

1889.
NEW ZEALAND.

OCEAN MAIL-SERVICES

(FURTHER PAPERS RELATIVE TO).

[In continuation of papers presented on 16th August, 1888.]

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

No. 1.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 16th July, 1888.

In acknowledging the receipt of your letter of the 2nd ultimo [*vide* No. 65, F.—4, 1888], covering copy of one from the managing director of the Union Steamship Company of New Zealand (Limited), intimating willingness to renew the San Francisco mail-service contract for twelve months with the steamers “Alameda,” “Mariposa,” and “Zealandia,” reserving, however, the right to substitute the “Mararoa” for the “Zealandia” if found necessary, I am directed to inform you that the Postmaster-General sees no objection to the substitution of the “Mararoa” for the “Zealandia” if necessary.

I have, &c.,

S. H. LAMBTON,

The Secretary, General Post Office, Wellington, New Zealand.

Secretary.

No. 2.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 27th July, 1888.

I received in due course your telegram of the 24th instant [*vide* No. 66, F.—4, 1888], stating that Parliament was considering the question of the Pacific postal services, and that it was urgently necessary to know whether the Imperial Post Office would renew for five years the existing arrangements for the San Francisco line, and whether Her Majesty's Government meant to give any assistance to the Canadian line.

For months past I have been in constant private communication with the Imperial authorities on these questions, but it would only have done mischief to send in more official letters. The Post Office has always been most desirous to help New Zealand; but the decision rests with the Imperial Treasury: and ever since Mr. Goschen's conversion and new Budget it has been simply impossible to overtake the financial work there, heaps of questions having to be entirely laid aside.

Immediately on getting your message, however, I saw the Post Office authorities, and discussed once more with them the leading points connected with a Pacific service, whether by San Francisco or Vancouver. They would do anything if they only could; but in the present state of the public business in the House of Commons, and with the certainty of an autumn session having to be held, there is not the slightest chance of the Chancellor of the Exchequer deciding anything, for he has a heap of votes in Supply still to get, and it is hopeless to get through half what has to be done before the House rises. I did not hesitate, therefore, to send you a message at once in reply to yours, assuring you that it was impossible to get a definite answer to either of your questions now.

Nevertheless, my belief is that Her Majesty's Government favour the ultimate establishment of a Pacific service to Australasia by Vancouver rather than by San Francisco, and it is perfectly well known that the key of the position is really in your hands. The Imperial Government will do nothing that even seems to hurt the Vancouver scheme, and so will not make any arrangement that looks like perpetuating the San Francisco line; but, on the other hand, as they want to keep the Vancouver scheme open until it is riper, they will go on making temporary arrangements to keep the San Francisco line going. Accordingly, I think it all but certain that, although Mr. Goschen will come to no decision of a permanent character now, I might succeed in getting an extension of the existing arrangements for another year—to November, 1890—if that would be sufficient for your present purpose; and I telegraphed to you to that effect. Your message, however, having offered

a good opportunity for pressing the subject officially again upon the Treasury, I have sent in the annexed letter to the Post Office. Sir Charles Tupper, High Commissioner for Canada, continues to be in close communication with me, and he entirely concurs in the course I have taken.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosure in No. 2.

The AGENT-GENERAL to the SECRETARY, General Post Office, London.

SIR,—

7, Westminster Chambers, S.W., 25th July, 1888.

I beg leave to state in writing what I represented to you at the conference you were kind enough to have with me yesterday on the question of the Pacific postal services.

The New Zealand Parliament is now engaged in considering that question, and my Government have telegraphed to me asking whether Her Majesty's Postmaster-General will now decide whether he would continue for five years the existing arrangements for the division of postage and cost of the service *via* San Francisco, if the contract is renewed for that period; also inquiring whether Her Majesty's Government have yet decided to give any assistance to the alternative service proposed *via* Vancouver, and pressing me to obtain a definite answer, as it is urgently necessary for the Parliament to come to a final decision on the subject. I hope, therefore, that Mr. Raikes will allow me to press once more on his consideration the question I have already brought before him.

It will be in your recollection that in my letter to you of the 17th February I stated that at the close of last New Zealand session the House of Representatives had directed definite proposals for a Pacific service to be laid before them when they reassembled; and that the Lords Commissioners of Her Majesty's Treasury then expressed the hope that they would soon be in a position to decide upon a permanent system of apportionment of postage after November, 1889.

The peculiar conditions which have hitherto governed any Pacific service to Australasia are so clear, and it is so certain that they will continue to govern it, that I may be permitted to urge them on the consideration of the Postmaster-General: (1.) It was always quite certain that if the Imperial Government and the Governments of Australia made a ten years' contract for the Brindisi service no Pacific service (whether by San Francisco or Vancouver) would exist except on the condition of the greater part of the Australasian subsidy being paid by New Zealand. (2.) It was equally certain that New Zealand would never subsidise any service at all which did not make the colony the "first port of call" coming from America, and the last returning. (3.) No Pacific service would be established by New Zealand if any serious change was made in the existing apportionment of postage between the colony and the Imperial Government. (4.) If a Pacific service was not renewed all the New Zealand mails, except the small proportion by Brindisi, would have to go by the direct ocean-lines *via* Plymouth. (5.) Once a contract was made with the shipping companies for a fortnightly direct service, it would not be unmade afterwards. (6.) In that case there would be no Pacific service, and the Vancouver and San Francisco schemes would both come to an end.

Now, the question still is whether Her Majesty's Government does or does not wish to keep the Vancouver scheme open. If not, then I need not trouble the Postmaster-General any more. But if Imperial reasons point to the ultimate establishment of a Vancouver service, the one way to help it on is for their Lordships to arrange in concert with New Zealand for the temporary continuance of existing arrangements, until the Vancouver question is ripe, and the time comes when permanent arrangements must be made.

Once more, therefore, I entreat that this may be settled now. It is certain that there will be no trouble about apportionment if ever the Vancouver service is established; and if a time shall come when the national interests involved make the Imperial Government willing to take a part with Canada, New Zealand, and New South Wales in a Vancouver contract, that step will have been cheaply purchased by enabling New Zealand to renew the San Francisco contract now.

I am, &c.,

The Secretary, General Post Office, St. Martin's-le-Grand.

F. D. BELL.

No. 3.

Mr. R. J. CREIGHTON to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

San Francisco, 18th August, 1888.

WASHINGTON offers over forty thousand. Recommend temporary acceptance.
Postal, Wellington.

CREIGHTON.

No. 4.

The Hon. Sir H. A. ATKINSON to Mr. CREIGHTON, San Francisco.

(Telegram.)

Wellington, 24th August, 1888.

ACCEPT up to November, 'eighty-nine.

Mr. Creighton, San Francisco.

ATKINSON.

No. 5.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 22nd August, 1888.

The question of ocean mail-services was considered by the House of Representatives on Thursday and Friday last, and by a majority of eighteen it was determined that the San Francisco service should be discontinued after November, 1889.

I enclose, for your information, copies of the resolutions as introduced by the Government, and as amended by Mr. Ward, acting on behalf of those members opposed to the San Francisco service.

I regret I am unable to send you a print of the complete debate, but I have succeeded in obtaining a proof of Friday's proceedings, from which you will be able to determine the exact position of the mail-service question. Briefly, the House has affirmed that a fortnightly mail-service with Great Britain shall be continued; that Government negotiate with Great Britain, Canada, and New South Wales for a Canadian service at a reasonable cost to the colony; that, if negotiations are favourable, tenders to be invited for a four-weekly service *via* Canada, as well as for four-weekly and fortnightly services by direct steamers; that all correspondence and tenders be submitted to the next Parliament for its consideration and decision.

It will be necessary to initiate negotiations immediately. I intend therefore to communicate with the Government of New South Wales so soon as Parliament is prorogued. I shall be glad if you will approach the Imperial Government and the Canadian authorities in London with the view of ascertaining what direct pecuniary support they are prepared to give a Canadian-New Zealand-Australian four-weekly mail-service. You will gather from the resolutions I submitted to the House that the Government considered the colony's share of the cost of a San Francisco or Canadian service should not exceed £18,000 a year. This, I may say, was based on the assumption that the mails would be conveyed between Vancouver and Great Britain free of cost to the colony, and that an arrangement for the division of the London postages somewhat similar to that now in force in respect of the San Francisco service would be agreed to by the Imperial Post Office. I also forward you printed correspondence in connection with the Pacific mail-service question.

I shall be anxious to learn the result of your negotiations with the Imperial and Canadian authorities, and you will, I have no doubt, take the earliest opportunity to advise me.

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.,
Agent-General for New Zealand, London.

H. A. ATKINSON,
Postmaster-General.

Enclosure 1 in No. 5.

SUPPLEMENTARY ORDER PAPER. — HOUSE OF REPRESENTATIVES. — Tuesday, the 14th day of August, 1888.

HON. SIR H. A. ATKINSON, in Committee of the whole House, to move the following resolutions:—

1. That, in the opinion of this House, a two-weekly mail-service should be continued between New Zealand and Great Britain.

2. That the Government be authorised to enter into negotiations with the Governments of New South Wales, the United States of America, Canada, and Great Britain, with the view of obtaining a four-weekly Pacific mail-service, under which the main boats will call at some New Zealand port for the delivery and receipt of mails. The time occupied in transit to be not more than twenty days between New Zealand and San Francisco, or Vancouver, in the event of the latter being selected as the terminal port in America. The total amount to be paid by New Zealand in respect of carriage of mails from and to Great Britain not to exceed £18,000 per annum. That, if negotiations be successful, the Government be authorised to call for tenders for the performance of such service for a term not exceeding five years.

3. That the Government be also authorised, (1) to call for tenders for a four-weekly mail-service by direct steamers between New Zealand and Great Britain. The time occupied in transit of the mails to be not more than forty days from New Zealand to Plymouth, and forty-three days from Plymouth to New Zealand. The tenderers to state at what rate per pound they will convey the letters, books and packets, and newspapers, and at what fixed subsidy per annum they will perform the service. And (2) to call for tenders for a fortnightly mail-service by direct steamers on the same terms and conditions as for the four-weekly service. The term of contract not to exceed five years.

4. That no bonus be paid for the mails being delivered in less than contract time.

5. The steamers to be efficient screw steam-vessels of the first class, and fully equal to Class 100 A1, Lloyd's Register, and of not less than 2,500 tons gross, having spar decks and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes. The vessels to be fitted up with refrigerating-chambers, and also chilled chambers for fruit and dairy-produce.

6. That, in event of a tender being received for the Pacific service within the limit of subsidy to be paid by New Zealand, the Government be authorised to accept such tender, in conjunction with any suitable offer received for a four-weekly service by direct steamers, provided the cost of the latter service does not exceed £15,000 a year.

7. Should the tenders for the Pacific service not be within the limit fixed by Parliament, the Government be authorised to accept the lowest tender for a fortnightly direct service, provided the subsidy or cost does not exceed £30,000 per annum.

Enclosure 2 in No. 5.

SUPPLEMENTARY ORDER PAPER.—HOUSE OF REPRESENTATIVES.—Friday, the 17th Day of August, 1888.

MR. WARD, in Committee of the whole House, to move the following amendments to Sir H. A. Atkinson's proposed resolutions:—

1. That, in the opinion of this House, a two-weekly mail-service should be continued between New Zealand and Great Britain, but that the subsidy to the San Francisco mail-service should be discontinued.

2. That the Government be authorised to enter into negotiations with the Governments of New South Wales, the United States of America, Canada, and Great Britain, with the view of obtaining a *ascertaining what support would be given to establish a four-weekly Pacific mail-service*, under which the main boats will call at some New Zealand port for the delivery and receipt of mails. The time occupied in transit to be not more than twenty days between New Zealand and San Francisco or Vancouver, *in the event of the latter being selected as the terminal port in America*. The total amount to be paid by New Zealand in respect of carriage of mails from and to Great Britain not to exceed £18,000 per annum. *That, if negotiations be successful, the Government be authorised to call for tenders for the performance of such service for a term not exceeding five years, and that on receipt of such information, that the same be submitted to the House for consideration.*

3. That the Government be also authorised (1) to call for tenders for a *four-weekly fortnightly* mail-service by direct steamers between New Zealand and Great Britain *upon the basis of payment by weight, the aggregate amount of such payments not to exceed in any one year*. The time occupied in transit of the mails to be not more than forty days from New Zealand to Plymouth, and forty-three days from Plymouth to New Zealand. The tenderers to state at what rate per pound they will convey the letters, books and packets, and newspapers, *and at what fixed subsidy per annum they will perform the service.*—And (2) to call for tenders for a *fortnightly* mail-service by direct steamers on the same terms and conditions as for the *four-weekly* service. The term of contract not to exceed five years.

4. That no bonus be paid for the mails being delivered in less than contract time.

5. The steamers to be efficient screw steam-vessels of the first class, and fully equal to Class 100 A1, Lloyd's Register, and of not less than 2,500 tons gross, having spar decks and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes. The vessels to be fitted up with refrigerating-chambers, and also chilled chambers for fruit and dairy-produce.

6. That, in event of a *suitable* tender not being received for the *Pacific service within the limit of subsidy to be paid by New Zealand, direct mail service*, the Government be authorised to accept such tender, in conjunction with any suitable offer received for a *four-weekly* service by direct steamers, provided the cost of the latter service does not exceed £15,000 a year, *arrange for a weekly mail-service via Brindisi, also on the basis of payment by weight, and at an aggregate cost not exceeding that named for the direct service—viz., in any one year.*

7. *Should the tender for the Pacific service not be within the limit fixed by Parliament, the Government be authorised to accept the lowest tender for a fortnightly direct service, provided the subsidy or cost does not exceed £30,000 per annum.*

No. 6.

Mr. GRAY to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 4th September, 1888.

Referring to my letter to you of the 22nd ultimo, on the question of ocean mail-services, I now forward you, in a separate parcel, copies of *Hansard*, Nos. 28 and 29, containing the complete report of the debate on the subject in the House of Representatives on the 16th and 17th idem.

I have, &c.,

W. GRAY,

(For the Postmaster-General.)

Sir F. D. Bell, K.C.M.G., C.B., Agent-General for New Zealand, London.

No. 7.

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

SIR,—

General Post Office, Wellington, 5th September, 1888.

I have the honour, by the direction of the Postmaster-General, to request that you may be good enough to inform the Hon. Mr. Roberts that the House of Representatives, by a majority of eighteen, has decided that this colony shall not continue to subsidise the San Francisco mail-service after the expiration of the existing agreement in November, 1889. Separately I have forwarded you a copy of the resolutions submitted to the House of Representatives by the Postmaster-General on the general question of ocean mail-services, and also Nos. 28 and 29 of *Hansard*, containing the report of the debate, from which may be gathered the reasons which brought about the decision to discontinue the San Francisco service. Although the House decided not to renew the San Francisco service, it at the same time authorised the Government to negotiate for a four-weekly Pacific-Canadian service.

From information received through the Agent-General, it is apparent that the Imperial Government would probably render assistance to a Canadian service, while it would not be disposed to recognise a service *via* San Francisco. The Agent-General has already been requested to place himself in communication with the Imperial and Canadian Governments, and to ascertain definitely what

aid will be given by each towards establishing and maintaining a four-weekly mail-service between Great Britain, New Zealand, and Australia, by way of Vancouver. On receiving a report from the Agent-General, the Postmaster-General will take an early opportunity of communicating the result of the negotiations to your department or Government. In the meantime Sir Harry Atkinson would be glad to hear from the Hon. Mr. Roberts an expression of his views as to the future of any Pacific mail-service to be directly subsidised by New South Wales and New Zealand.

