

SESS. II.—1891.
NEW ZEALAND.

OCEAN MAIL-SERVICES

(FURTHER PAPERS RELATIVE TO).

[In continuation of papers presented on the 9th September, 1890.]

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

SAN FRANCISCO MAIL-SERVICE.

No. 1.

Mr. GRAY to the CHAIRMAN of DIRECTORS, Union Steamship Company (Limited), Wellington.
SIR,— General Post Office, Wellington, 4th September, 1890.
The Postmaster-General will be obliged if you would inform him by Saturday the terms on which your company will renew for twelve months the four-weekly services maintained for collecting and distributing coastwise the San Francisco and Direct mails. The services expire in November and December next. I have, &c.,
The Chairman of Directors, W. GRAY, Secretary.
Union Steamship Company (Limited), Wellington.
(A verbal reply received on the 5th. Confirmed by letter of 18th October, No. 2.)

No. 2.

Mr. MILLS to the Hon. the POSTMASTER-GENERAL, Wellington.
Union Steamship Company of New Zealand (Limited),
Dunedin, 18th October, 1890.
SIR,— In reply to your letter of the 4th September, addressed by the Secretary of the General Post Office to our chairman of directors, I have the honour to inform you that we are agreeable to renew for a period of twelve months the present four-weekly services for collecting and distributing coastwise the San Francisco and Direct mails on payment of a subsidy of £3,000 for each service, or £6,000 per annum in all. I have, &c.,
D. MILLS,
The Hon. the Postmaster-General, Wellington. For the Managing Director.

No. 3.

Mr. GRAY to the MANAGING DIRECTOR, Union Steamship Company (Limited), Dunedin.
SIR,— General Post Office, Wellington, 24th October, 1890.
I have the honour to acknowledge the receipt of your letter of the 18th instant, intimating that your company agrees to renew for twelve months the present four-weekly services for collecting and distributing coastwise the San Francisco and Direct mails for a subsidy of £3,000 for each service. I have, &c.,
The Managing Director, W. GRAY, Secretary.
Union Steamship Company (Limited), Dunedin.

No. 4.

The Hon. Sir H. A. ATKINSON to the Hon. the PREMIER, Sydney.
(Telegram.) Wellington, 5th September, 1890.
If you will contribute £10,000 towards Frisco service and retain all Australian postages, we can arrange service for another year.
1—F. 4.

No. 5.

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

(Telegram.)

Wellington, 8th September, 1890.

REPLY whether America defray overland transit. Notice resolutions to-morrow, discussion Thursday. House prorogues Saturday.

No. 6.

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

(Telegram.)

San Francisco, 9th September, 1890.

No reply from Washington.

No. 7.

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

(Telegram.)

San Francisco, 10th September, 1890.

POSTMASTER-GENERAL replies proposal submitted Congress. Awaits authority act. Hopes comply request.

No. 8.

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

(Telegram.)

Wellington, 10th September, 1890.

MESSAGE received. (*Vide* No. 7, F.—6A, 1890.) House asked renew Frisco Direct. Basis payment your cable twenty-ninth.

No. 9.

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

(Telegram.)

London, 10th September, 1890.

MESSAGE received. Having regard to unforeseen difficulties have arisen basis contribution Direct service, advise keeping margin negotiation alternative plan.

No. 10.

MAIL-SERVICE RESOLUTIONS (agreed to by the House of Representatives, 13th September, 1890).

RESOLVED,—1. That this House agrees with the proposal of the Imperial Government (already accepted by the Australian Colonies) to reduce the ocean letter-postage from 6d. to 2½d. per half-ounce, provided that the reduction shall not apply to letters from the colony intended to be transmitted by way of Brindisi-Naples.

2. That this House also approves of the Brindisi-Naples letter-rate being reduced from 1s. to 6d. per half-ounce; and that only specially-marked correspondence be forwarded by that route.

3. That, as the Imperial Government has agreed, in the event of the colony renewing the four-weekly contract services by way of San Francisco and by Direct steamer, (1) to defray the cost of conveying the outward mails to San Francisco, to allow the colony 12s. per pound on the letter portion of the said mails for carriage from San Francisco to New Zealand, and also defray the cost of the sea-transport of the Homeward mails from New York to London,—the colony to provide for their transit from San Francisco to New York; and (2) to credit the colony with 12s. per pound on the letters, and half the book- and newspaper-postage on the outward mails forwarded by Direct contract steamers from Plymouth, this House empowers the Government—(a.) To arrange with the present contractors for a twelve months' renewal of the San Francisco service on the following conditions: That the basis of payment shall be a rate of 12s. per pound on the net weight of the letters conveyed (excluding those from America); that all receipts received by New Zealand from the Imperial Post Office and non-contracting colonies for carriage of mails shall be paid over to the contractors—the colony's direct liability, however, is restricted to payment for its outward mails (which on those of 1889 would, it is estimated, have amounted to £5,725); that the contract route shall be San Francisco to Auckland or Wellington at the option of the contractors, and Auckland or Wellington to San Francisco, but the steamers may proceed to Sydney. The time between San Francisco and Auckland or Wellington shall not exceed twenty days either way. No bonus to be paid for early arrival, and penalties at the rate of £4 an hour to be enforced only when late delivery at either Auckland or Wellington or San Francisco exceeds forty-eight hours. That the steamers shall be liable for light, harbour, and other dues. In all other respects the provisions of the existing contract, where not repugnant to these conditions, to apply. That the Government be also authorised to defray one-half the cost of the transit of the Homeward mails from San Francisco to New York, the other half to be borne by the contractors or the American Government. (The Homeward mails sent across America in 1889 would, it is estimated, have cost for overland transit £3,844.) (b.) To arrange for a renewal of the four-weekly Direct service for twelve months' on the basis of a payment of 12s. per pound on letters, 9d. per pound on books, and 3d. per pound on newspapers. That all receipts received by New Zealand from the Imperial Post Office, and from other countries, be paid over to the contractors; but the colony's direct liability be restricted to payment for its outward mails. (On the mails forwarded by the Direct contract steamers in

1889, this would have amounted to £2,441.) The time to be forty-five days from Plymouth to New Zealand, and forty-two days from New Zealand to Plymouth. No bonus to be paid for early delivery of mails, and penalties, at the rate of £4 an hour, not to be enforced, except when late arrival exceeds forty-eight hours on either voyage. The steamers shall be liable for payment of light, harbour, and other dues. The other provisions of the existing contracts to be adopted where they are not at variance with these conditions.

4. Should the Government be unable to make an arrangement for the continuance of the San Francisco service on the terms above stated, then the alternate fortnightly mails should be sent by the Direct steamers, either for the payment of 12s. per pound for letters, or for the usual ship-letter gratuity.

No. 11.

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

(Telegram.)

Wellington, 13th September, 1890.

HOUSE approved Frisco twelve months. Sydney asked give ten thousand, retaining Australian postages. McLean wishes Spreckels advised.

No. 12.

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

(Telegram.)

Wellington, 13th September, 1890.

HOUSE approved renewal Frisco Direct services twelve months. Letters, twopence halfpenny. Brindisi sixpence, restricted specially marked.

No. 13.

The Hon. the COLONIAL SECRETARY, Sydney, to Sir H. A. ATKINSON, Wellington.

(Telegram.)

Sydney, 16th September, 1890.

FIND Frisco service as a mail-line to Europe of no use, and for some time we have sustained considerable loss, whilst you appear to have made profit. After fullest consideration we must decline to contribute direct subsidy, but are prepared to pay usual rates on mails despatched, on same principle as you pay us for mails sent by Suez. We estimate that at present rates you could get from us and other non-contracting colonies about seven thousand pounds.

No. 14.

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

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

SIR,—

9th August, 1890.

Since writing to you on the 4th July (*vide* No. 9, F.-6A, 1890) I have had the honour to receive your letter of the 3rd and memorandum of the 14th June, on the subject of the mail-service, and of Mr. Goschen's postage-proposals.

Although my telegram of the 28th June and letter of the 4th July will have prepared you for considerable delay in getting an answer to the questions you cabled to me on the 21st June, I certainly had hoped to be able to send you some definite information before now; but, in the state into which the public business got in the House of Commons, and especially with so large a number of votes pending in Supply, the Imperial Treasury has never been able to get through the work before Parliament, much less to take up any new question. And, then, to make matters worse, Mr. Raikes's health gave way, and he was peremptorily ordered rest, so that as soon as the Post Office vote was passed he went off to France. Before leaving London he brought the New Zealand mail-services under the consideration of the Treasury, but the Post Office cannot say when the Treasury will give an answer, and I have no idea how long it may yet be before I can cable any result to you.

In the meantime, however, I notice in the Australian newspapers that you had received a cablegram from the United States Government, at the end of June, saying that they had not yet come to a decision about a subsidy to the San Francisco service, and asking you to delay your own decision a little longer. Possibly, therefore, the delay in the Imperial Treasury here may not turn out to be so inconvenient as I had feared; and, at any rate, I trust that Parliament will give you full power to come to a settlement as soon as any settlement is possible at all.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 15.

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

SIR,—

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

I regret I have been prevented from writing you earlier concerning the proposal of the Imperial Government to reduce the ocean letter-postage, and on the question of the renewal of the San Francisco and Direct mail-services, but the several cablegrams will have informed you of the intentions of the Government.

Both questions have, indeed, been perplexing. Government had to recognise that the colony had to face the letter-postage reduction irrespective of any other pecuniary loss. The withdrawal of New South Wales from the San Francisco service was wholly unexpected (and Government at one time almost despaired of being able to arrange for a continuance of the service), while your inability to obtain a definite reply from the Imperial Government as to its policy in respect to the San Francisco and Direct services made our position the more embarrassing.

The receipt of your two cables of the 29th ultimo was, indeed, welcome. Government had no longer any hesitation in submitting proposals for the reduction of the ocean letter-postage to 2½d. (except by the Brindisi and Naples routes), as well as for renewing the San Francisco and Direct mail-services for another year—proposals which I am pleased to say were approved by the House of Representatives.

I enclose a copy of the resolutions as submitted to the House, and also a copy as amended. I also forward two copies of printed papers dealing with the mail-services, and a copy of the Post Office report for last year.

From the resolutions you will observe that the payments to be made the contractors are on the basis of the rates mentioned in your cables of the 29th ultimo (*vide* No. 7, F.-6A, 1890), as agreed to be paid the colony by the Imperial Post Office. All payments for conveyance of mails received by the colony from the Imperial Post Office, or from other sources, will be paid over to the contractors; and my cable of the 9th instant, in which you were asked to urge the Imperial Post Office to increase the book- and newspaper-payments by Direct steamers, was sent in the interests of the contractors. Notwithstanding your reply, I venture to hope that further and favourable consideration may be given to the appeal. Now that the renewal of the San Francisco service has been settled, the London Post Office may be disposed to increase the book- and newspaper-payments.

The reduction of the Brindisi letter-postage to 6d. in no way alters the policy of this office in restricting the use of the Federal service to specially-marked correspondence, and I accept it as a fixed condition that the Imperial Post Office will continue to forward all correspondence for the colony by the San Francisco and Direct contract services, except that which may be marked to be sent by the Federal packets, or by the non-contract Direct steamers.

In connection with the agreement on the part of the Imperial Post Office to defray the cost of the transit of the Homeward mails at Postal Union sea-rates (*vide* your cablegram of the 29th ultimo), I shall be obliged if you will ascertain and inform me whether those rates fully cover the cost of sea-conveyance from New York; and, if so, why were the Union rates quoted?

Government is sensible of the close attention you have given the mail-service and postage questions, and recognises that the liberal proposals now made by the Imperial Government in the matter of the renewal of the mail-services is largely due to your efforts. I have therefore very great pleasure in conveying to you the acknowledgments of the Cabinet for the valuable aid you have rendered the colony in this and in many other postal matters.

Might I ask you to be so good as to convey to the Imperial Government the colony's appreciation of the liberality shown it on the mail-service question, as indicated in your cablegram of the 29th ultimo.

I have, &c.,

The Agent-General, London.

E. MITCHELSON, Postmaster-General.

P.S.—In case you may not have seen it, I send you copy of the proceedings of the Postal and Telegraph Conference held in Adelaide in May last.

No. 16.

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

SIR,—

San Francisco, 23rd August, 1890.

I have the honour, in continuation of my letter of the 25th July (*vide* No. 10, F.-6A, 1890), to enclose copy of letter addressed by me to Mr. Brooks, Acting-Superintendent of Foreign Mails, and which embodies my telegraphic correspondence with the Hon. John Wanamaker, United States Postmaster-General.

Since the date of that letter I have had no official communication from Washington, although unofficially I have been informed that a strong effort would be made to pass the subsidy Bills before adjournment. There has been very great difficulty in holding Congress together for several weeks past owing to the intense heat, and for this reason only such measures as would pass without division have been dealt with. As soon as a quorum can be secured, with a good working majority for the Administration party, I have been assured the subsidy Bills will be taken up.

Incidentally, I may also mention that the final vote on the tariff Bill in the Senate will not be taken before the 5th September, before which time a compromise will probably be reached on the sugar schedule, which alone stands in the way of its passage. There is no probability of any other change being made in the free list as it passed the House of Representatives, and this would remove the duty from New Zealand flax.

I have, &c.,

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

ROBT. J. CREIGHTON.

Enclosure in No. 16.

Mr. R. J. CREIGHTON to the SUPERINTENDENT, Foreign Mails, Washington.

SIR,—

327, Market Street, San Francisco, 11th August, 1890.

I have the honour to acknowledge receipt of your letter of the 19th July and preceding despatch in reference to the continuance of the Australian mail-service, which informed me that if New Zealand renewed the contract the Hon. the Postmaster-General would pay the Oceanic Company \$60,000 for conveying the mails next year.

I delayed writing until I had received further advices from the New Zealand Post Office Department by the "Zealandia," but meanwhile I telegraphed the Hon. the Postmaster-General as follows: "San Francisco, 23rd July, 1890.—To Postmaster-General, Washington, D.C.—New Zealand considers \$60,000 wholly inadequate.—ROBT. J. CREIGHTON, New Zealand Government Agent."

My advices by the late mail do not bring any hope of a continuance of the service by New Zealand undertaking the burden of payment as in former years, and the policy of the British Imperial Government in offering inducements to the Australasian Governments to adopt the Postal Union rate raises a further monetary difficulty in the way of continuing the Californian postal route to England. Its adoption by New Zealand, which circumstances may compel, would involve large loss of postal revenue, and practically wipe out the fund from which the steamship subsidy was paid.

Another difficulty is presented by the cost of railroad transportation across the American Continent. The New Zealand Government instructed its Agent-General at London to ask the Postmaster-General of England to continue existing arrangements for payment for this service in the event of New Zealand renewing the mail-contract, but he could get no definite reply, and the probability is that the British Post Office will decline to pay. The immediate effect of this would be the stoppage of the direct mail-communication with the United States, so far as New Zealand and the other Australasian Colonies are concerned. In the event of the Canadian Pacific line being established to Australia from Vancouver, free railroad transportation for the closed British mail is promised, a fact which will go far towards reconciling the colonies to the Northern British route across America.

I mention these points for your information, in the hope that, should Congress finally pass the shipping subsidy Bills, steps may be taken by the Hon. the Postmaster-General to have the railroad transportation charge abolished, thereby furnishing no excuse for the London Post Office despatching colonial mails *via* Montreal and Vancouver, instead of by way of New York and San Francisco. These charges are made under agreement between Mr. Tyner and Sir Edward Thornton, and I presume may be remitted by the United States Government notifying the British Government of the fact. As this is a matter which may belong to the State Department as well as to your own, I content myself with suggesting the point, and requesting that you should, at your convenience, bring the matter under consideration of the Hon. the Postmaster-General.

I have also the honour to state that I sent the following despatch, 4th August, 1890: "To Hon. Postmaster-General, Washington, D.C.—New Zealand Government cables urgent inquiry, has Congress passed shipping subsidy Bill, as Parliament acts upon mail-service question immediately. What prospect passing? Please reply, as negative answer would cause withdrawal.—CREIGHTON, New Zealand Agent." To which I received the following reply by telegraph: "Washington, D.C., 6th August.—Shipping Bills have passed the Senate. Postal subsidy Bill has been reported favourably to the House and favourable action is expected.—JOHN WANAMAKER, Postmaster-General." I cabled the substance of this despatch to the Postmaster-General of New Zealand, and also forwarded your letter.

