

It would appear that Sir Julius Vogel has misapprehended the purport of my despatch above referred to, in which it was, as I thought, clearly stated that, notwithstanding the very heavy additional cost, Her Majesty's Government were prepared to abide by the arrangement entered into by them. But I desired to make it apparent that while Her Majesty's Government accepted their obligation with regard to this arrangement, they were under no obligation whatever to renew it, especially on terms which have become very unfavourable; and it was my object to explain to the Colonial Governments concerned what would be an acceptable compensation to Her Majesty's Government for the additional cost to which they had unexpectedly been subjected.

It seems very desirable for the colonies to consider, with a view to the arrangement to be made after the expiration of the five years now current, whether they will be able to propose to Her Majesty's Government any terms which it can accept for the future maintenance of a Pacific Mail Service.

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

I have, &c.,
CARNARVON.

No. 95.

MEMORANDUM for His Excellency the GOVERNOR.

IN reply to Lord Carnarvon's despatch of the 20th September, Ministers desire to point out that, while the late Postmaster-General requested his Excellency to convey the thanks of the Government to the Secretary of State for the Colonies, for his action with reference to the threatened imposition of extra charge on mails *via* California, he at the same time explained the objections to Fiji as a place of call for the mail steamers.

The Government of New South Wales, acting for both colonies, has lately concluded an arrangement with the Contractors, which only awaits the sanction of their Parliament, whereby the mail steamers in future will cease to call at Fiji or any port in New Zealand but Auckland.

Ministers desire to say that they were quite satisfied with the service, and the change was not of their seeking, but was forced upon them; and to save the service from breaking down they reluctantly yielded to the change.

The Government of New Zealand would be anxious to assist in maintaining mail communication with Fiji by means of a subsidized service to connect at Auckland with the San Francisco steamers.

Ministers hope that the Imperial Government will not make it a condition of renewing the convention with the United States that Fiji should necessarily be a port of call, owing to the determination of the Contractors to discontinue sending their vessels to a Fijian port.

Wellington, 9th March, 1877.

H. A. ATKINSON.

No. 96.

The DIRECTOR of the INTERIOR, Noumea, to the POSTMASTER-GENERAL, Wellington.

SIR,—

Noumea, 25th December, 1876.

I have the honor to inform you that by information, which would appear to have a serious character, received from Australia, it has transpired that the Australo-American Company, to which the Sydney, Auckland, and San Francisco line now belongs, are about to relinquish their contract for this service.

If this should be the case, I shall be much obliged if you would make known what is the intention of your Government for carrying out the continuation of this service, and principally to inform us if the Government would be willing to accept our co-operation; also where it could be arranged to obtain an exchange of mails with New Caledonia at a stopping-place on the voyage of the steamer of the line from San Francisco.

I take this occasion, Monsieur the Director-General of Posts, to offer you the assurance of the sentiments of high consideration, with which

I have, &c.,

LITTAYIN,

The Director of the Interior.

The Postmaster-General, Wellington.

No. 97.

MR. GRAY to the DIRECTOR of the INTERIOR, Noumea.

SIR,—

General Post Office, Wellington, 31st January, 1877.

I have the honor, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your communication of the 26th ultimo on the subject of the San Francisco Mail Service, and I have to convey to you the thanks of this Government for your proffered assistance towards the maintenance of the service.

There is no present likelihood of the discontinuance of this mail route, but the question of a modification of the service is at present under consideration by the Governments of New South Wales and New Zealand; and I am directed to inform you that the subject treated of in your communication will receive further consideration before any modification of the existing service is agreed upon.

It is considered desirable, however, to point out, with reference to that portion of your letter in which you inquire at what port on the route transshipment of mails to and from your colony could be effected, that it is unlikely any connecting point could be arranged other than Sydney; and it would appear that you could be as favourably served by transshipment at Sydney as in any other way.