I am also to enclose copy of a cablegram (*vide* No. 3) received from our Resident Agent in San Francisco, announcing that the Washington Post Office had agreed to increase its contribution to the present San Francisco service to over \$40,000 a year, and of the Postmaster-General's reply, accepting up to the end of the existing contract. It should be stated that Mr. Creighton has been in communication with the Postmaster-General, Washington, urging for a substantial contribution in aid of the service, and more especially in view of an extension of the contract. The offer of over \$40,000 is no doubt the outcome of Mr. Creighton's appeal, and not in any way connected with the recent decision of the New Zealand Parliament. I have also sent, in a separate parcel, four copies of printed correspondence relating to the San Francisco and Pacific-Canadian services.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 8.

Mr. GRAY to the RESIDENT AGENT for NEW ZEALAND, San Francisco.

SIR,—

General Post Office, Wellington, 8th September, 1888.

I have the honour to inform you that the general question of ocean mail-services, in which was involved the renewal of the San Francisco service, was discussed in the House of Representatives last month, and by a majority of eighteen it was decided not to continue the subsidy to the San Francisco service after the expiration of the existing contract in November next year.

I have forwarded in a separate parcel copies of the mail-service resolutions the Postmaster-General submitted to the House, and the amendments moved on behalf of those opposed to the San Francisco service; also Nos. 28 and 29 of *Hansard*, containing the complete debate, from which you will be able to learn generally the reasons which actuated a majority of the members to vote against the continuance of the old-established service *via* San Francisco.

The fortnightly direct service was largely favoured as the only line on which the colony should rely for the conveyance of its European mails; but, while the House pronounced emphatically against the San Francisco service, it empowered the Government to negotiate for a mail-service by way of Canada. And there can be no question that the very meagre support given the San Francisco service by the United States Government had much to do with the decision of the House of Representatives.

Your telegram announcing that the Postmaster-General, Washington, had offered a contribution of over \$40,000 arrived two or three days after the House had disposed of the mail-services; but I doubt, even if it had been received before the close of the debate, whether it would have had any weight with the members.

I attach copies of your telegram and the reply sent by the Postmaster-General, who is anxious to learn on what conditions the increased contribution is to be made—whether the colonies will receive any direct benefit, and whether there is any probability of the larger payment being retrospective in effect—say, from the commencement of the service. I also send you four copies of printed papers relating to the San Francisco and a possible Canadian service.

I have, &c.,

W. GRAY, Secretary.

R. J. Creighton, Esq., 326, Geary Street, San Francisco, California.

No. 9.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 19th September, 1888.

I have the honour to acknowledge the receipt of your letter of the 27th July last on the question of the Pacific mail-services, in which you forward copy of a letter you addressed on the 25th idem to the Imperial Post Office.

* * * * *

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.,
Agent-General for New Zealand, London.

H. A. ATKINSON,
Postmaster-General.

No. 10.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 6th October, 1888.

I have the honour to acknowledge the receipt of your letter of the 22nd August, acquainting me with the decision come to by the House of Representatives to discontinue the San Francisco service after November, 1889, and directing me to take the necessary steps for initiating negotiations with Her Majesty's Government and the Government of Canada with regard to a mail-service *via* Vancouver.

I communicated at once with the Colonial Office and the Imperial Post Office, and also with the High Commissioner for Canada and the Agent-General for New South Wales, who, I hope, will be able to act in concert with me in the negotiations with the Imperial authorities. You may depend upon my losing no time in the matter, and upon my reporting to you as soon as possible what can be done.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

No. 11.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 17th November, 1888.

I have the honour to acknowledge the receipt of your letter of the 6th ultimo, informing me of the steps you had taken up to that date in the matter of the discontinuance of the present mail-service *via* San Francisco, and the institution of a new one by way of Vancouver.

I have, &c.,

H. A. ATKINSON, Postmaster-General.

Sir F. D. Bell, K.C.M.G., C.B., Agent-General for New Zealand, London.

No. 12.

Mr. R. J. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, California, 19th October, 1888.

I have the honour to acknowledge receipt of *Hansard* containing the report of the debate on the San Francisco and direct mail-services arising out of the Government proposal to extend the former for a period of five years from November, 1889.

I confess that I was surprised at the result of the debate, because I naturally expected that an intelligent assembly, acting in a deliberative capacity, would have taken a broad view of the question. It is quite true that the United States tariff does not stimulate exports of New Zealand and Australian products to this country, and it is equally true that the bulk of American exports have been to Australia, where a growing demand for them exists. It is not the fault of America that New Zealand buys so little of its products, although it is to be regretted that the United States tariff is unfavourable to trade with New Zealand, as with other foreign countries. But it does not follow by any means that the fiscal policy of this country will always remain "protective," or, more properly, exclusive. The revenue far exceeds any legitimate requirements of the Government, and duties must be reduced or abolished. Should the Democratic party carry this election, the Mills Tariff Bill will become law next session of Congress, opening American markets to your wool, beef, and mutton—that is, giving you at once a consuming market of sixty-five million people, the richest and most prosperous on the face of the earth, and whose numbers are increasing by immigration more rapidly than all other countries combined. This market lies between the colonies and England, and is certainly worth cultivating—even making sacrifices to retain. But the New Zealand Legislature evidently thought otherwise, and, as it speaks and acts for the people in its representative capacity, there is nothing more to be said about it.

I did not deem it prudent to renew my correspondence with the Post Office Department during the turmoil of the election campaign. Only routine business is transacted by any Government office, the political heads of departments being actively engaged in the canvass as a rule. The changed conditions at Wellington on the entire question as to the policy of continuing the service likewise require more consideration than I have been able to give them; but I hope to be able to submit a proposition that will be acceptable at Washington and to the New Zealand Legislature.

It is very improbable that any bonus or subsidy ever will be paid by the United States to any foreign vessels. The payments made under the new arrangement are covered by the Post Office Act embodied in the Revised Statutes. It is optional to pay the whole or a part of the postages. Heretofore only a part was paid; now the whole is paid to the steamship contractors, who will account to your Government, of course, on the basis of the existing contract. The sum is not large, but it adds to the receipts of the department an amount that should never have been withheld from it.

The Southern Pacific has again placed a second fast train daily between San Francisco and Ogden, so that the chance of a twenty-four hours' detention of the mails is not great. The railroad-service has been very bad of late. As advised at present, the mail is on time, and will get prompt despatch on Saturday.

I have, &c.,

ROBERT J. CREIGHTON.

William Gray, Esq., Secretary Posts and Telegraphs, Wellington.

No. 13.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 5th November, 1888.

I am directed to acknowledge the receipt of your letter dated the 5th September last, intimating that it has been decided by the House of Representatives that New Zealand shall not continue to subsidise the San Francisco mail-service after the expiration of the existing agreement in November, 1889; also forwarding certain resolutions on the subject of ocean mail-services, together with copies of *Hansard* containing report of the debate thereon; and detailing certain action which has been taken by your colony as regards future Pacific mail-services, &c.

With reference to Sir Harry Atkinson's request for an expression of the views of Mr. Roberts as to the future of any Pacific mail-service to be directly subsidised by New South Wales and New Zealand, I am directed by the Postmaster-General to state that he would much regret the discontinuance of a mail-service across the Pacific, but if a fresh contract be entered into Mr. Roberts is inclined to think that steamers of larger tonnage and greater speed should be employed in the work. At all events, if a proposal be submitted it will receive every consideration.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON, Secretary.

No. 14.

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

SIR,—

General Post Office, Wellington, 22nd November, 1888.

I have the honour to acknowledge the receipt of your letter of the 5th instant, replying to mine of the 5th September last, on the subject of the discontinuance of the subsidy by New Zealand to the San Francisco mail-service in November, 1889, and the question of future Pacific mail-services.

Your letter has been submitted to the Postmaster-General, and I am directed to state that as yet this department is without advice from the Agent-General as to the progress of his negotiations.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 15.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 18th October, 1888.

I have to acknowledge with thanks your letter of the 4th September, with the *Hansards* containing the complete report of the debate in the House of Representatives on the ocean mail-services. I now beg leave to enclose copy of a letter from the Imperial Post Office, from which you will see that the course proposed to be taken by New Zealand is regarded favourably by Her Majesty's Government, and that whenever a definite proposal can be submitted to Mr. Raikes he will bring it before the Imperial Treasury. I take this opportunity of also thanking you for your letter of the 5th September (not printed) notifying the arrangement between the New Zealand Shipping Company and the Shaw, Savill, and Albion Company for the homeward service during the remainder of the existing contract term of the direct mail-service.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosure in No. 15.

Mr. REA to the AGENT-GENERAL for NEW ZEALAND.

SIR,—

General Post Office, London, 12th October, 1888.

I have laid before the Postmaster-General your letter of the 5th instant enclosing a copy of a despatch from the Government of New Zealand in which it is announced that the House of Representatives of that colony has decided to discontinue the use of the mail-service *via* San Francisco at the expiration of the present contract in November, 1889, and that it is now proposed to invite tenders for a four-weekly service *via* Vancouver and the Canadian Pacific Railway, as well as for a service by direct packet between this country and New Zealand. In reply, I am desirous to acquaint you that the course taken by your Government is regarded favourably by the Imperial Government, and that when a definite proposal for the establishment of the new service is submitted to him Mr. Raikes will be prepared to bring the matter under the consideration of the Treasury.

I am, &c.,

The Agent-General for New Zealand.

EDWARD H. REA.

No. 16.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 15th January, 1889.

I have the honour to acknowledge the receipt of your letter of the 18th October last, enclosing copy of one of the 12th idem from the Imperial Post Office, on the subject of the ocean mail-services. I note that Mr. Raikes expresses himself as ready to bring any definite proposal for a Vancouver service under the consideration of the Treasury, Her Majesty's Government being favourable to the proposal.

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.,
Agent-General for New Zealand, London.

H. A. ATKINSON,
Postmaster-General.

No. 17.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 24th January, 1889.

I have the honour to forward you a dozen copies of a draft advertisement calling for tenders for a direct mail-service between the colony and Plymouth, and fifty copies of the particulars and

conditions of contract and form of tender. Will you be good enough to have the advertisement inserted, say for one week, in a few of the principal metropolitan newspapers, and to distribute the terms and conditions and tender-forms to the best advantage.

The proposed service, which is to be for three years, will be on somewhat similar lines to the present one. Parliament indicated that the through time should be shortened, but Cabinet has thought it advisable to obtain offers for a forty-two–forty-five days' service, as well as for one in forty–forty-three days.

Alternative tenders are required to be sent in (1) at a given rate per pound for the correspondence conveyed, and (2) at a fixed subsidy per annum. The steamers are to be of not less than 4,000 gross registered tonnage, and to have refrigerating-chambers for meat, and approved chilled chambers for dairy-produce, fruit, &c. The contractors will not be required to pay any light, pilotage, tonnage, or harbour dues at the first port of arrival in the colony. Bonus will not be paid for early arrival, but a penalty will of course be inflicted for late delivery of the mails. Tenders will close on the 31st May, and will be receivable at this office only.

I should have preferred to have called for tenders for a service *via* Vancouver as well, but, as the negotiations so far have been without result, this is impracticable. Parliament will probably meet about the middle of June next, and, as all matters connected with the ocean mail-service question should be in a forward state of preparation by then, further delay is to be avoided. I may state that New South Wales has not expressed any decided opinion on the question of a Vancouver service. I enclose for your information copy of the only communication received from the Government on the matter.

I have now been definitely advised that the United States' increased contribution to the present San Francisco service is at the rate of \$46,000 per annum, dating from the 18th November last. Of this sum the contractors claim \$20,000 as their separate share for the carriage of United States mails. This leaves \$26,000 to be divided equally between the two contracting colonies and the contractors, in terms of the 10th clause of the contract.

Mr. J. D. Spreckels, on behalf of the Oceanic Company of San Francisco, has submitted proposals for a fortnightly San Francisco service, and by the last mail-steamer Mr. R. J. Creighton arrived as the confidential representative of the Oceanic Company in the matter. He went on at once to Sydney, but addressed to me from Auckland a confidential letter setting forth the nature of the proposals. £80,000 a year is named as the subsidy required for the proposed fortnightly service. The colonies are asked to contribute £40,000; and Mr. Spreckels is sanguine that the United States Government will find the balance on being assured that the colonies agree to contribute their proportion for a term of years.

In the face of the decision of Parliament this Government has been unable to give any official expression of opinion on the proposal, and Mr. Creighton has been informed to this effect.

The political crisis in New South Wales has prevented Mr. Creighton so far doing anything with the New South Wales Government, and he is now in Melbourne. May I ask you to regard this information as confidential in the meantime, as Mr. Spreckels has asked that his proposals should not be made public for the present.

I have, &c.,

H. A. ATKINSON,
Postmaster-General.

Sir F. D. Bell, K.C.M.G., C.B., Agent-General for New Zealand, London.

Enclosure 1 in No. 17.

TENDERS FOR A DIRECT MAIL STEAM SERVICE BETWEEN NEW ZEALAND AND PLYMOUTH.

SEALED tenders will be received at the General Post Office, Wellington, New Zealand, until Friday, the 31st May next, for the performance of a direct mail steam service between New Zealand and Plymouth, England, for a period of three years, commencing in December next, in accordance with the terms and conditions to be seen at the General Post Office, Wellington; the Chief Post-offices, Auckland, Christchurch, and Dunedin; and at the office of the Agent-General for New Zealand, 7, Westminster Chambers, London, S.W.

H. A. ATKINSON, Postmaster-General.

General Post Office, Wellington, New Zealand, 23rd January, 1889.

Enclosure 2 in No. 17.

FORTNIGHTLY AND FOUR-WEEKLY ALTERNATIVE DIRECT MAIL-SERVICE BETWEEN NEW ZEALAND AND PLYMOUTH.—PARTICULARS AND CONDITIONS OF CONTRACT.

THE Postmaster-General of New Zealand is prepared to receive separate tenders for a fortnightly, and also for a four-weekly, steam service for the conveyance of mails between Plymouth, England, and a port or ports in New Zealand, for three years, commencing in December, 1889, on the following conditions:—

1. The New Zealand ports to be either of the following: Auckland, Wellington, Lyttelton, Port Chalmers, or Bluff.

2. Tenderers to state (1) the rate per pound for which the letters, books and packets, and newspapers, and packets under the parcel-post, will be conveyed, in lieu of a fixed annual payment; and (2) the fixed subsidy per annum required for the performance of the service.

3. Tenders to be sent in for performing the service—(1) in forty days (960 hours) from New Zealand to Plymouth *via* Cape Horn; and forty-three days (1,032 hours) from Plymouth to New Zealand *via* Cape of Good Hope; and (2) in forty-two days (1,008 hours) homeward, and forty-five days (1,080 hours) outward. In the event of the Contractors availing themselves of any route across

the Isthmus of Darien, near Panama, then the respective times to be revised, and such shorter times substituted as may be agreed upon by the Postmaster-General and the Contractors.

4. The Contractors to be at liberty to call at such ports *en route* as the Postmaster-General may approve of.

5. The service to be performed by first-class screw steam-vessels, fully equal to Class 100 A1, Lloyd's Register, and of not less than 4,000 gross registered tonnage, having spar decks and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes.

6. The vessels to be fitted with refrigerating-chambers for frozen meat, and also approved chilled chambers for fruit, dairy-produce, &c.

7. The Postmaster-General to have full power to inspect the vessels employed, their officers and crew, and to suspend the use of any vessel which may not be considered satisfactory, or to prevent the employment of any officer, engineer, or crew appearing to him to be ineligible.