I have to acknowledge the interest which the Hon. the Postmaster-General has taken in the continuance of this mail-service, so long and so exclusively an American one, although maintained by British-Colonial subsidy. Should circumstances compel its discontinuance, which result I hope may still be averted, I am at liberty to say that the New Zealand Government would look upon the occurrence with deep regret.

I have, &c.,

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

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

No. 17.

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

SIR,—

San Francisco, 23rd August, 1890.

I read your letter to Mr. Creighton detailing the position of the postal-subsidy question at the date at which you wrote, and I noted with satisfaction the friendly solicitude of your Government for a continuance of the direct mail-service to San Francisco.

I recognise most fully the difficulty of your position, confronted as you are by the reduction of your postal revenue, and the withdrawal of New South Wales from the service; and I am prepared to meet the changed conditions as fully and as completely as I can, with the view of preventing even a temporary interruption of mail-communication with New Zealand, and, through New Zealand, with the Australian Continent also.

I am assured that Congress will pass a Postal Subsidy Act either this session or early in the short session which meets in December by statutory provision. In view of this contingency I hereby make the following offer to the New Zealand Government, viz. :—

If New Zealand enters into a contract with us for the continuance of the four-weekly service at the rate of subsidy now paid by New South Wales and New Zealand, I will stipulate that in case the subsidy to be passed by the United States Congress equals the amount payable by New Zealand—namely, £37,000, such payment by New Zealand shall be considered fully liquidated; and, should the United States subsidy fall short of the amount herein named, that New Zealand should only be called upon to pay the difference between the two sums. Furthermore, under this contract all postages by contributing colonies would be payable and accrue exclusively to New Zealand.

In making this offer I am desirous of reversing, as far as possible, the ungenerous treatment which New Zealand has received in the matter of its postal arrangements with the United States, so

that your Government and people may hereafter enjoy all the advantages accruing from an American postal subsidy as fully as the United States hitherto enjoyed the benefits resulting from your enterprise and public spirit in maintaining the San Francisco postal route.

If your Government is willing to contract for a renewal of the four-weekly service on the conditions herein specified, you will please cable, "Spreckels, San Francisco, agree." If not, cable "disagree," and such qualifying words as may be necessary to define your position.

It is important that I should know your determination as soon as possible, as under the existing contract the service will terminate 18th October at this end.

Should you reply be in the affirmative, as I trust it will be, it would be necessary to issue a new time-table, and notify our agents that the service would be continued.

You are at liberty to make what use of this letter you please. If Congress had passed the Subsidy Bill our policy in this matter would have been the same—we should have given New Zealand the full advantage of any subsidy received by us for mail-services from the United States Government.

Awaiting your reply, and anticipating in advance that your Government will appreciate the spirit in which this offer is made, as well as the commercial and postal advantages which would result therefrom to New Zealand.

I remain, &c.,

JOHN D. SPRECKELS,
President, Oceanic S.S. Company.

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

No. 18.

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

(Telegram.)

Wellington, 19th September, 1890.

DISAGREE. House decided prior receipt letter.

No. 19.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 23rd September, 1890.

I have the honour to acknowledge the receipt of your letter of the 23rd ultimo, enclosing copy of your communication to the Acting-Superintendent of Foreign Mails, Washington, which embodies your telegraphic correspondence with the Hon. John Wanamaker, Postmaster-General of the United States, in reference to the renewal of the San Francisco mail-service.

I have, &c.,

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

W. GRAY, Secretary.

No. 20.

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

SIR,—

General Post Office, Wellington, 24th September, 1890.

I have the honour to acknowledge the receipt of your letter of the 9th ultimo, informing me that you were unable to obtain any definite information from the Imperial Treasury in reply to my questions, cabled on the 21st June last, as to the policy of the Government in respect of the San Francisco and Direct mail-services; but that the Postmaster-General had brought the matter under the consideration of the Treasury.

My communication of the 18th instant will have informed you of the proposals agreed to by Parliament in regard to the reduction of the ocean letter-postage, and the renewal of the mail steam-services.

The delay in the reply of the Imperial Treasury, after all, proved fortunate, as it happened.

I have, &c.,

The Agent-General for New Zealand, London.

W. GRAY,
For the Postmaster-General.

No. 21.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 26th September, 1890.

I have the honour to forward you the enclosed copies of my cablegrams to you of the 31st ultimo (*vide* No. 8, F.—6A, 1890) and 8th instant, asking if the United States Government would guarantee the free transit of the Homeward mails from San Francisco to New York should this colony renew the service; and to express the hope that the United States Government will see its way to agree to the request.

I have, &c.,

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

W. GRAY,
For the Postmaster-General.

No. 22.

Mr. GRAY to Mr. SPRECKELS, San Francisco.

SIR,—

General Post Office, Wellington, 2nd October, 1890.

I have the honour to acknowledge the receipt of your letter of the 23rd August last, in which you are good enough, in view of the difficulties of the colony's position, to propose that, in the event of the Government agreeing to enter into a contract with your company for a continuance of a four-weekly San Francisco service, at the rate of subsidy now paid by New South Wales and New Zealand, you would consider the payment fully liquidated if the United States Congress passed a subsidy of £37,000 a year, or should any United States subsidy be less than this annual amount, then the colony would only be called upon to pay your company the difference between the two sums.

The Hon. Mr. Mitchelson's cablegram of the 19th ultimo will have informed you that the question of the renewal of the service had been settled prior to the receipt of your letter. But I am to inform you that, while the Postmaster-General fully recognises the liberal spirit which prompted your proposal, he, at the same time, cannot disguise from you the fact that it would have been impossible, under any circumstances, to have prevailed upon Parliament to guarantee any sum approaching the present subsidy, and that it was only because the proposals of the Government were so reasonable that the House approved of even a twelve months' renewal of the service. There would be no certainty that Congress would vote a subsidy of between £30,000 and £40,000 a year; nor would the colony have been justified in assuming the liability you suggest in the expectation of being recouped any considerable portion of the amount through the liberality of the United States.

The enclosed copy of the resolutions agreed to by the House of Representatives show the nature of the Government's proposals. It will be observed that in the place of a fixed subsidy, payment by weight at the rate of 12s. a pound on the letter-mails conveyed was determined upon, while the contractors will now be liable for payment of light and harbour dues. All receipts from the Imperial Government and from non-contracting colonies are to be paid over to the contractors. It is estimated that under the proposals the colony's payments to the contractors will amount to about £16,358, and that, with the subsidy promised by the United States Government, the contractors will likely receive altogether about £28,358, as shown by the figures below: On New Zealand mails, £5,725; on London mails, £4,133; non-contracting colonies, say, £6,500; from United States, £12,000: total, £28,358.

Although this amount is considerably less than what is now received, the Postmaster-General is pleased to learn that the contractors see their way to carry on the service for another year. The bounty or subsidy which may be provided under any tariff or Postal Subsidy Act which may be passed by Congress may be available before the expiry of the renewed contract term, when it may be possible to arrange for the service being placed on a permanent footing.

I have, &c.,

W. GRAY, Secretary.

J. D. Spreckels, Esq.,

President, Oceanic Steamship Company, San Francisco.

No. 23.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

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

I have the honour to forward you (1) copy of the mail-service resolutions as submitted by Government to the House of Representatives, and (2) copies of the resolutions as finally agreed to by the House, under which authority is given for renewing the San Francisco and Direct mail-services for another twelve months.

The resolutions as originally drawn out contemplated a three years' renewal of the services, but the House refused to agree to any extension beyond twelve months.

You will observe that the resolutions also provide for the ocean letter-postage being reduced from 6d. to the universal rate of 2½d., and that, in the place of paying a fixed subsidy to the San Francisco service, payment will be made at the rate of 12s. per pound on the letter-portion of the mails. The steamers will no longer be exempt from the payment of light and harbour dues. The statements attached to the original resolutions give an estimate of the amount likely to be received by the San Francisco contractors for the twelve months.

It also provided that one-half of the United States transit charge on the Homeward mails shall be borne either by the American Government or the contractors; and I trust that your negotiations may result in the Washington Post Office authorities undertaking to bear the entire cost of the transit of our mails from San Francisco to New York.

Mr. Spreckels's offer arrived after the House had disposed of the mail-service question; but in any case it would not have been entertained, as I have explained to Mr. Spreckels.

I also enclose copies of cablegrams exchanged with you since last mail.

I have, &c.,

W. GRAY, Secretary.

R. J. Creighton, Esq., 327, Market Street, San Francisco.

No. 24.

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

(Telegram.)

Wellington, 9th October, 1890.

Frisco contractors agreed twelve months' renewal. Time-table extension present one. Advise Imperial Post Office. Hope shortly advise renewal Direct service.

No. 25.

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

(Telegram.)

Wellington, 13th October, 1890.

THIS colony renewed Fr'isco service for twelve months. Time-table an extension of present one. Will you kindly advise other colonies, and also request them to account to this department for conveyance of mails.

No 26.

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

(Telegram.)

Sydney, 14th October, 1890.

CONGRATULATE you on renewal Fr'isco contract. Other colonies will be advised as requested.

No. 27.

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

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

SIR,—

22nd August, 1890.

On receiving your telegram of the 19th instant respecting the ocean mail-services, I was obliged to send you an immediate message that I did not think there was the slightest chance of getting an answer from the Imperial Government to your questions before your prorogation.

Mr. Raikes was then on the Continent; he has just returned, and is at his place in Wales; but Mr. Goschen left immediately the Imperial Parliament was prorogued, and I now learn at the Post Office that it is considered hopeless to look for any decision from the Treasury before your session closes.

I was not sure that I correctly understood all your message, and should have cabled to inquire further, but thought it best not to delay sending in a letter to the Postmaster-General. I now enclose copy of my letter.

The points on which I was not clear are these: (1.) In the passage asking what the Imperial authorities would agree to pay for—a four-weekly Direct, or, failing Fr'isco, a fortnightly Direct service, I was uncertain whether the way in which the words "failing 'Fr'isco" were placed indicated that they were to be read as only applying to a fortnightly service and not a weekly. (2.) I was not sure whether the words "forty-two forty-five days" meant that English mails direct might be delivered at some time between forty-two and forty-five days, or that the Imperial contribution might be expected to vary according as delivery was contracted for in forty-two days or in forty-five. (3.) I was not clear whether the words from "Federal packets" down to "correspondence" were to be read as an instruction to claim that in no case should letters be sent by the P. and O. or Orient packets unless specially so addressed.

It did not, however, seem to be so important to make sure of these passages in your telegram being correctly interpreted, as to send in the application at once on the main point of the Imperial contribution to a temporary renewal of the San Francisco service, and I can only hope that the way in which I have put the matter to Mr. Raikes may not be contrary to your meaning. One difficulty is pretty sure to arise in any case, about the Imperial contribution, because I am unable to tell the London Office whether the United States' offer of the £12,000 would be accepted, or, how the money would be taken into account. From what passed in my interview with Mr. Raikes at the end of June, I should think the Treasury would certainly demand this question to be settled before consenting to carry the mails to and from San Francisco even for another year,

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 27.

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

SIR,—

13, Victoria Street, 20th August, 1890.

I have received a telegram from my Government on the subject of ocean mail services, the purport of which I beg you to be kind enough to submit to Her Majesty's Postmaster-General.

It will be in your recollection that, when Mr. Raikes was pleased to give me an interview at the end of June, it had not been decided whether New Zealand would come into the proposals of the Chancellor of the Exchequer for the reduction of colonial postage; so that the points we then discussed were necessarily more or less of a tentative kind. But I am now desired to state that my Government intend to ask the New Zealand Parliament to agree to Mr. Goschen's proposals; and therefore the question of the ocean mail-services between this country and New Zealand has reached a stage when it is hoped that Her Majesty's Government will have no difficulty in coming to a decision at once on the points I now wish to lay before Mr. Raikes.

A cable message has been received by my Government from Washington to the effect that the Tonnage Subsidy Bill, which had been for some time past before Congress, must still be delayed; but, in the meantime, the United States offer a contribution of £12,000 towards a renewal of the San Francisco service, which offer is now under consideration.

It seems likely, however, that when the matter is brought before the New Zealand Legislature, it may be deemed more expedient only to make a temporary arrangement again for twelve months, pending further negotiations with the American authorities; and I am to ask whether the Imperial

Government will consent to defray the cost of transit of the mails to and fro between London and San Francisco for another year, pending a final decision, and also what share of the postage will be allowed to New Zealand under the 2½d. rate.

Further, I am to inquire what sum the Imperial Government would consent to pay for a four-weekly mail-service direct to New Zealand, or, failing an arrangement for the San Francisco service, what sum for a fortnightly service Direct, subject to the stipulation of the English mails being delivered within forty-two or forty-five days.

The delivery of English correspondence destined for New Zealand but sent by the weekly packets *via* Australia is so uncertain without a subsidised intercolonial service, that the use of those packets should be restricted to specially-addressed correspondence.

I beg leave to add that the New Zealand Parliament will be prorogued within three weeks, and I feel sure that the Postmaster-General will see how very desirable it is that the question of agreeing to Mr. Goschen's proposal should be settled before the session closes. I trust therefore that I may urge very strongly to be placed in a position to cable to my Government an answer on the points I have now submitted.

I am, &c.,

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

F. D. BELL.

No. 28.

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

Westminster Chambers, 13, Victoria Street, London, E.C.,

27th August, 1890.

SIR,—

On comparing the copy (which I received in a memorandum from the Hon. the Premier by last mail) with the original of the cablegram I received from you on the 21st June, respecting the ocean-mail services, a discrepancy in one word was discovered, whereby the sense of your message as it came to me is shown to have been the opposite of the sense as you sent it. What you had cabled was this: "But in event Imperial Government *deciding* making arrangements convey its mails to colony by direct steamers, what would it" &c.; whereas the message as it came to me said, "but in event Imperial Government *declining* make arrangements," &c.

I do not think, however, that any harm was done by the discrepancy, because the letter I sent in to the London Post Office (after my interview with Mr. Raikes) went on the assumption that you desired to ascertain what the Imperial Government would do in either alternative of (a) the colony making a contract for the mails both ways by Direct steamers, or (b) the London Office making a separate contract for carrying the English part of the mails; so that the letter is consistent with either reading of your message of the 21st June.

I take this opportunity of correcting the passage in my letter of 22nd instant relating to the words "forty-two forty-five days" in your telegram of the 19th. I ought to have seen that those words referred to the time of delivery for the Homeward and outward mails; and I should have written to the Post Office altering the reference to the matter in my letter to them of the 20th, but your telegram of yesterday (of the alternative offer you had received for a Direct service without a bonus or penalties) made it hardly worth while to do so.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 29.

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

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

6th September, 1890.

SIR,—

I continue the report of what has taken place on this side in regard to the ocean mail-services since my letter of the 22nd August.

On the 26th August I received your telegram informing me of the Union Company having stated that Her Majesty's Government would continue to carry the San Francisco mails for another year, and of your having received an offer from the Shipping Company for a fortnightly Direct service at a subsidy of £30,000, or a four-weekly one at a subsidy of £15,000.

As I understood the Union Company to mean that the Imperial Government would carry the mails under the existing apportionment, I replied that they were mistaken, nothing having been then settled. Almost immediately afterwards, however, the Treasury came to a decision as to the offer they would make in regard to the San Francisco service, and I now enclose copy of the letter containing that offer, which I immediately telegraphed to you as follows:—

- (1.) Each country to retain its postages :
- (2.) London to pay for the conveyance of the outward mails to San Francisco, and in addition to credit New Zealand with a sea-rate of 12s. per pound on letters from this country towards the cost of the ocean-service :
- (3.) London to bear the cost of the Atlantic transit of the Homeward New Zealand mails at Postal Union sea-rates, and the colony to pay the charge of the American transit from San Francisco to New York :
- (4.) Newspaper- and book-postage not to be shared, but each country to keep its own postages and defray therefrom the cost of American transit on the mails it despatched.

