

Should it be necessary, a convention with New Zealand and New South Wales, jointly or severally, might be concluded.

I would esteem it a great favour if you would, at your earliest convenience, inform me what prospect there is of conserving the growing trade with Australasia by placing this mail service upon a permanent basis.

I have, &c.,

R. J. CREIGHTON,
Resident Agent, New Zealand.

Hon. M. De Soto Money.

Enclosure 2 in No. 20.

SUPPLEMENTAL MEMORANDUM.

SINCE the date of my memorandum of 19th July, 1879, I have been put in possession of several facts having an important bearing upon the questions therein discussed, which may be briefly stated:

1. The British Government has finally determined to charge 2d. (4 cents), in lieu of 1d. (2 cents) as heretofore, upon the outward correspondence to Australia and New Zealand, from and after 1st February, 1880. The financial result of this charge is stated in paragraphs 6 and 7 of my memorandum.

2. The British Government has approved a contract between the Colony of Victoria and the Peninsular and Oriental Steamship Company for a fortnightly service between England, Melbourne and Sydney, touching at King George's Sound and South Australia, commencing 1st February, 1880.

Sydney was not named in the above contract according to the draft agreement in my possession: the suggestion to this effect came from the Imperial Government, as disclosed by the printed correspondence. The contract was not ratified, however, until after Mr. Berry's return from London to Melbourne, and it was then apparently altered in compliance with the wishes of the Lords of the Treasury. The practical result is, that Sydney becomes the terminus of the line and has the benefit of a fortnightly mail service without New South Wales, of which Sydney is the capital, being called upon to contribute directly towards the subsidy. But New South Wales is a partner in the San Francisco mail contract with New Zealand; and it is not difficult to conceive how natural it will be for an impression to grow up there that the interest of the colony would be best served by abandoning the costly monthly service *via* San Francisco. It is clear that this is the policy of the Imperial Government, which naturally seeks to make the Australasian trade exclusively British. The fortnightly arrival and departure of the Peninsular and Oriental mail steamers, and the increased postal facilities thereby given, will naturally appeal to business men, and the consequence must be a growing dissatisfaction at the joint postal arrangement with New Zealand, and ultimate withdrawal from it.

These considerations, with others set forth at length in my memorandum of 19th July, I respectfully submit, should induce Congress to make the concession on British enclosed mails suggested therein. If these mails were carried across the continent free of charge, the British Government would have no pretext for making a demand upon that account which is calculated, if it be not so intended, to break down the Pacific Mail Service. This concession would insure the permanence of the service, because New Zealand alone would continue it should New South Wales withdraw.

I urge this concession for commercial reasons as well. The United States is now shipping agricultural machinery, tools, and implements to the Australian Colonies, and in time, should direct steam communication be kept up, American manufactures would supersede in a great measure the clumsy articles of English make. American locomotives and cars are going into use on the Australian and New Zealand railroads. To illustrate this I shall mention one fact: A gentleman wrote to me by last mail from Dunedin, a city in the southern part of New Zealand, that he had just opened street-railroads there with five single motors, one combined steam-car, and thirty cars all told, five of them being from J. Stevenson and Co., New York, one by Brill and Co., Philadelphia, one from Birmingham, and twenty-two from Leeds, England. The following extract from the *Otago Daily Times* has reference to these cars, and shows the estimation in which American workmanship is held there:—

“The combined steam-car ‘Washington,’ imported for the tramways by Mr. Proudfoot, underwent a trial yesterday. The car was fully loaded with passengers, and it surmounted the Princes Street grade of 1 in 17 without the slightest difficulty. It is anticipated that when in proper working order it will with ease pull two or three loaded cars behind it. The machinery of the engine and the woodwork of this combined car were constructed by the Baldwin Locomotive Company and Brill and Co., both of Philadelphia, respectively, and reflect great credit on those firms. The boiler is of the vertical type, and is of steel, with 8-inch cylinders. There is a beautiful centre-dome lamp, besides lights at each end; in fact, the car is so well supplied with lights that the smallest print can be read without difficulty. The whole of the workmanship is certainly a vast improvement on the English car. It is a novel, handsome, and compact piece of mechanism. The motion is exceedingly smooth, and the car can with its powerful brake-gear be stopped within its own length. We understand the Baldwin Company are supplying the New South Wales Government with cars and engines for the tramway that is being laid from Pitt Street, in Sydney, to the Exhibition.”

During 1878 New Zealand imported from the United States merchandise worth \$2,163,360, of which \$1,665,230 was from Atlantic ports, the balance being from the Pacific. The exports to the United States in 1878 were \$219,615. The imports from British ports, however, were \$26,665,850; exports, \$23,636,220. In the financial year ended 30th June, 1879, the United States exported to Australia and New Zealand domestic produce worth \$7,042,875, its imports from those countries being \$785,773, showing a balance in favour of the United States of \$6,257,102. The exports of domestic produce for the same period to China, inclusive of Hong Kong, amounted to \$1,111,921, while the imports from China represented \$18,298,921, leaving a heavy balance against the United States. These figures demonstrate the relative advantage of the Australian and New Zealand trade, which is in its infancy, over the China trade, which, by the establishment of a Chinese line of steamers, is destined to pass entirely out of American hands.