8. The mails to be conveyed will be all such mails as the Postmaster-General may from time to time require the Contractors to carry to and from New Zealand and Plymouth and other approved ports of call.

9. If any vessel shall not be at the port of departure from time to time in due time, and ready to perform the service, a sum of £250, and a further sum of £50 per day, is to be paid by the Contractors to, or may be deducted by, the Postmaster-General as liquidated and ascertained damages. But the Postmaster-General may remit or reduce these sums if satisfied that the default shall have arisen from causes over which the Contractors have no control.

10. No bonus will be paid for the delivery of the mails within the times stated in clause 3. A penalty of £4 an hour will be deducted for late delivery at New Zealand and Plymouth.

11. The Postmaster-General to have the power to detain the vessels at the port of despatch in New Zealand and at Plymouth for twenty-four hours free of charge. For any further detention, demurrage at the rate of £5 an hour to be paid the Contractors.

12. The vessels must be provided with safe and convenient places of deposit for the mails, rendered vermin-proof, and with locks, keys, and secure fastenings.

13. The Contractors, if required, to provide the necessary lights and accommodation for sorting and making up mails on board the vessels, with a separate and convenient room on the spar deck for the purpose, and to render any assistance which may be needed for conveying the mails between the mail-room and the sorting-room, &c.

14. Suitable first-class accommodation for a Mail Officer or Agent, with a properly-fitted state-room or cabin for his exclusive use, to be provided on board the vessels, and such officers or agents to be victualled by the Contractors as chief-cabin passengers, without charge, and during the time a vessel may stay at any port *en route*, but not at the terminal ports, are to be allowed to remain on board and are to be victualled by the Contractors.

15. The Contractors will not be required to pay any light, pilotage, tonnage, or harbour dues in respect of the first port of arrival in New Zealand.

16. The Contractors to bind themselves to pay to the Postmaster-General the sum of £20,000 by way of liquidated damages in case they shall fail to commence the service, or, having commenced it, shall refuse or neglect to carry on the same.

17. The Contractors shall, within thirty days after notification in writing of the acceptance of the tender, execute a contract under seal with the Postmaster-General, embodying the tender and these conditions, and such other terms, conditions, and stipulations as may be necessary to secure the due performance of the contract; and, if required, enter, with two sureties, to be approved by the Postmaster-General, into a joint and several bond in the sum of £20,000.

18. Tenders are to be made only on the accompanying printed form, and attached to these particulars and conditions, and are to be delivered at the General Post Office, Wellington, on or before Friday, the 31st May, 1889, and indorsed, "Tender for Direct Mail-service, New Zealand and Plymouth," and addressed to the Postmaster-General, New Zealand.

For the guidance of tenderers only, but not by way of guarantee, the following particulars are given for 1887 of the correspondence received and despatched by—

						Letters.	Books and Packets.	Newspapers.
						Lb.	Lb.	Lb.
Direct steamers—								
Despatched	...	...	...	...	...	4,138	3,791	22,836
Received	...	...	...	...	...	8,102	35,677	147,834
San Francisco—								
Despatched	...	...	...	...	...	10,953	14,819	91,276
Received	...	...	...	...	...	7,965	41,692	139,184
Shaw-Savill—								
Despatched	...	...	...	...	...	350	213	876
Received	...	...	...	...	...	219	1,801	3,001
						31,727	97,993	405,007

H. A. ATKINSON, Postmaster-General.

General Post Office, Wellington, New Zealand 23rd January, 1889.

No. 18.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 12th December, 1888.

Since writing to you on the 16th November on the subject of the proposed mail-service between Vancouver and Australia, I have had an interview with Lord Knutsford, and explained more fully to his Lordship the present position of the matter, as well as the necessity for some intimation reaching you before long as to the real intentions of Her Majesty's Government. I am to send in a formal letter to the Colonial Office, to which I may assure you all reasonable consideration will be given; but I am strengthened in the opinion that there is very little chance, if any, of an Imperial money-subsidy to any Pacific service at all.

Permit me to take the opportunity of alluding to a supposition which, from recent files of newspapers, I gather had existed, that in the negotiations relating to a Vancouver service I had encouraged the idea of a branch line to New Zealand from Fiji or some other place. On the contrary, as you have been long aware, I have invariably said here that to any scheme of the kind New Zealand would never give a sixpence.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

No. 19.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 8th March, 1889.

I have to acknowledge the receipt of your letter of the 24th January, covering an advertisement calling for tenders for a direct mail-service, and copies of the conditions in the proposed contract. The advertisement has been duly inserted in the London papers, and I have also thought it expedient to insert it in the *Glasgow Herald* and *Liverpool Courier*, as those papers circulate in great shipping centres, and the time is not too long for sending in tenders to reach you by the 31st May.

It is quite clear that, in the present state of affairs relating to a Pacific service *via* Vancouver, you could not invite tenders by that route. The Australian Governments still seem to be very indifferent about it, probably waiting for Canada to propose a definite plan; while as regards the Imperial Government I can only repeat what I have said, that there is no chance of anything being done unless and until Canada and Australasia come to an agreement and declare how much they will give as subsidy. The Finance Minister of the Dominion has just presented his Budget, according to which votes will be proposed for both Atlantic and Pacific services; but the amounts are not yet known here. Sir Charles Tupper is at Ottawa, and will certainly use all his influence to get sufficient votes passed; and on this being done the Governments of Australia and New Zealand will know how much to give themselves, when there will be a better chance for pressure on Mr. Goschen for an Imperial contribution.

In the meanwhile, however, the interesting news you are pleased to give me in relation to the San Francisco service is of great importance, and puts a new complexion on the whole subject. It has for some time past been evident that, if the United States really mean to checkmate Canada and keep on a San Francisco line, the question of a "Pacific service" will be practically settled by them, and not by the Dominion, on account of the immense sums they have in their Treasury; and, if Mr. Spreckels and his friends can presently make a definite declaration as to a large subsidy for a fortnightly service by San Francisco, the New Zealand House of Representatives may think fit to reconsider their decision of last year. A very recent political point is sure to have much weight with the President—namely, the formation of a United States naval station at Pangopango; for, as the Sandwich Islands are even now, for all practical purposes, American territory, so the naval station at Pango will make another strong link in the chain tending to continue a fast steam communication between the United States and Australasia. I will keep your news secret for the present, as you desire, but I presume you do not forbid its being communicated confidentially to Lord Knutsford.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 20.

Mr. GIBBS to the Hon. the POSTMASTER-GENERAL, Wellington.

The New Zealand Shipping Company (Limited),
Wellington, 31st May, 1889.

SIR,—

Referring to the notice, dated the 23rd January last, calling for tenders for a fortnightly and four-weekly alternative direct-mail service between New Zealand and Plymouth, I have the honour, by instruction of the Board of Directors of this company, to inform you that this company, in conjunction with the Shaw, Savill, and Albion Company, is prepared to enter into a contract for a monthly service for the conveyance of mails between this colony and Plymouth for three years from December next, on the same terms and conditions as the existing contract.

The following steamers will convey the mails from Plymouth: "Rimutaka," "Kaikoura," "Tongariro," "Aorangi," and "Ruapehu"; and to Plymouth: "Ionic," "Coptic," "Doric," "Arawa," and "Tainui."

I have further the honour to inform you that, in the event of the mail-service *via* San Francisco being discontinued, this company, in conjunction with the Shaw, Savill, and Albion Company, is

prepared to enter into a contract for a regular fortnightly service between this colony and Plymouth, on the terms and conditions of the existing contract. The ten steamers above-named will be available to perform this service.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

ISAAC GIBBS, Secretary.

[NOTE.—Existing Contract Conditions: Mails to be delivered in forty-two days from New Zealand to Plymouth, and forty-five days from Plymouth to New Zealand. £5 per hour bonus for early delivery and £4 penalty per hour for late arrival. Exemption from payment of light and harbour dues at the first port of arrival in the colony; and the following rates of payment for the conveyance of the mails: Letters, 12s. per pound; books, 1s. per pound; and newspapers 6d. per pound.]

No. 21.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company (Limited), Christchurch.

SIR,—

General Post Office, Wellington, 20th June, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 31st ultimo, submitting, by instruction of your Board of Directors, proposals under which your company, in conjunction with the Shaw-Savill and Albion Company, is prepared to enter into a contract for the performance of a four-weekly, or fortnightly, steam-service for the conveyance of mails between the colony and Plymouth, for three years from December next.

I am to point out that your proposals do not comply with the conditions under which the department invited tenders for the continuance of the Direct mail-service. The offer will, however, be laid before Parliament for consideration.

I have, &c.,

W. GRAY, Secretary.

The Secretary, New Zealand Shipping Company (Limited), Christchurch.

No. 22.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 16th March, 1889.

I have the honour to acknowledge the receipt of your letter of the 12th December last on the subject of the proposed mail-service between Vancouver and Australasia.

I have, &c.,

H. A. ATKINSON, Postmaster-General.

Sir F. D. Bell, K.C.M.G., C.B., Agent-General for New Zealand, London.

No. 23.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 31st January, 1889.

With reference to the question of a steam service between Vancouver and Australasia, I have thought it best not to send yet the formal letter to the Colonial Office to which I alluded in my letter of the 12th December, as I was privately aware of the Canadian Government being likely to make some statement to the Dominion Parliament on the subject. This has now been done in the Governor-General's opening Speech on the 31st instant; but the High Commissioner has not yet received the text of the speech: when it comes to him I shall address Lord Knutsford. But my impression has been strengthened—especially after recent speeches by the Chancellor of the Exchequer on matters certain to affect largely his Budget of the present year—that he will not be willing to entertain the question of an Imperial money-subsidy to a Vancouver service; and, at any rate, I feel sure he will not do so until the Australasian Governments have themselves decided how far they would unite with Canada in establishing it.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 24.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 26th March, 1889.

I have the honour to acknowledge the receipt of your letter of the 31st January last, in continuation of the correspondence on the question of a steam-service between Vancouver and Australasia. I note that at that date you were awaiting a suitable opportunity to address the Secretary of State.

I have, &c.,

H. A. ATKINSON, Postmaster-General.

Sir F. D. Bell, K.C.M.G., C.B., Agent-General for New Zealand, London.

No. 25.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 15th May, 1889.

I have the honour to acknowledge the receipt of your letter of the 8th March last in reference to tenders for a direct mail-service and the present state of affairs relating to a Pacific service *via* Vancouver.

From Press-telegrams it appears that the Canadian Parliament has authorised the Government to arrange for a fortnightly mail-service from Vancouver to Australia and New Zealand, and agrees to subsidise the service to the extent of £25,000 yearly. Sir John Macdonald is also reported to be about to visit London to discuss with the Imperial Government the question of a Canadian-Australian service.

I have, &c.,

H. A. ATKINSON,
Postmaster-General.

Sir F. D. Bell, K.C.M.G., C.B., Agent-General for New Zealand, London.

No. 26.

The Hon. E. MITCHELSON to the AGENT-GENERAL for NEW ZEALAND, London.

SIR,—

General Post Office, Wellington, 15th June, 1889.

I have the honour to enclose copy of the only offer received for the continuance of the New Zealand-Plymouth Direct-mail Steam-service. The offer does not comply with the advertised conditions, but it will be submitted to Parliament.

To afford time for the further consideration of the general question of Pacific mail-services, the Government of New South Wales, on its own responsibility, has just concluded an arrangement with the Union Steamship Company for a twelve months' extension, up to November, 1890, of the present San Francisco service. The exact terms and conditions of the renewal have not as yet been made public; but it is understood that provision has been made for this colony becoming a party to the contract.

Mr. Creighton has not been successful in securing the approval of New South Wales and Victoria to his proposals for a fortnightly San Francisco service. He returns to San Francisco by the outgoing mail-steamer.

I have, &c.,

EDWIN MITCHELSON (For Postmaster-General).

The Agent-General for New Zealand, London.

No. 27.

Mr. R. J. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 25th August, 1888.

I have the honour to inform you that the United States Postmaster-General has recognised the necessity for making a more liberal provision for sustaining the direct mail-service between San Francisco and the Australian Colonies.

The matter was brought to his attention in a very pointed way by the Hon. Mr. Felton, a Congressman from this city, who presented the necessity for immediate action if the service was to continue after November next. The Postmaster-General recognised the importance of the service to American trade, and said he was prepared to pay over the full postages allowed by law, amounting to about \$47,000.

This information was given out to the Press, and published with approving comments all over the country; and, having also seen Mr. Felton's telegrams to the Oceanic Company embodying the Postmaster-General's assurance that he would at once communicate his offer to the Governments of New South Wales and New Zealand, I felt justified in forwarding the following cable to the Hon. the Postmaster-General at Wellington, in the hope that it would arrive before a vote was taken on the proposal to continue the service: "Washington offers over forty thousand. Recommend temporary acceptance." Meanwhile I despatched the following to Washington for the purpose of ascertaining precisely what official action had been taken: "20th August, 1888.—Hon. Postmaster-General, Washington, D.C.—Would you kindly inform what message sent New Zealand regarding mail-service, and when payments begin?—ROBERT J. CREIGHTON, New Zealand Agent." I was induced to send this message because in one of Mr. Felton's despatches the phrase occurs, "Payments to be begun when contract is made." It was important, I thought, to fix the date of commencement, so that no misunderstanding might hereafter arise. I have had no reply to this telegram.

Matters remained in this shape for a few days, when a despatch was received from New Zealand stating that the "proposal to continue the service had been rejected." I interpreted this to mean that the proposal for a five years' service had been rejected, but that the proposal to extend the present contract for another year had not been submitted to Parliament, and therefore that the United States proposal should be made to apply to this extension—that is, that payments as advised from Washington should begin November, 1888.

* * * * *

I have, &c.,

ROBERT J. CREIGHTON.

Wm. Gray, Esq., Secretary, Posts and Telegraphs, Wellington.

No. 28.

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

SIR,—

General Post Office, Wellington, 5th October, 1888.

I have the honour, by direction of the Postmaster-General, to forward you the accompanying copy of a letter received by the last mail from our Resident Agent at San Francisco.

This is the only official communication received by the last mail on the matter of the increased payment by the United States Post Office. From a private source I learn that the actual sum agreed to be paid is \$50,000, and that this payment will date from the 1st ultimo. Of this sum the contractors will be entitled to retain \$30,000, and to divide with the contracting colonies the balance of \$20,000.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 29.

Mr. GRAY to the RESIDENT AGENT for NEW ZEALAND, San Francisco.

SIR,—

General Post Office, Wellington, 6th October, 1888.

I have the honour to acknowledge the receipt of your letter of the 25th August last, and to thank you for the information you give on the subject of the increased contribution which the United States Postmaster-General undertakes to make towards the cost of the San Francisco mail-service. You rightly understood that the San Francisco contract had been extended up to November, 1889, only.

I look for full particulars by the next mail on those points in your letter which necessarily you left unfinished at the time of writing. A copy of your letter has been sent to the Postmaster-General, Sydney.

I have, &c.,

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

W. GRAY, Secretary.

No. 30.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 6th October, 1888.

I have the honour to inform you that I have been advised by Mr. Creighton, our Resident Agent at San Francisco, that the Postmaster-General of the United States has agreed to increase the contribution of his office towards the cost of the San Francisco service from \$20,000 to a sum which Mr. Creighton sets down at about \$47,000 a year. From private advices, however, I learn that the actual amount is \$50,000 a year, and that of this amount the contractors will be entitled to claim \$30,000, the equivalent of the United States postages payable for the conveyance of the American mails, and also one-third of the balance of \$20,000, the other two-thirds of the latter sum being divided equally between the contracting colonies. I should add that this decision of the United States Postmaster-General is not the outcome of the determination of the New Zealand Parliament not to renew the San Francisco service, but the result of appeals made by Mr. Creighton and by gentlemen acting on behalf of the mail contractors.