In the course of much private communication with the Imperial Departments, I have gathered the impression that the same sea-rate of 12s. per pound might very likely be offered for the Direct service as well as for the San Francisco, that rate having long ago been settled by a departmental Committee as a normal one to be allowed by the Treasury for ocean-services; and, being desirous

to learn whether you would be disposed to accept a contribution of that rate for the Direct service, together with, say, half the London postage on books and newspapers, I telegraphed to you to that effect.

At the same time I sent in a fresh letter to the London Office, pointing out that, as the San Francisco service was only a four-weekly one, the Direct line would also have to be maintained in order to preserve a fortnightly communication; and urging that the Imperial contribution for the Direct line should be settled at once, now that the offers received by you had brought the matter within definite figures.

As Parliament will most likely have decided within the next few days which service is to be adopted, nothing that could be said from this side would now be of any use; at the same time it may be well to note how much the whole question has been changed, from the point of view of the Imperial Treasury and Post Office, by Mr. Goschen's Budget proposal of the "universal rate" of 2½d. So long as the postage was 6d. both ways, we had seen that those departments could be induced to continue the old apportionments, whether by San Francisco or by Direct steamer; but as soon as the Australian Governments accepted the 2½d. rate the continuance of those apportionments not only became impracticable, but the tendency (which had always existed) of the departments here in favour of sending the English portion of the New Zealand correspondence by Suez became greatly strengthened. As often indeed as I pressed the obligation of the London offices, either to make provision for the English correspondence themselves or to let you do it for them, the answer was that for their own part they were ready to settle the matter by simply choosing the Suez route, as the cost to them would only be (at this end) the transit through France and Italy, and (at that end) a connecting steamer from Melbourne. It is accordingly necessary to bear in mind that the present Treasury offer for San Francisco, as well as any offer they may make for the Direct service, are really governed by the fact that they would choose the Suez route at once, but for their willingness to meet the wishes of New Zealand for a separate service of her own, if the Imperial contribution is a moderate one.

I must not omit mentioning that, as always happens whenever the San Francisco question comes up for settlement, assurances have not been wanting here as to a strong company being on the point of formation to establish a fast Vancouver service; and the usual hope has been expressed that nothing would be done for renewing the San Francisco contract. There does not, however, seem any reason to alter what I have said to the Government on the subject, because the proposal still appears to be for the ocean steamers not to come to New Zealand, and there is no sign of the Imperial Government being inclined to make an adequate contribution for a Vancouver service, in addition to the subsidy they already pay to the P. and O. and Orient Companies for the Suez line.

The Hon. the Postmaster General, Wellington.

I am, &c.,

F. D. BELL.

Enclosure 1 in No. 29.

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

SIR,—

General Post Office, London, 28th August, 1890.

Consequent upon the receipt of your letter of the 20th instant, the Postmaster-General has again placed himself in communication with the Lords Commissioners of Her Majesty's Treasury in reference to the question of the mail-services between this country and New Zealand.

The Postmaster-General is glad to learn that, since your interview with him in June last, the Government of New Zealand have decided to ask the Colonial Parliament—which is now sitting—to agree to Mr. Goschen's proposal for a universal 2½d. colonial letter-postage. Therefore the question now pressing for decision is that of the ocean mail-service.

In this connection you mention that negotiations are in progress for a renewal of the San Francisco service, and that it may be deemed expedient once more to make a temporary arrangement for twelve months pending further negotiations with the United States Government; and in these circumstances you ask to what extent the Imperial Government will be prepared to lend support to that service.

On this point the Lords Commissioners of the Treasury have informed the Postmaster-General that, if the San Francisco service is continued, they will be prepared to adopt the following arrangements:—

- (1.) This country and New Zealand each to retain its postage-collections.
- (2.) The United Kingdom to pay for the conveyance of the outward mails from England to San Francisco; and, in addition, to credit New Zealand with a sea-rate of 12s. a pound on letters from this country towards the cost of the Pacific Service maintained by the colony.
- (3.) The United Kingdom to bear the cost of the Atlantic transit of the Homeward New Zealand mails and Postal Union sea-rates, the colony to pay the charge for land transit from San Francisco to New York hitherto paid by this country.

On newspapers and book-packets it is not proposed that the postage shall in any way be shared (as the rates are so low as to barely cover the cost of foreign transit), but that each country should keep its own collections, defraying therefrom the cost of foreign transit for the mails which it despatches.

I am to request that you will be good enough to communicate this offer to the Government of New Zealand, in reply to its recent telegram on this subject.

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.

EDWARD H. REA.

Enclosure 2 in No. 29.

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

SIR,—

13, Victoria Street, London, S.W., 29th August, 1890.

I have to acknowledge the receipt of Mr. Rea's letter of yesterday, informing me of the arrangements proposed by the Lords Commissioners of the Treasury for the San Francisco ocean mail-service, if the same should be continued. I immediately telegraphed these proposals to my Government.

While offering my thanks for your communication, I beg leave to point out that it is also essential for me to know what their Lordships are willing to do in regard to the other question I submitted—namely, the service by Direct steamers; because the San Francisco service being only a four-weekly one, the Direct line would also have to be kept up in order to preserve a fortnightly communication. Since writing to you on the 20th instant, I have learnt by cable that my Government have received an alternative offer of a fortnightly service by Direct steamer at a subsidy of £30,000, or of a four-weekly service at a subsidy of £15,000; this offer is without bonus or penalties as to delivery, though I assume delivery is not to exceed forty-five days. The cost of a Direct service having thus been brought within definite figures, whether for carrying all the mails if the San Francisco service is given up, or for alternating with the San Francisco service if continued, I trust the Lords of the Treasury will have no difficulty in deciding what this country should contribute under either alternative, so that I may cable their proposals at once to my Government, and enable the question of accepting the universal rate of 2½d. to be settled before the session of the New Zealand Legislature closes.

I have, &c.,

The Secretary, General Post Office, London, E.C.

F. D. BELL.

No. 30.

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

SIR,—

San Francisco, California, 19th September, 1890.

I have the honour to inform you that I received the following cablegram from the Postmaster-General on the 1st September: "Wellington, 31st August, 1890.—Creighton, San Francisco.—Urgent. Will American Government guarantee free transit Homeward mails Frisco to New York should we renew service?—MITCHELSON."

I at once placed myself in telegraphic communication with the United States Postmaster-General to enable me to reply to this question. Accordingly I wired him as follows: "San Francisco, 1st September, 1890.—Postmaster-General, Washington, D.C.—Postmaster-General New Zealand cabled me: 'Urgent. Will American Government guarantee free transit Homeward mails Frisco to New York should we renew the service?' This cable is explained by my letter to Mr. Brookes, 11th August. England refuses to pay railroad-charges at request New Zealand, all other Australian Colonies having abandoned American route. If United States conveys closed British-Australian mail free across Continent New Zealand might renew contract, thus preserving American-Australian trade, which would be paralysed by discontinuance of Direct mail-service. Respectfully suggest that free railroad-transportation be offered for outward and Homeward mails. Charges for this service annually largely exceed payments to railroads, and your department therefore could afford make this concession without actual loss revenue, besides attaching New Zealand closely to America, and preserving important commercial relations. Please advise promptly by telegraph, as New Zealand Parliament finally considering matter before prorogation.—ROBT. J. CREIGHTON, New Zealand Agent."

I received the following telegraphic inquiry arising out of the foregoing despatch: "Washington, D.C., 2nd September, 1890.—R. J. Creighton, Agent of New Zealand, San Francisco, California.—Telegram received, but not clear. Is it free transmission from Frisco to New York you desire?—JOHN WANAMAKER, Postmaster-General." To which I replied: "San Francisco, 2nd September, 1890.—Postmaster-General, Washington, D.C.—New Zealand cable asks for free transportation from San Francisco to New York, but to remove excuse for London Post Office refusing to despatch New Zealand mail *via* America after October next, because of the railroad charges, I suggested free transportation both ways.—ROBT. J. CREIGHTON, New Zealand Agent."

After four days had elapsed without any definite response from Washington, I again wired: "6th September, 1890.—Postmaster-General, Washington, D.C.—Please inform me what reply to cable New Zealand regarding free railroad-transportation closed British-Australian mail, as New Zealand Postmaster-General desires final answer.—ROBT. J. CREIGHTON, New Zealand Agent."

On the 8th September I received the following cablegram from Wellington of level date: "Creighton, San Francisco.—Reply whether America defray overland transit. Notice resolutions to-morrow; discussion Thursday; House prorogues Saturday.—MITCHELSON." On the same day I again telegraphed to Washington as under: "San Francisco, 8th September, 1890.—Postmaster-General, Washington, D.C.—New Zealand cables to-day, 'Reply whether America defray overland transit charges. Notice of resolutions in House to-morrow. Parliament prorogues Saturday.' Please reply Yes or No, that I may cable result to-night.—ROBT. J. CREIGHTON, Agent New Zealand."

As I did not receive any reply, I cabled next day to the Postmaster-General, Wellington: "San Francisco, 9th September, 1890.—Postal, New Zealand.—No reply from Washington."

On the day following I received the following: "Washington, 10th September, 1890.—R. J. Creighton, Agent New Zealand, San Francisco.—Have submitted to Congress your last two telegrams, and await authority to act. Hope to comply with your request.—JOHN WANAMAKER, Postmaster-General."

The same day I cabled to Wellington: "San Francisco, 10th September, 1890.—Postal, New Zealand.—Postmaster-General replies proposal submitted Congress. Awaits authority to act. Hopes comply request."

And I acknowledged the receipt of the Washington advice by wire as under: "10th September, 1890.—Thanks for your reply. Have cabled the substance to New Zealand.—ROBT. J. CREIGHTON, Agent New Zealand."

On the 14th I received the following cable from Wellington, informing me that the service would be continued: "Wellington, 14th September, 1890: To Creighton, San Francisco.—House approved renewal Frisco twelve months. Sydney urged contribute £10,000, retaining Australia postages. McLean wishes Spreckels advised." This was done. I furnished Mr. Spreckels with a copy of this cablegram, who issued a time-table for 1891, and notified passenger-agents abroad of the continuance of the service.

I regret that no progress has been made in the House of Representatives with the Postal Subsidy and Shipping Bounty Bills. This is caused by the absence from Washington of Republican Congressmen, which prevents the Administration Party carrying its measures. A call of the House, however, will be made, and the legislation of the session completed. I have every assurance that the Subsidy Bills will pass; also that the joint resolution reported from the Postal Committee authorising the Postmaster-General to contract for the transportation of the closed Australian mail across the American Continent at reduced rates will pass both Houses. A joint resolution has the effect of a Bill. The following press despatch shows the status of the resolution: "Washington, 12th September. Chairman Bingham of the Post Office Committee to-day introduced in the House a joint resolution to authorise the Postmaster-General to transport the Australian closed mail from San Francisco to New York for Great Britain at reduced rates in order to secure the co-operation of the colonies in continuing, after November next, a direct mail-service between San Francisco and Auckland and Sydney, now subsidised by New Zealand and New South Wales."

The Tariff Bill passed the Senate with amendments, and is now before a Conference Committee. The Senate added binder-twine to the free list. Should the House accept this amendment it would enable New Zealand to manufacture and export binder-twine to this country as well as flax. There is no doubt that flax will be free under the new tariff.

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

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

No. 31.

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

Union Steamship Company of New Zealand (Limited),
Dunedin, 18th October, 1890.

SIR,—

I have the honour to formally accept, with one reservation, the terms offered by the House of Representatives, in the resolutions passed on the 13th September last, for a renewal for twelve months of the San Francisco mail-service. The reservation I allude to is the provision in paragraph (a) of resolution 3 for one-half of the cost of transit of Homeward mails from San Francisco to New York to be borne by the contractors if not paid for by the American Government. I am hopeful, however, that, if sufficient pressure is kept upon the latter, there will be no need of either the New Zealand Government or the contractors being called upon to bear a moiety, as I see a joint resolution is under the consideration of the American Legislature for the American Government to undertake the cost of land-transport.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

D. MILLS,
For Managing Director.

No. 32.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

General Post Office, Wellington, 22nd October, 1890.

SIR,—

I have the honour to acknowledge receipt of your letter of the 19th ultimo, embodying copies of telegrams which had passed between yourself, the Postmaster-General of the United States, and the Hon. Mr. Mitchelson in regard to the question of the transit charges on mails between San Francisco and New York, and reporting upon the position of the Shipping Subsidies and Tariff Bills under consideration of the American Legislature.

I have, &c.,

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

W. GRAY, Secretary.

No. 33.

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

General Post Office, Wellington, 23rd October, 1890.

SIR,—

I have now the honour to forward copy of the telegram sent on the 13th instant, advising you that this colony had succeeded in renewing the San Francisco mail-service for another twelve months, and requesting that you would be good enough to advise the other colonies of the fact, and to direct them to account to this department for the conveyance of their mails. The colonies will be liable for the payment for conveyance of the outward mails only, at existing rates.

I beg also to enclose two copies of the approved time-table for the renewed service, which commences with the despatch from San Francisco on the 15th proximo (with London mails of the 1st idem) and from Sydney on the 26th proximo.

I have, &c.

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 34.

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

SIR,—

General Post Office, Wellington, 25th October, 1890.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 18th instant, formally accepting, with one reservation, the terms offered by the House of Representatives in the resolutions passed on the 13th ultimo, for a renewal of the San Francisco mail-service for twelve months, the reservation being the proviso in paragraph (a) of resolution 3, providing that one-half the cost of the American transit of the Homeward mails shall be borne by the contractors if not defrayed by the American Government.

The Hon. Mr. Mitchelson desires me to inform you, in reply, that Government must adhere to the exact terms of the resolution, and that, failing the United States Congress agreeing to undertake the cost, the contractors will be liable for payment of charges on the Homeward mails, as set forth in the said resolution.

I have, &c.,

The Managing Director,

W. GRAY, Secretary.

Union Steamship Company (Limited), Dunedin.

No. 35.

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

SIR,—

General Post Office, Wellington, 28th October, 1890.

I have the honour to acknowledge receipt of your letters of the 22nd and 27th August last and 6th ultimo, transmitting copies of correspondence and explaining the steps taken by your office in connection with the negotiations for a settlement of the ocean mail-services for the next year.

I have, &c.,

E. MITCHELSON, Postmaster-General.

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

No. 36.

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

SIR,—

San Francisco, 16th October, 1890.

I have the honour to inform you that I cabled 27th September, in my message announcing the arrival and departure of the mail-steamers for the month, inquiring what the conditions of renewal of the service were. I did so because the terms of your cable of the 14th September, announcing the renewal, and which at your request was communicated to Mr. Spreckels, differed from the cablegram which Mr. McLean subsequently sent to that gentleman on a material point. Mr. McLean's despatch stated expressly that the service should be performed by one steamer of the Union Company and two of the Oceanic Company's ships, or, should this not be confirmed, the New Zealand mail would be despatched by the Direct steamers. The inference was that the continuance of the Californian mail-service was made contingent upon the withdrawal of one of the Oceanic Company's ships and the substitution of a Union Company's steamer, and not upon acceptance of the reduced payment for the ocean-transportation of the mail.

Under the peculiar circumstances in which the renewal was authorised by New Zealand—New South Wales having withdrawn, and the British Post Office having refused to continue payment of railroad-charges in America—Mr. Spreckels was prepared to confirm the renewal so far as the reduced payment was concerned, but was not prepared to withdraw one of his steamers, as the conditions upon which alone the Oceanic Company could participate in the reduced subsidy. He desired official confirmation of this point or the reverse before proceeding further. To set this question at rest, and if possible insure the continuance of the service without any friction, I cabled as above noted for a statement of the conditions of renewal, and on the 3rd October I received the following reply from the Postmaster-General: "To Creighton, San Francisco.—San Francisco renewal twelve months. Sydney declined join. Estimate sixteen thousand. Steamer pay light, harbour dues. Failing renewal fortnightly Direct. McLean already cabled Spreckels.—MITCHELSON." I submitted this despatch to Mr. Spreckels, and, as it made no mention of a mixed service, while stating that the steamers were to pay light- and harbour-dues, he concluded that his first impression was correct, and that Parliament had not made it a condition of renewal that he should withdraw one of his steamers. Upon that understanding I cabled, 6th October, 1890, to the Postmaster-General: "Spreckels accepts. Flax free." I have been informed that on the same day Mr. Spreckels cabled to Mr. McLean a confirmation of renewal in accordance with his understanding of the official despatches.

