

1890.
NEW ZEALAND.

OCEAN MAIL-SERVICES

(FURTHER PAPERS RELATIVE TO).

[In continuation of papers presented on the 5th September, 1889.]

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

SAN FRANCISCO MAIL-SERVICE.

No. 1.

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

SIR,—

Sydney, 30th April, 1889.

With reference to your letter dated the 3rd inst. [*vide* No. 73, F.—4, 1889], further relative to the amount claimed by the San Francisco mail-service contractors out of the subsidy contributed by the United States for the carriage of mails, and asking the opinion of this department as to the refusal of the contractor's claims, I have the honour to enclose a copy of the report furnished on the matter by the accountant of this office, and to state that I fully concur therein, and, further, that this department considers that neither of the claims of the contractors ought to be entertained.

With regard to the claim for a refund of reductions prior to November, 1888, I have to inform you that (as stated in my letter of the 21st February last), it has been understood by this department that of the £4,000 per annum contributed by the United States prior to November, 1888, £3,200 represented certain gratuities previously paid to the contractors for carrying American mail-matter, and they were therefore allowed to retain that proportion, leaving £800 to be divided equally between the two colonies and the contractors, in terms of the 10th clause of the contract; and, as now pointed out in the enclosed report of the accountant, the letter from the Washington Post Office, a copy of which has been forwarded by you, bears out this view, which has indeed been expressed in other letters from Washington. It is considered, therefore, that the claim for a refund of the proportion of the \$4,000 (£800) already deducted from the payments to the contractors should be refused.

With regard to the demand to be allowed to retain \$20,000 (£4,000) in lieu of \$16,000 (£3,200) per annum from the total subsidy of \$46,000 now paid by the United States—which demand, your letter states, the New Zealand Post Office was actuated to admit in view of the increase of correspondence from the United States to the colonies since 1885—I may state that this department thinks that the matter of increased correspondence can hardly have any application to the question, as clause 10 of the contract distinctly refers to the then present payments. Those payments are shown by several letters from Washington to have been equal to £3,200 a year only; and that sum, in addition to one-third of any excess thereof which the United States may give, is all that the contractors are entitled to. Since November, 1885, the previously existing system, under which the United States paid by weight or number of letters, has ceased, the United States Post Office paying a lump sum, supposed by this department (owing to the mutilation of a telegram) to be £4,000 in excess of the then present payments, but afterwards explained to be only £4,000 in all, and only £800 in excess of previous payments. It is assumed that the third share of the excess of the then present payments was intended to cover any increase in the correspondence; but, whether this were so or not, it seems to this department that contractors are only entitled to retain out of the United States subsidies the sum of £3,200 and one-third of the remainder; and this department is not disposed to consent to anything more.

For the foregoing reasons, therefore, it is thought that the payment now being made by the United States should be divisible between the Colonies of New South Wales and New Zealand and the contractors as follows: £3,200 to contractors, as representing amount payable under United States laws for conveyance of United States mails to New Zealand and Australia; £2,000 to each of the Colonies of New South Wales and New Zealand, and to the contractors, in terms of the 10th clause of the contract.

The Secretary, General Post Office, Wellington.

I have, &c.,

S. H. LAMBTON, Secretary.

No. 2.

The ACTING-SUPERINTENDENT, Foreign Mails, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Washington, D.C., 1st June, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your communication of the 5th April last [*vide* No. 76, F.-4, 1889], in which you state that, from this department's letter of the 13th February last, it is not clear whether this Administration maintains that the contractors performing the mail-service between San Francisco and Auckland were fully compensated for said service by the payment of \$16,000 yearly for the carriage of the United States mails for Australasia up to November last.

With reference to previous correspondence on this subject, I am directed to inform you that the sum of \$20,000, which, by Postmaster-General Vilas' order dated 8th May, 1886, was authorised to be paid annually to the Oceanic Steamship Company for service rendered in conveying the mails in question after 21st November, 1885, was estimated to be \$4,000 in excess of the amount which would be paid for the same service at the rates previously paid for similar service, the basis for said estimate being the operations of the fiscal year ended 30th June, 1885; and the allowance of the \$4,000 in excess being understood to be in accordance with your telegram of the 23rd September, 1885.

The actual net weights of the mails in question conveyed since 21st November, 1885, and during the period for which the sum of \$20,000 has been paid annually, show, however, that, by reason of the increase in the weights of the mails conveyed during that period, the Oceanic Steamship Company would have received not less than \$20,000 per annum if settlement had been made with that company upon the same basis as obtained prior to the issue of the order of 8th May, 1886.

I am, &c.,

S. M. Brooks,

Acting-Superintendent, Foreign Mails.

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

No. 3.

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

SIR,—

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

With further reference to the correspondence relative to the amount claimed by the San Francisco mail-service contractors out of the payments by the United States Post Office for the conveyance of its mails by the contract packets, and more particularly to your letter of the 30th April last, I am now directed to inform you that, as there was so decided a difference of opinion between our offices as to the position of the contractors, the question of the rights of the contracting colonies and of the contractors in the matter has been referred to the Crown Law Officers for advice.

The Solicitor-General is of opinion that the view taken by this office as to the division of the annual payment of \$46,000 now being made by the United States is the correct one—namely, that the contractors are entitled to claim \$20,000 for sea-postage. The Solicitor-General further states that it seems clear that the meaning of clause 10 of the contract is that the contractors should receive the full equivalent of the United States sea-postages, any excess to be shared between all the parties. As it is now apparent that the amount of sea-postage for the carriage of United States mail-matter amounts to at least \$20,000 yearly, it is only equitable that this sum should go to the contractors, and the balance be shared as proposed by them.

The special contribution from the United States obtained by Sir Julius Vogel in 1885 was for a period of three years, which expired in October last. The present payment of \$46,000 is for a subsequent term, made under different conditions, and with the knowledge of the large increase of United States mail-matter. It was secured mainly through the intervention of the Oceanic Steamship Company (agents for the contractors); and the warrant of the United States Post Office specifies that the payment is to be made to that company. These facts strengthen the position taken up by the contractors; and the Postmaster-General trusts that on reconsidering the matter your office will be disposed to agree with this department by recognising the claim of the contractors to retain \$20,000 of the \$46,000, and to share the balance between the contracting colonies and themselves.

A copy of a further letter from the United States Post Office, as to what the contractors may claim for sea-postages, is forwarded for your information.

I have, &c.,

W. GRAY, Secretary.

The Secretary, General Post Office, Sydney.

No. 4.

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

SIR,—

General Post Office, Wellington, 2nd November, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 1st June last, replying to mine of the 5th April, in further reference to the payment of \$20,000 per annum made by your department towards the cost of the San Francisco mail-service for the period from November, 1885, to November, 1888.

I have, &c.,

W. GRAY, Secretary.

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

No. 5.

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

SIR,— General Post Office, Sydney, 8th November, 1889.

I have the honour to acknowledge receipt of your letter dated the 17th ultimo, stating that the Solicitor-General of New Zealand agrees with the view taken by your office as to the division of the annual payment of \$46,000 made by the United States Post Office for conveyance of its mails by vessels of the San Francisco mail-service contractors—namely, that the contractors are entitled to claim \$20,000 for sea-postage; urging reasons which seem to you to strengthen this opinion; and suggesting that this department should reconsider the matter with a view of recognising the claim of the contractors to retain \$20,000 out of the \$46,000, and to share the balance between the contracting colonies and themselves: and, in reply, I would venture, while attaching full value to the representations made in your letter, to point out that this department had previously given them consideration, and that no new argument seems to be adduced.

The matter was very fully gone into in the early part of this year, and explained at length in my letters of the 21st February and 30th April last; and, as you again mention the "large increase of United States mail-matter" since the American contribution has been increased to \$46,000 a year, I may invite your attention to the second page of my last-quoted letter, wherein it is stated that "this department thinks that the matter of increased correspondence can hardly have any application to the question, as clause 10 of the contract distinctly refers to the then present system"—which shows that that point had received consideration.

At the same time as my letter to you (30th April) the Union Company's agent in Sydney was informed that payment would only be made by this colony at the rate of £397 8s. 9d. per trip (£10,333 6s. 8d. per annum), and he, after referring the matter to his head office in New Zealand, replied on the 21st June last, agreeing to accept payment at the rate fixed by this office.

In view of the foregoing, it appears to this department that perhaps it would scarcely be advisable now to reopen this matter. If, however, you still think it should be reopened, possibly you would be good enough to favour me with a copy of the statement of the case as submitted to your Solicitor-General, and on which he advised.

I have, &c.,

S. H. LAMBTON, Secretary.

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

No. 6.

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

SIR,— General Post Office, Wellington, 27th November, 1889.

I have the honour to acknowledge the receipt of your letter of the 8th instant in reply to mine of the 17th ultimo, relative to the division of the payment made by the United States to the contractors for the conveyance of its mails by the San Francisco mail-service; and, in response to your request, I beg to forward a copy of the statement of the case submitted to the Solicitor-General by this office.

The Postmaster-General trusts that your office will consent to reopen the question, as he is strongly impressed with the equity of the claim put forward by the contractors. Sir Julius Vogel's intention was to secure a special contribution from the United States independently of what the laws of the Post Office specified was payable to the contractors. Mr. Mitchelson is decidedly of opinion that the increase of United States mails should be recognised, as any other course would be placing the contractors under a disability which was not intended or contemplated.

I have, &c.,

W. GRAY, Secretary.

The Secretary, General Post Office, Sydney.

No. 7.

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

SIR,— General Post Office, Sydney, 6th January, 1890.

In acknowledging the receipt of your letter, dated the 27th November last, respecting the question of the division of the payment made by the United States to the contractors for the San Francisco mail-service, I am directed to inform you that the Postmaster-General has now agreed to recognise the claim of the contractors in the matter. The local manager of the Union Steamship Company of New Zealand has been informed accordingly.

I have, &c.,

S. H. LAMBTON, Secretary.

The Secretary, General Post Office, Wellington.

No. 8.

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

SIR,— General Post Office, Wellington, 20th January, 1890.

I have the honour to enclose herewith copy of a letter of the 6th instant from the Secretary of the General Post Office, Sydney, notifying that the Postmaster-General of New South Wales has agreed to recognise the claim of the contractors in reference to the division of the payment made by the United States Post Office for the use of the San Francisco mail-service. A statement will be prepared forthwith, showing the position of the contractors with regard to the United States contributions.

I have, &c.,

W. GRAY, Secretary.

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

No. 9.

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

SIR,—

General Post Office, Wellington, 4th February, 1890.

I have to acknowledge the receipt of your letter of the 6th ultimo, in which you inform me that your department had agreed to recognise the claim of the contractors in respect to the division of the payment made by the United States to them for the San Francisco mail-service. I beg to state that the Hon. the Postmaster-General has received the decision with pleasure.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 10.

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

SIR,—

Union Steamship Company of New Zealand (Limited),
Dunedin, 10th February, 1890.

I have the honour to acknowledge receipt of your favour of the 20th ultimo, notifying that the Postmaster-General of New South Wales had agreed to recognise the claim of the contractors in reference to the division of the payment made by the United States Post Office for the use of the San Francisco mail-service, and that a statement will be prepared showing how the matter stands.

I have, &c.,

D. MILLS

The Secretary, General Post Office, Wellington.

(For Managing Director).

No. 11.

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

SIR,—

General Post Office, Wellington, 18th March, 1890.

Referring to my letter of the 20th January last, I have now the honour to forward a statement showing the overpayment by this office to the San Francisco mail-service contractors, in consequence of our share (one-third of \$26,000) of the United States contribution of \$46,000 a year not having been taken credit for, for the twelvemonthly period ended the 4th November last.

The balance against the contractors is shown to be £1,466 8s. 8d., which it is proposed to recover by withholding payment of a sum of £595 for bonus for the period from the 10th July to the 23rd November last, and two sums of £432 13s. 10d. each for the "Alameda's" voyage from Auckland to San Francisco between the 24th February and the 15th instant, and the "Mariposa's", from San Francisco to Auckland between the 8th ultimo and the 1st instant respectively—particulars of which are enclosed. This will leave a balance of £6 1s. to be deducted from the next subsidy-payment.

I shall be glad to have your verification as early as may be convenient to you.

I have, &c.,

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

W. GRAY, Secretary.

Enclosure in No. 11.