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.,
Agent-General for New Zealand, London.

H. A. ATKINSON, Postmaster-General.

No. 31.

Mr. GRAY to the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 14th July, 1888.

Up to the present time no official reference has been made by this office to your predecessor's letter, of the 26th October last, addressed to the late Acting Resident Agent at San Francisco for this department, in which General Vilas states that, in the event of the San Francisco mail service being renewed for an extended term, the present annual payment made by the United States Post Office "can be maintained if American companies carry the mails, and probably increased \$10,000, making \$30,000 annually," conditionally on the contract providing "for the United States the full extent and measure of use of the vessels employed, and give to the United States as full a right to demand the service of such vessels for the despatch of her mails as the Government of New Zealand or any of the colonies shall possess by the contract, and the same rights to impose fines or deductions for failure or refusal to comply with any duty under the contract."

General Vilas's letter has been under consideration, and I have the honour to inform you that the Government is exceedingly disappointed to learn that your office is not prepared, in the event of a new service being arranged, to contribute more than \$30,000 annually, and on conditions unacceptable to this department. As the service has hitherto been maintained at the joint expense of New South Wales and New Zealand, it had been anticipated that the United States would at least agree to contribute a substantial sum towards the cost of a service which has been of great advantage to your country and Post Office. The \$30,000 would have no appreciable effect in reducing the cost of the service to the colonies, as the contractors would be entitled to claim nearly two-thirds of the amount for the conveyance of the United States portion of the mails.

I therefore hope that you may see your way to reconsider the question, and to propose a payment more in keeping with the interests of your country in the maintenance of regular and direct intercourse by steamer with New Zealand and Australia.

I have, &c.,

The Postmaster-General, Washington, D.C.

W. GRAY,
(For the Postmaster-General).

No. 32.

The Hon. the POSTMASTER-GENERAL, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Post Office Department, Washington, D.C., 3rd September, 1888.

I have the honour to acknowledge the receipt of your letter of the 14th of July last.

On a careful review of the returns of mail-service rendered by the Oceanic Steamship Company for this Government for carrying the mails to New Zealand, New South Wales, Victoria, Queensland, and Tasmania, South and West Australia, and Fiji Islands and Hawaii, New Caledonia and Samoa, I feel warranted in the reply that the power conferred on this department by law will permit the increase of the present annual payment to American steamship companies to the sum of \$50,000, on the conditions named by my predecessor in his communication of the 26th October last, to which your communication of the 14th July last is a reply, and to which you refer therein. I fully appreciate the value of this service to the United States, and have felt the keenest desire to maintain it, and have the honour to inform you that the limitations upon a more liberal co-operation have been from statutory conditions, and not from the disposition of this department.

I have, &c.,

DON M. DICKINSON, Postmaster-General.

The Postmaster-General, Wellington, New Zealand.

No. 33.

Mr. R. J. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 22nd September, 1888.

I have the honour to enclose accompanying correspondence in reference to the extended mail-service, and the terms upon which the United States Postmaster-General is prepared to sign a contract for the ensuing twelve months, commencing with November next.

The correspondence explains itself. I have nothing to add in explanation beyond the statement that, in view of possible administrative changes after the November election, in my opinion it was advisable that the exact terms upon which the United States Post Office Department agreed to make increased payments in aid of the direct postal service with New Zealand and Australia should be of record. The arrangements and understanding with the United States Postal Department on the occasion of my visit to Washington some years ago were disregarded by the new Administration simply because there was no written agreement. Another change of Administration would probably upset what has been agreed to in good faith by the present Postmaster-General were it left an open question. Public policy changes with every change of Administration, even in matters of detail. There is no intention of doing injustice, although that is sometimes the result.

Section 4,009, Revised Statutes, under which this arrangement for payment is made, reads as follows: "For transporting the mail between the United States and any foreign port, or between ports of the United States, touching at a foreign port, the Postmaster-General may allow as compensation, if by a United States steamship, any sum not exceeding the sea and United States inland postage, and if by a foreign steamship or by a sailing-vessel, any sum not exceeding the sea-postage on the mail so transported." It is evident, therefore, that a reduction must be made in respect of the mails carried by the "Zealandia," or any other vessel employed in the service which is not on the American register. The amount fixed upon is the highest sum the law permits to be paid for the ocean postal service. Of course, the increased payments will benefit the colonies by reducing their subsidies.

I have requested to be furnished with a copy of the agreement, which I shall forward in due course to you. Beyond assenting to the twelve hours' detention, I have not been consulted on the subject. I hope that, in view of the circumstances of the case, I have not acted contrary to the wishes of the Hon. the Postmaster-General.

I have, &c.,

ROBERT J. CREIGHTON.

W. Gray, Esq., Secretary, Posts and Telegraphs, Wellington.

Enclosure 1 in No. 33.

Mr. J. D. SPRECKELS to the RESIDENT AGENT for NEW ZEALAND, San Francisco.

SIR,—

San Francisco, 12th September, 1889.

I have the honour to enclose, for your information, copy of a telegram received from Mr. A. B. Spreckels relative to United States payments to the San Francisco mail-service with the colonies.

Will you kindly advise me, as early as possible, whether the detention of twelve hours will be permitted by the New Zealand Government, also whether they will consent to the reduction of \$1,000 per quarter on account of the s.s. "Zealandia," as the United States laws are very explicit concerning the transportation of mails in foreign bottoms? Will you also kindly give me the initial and final sailing-dates of steamers for the year's extension of the contract.

The words "Hawaiian services extra" refer to payments to be made on account of the s.s. "Australia."

I have, &c.,

JOHN D. SPRECKELS.

Robert J. Creighton, Esq., Resident Agent for the New Zealand Government,
328, Geary Street, San Francisco.

Sub-enclosure in Enclosure 1 in No. 33.

(Telegram.)

Philadelphia, 10th September, 1888.

POSTMASTER will contract with us \$50,000 per annum. Hawaiian services extra. Pays quarterly unless Congress forbids. No probability of this. Insist right detain twelve hours. Get New Zealand consent to this: it occurs infrequently. Law forbids paying full postage on foreign bottoms. Obtain consent reduce quarterly payment \$1,000 on "Zealandia," making \$46,000 net for service. Give initial and final sailing-date, and instruct. Hard work arranging."

John D. Spreckels, San Francisco.

A. B. SPRECKELS.

Enclosure 2 in No. 33.

Mr. R. J. CREIGHTON to the MANAGING DIRECTOR, Oceanic Steamship Company, San Francisco.
Sir,—

San Francisco, California, 12th September, 1888.

I have the honour to acknowledge receipt of your letter of even date enclosing copy of a despatch from Mr. A. B. Spreckels, Philadelphia, relative to the United States payments to the San Francisco mail-service with the Australian Colonies.

My general instructions do not authorise me to pledge the New Zealand Government to any specific obligation, but under the circumstances I think I may interpret the cablegram of the Hon. the Postmaster-General, Sir Harry Atkinson, of date 24th August, 1888, as conferring such authority for the purpose indicated in your letter. It instructed me to accept the terms offered by the United States Postmaster-General for a continuance of the mail-service up to November, 1889.

I think, however, apart from this, that the New Zealand Postmaster-General will approve my assent on his behalf to the condition which the United States Postmaster-General insists upon, that he should have the right to detain the contract mail-steamer at San Francisco twelve hours, presumably after the arrival of the closed British mail at this port from New York, for the reasons—(1) The necessity for such detention can but very rarely arise; and (2) by the present railroad schedule, which provides for only one through train every twenty-four hours from Ogden to San Francisco, it could not be taken advantage of. The United States mail for the colonies must be despatched by the same train as the British closed mail, or a detention of twenty-four hours would be necessary. Such detention would be unreasonable unless in the case of some grave national emergency, in which case I have no doubt my Government would approve the detention of the mail-steamer, which I should not hesitate to sanction upon request.

With regard to the reduction of \$1,000 per quarter on account of the s.s. "Zealandia," reference to the Revised Statutes convinces me that this is inevitable. The Postmaster-General has no option in the matter. The amount involved is not large, and the United States Post Office Department has displayed a liberal spirit throughout these negotiations.

I note what you say regarding the Hawaiian services. My Government has no concern with your arrangements for conveying the Hawaiian mail.

The initial sailing under the extended contract will be the s.s. "Alameda," 17th November, 1888; final sailing, 19th October, 1889.

I have, &c.,

ROBERT J. CREIGHTON,

Resident Agent, New Zealand Government.

John D. Spreckels, Esq.,

Managing Director, Oceanic Steam Shipping Company, San Francisco.

No. 34.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

Sir,—

General Post Office, Sydney, 17th October, 1888.

I have the honour to acknowledge receipt of your letter of the 5th instant covering copy of a communication from your Resident Agent at San Francisco in regard to the American mail-service.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON, Secretary.

No. 35.

The Hon. Sir H. A. ATKINSON to the AGENT-GENERAL, London.

Sir,—

General Post Office, Wellington, 2nd November, 1888.

I have the honour to forward copies of correspondence in reference to the increased contribution by the United States Post Office towards the cost of the San Francisco mail-service.

You will observe that the actual payment to be made is now fixed at \$46,000 per annum; but I am as yet without any official advice as to the proportions receivable by New South Wales and this colony.

I have, subject to the concurrence of New South Wales, agreed to the twelve hours' detention of the steamers at San Francisco. I do not, however, think that the proviso will be exercised except when it will be necessary to detain the steamers for the British as well as for the United States mails.

I have, &c.,

H. A. ATKINSON, Postmaster-General.

Sir F. D. Bell, K.C.M.G., C.B., Agent-General for New Zealand, London.

No. 36.

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

SIR,—

General Post Office, Wellington, 2nd November, 1888.

I have the honour, by direction of the Hon. the Postmaster-General, to forward herewith copy of a communication of the 22nd September last from Mr. Creighton, Resident Agent for this colony at San Francisco, to this office, covering copy of letter from the Managing Director of the Oceanic Steamship Company to Mr. Creighton and copy of his reply, on the subject of the increased contribution by the United States Post Office towards the San Francisco mail-service.

You will have learned from my letter to you of the 5th September last that Mr. Creighton was instructed by cable to accept the increased payment up to November, 1889. The Postmaster-General was, of course, not aware at the time that any conditions were involved; otherwise he would have communicated with your office before cabling Mr. Creighton. But Sir Harry Atkinson is of opinion that the proviso for a twelve hours' detention of the steamers at San Francisco should be agreed to, as he does not think that such power is likely to be exercised by the United States Post Office except when it would be necessary to detain the steamer for the British as well as the United States mails. He purposes, therefore, advising Mr. Creighton that, subject to the concurrence of your Government, he confirms the twelve hours' detention. It will be observed that the actual payment to be made by the United States Post Office is at the rate of \$46,000 per annum; but it has not yet been officially stated how this amount is to be apportioned. So soon as particulars are received they will be communicated to your office.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 37.

Mr. GRAY to the RESIDENT AGENT for NEW ZEALAND, San Francisco.

SIR,—

General Post Office, Wellington, 2nd November, 1888.

I have the honour to acknowledge the receipt of your letter of the 22nd September last, enclosing original from Mr. J. D. Spreckels to yourself and copy of your reply, in the matter of the increased contribution of \$50,000 from the United States Post Office towards the cost of the San Francisco mail-service for the twelve months ending November, 1889. The correspondence has been submitted to the Postmaster-General, and a copy forwarded to the New South Wales Post Office.

As the United States Post Office law now stands, it is needless to obtain the consent of the colonial Postmasters-General to the reduction of \$1,000 per quarter in respect of the "Zealandia." The Postmaster-General therefore regards it as a foregone conclusion that the actual payment to the service will be at the rate of \$46,000, and not \$50,000, per annum.

With reference to the proviso stated to be insisted upon by the United States Post Office to detain the steamers for twelve hours at San Francisco, the Postmaster-General, subject to the concurrence of New South Wales Post Office, confirms your action in agreeing to the detention. When the Postmaster-General authorised you by cablegram to accept the offer you communicated by cable he was, of course, unaware that any conditions were attached to the offer of the increased contribution; but, as it is probable that the power will only be exercised when it would be as necessary to detain the steamers for the British as for the United States mails, the Postmaster-General has little hesitation in approving what has practically already been settled. The Postmaster-General, however, relies on the United States Post Office not forwarding its mails from the East subsequently to the despatch of the last instalment of the British mails from New York. But this will be more particularly dealt with on receipt of the agreement which is to be concluded between the United States Post Office and the Oceanic Company.

I have also the honour to forward, for your information, copy of a letter, dated the 3rd September last, from the Postmaster-General, Washington, announcing that he now feels warranted in increasing his department's annual payment to the San Francisco service to \$50,000. Mr. Dickinson writes very favourably of the service, and adds "that the limitations upon a more liberal co-operation have been from statutory conditions, and not from the disposition of this department." On this statement the Postmaster-General feels compelled to remark that, as the payments hitherto made must have been considerably less than what were contemplated under the "statutory conditions," it is difficult to understand why the service has so long been denied what the law actually authorised. Not only this, but it was not until it had been represented that the colonies would probably abandon the service unless the United States bore a larger share of the cost, and not until considerable pressure was brought to bear by the Messrs. Spreckels and their friends, that any disposition to be even fairly liberal was evinced by Mr. Dickinson's department.

I have, &c.,

W. GRAY, Secretary.

R. J. Creighton, Esq., 328, Geary Street, San Francisco, California.

No. 38.

Mr. GRAY to the Hon. the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 3rd November, 1888.

I have the honour to acknowledge the receipt of your letter of the 3rd September last, and thank you for the reply therein that the power conferred on your department by law permits the increase of the present annual payment to American steamship companies for the carriage of mails

to New Zealand, New South Wales, &c., to \$50,000. It is understood that your department proceeds at once to make payment at the rate of \$46,000 a year towards the cost of the San Francisco service up to November, 1889, and I await advice as to how that sum is to be apportioned.

I have, &c.,
W. GRAY,
(For the Postmaster-General.)

The Hon. the Postmaster-General, Post Office Department,
Washington, D.C.

No. 39.

Mr. R. J. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 19th October, 1888.

I have the honour to enclose for your information copy of the order of the Postmaster-General (with covering correspondence) under which the United States Post Office Department agrees to pay at the rate of \$50,000 per annum for the carriage of the United States mail by the Oceanic Steamship Company's vessels to New Zealand and Australia.

A formal contract has not been signed, for the reason stated in the accompanying papers. There is no reason for supposing, however, that this order will be disturbed during the continuance of the present contract with the Oceanic Company.

The Postmaster-General cannot make retrospective payments unless Congress appropriates money for the purpose. I think a strong moral claim exists in this case, and it might be presented to Congress in the next session with some show of success if it were understood that the Colonial Governments favoured a continuance of the San Francisco service.

The sum of \$1,000 quarterly is to be deducted from the full payment of \$50,000 per annum because one of the steamships employed is not on the American register, although it belongs to the company. I explained this in my correspondence last mail, and the point is brought out in the accompanying papers. The total payment for the year commencing the 17th November, 1888, will therefore be \$46,000.

