

I respectfully submit therefore that it is of national importance to strengthen and maintain direct postal connection between England and her South Pacific dependencies *via* the United States. This may be accomplished by the remission of the freight charged upon British enclosed mails passing through the country, for which, as I have pointed out in my memorandum of 19th July, 1879, paragraph 8, the contracting colonies give a full equivalent.

San Francisco, 1st December, 1879.

ROBERT J. CREIGHTON,
Resident Agent, New Zealand Government.

No. 21.

Mr. GRAY to Mr. CREIGHTON.

SIR,—

General Post Office, Wellington, January 31st, 1880.

I am directed to acknowledge the receipt of your letter of the 22nd ultimo, enclosing copy of a letter which you had addressed to the Hon. Mr. Money, Chairman of the Congressional Postal Committee, on the subject of the present transit rates, and stating generally the further action which you had taken in the matter since the date of your former communication on the subject. Your letter has been submitted to the Hon. the Postmaster-General, who is of opinion that there is much truth in the statements made by you as to the unreasonableness of the present charges for the carriage of mails between San Francisco and New York, and that the high charges will make it a matter for serious consideration whether the San Francisco Mail Service can be maintained beyond the term of the present contract. I am to convey to you the thanks of the Postmaster-General for your endeavours to obtain a reduction in the transit charges, and to state that by next mail you will receive definite information as to the course which the Government would like you to pursue.

R. J. Creighton, Esq., Resident Agent for New Zealand,
San Francisco.

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

No. 22.

Mr. GRAY to Mr. CREIGHTON.

SIR,—

General Post Office, Wellington, 27th February, 1880.

The Postmaster-General has perused your letter to me of the 19th ultimo, received per "City of New York," and which I now beg to acknowledge.

I am to inform you that the several communications which have passed between yourself and this department on the subject of the charge now made for the transmission of the Australian and New Zealand mails across the continent of America, have been perused with great interest by the Postmaster-General. Mr. Hall gathers from the correspondence that you believe you would be able to obtain material concessions in respect of this charge if you possessed further authority to negotiate on the part of the New Zealand Post Office than is implied in your appointment as General Agent for this department in San Francisco.

As the question is one not only affecting the New Zealand Post Office, but also that of New South Wales, the Postmaster-General regrets it is not in his power to authorize you to enter into any agreement on the subject binding on the colonies; but Mr. Hall is satisfied that the Postmaster-General of New South Wales will concur with him in the desirability of such representations of the merits of the case being made by you in the proper quarters as may induce the railway companies to make a material reduction in their present rates of freight on New Zealand and Australian mails.

You are of course aware that the mail transit charges now borne by these colonies are paid in the first instance to the United States Post Office by that of Great Britain, which recoups itself by the retention of a portion of the postage collected in Great Britain on the correspondence for New South Wales and New Zealand. The reduction of the railway freight would not, therefore, result in a saving to these colonies, unless by arrangement with the Imperial and United States Post Offices; but, as the present transit rates are stated to be no more than are required to pay the actual cost of conveying the mails across America, the Postmaster-General does not doubt that New South Wales and New Zealand would benefit by any concession which might be obtained from the railway companies.

If the San Francisco Service is to be maintained permanently, a considerable diminution in this part of its cost is, in the opinion of the Postmaster-General, imperative. As you are already aware, the payments hitherto made to the colonies by the Imperial Government, in respect of ocean mail services maintained by the Australasian Colonies, have, from the 1st instant, been reduced one-fifth.

This reduction, it is true, affects the whole of the services established and maintained by the colonies but it is the very high charges exacted by the United States Post Office for the overland carriage of the Australian and New Zealand closed mails which have afforded the British Post Office a convenient pretext for retaining the increased proportion of the postage receipts on the correspondence *via* San Francisco.

The postage now retained by the British Post Office will probably cover the payments for transmitting our mails between Great Britain and San Francisco, while the colony's additional loss in respect of the San Francisco Service through this recent decision of the Home Government will amount to nearly £3,000 a year, or, in other words, the charge to the colony for maintaining the San Francisco Service will be further increased by the sum named. The colony cannot well afford this additional burden, and unless it is possible to effect a marked reduction in the transit charges, the Postmaster-General believes the Government will have to take into its consideration the question whether or not, on economical grounds, the colony would be warranted in continuing the San Francisco Service after the expiration of the existing contract.