STATEMENT showing the OVERPAYMENT by NEW ZEALAND to the CONTRACTORS for the SAN FRANCISCO MAIL-SERVICE, in regard to the United States Annual Contribution of \$46,000, from the 18th November, 1888, to the 4th November, 1889:—

Subsidy Paid Contractors.	Amount.	Subsidy which should have been paid after deducting New Zealand's Share of the United States Contribution of \$46,000.	Amount.
Subsidy of £24,666 13s. 4d. per annum, less a sum of £266 13s. 4d., being one-third of \$4,000 out of the annual contribution of \$20,000 made the contractors by the United States, the former amount being the estimated excess of the yearly payments to which the contractors were entitled for conveyance of United States mails	£ s. d. 24,400 0 0	Subsidy of £24,666 13s. 4d., less £1,733 2s., being one-third of \$26,000 a year agreed by the contractors to be shared out of the said contribution of \$46,000 under clause 10 of the contract Overpayment by New Zealand	£ s. d. 22,933 11 4 1,466 8 8
	24,400 0 0		24,400 0 0

General Post Office, Wellington, 18th March, 1890.

W. GRAY, Secretary.

No. 12.

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

Union Steamship Company of New Zealand (Limited),
Dunedin, 21st March, 1890.

SIR,—

I have the honour to acknowledge receipt of your favour of the 18th instant, enclosing statement of overpayments to the San Francisco mail contractors through your not having deducted your share (one-third of \$26,000) of the United States contribution for the twelve months between November, 1888, and November, 1889. The statement appears to be correct so far as that period is concerned. I would still like to point out to you, however, that the claim of the contractors upon the Governments of New Zealand and New South Wales for a refund of two-thirds of £800 deducted by them during the term of the first contract (November, 1885, to November, 1888) is still outstanding, and the Oceanic Company continue to press us to obtain a settlement of the same.

I have, &c.,

D. MILLS

(For Managing Director).

The Secretary, General Post Office, Wellington.

No. 13.

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

General Post Office, Wellington, 27th March, 1890.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 21st instant, confirming the statement which I sent you with my letter of the 18th instant, of overpayments about to be reclaimed by this office from the San Francisco mail-service contractors.

With reference to the claim which you again urge, for a refund to the contractors by the colonies of two-thirds of £800 per annum contributed to the cost of the original contract service (1885–88) by the United States, I have to inform you that the Postmasters-General maintain that the colonies are entitled to share the £800 a year with the contractors, who therefore have no claim to a refund.

I have, &c.,

W. GRAY, Secretary.

The Managing Director,

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

No. 14.

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

Union Steamship Company of New Zealand (Limited),
Dunedin, 9th April, 1890.

SIR,—

Referring again to your favour of the 18th ultimo, forwarding the statement showing the overpayments to the San Francisco mail contractors, and advising your intention of withholding payment of the bonuses and subsidies until the overpayment is wiped off, I shall be much obliged if you will, in the usual way, pass vouchers for the bonuses and subsidies until the amount accrued is sufficient to make the deduction therefrom in one amount. This will place the matter on record. If dealt with in the way you propose in your letter there would be no entry in our Auckland books showing the transaction.

I have, &c.,

F. W. WHITSON

(For Managing Director).

The Secretary, General Post Office, Wellington.

No. 15.

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

General Post Office, Wellington, 14th April, 1890.

SIR,—

In reference to your letter of the 9th instant, on the subject of the deduction of New Zealand's share of the United States contribution of \$46,000 from the subsidy-payments, I have to inform you that the adjustment has already been made, and beg to enclose copy of the voucher and statement on which the adjusted payment was made to your Auckland agency.

I have, &c.,

W. GRAY, Secretary.

The Managing Director,

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

No. 16.

The SECRETARY, Post Office, Sydney, to the SECRETARY, Post Office, Wellington.
(Telegram.)

Sydney, 1st July, 1889.

POSTMASTER-GENERAL intends immediately asking parliamentary approval of one year's extension Frisco service. He would like reply to cablegram of 22nd June (*Vide* No. 91, F. 4, 1889), indicating that your colony will afford substantial assistance either in subsidy or postages.

No. 17.

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

Wellington, 4th July, 1889.

(Telegram.)

FRISCO SERVICE.—Government considering in what form submit matter to Parliament, and Postmaster-General hopes to be able reply in a day or two.

No. 18.

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

(Telegram.)

Sydney, 3th July, 1889.

THANKS for wire. Postmaster-General anxious for reply before asking parliamentary sanction. Believes such sanction depends a great deal on support from New Zealand.

No. 19.

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

(Telegram.)

Wellington, 20th July, 1889.

REGRET position Government business will not admit of Frisco service question being considered by Parliament within ensuing three or four weeks. Will take earliest opportunity submitting resolution to House.

No. 20.

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

(Telegram.)

Wellington, 3rd September, 1889.

PROPOSE asking Parliament join Sydney renewing Frisco service twelve months. Ascertain Imperial Government continue arrangements end ninety. Urgent.

No. 21.

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

(Telegram.)

Wellington, 7th September, 1889.

CONFIDENTIAL.—Frisco service: Congratulate you on getting your resolutions through Parliament. Purpose on Tuesday asking for authority to join you in renewal. Payment, eleven thousand two hundred and fifty. You receive and retain contributions, non-contracting colonies and United States. This really means we pay half-cost. You also pay demurrage and receive penalties. No bonus; no penalties unless late arrival exceeds forty-eight hours. Otherwise provisions present contract to be given effect to. Contract to be in joint names Postmasters-General.

No. 22.

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

(Telegram.)

London, 9th September, 1889.

MESSAGE received. Ministers away. Imperial Post Office cannot say when likely matter decided.

No. 23.

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

(Telegram.)

Sydney, 10th September, 1889.

CONFIDENTIAL.—Thanks for telegram. Hope you will succeed with Pacific mail resolutions.

No. 24.

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

SIR,—

7, Westminster Chambers, London, S.W., 12th July, 1889.

I received in due course, and with many thanks, your letters of 3rd April and 9th, 15th, and 16th May, on various postal matters. Any information of that kind which you are pleased to send me is always welcome and valuable.

Towards the end of last month a Reuter's telegram appeared to the effect that the New South Wales Government had determined to continue the San Francisco mail-service for another year, in order to give time for further consideration, and I shall be curious to see what course the debates in our own House take if New South Wales asks New Zealand to join in this temporary extension of the contract. In the meanwhile nothing further has taken place here about a Vancouver route, consideration of which is still adjourned till the Australasian Colonies shall have decided whether to take any part in such a service.

I duly conveyed your thanks, as desired, to Mr. Baines for his action about the parcel mails.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 25.

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

SIR,—

7, Westminster Chambers, London, S.W., 26th July, 1889.

I have to acknowledge the receipt of your letter of the 15th June, relating to the Direct service, and to the step taken by the Government of New South Wales for continuing the San Francisco service for another year.

The New South Wales Government do not seem to have remembered that it was necessary for them to ask the Imperial Post Office the very material question of whether this country would consent to extend present arrangements for another year. In the meanwhile, however, as power is reserved for New Zealand to come into the New South Wales arrangement, I have initiated another communication privately with the Imperial Post Office, so that if you do come in the ground may be prepared.

I hope soon to hear what Parliament has decided on the general question of the services.

The Hon the Postmaster-General, Wellington.

I have, &c.,
F. D. BELL.

No. 26.

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

(Telegram.)

Wellington, 13th September, 1889.

FRISCO SERVICE.—Parliament agreed this morning our joining you in renewal on the terms indicated in my telegram of seventh.

No. 27.

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

(Telegram.)

Wellington, 13th September, 1889.

FRISCO SERVICE.—Received your message to-day with much pleasure.

No. 28.

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

(Telegram.)

Wellington, 13th September, 1889.

FRISCO DIRECT SERVICES.—Parliament approved renewing twelve months.

No. 29.

The Hon. Sir H. A. ATKINSON to the RESIDENT AGENT for NEW ZEALAND, San Francisco.

(Telegram.)

Wellington, 13th September, 1889.

FRISCO SERVICE.—Parliament approved renewing twelve months.

ATKINSON.

No. 30.

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

SIR,—

7, Westminster Chambers, London, S.W., 6th September, 1889.

I duly received your telegram of the 3rd instant, informing me that you proposed asking Parliament to join New South Wales in continuing the San Francisco service for another year, and directing me to ascertain whether the Imperial Government would continue the existing arrangements for apportionment of postage and transit of mails on this side till the end of 1890.

You will have seen from my letter of the 26th July, that, in anticipation of what might happen, I had already been in private communication with the Imperial Post Office for the purpose you desire, and I have now sent in an official letter, copy of which is annexed. I hope a decision may not be long delayed; but, as the members of the Imperial Government dispersed immediately Parliament was prorogued—on the 30th August—it will probably be some time before I can telegraph the result of my application.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosure in No. 30.

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

SIR,—

7, Westminster Chambers, S.W., 4th September, 1889.

I have received a telegram from my Government, stating that they propose to invite the New Zealand Parliament, which is now sitting, to join the New South Wales Government in the arrangement made by the latter for renewing the San Francisco mail-service for another year. The object of such renewal is to afford further time for consideration of the various alternative proposals which have been made for a permanent Pacific mail-service to Australasia, whether by way of San Francisco or of Vancouver; and Her Majesty's Postmaster-General is no doubt aware that Mr. Abbot, a member of the Canadian Government and of the Senate of Canada, will shortly proceed to Australia for a Conference on postal and telegraphic questions. In the meanwhile, however, it is indispensable, for any temporary renewal to be made of the present service, that the colonies should know whether the Imperial Government would consent to extend for another year the existing arrangements relating to the apportionment of postage and the transit of the mails between London and San Francisco. I am accordingly directed by my Government to bring the matter before Mr. Raikes, in the hope that the Imperial authorities will be pleased to give this consent. The correspondence which took place on the previous occasions when I have had to make a similar request makes it unnecessary to repeat the grounds I then ventured to urge; but in this

instance there is a special reason—that a grant of the request would much facilitate the Postal Conference which I have referred to, and help to settle the important questions affecting any permanent establishment of a Pacific mail-service. It is very urgent that New Zealand should be able to decide quickly whether to join New South Wales in the temporary renewal of the present service, and this must be my excuse for also asking that the decision of the Post Office and Treasury may be communicated to me at the earliest possible date.

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

I am, &c.,

F. D. BELL.

No. 31.

Mr. GRAY to the AGENT-GENERAL, London.

SIR,—

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

I have the honour to acknowledge the receipt of your letter of the 6th ultimo, regarding the renewal of the San Francisco mail-service contract for another year. I note the tenor of your official letter of the 4th idem to the Imperial Post Office, and have to thank you for the action you have taken in the matter.

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. 32.

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

SIR,—

7, Westminster Chambers, London, S.W., 10th September, 1889.

I duly received your telegram of yesterday, urgently requiring an answer to your previous message of the 3rd instant relating to the San Francisco service. I immediately communicated again with the Imperial Post Office, but was informed that it was impossible to say when a decision would be given, nearly all the members of Her Majesty's Government being away; and I telegraphed to you, with regret, to that effect.

I need hardly say how difficult it always is to get any decision from the Treasury here on a hypothetical question; and, although, as you are aware, I had prepared the ground privately with the London Post Office so long ago as last July, it was always necessary that I should be in a position to make a definite statement as to the renewal of the service. The New South Wales Government have never approached the Post Office at all themselves, and even now the only thing I can say to the Imperial authorities is that the matter is likely to be brought before our Parliament. I am therefore afraid there will be exceptional difficulty in getting any answer from the Treasury until it is decided whether New Zealand is to join New South Wales or not in continuing the service another year.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 33.

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

SIR,—

7, Westminster Chambers, London, S.W., 18th September, 1889.

I duly received your telegram of the 13th instant, informing me that Parliament had approved of renewing both the San Francisco and the Direct mail-services for twelve months longer; and I immediately communicated with the Imperial Post Office, using the news you had sent me to press for the Treasury decision as to continuing the existing arrangements on this side in the case of the San Francisco service. Copy of the correspondence with that department is annexed.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosure 1 in No. 33.

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

SIR,—

7, Westminster Chambers, London, S.W., 13th September, 1889.

In continuation of my letter of the 4th instant, I beg leave to inform you that I have now received a telegram from my Government stating that the New Zealand Parliament has approved of renewing the San Francisco mail-service for twelve months longer. There is no doubt of this having been done in the hope that the Treasury would consent to the existing arrangements on this side being also continued for another year, to November, 1890, so as to afford further time for considering the questions involved in the maintenance of a Pacific ocean-service. Under these circumstances, I may be permitted to urge the great importance of the Treasury's decision being communicated to me at the earliest possible date.