As I understand the existing contract, the company is entitled to \$20,000—the computed amount heretofore paid by the United States Post Office for the carriage of the United States mail—and one-third of any excess of that amount that may be paid for such service (clauses 10 and 20 of contract). Should this reading be correct, the New Zealand Government would be entitled to £1,806 and a fraction, and New South Wales to a similar amount, the contractors being benefited to the same extent. If the contractors are only entitled to \$20,000 aggregate postages, then the Colonial Governments would receive respectively \$13,000, or £2,709 odd. The question of distribution, however, is a matter which rests between the Governments and the steamship company.

This is the best that can be done at present. After the presidential election, when the politics of the Administration have been fixed for the next four years, something might be accomplished in the way of securing an adequate subsidy for an American steamship-line. This would probably be the plan of a Republican Administration, which would seek to "encourage American shipping;" but the tariff would not encourage an exchange of products under Republican rule. Should the Democratic party carry the election they might be opposed to subsidies, but would certainly encourage foreign commerce by a liberal tariff.

I have, &c.,
ROBT. J. CREIGHTON.

W. Gray, Esq., Secretary, Post and Telegraphs, Wellington.

Enclosure in No. 39.

Mr. SPRECKELS to Mr. CREIGHTON.

SIR,—

San Francisco, 19th October, 1888.

I have the honour to enclose, for transmission to your Government, a copy of a letter from the United States Postal Department, dated the 21st September, 1888, ordering the payment of increased amounts towards the maintenance of the Oceanic Steamship Company in connection with the transportation of mails between this port and the colonies.

I have, &c.,
JOHN D. SPRECKELS.

Robert J. Creighton, Esq., Resident Agent for the New Zealand Government,
328, Geary Street, San Francisco.

Sub-enclosure in Enclosure in No. 39.

ACTING-SUPERINTENDENT FOREIGN MAILS to Mr. SPRECKELS, Philadelphia.

Post Office Department,

SIR,—

Office of Foreign Mails, Washington, D.C., 21st September, 1888.

Referring to your telegram of the 19th instant, inquiring "when may I expect contract," I am directed to inform you that by section 4,007 of the Revised Statutes of the United States the Postmaster-General is authorised to enter into contracts for the conveyance of mails to foreign countries only after advertising for proposals therefor, and consequently has no authority to execute the contract to which reference is made in your telegram.

The provisions of said contract, in connection with your letter of the 15th in reply to Mr. Bell's of the 13th instant, meet with the Postmaster-General's approval, however; and, acting under the authority conferred upon him by section 4,009 of the Statutes, he has embodied them in an order which he signed yesterday, and of which the following is a copy (*vide* enclosure in No. 51).

I have, &c.,
N. M. BROOKS,
Acting-Superintendent Foreign Mails.

Mr. A. B. Spreckels, 116, South Third Street, Philadelphia, Pennsylvania.

No. 40.

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

SIR,—

General Post Office, Wellington, 17th November, 1888.

I have the honour, by direction of the Postmaster-General, to forward for the information of your department copies of correspondence relating to the San Francisco mail-service question.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 41.

Mr. WHITSON to the SECRETARY, General Post Office, Wellington.

SIR,—

Union Steamship Company of New Zealand (Limited),
Dunedin, 21st November, 1888.

Messrs. J. D. Spreckels and Brothers advise us by last mail that they were forwarding to you complete returns of the quantity of United States mails that had been carried by their steamers up to the 30th June last, and that these figures would show that they were entitled to the whole of the £800 per annum of the American mail-money, a portion of which had been temporarily withheld by New Zealand and New South Wales. If this is so I shall be obliged by your crediting the amount claimed and advising me that the whole amount of £4,000 per annum may now be retained by the contractors.

I am, &c.,

T. W. WHITSON,

(For Managing Director.)

W. Gray, Esq., Secretary, General Post Office, Wellington.

No. 42.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 27th November, 1888.

I have the honour to acknowledge the receipt of your letter of the 21st instant referring to the statements furnished to this office by Messrs. J. D. Spreckels and Brothers of the quantity of United States mail-matter carried by their steamers, with the object of showing that the contractors are entitled to the whole of the sum of £800 per annum of the American mail-money, a portion of which has been withheld by New South Wales and New Zealand. I am endeavouring to verify the figures of Messrs. J. D. Spreckels and Brothers' statements; but, whatever may be the result, nothing could be done in the way of repaying any sum withheld without first consulting the Postmaster-General of New South Wales.

I have, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company of New Zealand (Limited), Dunedin.

No. 43.

Mr. GRAY to the SUPERINTENDENT, Office of Foreign Mails, Washington.

SIR,—

General Post Office, Wellington, 1st December, 1888.

I have the honour to inform you that I have received from Mr. J. D. Spreckels, the President of the Oceanic Steamship Company, San Francisco, copy of two letters from your office of the 19th July last, with enclosure, to Messrs. J. D. Spreckels and Brothers, and of the 9th October to Mr. A. B. Spreckels, on the subject of the amount of mail-matter from the United States conveyed by the vessels of the Oceanic Steamship Company to the Australasian Colonies during the last three years.

It is alleged by Mr. Spreckels that the \$20,000 per annum paid by your office for conveyance of mails to New Zealand and Australia are not in excess of, but are actually less than, the sum his company should have received. Your letters of the 2nd April, 1886, and the 16th May, 1887, stated that your office estimated its payment of \$20,000 to be equal to \$4,000 a year in excess of the sum the Oceanic Company had a right to retain for their sole benefit. On this statement the excess sum was held to be divisible between the contracting colonies and the contractors, and the colonies' shares were accordingly deducted from the subsidy-payments under clause 10 of the contract. Mr. Spreckels now claims a refund of the sums so deducted, for the reasons already given. I have therefore to ask you to be so good as to inform me whether the colonies had not a right to participate in the excess of \$4,000, or whether your office's payment of \$20,000 per annum is only equal to what the company is entitled to claim under the laws of the United States Post Office for the conveyance of the United States mails to New Zealand and Australia.

The Superintendent, Office of Foreign Mails,
Post Office Department, Washington, D.C.

I have, &c.,

W. GRAY, Secretary.

No. 44.

Mr. GRAY to the PRESIDENT, Oceanic Steamship Company, San Francisco.

SIR,—

General Post Office, Wellington, 1st December, 1888.

I have the honour to acknowledge the receipt of your letter of the 19th October last forwarding copies of correspondence from the Post Office Department at Washington relative to the quantity of mail-matter that has been carried by the San Francisco mail-service steamers for the United States Government under the existing contract, in proof of the contractors' claim to the whole of the payment made by the United States Post Office.

The fire at this office in April last year destroyed all the records and returns up to that time, and there is therefore a difficulty in obtaining an accurate account; but an effort will be made to prepare such a statement as will admit of a fair comparison being made, so as to determine whether the contractors are entitled to retain the whole of the contributions from the United States Post Office up to the end of October last.

I have, &c.,

W. GRAY, Secretary.

J. D. Spreckels, Esq., President, Oceanic Steamship Company,
327, Market Street, San Francisco, California.

No. 45.

Mr. GRAY to the RESIDENT AGENT for New ZEALAND, San Francisco.

SIR,—

General Post Office, Wellington, 1st December, 1888.

I have the honour to acknowledge the receipt of your two letters of the 19th October last, on the subjects respectively of the extension of the San Francisco mail-service contract to November, 1889, and the payment by the United States Post Office towards the service at the increased rate of \$46,000 for the year of the extension—the latter enclosing correspondence from the Oceanic Company.

As the Postmaster-General has not yet had any definite communication either from the Agent-General or from the New South Wales Post Office, he is not prepared to discuss the question of the San Francisco service by the present mail. But intimation has already been received from Sydney that that office gives in its concurrence to the proviso attached to the payment of the \$46,000 to which you have agreed—namely, that the Postmaster-General of the United States may detain the mail-steamers at San Francisco for twelve hours.

I have, &c.,

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

W. GRAY, Secretary.

No. 46.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 19th November, 1888.

I am directed to acknowledge the receipt of your communication of the 2nd instant covering a copy of one, dated 22nd September last, from Mr. Creighton, Resident Agent for New Zealand at San Francisco, enclosing a copy of correspondence between the managing director of the Oceanic Steamship Company and himself respecting the increased contribution by the United States Post Office towards the San Francisco mail-service, and to intimate that under the circumstances the Postmaster-General of this colony concurs with Sir Harry Atkinson in giving the Postmaster-General of the United States the right to detain the steamers, if necessary, at San Francisco for twelve hours.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON, Secretary.

No. 47.

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

SIR,—

General Post Office, Wellington, 28th December, 1888.

I have the honour to acknowledge the receipt of your letter of the 19th ultimo, intimating that the Postmaster-General of New South Wales approves of the Postmaster-General of the United States having the power to detain the contract-vessels at San Francisco, when necessary, for twelve hours. The approval has been conveyed to the contractors.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 48.

Mr. GRAY to the RESIDENT AGENT for New ZEALAND, San Francisco.

SIR,—

General Post Office, Wellington, 29th December, 1888.

In continuation of my letter to you dated 1st ultimo, and in further reply to yours of the 22nd September last, I now have the honour to inform you that the Postmaster-General of New South Wales concurs in the Postmaster-General of the United States being empowered to detain the contract-vessels at San Francisco, when necessary, for twelve hours. This approval has been conveyed to the contractors.

I have, &c.,

W. GRAY, Secretary.

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

No. 49.

Mr. GRAY to the PRESIDENT, Oceanic Steamship Company, San Francisco.

SIR,— General Post Office, Wellington, 29th December, 1888.

I have the honour to acknowledge receipt of your letter of the 15th ultimo, containing proposals for the division between your company, New South Wales, and this colony of the \$46,000 subsidy promised by the United States towards the San Francisco mail-service. I am to thank you for the arrangement you propose, which has been accepted.

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

John D. Spreckels, Esq., President, Oceanic Steamship Company,
San Francisco.

No. 50.

Mr. J. D. SPRECKELS to the SECRETARY, General Post Office, Wellington.

SIR,— San Francisco, 15th November, 1888.

I have the honour to inform you that during the present year's extension of our contract with your Government the United States Postal Department has promised to pay the sum of \$46,000, this being the amount of postages earned by our steamers. It is not our intention to claim the whole of this amount, to which we believe that we are justly entitled, but we have decided to retain the sum of \$20,000 as our share of the postages for the current year's services, leaving the balance of \$26,000 to be equally divided between the Governments of New Zealand, New South Wales, and the Oceanic Steamship Company, in accordance with the spirit conveyed in section 10 of the contract. Trusting that this arrangement will be acceptable,

I have, &c.,
JOHN D. SPRECKELS,
President, Oceanic Steamship Company.

W. Gray, Esq., Secretary, the Post and Telegraph Department, Wellington.

No. 51.

Mr. J. D. SPRECKELS to the SECRETARY, General Post Office, Wellington.

SIR,— San Francisco, 17th November, 1888.

I shall be glad if you will give me the views of the Hon. the Postmaster-General and yourself as to the establishment of a regular fortnightly mail-service from San Francisco to New Zealand and Australia.

Wellington might be made the port of call in New Zealand, thereby removing some of the objections raised by your people in the Southern Island, and placing them on an equality with the Auckland people as to the time of delivery of their mails. Auckland would, I fancy, prefer to see such a route adopted rather than that the service be entirely discontinued. Or the steamers might call alternately at Auckland and Wellington.

For a fortnightly service we would need five steamers, and I should therefore ask for a further contract of eight years. If New South Wales will decline to enter into such a contract, may it not be possible to secure the co-operation of Victoria.

I should like to know what annual amount Sir Harry Atkinson would be prepared to advise Parliament to vote for a fortnightly service, also what changes, if any, he would suggest in the form of the existing contract. I presume that dockage is obtainable in Wellington and Melbourne.

I shall be glad to obtain information upon these points, and any others that may occur to you. The action of Congress towards this service in the future must be shortly determined, and an early reply is essential in order to enable me to formulate my plans before your next session of Parliament, in March, 1889. This cannot be done until hearing from you.

I would suggest that this and subsequent correspondence on the same subject be regarded as of a private nature for the present.

I am, &c.,
JOHN D. SPRECKELS.

W. Gray, Esq., Wellington, New Zealand.

No. 52.

Mr. GRAY to Mr. J. D. SPRECKELS, San Francisco.

SIR,— General Post Office, Wellington, 29th December, 1888.

I have the honour to acknowledge receipt of your letter of the 17th ultimo, asking the views of the Postmaster-General and myself as to the establishment of a fortnightly mail-service between San Francisco, New Zealand, and Australia. As Parliament, by its decision on the mail-service question, has practically tied the hands of the Government, the Postmaster-General regrets he could not with propriety express an opinion on the points raised in your letter. Sir Harry Atkinson, however, will be pleased to receive and consider any definite proposal you may feel disposed to make. Any proposal would, of course, be submitted to Parliament.

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

John D. Spreckels, Esq., 327, Market Street, San Francisco.

No. 53.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 16th November, 1888.

I have to acknowledge receipt of your letter of the 6th October respecting the increased contribution of \$50,000 a year which the United States Post Office is now willing to make towards the mail-service *via* San Francisco.

Since my last letters, of the 6th and 18th October, on the subject of a Pacific service, I have continued to be in frequent private communication with the Imperial authorities. The High Commissioner of Canada and Agent-General for New South Wales had a long conference with me a few days ago upon my proposal that we should seek a formal interview with the Secretary of State for the Colonies and the Postmaster-General; but Sir C. Tupper and Sir Saul Samuel were of opinion that we had better postpone that step a little. The Dominion Government has invited the Governments of Australasia to a conference at Ottawa on the question of the proposed cable to Vancouver, and the postal steam-service would of course be taken into consideration too if the invitation were accepted; and Sir Charles Tupper thought it would be expedient to wait, before having any formal interviews, till we should know what answer is sent to the Dominion Ministry.

It was agreed, however, between us, that I should continue the informal communications that had already taken place, in order to learn more nearly the views of the Imperial authorities; and I am to see Lord Knutsford in a few days accordingly. So far, however, as I have yet been able to form an opinion, there does not appear to be much chance of the Imperial Treasury consenting to a contribution towards the subsidy necessary for establishing a line of fast steamers between Vancouver, New Zealand, and Australia: the "favourable" view taken by Her Majesty's Government of a Vancouver service has not reached the point of finding the money to give it effect. The new attitude, however, taken up by the United States may influence the Imperial Treasury, bringing, as it does, more clearly forward the question whether, assuming there to be any Pacific service at all, it is to be a permanently British or a permanently American one.

I have, &c.

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 54.

The Hon. T. FERGUS to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 6th February, 1889.

I have the honour to acknowledge the receipt of your letter of the 16th November last on the subject of the Pacific mail-service. I note that the High Commissioner for Canada and the Agent-General for New South Wales counsel delay in seeking an interview with the Secretary of State for the Colonies, for the purpose of definitely ascertaining the views of the Imperial Government on the question. I regret to learn that your inquiries lead you to conclude that for the present the Imperial Treasury is not likely to contribute towards the cost of a line of fast steamers between Vancouver and Australasia.

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.,
Agent-General for New Zealand, London.

T. FERGUS,
(For Postmaster-General.)

No. 55.

Mr. BELL to the Hon. the POSTMASTER-GENERAL, Wellington.

Post Office Department, Office of Foreign Mails, Washington, D.C.,

SIR,—

7th December, 1888.

I have the honour to acknowledge the receipt of your communication of the 3rd ultimo, in reply to the Postmaster-General's letter of the 3rd September last, with reference to previous correspondence respecting the amount to be paid annually by this department for the conveyance from San Francisco, by American steamers, under contract with New Zealand, of the United States mails for Australasian destinations.