I deem this explanation necessary to a full understanding of the situation here. It would be unfortunate at this crisis should the even running of the Californian mail-service with American ships be disturbed by any mere conflict of business-policy by steamship companies; and I can hardly bring myself to believe that this element entered into an important public transaction in the form in which it has been presented.

As I understood matters, the permanence and improvement of the Californian mail-service must henceforth depend upon American bounty, and the larger that bounty is the better will it be for the service as a mail- and passenger-route. Already, as intimated in my cable of the 6th October, a special New Zealand product, flax, has been placed on the free list, which is an advantage of £3 per short ton in favour of the producer; and it is simply a question of time and continued friendly action by New Zealand to insure further tariff concessions from the United States.

Although Congress adjourned without taking final action on the Shipping Bills, there is little doubt of their passing during the short session which meets first week in December next. Their enactment will certainly be followed by the employment of faster and more commodious steamers, and with an accelerated railroad time-schedule which is promised next season, and connection with fast Atlantic ships, you will have such rapid transit to England that Victoria and New South Wales will be compelled to use the line for mail-purposes, however much they may dislike doing so. New Zealand now holds the key to the American connection, and it should not weaken its hold upon American sympathy just at the time when it is about to reap the fruits of its past enterprise.

I regret that the joint resolution on railroad charges shared the fate of the Shipping Bills. It stands as unfinished business. I have not communicated with the Postmaster-General on the subject since the prorogation of Congress, but I shall write after the arrival of the mail on the 25th instant, by which I expect to be fully advised of the details of the arrangement between your Government and the Home Post Office. I will then be in a position to present the case fully and intelligently, so that the United States Postal Department may have the exact facts before it. I have every reason to believe that the Postmaster-General will meet the Colonial Government in a liberal spirit, and relieve it of a considerable portion of the burden which the Imperial Government has cast upon it by its changed policy towards the colonial mail-route through America, or, to speak more correctly, through the United States. There will be little chance, however, of the Post Office Department taking up any new business until after the November elections, which will determine the position of parties in the next Congress.

The outgoing mail per "Mariposa" will have despatch on schedule-time. I note with satisfaction that the representations of the Postmaster-General, through the Agent-General, will prevent the despatch of the British mail for New Zealand in slow and unsuitable steamships in future.

I have, &c.,

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

ROBT. J. CREIGHTON.

No. 37.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the SECRETARY, General Post Office, Wellington.

SIR,— General Post Office, Melbourne, 31st October, 1890.

The postal authorities in Sydney having notified that your Government has renewed the San Francisco mail-service for twelve months, I am directed to inform you that the Hon. the Postmaster-General, while expressing his satisfaction at this service being provided for, desires it to be understood that this department objects to pay for the sea-conveyance of correspondence from San Francisco. Notice to this effect has already been given to the United States Government, and a postal convention is now in course of preparation between that country and Victoria which includes the provision that each despatching country shall pay all charges to destination. I am to point out that the Washington Office has advised that their department has uniformly paid the conveying steamers for the sea-conveyance of the mails from San Francisco to Sydney, and it is understood that the subsidy paid by the United States in respect of this service has recently been largely increased.

I am to add that at the Intercolonial Postal Conference held at Adelaide in May last, it was resolved that in any future mail-contracts across the Pacific Ocean, if arranged for by the Colony of New Zealand, the other colonies shall pay similar poundage-rates to New Zealand to those paid by the non-contracting colonies for the mail-service *via* Suez, each despatching country or colony paying all charges to destination.

I have, &c.,

The Secretary, General Post Office,
Wellington.

T. R. JAMES, Deputy Postmaster-General.

No. 38.

Mr. GRAY to the DEPUTY POSTMASTER-GENERAL, Melbourne.

SIR,— General Post Office, Wellington, 28th November, 1890.

I have the honour to acknowledge the receipt of your letter of the 31st ultimo, in which you object to pay for the conveyance of inward correspondence *via* San Francisco, and informing me that at the Adelaide Conference it was resolved that in any future Pacific mail-contracts arranged for by New Zealand the same poundage-rates should be paid this colony as are charged non-contracting colonies for the mail-service *via* Suez, each country or colony to pay all charges to destination.

I reply, I have to inform you that the Sydney Post Office had already been advised that non-contracting colonies would be charged on the outward mails only. The rates, however, will be the same as at present levied—namely, letters 25s. 4d. per lb., books, 1s. 6d., and newspapers 6d. per lb. These rates were agreed to by the Secretary, General Post Office, Sydney, as being applicable to non-contracting colonies generally.

I have, &c.,

The Deputy Postmaster-General, Melbourne,

W. GRAY, Secretary.

No. 39.

Mr. GRAY to the POSTMASTER-GENERAL, Washington.

SIR,—

General Post Office, Wellington, 28th November, 1890.

I have the honour, by direction of the Postmaster-General, to acquaint you that this colony has arranged for the continuance of the San Francisco mail-service for another twelve months. All contributions from your country and from non-contracting colonies are to be retained by or paid over to the contractors for their sole benefit.

With reference to the amount agreed to be paid by your department towards the cost of the service, the Postmaster-General would be glad to be informed whether it includes payment for sea-conveyance on the correspondence from Canada and other places sent in transit through the United States. It is presumed it will not; and the Hon. Mr. Mitchelson would therefore be obliged if you will inform this office how it is to recover such payment from the countries in question.

* * * * *

I have, &c.,

W. GRAY, Secretary.

The Postmaster-General, Washington, United States of America.

No. 40.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 29th November, 1890.

I have the honour to acknowledge the receipt of your letter of the 16th ultimo with reference to the renewal of the San Francisco mail-service which has been submitted to the Postmaster-General.

The subsequent correspondence will have acquainted you with the exact nature of the mail-service resolutions passed by the House of Representatives, and that no reference was made to a mixed service. The Postmaster-General believes, however, that such a service would be advantageous, and he has approved a request made by the contractors to place the s.s. "Monowai" in the service.

Although Congress prorogued without coming to any decision on the shipping Bill, the Hon. Mr. Mitchelson trusts that on its reassembling next month the Bill and special concessions in the matter of the overland transit of our mails may receive early and favourable consideration.

It will interest you to learn that the negotiations for the renewal of the Direct service with London, on the terms agreed to by the House of Representatives, are on the eve of being favourably concluded.

* * * * *

I have, &c.,

W. GRAY, Secretary.

R. J. Creighton, Esq.,

Resident Agent for New Zealand, San Francisco, California.

No. 41.

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

SIR,—

General Post Office, Sydney, 19th November, 1890.

Adverting to your telegram of the 13th and letter of the 23rd ultimo, advising that your colony has renewed the San Francisco mail-service for twelve months, I have the honour to invite your attention to the question of the rates to be paid in connection therewith. I may point out that by the Federal mail-service the non-contracting colonies—of which New Zealand is one—pay for conveyance of books and packets at the rate of 1s. per lb.; whereas by the San Francisco service 1s. 6d. per lb. has hitherto been charged to non-contracting colonies on this class of mail-matter. As there would seem to be no valid reason why more should be charged by New Zealand for conveyance *via* San Francisco than your colony is called upon to pay for conveyance by the Federal service, perhaps your department will be so good as to intimate whether it can see its way to assimilate the rates in future.

I have, &c.,

The Secretary,

S. H. LAMBTON, Secretary.

General Post Office, Wellington, New Zealand.

No. 42.

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

SIR,—

General Post Office, Wellington, 2nd December, 1890.

I have the honour to acknowledge the receipt of your letter of the 19th ultimo, inquiring whether this department would be willing to reduce the charge for books conveyed by the San Francisco contract steamers to the rate in force for conveyance by the Federal service; and have to inform you that the Postmaster-General regrets he does not see his way to make the reduction at present, as the terms of the contract were arranged on the understanding that the existing rates would be continued to be paid by non-contracting colonies.

In connection with this matter I would refer you to my telegram to you of the 26th June last

(*vide* No. 70, F.—6, 1890), inquiring whether, in the event of this colony renewing the San Francisco mail-service, the Australian Colonies would continue to pay on their outward mails the rates that were being charged, and to your reply thereto. On the expiration of the present contract, further consideration will be given your representations.

I have, &c.,

The Secretary, General Post Office, Sydney.

W. GRAY, Secretary.

No. 43.

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

SIR,—

San Francisco, 13th November, 1890.

I beg to acknowledge receipt of your letter of the 2nd October, in reply to my communication of the 23rd August, embodying a proposal for the continuance of the four-weekly postal service between New Zealand and San Francisco, informing me that my letter arrived after the matter had been settled by the Legislature, a fact of which I had been apprised by cable from the Hon. Mr. Mitchelson on the 19th September.

I regret that the House should have taken such a restricted view of the policy of sustaining the Californian mail-service, because I am convinced that it is calculated to develop an important trade between New Zealand and this country by opening markets for your products, and bringing about commercial interchange not even contemplated at present. But I recognise at the same time that New Zealand has for many years contributed liberally towards the American mail and commercial line, and that the failure hitherto of the United States Government to reciprocate has been to some extent the cause of the change of policy.

It is the desire of the Oceanic Steamship Company to carry out the service in such shape as shall develop trade and encourage travel, and we trust that the action of the United States Government in aid of the line may enable us to put it upon such a basis of efficiency as a mail-route as must command more liberal treatment by all the colonies.

I note the estimate of payment based upon weight to be £16,358, or considerably less than half the former subsidy. From this, I now understand, there is to be deducted a moiety of the railroad charge between San Francisco and New York on the colonial mail Homeward bound, amounting in round figures to £2,000. This is a new feature in the conditions, and, added to the light-dues hereafter payable by the mail-steamships, it will reduce the estimated total payment very considerably. We are using our best endeavour to have the overland railroad charges remitted in favour of New Zealand, and hope to succeed, but in the meantime we think the contractors should not be penalised on account of an agreement entered into between the British Envoy at Washington and the United States Postmaster-General, under which this payment for land transportation is made.

I also notice that, whereas payment for books and newspapers at the rate of 9d. and 3d. per pound, respectively, is to be made on the Direct service, no payment for the carriage of books and newspapers is to be made under the Californian mail-contract, although the contractors are required to pay half railroad-charges for books and newspapers from San Francisco to New York. This discrimination against the Californian mail-route, admittedly the most expeditious for New Zealand, is all the more conspicuous, inasmuch as the Direct line is to receive an equal amount for letter-mail, namely, 12s. per pound, although by the fact of its being an ocean route exclusively it is necessarily exempt from reduction on account of railroad charges. I am aware that the London Post Office allows half-postage on books and newspapers on the Direct route, and withholds this allowance on the Californian route to recoup it the cost of the outward Atlantic service and railroad charge between New York and San Francisco and the return Atlantic charges, but this only marks more clearly the point I have mentioned, because in reality the contractors carrying the British mail from San Francisco to Sydney pay all the transportation charges between Liverpool and San Francisco outward, and half the railroad and all the Atlantic charges on the Homeward bound colonial mail.

I deem it proper to bring these points to your attention, although I am aware that the Government is limited in its action by the conditions imposed by the House. At the same time I cannot help thinking, in view of the growing feeling of interest in New Zealand affairs in this country, and in further view of the reciprocity sections of our new tariff law, that it might have been more politic if your Legislature had continued to display its friendship for the Californian mail-route, instead of imposing conditions which under ordinary circumstances might cause a practical severance of direct commercial intercourse with the United States. I trust, however, that this is only a temporary measure resulting from a conflict of local interests with public policy, and that in the near future the Californian mail-service and the American connection will be rated at their true value.

I remain, &c ,

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

J. D. SPRECKELS.

No. 44.

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

SIR,—

San Francisco, California, 14th November, 1890.

I have the honour to acknowledge receipt of your letter of the 4th October, enclosing resolutions authorising the Government to arrange for a continuance of the Californian mail-service for another year upon conditions as to payments, &c., embodied therein. I had previously been advised by cable of the action of the House.

I think it is cause for regret that the resolutions as submitted by the Government were not adopted. In their present shape they are calculated to convey the impression that the Legislature did not consider the Californian line so desirable a postal route as either the Direct or Federal line. Such an impression would do an injustice to the Californian route, and could hardly have been in-

tended, although the schedule of payments is calculated to strengthen it, and I fear that in some quarters it may be taken as an evidence of an unfriendly disposition towards the United States. This would be a misfortune, because it is evident from what took place when the resolutions were under consideration that the Californian service must depend upon American payments for its maintenance hereafter; while there is every prospect of increasing trade, which must be more advantageous to New Zealand than to this country.

Owing to the late general election I deemed it prudent not to communicate with the Postmaster-General in reference to the railroad transportation charges; but I shall take an early opportunity of doing so when the political disturbance is at an end. The defeat of the Republican party was complete, and next Congress will show a Democratic majority of considerably over a hundred in the House. The cause of this defeat unquestionably was dissatisfaction with the McKinley tariff, and, should the Democratic party maintain its position in the Presidential election two years hence, there will be a return to a revenue tariff, under which New Zealand products, including wool, would have a large and important market.

The "Zealandia" did not arrive until the 27th October, the cause of the detention being the inferior coal which was used owing to the strike in Australia and New Zealand. I endeavoured to expedite the mail so as to make connection at New York with the Atlantic steamer sailing thence 1st November; but was unable to accomplish it, owing to the refusal of the steamship agents to detain their vessel a few hours. The result was an unavoidable detention at New York of three days. I am under obligations to the San Francisco Postmaster and department officers in the East for their active co-operation. The accompanying correspondence will explain what was done.

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

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

Enclosure in No. 44.

SIR,—

327, Market Street, San Francisco, 30th October, 1890.

I have to thank you for your favour of the 29th instant, in reference to the Australian mail, and for the interest you took in the attempt to expedite it. I regret that the Atlantic steamer would not wait the arrival of the overland train with the mail on board, rendering a detention of four or five days at New York unavoidable.

Yours, &c.,

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

General S. W. Backus, Postmaster, San Francisco.

No. 45.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 19th December, 1890.

I have the honour to acknowledge the receipt of your letter of the 14th ultimo, with reference to the renewal of the San Francisco mail-service, and notifying the late arrival of the "Zealandia," and the consequent detention of the Homeward mails at New York. Your letter was submitted to the Postmaster-General. It is to be regretted that the steamship agents at New York could not be induced to detain the Atlantic steamer for a few hours for the "Zealandia's" British mails, thereby saving a further delay in their delivery in London.

I have, &c.,

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

W. GRAY, Secretary.

No. 46.

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

SIR,—

San Francisco, 10th December, 1890.

I have the honour to enclose herewith correspondence with the Superintendent of Foreign Mails in reference to the railroad charges, and the action of the New Zealand Legislature in making the payment of a moiety of said charges one way by the contractors a condition of the continuance of the Californian mail-route. You will gather from this correspondence that the Postmaster-General attaches considerable importance to the maintenance of the service.

I also enclose extract from the President's annual message to Congress, mentioned in Mr. Brooks's letter, referring to the Australian mail-service, and urging the speedy enactment of the Shipping Bills. Upon no former occasion has this question been so forcibly presented to Congress by the National Executive. There is every indication that the Subsidy and Shipping Bills will pass early in this session, although I have seen it stated in a despatch from Washington that it is intended to withdraw these, and pass an omnibus Bill covering the points in both measures, with some additions. In any event, the prospect never was more favourable than at the present time.

I also enclose copy of correspondence with Messrs. J. D. Spreckels and Brothers, general agents of the Oceanic Steamship Company, which explains itself. I considered the matter of sufficient importance to report to New Zealand, which I did by cable, 28th November, as follows: "Postmaster-General, New Zealand.—Spreckels protests 'Monowai' taking December mail."

I hope this matter will be settled without friction between the Union and Oceanic Companies. At the present juncture it would be unfortunate, to say the least, if there should be any disturbance of existing conditions which would tend to throw a doubt on the loyalty of New Zealand to the American connection. The importance of this consideration will present itself, I think, all the more

strongly, on a perusal of the last report of the Superintendent of Foreign Mails, in which mention is made of the Australian mail-service, and the conditions upon which the American subsidy is to be paid to the Oceanic Steamship Company. I forward copy of this report, with Australian paragraph, page 14, marked for your convenience, and which I desire to have read as part of this letter.