I am, &c.,

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

F. D. BELL.

Enclosure 2 in No. 33.

Mr. REA to the AGENT-GENERAL, London.

SIR,—

General Post Office, London, E.C., 14th September, 1889.

I am directed by the Postmaster-General to acknowledge the receipt of your letter of the 13th instant, announcing that the New Zealand Parliament has approved of renewing the San Francisco mail-service for twelve months longer.

With reference to this communication, and to your previous letter of the 4th instant, I have to inform you that the Postmaster-General has brought under the consideration of the Lords Commissioners of Her Majesty's Treasury your application for a temporary renewal of the present arrangements for the apportionment of postage and the transit of the mails between London and San Francisco, and has requested to be favoured with their Lordships' early decision in this matter.

Sir Francis Dillon Bell, K.C.M.G., C.B.

I have, &c.,

EDW. H. REA.

No. 34.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company of New Zealand (Limited), Dunedin.

SIR,— General Post Office, Wellington, 4th November, 1889.

With reference to the interprovincial mail-services being performed by your company under engagement to this department, in connection with the San Francisco and Direct mail-service contracts—the former service expiring this month, and the latter on or about the 20th proximo—I have the honour to inform you that, in the proposals submitted to Parliament for the renewal of the main services for twelve months, it was assumed that the cost of the interprovincial San Francisco service would be £3,500 a year in the place of £4,000, and that for the Direct interprovincial service would remain as at present—namely, £3,000 a year. It was also assumed that the conditions of the services would be the same as at present, with the exception, in respect of the San Francisco service, that, whenever the inward San Francisco mail reached Auckland so late as to prevent the Manukau steamer bringing the southern portion on to Wellington and returning in time for the outward Direct mail, the San Francisco mail should be conveyed to New Plymouth, the department providing for the conveyance of the mails to Wellington by train, thereby enabling the steamer to return to Manukau to bring on the outward Direct mail on the usual date.

I shall therefore be glad to hear from you that your company is willing to continue the interprovincial services for another twelve months on the terms stated.

I have, &c.,

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

W. GRAY, Secretary.

No. 35.

Mr. GRAY to the AGENT-GENERAL, London.

SIR,— General Post Office, Wellington, 13th November, 1889.

I have the honour to acknowledge the receipt of your letter of the 18th September last, and of the copy of correspondence which you sent therewith, on the subject of the renewal of the San Francisco and the Direct mail-services for twelve months longer.

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. 36.

The SECRETARY, Post Office, Sydney, to the SECRETARY, Post Office, Wellington.

(Telegram.)

14th November, 1889.

Re your letter 28th September, forwarding copies Sir Harry Atkinson's telegrams 7th and 13th September, relative to you joining this colony in renewing Frisco contract another year. As this colony had actually conditionally renewed contract in its own name some time prior to receipt of Sir Harry Atkinson's telegram of 7th September, Postmaster-General would be glad to know whether Postmaster-General New Zealand sees any objection to this colony paying whole of subsidy, you remitting to New South Wales monthly instalments of your colony's share of £11,250. This suggested to save necessity for executing formal contract for ensuing year, which would presumably be necessary if contract were in joint names of two Postmasters-General. Mr. O'Connor, moreover, thinks such a contract hardly worth while, as both this colony and contractors satisfied with exchange of letters renewing contract for year, subject modifications you are aware of.

No. 37.

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

(Telegram.)

Wellington, 16th November, 1889.

FRISCO SERVICE.—Postmaster-General considers it essential he should have general contract powers; to have the right to send mail-agents, and require necessary accommodation and assistance as at present; also power of detaining steamers at Auckland, and also at Frisco, by his agent. Mr. Mitchelson thinks this could be provided for without executing a formal contract—say, by indorsement on original contract, or by the exchange of further letters with contractors, making our position and powers absolutely clear. The Postmaster-General has no objection to pay subsidy to your office instead of contractors; but final understanding would be facilitated by perusal of the letters already exchanged between your office and contractors.

No. 38.

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

Union Steamship Company of New Zealand (Limited),
Dunedin, 21st November, 1889.

SIR,—

In reply to your favour of the 4th instant, I have the honour to advise you that the directors are agreeable to continue the interprovincial services in connection with the San Francisco and Direct mail contracts for a further period of twelve months on the terms stated—viz., £3,500 per annum for the interprovincial San Francisco service, and £3,000 per annum for the interprovincial Direct mail-service, it being agreed that whenever the inward San Francisco mail reaches Auckland so late as to prevent the Manukau steamer bringing the southern portion of it on to Wellington and returning in time for the outward Direct mail, the San Francisco mail shall be conveyed to New Plymouth, the Postal Department providing for its transit to Wellington by rail.

I have, &c.,

JAMES MILLS,
Managing Director.

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

No. 39.

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

Westminster Chambers, 13, Victoria Street, London, S.W.,

17th October, 1889.

SIR,—

In continuation of my letter of 18th September, I have to report that the Lords Commissioners of Her Majesty's Treasury have consented to extend the existing arrangements relating to the transit of the San Francisco mails between London and San Francisco for another year, to November, 1890, but stipulate that if the apportionment of postage should be eventually readjusted on terms more favourable to the London Post Office, the new apportionment shall date back to November, 1889.

Enclosed is copy of the London Post Office letter to me notifying the assent of the Treasury, together with my reply, in which I have pointed out the inexpediency of complicating matters by such a stipulation, and proposed to leave the question of apportionment to be settled hereafter as part of the general subject of a Pacific mail-service.

Immediately after the Treasury had come to their decision, the Agent-General for New South Wales received a telegram from his Government instructing him to co-operate with me in the negotiations with Her Majesty's Government. We shall therefore have the advantage of acting in concert in any future steps with the Imperial Post Office and Treasury.

I telegraphed to you on the 7th instant informing you of the Treasury consent, and a copy of my message is annexed.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 39.

Mr. TURNOR to the AGENT-GENERAL, London.

General Post Office, London, 5th October, 1889.

SIR,—

The Postmaster-General has brought under the consideration of the Lords Commissioners of Her Majesty's Treasury your letter of the 4th September, stating that your Government and that of New South Wales propose to renew their contract for the mail-service between San Francisco and Sydney *via* New Zealand for another year from November next, and asking whether Her Majesty's Government will consent to extend for that period the existing method for apportioning the cost of the service.

You state that this arrangement is proposed for the purpose of enabling the Colonial Governments to mature schemes for the substitution of some other mail-route, probably by way of Vancouver, for that of San Francisco.

I am now directed to acquaint you that the Lords of the Treasury concur with the Postmaster-General in the view that the case is governed by those considerations which induced their Lordships to give their assent to the similar proposal put before them last year. But I am to point out that there is strong reason for the opinion that the cost of the service is at present unfairly apportioned, and presses unduly upon this country.

Although entitled to look for a rearrangement of the apportionment upon better terms to this country, the Treasury last year consented, at the request of the New Zealand Government, to extend the existing arrangement for one year, in the expectation that by the present time matters would be in a position to facilitate a rearrangement upon more equitable terms.

Their Lordships would therefore now be justified in asking that a new apportionment should be at once undertaken. But they are most unwilling to take any steps which might prejudice the results of the Postal Conference in Australia, and they therefore consent to the extension of the present arrangement for another year.

I am to state, however, that, in consenting to this extension, the Treasury stipulate that if, as the result of inquiry, the apportionment is eventually readjusted on terms more favourable to this country, the new apportionment shall date from the expiry of the present arrangement in November, 1889, so that the Imperial Exchequer may not be prejudiced by the extension made to suit the arrangements of the New Zealand Government at their own request.

I am, &c.,

ALGERNON TURNOR.

Sir Francis D. Bell, K.C.M.G., C.B., &c.

Enclosure 2 in No. 39.

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

SIR,—

Westminster Chambers, 7th October, 1889.

I have to acknowledge the receipt of your letter of the 5th instant, informing me that the Lords Commissioners of Her Majesty's Treasury consent to extend the existing arrangements for the conveyance of the San Francisco mails for another year, but stipulate that if the apportionment of postage between the Imperial and Colonial Post Offices should eventually be readjusted on terms more favourable to this country, the new apportionment shall date back to November, 1889.

I have to request you will do me the favour of conveying to their Lordships the thanks of my Government for consenting to extend the existing arrangements for another year. With regard, however, to the stipulation by which that consent is accompanied, there are practical difficulties, which I cannot but think the Treasury has overlooked.

It may be as well to note a slight misapprehension in your letter. The question is not exactly whether the Colonial Governments should be enabled to substitute some other mail-route for the present one, but whether there is to be a permanent Pacific mail-service at all, and, if so, by which route, San Francisco or Vancouver.

Now, whichever way this is settled, the questions relating to apportionment of postage must be entirely changed from what they are now. Let us see how the decision for either route would affect the Treasury stipulation.

If the San Francisco route is retained, it will only be on condition of the United States contributing a fair part of the subsidy. But on that hypothesis the Washington Post Office may claim to come in to a new apportionment of postage, and it would obviously not be right to date back whatever apportionment is then made to the entirely different circumstances of 1889. If, on the contrary, the Vancouver line is chosen, then a new apportionment will have to be made on an essentially different basis, and could not be made to date back at all to 1889.

Under these circumstances, perhaps the Treasury may think it would be best not to complicate matters at this time by a stipulation which might be incapable of application, but to leave the question of apportionment to be dealt with as part of the general subject hereafter.

I am, &c.,

F. D. BELL.

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

No. 40.

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

SIR,—

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

I have the honour to enclose herewith for the information of your department a copy of a letter of the 17th October last from the Agent-General for New Zealand, together with second copies of the letters therein mentioned: from the Imperial Post Office to Sir Francis Bell, of the 5th October; and from the Agent-General in reply, of the 7th idem—in reference to the agreement of the Imperial Treasury to extend the existing arrangements for the conveyance of the San Francisco mails between London and San Francisco for another year, to November, 1890, and to the stipulation that if, as the result of inquiry, the apportionment of postage is eventually readjusted on terms more favourable to Great Britain, the new apportionment shall date from the expiry of the arrangement existing up to November, 1889.

I have, &c.,

W. GRAY, Secretary.

The Secretary, General Post Office, Sydney.

No. 41.

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

SIR,—

San Francisco, California, 18th October, 1889.

I have the honour to inform you that I wrote officially to the Hon. N. M. Brookes, Superintendent of Foreign Mails, on the 26th August and the 24th September, bringing before his attention the inconvenience and risk attending the detention of the outgoing mail-steamers for Auckland and Sydney till after midnight on the date of departure, and suggesting certain changes which, in my judgment, would accelerate the delivery of the mail at the San Francisco Post-office, and the consequent earlier sailing of the steamers.

Acting upon the first communication, Mr. Brookes instructed the proper officer at San Francisco to represent the facts to the railroad company, and induce them to accelerate the delivery of the mail on arrival at the Oakland Mole.

The Railroad Superintendent promised compliance with the requirements of the Post Office Department; but on the month following a similar detention took place. I thereupon wrote my letter of the 24th September, reviewing the facts, and suggesting a possible earlier delivery of the mail through a change of the overland time-schedule, and precautions against holding only the British closed mail at any point on the route where a transfer is needed to make connection. I also pointed out that unnecessary risk was entailed upon the steamship company by compelling a night departure, which brought the mail-boat to Honolulu, Tutuila, and Auckland at night; also unless extra coal were consumed for increased speed.

The result has been a conference at San Francisco, at the request of the Postmaster-General, between the General Superintendent of the Union and Southern Pacific Railroads, and Captain White, General Superintendent of Railway mail-service, Chicago, and Mr. Wilder, Superintendent of the same postal branch at this city.

I was not informed of this officially, but, becoming cognisant of the fact, I wrote to J. A. Fillimore, General Superintendent of the Southern Pacific system, requesting him to inform me what had been decided upon, intimating that I would forward a copy of his letter to you, with a request that you would advise the Postmaster-General of New South Wales accordingly.

I received the accompanying reply, from which you will gather that it is in contemplation to run a fast mail- and passenger-train between Omaha and San Francisco, connecting with the daily West bound express from Chicago at Council Bluffs, thereby shortening the time between New York and San Francisco twelve hours. The spring and summer schedule will be several hours shorter than the winter card.