In reply, I enclose herewith a copy of the Postmaster-General's order, dated the 20th September, 1888, authorising the payment of \$50,000 annually to the Oceanic Steamship Company as full compensation for the conveyance of the mails in question, in the manner and subject to the conditions therein prescribed; the annual periods referred to in said order to commence with the sailing of the Oceanic Steamship Company's vessel scheduled to leave San Francisco for Auckland and Sydney on or about the 17th ultimo, and the payments to be made quarterly direct to the agents of said company in this country.

The Postmaster-General does not fully comprehend the following sentence in your letter under reply: viz., "It is understood that your department proceeds at once to make payment at the rate of \$46,000 a year towards the cost of the San Francisco service up to November, 1889."

I am, &c.,

NICHOLAS M. BELL,
Superintendent, Foreign Mails.

The Postmaster-General, Wellington, New Zealand.

Enclosure in No. 55.

POSTMASTER-GENERAL'S ORDER.

Post Office Department, Office of Foreign Mails, Washington, D.C.,
20th September, 1888.

UNDER and in accordance with the provisions of sections 4,009, 4,010, and 4,011 of the Revised Statutes of the United States (which are here referred to), it is hereby ordered: That, subject to the provisions and conditions hereinafter contained, the sum of \$50,000 per annum shall be allowed and paid to the Oceanic Steamship Company, of the City of San Francisco, State of California, as full compensation for the services rendered by said company in transporting, by its steamers sailing from San Francisco to New Zealand and New South Wales *via* Honolulu, all mails made up in the United States destined for the Hawaiian Kingdom, the Australasian Colonies, and New Caledonia, and other islands in the Pacific Ocean. Payment to be made quarterly, at the rate of \$12,500 per quarter. Provided the mails are conveyed in steamers of United States build and register, and that if in any case a foreign-built steamer shall perform the service herein referred to, then the sum allowed said foreign steamer shall be \$1,000 less than would be allowed to a steamer of United States build and register for the same service, or in that proportion for any service: Provided further that said company shall despatch a steamer at intervals of about four weeks, making thirteen despatches in twelve months; and that if less than thirteen despatches occur during twelve months, then the amount herein ordered to be paid annually to said company shall be reduced one-thirteenth part of said amount for each and every despatch less than thirteen: Provided further that said company shall cause the sailing of their steamers to be delayed not more than twelve hours after their advertised hour of departure whenever such delay may be necessary in order to receive mails to arrive at San Francisco by railway-trains from the eastern portion of the United States; and for each and every failure to so delay a steamer when requested to do so by the Postmaster at San Francisco, then the sum of \$500 shall be deducted from the amount which would otherwise be due for said steamer's services during the voyage in question. The annual payment herein provided for shall be in full compensation for services rendered by the steamers of the Oceanic Steamship Company which sail for New Zealand and New South Wales, and shall not include additional service rendered by steamers of said company that sail for the Hawaiian Kingdom only, which additional service shall be paid for at the rates of compensation at present allowed for said service. The provisions of this order shall take effect with the sailing of the Oceanic Steamship Company's vessel to sail from San Francisco for New Zealand and New South Wales on or about the 17th day of November, 1888, and shall continue in force until otherwise directed.

DON M. DICKINSON, Postmaster-General.

No. 56.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 2nd January, 1889.

I have the honour to acknowledge, with thanks, the receipt of your letter of the 17th November last, covering copies of correspondence received from Mr. R. J. Creighton, Resident Agent in San Francisco for the Government of your colony, in connection with the San Francisco mail-service.

It is understood from the correspondence referred to that from the 18th November last the United States Government will contribute at the rate of \$46,000, or £9,200, per annum towards the cost of the service; also that of this amount \$16,000, or £3,200, represents the amount hitherto paid by the United States Government to the contractors by way of gratuities, and which the contractors are allowed to retain, and that the balance of \$30,000, or £6,000 per annum, will be divided equally between the two contracting colonies (New South Wales and New Zealand) and the contractors. It is further understood that the whole of the United States contribution will be collected by the contractors, and the subsidy of each contracting colony, from the date mentioned, reduced by its share of that contribution.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON, Secretary.

No. 57.

Mr. GRAY to the SUPERINTENDENT OF FOREIGN MAILS, Washington.

SIR,—

General Post Office, Wellington, 23rd January, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 7th ultimo in reference to the increase in the contribution by your department towards the cost of the San Francisco service, and enclosing copy of the Postmaster-General's order, dated the 20th September last, authorising the payment of \$50,000 annually to the Oceanic Steamship Company for the conveyance of United States mails to the Australasian Colonies.

In thanking you for the information conveyed in your letter, I am directed to state that the reference made in my letter of the 3rd November last to a fixed sum of \$46,000 per annum to be paid by your department was based on what had been stated by Messrs. J. D. Spreckels and Brothers, to the effect that out of the \$50,000 a deduction of \$4,000 would be made in respect of the mail-steamship "Zealandia," which was not an American-owned registered vessel.

I have, &c.,

The Superintendent, Office of Foreign Mails,
Post Office Department, Washington, D.C.

W. GRAY, Secretary.

No. 58.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 12th December, 1888.

I have to acknowledge with thanks the receipt of your letter of the 2nd November, covering correspondence relating to the increased contribution by the United States Post Office to the San Francisco service, and I note that you have, subject to the assent of New South Wales, sanctioned the twelve hours' detention of the ocean mail-steamer at San Francisco in case of necessity.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 59.

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

SIR,—

General Post Office, Wellington, 25th January, 1889.

I have the honour to acknowledge the receipt of your letter of the 2nd instant in reference to mine of the 17th November last on the subject of the increased contribution from the United States Post Office towards the cost of the San Francisco mail-service.

Permit me to point out that you have misunderstood the basis on which the \$46,000 are to be divided between the contracting colonies and the contractors. The contractors' agents, Messrs. Spreckels Brothers, claim \$20,000 as the sum they are entitled to for the carriage of the American mails; and this amount appears to be within the mark. The balance, \$26,000, is therefore divisible equally between the two contracting colonies and the contractors. The increased payment dates from the 18th November last. It should be mentioned, however, that the contractors have applied for refund of the sums deducted by the contracting colonies in respect of the previous payment of \$20,000 a year by the United States, claiming that the amount they were entitled to retain for the conveyance of the United States mails exceeded the gross payment made by the Post Office. The question has been referred to the Postmaster-General, Washington, for his opinion and decision, and the contractors informed accordingly.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 60.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 25th January, 1889.

In agreeing to contribute \$46,000 towards the cost of the San Francisco mail-service for the renewed term of contract, the Postmaster-General of the United States, among other things, desired to have the power to detain the steamers at San Francisco for twelve hours, to insure the due transmission of mails from the East *en route*, but unavoidably delayed from one cause or another. I have now to inform you that the Postmasters-General, after consultation, have agreed to this detention. Our Resident Agent at San Francisco has been informed of the decision, which he will communicate to the Messrs. Spreckels.

I have, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company of New Zealand (Limited), Dunedin.

No. 61.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 26th January, 1889.

I have been directed by the Postmaster-General to forward, for your information, the accompanying copy of a letter from Mr. J. D. Spreckels, and to ask if you will be good enough to convey to this office your formal approval of the proposal to share \$26,000 with the contracting colonies. The Sydney Post Office has been furnished with a copy of Mr. Spreckels's letter.

I have, &c.,

W. GRAY, Secretary.

The Managing Director, Union Steamship Company, Dunedin.

No. 62.

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

SIR,—

General Post Office, Wellington, 26th January, 1889.

I have the honour, by direction of the Postmaster-General, to forward you copy of a letter (*vide* No. 46) from the President of the Oceanic Steamship Company of San Francisco, intimating that, although he believes the contractors are entitled to the whole of the United States Post Office contribution of \$46,000, it is not the intention to claim the full sum, but to share \$26,000 with the contracting colonies, in accordance with the spirit of the 10th clause of the contract. The contractors have been furnished with a copy of Mr. Spreckels's letter, and asked to be so good as to formally approve of the proposal.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 63.

Mr. J. D. SPRECKELS to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 28th December, 1888.

I have the honour to acknowledge the receipt of your favour of the 1st December, referring to the division of the contributions from the United States Post Office up to December last. Mr. Buckland informs me that in your last letter, addressed to Mr. Creighton, you referred to the division of the sum of \$36,000 out of the amount now paid by the United States Post Office Department between the two contracting colonies and the Oceanic Company. Mr. Creighton must, I think, have made a mistake in quoting \$36,000, instead of \$26,000, the latter being the amount which in his opinion was to be divided.

I have, &c.,

JOHN D. SPRECKELS.

W. Gray, Esq., Secretary, the Post and Telegraph Department, Wellington.

No. 64.

Mr. D. MILLS to the SECRETARY, General Post Office, Wellington.

SIR,—

Union Steamship Company of New Zealand (Limited),
Dunedin, 30th January, 1889.

I have the honour to acknowledge receipt of your favour of the 25th instant, advising that, at the request of the Postmaster-General of the United States, you have authorised him to detain the steamers at San Francisco for twelve hours if required, and I also note that you have taken steps to communicate this to Messrs. J. D. Spreckels and Brothers.

Yours faithfully,

D. MILLS,

(For the Managing Director).

The Secretary, General Post Office, Wellington.

No. 65.

Mr. J. MILLS to the SECRETARY, General Post Office, Wellington.

SIR,—

Union Steamship Company of New Zealand (Limited),
Dunedin, 30th January, 1889.

I have the honour to acknowledge receipt of your favour of the 26th instant, enclosing copy of letter from Mr. J. D. Spreckels containing proposal to share \$26,000 of the United States mail-money with the contracting colonies during the present year's extension of the contract: I have much pleasure in formally approving the allocation.

I have, &c.,

JAMES MILLS, Managing Director.

W. Gray, Esq., Secretary, General Post Office, Wellington.

No. 66.

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

SIR,—

General Post Office, Wellington, 8th February, 1889.

With reference to my letter to you of the 26th ultimo, I have now the honour to inform you that the contractors have formally approved of the \$26,000 being divided as proposed by Messrs. Spreckels Brothers.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 67.

Mr. C. R. BUCKLAND to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 15th January, 1889.

I have the honour to acknowledge the receipt of your favour of the 1st ultimo, addressed to Mr. R. J. Creighton, who (as you will have already learned from my former letter) left for the colonies by the last steamer.

I note that, as the Postmaster-General has not yet had any definite communication either from the Agent-General or from the New South Wales Post Office, he is not prepared to discuss the question of the San Francisco service by the present mail; but I am glad to learn that the Sydney office gives in its concurrence to the proviso attached to the payment of the \$46,000—namely, that the Postmaster-General of the United States may detain the mail-steamer at San Francisco for twelve hours.

I have the honour to hand you herewith reply which I have received from the Acting-Superintendent of Foreign Mails at Washington, in reference to the delay to your mails in crossing the continent last month.

The present steamer has had to be detained here until this (Tuesday) afternoon, owing to the late arrival of your mails at New York. On the 9th instant, having received no news of the arrival of the mails at New York, and not being able to get any information concerning them from the Post-office here, I telegraphed to the Postmaster at New York, "Have British-Australian mails arrived New York? Answer quick, giving particulars." On the 10th instant I received his reply, reading "British-Australian mails *ex* 'Bothnia' received yesterday at 2 p.m. Forwarded by 9 p.m. New York Central train." On the same day I received a notification from the Postmaster

at San Francisco to the following effect: "I have the honour to enclose copy of despatch of this date from New York Postmaster—viz., 'Final instalment current British-Australian mails, 136 sacks, per s.s. "Bothnia," forwarded by 9 p.m. train, N.Y.C. and H.R.R., this day, making a total of 247 sacks for dispatch per s.s. "Zealandia."'" I found, however, on inquiry that the New York telegram referred to was dated the 9th January. This would make the final instalment of the mails due here at 8.15 this morning, but I have since learned that they will not arrive until 11.45 to-day, and it will therefore be 3 or 4 o'clock before the steamer gets away. It appears that the steamer "Aurania" (which has brought the mails to New York for some months) has been laid off for one trip; but the "Aurania" is advertised to sail again next month, and I trust therefore that the mails will arrive in better time next month.

I have, &c.,

C. R. BUCKLAND,

Acting Resident Agent for New Zealand.

W. GRAY, Esq., Secretary, Post Office and Telegraph Department,
General Post Office, Wellington, New Zealand.

Enclosure in No. 67.

The ACTING-SUPERINTENDENT FOREIGN MAILS to the RESIDENT AGENT for New Zealand,
San Francisco.

SIR,—

Washington, 24th December, 1888.

In reply to your letter of the 13th instant, relative to the detention at Chicago of the final instalment of the British-Australian closed mails, which was forwarded from New York, on the 10th instant, for despatch per the steamer "Mariposa," scheduled to leave San Francisco on the 15th, I have the honour to transcribe for your information the following extract from the report of the General Superintendent of the Railway Mail-service relative to said detention: viz., "It is to be regretted that any irregularity occurred in the transmission of the final despatch of the British-Australian mail leaving New York the 10th instant, but, owing to railroad detentions between that city and Chicago, the train did not reach Chicago the a.m. of the 12th until too late to make a complete transfer of all mails for despatch to the west, the result being that a portion of the British-Australian mail (as indicated by Agent Creighton) was unavoidably delayed at Chicago. As understood at this office, the failure at Chicago would simply result in a delay of about three hours in the arrival at San Francisco."

I have, &c.,

N. M. BROOKS,

Acting-Superintendent Foreign Mails.

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

No. 68.

Mr. GRAY to the ACTING RESIDENT AGENT for New Zealand, San Francisco.

SIR,—

General Post Office, Wellington, 9th February, 1889.

I have the honour to acknowledge the receipt of your letter of the 15th ultimo, the points of which are duly noted. The detention of the "Zealandia" until Tuesday afternoon, through the use of a slow steamer for the Atlantic passage, and the missing of connection with the proper train at Chicago (for a portion of the mail), as explained in the letter which you enclosed from the Superintendent of Foreign Mails, is to be regretted; but I note your remark that the "Aurania" would resume running on the next voyage, and no doubt there will be no further delay.

I have, &c.,

W. GRAY, Secretary.

C. R. Buckland, Esq., Acting Resident Agent for New Zealand,
San Francisco, California.

No. 69.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

SIR,—

General Post Office, Sydney, 21st February, 1889.

With reference to your letter, dated the 25th ultimo, relative to the increased contribution (\$46,000 per annum) from the United States Post Office from the 18th November last towards the cost of the Pacific mail-service, and stating that the contractors' agents, Messrs. Spreckels Brothers, claim \$20,000 as the sum they are entitled to for the carriage of the American mails, and to your further letter of the 26th idem, covering copy of one from Mr. John D. Spreckels, I have the honour to inform you that it is not perceived how the contractors are entitled to the sum named.

I may remind you that up to November, 1888 (*vide* my letter of the 4th May, 1888), the United States Government was paying at the rate of £4,000 per annum for the conveyance of its mails by the Pacific mail-service, and from a communication received from the United States (*vide* page 2 of printed parliamentary papers, "Pacific Mail-services," received from you) it was understood that £3,200 of this amount represented certain gratuities previously paid by the United States to the contractors for the carriage of American mail-matter. It was therefore decided by the Sydney and Wellington Post Offices to allow contractors to retain the £3,200 referred to, and to divide the balance of £800 equally between the Colonies of New South Wales and New Zealand and the contractors in terms of the 10th clause of the contract with the Union Steamship Company—£266 13s. 4d. per annum each. In accordance with this decision the contractors have since been

paid by this colony at the rate of £12,066 13s. 4d. per annum, being £12,333 6s. 8d. (the amount payable under contract should the United States Government not have contributed) less £266 13s. 4d., this colony's share (one-third) of the £800 referred to.

