling at Kandavau to compensate for the disadvantage and risks to life.

5. The avoidance of transshipment at Kandavau—a process under the present contract causing great discomfort in that tropical climate—will prove an immense convenience to passengers, in enabling them to retain their accommodation from their starting point to final destination; while it will result in establishing a large interchange of commodities between California and the colonies; but for which, under the present system of transshipment, the service is practically useless.

6. Although the distance by the direct route proposed is somewhat greater, the time occupied in the voyages from Sydney to San Francisco and *vice versa* would not be materially increased, as the above-stated causes of delay, at present existing, would be partially removed.

7. In proposing to refrain from conducting the coastal service of New Zealand, the Contractors are actuated by the knowledge that their large and magnificent ships are somewhat unfitted for coasting trade of the nature contemplated. This trade can be more safely and satisfactorily carried on by the fine local steamers New Zealand now possesses, commanded as they are by seamen thoroughly acquainted with the coast and the Contractors are undesirous of interfering with this trade.

8. The depth of water in some of the New Zealand ports is so limited, that it will be highly dangerous, and at times quite impossible, for the vessels we name, if fully loaded, to enter and leave.

9. The Bay of Islands is well situated as a port of call *en route*. It is free from all thick weather and outlying dangers, has a splendid climate and an excellent harbour, and will no doubt be connected with the rest of New Zealand and Australia by telegraph wire.

10. Owing to the interruption of cable communication with New York, we are unable to obtain such explicit instructions as will enable us at present to make any new contract, but we are aware that the Contractors are willing to make the change we propose; and we respectfully beg your favourable consideration of the application, as we are confident the direct route named will result in greater regularity as a mail service, and be attended with additional advantages to the travellers and the commerce of the colonies.

11. We have addressed to our Postmaster-General a similar proposal to the foregoing.

We have, &c.,

GILCHRIST, WATT, AND Co.,

General Agents for the Contractors, San Francisco Mail Service.

The Hon. the Postmaster-General, Wellington.

No. 21.

Sir JULIUS VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

3rd July, 1876.

THE Government will be much indebted if to-day or to-morrow you will let them know your views about changes Californian Service. Have no reply to repeated requests same kind. The captains say service will not be continued as at present, and that Contractors will throw up. If you wish such result let us know. People here would not much regret, they are so tired of irregularities. If you wish it to proceed, surely better state your views. We propose to move for Select Committee to report upon changes, if any desirable. If we know your views shall soon be able to say if we are willing or not to meet them. At present, service is continued source of annoyance.

Postmaster-General, Sydney.

JULIUS VOGEL.

No. 22.

The Hon. Sir JULIUS VOGEL to MESSRS. GILCHRIST, WATT, and Co., Sydney.

GENTLEMEN,—

General Post Office, Wellington, 5th July, 1876.

I have the honor to acknowledge the receipt of your letter of the 29th of May last, in which you make application, on behalf of the Pacific Mail Steamship Company, that the route adopted under the existing contract, and known as the B Service, be changed to a direct route from Sydney to the Bay of Islands, Honolulu, San Francisco, and *vice versa*—the New Zealand Coastal Service to form no part of the proposed new service.

2. I must point out that you have not afforded any information as to the probable reduction of subsidy the Contractors would be willing to accept in the event of the proposed amended service being adopted. Were it adopted, it would involve the use of one boat less than required to carry out the C Service, which service the Pacific Mail Steamship Company agreed to perform for £74,950 per annum, so that you should name a much less sum than that amount.

3. A Select Committee of the House of Representatives has been appointed to consider the question of whether or not any modification of the present service should be accepted. You must not consider that I have expressed an opinion concerning your proposal. I have desired to point out that unallied with the question of cost, it is hardly placed before me in a manner that would admit of its consideration.

Messrs. Gilchrist, Watt, and Co., Sydney.

I have, &c.,
JULIUS VOGEL.

No. 23.

The POSTMASTER-GENERAL, Sydney, to the Hon. Sir J. VOGEL.

(Telegram.)

4th July, 1876.

AFTER consulting Cooper, propose following settlement outstanding claim Pacific Company:—
"Vasco" outwards, November, pay two-thirds—namely, one thousand and nineteen pounds,
"Colima" inwards, December. Decline paying anything "City of San Francisco" inwards.
If any, pay full subsidy as concession. Of course she brought no mails, but came under contract, and did voyage within contract time. You propose only to pay half, but irregularity was greater as regards your colony, as no provision was made for your coast service. Do you concur?

Hon. Sir J. Vogel, Wellington.

POSTMASTER-GENERAL.

No. 24.

The Hon. Sir J. VOGEL to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

6th July, 1876.

Re Subsidies.—We long since advised you amounts we thought desirable to pay. Having received no comment from you, thought question settled; nor do we think desirable for ourselves to reopen. Can have no objection your making more liberal payments you propose. You justly say we have suffered much more from irregularities than you. Therefore, perhaps, fair you should make larger payments than we propose. May I again remind you of inconvenience occasioned by not receiving replies to telegrams. Much obliged by your replying those lately sent.

Postmaster-General, Sydney.

JULIUS VOGEL.

No. 25.

The Hon. Sir JULIUS VOGEL, to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

8th July, 1876.

We have appointed Select Committee to inquire what alterations or modifications, if any, it is desirable should be made in Californian contract. Suggest that similar Committee your House might enable us come to understanding.

Postmaster-General, Sydney.

JULIUS VOGEL.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1876.