As the New South Wales and New Zealand Parliaments have extended the contract for another year, would it not be well to consider how this fast railroad transit can be taken advantage of to reduce the through time between Sydney, Auckland, and London? That it will be permanent there is no doubt, inasmuch as the competition of other overland railroad systems compels the Southern Pacific and Union to keep pace with their rivals, if not ahead; and these corporations do not want to lose the Australian mail- and passenger-receipts.

Without going closely into the calculation, it is evident that a very considerable saving in time might be effected by forwarding the Australian mails from England by the fastest boats—for example, the "Alameda" this trip received the first instalment of the English mail for the colonies 12 days from London. Now, if the entire British mail had been transmitted by the "Teutonic," and if the new railroad time-schedule had been in operation, the time would have been reduced to 11 days 12 hours, with the result that the London mail might have been delivered in Auckland in 32 days 12 hours, and in Sydney in 37 days 12 hours, with the chance of a saving of time by the Oceanic Company's steamer on the Pacific route. It is perfectly feasible to make this saving without increasing the cost. The minimum time between London and Auckland last year (*vide* Table No. 8, Postmaster-General's Report, 1889) was 34 days, and between London and Sydney 39 days. The suggested shortening of the transit-time would reduce that minimum by 36 hours, and the maximum by 5 days 12 hours.

I have the honour to suggest, therefore, the advisability of the New Zealand and New South Wales Governments jointly requesting the London Post Office Department to select only the fastest steamers on the Atlantic route for despatch of the colonial mail to New York; and, should there be any difficulty in making the change on the present time-table, to make the necessary alteration in the day of despatch from London. The "Teutonic" and "City of Paris" have made the passage to New York under six days, and this will probably be the maximum for the Atlantic mail-boats during 1890. Should this change be made you will, of course, notify the contractors here and in New Zealand, and issue a new schedule of sailing dates.

Despatches from London and New York intimate that Messrs. Anderson, of the Orient Company, who obtained a contract to build and run three eighteen-knot steamships to Montreal in connection with the China line of the Canadian Pacific have withdrawn from it, the supposition being that the Canadian Pacific Company will take it up and secure better terms from the Imperial and Dominion Governments. The Anderson's were to receive £100,000 a year subsidy for a fortnightly service. The affair has the look of a friendly arrangement with the Canadian Pacific on an understanding with the Dominion Government. This may have some bearing upon Mr. Abbott's mission to Australia.

I have, &c.

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

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

Enclosure in No. 41.

Mr. J. A. FILLIMORE to Mr. R. J. CREIGHTON.

DEAR SIR,— Southern Pacific Company, San Francisco, California, 15th October, 1889.

I have your favour of the 14th, and in reply will state that Mr. E. Dickenson of the Union Pacific Railway, and Captain White, of the United States mail-service, have been over here relative to putting on a fast mail over the Union Pacific and Central Pacific, in connection with the fast mail now arriving at Council Bluffs. We have made out our figures, and the time from New York will be 4 days 8 hours. This is not allowing for the difference in time. Allowing the difference in time would make it about 4 days 12 hours. Mr. Dickenson left here last evening for Omaha, and I am just in receipt of a telegram from him, from Wadsworth, in reply to one I had sent him, asking if he had heard anything from his people relative to the proposed figures we had made, and he replies that Mr. Holcomb is in New York, and cannot say positively about new card until he returns; but, I have no doubt but that the new time-card will be adopted and go into effect about the 1st November. The figures above given are for winter card; the card for the spring and summer months would be from one and a half to three hours shorter than the winter card.

I think that with this card we should be able to receive the mails from Australia and the colonies over the Central Pacific and Union Pacific. When you are in receipt of any information that would be of benefit to us we would be pleased to hear from you.

Yours, &c.,

J. A. FILLIMORE,
General Superintendent.

Mr. R. J. Creighton, Agent, New Zealand Government,
Care J. D. Spreckels and Bros., 327, Market Street, San Francisco, California.

No. 42.

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

(Telegram.)

Sydney, 2nd December, 1889.

FRISCO SERVICE.—Postmaster-General does not consider it essential that formal contract should be prepared, as correspondence, copy of which will be sent you, sufficiently indicates arrangement. It is made clear that you pay your subsidy directly to contractors, and shall enjoy all powers you possessed under formal contract. Agreement modified, of course, in regard to disposal of contributions from other countries, and as to premiums, penalties, and crews.

No. 43.

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

SIR,—

General Post Office, Wellington, 14th December, 1889.

I have the honour to acknowledge the receipt of your telegram of the 2nd instant, replying to mine of the 16th ultimo, on the subject of the powers of this colony under the renewal of the contract for the San Francisco mail-service for another year, to November next; and to say that the Postmaster-General coincides in your views, and is satisfied with the powers under the renewal as set forth in your telegram now acknowledged.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 44.

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

SIR,—

General Post Office, Wellington, 14th December, 1889.

I have the honour to acknowledge the receipt of your letter of the 17th October last, notifying that the Lords Commissioners of Her Majesty's Treasury had consented to extend the existing arrangements relating to the transit of the San Francisco mails between London and San Francisco for another year, to November, 1890. I note the qualification of the Imperial Treasury's consent, and your objections thereto. A copy of the correspondence has been sent to the Postmaster-General of New South Wales.

I also note that in future you will have the advantage of the co-operation of the Agent-General for New South Wales in negotiating with Her Majesty's Government in this matter

I have, &c.,

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

EDWIN MITCHELSON,
Postmaster-General.

No. 45.

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

SIR,—

General Post Office, Wellington, 18th December, 1889.

I have the honour to acknowledge the receipt of your letter of the 16th ultimo, and of the enclosures thereto, and to thank you for the information thereof.

I shall be glad to hear what explanation is given of the non-delivery of the telegram from the late Postmaster-General.

It is exceedingly annoying to find that the mails are still subjected to avoidable delay between New York and San Francisco, and it is high time that this was completely remedied. I note the way in which you put the matter to the Acting-Superintendent of Foreign Mails in your letter of the 22nd October.

The question of shortening the journey between London and San Francisco I have already informed you upon in my letter of the 29th ultimo.

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, 13th December, 1889.

With reference to your telegram of the 16th ultimo, on the subject of the renewed Pacific mail contract, and stating that a final understanding would be facilitated by a perusal of the letters exchanged between this office and the contractors, I have the honour to forward herewith a copy of a set of papers laid before Parliament on the 19th July last, and to intimate that copies of further correspondence are now being prepared, which will, when complete, be also placed before Parliament and a printed set sent to you. In the meantime, however, I forward you enclosed a press copy of the further correspondence exchanged between this office and the contractors, as well as copies of the telegrams that have passed between our respective offices.

I have, &c.,

The Secretary, General Post Office, Wellington.

S. H. LAMBTON, Secretary.

Enclosure 1 in No. 46.

The SECRETARY, Post Office, Sydney, to the MANAGER, Union Steamship Company of New Zealand (Limited), Sydney.

SIR,— General Post Office, Sydney, 2nd December, 1889.

Referring to my letter of the 21st June last, I am directed to inform you that on the 5th September last the following resolution was passed by the Legislative Assembly of this colony—namely, “That this House approves of the continuance of the mail-service between Sydney and San Francisco, *via* Auckland and Honolulu, by the Union Steamship Company of New Zealand (Limited), for a further term of twelve months from November next, on the following terms: namely, The subsidy to be reduced to £33,500, and the Government of New South Wales to be responsible therefor, with the proviso that if the Government of New Zealand should hereafter join in this extension of contract, or should contribute, either in the shape of postages or by direct subsidy, any sum in excess of £6,000, such excess to the extent of £3,500 shall be allowed to the company in consideration of the abatement of £3,500 they have agreed to make in the amount of present subsidy of £37,000. Duration of voyage to be 600 hours, as at present, but no penalties to be imposed provided voyage does not exceed 648 hours. No premiums to be paid for early arrival. Any contribution from the United States to be divided between the contractors and the Government of New South Wales, the former taking one-third and the latter two-thirds thereof. All postages from other colonies to be retained by the New South Wales Government, subject to adjustment of a share thereof with the New Zealand Government should that colony agree to occupy a similar position in this extended contract to that which it now occupies in regard to the existing service. The spirit of the existing contract, in regard to the size of the vessels employed, and in all other respects, to be adhered to in the extended contract, and only European crews to be employed.”

I am also to intimate to you that on the 13th September last the Parliament of New Zealand agreed to join the Government of New South Wales in renewing the contract for another year, payment to be made by that colony at the rate of £11,250, New South Wales receiving and retaining contributions from non-contracting colonies and United States, paying also demurrage and receiving penalties.

The subsidy payable to you will therefore be at the rate of £37,000 per annum—namely, £25,750 by the Postal Department of New South Wales, and £11,250 by the Postal Department of New Zealand.

It is not considered needful that a formal agreement should be executed for this renewed service, as the correspondence, &c., contain a sufficient indication of what the arrangement is.

I am to request that you will be so good as to furnish me with such a reply to this communication as will convey your assent to the arrangement in question, and to the understanding and modification of conditions in regard to premiums, penalties, and crews, alluded to in the resolution on the subject passed by the Legislative Assembly of New South Wales on the 5th September last.

I have, &c.,

S. H. LAMBTON, Secretary.

The Manager, Union Steamship Company of New Zealand (Limited), Sydney.

P.S.—It will be clearly understood that the New Zealand Government will, under this arrangement, enjoy all the powers it possessed under the formal contract agreement, modified, of course, in regard to the disposal of contributions from other countries, and as to premiums, penalties, and crews.—S. H. L.

Enclosure 2 in No. 46.

The MANAGER, Union Steamship Company of New Zealand (Limited), to the SECRETARY, Post Office, Sydney.

Union Steamship Company of New Zealand (Limited),
Sydney, 10th December, 1889.

SIR,—

In acknowledging receipt of your letter of the 2nd instant I have the honour to inform you that I have sent a copy thereof to the company's head office in New Zealand, asking for authority to officially reply in terms of the concluding paragraph of your communication.

I have, &c.,

The Secretary, General Post Office, Sydney.

F. W. JACKSON, Manager.

No. 47.

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

SIR,—

General Post Office, Wellington, 16th January, 1890.

I have the honour to acknowledge the receipt of your letter of the 13th ultimo, answering my telegraphed request for information on the subject of the Pacific mail-service contract renewed, and to thank you for the copy which you enclosed therewith of the set of papers laid before Parliament on the 19th July last, together with the press copy of additional correspondence between your office and the contractors. I look forward to receiving the further set of printed papers which you are good enough to promise.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 48.

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

SIR,— General Post Office, Sydney, 17th April, 1890.
Referring to your letter of the 16th January, acknowledging the receipt of mine of the 13th December, promising you a complete set of printed papers connected with the renewal of the San Francisco service from November, 1889, I have now the honour to forward the set referred to, and to state that the delay in completing the correspondence is explained in No. 26—namely, the omission of the Union Company to reply to my letter of the 2nd December (No. 19).

The Secretary, General Post Office, Wellington. I am, &c.,
S. H. LAMBTON, Secretary.

No. 49.

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

SIR,— General Post Office, Wellington, 5th May, 1890.
I have the honour to acknowledge the receipt of your letter of the 17th ultimo, and to thank you for forwarding me the promised complete set of printed papers connected with the renewal of the San Francisco service from November, 1889.

The Secretary, General Post Office, Sydney. I have, &c.,
W. GRAY, Secretary.

No. 50.

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

SIR,— General Post Office, Wellington, 27th November, 1889.
I have the honour, by direction of the Postmaster-General, to forward the accompanying copies of correspondence received by the last mail from Mr. Creighton.

There have been so many attempts to shorten the railroad journey between San Francisco and New York, and as many failures, that I am somewhat doubtful whether the fast service now proposed will be maintained for any length of time. But, without involving the alteration of the day of despatch from London, the Postmaster-General would suggest that the London Post Office should be approached through the Agents-General to see whether it would not be possible to have the swiftest vessels selected for the conveyance of the colonial mails to New York.

The Secretary, General Post Office, Sydney. I have, &c.,
W. GRAY, Secretary.

No. 51.

Mr. GRAY to the AGENT-GENERAL, London.

SIR,— General Post Office, Wellington, 29th November, 1889.
I have the honour to inform you that Mr. Creighton, the Resident Agent for the department at San Francisco, has written this office in reference to another attempt which is to be made to shorten the time of the overland transit of the mails between New York and San Francisco. In connection therewith Mr. Creighton recommends the employment of the fastest vessels for the Atlantic passage, and a change in the date of departure of the mails from London.