It having come to my knowledge that the Cunard Company's sailing schedule from Liverpool for 1891 fixed the "Umbria's" sailing for the dates of despatch of the outward Australian mail *via* San Francisco, steps were taken to ascertain the fact authoritatively, and a telegram to the New York agents of the Cunard line brought the following reply: "New York, 4th December, 1890. 'Umbria' will leave Liverpool 24th January, 21st February, 21st March, 18th April, and every four weeks thereafter.—VERNON H. BROWN AND Co." A letter from this firm subsequently confirmed the despatch. The Post Office records here show that the "Umbria" arrived at New York from Liverpool during 1890 on the following days: Fridays, nine times; Thursday, once; Saturday, once. If the Friday's arrivals could be counted upon for 1891, the mail would reach San Francisco on Wednesday, accidents excepted; but a reference to the time-schedule between New York, London, and Paris, embodied in Mr. Brooks's report, shows an average of eight days for the "Umbria's" mail; and therefore I think it is safer to assume that the Australian mail by her would arrive at New York in time to be forwarded to this point by the 9.50 p.m. west bound train on Saturday, every fourth week, reaching San Francisco by noon of the Thursday following. With this impression I cabled to the Postmaster-General for authority to change the day of departure of the mail-steamer from San Francisco to Thursday, as follows: "9th December, 1890.—Authorise sailing Thursdays. 'Umbria' brings mails, 1891."

I think this change in the sailing-day is absolutely necessary, as it would shorten the time between London and the colonies by two days, and there is nothing to be gained by a detention of the steamer at this port from Thursday until Saturday. If it should appear, however, that the "Umbria" makes the outward run to New York with regularity on Friday, in time for the transfer of the mail that day, the day of sailing could be changed to Wednesday. It is probable, indeed, should the spring schedule of the overland railroads show a decrease of twelve to twenty-four hours as anticipated, that the change to Wednesday would be necessary, but at present I think it would be injudicious. With the "Umbria" bringing the mails, however, there is no risk whatever in making the change from Saturday to Thursday as suggested in my cable. The new arrangement would only take effect on the February steamer, but to prevent inconvenience and avoid loss, notice of the intended change of schedule should be given as soon as possible. Upon receipt of your authorisation I shall notify the Post Office Department at Washington, so that fresh instructions may be issued to Postmasters as to the dates for making up the Australian mail. Unfortunately this change from a slow to a fast Cunarder will involve the employment of the "Bothnia" to bring out the December mail, which in consequence will probably be behind time in starting from here next month.

An unusually heavy mail goes down to the colonies by the "Alameda."

I have, &c.,

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

ROBT. J. CREIGHTON.

Enclosure 1 in No. 46.

MR. CREIGHTON to the SUPERINTENDENT, Foreign Mails, Washington.

DEAR SIR,—

327, Market Street, San Francisco, 19th November, 1890.

I have to thank you for your despatch of the 30th October, expressing regret that lack of authority prevented you ordering the detention of the Atlantic steamer scheduled to sail from New York for England the 1st November, until the arrival of the Australian mail at noon on that day, in response to my request telegraphed to you the 27th October. By the "Zealandia's" mail on the 15th instant I informed the Secretary of the New Zealand Post Office of your courtesy and the interest taken by you in the matter.

I herewith enclose resolution adopted by the New Zealand Legislature authorising the Government to contract for an extension of the mail-service *via* San Francisco and New York for another year, upon the basis of payment by weight for letter-mail only. It is stipulated that the contractors shall pay half the overland railroad charges between San Francisco and New York, the British Post Office paying overland charges on the outward mail between London and San Francisco.

An examination of the terms imposed by the London Office upon New Zealand, however, shows that the entire book- and newspaper-postages on the outward mail *via* San Francisco is deducted by London, apparently to offset the payment of it to the United States Post Office for railroad transportation, and the proportion of Atlantic charges paid the Cunard Steamship Company on account of the Australian mail. It is not so expressed in the arrangement between the London Post Office and New Zealand, but the deductions are made, and the payment to the steamship contractors by New Zealand for the Pacific section of the service is necessarily fixed upon that basis. Unless the contractors agree to these conditions the service is to be discontinued.

This brings the permanence of the Australian mail-service to a practical issue. New South Wales has formally withdrawn, leaving New Zealand the sole contributing and contracting colony, but, as you will perceive from the reduced postage-rates which New Zealand was constrained to adopt, and the deductions made by the London Post Office, it is unable to provide for more liberal payments to the contractors on the Pacific without entailing a serious loss of revenue. In short, New Zealand cannot afford to tax itself to sustain the American mail-route alone, the postal revenue from which it formerly paid the steamship-subsidy having been wiped out. But by this continuance for another year it has again demonstrated its earnest desire to maintain friendly commercial relations with the United States against the very strong pressure put upon it to adopt a different

policy, and this disposition I respectfully submit entitles it to friendly consideration by the Postmaster-General and Congress, when finally passing upon the question of postal and commercial intercourse with the Australian Colonies.

The facts stated regarding the terms of payment for railroad charges in the United States bear out the tenor of my despatches to the Postmaster-General on the same subject last September, and show the necessity for an early passage of the joint resolution reported favourably to the House of Representatives by the Postal Committee before adjournment last session, and authorising the Postmaster-General to make special terms for railroad transportation of the Australian mail. Having detached all the Australian Colonies from the American mail-route and reduced the postages between England and the colonies one-half, the cost of railroad transportation in America is then used to force New Zealand to withdraw, and thus break down the service wholly, after an experience of twenty years, during which American trade with Australasia has been greatly developed. It now rests wholly with Congress to place the service on a permanent basis, and so preserve and extend the profitable trade which the United States now possesses. A discontinuance of the direct Australian mail would be to cut off American manufacturers from a market which is capable of great and profitable extension.

I have, in conclusion, to request that you will bring this subject before the Hon. the Postmaster-General at your earliest convenience.

Yours, &c.,

ROBT. J. CREIGHTON,

Agent, New Zealand Government.

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

Enclosure 2 in No. 46.

The SUPERINTENDENT, Foreign Mails, Washington, to Mr. CREIGHTON, San Francisco.

Post Office Department, Office of Foreign Mails, Washington,

2nd December, 1890.

SIR,—

I have to acknowledge the receipt of your letter of the 19th ultimo, enclosing a copy of a resolution adopted by the New Zealand Legislature authorising the New Zealand Government to contract for an extension, for another year, of the direct mail service to San Francisco, and pointing out the importance of the United States Government taking early action with a view to putting that service on a permanent basis.

In reply, I have to inform you that the Postmaster-General has carefully read your letter as well as the resolution enclosed therein, and will use every effort to secure favourable action by Congress upon the several measures now before that body with his approval, looking to legislation which will give him authority to adopt the necessary measures to secure the end in view.

Of the nature of those measures you have been advised by previous correspondence, and it is only necessary, therefore, for me to call your attention to the recommendation of the President (under the heading "Mail Subsidies for Steamships—Prompt Legislation urged") in his annual message to Congress published yesterday, to assure you that the importance of the matter is fully appreciated by the President as well as by the Postmaster-General.

I am, &c.,

N. M. BROOKS,

Superintendent, Foreign Mails.

Robert J. Creighton, Esq., No. 327, Market Street, San Francisco, California.

Enclosure 3 in No. 46.

MESSRS. SPRECKELS AND BROTHERS, to Mr. CREIGHTON.

DEAR SIR,—

San Francisco, 26th November, 1890.

We have received notice from the Union Steamship Company of New Zealand, by cable and letter, that the December mail from the colonies will be despatched by the "Monowai," one of that company's ships. We have not received official or other notification from the New Zealand Post Office Department of the contemplated substitution of the "Monowai" for the "Zealandia," which we despatched in good faith with the October mail on the 15th instant, and expected that she would bring back the December mail as scheduled.

If we had had notice from your Government that it was intended to displace one of our ships we should probably not have despatched the "Zealandia" under the new arrangement; but we did so in good faith, and must regard such substitution, if accomplished, as a breach of honourable business obligations such as we had no reason to anticipate.

We have protested by cable to the Union Steamship Company against the sailing of the "Monowai" with the December mail, and beg to enter our protest to the same effect with you as the representative of New Zealand at this place, and have to request that you communicate the same to your Government.

We are, &c.,

J. D. SPRECKELS AND BROS.

Robert J. Creighton, Esq., Agent, New Zealand Government, San Francisco.

Enclosure 4 in No 46.

Mr. CREIGHTON to MESSRS. SPRECKELS AND BROTHERS, San Francisco.

DEAR SIRS,—

San Francisco, 1st December, 1890.

I am in receipt of your letter of the 26th November informing me that the Union Steamship Company of New Zealand contemplated despatching the December mail from the colonies per "Monowai" instead of by the "Zealandia," which had been despatched with the October mail on 15th November, and which you claim should carry the December mail as scheduled. I also note your protest to me as representative of New Zealand at this place against despatching the mail in question by the "Monowai."

In reply, I beg to state that I cabled your protest to the Postmaster-General of New Zealand on 28th November, and will forward your letter, together with a copy of my reply, to Mr. Gray by the outgoing mail.

I am, &c.,

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

Messrs. John D. Spreckels and Brothers, San Francisco.

No. 47.

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

DEAR SIR,—

San Francisco, 12th December, 1890.

Since closing my letter of the 10th I have been furnished with copy of despatch from Superintendent Troy, of the Railroad Mail-service at Chicago, to Superintendent Wilder, of San Francisco, to the effect that the final instalment of the British-Australian mail missed connection with the west-bound train at Chicago on the morning of the 10th, and would be forwarded on the Burlington fast mail-train on the 11th (yesterday). This will postpone the sailing of the "Alameda" until Sunday, on which day the delayed mail is due here.

I attach latest despatch *re* Postal Subsidy Bills, also newspaper note of postal regulation* in consequence of your representations to the Superintendent of Foreign Mails.

I have, &c.,

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

ROBT. J. CREIGHTON.

* Not published.

No. 48.

Mr. GRAY to Mr. SPRECKELS, San Francisco.

SIR,—

General Post Office, Wellington, 24th January, 1891.

I have the honour to acknowledge the receipt of your letter of the 13th November last with reference to the continuation of the San Francisco mail-service, which was laid before the Postmaster-General.

In connection with your remarks as to the non-payment for the conveyance of book and newspaper portions of the mails, I am to inform you that as the London Post Office does not share its book- and newspaper-postages with the colony, as in the case of the Direct service, but retains such postage collections to cover the transit of the outward mails to San Francisco, and the cost of the Atlantic charges on the Homeward mails, the Postmaster-General was of opinion that this should be the basis of payment to the contractors. I am also to explain that the postage receipts on a pound of letters at 2½d. per half ounce letter is equal to 10s. 5d., while the payment made to the contractors is 1s. 7d. per pound in excess of this. The retention by the Post Office of the full colonial book- and newspaper-postage is to assist to defray the half cost of the transit of the Homeward mails from San Francisco to New York.

I have, &c.,

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

W. GRAY, Secretary.

No. 49.

Mr. ROSE to Mr. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 23rd February, 1891.

I have the honour to acknowledge the receipt of your letter of the 10th December last, (1) enclosing correspondence with the Superintendent of Foreign Mails in reference to the railroad charges; (2) forwarding extract from the President's message referring to the Australian mail-service and the Shipping Bills; (3) enclosing copy of correspondence with Messrs. J. D. Spreckels and Brothers in reference to the employment of the "Monowai" instead of the "Zealandia" for the carriage of the December mails from New Zealand; and (4) discussing the question of a change of sailing-date from San Francisco owing to the employment of the "Umbria" for the Atlantic passage during 1891; also of your further letter of the 12th idem, reporting the detention of the "Alameda" through the overland mail missing the train at Chicago on the 10th. I note the latest despatch on the subject of the Postal Subsidy Bills, and the newspaper notice of the regulation for the posting of letters on board the outward-bound steamers at San Francisco.

I have, &c.,

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

THOMAS ROSE, for the Secretary.

No. 50.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,— Office of Foreign Mails, Washington, D.C., 9th January, 1891.

I have the honour, by the direction of the Postmaster-General, to acknowledge the receipt of your letter of the 28th November last, advising this department that your Administration has arranged for the continuance of the San Francisco mail-service for another twelve months, under which arrangement all contributions from the United States and from non-contracting colonies are to be retained by or paid over to the contractors for their sole benefit; and inquiring if the amount to be paid by this department will include payment for the sea-conveyance on correspondence from Canada and other places sent in transit through the United States.

In reply, I have to inform you that, pursuant to the statement in this department's letter to Mr. R. J. Creighton, dated the 19th July last, the Postmaster-General has to-day made an order, a copy of which is enclosed herewith, authorising the payment of \$60,000 annually to the Oceanic Steamship Company as full compensation for the sea conveyance of the mails in question, in the manner and subject to the conditions therein prescribed; the annual period referred to in said order to commence with the sailing of the Oceanic Steamship Company's vessel scheduled to leave San Francisco for Auckland and Sydney on the 10th of the current month.

The payment of \$60,000 per annum will be in full compensation for the sea-conveyance of all articles—wherever posted—which may be included in the mails made up in this country, and despatched by said steamers, but not for the conveyance of any closed mails made up in Canada or any other foreign country. The records of this department do not show that any closed mails (other than those originating in Great Britain) have been conveyed to New Zealand by the steamers in question. Should any such be despatched hereafter, your Administration should arrange with the countries of origin of said mails for the payment of any transit-charges in favour of your Administration to which they might give rise.

The Postmaster-General,
Wellington, New Zealand.

I am, &c.,
N. M. BROOKS,
Superintendent of Foreign Mails.

 Enclosure in No. 50.

COPY of ORDER by UNITED STATES POST OFFICE for Payment of \$60,000 to Oceanic Steamship Company.

UNDER and in accordance with the provisions of sections 4009, 4010, and 4011 of the Revised Statutes of the United States (which are here referred to), it is hereby ordered that, subject to the provisions and conditions hereinafter contained, the sum of \$60,000 per annum shall be allowed and paid to the Oceanic Steamship Company of the City of San Francisco, State of California, as full compensation for the services rendered by said company in transporting, by its steamers sailing from San Francisco to New Zealand and New South Wales *via* Honolulu, all mails made up in the United States destined for the Hawaiian Kingdom, the Australasian Colonies and New Caledonia, and other islands in the Pacific Ocean. Payment to be made quarterly, at the rate of \$15,000 per quarter: Provided the mails are conveyed in steamers of United States build and register, and that if in any case a foreign-built steamer shall perform the service herein referred to, then the sum allowed said foreign steamer shall be \$1,000 less than would be allowed to a steamer of United States build and register for the same service, or in that proportion for any service: Provided further that said company shall despatch a steamer at intervals of about four weeks, making thirteen despatches in twelve months; and that if less than thirteen despatches occur during twelve months, then the amount herein ordered to be paid annually to said company shall be reduced one-thirteenth part of said amount for each and every despatch less than thirteen: Provided further that said company shall cause the sailing of their steamers to be delayed not more than twelve hours after their advertised hour of departure, whenever such delay may be necessary, in order to receive mails to arrive at San Francisco by railway-trains from the Eastern portion of the United States; and for each and every failure to so delay a steamer when requested to do so by the Postmaster at San Francisco, then the sum of \$500 shall be deducted from the amount which would otherwise be due for said steamer's services during the voyage in question.

The annual payment herein provided for shall be in full compensation for services rendered by the steamers of the Oceanic Steamship Company which sail for New Zealand and New South Wales, and shall not include additional service rendered by steamers of said company that sail for the Hawaiian Kingdom only, which additional service shall be paid for at the rates of compensation at present allowed for said service.

The provisions of this order shall take effect with the sailing of the Oceanic Steamship Company's vessel to sail from San Francisco for New Zealand and New South Wales on or about the 10th day of January, 1891, and shall continue in force until otherwise directed.

JOHN WANAMAKER, Postmaster-General.

 No. 51.

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

SIR,— San Francisco, 7th February, 1891.

I have the honour to acknowledge receipt of your letter of the 16th December, informing me that the "Monowai" would be the contract boat leaving San Francisco in February with the British and American mails for the Australian Colonies in place of the "Zealandia."

