

My Government expect to be in a position to inform me very soon that the contract for the alternating Direct mail-service is also settled, and I therefore take this opportunity of asking whether the question is yet decided which I brought before you in my letter of 10th September, as to the contribution to be made by the London Office in respect of the English portion of the mail-matter which will go that way.

The Secretary, General Post Office, St. Martins-le-grand.

I am, &c.,

F. D. BELL.

Enclosure 2 in No. 87.

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

SIR,—

General Post Office, St. Martins-le-grand, 10th October, 1890.

I beg leave to acknowledge with thanks the receipt of your letter of the 9th instant, informing me that the contract for the ocean mail-service between New Zealand and San Francisco has been renewed for twelve months, the existing time-table being maintained.

Replying to your question with reference to the contribution proposed to be made by this department towards the support of the alternative colonial service by Direct steamer *via* Plymouth, I can only state that the question is under the consideration of the Lords Commissioners of Her Majesty's Treasury, whose decision, when received, shall be communicated to you without delay.

I am, &c.,

EDWARD H. REA.

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

No. 88.

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

SIR,—

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

I have the honour to enclose copy of cablegram sent you on the 1st instant, announcing that I had just succeeded in arranging with the New Zealand Shipping Company for the renewal of the Direct service for another year.

The delay in concluding negotiations was not apparently so much due to differences between the Government and the shipping companies, as between the companies themselves, or rather between the London and Colonial Boards.

I had accepted the majority of the contract amendments suggested by the New Zealand Shipping Company, but positively declined to waive my right to enforce penalties for late delivery of the mails, and on this point the company eventually gave way.

I hope to be able to send you by next mail copy of the agreement for the renewal of the service.

I have, &c.,

The Agent-General for New Zealand, London.

E. MITCHELSON, Postmaster-General.

No. 89.

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

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

31st October, 1890.

SIR,—

My last letter on the ocean mail-services (17th October) brought up the account of what had been done up to that date on this side, and you will have seen that I was still pressing the Treasury for a decision as to the Direct service. Their decision was given immediately afterwards, and instructions were already drafted at the Treasury when I received your cable of the 23rd instant, asking urgently for the matter to be settled forthwith. But, while both the Treasury and the Post Office were willing to grant the rates I had proposed in August, they insisted, as a condition of any support to the Direct service, upon New Zealand withdrawing the surtax on letters by the Federal packets. I was still in much perplexity, not only as to what had been decided by Parliament, but as to what the Government itself meant to do, for no instructions of any kind had come for my guidance; indeed, it was not till the "Doric's" mail came in two days ago that I had any idea of the resolutions actually passed on the 13th September. In this perplexity I cabled to you, immediately upon getting your message of the 23rd, asking which basis I was to press for, weight or subsidy, and what figures would be satisfactory in either case. But, on second thoughts, it seemed best to get the rates finally agreed to at once on the basis I had proposed; and later in the same day (23rd October) I cabled again to you, saying that the Treasury would agree to those rates, provided you would give up the surtax and let the universal rate apply to all routes alike.

This Suez question had, in fact, been the trouble all along, as you will have amply seen from many letters. It had not been allowed to interfere with the arrangement for San Francisco, because for obvious postal reasons there was (for New Zealand correspondence) no comparison between that route and any other; but it was always in the way of the Direct service, and at last the withdrawal of the surtax was made *sine qua non* of any Imperial contribution. The peremptory terms of your cable of the 23rd leaving no room for further negotiation, there was nothing for it but to let you know this condition was final. Upon getting your answering message next day (24th October), saying that the decision of Parliament prevented a reduction of the 6d. rate by Federal packet, but that you would recommend the universal rate being adopted next session, I went over to the Treasury once more, and obtained an assurance privately that they would accept this engagement on your part. The Post Office, however, still insisted on English letters by Suez not being surtaxed on arrival, and I accordingly cabled to you that if this could be conceded the matter was settled. It was an agreeable surprise to get your reply of the day before yesterday (29th