A reply has been sent Mr. Creighton to the effect that, as the San Francisco service is renewed for twelve months only, any change in the London time-table is undesirable, more especially as the maintenance of the proposed fast overland service must, in the light of former failures, be regarded as quite problematical, and also as any change in the day of the despatch of the mails from London would necessarily involve an alteration in the time-table of the Direct mail-service, which would be highly inconvenient.

But I would feel obliged if you would communicate with the London Post Office, and see whether it may not be possible to secure the services of the swiftest vessels for the conveyance of the colonial mails to New York. This, in conjunction with the proposed accelerated overland service, would result in a very material saving of time, and in any case would very often obviate vexatious delays in the transit between New York and San Francisco.

The Agent-General for New South Wales will probably make similar representations to the London Post Office. I have suggested, in forwarding a copy of Mr. Creighton's letter to the New South Wales Post Office, that this might be done.

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. 52.

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

SIR,— General Post Office, Wellington, 29th November, 1890.
I have the honour to acknowledge the receipt of your letter of the 18th ultimo, notifying that you had brought under the notice of the Superintendent of Foreign Mails, Washington, in letters of the 26th August and 24th September, the inconvenience and risk which attend the deten-

tion at San Francisco until night-time of the mail-steamers for Auckland and Sydney, and reporting in detail the action which followed thereupon.

A copy of your letter has been sent to the Sydney Post Office, with a suggestion that the London Post Office should be asked to select only the swiftest vessels for the transport of our mails to New York; and Sir Dillon Bell is to be asked to make similar representations.

The Postmaster-General does not see his way to recommend any alteration in the day of despatch from London, seeing that the service has but twelve months to run. Any change in the departure of the San Francisco mails from London would also involve an alteration in the time-table of the Direct service.

I sincerely hope the contemplated fast overland-service will be maintained, and that it will not meet the fate of previous attempts to shorten the time between New York and San Francisco.

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

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

No. 53.

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

SIR,—

General Post Office, Sydney, 27th December, 1889.

I am directed to acknowledge the receipt of your letter of the 27th ultimo, enclosing copies of correspondence received from Mr. Creighton respecting an accelerated delivery of English mails at San Francisco, and suggesting that the London Post Office might be approached by the Agents-General to see whether it would not be possible to have the swiftest vessels selected for the conveyance of the colonial mails to New York.

In reply, I am to state that only specially-marked letters to and from New South Wales and Great Britain are sent by the American route, the weekly mail *via* Suez answering all our purposes as regards English correspondence; but as, on the contrary, an accelerated service from Great Britain *via* San Francisco would be of importance to your colony, Mr. O'Connor had no objection to adopt your suggestion, and has instructed our Agent-General accordingly, as referred to in my telegram to you, a copy of which is attached.

I have, &c.,

S. H. LAMBTON, Secretary.

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

Enclosure in No. 53.

The SECRETARY, Post Office, Sydney, to the SECRETARY, Post Office, Wellington.

(Telegram.)

Sydney, 19th December, 1889.

We are cabling Agent-General that he can co-operate yours asking London Office send mails swiftest Atlantic steamers without altering present day departure, suggested in your letter twenty-seventh.

No. 54.

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

SIR,—

San Francisco, 16th November, 1889.

I have the honour to acknowledge receipt of your letter of the 5th October, containing copy of cablegram from Sir Harry Atkinson, 13th September, intimating that the New Zealand Parliament had approved the renewal of the service for twelve months.

The cable did not come to hand, and I was first apprised of the fact through the Agent's cable from Wellington. I have made inquiries as to the detention of the cable, but the Telegraph Office have not located the place where it occurred. The cable did not reach either San Francisco or New York, and the cable company have been written to on the subject.

Your cablegram of the 30th October was duly received. I enclose herewith copy of correspondence with the Oceanic Steamship Company in reference thereto.

* * * * *

I attach herewith memo. [not printed] of sailings transatlantic steamers, from which you will perceive that if the departure-date from England were put forward one week the last instalment of the Australian mail from London would be sent by the "Umbria," which always makes the passage under seven days, instead of by the "Aurania," which is an eight- or nine-day steamer. Both ships belong to the Cunard Line. The only inconvenience would be on the first trip.

Another advantage of the change of steamers suggested is the fact that a fast Cunarder sails from Liverpool every fortnight, and should a fortnightly mail-service be established between San Francisco and the colonies it would have the assurance of having the Atlantic section covered by swift steamers of about equal rate of speed.

I think, if a faster Atlantic service were secured, the saving of time overland added would reduce the time between London, Auckland, and Sydney three days at least without accelerating the steamer's speed on the Pacific. Should the present schedule of sailing be retained the slow time by the "Aurania" will render the overland saving of no practical value. The change suggested by me would bring the departure from San Francisco earlier in the week, which would be an advantage.

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

I have, &c.,

ROBT. J. CREIGHTON.

Enclosure 1 in No. 54.

Mr. R. J. CREIGHTON to Messrs. J. D. SPRECKELS and Bros., San Francisco.

GENTLEMEN,—
 San Francisco, 30th October, 1889.
 I have received a cable from the Secretary of the Post Office Department, Wellington, New Zealand, of which the following is a copy: "Wellington, 30th October, 1889.—To Creighton, San Francisco.—Renew Frisco service. Present time-table extended.—GRAY."

You will please take note of this authorisation of renewal by the New Zealand Government, and cause the sailings of your contract mail-steamers to conform thereto for the extended term of one year.

I shall inform the Postmaster-General of the United States of this order for renewal of the San Francisco and Australian mail-service for another year.

I have, &c.,

ROBT. J. CREIGHTON,

Agent New Zealand Government.

Messrs. John D. Spreckels and Bros.,
 Agents Oceanic Steamship Company, San Francisco.

Enclosure 2 in No. 54.

Messrs. J. D. SPRECKELS and Bros. to Mr. R. J. CREIGHTON, San Francisco.

Oceanic Steamship Company,

No. 327, Market Street, San Francisco, 30th October, 1889.

SIR,—
 We have pleasure to acknowledge receipt of your favour of even date, enclosing copy of a cable which you have received from the Secretary of the Post Office Department, Wellington, authorising the renewal by the New Zealand Government, for one year, of the present contract with this company for carrying the mails, sailings to be according to present time-table. This we beg to confirm.

Yours, &c.,

J. D. SPRECKELS AND BROS.,

General Agents, Oceanic Steamship Company.

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

No. 55.

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

Westminster Chambers, 13, Victoria Street, London, S.W.,

10th January, 1890.

SIR,—

On receiving your letter of the 29th November I communicated, as you desired, with the Imperial Post Office, and I enclose copy of a letter in reply from Mr. Rea.

You will see that the mails are sent from this country to New York by the fastest steamers of the Cunard line. The London mail-day was, in fact, changed from Wednesday to Saturday with the express object of using these fast ships, and no change of day here would be of any advantage.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 55.

Mr. REA to the AGENT-GENERAL, London.

DEAR SIR FRANCIS,—

General Post Office, London, E.C., 8th January, 1890.

I have read the letter from the Postmaster-General of New Zealand, a copy of which you were good enough to forward to me on the 7th instant, on the subject of the colonial mail-service by the route of San Francisco.

You are quite right in supposing that these mails are at present forwarded from England to New York by the fastest steamers under contract with this department—in fact, by the best ships of the Cunard line, which generally make the passage across the Atlantic in about seven days.

You will remember that the mail-day from London was changed from Wednesday to Saturday in March, 1888, in order to secure the service of these fast steamers. No change of day could be made with any advantage to the New Zealand mail-service. The railway-transit from New York to Frisco has lately been reduced to 4 days 12 hours 45 minutes; but, as there is only one daily train leaving New York at 9 p.m., the interval is increased by twenty-four hours, unless the mails arrive in time for that particular train.

I quite agree with Mr. Gray in thinking that any change in the London time-table is undesirable. If any acceleration can take place it must be in starting the mail-steamers from Frisco.

Yours, &c.,

EDWARD H. REA.

Sir Francis Dillon Bell, K.C.M.G., C.B., 13, Victoria Street, S.W.

No. 56.

Hon. T. W. HISLOP to the AGENT-GENERAL, London.

General Post Office, Wellington, 15th March, 1890.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 10th January, replying to mine of the 29th November last on the subject of accelerating the passage of the colonial mails outwards, *via* San Francisco.

3—F. 6.

It is evident from Mr. Rea's letter, of which you enclosed a copy, that nothing further can be done in the matter at present, and Mr. Creighton will be so informed; but the question will again be brought up in the event of fresh arrangements for the continuation of the San Francisco service being entered into.

I have, &c.,

T. W. HISLOP

(For Postmaster-General).

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

No. 57.

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

SIR,—

General Post Office, Wellington, 15th March, 1890.

In reference to my letter of the 27th November last, and to your reply of the 27th December last, on the subject of accelerating the San Francisco mail-service, I have now the honour to enclose copy of a letter of the 10th January (with enclosure from the General Post Office, London) which has been received from the Agent-General, and from which it appears that at present no further changes can be made whereby the service would be accelerated. I have so informed Mr. Creighton.

I have, &c.,

W. GRAY, Secretary.

The Secretary, General Post Office, Sydney.

No. 58.

Mr. GRAY to Mr. R. J. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 18th March, 1890.

In reference to my letter of the 29th November last, acknowledging yours of the 18th October, I have now the honour to inform you that a reply has been received from the Agent-General, from which it appears that only the fastest vessels under contract with the Post Office are availed of for the Atlantic transport of the colonial mails outwards *via* San Francisco. The Secretary of the General Post Office, London, writing the Agent-General on the 8th January, says: "You are quite right in supposing that these mails are at present forwarded from England to New York by the fastest steamers under contract with this department—in fact by the best ships of the Cunard line, which generally make the passage across the Atlantic in about seven days. You will remember that the mail-day from London was changed from Wednesday to Saturday, in March, 1888, in order to secure the service of these fast steamers." It seems, therefore, that nothing further can at present be done to expedite the delivery of the mails at San Francisco; but, should it be decided to continue the San Francisco service, the question will again be brought up.

I have, &c.,

W. GRAY, Secretary.

R. J. Creighton, Esq.,

Resident Agent for New Zealand, San Francisco, California.

No. 59.

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

SIR,—

San Francisco, 8th April, 1890.

I have the honour to inform you that the British mail for New Zealand and Australia, which was despatched from Liverpool by the "Bothnia" on the 22nd March, did not arrive at New York until the 4th April, thus making the Atlantic passage fourteen days, and causing the detention of the "Alameda" at this port to the 9th instant, her schedule time being the 5th.

I am not informed why the "Bothnia" was selected for this trip, as the "Aurania" had been advertised to sail from Liverpool on the 22nd March, and the United States Post Office notified her intended departure from New York with the English mail on the 5th April. The "Aurania" did not sail, however, and the "Bothnia," the slowest ship of the Cunard fleet, took her place.

This change of steamers may have been unavoidable; but, taken in connection with the fact that despite of repeated protests the British Post Office invariably selects a slow steamship for the last instalment of the colonial mail *via* San Francisco, it is open to comment.

If the change of the day of despatch from London had been made, as suggested in previous letters, instead of the "Alameda" being held at heavy expense to the 9th instant she might have had despatch on the 2nd. If the "Aurania" had been employed the "Alameda" could have sailed on the 5th.

Whatever the cause may have been, the effect is to place the Californian mail-service at a great disadvantage, more especially as the extended contract makes no provision to pay extra for accelerated speed. Moreover, the delay and uncertainty occasioned by the practice of selecting slow Atlantic steamships interferes with passenger-travel, and injures the business interests of the line. Is it not possible, by joint remonstrance with the Government of New South Wales, to put an end to the injurious discrimination against the Californian service by the London Postal authorities.

I have, &c.,

R. J. CREIGHTON.

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

No. 60.

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

SIR,—

General Post Office, Wellington, 6th May, 1890.

I have the honour to forward you herewith copy of a letter from the Resident Agent of this department in San Francisco concerning the detention of the "Alameda" for four days at that port in consequence of the late arrival at New York of the "Bothnia," one of the slow steamers of the Cunard line, with the March mails from the United Kingdom for the colonies.