* * * * *

Your letter of same date has also been received. I trust that hereafter there may be no difficulty in carrying out the new time-schedule, which would connect with the "Majestic" at New York, as explained in my previous letter. Mr. McLean, who returns by the "Monowai," is fully impressed with the importance of this connection for saving time in the delivery of the Home-bound mail.

Owing to the severe weather on the Atlantic the "Umbria" was nearly thirty-six hours late, which detains the "Monowai" at San Francisco until to-day. This was unfortunate on the first date of the new schedule, but it was unavoidable. The "Teutonic," which arrived on Thursday, was twenty-four hours overdue on account of the weather. As the season advances I do not anticipate any similar detention. The "Umbria" has been scheduled for the entire year, and the agents have telegraphed to Mr. Spreckels that she will be run during 1891 according to schedule. The Agent-General must therefore have been misinformed as to the sailing-dates of that ship after April next.

I received the following cable from the Hon. Postmaster-General: "Wellington, 13th January, 1891.—To Creighton, San Francisco. Unable change Sydney sailing this month. How secure saving three days, and whether permanent.—MITCHELSON." To which I replied, 17th January, 1891, when cabling the steamer movements: "To Postal, New Zealand. Permanent. Sydney, sailing 26th January, connects "Majestic," sailing 25th February, avoids detention; 26th January sailing advertised Sydney." My letter will have explained the point more fully.

I enclose herewith correspondence with the Superintendent of Foreign Mails, Washington, D.C., for your information. Nothing definite has been done either in reference to the Shipping Bills or the overland railroad charges. Postmaster-General Wanamaker proposes to give free transportation.

I have, &c.,

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

ROBT. J. CREIGHTON.

Enclosure 1 in No. 51.

Post Office Department, Office of Foreign Mails, Washington, D.C.,
9th January, 1891.

SIR,—

I have the honour to invite your attention to the following statement, viz.: Under date of the 28th November last the New Zealand Office advised this department that the colony had "arranged for the continuance of the San Francisco mail-service for another twelve months," which advice was understood here to indicate that the previous contract with the Oceanic Steamship Company had been renewed. Under date of the 29th ultimo, however, Mr. John D. Spreckels states that the mails were despatched from Sydney last month by the British steamer "Monowai," notwithstanding the Oceanic steamer "Zealandia" was at Sydney ready to convey said mails; and that he had been advised that the mails from New Zealand would be delivered to the steamer "Monowai" upon her arrival at Auckland, and that she would expect to convey the mails from San Francisco upon her return voyage.

I would thank you to inform this department, at your early convenience, whether the arrangement referred to by the New Zealand office was a renewal of the contract with the Oceanic Steamship Company, or a new contract with another company, and also to furnish any information you may have respecting the reported despatch of mails from Sydney per the steamer "Monowai."

I am, &c.,

N. M. BROOKS,

Superintendent, Foreign Mails.

Mr. Robert J. Creighton,

Agent of New Zealand Government, San Francisco, California.

Enclosure 2 in No. 51.

The Hon. N. M. BROOKS to Mr. CREIGHTON.

Post Office Department, Office of Foreign Mails, Washington, D.C.,
16th January, 1891.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 10th instant, acknowledging the receipt of copies of the report of the operations of this office for the fiscal year ended the 30th June, 1890, and requesting to be furnished with a copy of the Postmaster-General's official report for the same period; and also correcting certain clerical errors in your letter of the 27th ultimo, relative to the change from Saturday to Thursday in the sailing-day of the mail-steamers to leave San Francisco for Auckland on and after the 5th proximo.

In reply, I have to inform you that I have forwarded to your address by to-day's mail, under separate cover, the desired copy of the Postmaster-General's report; and that the inaccuracies in your letter of the 27th were discovered upon its receipt at this department, and were corrected before action was taken in regard thereto, of the result of which action you will be promptly advised. In this connection, I have to request that you will furnish this department, as soon as practicable, with five additional copies of the time-table of the Oceanic Steamship Company, similar to those enclosed in your letter of 27th December.

I am, &c.,

N. M. BROOKS,

Superintendent of Foreign Mails.

Mr. R. J. Creighton,

Agent of New Zealand Government,*

No. 327, Market Street, San Francisco, California.

Enclosure 3 in No. 51.

Mr. CREIGHTON to the Hon. N. M. Brooks.

SIR,—

San Francisco, California, 27th January, 1891.

I have the honour to acknowledge receipt of your letter, dated the 9th instant, also your despatch of the 26th January, relative thereto. I would have replied to your letter sooner, but was waiting the result of conference between Hon. George McLean, representing the Union Steamship Company of New Zealand, and Mr. Spreckels, President of the Oceanic Steamship Company of California. This conference has since taken place, and the result telegraphed by me to you to-day as follows: "27th January, 1891. Hon. N. M. Brooks, Superintendent Foreign Mails, Washington, D.C. 'Zealandia' withdrawn. 'Monowai' takes mails 5th February. Explanatory letter mailed.—ROBT. J. CREIGHTON."

Referring more particularly to the specific inquiry in your letter, I have the honour to state that the contract with the New Zealand Government for carrying the British-Colonial mail to and from San Francisco, has been in the name and with the Union Steamship Company; but by a business arrangement between the two companies the service has been regularly performed by the Oceanic Company, with the exception of a few trips of the "Mararoa," belonging to the Union Company, when the contract was originally made, in 1885. It was then stipulated that the contract should be a joint one, the Union Company's ships running from Sydney and Auckland to Honolulu, there making connection with the Oceanic Company's steamers, which would complete the voyage to San Francisco. The New South Wales Government refused to participate in a broken service, and insisted upon a through line from Sydney to San Francisco. This was agreed to, and by an agreement between the two steamship companies the Oceanic Company was to run the "Mariposa" and "Alameda," and the Union Company the "Mararoa," with the mails. The "Mararoa" was soon withdrawn, and the Oceanic Company performed the service thenceforward until the dispatch of the "Monowai" with the December mail from Sydney. When the New Zealand office advised you that it had "arranged for the continuance of the San Francisco mail-service for another year," it meant that the contract with the Union Company had been continued on the former basis, without indicating what ships should be employed.

Mr. Spreckels informs me that he understood that the Oceanic steamers should be exclusively employed, and upon that understanding had despatched the "Zealandia" with the October mail from San Francisco. But the Union Company, it appears, had pledged itself to run one of its new ships on the line when the proposal to continue the service was before the New Zealand Legislature, and in consequence of that pledge, and in virtue of a reserved right in its original contract with the Oceanic Company, which it represents in the colonies, the "Monowai" was put into commission as stated in Mr. J. D. Spreckels's letter to which you refer.

I have taken pains to explain, at some length, the exact status of the Australian mail-contract, as far as the New Zealand Government is concerned. No complaint has been made of the Oceanic Company in its performance of the service, but the Postmaster-General of New Zealand has expressed the opinion, in his letter referring to the employment of the "Monowai," that the service would be strengthened in public estimation in the colony if it were a joint one, and not run exclusively by American ships.

The arrangement come to between the representatives of the two companies interested in the contract, is that the Oceanic steamships "Alameda" and "Mariposa" are to run in conjunction with the "Monowai," which takes the place of the "Zealandia," now placed upon the Honolulu line exclusively. This necessitates the issuance of a new time-table, copies of which I enclose herewith. There is no change in the time-schedule of the through Australian line, the only change being in the substitution of the "Monowai" for the "Zealandia." I have given the Postmaster of San Francisco official notice of such substitution, and advised you by telegraph, as above stated.

I have, &c.,

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

Hon. N. M. Brooks,

Superintendent of Foreign Mails, Washington, D.C.

Enclosure 4 in No. 51.

The Hon. N. M. Brooks to Mr. CREIGHTON.

SIR,—

Post Office Department, Office of Foreign Mails, 5th February, 1891.

Referring to my letter of the 16th ultimo, with reference to your communication of the 27th December last, advising this department that, commencing with the present month, the contract mail steamers for Australia will leave San Francisco on Thursdays instead of on Saturdays as heretofore: I have to inform you that the necessary instructions to secure the prompt transfer at, and forwarding from, New York of the British-Australian closed mails were promptly issued by this department; and in connection therewith to transcribe, for your information, the following extract from a report of the Superintendent of the railway mail-service in New York, dated the 2nd instant—viz.: "In connection with the recent announcement of Mr. Creighton, Agent for the New Zealand Government at San Francisco, that the steamers would leave there on Thursdays, presupposing a regular arrival at New York from Great Britain of the British-New Zealand mail on Saturdays by the steamship "Umbria," I have to report that the first trial of the new arrangement is not successful, owing to the late arrival of the "Umbria," due here on Saturday last, the 31st January. This office pointed out to you in a recent report that the past consecutive arrivals of the "Umbria" with mails did not lead to the conclusion that a regular despatch of this mail could be made from New York every fourth Saturday, to connect with the steamer leaving San Francisco about noon the following Thursday. The mail from the "Umbria" arrived at the post-office

about 5.15 a.m. to-day, and was despatched by the New York Central train leaving New York at 10.30 a.m. This will be equivalent to a connection leaving New York at 9 p.m. to-night for San Francisco, and the mail will not reach there in ordinary course until next Saturday at noon. It happens that the advance instalment of this mail arrived by the steamship "Adriatic" this morning also, and the New York Post Office forwarded it, together with the final instalment, by the New York Central road. The advance instalment amounted to 111 bags, and the final instalment to 129 bags."

"It is learned since the above was written that only a portion of the mail went forward by New York and Chicago Railway Post Office, 10.30 a.m. The bulk of the mail will leave on the 9 p.m. train to-night, New York and Chicago Railway Post Office."

The delay at Chicago of a portion of the British-Australian closed mails for despatch per the steamer "Alameda" in December last is now being investigated, and the result of the investigation will be communicated to you as soon as it is known.

I am, &c.,

N. M. BROOKS,
Superintendent, Foreign Mails.

Mr. R. J. Creighton,
Agent of the New Zealand Government,
No. 327, Market Street, San Francisco, California.

No. 52.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

General Post Office, Wellington, 26th March, 1891.

I have the honour to acknowledge the receipt of your letter of the 7th ultimo, with enclosures thereto—namely, correspondence with Washington on the subjects of the employment of the "Monowai" in the San Francisco Service, and the departure of the steamers from San Francisco on Thursday. I note the points of your letter.

* * * * *

I am, &c.,

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

W. GRAY, Secretary.

No. 53.

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

SIR,—

General Post Office, Wellington, 26th March, 1891.

I have the honour to acknowledge the receipt of your letter of the 9th January last, informing me on the subjects of the contribution from your department towards the cost of the renewed San Francisco mail-service (1890-91), and the payment for the conveyance by the service of correspondence from Canada and other places sent in transit through the United States. I am obliged to you for the information, which has been noted.

I have, &c.,

W. GRAY, for the Postmaster-General.

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

No. 54.

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

SIR,—

General Post Office, Wellington, 31st March, 1891.

I have the honour to enclose herewith, for your information, a copy of the order dated the 9th January last, made by the Postmaster-General of the United States, for a payment at the rate of \$60,000 per annum to the Oceanic Steamship Company for the conveyance of United States mails by the San Francisco mail-service during 1891.

I have, &c.,

W. GRAY, Secretary.

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

No. 55.

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

SIR,—

San Francisco, 6th March, 1891.

I have the honour to report that the Ocean Postage Subsidy Bill, having been passed by Congress and signed by the President, is now law. The Bill, as finally passed, was a compromise measure, and does not include any provision for American shipping apart from payment for carrying the ocean mail. At least, I gather this from the synopsis of the Bill telegraphed to the local press.

The law provides for four classes of steamships: First class, iron or steel, 8,000 tons and upwards, 20 knots, \$4 per mile; second class, iron or steel, 5,000 tons and upwards, 16 knots, \$2 per mile; third class, iron or steel, 2,500 tons and upwards, 14 knots, \$1 per mile; fourth class, iron, steel, or wood, 1,500 tons and upwards, 12 knots, 66 $\frac{2}{3}$ cents per mile, for each outward voyage. Ships of the first, second, and third classes are to be constructed with particular reference to prompt and economical conversion into auxiliary naval cruisers on plans approved by

the Secretary of the Navy, and strong enough to carry 6in. rifles, and of the highest known maritime rating. There are other provisions in the law for the employment and training of American seamen which need not be enumerated. The employment of "mail messengers" on each mail steamship to be paid under this law is also provided for. The Postmaster-General is to contract for the carriage of the United States mail on the foregoing basis for a period of not less than five nor more than ten years.

The main significance of this law is that it affirms the policy of compensating American ships for carrying the United States mail, and recognises the necessity of supplementing the new navy, which is being built, by an effective mercantile marine, which shall have the duty imposed upon it of training crews to man the national ships, instead of enlisting men of all nations as at present. The law does not go far in the way of compensation, but this is a matter which subsequent legislation will set right. It is sufficient, however, for present purposes, and the country having been committed to this policy will insist upon its being vigorously carried out no matter which party is in power. The leading Democratic papers now admit that the law is a good one. The rating of the Oceanic steamships "Alameda," "Mariposa," and "Australia," complies with the requirements of the Navy Department; and I have been informed that it is in contemplation to enter into a ten years' contract. There is no provision in the law for payment to foreign ships carrying the United States mail, this being determined by the Post Office Act. The section bearing upon this point has been quoted in my former correspondence.

I am not prepared to say that the tariff will be modified in the next Congress, because while the Democratic party controls the House the Republicans hold the Senate and Executive. Everything will depend upon the financial results of the McKinley Bill, and as Congress does not meet until next December, there will be time to test it approximately. Should there be an indication of a deficit at the close of the fiscal year it is probable that the sugar-duty will be reimposed, while the duty on wool may be reduced to encourage imports and stimulate manufactures. Meantime I think it would be advisable for New Zealand to develop its American trade as much as possible, thereby placing itself in a position where it might be recognised in any fiscal changes looking to the extension of American trade with the Australasian group of colonies. This would be in the line of Mr. Blaine's reciprocity policy, which has so far found favour with the majority of the American people. The Ocean Postal Subsidy Act will be used to strengthen this policy as far as possible.

The "Alameda" cannot sail before Saturday the 7th instant. This delay is partly caused by the detention of the first part of the British mail, which arrived at New York after the "Umbria," and too late to make connection with the west-bound train on Sunday night which brought the "Umbria's" mail here this forenoon. The "Umbria" sailed from Liverpool on Saturday, and was reported at New York the following Saturday night. The first part of the British mail was shipped from Liverpool by the "Adriatic," sailing on Wednesday, three days before the "Umbria," and it cannot arrive here before to-morrow. I would suggest that the London Post Office be requested hereafter to send the first portion of the mail, if it is divided, at least a week ahead of the "Umbria" to avoid the possibility of detention similar to the present. The weather is still stormy on the Atlantic and the passages slow. With better weather I hope to get the Thursday's sailing carried out.

I reported the departure of the "Monowai" by cable. I trust she has been fortunate in making a good passage down.

I received the following cable, since the date of my last letter, from the Hon. Postmaster-General; "Wellington, 20th February, 1891.—To Creighton, San Francisco.—Commencing this month sailing Sydney, Monday; Auckland, Saturday. Permanent. Advise Post Office.—WARD."

The outgoing mail will be a heavy one.

I have, &c.,

William Gray, Esq.,

ROBT. J. CREIGHTON.

Secretary, Post Office, Wellington, New Zealand.

No. 56.

AUTHORITY for the POSTMASTER-GENERAL to enter into a CONTRACT with the UNION STEAMSHIP COMPANY of NEW ZEALAND (LIMITED).

To the Hon. Joseph George Ward, 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, Joseph George Ward, 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 Union Steamship Company of New Zealand (Limited) for the carriage of mails each way between New Zealand and San Francisco, America, for a period of twelve months from the fifteenth day of November, 1890; the 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 ninth day of February, 1891.

ONSLow, Governor.

No. 57.

DRAFT OF AGREEMENT BETWEEN THE UNION STEAMSHIP COMPANY OF NEW ZEALAND (LIMITED) AND THE POSTMASTER-GENERAL OF NEW ZEALAND.