From recent correspondence, however, it appears that from the 18th November, 1888, the United States Government is to pay at the rate of \$46,000 (say, £9,200) per annum, in lieu of \$20,000 (£4,000) as hitherto. You were therefore informed (*vide* my letter of the 2nd January, 1889) that it was understood that the increased payment would be apportioned as follows: £3,200 to contractors, as representing payments equal to those received from the United States for conveyance of mails previously to November, 1885; £2,000 to each of the Colonies of New South Wales and New Zealand and the contractors, in terms of the 10th clause of the contract.

(It appears that the contractors now claim £4,000 for similar services to those rendered for United States previously to November, 1885, in addition to one-third of the balance of £5,200—*i.e.*, £5,733 6s. 8d. per annum—instead of—as is thought by this department to be payable—£5,200 per annum). In reply, your office, on the 25th idem, stated that this office “misunderstood the basis on which the \$46,000 are to be divided between the contracting colonies and the contractors,” remarking at the same time that “the contractors’ agents, Messrs. Spreckels Brothers, claim \$20,000 as the sum they are entitled to for the carriage of American mails;” and in a subsequent letter, dated the 26th idem, forwarding copy of one from Mr. J. D. Spreckels—who states that, although the Oceanic Steamship Company consider themselves entitled to the whole of the \$46,000, they have decided to only retain \$20,000 as their share for similar services to those rendered to the United States previously to November, 1885—you intimate that “the contractors have been furnished with a copy of Mr. Spreckels’s letter, and asked to be so good as to formally approve of the proposal.”

As the action of your department in asking the contractors “to formally approve of the proposal” bears the appearance of admitting the company’s claim for an additional payment of £266 13s. 4d. per annum by each colony, and it not being understood by this department why such claim should be admitted, may I invite your attention to your letter of the 8th June last (copy herewith), and request that you will kindly favour me by stating the grounds upon which the contractors base their claim to £4,000 in lieu of £3,200 as payment for conveyance of United States mail-matter?

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON, Secretary.

Enclosure in No. 69.

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

SIR,—

General Post Office, Wellington, 8th June, 1888.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of the Hon. Mr. Roberts’s telegram of the 25th April last (copy enclosed), conveying his opinion that the San Francisco mail-service contractors are entitled to a refund by each colony at the rate of £1,066 13s. 4d. per annum from the commencement of the service, in respect of the subsidy-deductions made under clause 10 of the contract. I have also to acknowledge your letters of the 4th and 10th ultimo on the same subject. The Postmaster-General desires me to say that he entirely concurs in Mr. Roberts’s opinion, and with the amount calculated to be refunded by each colony. The contractors have been duly informed. Commencing with the inward voyage of the “Zealandia” just completed, this office intends to pay the contractors their full share of this colony’s proportion of the subsidy, (less, of course, one-third of £800). I would suggest that your office should do likewise in respect of your colony’s payment.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 70.

Mr. J. D. SPRECKELS to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 6th February, 1889.

I have the honour to acknowledge the receipt of your two favours of the 29th December.

Under separate cover I beg to hand you a copy of the last report of the Superintendent of Foreign Mails, and beg to draw your attention to page 7, where the quantities of mails carried by our steamers and rates of compensation for sea-service are given. From this you will find that our earnings for the year ending the 30th June, 1888, amounted from sea-postages to \$28,349 84c., as follows: 7,599lb. letters at \$1 60c. per lb., \$12,158 40c.; 202,393lb. prints at 8c., \$16,191 44c.; total, \$28,349 84c. From these figures you will see that we were justified in claiming the full amount of \$20,000 per annum that was formerly paid by the United States. This matter is still in abeyance.

As the s.s. “Australia” will soon be thoroughly repaired and overhauled, and will be fitted with electric lights, new engines and boilers that will increase her speed by 500-horse power, and be transformed into a modern boat superior to the “Zealandia,” I shall be glad to place her in your mail-service in place of the “Zealandia,” if you have no objection.

Regarding any extension of the contract, or the establishment of a fortnightly service, I find that nothing can be decided by the United States Government until after your Parliament will have met and voted thereon. This will therefore leave me in the position of having to chance upon

what can be obtained from this country. The United States Post Office Department is unwilling to be a party to the contract made between the Colonial Governments and the Oceanic Company, but prefers to make its own arrangements with the latter, which, of course, would not conflict with the contracts of the former.

* * * * *

I am, &c.,
JOHN D. SPRECKELS,
Managing Director of the Oceanic Steamship Company.

W. Gray, Esq., Secretary, Post and Telegraph Department,
Wellington, New Zealand.

No. 71.

Mr. BELL to the Hon. the POSTMASTER-GENERAL, Wellington.

Post Office Department,
Office of Foreign Mails, Washington, D.C., 13th February, 1889.

SIR,— I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your communication of the 1st December last, reciting that Mr. J. D. Spreckels, president of the Oceanic Steamship Company, has transmitted to your department a copy of my letter of the 19th July last to Messrs. J. D. Spreckels and Brothers, containing a statement of the net weights of the United States mails conveyed by vessels of the Oceanic Steamship Company from the 1st July, 1886, and that Mr. Spreckels now claims that the sum of \$20,000 per annum, which, by the order of Postmaster-General Vilas, dated the 8th May, 1886, was allowed said company for services rendered in conveying the United States mails from San Francisco to the Australasian Colonies since the 21st November, 1885, under its contract with your department, was not in excess of, but actually less than, the sum his company should have received; and asking to be informed if said sum of \$20,000 is only equal to what the Oceanic Steamship Company was entitled to claim under the laws of the United States for the conveyance of the United States mails in question.

In reply, I am directed to refer you to my letter of the 16th May, 1887, in reply to yours of the 26th March preceding, and to say that the allowance of \$20,000 per annum for the service in question was estimated to be \$4,000 per annum in excess of what would require to be paid for the service at the same rates of compensation as had been allowed for similar service rendered up to the 21st November, 1885, and that in allowing said \$4,000 in excess of the previous annual cost of the service the Postmaster-General exercised the discretion allowed him under the laws of the United States, and did so in order to comply with the request contained in your cablegram of the 23rd September, 1885, as received at this department.

The Postmaster-General,
Wellington, New Zealand.

I have, &c.,
NICHOLAS M. BELL,
Superintendent, Foreign Mails.

No. 72.

Mr. GRAY to the Managing Director, Oceanic Steamship Company, San Francisco.

General Post Office, Wellington, 22nd March, 1889.

SIR,— I have the honour, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your letter of the 6th ultimo, and of the copy which accompanied it of the last report of the Superintendent of Foreign Mails, Washington, for which I have to thank you. A copy of your letter has been forwarded to the Postmaster-General of New South Wales for consideration.

With regard to the right of the contractors to the whole of the \$20,000 contributed by the United States under the original contract, the question is, as you observe, still in abeyance, this department having yet to receive advices from the Postmaster-General, Washington, as to the actual claims of the contractors.

The Postmaster-General does not think there should be any objection to the substitution of the "Australia" for the "Zealandia," provided the vessel in every way will be equal to the "Zealandia;" but before giving a definite reply he must consult the Postmaster-General of New South Wales, and also refer the matter to the Union Steamship Company as contractors, to whom a copy of your letter has also been forwarded.

* * * * *

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

John D. Spreckels, Esq., Managing Director,
Oceanic Steamship Company, San Francisco, California.

No. 73.

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

General Post Office, Wellington, 3rd April, 1889.

SIR,— I have the honour to acknowledge the receipt of your letter of the 21st February last, with reference to the San Francisco mail-service contractors claiming the whole of the \$20,000 contributed by the United States Post Office up to November last, and to their determination to retain \$20,000 out of the increased annual sum of \$46,000 now being paid.

I delayed answering your letter until I had received a reply to the communication I addressed to the Superintendent of Foreign Mails, Washington, on the 1st December last, as to the right of the contractors to the whole of the original contribution of \$20,000. The reply only arrived by

last mail. I enclose copy of my letter and of the reply. Mr. Bell's reply is vague, but I think it may be concluded that the United States Post Office considers that the colonies are entitled to share with the contractors the \$4,000.

In admitting that the contractors were entitled to claim \$20,000 of the \$46,000 now being contributed by the United States this office was actuated by the fact that there had been a considerable increase in the correspondence from the United States to the colonies since 1885. Figures extracted from the last report of the Superintendent of Foreign Mails show that the sea-postages payable for the conveyance of United States mails to the Australian Colonies by the San Francisco mail-steamers for the year ended 30th June last was \$28,349 84c. Messrs. Spreckels were therefore well within the mark in naming \$20,000 as the sum payable to the contractors on account of the sea-postage. But in accepting these figures this office did not necessarily admit that the contractors were entitled to claim the whole of the former contribution of \$20,000. On the contrary, this office has not admitted the claim, and refused to discuss the matter until it had communicated with the Washington Post Office.

After perusing Mr. Bell's letter I shall be glad to learn whether, in your opinion, the contractors' claim for refund of the proportions of the \$4,000 deducted from the subsidy should be refused.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 74.

Mr. GRAY to the PRESIDENT, Oceanic Steamship Company, San Francisco.

SIR,—

General Post Office, Wellington, 4th April, 1889.

Adverting to your letter of the 19th October last, replied to by mine of the 1st December, on the subject of the contractors' claims to the whole of the \$20,000 formerly paid by the United States Government to the San Francisco mail-service, I have the honour now to forward the letter (copy) from Washington which I mentioned in my communication to you of the 15th ultimo, that this office was waiting for.

The Superintendent of Foreign Mails, you will observe, upholds the view that the deductions from the subsidy-payments have been made in accordance with the understanding on which the sum of \$20,000 was agreed to be paid by the United States Government. The matter has been referred (with a copy of Mr. Bell's letter) to the Postmaster-General of New South Wales for a decision, and I will again write you on receiving his reply.

I have, &c.,

John D. Spreckels, Esq., President,

W. GRAY, Secretary.

Oceanic Steamship Company, San Francisco, California.

No. 75.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 4th April, 1889.

Adverting to your letter of the 21st November last, and my reply of the 27th idem, I have now the honour to enclose copy of a letter which I have received from the Superintendent of Foreign Mails, Washington, on the subject of the amount due to the contractors for the carriage of United States mail-matter by the San Francisco mail-steamers. This letter replies to the one I wrote the Superintendent of Foreign Mails on the 1st December (copy also enclosed), inquiring whether the contractors were entitled, as they claimed to be, to the whole sum of \$20,000 originally contributed by the United States. A copy of Mr. Bell's letter has been sent to the Postmaster-General, Sydney, for the decision of his Government on the contractors' claim.

I have, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company of New Zealand (Limited), Dunedin.

No. 76.

Mr. GRAY to the SUPERINTENDENT, Office of Foreign Mails, Washington.

SIR,—

General Post Office, Wellington, 5th April, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 13th February last, replying to my inquiry of the 7th December whether the contractors were justified in claiming the whole of the annual payment of \$20,000 which was made by your department towards the San Francisco mail-service under the original contract with the Union Steamship Company, associated with the Messrs. Spreckels.

In thanking you for your reply, I am to say that it is not clear whether your office maintains that the contractors were fully compensated by the payment of \$16,000 yearly for the carriage of your mails to Australasia up to November last; and, in consequence, it is probable that the contractors may again apply for refund of the proportions of the \$4,000 deducted by the colonies.

I have, &c.,

The Superintendent, Office of Foreign Mails,

W. GRAY, Secretary.

Post Office Department, Washington, D.C.

No. 77.

Mr. D. MILLS to the SECRETARY, General Post Office, Wellington.

Union Steamship Company of New Zealand (Limited),
Dunedin, 11th April, 1889.

SIR,—

I have the honour to acknowledge receipt of your favour of the 4th instant, and thank you for forwarding the copy of the reply of the Superintendent of Foreign Mails, Washington, to your letter to him of the 1st December last, on the subject of the amount due to the contractors for the carriage of United States mail-matter by the San Francisco mail-steamers. Mr. Bell's letter appears to indicate that the contractors are entitled to the full payment of \$20,000 per annum; but I note that you have submitted the matter to the Postmaster-General at Sydney for the decision of his Government.

I have, &c.,

W. Gray, Esq., Secretary,
General Post Office, Wellington.

D. MILLS,
(For the Managing Director).

No. 78.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

SIR,—

General Post Office, Wellington, 17th April, 1889.

I have the honour to acknowledge the receipt of your letter of the 11th instant replying to mine of the 4th idem, and expressing that "Mr. Bell's letter (of the 13th February last) appears to indicate that the contractors are entitled to the full payment of \$20,000 per annum," &c. In reply, I beg to say that this office does not agree that Mr. Bell's letter indicates that the contractors are entitled to the whole of the \$20,000. On the contrary, the letter would seem to prove that the colonies were entitled to participate in the \$4,000 as excess over the sum required for actual mail-payments by the United States.

I have, &c.,

The Managing Director,
Union Steamship Company of New Zealand (Limited), Dunedin.

W. GRAY, Secretary.

No. 79.

Mr. R. J. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Wellington, 31st May, 1889.

I have the honour to request that you would submit the following proposal, on behalf of the Oceanic Steamship Company, of California, to the Hon. the Postmaster-General for his action thereon:—

1. The Oceanic Steamship Company, of California, is prepared and hereby offers to contract with the Government of New Zealand to perform a fortnightly mail service, with good and sufficient steam-vessels, to the satisfaction of the Postmaster-General, between Sydney, New Zealand, and San Francisco, and between San Francisco, New Zealand and Sydney, calling upon each trip of said steamships at such way-ports as may be agreed upon, for an annual subsidy of £80,000.

2. It shall be a provision of said contract that one-half of the annual subsidy of £80,000 shall be paid by the contracting colony and one-half by the Government of the United States of America.

3. Should the United States Government not agree to pay said annual subsidy of £40,000, being a moiety of £80,000, the contract for a fortnightly postal steamship service between New Zealand and San Francisco, or between Sydney, New Zealand, and San Francisco, to be entered into by the New Zealand Government with the Oceanic Steamship Company, of California, upon the basis of a joint equal payment by the Government of New Zealand and the Government of the United States, may be declared null and void at the option of either party to the contract.

4. It is hereby proposed that a provisional contract or agreement for a fortnightly steam postal service to and from San Francisco upon the foregoing basis be entered into with the Oceanic Steamship Company, of California, by the Postmaster-General of New Zealand for submission to the United States Government.

5. That such contract shall be for a period of ten years.

6. That, in consideration of such provisional contract or agreement, and until the same shall have been ratified or rejected by the United States Government, and until a fortnightly line can be established, the Oceanic Steamship Company, of California, will agree to continue the present four-weekly mail-service to San Francisco upon payment thereto of the stipulated subsidy in said four-weekly contract, or upon such other terms as may be mutually agreed upon.

I have, &c.,

ROBERT J. CREIGHTON,
(Representing the Oceanic Steamship Company, of California).

W. Gray, Esq., Secretary, Posts and Telegraphs, Wellington.

No. 80.

Mr. R. J. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

Wellington, 8th June, 1889.