The Agent-General for this colony in London will be again requested to impress on the Imperial Post Office authorities the necessity for selecting faster boats than the "Bothnia" for conveyance of the colonial mails; and the Hon. Mr. Mitchelson would be glad if your office would also cause representations to the same effect to be made through the Agent-General for your colony.

I have &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 61.

Hon. E. MITCHELSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 6th May, 1890.

I have the honour to request that you will again draw the attention of the Imperial Post Office authorities to the necessity for selecting only the fastest boats for conveying, from Liverpool or Queenstown, the colonial mails to New York.

I am prompted to make this request on account of the mail leaving London on the 22nd March last having been forwarded from Liverpool by the "Bothnia" (one of the slowest of the Cunarders) which did not reach New York until the 4th April, and caused the detention of the "Alameda" for four days in San Francisco.

Delays of this kind have occurred more than once lately, solely through such slow boats as the "Bothnia" being selected to carry our mails. May I therefore beg that you will impress on the Imperial authorities the need for a change. The New South Wales office has also been asked to cause similar representations to be made.

I have, &c.,

E. MITCHELSON, Postmaster-General.

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

No. 62.

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

SIR,—

San Francisco, California, 2nd May, 1890.

I have the honour to acknowledge receipt of your letter informing me that for the present no change would be made in the day for despatching the New Zealand and Australian mail from London *via* New York and San Francisco. Perhaps, in the present condition of the service, it is not advisable to take further steps in the matter; but, if the best possible service is to be secured by the colonies, a change must ultimately be made, unless meanwhile only swift steamships should be kept in the Atlantic service by the Cunard Company.

The outgoing mail per "Mariposa" has been reported up to time, and I anticipate no delay in the despatch of the steamer to-morrow.

A cable from Auckland reported the arrival of the "Alameda" on the 28th ultimo, two days late. As she sailed four days after schedule time, it would appear that she had saved two days between this port and New Zealand. When it is considered that the contract does not provide for paying a bonus this fact is creditable to the contractors, and shows their anxiety to render the service as efficient as possible.

I have also the honour to enclose copy of the Shipping Tonnage Bill, which would provide a subsidy for the Californian mail-service, in addition to payment for carrying the United States mail. Attached to the copy of the Bill is an extract from the report of the House Committee on Merchant Marine and Fisheries, recommending its passage. You will notice that the report is an earnest one, and, inasmuch as both political parties are committed to the policy of the Bill, I do not anticipate any difficulty in its progress. The administration is in full sympathy with the measure.

I have, &c.,

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

R. J. CREIGHTON.

Enclosure in No. 62.

AMERICAN MERCHANT MARINE IN THE FOREIGN TRADE.

[Extract from Report from the Committee on Merchant Marine and Fisheries of the House of Representatives on H. R. Bill 4,663, known as "The Tonnage Bill."]

"In conclusion, we deem it a State necessity to enact this measure. We cannot submit to subjugation by our rivals, whose subsidies, subventions, bounties, or insurance policies, working without limitations, have taken captive our foreign trade. We cannot abdicate national control of our ocean commerce, or resign the navigation of the high seas, no matter what it costs to maintain our rights and protect our interests. We have bound our limbs and cramped our energies by Acts and treaties that bind no longer any nation but our own. A remedy for this there must be found, and that immediately. The Bill herewith returned, with amendments, is the best measure at our command, and we urgently ask for its passage by the House."

House Bill No. 4663, as amended by the Committee.

A BILL to place the American Merchant Marine engaged in the Foreign Trade upon an Equality with that of other Nations.

BE IT ENACTED by the Senate and House of Representatives of the United States of America in Congress assembled, That on and after the passage of this Act there shall be paid, out of any moneys in the Treasury of the United States not otherwise appropriated, to any vessel of more than five hundred tons gross register, whether sail or steam, constructed in and wholly owned by citizens of the United States, and registered pursuant to the laws of the United States, and which shall be engaged in the foreign trade, plying between the ports of the United States and foreign ports, the sum of fifteen cents per gross registered ton for the first five hundred miles or fraction thereof sailed outward, and the same sum for the first five hundred miles or fraction thereof sailed inward, on any voyage or voyages; fifteen cents per gross registered ton for the second five hundred miles or fraction thereof sailed outward, and the same sum for the second five hundred miles or fraction thereof sailed inward; and thirty cents per gross registered ton for each thousand miles thereafter, and *pro rata* for any distance sailed less than one thousand miles after the first thousand miles sailed: Provided that payment shall not be made for more than seven thousand miles sailed on either an outward or inward voyage, and that the foreign port to which the voyage is made shall be distant more than seventy miles seaward from the ocean or gulf boundary of the United States; and such payments to any vessel as aforesaid shall be paid to the owner or owners thereof upon proof of the distance actually sailed, the distance to be ascertained and the payment to be made under such regulations as the Secretary of the Treasury shall prescribe and promulgate; distances between ports to be determined by measurements, which shall be furnished by the United States Hydrographic Office to the Bureau of Navigation. The payments at the rate of thirty cents per ton for each one thousand miles sailed, as herein provided, shall continue for the term of ten years at that rate, and thereafter for another term of nine years at a reduction of three cents per ton each year upon each one thousand miles sailed, and *pro rata* for any less distance.

Section 2. That no vessel shall be entitled to the benefits of this Act except such vessels whose entire cargo shall be loaded at a port or ports of the United States and discharged at one or more foreign ports, or whose entire cargo shall be loaded at one or more foreign ports and discharged at a port or ports in the United States; nor shall a vessel be entitled to receive payment under this Act unless it shall have freight on board at the time of sailing to the amount, in tons weight or measurement, of at least twenty-five per cent. of the net register tonnage, two thousand two hundred and forty pounds, or forty cubic feet, to make a ton of cargo.

Section 3. That no vessel shall be entitled to the benefits of this Act unless all the officers thereof shall be citizens of the United States, in conformity with the existing laws; nor unless upon each departure from the United States the following proportion of the crew shall be citizens of the United States, to wit: During the first two years this Act shall be in force, one-sixth thereof; during the next three succeeding years, one-third thereof; and during the remaining term of this Act, at least one-half thereof; nor unless there be carried on vessels of less than one thousand tons gross register one native-born apprentice, and on vessels of one thousand tons and upward one such apprentice for each thousand tons or three-fourths fraction thereof.

Section 4. That to owners of vessels already built, payments under this Act shall be made for such time only as each shall stand inspection and hold character, if wood-built, not lower than the second grade (A1½), in a scale of six grades, in the "Record of American and Foreign Shipping," or the corresponding classification in any other incorporated American register of shipping that has or shall have the unqualified indorsements of the Boards of Marine Underwriters of New Orleans (Louisiana), New York (New York), Philadelphia (Pennsylvania), Boston (Massachusetts), and San Francisco (California). If iron- or steel-built, payments shall be made for such time only as each vessel shall stand inspection and hold character, not lower than the second class (A1, thirteen years), in "The Record of American and Foreign Shipping," or the corresponding classification in any other incorporated American register of shipping that has or shall have the unqualified indorsements of the Boards of Underwriters of New Orleans (Louisiana), New York (New York), Philadelphia (Pennsylvania), Boston (Massachusetts), and San Francisco (California).

Section 5. That vessels keel-laid and built after the passage of this Act, in order to be entitled to payments after losing or lapsing from class in the first grade if wood-built or from the first class or division if iron- or steel-built, must have been so well constructed as to have been classed originally in the highest grade of the first class, or first division, to wit: If wood-built, A1, twelve years; and if iron- or steel-built, A1, sixteen years, in "The Record of American and Foreign Shipping," or the corresponding classification in any other incorporated American register of shipping that has or shall have the unqualified indorsements of the Boards of Marine Underwriters of New Orleans (Louisiana), New York (New York), Philadelphia (Pennsylvania), Boston (Massachusetts), and San Francisco (California); the foregoing classification to be subject to the approval of the Bureau of Navigation, in the discretion of the Secretary of the Treasury. Vessels so built and classed for the highest character shall receive payments as in section four provided for vessels already built. Vessels unclassed in the register named in this Act, or in an American register whose rules for building and inspection are fully equal in requirements, and all vessels whose class has expired, or been suspended or withdrawn, shall be disentitled to payments while this disqualification exists.

Section 6. That the Government of the United States shall have the prior right, during the time this Act shall be in force, to purchase or charter any vessels receiving the benefits of this Act at a price to be fixed by agreement with their owners or agents, or by the judgment of appraisers, mutually selected in case of disagreement.

Section 7. That the Secretary of the Treasury shall fix the times and manner of payments, prescribe the vouchers, with forms of accounts and verifications, upon which payments shall be made, and shall adopt whatever regulations may be necessary to carry out the provisions of this Act.

No. 63.

Mr. GRAY to Mr. R. J. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 5th June, 1890.

I have the honour to acknowledge the receipt of your letter of the 2nd ultimo in reply to mine of the 18th March last, and also commenting on the departure of the "Mariposa" from San Francisco on her proper day, and forwarding a copy of the Tonnage Bill introduced into the United States House of Representatives, which has for its object the subsidising of American shipping.

The provisions of the Bill, so far as they are likely to affect the San Francisco service, have been communicated to the Government of New South Wales, and Sir Henry Parkes asked whether his Government would agree to join the Government of this colony in a temporary renewal of the contract on existing conditions for another twelve months.

R. J. Creighton, Esq.,

I have, &c.,

W. GRAY, Secretary.

Resident Agent for New Zealand, San Francisco.

No. 64.

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

SIR,—

General Post Office, Sydney, 31st May, 1890.

Referring to your letter of the 6th instant, enclosing a letter from Mr. Creighton, further respecting the despatch of the outward mails by slow Atlantic steamers, I am directed to state that the Agent-General for this colony has been requested to co-operate with your Agent-General in again impressing upon the London Post Office the necessity for sending the mails to New York by the swiftest steamers.

I have, &c.,

S. H. LAMBTON, Secretary.

The Secretary, General Post Office, Wellington.

No. 65.

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

(Telegram.)

Wellington, 28th May, 1890.

FRISCO SERVICE.—A Bill is now before House of Representatives, Washington, which provides for a subsidy of thirty-four thousand pounds for a four-weekly service, and sixty-eight thousand pounds for a fortnightly one. We are of opinion that present contract should be extended for another year so as to see if Bill passes, and if anything is to come out of the Canadian service. Will your Government join in a renewal for twelve months present conditions?

No. 66.

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

(Telegram.)

Wellington, 14th June, 1890.

Will you kindly reply my telegram *re* continuing San Francisco service for another year, pending result of Subsidy Bill now before Congress?

No. 67.

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

(Telegram.)

Wellington, 18th June, 1890.

Will you kindly reply to my telegrams *re* extension Frisco contract, as I am anxious to lay proposals before Parliament, which meets to-morrow?

No. 68.

The Hon. Sir HARRY PARKES to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 19th June, 1890.

This Government has decided not to subsidise any service *via* Frisco after November. At Adelaide Conference resolution was passed, which will reach you in due course, to effect that, in event of you arranging future service, other colonies pay usual poundage-rates one way, that is, on mails despatched. As you are aware, notice has been given to terminate existing conventions with United States, with view to make fresh ones, providing, in accordance Union principle, for despatching country paying all charges to destination.

No. 69.

The Hon. E. MITCHELSON to Mr. CREIGHTON, San Francisco.

(Telegram.)

Wellington, 21st June, 1890.

SYDNEY declines absolutely renew Frisco service, even for twelve months. This Government therefore decided that, unless United States prepared to grant substantial subsidy, and that our share of cost reduced to a minimum, will reluctantly recommend House not to renew. Reply before end this month.

No. 70.

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

(Telegram.)

Wellington, 26th June, 1890.

FRISCO SERVICE.—If New Zealand continue service, it is assumed that Australian Colonies will pay on their outward mails the rates now charged non-contracting colonies.

No. 71.

The SECRETARY, General Post Office, Sydney, to the SECRETARY, General Post Office, Wellington

(Telegram.)

Sydney, 27th June, 1890.

FRISCO SERVICE.—We consider, until altered by mutual consent of all parties, New Zealand included, non-contracting colonies would continue pay contracting colony present rates outward mails.

No. 72.

Mr. CREIGHTON to the HON. the POSTMASTER-GENERAL.

(Telegram.)

San Francisco, 29th June, 1890.

SUBSIDY undecided. Advise delay.

No. 73.

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

SIR,—

San Francisco, 28th June, 1890.