ARTICLES OF AGREEMENT made and entered into this day of , one thousand eight hundred and ninety-one, between the Honourable JOSEPH GEORGE WARD, the Postmaster-General of the Colony of New Zealand, appointed as such Postmaster-General under "The Post Office Act, 1881," and acting for and on behalf of the Government of the said colony, of the one part,

and THE UNION STEAMSHIP COMPANY OF NEW ZEALAND (LIMITED), carrying on business at Dunedin, in the Colony of Zealand, hereinafter designated "the Company," of the other part. Witness that the Company doth for itself, its successors, and assigns (so far as the covenants and agreements hereinafter contained are to be observed and performed by the Company), hereby covenant with the Postmaster-General of the Colony of New Zealand and his successors: And the said Postmaster-General doth, for and on behalf of himself as such Postmaster-General, and his successors respectively, and the Government of the colony for which he is such Postmaster-General, hereby covenant with the Company and its successors in manner following, that is to say,—

1. In the construction of these presents the following words and expressions shall mean and include (unless such meaning shall be inconsistent with the context) as follows:—

"Postmaster-General" means the Postmaster-General for the time being of New Zealand:

"Company" includes the successors and assigns of the Company:

"Mails" includes all boxes, bags, or packets of letters, newspapers, books, or printed papers, patterns, and all other articles transmissible by post, without regard either to the place to which they may be addressed or to that in which they may have originated; also all empty bags, empty boxes, and other stores and articles used or to be used in carrying on the Post Office service:

"Mail" means the aggregate of mails transmitted at any one time by any of the vessels for the time being employed in the mail-service under this contract: and

"Hours" means hours calculated according to Greenwich time.

2. The Company shall from time to time, and at all times hereafter, during a period of twelve calendar months, computed from the first day of December, one thousand eight hundred and ninety, unless previously terminated in pursuance of the provision in that behalf hereinafter contained, convey all Her Majesty's mails which, 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 following ports, that is to say, Auckland, Honolulu, San Francisco, and any port or ports intermediate between Auckland and San Francisco at which the steam-vessels hereinafter mentioned may call as hereinafter mentioned, or any of such ports, and within the respective times and in manner hereinafter provided for, and so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance of this contract; shall and will provide and keep seaworthy and in complete repair and readiness for such purpose a sufficient number of and not less than three good, substantial, and efficient screw steam-vessels of the first-class, and fully equal to class 100 A1 Lloyd's Register, and of not less gross register tonnage than two thousand five hundred tons each, constructed of iron, and propelled by first-rate engines of adequate power for the performance of the voyages, within the times hereinafter specified, and having spar decks, and large capacity for passengers and cargo, and ample ventilation for passing through tropical latitudes.

Should any of the three screw steam-vessels aforesaid become disabled through tempestuous weather or by reason of accident beyond the control of the Company, then it shall be lawful for the Company to provide and equip a screw steam-vessel or vessels as substitute or substitutes, capable of performing the voyage within the time specified, and any substitute vessel shall not be of any less gross tonnage than two thousand five hundred tons: Provided further that in any special case, and with the written consent of the Postmaster-General, a vessel of less than two thousand five hundred tons gross register may be used as such substitute vessel as aforesaid, and every such vessel shall be subject to the terms and conditions of this contract for or in respect of any voyage as aforesaid so far as such terms and conditions are applicable.

3. The steam-vessels to be employed under this contract shall be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire-pumps and other proper means for extinguishing fire, lightning-conductors, charts, chronometers, nautical instruments, and whatsoever else may be necessary for equipping the said vessels and rendering them constantly efficient for the performance of the voyages within the times hereinafter specified, and for the service hereby agreed to be performed, and also manned and provided with competent and legally-qualified officers, the master or commander having ample experience in command of screw steam-vessels, and with a sufficient number of efficient engineers, and a sufficient crew of able seamen and other men, and with a competent surgeon, to be in all respects, as to vessels, engines, equipments, and capacity, subject in the first instance, and from time to time and at all times afterwards, to the approval of the Postmaster-General or of such other person or persons as he shall at any time or times or from time to time authorise to inspect and examine the same; and no vessel shall be employed or used for the purposes of this contract until approved as aforesaid.

Every vessel used for the purposes of this contract shall be fitted with refrigerators or ice-chambers, in which fish-ova or other natural productions may be carried or conveyed, and such refrigerators shall be fitted with all necessary appliances and machinery for working and keeping the same effective.

4. The Postmaster-General shall have full power whenever and as often as he may deem it requisite, by any of his qualified officers or agents, to inspect the officers, engineers, and crew of all or any of the vessels employed or to be employed in the performance of this contract, and to survey all or any of such vessels, and the hulls thereof, and the engines, machinery, furniture, tackle, apparel, stores, and equipments of every such vessel; and any defect or deficiency that may be discovered on any such survey shall be forthwith repaired or supplied by the Company. And for the purposes aforesaid the said vessels shall (if necessary) be opened in their hulls whenever the said officers or agents may so require; and, if any such vessel or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments shall on any such survey be declared by any such officers or agents unseaworthy or not adapted to the service hereby agreed to

be performed, or any such officers, engineers, or crew shall be so declared ineligible, every vessel which shall be disapproved of, or in which such deficiency or defect shall appear, shall be deemed insufficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of mails until such defect or deficiency has been repaired or supplied to the satisfaction of the Postmaster-General or officer requiring the same, and any of such officers, engineers, or crew declared ineligible shall not be employed in the said service.

5. The mails shall be conveyed thirteen times in each year between San Francisco and Auckland, by way of Honolulu, and at the same rate between Auckland and San Francisco by way of Honolulu, and the service shall be deemed to have commenced with the despatch of the "Zealandia" from San Francisco on the fifteenth day of November, one thousand eight hundred and ninety. The vessels respectively employed to convey the mails shall leave the said ports of Auckland and San Francisco on the days and at the times to be from time to time appointed for the purpose by the Postmaster-General.

The said vessels, on each voyage between San Francisco, Honolulu, and Auckland, and between Auckland, Honolulu, and San Francisco, shall call, if required by the Postmaster-General, but not otherwise, off the Navigator Islands for the purpose of landing and receiving mails, and, with the consent in writing of the Postmaster-General, but not otherwise, at any other port intermediate between Auckland and San Francisco: Provided that if any vessel shall be required as aforesaid to call off the Navigator Islands, and be detained for the purpose of receiving or delivering mails exceeding one hour, then credit shall be given to the Company for such additional time beyond such hour and shall be allowed for in computing the duration of the voyage.

6. The Company, at its own expense, shall deliver and take the mails to and from the steamers and from the shore at convenient places (except off the Navigator Island), to be from time to time appointed by the Postmaster-General, in the respective ports from and to which the mails are to be conveyed; and also shall convey the same and the officers having charge of them to and from such steamers and to and from the shore as may be necessary in suitable boats, furnished with suitable coverings for the mails, and properly equipped and manned; and shall from time to time convey the officers or agents of the Postmaster-General to and from such steamers and to and from the shore at any of the said ports as often as may be necessary in the execution of their duties respectively, in the event of a suitable boat not being conveniently obtainable from the shore for the purpose.

7. If the Postmaster-General or his officers or agents shall at any time deem it requisite for the public service that any vessel should be delayed beyond the appointed time of departure it shall be lawful for the Postmaster-General or such officers or agents to order such delay, not exceeding thirty-six hours at San Francisco, and not exceeding twenty-four hours at Auckland, free of charge for demurrage, by letter addressed to and delivered to the commander of the vessel or the person acting as such, or left for him at the office of the Company in the port or on board the vessel, three hours at least before the hour appointed for departure.

And, in order to insure the due carrying of the mails from San Francisco, the Company, without any such notice, shall delay the departure of any vessels (if necessary) at San Francisco six days to await the arrival of the mails from London for Australia and New Zealand. For such detention demurrage at the rate of five pounds an hour shall be paid the company, such days to be reckoned from the due date of the arrival of the said mails respectively, but for the first thirty-six hours there shall be no payment for demurrage. The Postmaster-General shall also be at liberty from time to time to postpone the times of departure of the said vessels from the port of Auckland for a longer period than twenty-four hours; but for every hour over such twenty-four hours demurrage at the rate of five pounds an hour shall be paid.

8. If from any cause whatsoever, at any time or times hereafter, one of the vessels aforesaid shall not be at the ports of San Francisco and Auckland respectively ready to put to sea in due time to perform the services hereby contracted to be performed the Company shall pay as liquidated damages to the Postmaster-General in respect of every mail that shall be delayed by reason of any such default as aforesaid the sum of two hundred pounds, and the further sum of fifty pounds for every successive twenty-four hours which shall elapse between the time at which the mail shall be appointed to leave the port and the time at which the vessel conveying the same shall leave the port, whether such vessel shall be one of those aforesaid or any other vessel which the Postmaster-General shall think fit to employ or to sanction being employed for the purpose: Provided that the Postmaster-General shall have power to remit or reduce any of the sums payable, as in this clause mentioned, if he shall be satisfied that any such default as aforesaid was attributable to causes over which the Company had no control: Provided also that the maximum amount to be paid by the Company under this clause in respect of such defaults for any one voyage shall not exceed one thousand pounds.

9. The mails shall be safely conveyed from San Francisco to Auckland within four hundred and eighty hours, and from Auckland to San Francisco within a like period; the times aforesaid to be calculated from the times appointed for the departure of the mail respectively, unless any vessel shall be delayed in consequence of the mail not being ready for embarkation in due time either at San Francisco or at Auckland, in which case the time shall be calculated from the time of the mail being ready for delivery at the port where the delay shall take place.

In case of the loss of any of the mails by wreck of any mail-vessel or otherwise, the Company shall with all possible despatch, at their own cost, do all such acts and take all such measures as may be reasonably done and taken to recover the mails so lost. And the Company shall be liable for all damage or injury to any of the mails, from whatever cause the same may arise or happen, except fire, the act of God, or the Queen's enemies.

10. For the conveyance of mails under this contract the Postmaster-General will pay to the Company at the following rates: Letters at twelve shillings per pound on the net weight of the letters conveyed, excluding, however, all letters sent from America.

11. In respect of each voyage the Company shall pay to the Postmaster-General as a penalty four pounds for every hour in excess of the number of hours mentioned in clause 9 occupied by such voyage; and any such penalty may be deducted by the Postmaster-General from any payments due to the Company under this contract: Provided that no penalty shall be payable by the Company unless the period of actual delivery of the mails at San Francisco or Auckland exceeds the time of delivery provided by this contract by forty-eight hours, and provided also that the Postmaster-General may remit any of such penalties which in his opinion should not be enforced.

12. The sums payable to the Company under this contract shall be in full satisfaction for all services rendered in the conveyance, receipt, and delivery of all Her Majesty's mails which, and all other mails which, may be conveyed under this contract from, to, and at all or any of the ports aforesaid, or otherwise, and shall be payable to the Company at the Treasury, in Wellington, immediately after the due delivery of each mail in the colony, or the advice by cablegram from San Francisco, or by the return mail from thence, of the due delivery of the mail there shall be received, as the case may be.

13. Any subsidy or payment allowed to the colony or the Postmaster-General by the Government of the United Kingdom of Great Britain and Ireland, or by any other Australasian Colony or dependency, or any of the Polynesian Islands, for the conveyance of mails over the aforesaid routes, shall be paid over to the Company, after deducting any payments made or expenses (if any) incurred by the Postmaster-General for the conveying mails to or from any or either of the ports or places hereinbefore appointed for the receipt or delivery of mails.

The Company shall also be entitled to the benefit of and to receive any subsidies or payments which it may induce any Government other than as aforesaid to agree to pay for the conveyance of mails over the aforesaid routes, after deducting any payments made or expenses (if any) incurred by the Postmaster-General for the conveying mails to and from any and either of the ports or places aforesaid, provided the arrangements for the services in respect of any such subsidy shall be approved by the Postmaster-General; but the direct liability of the Postmaster-General under this contract is expressly limited to payment for the conveyance of its outward mails at the rate hereinbefore provided.

14. The Company shall provide, to the satisfaction of the Postmaster-General, on board all steam-vessels employed under this contract, proper, safe, and convenient places of deposit for the mails, with locks, keys, and secure fastenings; and every such place of deposit shall be rendered and kept vermin-proof.

15. The Company shall also provide, to the satisfaction of the Postmaster-General, all necessary and suitable accommodation, including lights, for the purpose of sorting and making up the mails on board the several vessels employed under this contract, and on being required to do so by the Postmaster-General, shall at its own cost erect or set apart in each of the said vessels on the spar deck a separate and convenient room for such purposes; and all such furniture, lamps, fittings, and other conveniences shall be from time to time cleansed and kept in repair, and the oil for the lamps supplied, by the servants of and at the cost of the Company. The master or commander of each of the said vessels shall also, if required, provide assistance for conveying the mails between the mail-room and the sorting-room, and also render such other assistance as may from time to time be needed, without charge.

16. In the event of the Government of the United States of America not defraying one-half the cost of conveying from San Francisco to New York all mails sent from Auckland to San Francisco for transmission to London then such half-cost shall be paid and borne by the Company; and if the Postmaster-General shall at any time be called upon to pay or bear more than one-half such cost, all moneys in excess thereof shall be charged to the Company, and may be deducted by the Postmaster-General from any moneys payable to the Company under this contract.

17. If the Postmaster-General shall think fit to intrust the charge and custody of the mails, to the master or commander of any vessel to be employed under this contract, and in all cases where the officer or other person appointed to have charge of the mail shall be absent to the knowledge of the master or commander of such vessel, such master or commander shall, without any charge, take due care of, and the Company shall be responsible for the receipt, safe custody, and delivery of the said mail at the several appointed places in the respective ports, as part of the services hereby contracted to be rendered. The master or commander shall also make the usual Post Office declaration, and furnish such journal returns and other information, and perform such other services in relation to the care and delivery of such mails as the Postmaster-General or his officers shall from time to time reasonably require.

18. The Company and all commanding and other officers in charge of the vessels employed under this contract shall at all times punctually attend to the orders and directions of the Postmaster-General or his officers or agents, as to the mode, time, and place of landing, transshipping, delivering, and receiving the mails, subject to the special provisions herein contained, and so far as such orders and directions are reasonable and consistent with the safety of the vessels.

19. The Company shall have no claim to any postage nor to any sum on account thereof for mails carried in any vessel employed in the service under this contract, or on account of any services rendered, except as herein specially provided to be paid.

20. The Company shall provide suitable first-class accommodation, including a cabin or state-room, for the exclusive use of a mail officer or agent for the Postmaster-General and for one assistant for such Postmaster-General on board each of the vessels employed under this contract, who shall be at liberty to use such accommodation as may be required for the performance of their duties; and such officer or agent and assistant shall be victualled by the Contractors as chief-cabin passengers without charge either for their passages or victualling; and whilst the vessel stays at any port excepting the ports of Auckland and San Francisco, to or from which the mails are conveyed, such officers, agent, and assistant shall be allowed to remain on board and shall be victualled as aforesaid.

21. Every such mail officer or agent and assistant shall be recognised and treated by the Company, its officers and agents, as the agent of the Postmaster-General, and as having full authority in all cases to require a due and strict performance of this contract: Provided that no such agent, officer, or assistant shall have power to control or interfere with any master, commander, or officer in the performance of his duty; and every such agent, officer, and assistant shall be subject to all general orders issued by the master or commander for the good order, health, and comfort of the passengers and crew, and the safety of the vessels.

22. This contract, or any part thereof, shall not be assigned or underlet or disposed of by the Company without the consent, in writing, of the Postmaster-General first obtained for such purpose: And if the Company shall assign, underlet, or otherwise dispose of this contract, or any part thereof, otherwise than with such consent as last aforesaid, or in case of any great or habitual non-performance or non-observance of this contract, or of any of the covenants, matters, or things herein contained and on the part of the Company, its officers, agents, or servants, or any of them to be observed or performed, and whether there be or be not any penalty or sum of money payable by the Company, for any such non-observance or non-performance, it shall be lawful for the Postmaster-General, if he shall be of opinion that the Company is not *bonâ fide* carrying out the provision herein contained, and he shall so think fit (notwithstanding there may or may not have been any former non-observance or non-performance of this contract), by writing under his hand, to determine this contract without any previous notice to the Company or its agents. And the Company shall not be entitled to any compensation in respect of such determination, and such determination shall not deprive the Postmaster-General of any rights or remedies to which he would otherwise be entitled by reason of any non-observance or non-performance of any of the provisions herein contained.