Referring to my letter of the 31st May, embodying a proposal on behalf of the Oceanic Steamship Company, of California, to contract for a fortnightly steam postal service with England, *via* San Francisco, I have the honour to submit the following points in support of that proposal:—

1. The San Francisco service furnishes the shortest mail route to England for all parts of New Zealand. As the records of the Post Office Department demonstrate this, it is unnecessary to make any argument in its support. Recent changes in the railroad time-schedule between New York and San Francisco have shortened the overland transportation to five days. If the New Zealand mails were despatched from London by fast Atlantic steamers the time between New Zealand and London might be lessened by two days.

2. It is proposed to improve the San Francisco service by establishing a fortnightly line of steamers carrying the British, Australian, New Zealand, and American mails upon such terms as would provide the cheapest and best possible postal service for New Zealand while developing trade with the United States.

3. A condition of the proposed service is that the United States should contribute one-half of the subsidy, the other moiety being apportioned among the colonies using the subsidized steamships for postal purposes. As the colonial contribution is estimated at £40,000 per annum, it follows that New Zealand's share would be considerably less than it is at present paying for a four-weekly service, while it would have the great advantage of securing a fortnightly mail to and from England, *via* the United States of America, upon conditions which could not fail to identify the United States Government and people with the trade and industries of the contracting and contributing colonies.

4. The advantage of such a connection cannot well be over-estimated. The United States is the largest consuming market for British and colonial products. The imports by the United States from Great Britain and her possessions in the fiscal year 1887 aggregated \$242,182,054 (£48,436,412), of which Australasia made direct shipments representing \$4,411,119. But inasmuch as 114,404,173 (over 114,000,000) pounds of wool were imported by the United States in the year named, chiefly from England, it is fair to assume that Australian and New Zealand products representing a much larger sum than £882,223 were bought on American account.

The wool import of the United States is mainly of long staple, to mix with the short wool of the country; and, as the production of wool is decreasing in the United States, while the consumption of woollen goods is increasing owing to the steady growth of population, it follows that the demand for colonial wool on American account will grow, and must be met by purchases in the London market, as at present, or in the colonial markets, to the greater advantage of the wool-growers, who would thereby save freight and commission, and charges on shipments to England. The establishment of a fortnightly line of steamships between New Zealand, Australia, and San Francisco—by increasing facilities for travel and for handling freight—would tend to bring American buyers to the colonial markets, with the consequent expenditure of money and development of local trade.

5. The United States furnish a market for table fruit, which a fortnightly steamship service between New Zealand and San Francisco would place within reach of colonial fruit-growers. The fruit imports of the United States in 1886–87, to supplement home production, were as follow:—

Fruit, duty free	...	...	\$4,767,659 =	£953,531
Fruit and nuts, paying duty	...	...	\$15,088,074 =	£3,017,614

These figures prove that there is a large market for Australian and New Zealand fruit, which is in season when the United States have no available home supply. The imported fruit referred to above, being grown in the northern hemisphere, came into competition with the home supply. Australian and New Zealand fruit, owing to the difference in seasons, would have the market to itself, and should command high prices, if properly packed and were reliable agencies for sale and distribution established.

The export value of fruit—ripe, green, canned, dried, and preserved—in the same year was \$2,670,976. As the total import value of fruit was \$19,855,733, it follows that there was a deficiency in the home supply of \$17,184,757, or £3,346,951, on the season's consumption. This fact alone guarantees a paying American market for New Zealand fruit, because the demand, owing to the growth of population and accumulation of wealth, greatly outruns production.

Apples are duty free. If shipped of large size, carefully selected and packed, they would bring in the San Francisco market from \$2 to \$3 per box (8s. to 12s.) between March and July. Oranges and lemons pay duty, but are in demand between May and November at from \$1 50c. to \$2 (6s. to 8s.) per hundred for Lisbon lemons, and oranges at from \$1 50c. to \$3 per hundred. Navel oranges were selling wholesale at San Francisco at latest advices for about 2½d. each. Apples might be grown for export throughout the colony; oranges and lemons in the northern parts.

Nuts may also be grown all over New Zealand. The import of walnuts and filberts into the United States in 1886–87 was 11,207,548lb., upon which 3c. per pound duty was paid. Over 29,000,000lb. of currants were imported from Mediterranean countries. This fruit might also be grown over a wide area in New Zealand. Nearly 71,000,000lb. of plums and prunes, subject to duty, were imported from southern Europe. The duty did not prevent large imports, and need not therefore deter colonial growers from trying the American market. The import duty on fruit in 1886–87 was equivalent to £840,000.

6. California offers a paying market for New Zealand dairy products for several months of the year, and under proper business arrangements New Zealand mutton might be marketed all the year round at San Francisco.

It would be the business interest of the Oceanic Steamship Company, of California, if it secured a fortnightly contract as proposed, to develop an export trade between New Zealand and San Francisco and intermediate ports. Arrangements would be made to provide cool-air chambers for fruit, dairy products, fish, mutton, &c., to meet the requirements of the trade, while ordinary passenger and tourist travel would be developed to the utmost.

7. The proposed Californian mail-service and trade would not interfere with the English market. Its commercial advantage would consist in opening a second market for colonial products

hearer, and therefore more directly available, than the English market, thereby stimulating production and developing colonial industries.

8. The establishment of a fortnightly mail-service with England *via* the United States by American steamships, under joint contract with the United States Government, would furnish an absolute guarantee against molestation of the Australian and New Zealand mail, treasure, and passengers by any Power with which England might be at war, so far as the Pacific Ocean traffic and United States territory are concerned, the presumption being that England would have no difficulty in protecting the flag and commerce on the Atlantic.

This point has only to be stated to impress its importance upon all the Australian colonies. If the Australian and New Zealand mail, treasure, and passengers could be guaranteed against attack on the Pacific Ocean route under a strong neutral flag it would add immensely to England's naval strength as a belligerent. The United States' flag would furnish this absolute guarantee—in other words, a mail contract with the Oceanic Steamship Company, of California, upon the basis proposed, would carry with it an implied guarantee of the protection of the United States should the British Empire be at war with any great maritime power. It would also induce the United States to give its moral support to England, because it would be identified with New Zealand and other contributing colonies.

9. It would be practically impossible to maintain an efficient postal service across the Pacific under the British flag in the event of a general war involving England. First, because Imperial policy would probably require the conversion of the steamships performing such service into armed cruisers, thus changing their character and functions and inviting attack. Second, because the magnitude of the mercantile and shipping interests to be protected in all parts of the world would put it out of the power of the Imperial Government to detail armed cruisers to protect the mail and passenger steamers throughout a voyage of seven thousand miles.

10. This consideration is fatal to the projected Canadian service, even were it available as a postal route, which it is not. The protracted Canadian winter and its extreme severity in the eastern provinces of the Dominion remove the Canadian-Australian mail project from consideration as a practicable one. The sentiment involved will not change the climate, nor will it render feasible what Nature has set its hand against.

Moreover, there is no probability of establishing trading relations with Canada. British Columbia is the only market which, from the actual conditions of settlement and transportation, is open to Australia and New Zealand in connection with a Canadian-Pacific postal service. Its population is estimated at eighty thousand, in a territory of 341,305 square miles, running to the Arctic regions. Victoria, the capital of Vancouver Island, has fourteen thousand inhabitants; but, should the projected Canadian-Pacific line to Australia be established, Victoria will not be a port of call, judging from the debate in the Dominion Parliament on that question, 23rd April, 1889. Vancouver, a new town of eight thousand inhabitants on Burrard's Inlet, will be the only market therefore, for Australian products, because the next town of any consequence on the Canadian-Pacific line is Winnipeg, in the province of Manitoba.

San Francisco is the principal point of supply for British Columbia, which has intimate trading relations with that city. The Canadian tariff is strongly protective and does not discriminate in favour of the Australian colonies. The export value of Canadian merchandise to Australia in 1887-88 was \$271,000 (£54,200), and of imports from Australia, mostly wool, \$120,000 (£24,000). This is the basis upon which it is proposed to build a trade between the Dominion of Canada, New Zealand, and Australia. Canada is a poor country, of six millions of people, which produces a surplus of agricultural products, timber, coal, and fish, and finds the United States its best market. The United States is a rich and growing country, with over sixty millions of people, who buy largely of Australian products, directly and indirectly, and whose market needs only to be intelligently exploited to largely increase the consumption of New Zealand and Australian products.

The United States has been a heavy buyer of kauri gum for many years; it is now a buyer of New Zealand flax. California buys one-fourth the total output of Australian coal, and would be a buyer of New Zealand coal also were the West Coast mines in a position to load large cargoes for export.

These facts, and antecedent argument, it is respectively submitted, are entirely favourable to continuing and improving the steam postal service between New Zealand and San Francisco, and against a service which cannot possibly open a market for New Zealand products, which could not be defended or protected in war, and which would be unavailable as a direct postal route during several months of each year.

11. By identifying the United States Government with New Zealand in a joint postal contract a strong sentiment in favour of the colony would be created throughout the Union, which might take the form of tariff discrimination in favour of some of its staple products. As a sovereign Power the United States can make whatever tariff discrimination public policy might dictate, whether by treaty or by statute; and, were the conditions of Australasian trade fairly and fully presented to the American Government and Congress, the probability is a strong one that Congress would adopt a policy calculated to foster and extend it under the American flag.

12. A fortnightly postal service with England in American bottoms to San Francisco would provide a check against a shipping monopoly, to the manifest advantage of New Zealand.

13. To insure the full advantages of a commercial and postal alliance with the United States it is respectfully submitted that a contract for a long term of years is necessary. It would enable the contractors to take effective steps to develop the colonial trade. To be effective this would involve a large expenditure of money, which could hardly be expected on a short contract. As the postal service on the basis proposed would be self-sustaining from the first, the public revenue would not be affected, while the trade and industries of the colony would be stimulated and enlarged. It is to the interest of the colony, therefore, that a long-term contract should be entered into.

14. No other proposal or scheme for a fortnightly mail-service with England carries with it

any of the solid and prospective advantages which the proposal of the Oceanic Steamship Company of California offers to New Zealand.

- (a.) It offers the cheapest and shortest mail-service to England.
- (b.) It guarantees the absolute security of mails, treasure, and passengers during war.
- (c.) It opens and insures the American market to New Zealand, which would be closed against it by adopting the Canadian postal route.
- (d.) It identifies the trade and industries of New Zealand with the commerce and industries of the United States, and its adoption by New Zealand would create a moral claim for special tariff consideration by the United States Congress.
- (e.) It would develop a large tourist and passenger travel, thereby encouraging the expenditure of money in the colony, benefiting local trade and transportation agencies, while making the varied attractions of the colony familiar to intelligent strangers from all parts of the world, thus inducing settlement and industrial progress.
- (f.) It would strengthen (instead of weakening, as other mail projects would do) the naval power of England in the Pacific, and promote friendly relations between England and the United States.

15. These are a few of the points in favour of the Oceanic Steamship Company's proposal for a fortnightly postal service between the colonies and San Francisco. The Oceanic Company has established a claim for consideration by the Government of New Zealand through the very efficient and reliable service it has performed for a period of nearly four years. Its past performance and ready compliance with all requirements of the Government are a guarantee that all future obligations undertaken by it will be well and efficiently performed.

I have, &c.,

ROBT. J. CREIGHTON,

Representing the Oceanic Steamship Company of California.

W. Gray, Esq., Secretary, Post Office, Wellington.

No. 81.

The Hon. Sir HENRY PARKES to the Hon. Sir H. A. ATKINSON, Wellington.

(Telegram.)

Sydney, 14th March, 1889.

WOULD you be willing to join us in asking Union Steamship Company to renew contract for a four-weekly mail-service between Sydney, Auckland, and San Francisco for another twelve months on same terms as at present, with the stipulation that no Chinese are to be employed on the steamers?

The Hon. Sir H. A. Atkinson, Wellington.

HENRY PARKES, Colonial Secretary.

No. 82.

The Hon. Sir H. A. ATKINSON to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 15th March, 1889.

REGRET that, owing to action of Parliament last year, we can do nothing towards renewal of Frisco service without first consulting Parliament, which will not meet until June.

The Hon. the Premier, Sydney.

H. A. ATKINSON.

No. 83.

The Hon. Sir HENRY PARKES to the Hon. the COLONIAL SECRETARY, Wellington.

(Telegram.)

Sydney, 29th March, 1889.

Re your telegram of fifteenth March: As delay in negotiating for year's renewal Frisco contract might be prejudicial to colonies' interests, we propose arranging for such renewal on our own responsibility, but hope after your Parliament has met in June that you will see your way to re-join us.

The Hon. the Colonial Secretary, Wellington.

HENRY PARKES.

No. 84.

The Hon. Sir H. A. ATKINSON to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 3rd April, 1889.

AM glad to learn that you will arrange Frisco service on your own responsibility. Can make no promise to rejoin, but any proposal that may be received by the Government will be submitted to Parliament.

The Hon. the Premier, Sydney.

H. A. ATKINSON.

No. 85.

The Hon. D. O'CONNOR to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 9th April, 1889.

SHOULD we decide on renewing Frisco contract for another year, and should your Government be unable to rejoin, what sum do you think your postages would amount to at usual rates of twenty-five shillings and fourpence per pound, &c., supposing my Government agreed to carry your mails for such postages?

The Postmaster-General, Wellington.

D. O'CONNOR,

Postmaster-General.

No. 86.

The Hon. Sir H. A. ATKINSON to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 12th April, 1889.

FRISCO SERVICE: Should fortnightly service be established by direct steamers, and it decided we shall not join you in renewal, our postages by Frisco line, at the rates you name, are estimated at six or seven thousand pounds a year. Although vote of Parliament prevents us making an offer, we shall be glad to receive and submit to Parliament any proposals your Government may be disposed to make.

The Postmaster-General, Sydney.

H. A. ATKINSON.

No. 87.

The Hon. D. O'CONNOR to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 13th April, 1889.

My telegram apparently misapprehended. What we asked was, should this Government decide on renewing present contract for another year, what sum you thought your postages would amount to at the rates mentioned.

DANIEL O'CONNOR,

The Postmaster-General, Wellington.

Postmaster-General.

No. 88.

The Hon. Sir H. A. ATKINSON to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 16th April, 1889.

SORRY, misapprehended your meaning. If services remain as at present, our homeward postages about fourteen thousand, and on mails from London about fifteen thousand. But, if fortnightly direct service established—and this must be dealt with by Parliament next session, as contract expires December—postages would be as stated in my telegram of 12th.

The Postmaster-General, Sydney.

H. A. ATKINSON.

No. 89.

Mr. LAMBTON to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 17th April, 1889.

OUR telegrams still misunderstood. We want to know, should we renew present contract one year, what amount may expect from your postages if unable rejoin, and if Government agree carry your mails for postages. Information important in negotiating.

W. Gray, Esq., Wellington.

S. H. LAMBTON.

No. 90.

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

(Telegram.)

Wellington, 17th April, 1889.

Do not expect more than seven thousand pounds. Amount stated in Postmaster-General's first telegram approximately correct.

S. H. Lambton, Esq., Sydney.

W. GRAY.

No. 91.

The POSTMASTER-GENERAL, Sydney, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 22nd June, 1889.

UNDER all circumstances this colony has, subject approval Parliament, agreed to extend the San Francisco service contract of the Union Steamship Company for twelve months. Subsidy, thirty-three thousand five hundred pounds (33,500), with proviso for increase to thirty-seven thousand pounds (37,000) should postages, or subsidy received from New Zealand justify increase. Am relying on your efforts to induce your Parliament to sanction your rejoining this contract on same terms as at present; failing which, on your making such use of the service as will secure substantial contribution from New Zealand in shape of postages.

Hon. Postmaster-General, Wellington.

Postmaster-General.

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