I have the honour to state that I received a cablegram on the 21st instant, of which the following is a copy: "Wellington, 21st June, 1890.—To Creighton, San Francisco.—Sydney declines absolutely renew Frisco service even for twelve months. This Government therefore decided that unless United States prepared grant substantial subsidy, and that our share of cost reduced to a minimum, will reluctantly recommend House not to renew. Parliament now sitting last session; likely close July. Reply before end this month.—MITCHELSON."

In accordance with this request, I cabled to-day: "Postal, New Zealand. Subsidy undecided. Advise delay."

On receipt of the Hon. Postmaster-General's despatch I wrote to the Superintendent of Foreign Mails on the subject, a copy of which letter I have the honour to enclose. As a week only has elapsed, I have not had a reply to my letter.

I regret that I could not cable more satisfactory news, but Congress has not yet acted upon the Tonnage Bounty and Postal Subsidy Bills. When these are taken up favourable action is anticipated. At present, however, the progress of legislation is blocked through the opposition of the Administration to the Tariff Bill as it passed the House, and the struggle over the Silver Coinage Bill. When these measures have been disposed of the Shipping Bills will be acted upon. A strong effort is now being made to have them taken up at an early day.

I hope final action on the Californian mail-service will not be taken by the House until it is seen what Congress will decide. Should the Tonnage Bill pass the service might be continued and improved at a minimum of cost to New Zealand, without reference to New South Wales; and, as all signs point to a modification of the protective policy of the country in the near future, I think New Zealand should be in a position to avail itself of the commercial advantages resulting therefrom.

I have, &c.

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

ROBT. J. CREIGHTON.

Enclosure in No. 73.

Mr. CREIGHTON to the SUPERINTENDENT of FOREIGN MAILS, Washington.

San Francisco, California, 21st June, 1890.

DEAR SIR,—

I have the honour to enclose for your information copy of a cablegram received by me this forenoon from the Hon. Mr. Mitchelson, Postmaster-General of New Zealand.

The existing contract with the Governments of New South Wales and New Zealand expires on the 14th November, 1890, and you will perceive from the accompanying cablegram that, unless the New Zealand Government receives an early assurance that the United States Post Office Department will pay a substantial subsidy, reducing its payment to a minimum, the service will not be continued, New South Wales having refused to renew even for a year.

I need not remind you of the importance of the direct mail-service with Australia to American commerce, as the last annual report of your department shows this in a very conclusive manner; and therefore I do not hesitate to request that you bring this question before the Hon. the Postmaster-General without delay, with a request that he should take such action in the premises as would insure a continuance of the Australian mail-service by American ships.

The contracting colonies pay a subsidy of £37,000 per annum, of which New South Wales contributes £25,750, and New Zealand £11,250 sterling. The colonies, however, receive as a rebate two-thirds of the postage-payments by the United States to the mail-contractors in excess of \$20,000. Including payments from the United States Post Office, the contractors receive, in round numbers, \$200,000 yearly subsidy for carrying the Australian and American mails every four weeks a distance of 7,200 miles. The total American payments are under \$50,000, while the American mail despatched to the colonies is far heavier than the mails of the contributing colonial Governments.

The inequality of this arrangement, by which the burden of payment is thrown upon New Zealand and New South Wales, while the United States enjoyed the greater measure of postal and commercial advantages, has long been felt as a grievance by the colonists, and the refusal of New South Wales to renew or extend the contract is no doubt attributable to that feeling.

The Postmaster-General of New South Wales, in a published document, recently voiced public opinion in Australia, when he called attention to the parsimonious policy of the United States, which was sacrificing its trade with Australia by depending upon the bounty of the colonies for its postal and passenger facilities.

The absolute withdrawal of New South Wales will put the United States out of direct touch with Australian trade, which aggregated last year \$648,000,000, unless an assurance can be given to the New Zealand Government that the Washington Post Office Department will at least guarantee an equivalent to that now paid by New South Wales.

Of course it is not for me to suggest how this should be done, but I might be permitted to say that, in the absence of a specific appropriation for the service, the Tonnage Bill now before Congress would suffice for that purpose if it becomes a law.

Unless I can promptly give my Government an assurance of substantial aid from the United States as herein expressed, I am fully convinced that New Zealand will also abandon the American postal route to England, and thus terminate direct intercourse with this country. Awaiting your reply,

I remain, &c.,

ROBT. J. CREIGHTON,
Agent, New Zealand Government.

Hon. N. M. Brooks, Superintendent of Foreign Mails, Washington, D.C.

DIRECT MAIL - SERVICE.

No. 74.

MR. GRAY to the CHAIRMAN of the BOARD of DIRECTORS, New Zealand Shipping Company (Limited), Christchurch.

SIR,—

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

I have the honour, by direction of the Postmaster-General, to invite your attention to the enclosed copy of resolutions agreed to by the House of Representatives on Friday morning last, authorising the Government to make temporary provision for the continuance of the San Francisco and Direct four-weekly mail-services, and to arrange with your company for a renewal of your contract for twelve months at a cost not to exceed £17,500.

The payment is based on a calculation that the cost for carriage of mails will amount to £12,000 and £5,500 for bonus, bonus-payments, you will observe, being limited to forty-eight hours on any voyage. In other matters the terms and conditions of the existing contract are to be given effect to.

The Postmaster-General will be glad if you will give the question early consideration, and favour him with any decision your Board may come to.

I am to point out that the present contract terminates with the despatch from New Zealand on the 12th December next, and from Plymouth on the 14th idem. The new contract should be signed in sufficient time to allow of the public at Home and in the colony being given ample notice of the renewal of the service for another year.

I have, &c.,

W. GRAY, Secretary.

The Chairman, Board of Directors,
New Zealand Shipping Company (Limited), Christchurch.

Enclosure in No. 74.

RESOLUTIONS *re* OCEAN MAIL-SERVICES.

(1.) THAT, in view of the expiration of the ocean mail-service contracts in November and December next, it is desirable to make further provision for the conveyance of mails fortnightly between the colony and Great Britain at a total cost not exceeding £28,750.

(2.) That, in order to give further time for the development of the proposed Vancouver Pacific service, the Government be authorised to arrange for a renewal of the present services *via* San Francisco and by Direct steamer for a period of twelve months.

(3.) That the Government, therefore, enter into negotiations—

(a.) For joining New South Wales in the renewal of the San Francisco service for twelve months under the following conditions: That the payment to be made shall not exceed £11,250 (exclusive of the cost of interprovincial service, &c., and payment on account of light dues). That the steamers call at Auckland, as at present, and that the time allowed between Auckland and San Francisco shall not exceed twenty days either way. That bonus shall not be payable for early arrival; and that penalties, at the rate of £4 per hour, shall not be enforced, except when the late delivery of mails exceeds forty-eight hours on any voyage. That New South Wales shall receive and retain all sums recovered by way of penalties for late arrival, and pay all amounts in respect of

demurrage; and also receive and retain all contributions from non-contracting colonies, and the proportion of the United States payment. The steamers to be exempt from payment of light, harbour, and other dues, as at present; and that in all other respects the provisions of existing contract be given effect to.

(b.) To renew with the present contractors, for twelve months, the existing four-weekly Direct service, at a cost not to exceed £17,500 (exclusive of the cost of interprovincial service and light dues). The basis of payment to be: Letters 12s. per pound, books 1s. per pound, and newspapers 6d. per pound; and bonus at the rate of £5 per hour be paid for the early delivery of the mails, but no bonus for any voyage to be paid for any period in excess of forty-eight hours saved. That a penalty of £4 per hour be enforced for late arrival. That the time from Plymouth to New Zealand shall be forty-five days, and from New Zealand to Plymouth forty-two days. That the steamers be exempt from payment of light and harbour dues at the first port of arrival in the colony, and that in all other respects the provisions of existing contract be carried into effect.

No. 75.

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

New Zealand Shipping Company (Limited),

Christchurch, 23rd September, 1889.

SIR,—

I have the honour to acknowledge receipt of your letter of 16th instant, addressed to the chairman, and I am instructed to reply that this company accepts the offer of the Postmaster-General to extend the existing contract for the conveyance of mails between this colony and Plymouth for one year from December next subject to the following modifications:—

1. Bonus-payments limited to forty-eight hours on any voyage, as set forth in your letter.
2. No penalty to be imposed for the first forty-eight hours for late delivery of mails.
3. Port charges at final port of departure of mail-steamer from the colony to be remitted.
4. As the contract is for one year only, the contractors shall not be bound to reinstate any steamer which may be lost or disabled, and under such circumstances the penalty provided in clause 29 of the contract shall be waived. It is, of course, understood that this company will, as in the past, use its best efforts to carry out the contract in its integrity, but cannot render itself liable to incur the heavy expenditure involved in the compulsory reinstatement of any steamer which may be disabled during the continuance of a contract for so short a period.
5. The contractors shall not be liable for any penalties which may be incurred under the contract by reason of strikes either in the United Kingdom or in the colony.

The mails from London will be carried by the steamers of this company, and the mails from New Zealand by the steamers of Shaw-Savill and Albion Company, as at present.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

No. 76.

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

SIR,—

General Post Office, Wellington, 19th October, 1889.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 23rd ultimo, in reply to mine of the 16th idem, in which you intimate that your company is prepared to renew the contract for the Direct mail-service between the colony and Plymouth for twelve months, subject, however, to the modifications indicated in your letter, which were discussed and disposed of at the interview between the Hon. E. Richardson, Mr. Levin, yourself, and the Postmaster-General on the 28th ultimo.

The enclosed form of agreement for the year's extension has been drafted on the lines agreed upon at that interview, and is forwarded for the consideration and approval of your directors; and I am, at the same time, directed to reply in general terms to your letter.

The stipulation of your company that penalties for late arrival should not be inflicted for the first forty-eight hours could not, as you are aware, be agreed to. The Postmaster-General, however, decided not to enforce any penalty beyond forty-eight hours (see clause 5).

Nor did the Postmaster-General see his way to embody in the contract power for exempting from payment of pilotage, port charges, &c., at the final port of departure in the colony without some expression of opinion from the Harbour Boards in favour of the exemption. The Postmaster-General, however, expressed himself to the effect that he did not consider the request unreasonable, and that he would have pleasure in embodying the necessary provision in the agreement on learning that the Harbour Boards were willing to waive the charges.

The stipulation that your company shall not be bound to replace any steamer which might be disabled or lost was not entertained, but the Postmaster-General expressed his willingness to give your company the option of either providing a substitute vessel or giving immediate notice to the Postmaster-General of its intention to discontinue the service. This was agreed to, and will be found set out in clause 7 of the draft agreement.

The Postmaster-General agreed that penalties should not be enforced against your company for late departure or arrival when caused by a general labour dispute or strike other than the outcome of a difference of opinion between your company and its employes (see clause 6).

It is noted that the outward service, as at present, will be undertaken by your own steamers, and that the boats of the Shaw-Savill and Albion Company will perform the homeward service.

The steamers of the latter company have been specified in clause 3. It will now be unnecessary for you to obtain special permission for their being employed.

In my letter of the 16th ultimo I stated that the present contract would terminate with the despatch from New Zealand on the 12th December next and from Plymouth on the 14th idem. This should have read that the renewed contract would commence with the despatch of the steamers from the ports, and on the dates stated.

I enclose draft of the proposed time-table. You will, of course, see that the draft agreement is returned to me as early as possible.

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

I have, &c.,

W. GRAY, Secretary.

No. 77.

Mr. GIBBS to the SECRETARY, Post Office and Telegraph Department, Wellington.

The New Zealand Shipping Company (Limited),
Christchurch, 26th October, 1889.

SIR,—

I have the honour to acknowledge receipt of your letter of 19th instant, with draft agreement for the extension of the mail-contract for one year, which has been submitted to and approved by the the directors of this company. If you will kindly forward me a copy of the contract for signature I will get it executed, and the seal of the company affixed.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

No. 78.

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

General Post Office, Wellington, 30th October, 1889.

SIR,—

I forward herewith a further copy of the articles of agreement, and direct your attention to the verbal alterations in clauses 1 and 5 respectively. I shall be glad to have your approval by telegraph, in order that I may submit the articles of agreement to the Postmaster-General for signature.

I have, &c.,

W. GRAY, Secretary.

Isaac Gibbs, Esq., Secretary,

New Zealand Shipping Company (Limited), Christchurch.

No. 79.

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

The New Zealand Shipping Company (Limited),
Christchurch, 31st October, 1889.

SIR,—

I have the honour to acknowledge receipt of your letter of 30th instant, and to confirm our telegram of this date as follows: "Approve the two verbal alterations in mail-contract."

With reference to the remission of outward pilotage and port charges at the final port of departure of our steamers, the Lyttelton Harbour Board have passed the following resolution: "That a communication be sent to the Postmaster-General that the Lyttelton Harbour Board will offer no objection to the insertion of a clause in the mail-contract exempting each mail-steamer from payment of pilotage and port charges on the occasion of their making Lyttelton the final port of departure."

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

No. 80.

To the Hon. Edwin Mitchelson, Postmaster-General.

IN pursuance of the provisions of section 8 of "The Post Office Act, 1881," I, William Hillier, Earl of Onslow, the Governor of the Colony of New Zealand, do hereby direct you, Edwin Mitchelson, the Postmaster-General of the said colony, in your own name, to enter into a contract, in writing, on behalf of the Government of the said colony, with the New Zealand Shipping Company (Limited) for the carriage of mails each way between New Zealand and Plymouth, England, for a period of twelve months from the twelfth day of December, 1889: the said contract to be subject in all respects to such terms and conditions as to you shall seem fit.

Given under my hand, at Wellington, in the said colony, this first day of November, 1889.

ONSLow, Governor.

No. 81.

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

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

SIR,—

I have the honour to acknowledge the receipt of your letter of the 31st ultimo, confirming your telegram of the same date by which you accepted the two verbal alterations in the copy, sent you with my letter of the previous day, of the articles of agreement for the renewal of the Direct service contract. I have to thank you for the copy which you have also sent me of the resolution of the Lyttelton Harbour Board with reference to the remission of outward pilotage and of port charges.

I have, &c.,

W. GRAY, Secretary.

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

No. 82.

Mr. C. HOOD WILLIAMS to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,— Lyttelton Harbour Board Office, Christchurch, 31st October, 1889.
 "I am directed to forward the copy of the following resolution passed by the Lyttelton Harbour Board yesterday: "That a communication be sent to the Postmaster-General that the Lyttelton Harbour Board will offer no objection to the insertion of a clause in the mail-contract exempting each mail-steamer from payment of pilotage and port charges on the occasion of their making Lyttelton the final port of departure. I have, &c.,

C. HOOD WILLIAMS,

Secretary and Treasurer, Lyttelton Harbour Board.

The Hon. the Postmaster-General, Wellington.

No. 83.

Mr. GRAY to the SECRETARY, Lyttelton Harbour Board.

SIR,— General Post Office, Wellington, 4th November, 1889.
 I have the honour to acknowledge the receipt of your letter of the 31st ultimo, forwarding copy of the resolution passed by your Board on the previous day to the effect that your Board will offer no objection to the insertion of a clause in the contract for the Direct mail-service exempting each mail-steamer from payment of pilotage and port charges on the occasion of their making Lyttelton the final port of departure, for which I have to thank you.

I have, &c.,

The Secretary, Lyttelton Harbour Board, Christchurch.

W. GRAY, Secretary.

No. 84.

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

SIR,— General Post Office, Wellington, 12th November, 1889.
 I have the honour to forward herewith two copies, signed by the Postmaster-General, of the articles of agreement between the Postmaster-General and your company for the renewal of the Direct mail-service for the twelve months 1889-90. Please have them executed in the manner prescribed by your company's articles of association, and return one copy to this office.

I have, &c.,

W. GRAY, Secretary.

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

No. 85.

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

SIR,— The New Zealand Shipping Company (Limited),
 Christchurch, 19th November, 1889.
 I have the honour to acknowledge receipt of your letter of the 12th instant, and to hand you herewith the articles of agreement between the Postmaster-General and this company for the renewal of the Direct mail-service for twelve months, only executed. May I ask you to kindly forward me a few copies of the articles of agreement if you have them to spare.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

Enclosure in No. 85.

ARTICLES OF AGREEMENT made and entered into this 12th day of November, 1889, between the Honourable EDWIN MITCHELSON, the Postmaster-General of the Colony of New Zealand, appointed under the Provisions of "The Post Office Act, 1881," and acting for and on behalf of the Government of the said Colony, of the one part, and THE NEW ZEALAND SHIPPING COMPANY (LIMITED), of Christchurch, in the said Colony, of the other part.

WHEREAS, by articles of agreement made on or about the ninth day of December, 1884, between the Honourable Sir Julius Vogel, then being the Postmaster-General of the Colony of New Zealand, of the one part, and the said Company of the other part, a contract was entered into for the conveyance by the Company of the mails therein mentioned for a period of five years, computed from the twentieth day of December, 1884, under and subject to the terms, stipulations, and conditions in the said articles of agreement particularly mentioned: And whereas it hath been agreed between the parties hereto that the conveyance of mails by the Company shall be continued and carried on under the terms of the said hereinbefore-recited articles of agreement (hereinafter referred to as the "original contract") for a further period of twelve calendar months, but subject to the modifications and variations hereinafter set forth:

Now, therefore, these presents witness that, for the considerations herein set forth, the Company doth for itself, its successors and assigns, hereby covenant with the Postmaster-General and his successors, and the Postmaster-General, on behalf of himself and his successors, and of the Government of the said colony, doth hereby covenant with the Company and its successors, in manner following, that is to say:—

1. The Company shall from time to time and at all times during a period of twelve calendar months, to be computed from the twelfth day of December, 1889 (unless this contract be previously terminated in pursuance of the provisions for that purpose forming part of this contract), convey all Her Majesty's mails, and all other mails of whatever country or place which the Postmaster-General shall at any time and from time to time require the Company to convey, from and to the Port of Plymouth, in England, and either of the Ports of Auckland, Wellington, Lyttelton, Port Chalmers, or Bluff, in New Zealand, and any port or ports intermediate between Plymouth and New Zealand at which the steam-vessels engaged in the performance of this contract may call, within the times and in the manner provided in the original contract and these presents.

2. The services hereby agreed to be performed by the Company in pursuance of these presents shall be performed in accordance with and subject to the terms, stipulations, and conditions expressed and set forth in the original contract, except so far as the same are modified by these presents. And all the provisions of the original contract, except in so far as the same have been modified, varied, or altered by the terms of these presents, and so far as the same respectively are capable of taking effect, shall accordingly extend and apply hereto as effectually as if such provisions had been herein set out at length, and shall be binding on the parties hereto accordingly.

3. The services hereby provided for shall commence with the despatch of the "Rimutaka," from Plymouth on the fourteenth day of December, 1889, and with the despatch of the "Doric" from a New Zealand port on the twelfth day of December, 1889: Provided that the Company shall be at liberty at any time during the subsistence of these presents, and without any further consent on the part of the Postmaster-General, to enter into any agreement or contract with "The Shaw, Savill, and Albion Company (Limited)" for the conveyance by such last-mentioned company of the mails to Plymouth by the vessels now named respectively the "Arawa," "Coptic," "Doric," "Ionic," and "Tainui," or by such other steam-vessels as the Postmaster-General may from time to time in writing approve in substitution for any of such vessels. But nothing herein contained shall be deemed to release the said first-mentioned company from its obligation to perform and carry out all the services contracted for under these presents.

4. The rates for the conveyance of mails under these presents shall be the same as those set out in the fifteenth clause of the original contract; but the total sum to be payable to the Company in respect of all the services to be rendered under these presents shall not exceed £17,500 in all; and the Postmaster-General may from time to time apportion the moneys actually payable to the Company in accordance with this clause.

No claim in excess of such sum shall be made by or allowed to the Company; and, except as herein provided, the terms of the fifteenth clause of the original contract, other than those set out in the first proviso thereto, shall apply to this contract.

5. The bonus to be paid to the Company for the conveyance of mails within the periods specified in the original contract shall be allowed only up to forty-eight hours on any one voyage, whatever may be the actual period of delivery within such specified periods; and if the time occupied in so conveying the mails is in excess of the specified periods, then the reduction to be made in the moneys payable to the Company shall only be made in respect of a period of the first forty-eight hours, however long may be the excess in point of time.

6. No penalty whatever for late arrival at or departure from any port shall be enforced against the Company for delay in conveying the mails within the said specified periods in any case where the same is due to any general labour-strike or dispute in respect thereof tending to prevent the due despatch or arrival of any vessel employed under these presents; but nothing herein shall be deemed to extend to any strike, labour or other dispute among or in respect of the crew of any such vessel or any other employés of the Company.

7. In the event of any vessel employed under this contract becoming disabled through tempestuous weather or by reason of accident beyond the control of the Company, or being lost or destroyed, the Company may either provide and equip a steam-vessel as a substitute, in accordance with the terms of the original contract, or may give the Postmaster-General immediate notice in writing of its intention to abandon the further performance of this contract; and thereupon, and after the completion of any voyage or voyages on which any vessel or vessels may, at the date of the service of such notice on the Postmaster-General, have started in accordance with these presents, the contract hereby made shall cease and determine, but without prejudice to the rights and liabilities of the parties hereto up to the period when such determination takes effect.

In witness whereof the Postmaster-General hath to these presents hereunto set his hand and seal, and the Company has also hereunto caused its common seal to be affixed, the day and year first above written.

Signed, sealed, and delivered by the within-named
Edwin Mitchelson (as Postmaster-General of the Colony of New Zealand) in the presence of

(L.S.) W. GRAY,
Secretary, Posts and Telegraphs.

(L.S.) EDWIN MITCHELSON.

The common seal of the within-named New Zealand
Shipping Company (Limited) was affixed to the
before-written instrument in the presence of

(L.S.) LEONARD HARPER,
Chairman.

(L.S.) A. CRACROFT WILSON,
Director.

No. 86.

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

SIR,—

Wellington, N.Z., 23rd November, 1889.

An application has been made to the Wellington Harbour Board by the New Zealand Shipping Company, seeking that the Board should consent to a subsidiary agreement being entered into between the Government and their company, as contractors for the carriage of mails between the colony and England, by which the steamers carrying the mails from New Zealand should be exempt from all charges for pilotage, port charges, and Harbourmaster's fees at the Port of Wellington when making that port the last port of departure from the colony; and notifying that the Lyttelton Harbour Board has consented to such an arrangement being entered into as regards steamers making Lyttelton the last port of departure. I am instructed by the Wellington Harbour Board to notify you that they are unwilling to agree to any such reduction of their revenue, and to request that you will not enter into any agreement that will have for its nature the imposition of a tax on the local bodies. The Board are of opinion that the exemption of steamships carrying mails under subsection (5) of section 132 of the Act of 1878 is not equitable where such steamers are ordinary trading steamers; and that such exemptions are unjust to the local Harbour Boards, who have to provide accommodation and render services for which they receive no recompense, and that they are unduly taxed for the benefit of the colony at large.

I am also instructed to point out to you that it is the opinion of the Wellington Harbour Board that any agreement made subsidiary to an existing contract entered into in accordance with advertised conditions, setting forth that contractors would have the benefit of certain exemptions only, and which subsidiary agreement gave to the contractors further exemptions, whether generally at all the ports of New Zealand or specifically at certain ports, would be, in spirit, an evasion of sections 110 and 112 of "The Harbours Act, 1878," which require that charges shall be made equally in all respects; and I am directed to convey to you the formal protest of the Board against the Government becoming a party to such an evasion.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

WILLIAM FERGUSON, Secretary.

No. 87.

Mr. GRAY to the SECRETARY, Wellington Harbour Board.

SIR,—

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

I have the honour, by direction of the Hon. the Postmaster-General, to acknowledge the receipt of your letter of the 23rd ultimo, conveying the protest of your Board against the Direct mail-service steamers being exempted from port charges, pilotage fees, &c., in respect of the final port of departure in the colony.

In reply, I am to inform you that the Government had no intention of entering into any agreement with the New Zealand Shipping Company containing such a proviso unless the Harbour Boards first agreed to waive the charges; and I would refer you to the renewed contract with the New Zealand Shipping Company which was signed on the 12th ultimo (copy enclosed herewith). I am also to state that the exemptions would have been set forth in the agreement had it been decided to free the contract vessels from payment of port charges, &c. The Postmaster-General, of course, has no authority to interfere with the arrangement which you say has been entered into between the New Zealand Shipping Company and the Lyttelton Harbour Board.

I have, &c.,

The Secretary, Wellington Harbour Board, Wellington.

W. GRAY, Secretary.

[Approximate Cost of Paper.—Preparation, Nil; printing (1,375 copies), £17 5s.]