23. The Postmaster-General may, if he thinks fit, except from any such determination any voyage or voyages, and if any vessel or vessels should have started before the determination of this contract or before the masters or commanders thereof could have received the news of such determination, or should after the determination start with a mail on any voyage or voyages so excepted as aforesaid, the voyage or voyages shall be continued and performed, and the mails be delivered and received, as if this contract had remained in force with regard to any such vessels; and with respect to such vessels this contract shall be considered as having terminated only when such vessels shall have reached their port or place of destination, and the mails carried by them shall have been delivered.

24. All notices or directions which are hereby authorised to be given to the Company, its officers, servants, or agents, may be delivered to the master or commander of any of the said vessels, or other officer or agent of the Company in the charge or management of any vessel employed in the performance of this contract on board such vessel, or left for the Company on board such vessel, or at either of its offices at Auckland, Wellington, or Dunedin, and any notices or directions so given or left shall be binding on the Company: Provided that any notice of the determination of this contract shall be given to the Company, or left for them at their last known office or place of business in Wellington or Dunedin, as the Postmaster-General may think fit.

25. It shall be lawful for the Postmaster-General, by writing under his hand, at any time, and from time to time, to delegate all or any of the powers vested in him by virtue of this contract to such person or persons as he may think fit.

26. If the Company shall fail to commence the performance of the services hereby contracted to be by it performed according to the provisions hereof, or, having commenced the same, shall refuse or wilfully neglect to carry on the same according to the true intent and meaning of these presents, it shall forfeit and pay to the Postmaster-General the sum of three thousand pounds, and such sum shall be received as liquidated damages, and not as a penalty.

27. All and every the sums of money hereby stipulated to be paid by the Company shall be considered as liquidated or ascertained damages, whether any damage or loss shall have or shall not have been sustained, and may be set off by the Postmaster-General against any moneys payable to the Company under or by virtue of these presents, or may be enforced by the Postmaster-General as a debt due, with full costs of suit, at his discretion: Provided always that the payment by the Company of any sums of money for any neglect or default in the observance or performance of the covenants or agreements herein contained shall not in any manner prejudice the rights of the Postmaster-General to treat such defaults as a non-observance or non-performance of this contract on the part of the Company.

28. If any dispute, question, difference, or controversy shall arise between the Postmaster-General and the Contractors touching these presents or any clause or thing herein contained, or the construction thereof, or any matter in any way connected with these presents or the operation hereof, or the rights, duties, or liabilities of the Postmaster-General or of the Company, in connection with the premises, then and in every or any such case the matter in difference shall be referred to arbitration in manner hereinafter mentioned, and the award of the arbitrator, or the arbitrators, or the umpire, appointed as hereinafter mentioned, as the case may be, shall be binding and conclusive in every respect.

29. Unless the Postmaster-General and the Company shall concur in the appointment of a single arbitrator, each party, on the request of the other party, shall nominate and appoint an arbitrator, to whom such dispute, question, difference, or controversy shall be referred, and every appointment of an arbitrator shall be made on the part of the Postmaster-General under his hand and on the part of the Company under its corporate seal, and such appointment shall be made in duplicate, and be delivered, one part to the other party and the other part to the arbitrator on the part of the party by whom the same shall be made; and after any such appointment shall have been made neither party shall have power to revoke the same without the consent of the other, nor shall the death of either party operate as a revocation; and if for the space of fourteen days after any such dispute shall have arisen, and after a request in writing in which shall be stated the matters required to be referred to arbitration shall have been served upon the Postmaster-General

or given to the Company, or left for it at its last-known office or place of business in Wellington, by the one party on the other party, to appoint an arbitrator, such last-mentioned party fail to appoint an arbitrator, then, upon such failure, the party making the request, and having appointed an arbitrator, may appoint such arbitrator to act on behalf of both parties; and such arbitrator may proceed to hear and determine the matters which shall be in dispute, and in such case the award or determination of such single arbitrator shall be final.

30. If, before the matters so referred shall be determined, any arbitrator appointed by either party die or become incapable the party by whom such arbitrator was appointed, his successors in office, or successors or assigns, may nominate and appoint in writing some other person to act in his place; and, if for the space of fourteen days after notice in writing from the other party for that purpose he fail to do so, the remaining or other arbitrator may proceed *ex parte*, and every arbitrator so to be substituted as aforesaid shall have the same powers and authorities as were vested in the former arbitrator at the time of such his death or disability as aforesaid.

31. Where more than one arbitrator shall have been appointed, such arbitrators shall, before they enter upon the matters referred to them, nominate and appoint by writing under their hands an umpire to decide on any such matters on which they shall differ, or which shall be referred to him, and, if such umpire shall die, or become incapable to act, they shall forthwith, after such death or incapacity, appoint another umpire in his place, and the decision of every such umpire on the matters so referred to him shall be final.

32. If in either of the cases aforesaid the said arbitrators shall refuse, or shall for fourteen days after the request of either party to such arbitration neglect, to appoint an umpire the Governor for the time being of the Colony of New Zealand shall, on the application of either party to such arbitration, appoint an umpire, and the decision of such umpire on the matters on which the arbitrators shall differ or which shall be referred to him shall be final.

33. If, when a single arbitrator shall have been appointed, or shall be proceeding *ex parte* under any of the provisions herein contained, such arbitrator shall die or become incapable to act before he shall have made his award the matters referred to him shall be determined by arbitration in the same manner as if no such arbitrator had been appointed.

34. If, where more than one arbitrator shall have been appointed, either of the arbitrators refuse or for fourteen days neglect to act, the other arbitrator may proceed *ex parte*, and the decision of such other arbitrator shall be as effectual as if he had been the single arbitrator appointed by both parties.

35. If, where more than one arbitrator shall have been appointed, and where neither of them shall refuse or neglect to act as aforesaid, such arbitrators shall fail to make their award within three calendar months after the day on which the last of such arbitrators shall have been appointed, or within such extended time (if any) as shall have been appointed for that purpose, by both such arbitrators under their hands, the matters referred to them shall be determined by the umpire to be appointed as aforesaid, and the umpire shall make his award within three calendar months after the time when his duties shall commence, or within such extended time (if any) as shall have been appointed for that purpose by the umpire under his hand.

36. The said arbitrator or arbitrators or their umpire may call for the production of any documents in the possession or power of either party which they or he may think necessary for determining the question in dispute, and may examine the parties or their witnesses on oath, and administer the oaths necessary for that purpose.

37. The cost of every such arbitration and of the award shall be in the discretion of the arbitrator, arbitrators, or umpire, who may direct to and by whom and in what manner the same or any part thereof shall be paid.

38. The arbitration shall take place and be conducted at Wellington; and the arbitrator or arbitrators or the umpire, as the case may be, shall deliver his or their award in writing to the Postmaster-General, who shall retain the same, and shall forthwith, on demand, at their own expense, furnish a copy thereof to the Company, and shall at all times, on demand, produce the said award, and allow the same to be inspected or examined by the Company, or any person appointed by it for that purpose.

39. This submission to arbitration may be made a rule of the Supreme Court of New Zealand on the application of the Postmaster-General or the Company.

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

SIGNED, SEALED, AND DELIVERED by the said as Postmaster-General of New Zealand, in the presence of	}	(L.S.)
The COMMON SEAL of THE UNION STEAMSHIP COMPANY OF NEW ZEALAND (LIMITED) was hereunto affixed in the presence of		
	}	(L.S.)
Directors of the said Company.		

No. 58.

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

SIR,—

General Post Office, Wellington, 3rd April, 1891.

I have the honour to enclose herewith, for execution by your directors, two copies of the San Francisco Mail-service Contract. The Postmaster-General will sign on your returning them,

You will notice that clause 6 has been altered so as to relieve your company of expenses in connection with landing or shipping the mails at Tutuila. The other amendments suggested in your note of the 12th February were discussed at our interview the other day; and it was agreed that the penalties should be identical with those provided for in the contract with the New Zealand Shipping Company for the Direct service. The alterations accordingly have been duly made in the present draft.

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

I have, &c.,

W. GRAY, Secretary.

No. 59.

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

(Telegram).

Dunedin, 8th April, 1891.

RE clause 16 San Francisco mail contract. Mr. McLean states he never agreed to half cost of overland transport of Homeward mails being borne by contractors. See our letter to Postmaster-General, 18th October last.

No. 60.

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

(Telegram.)

Wellington, 9th April, 1891.

FRISCO contract, clause 16: Please see my reply of 25th October to the letter of 18th from your office. Nothing further from your Company. Understood that when resolutions were framed they were tacitly accepted by Mr. McLean.

No. 61.

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

Union Steamship Company of New Zealand (Limited),

Dunedin, 17th April, 1891.

SIR,—

With reference to your telegram of 9th instant, *re* clause 16 in the San Francisco mail-contract, our Chairman, Mr. McLean, will be in Wellington on Monday next, and, as the contract was negotiated by him, he will call upon you for the purpose of discussing the clause referred to.

I have, &c.,

W. Gray, Esq., Secretary,
General Post-office, Wellington.

F. W. WHITSON,
(for Managing Director.)

No. 62.

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

SIR,—

13, Victoria Street, London, S.W., 3rd April, 1891.

I have to acknowledge the receipt of the Postmaster-General's letter of the 24th February (*vide* No. 97).

With regard to that part of the letter saying it would have been impossible to submit any proposal to the House of Representatives until it was known what assistance was to be rendered for the mail-services by the Imperial Treasury, I cannot let this post leave without once more impressing upon the Government the extreme difficulty which that view of the matter will inevitably place in the way of any fresh negotiation that may have to be made on this side. I assure you that if anything has to be done with Her Majesty's Treasury to provide for the expiration of the present temporary arrangements, it will be absolutely necessary that one of two things should be arranged: either that the Government should indicate (as nearly as possible) the nature and extent of the assistance they desire the Imperial Government to give, or that full discretion should be left with the Agent-General to make the best arrangement he can. After what happened last year, when I was obliged to take upon myself the responsibility of settling the matter with the Treasury without any instructions for my guidance, I am persuaded that it would be in vain for me to try it again unless one of the two things is done to which I have just referred.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

No. 63.

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

SIR,—

Premier's Office, Wellington, 28th May, 1891.

I have the honour to acknowledge the receipt of your letter of the 3rd ultimo, with regard to negotiating with the Imperial authorities in connection with the renewal of the ocean mail-services.

I realise the difficulties in which the circumstances of the late negotiations placed you, and sincerely hope they will not recur. You may depend upon receiving the earliest and fullest information and assistance the Government can give.

The Government has already determined to ask Parliament to authorise a renewal, with the present contractors, of the Direct and San Francisco services for a period of three years; and

should this be agreed to, and the contractors fall in with the proposals, you should have little difficulty in negotiating with the Imperial authorities for an extension of existing arrangements. Indeed, you might at once communicate with the Post Office and ascertain definitely whether a three years' extension of the present San Francisco and Direct services on existing conditions would be acceptable.

I have, &c.,

P. A. BUCKLEY,
For the Premier.

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

DIRECT MAIL-SERVICE.

No. 64.

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

(Telegram.)

Wellington, 9th September, 1890.

DIRECT SERVICE.—Urge Imperial Post-office allow one shilling books, fivepence newspapers. House considers Thursday.

No. 65.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 9th September, 1890.

MESSAGE received to-day. Imperial Post Office decidedly refuses, and while the question is still unsettled Fr'isco, will not now advise Imperial Treasury do more than halve Direct subsidy, each retaining postages.

No. 66.

Mr. GRAY to the SECRETARY, New Zealand Shipping Company.

SIR,—

General Post Office, Wellington, 26th September, 1890.

I have the honour, by direction of the Postmaster-General, to forward you six copies of the resolutions agreed to by the House of Representatives on the 13th instant, under which the Government is authorised to renew the existing San Francisco and Direct mail-service contracts for another twelve months.

The Hon. Mr. Mitchelson would feel obliged by your bringing the resolutions under the notice of your Board forthwith, and favour him with an early reply whether the Board is prepared to continue the Direct service on the terms mentioned in section (b) of the third resolution. The existing contract-conditions have been altered in the following particulars: Bonus for early arrival abolished, steamers not liable for penalties except when late delivery of mails exceeds forty-eight hours; and payment of light, harbour, and other dues to be made by the company. I should add that from the statement appended to the original resolutions (which have already been sent you), it is estimated that the payment to your company under the new proposals for the year would amount to £8,605.

I have, &c.,

W. GRAY, Secretary.

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

No. 67.

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

SIR,—

The New Zealand Shipping Company (Limited), Christchurch,

9th October, 1890.

I have the honour to acknowledge receipt of your letter of the 26th ultimo, with copy of the resolutions agreed to by the House of Representatives, authorising the Government to renew the mail-contract with this company for one year.

In reply, I am directed to inform you that the question of renewing the mail-contract is now under the consideration of the directors of this company, but, in consequence of our having received the following cable, dated London, 6th instant, any decision on the matter has been postponed for the present: "Mail-service.—Recommend delay acting pending agreement between Agent-General for New Zealand and the Imperial Government." The writer will be in Wellington early next week, and hopes to have the honour of calling upon you in reference to the above.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post-office and Telegraph Department, Wellington.

No. 68.

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

(Telegram.)

Wellington, 13th October, 1890.

DIRECT SERVICE.—London Board advised New Zealand Shipping Company not contract pending result negotiations yourself Imperial Post Office. What is position?

No. 69.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 13th October, 1890.

DIRECT SERVICE.—Position unchanged. Imperial Post Office still waiting decision Imperial Treasury respecting basis contribution.

No. 70.

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

(Telegram.)

Wellington, 23rd October, 1890.

DIRECT SERVICE.—Urge Imperial Government settle basis payment forthwith. Reply.

No. 71.

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

(Telegram.)

London, 23rd October, 1890.

MESSAGE received. Information is wanted on following points: Which basis urge now, weight or subsidy? What figures satisfactory either case?

No. 72.

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

(Telegram.)

London, 23rd October, 1890.

DIRECT SERVICE.—Since cabling have seen Imperial Treasury again. They will agree contribution proposed by telegram 29th August—namely, twelve shillings pound letters, and half-postage books newspapers, provided you waive surcharge Federal packets and apply universal rate all routes. Instruct whether may accept.

No. 73.

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

(Telegram.)

Wellington, 24th October, 1890.

MESSAGES received. Decision Parliament prevents reduction letter-postage Federal packets. Prepared recommend universal rate next session. If Imperial Treasury satisfied, accept. When will the twopenny halfpenny come into force?

No. 74.

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

(Telegram.)

London, 24th October, 1890.

DIRECT SERVICE.—Message received. Imperial Treasury accepts your promise; but as Imperial Post Office endeavouring to arrange start universal rate first January they insist upon their letters by Federal packets not being surcharged on arrival. Can you arrange this, because if it can be arranged question is settled?

No. 75.

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

(Telegram.)

Wellington, 29th October, 1890.

MESSAGE received. Never intended surcharge Federal packet inward letters. Decision House applies outward letters specially addressed both ways.

No. 76.

Mr. GIBBS to the SECRETARY, General Post-office, Wellington.

New Zealand Shipping Company (Limited), Christchurch,

27th October, 1890.

SIR,—

I have the honour to acknowledge receipt of your letter of the 26th ultimo, with copies of the resolutions agreed to by the House of Representatives under which the Government is authorised to renew the Direct mail-service contract for one year, for which we beg to thank you.

In reply, I am instructed to inform you that the directors will accept the offer of the Hon. the Postmaster-General to renew the mail-contract with this company for one year provided the Shaw-Savill and Albion Company agree to carry the Homeward mails as under the existing contract, and subject to the following modifications:—

(1.) No penalty to be enforced for non-delivery of mails within contract time. In support of this, I beg to point out that the total mail-money which we may expect to receive under this contract amounts only to about £330 per voyage, and for such a payment it is scarcely fair to subject the contractors to penalties, especially as the Government have discontinued the payment of bonuses. The Hon. the Postmaster-General may rely on this company's steamers making as fast passages as

possible in the interests of our passenger-trade. I would also point out that that if any of our steamers are forty-eight hours over present contract time it will be from some cause beyond the control of this company. In such cases, the Hon. the Postmaster-General, under the last contract, generously remitted the penalty. This company would not object to a penalty being enforced if it is shown that the delay in delivery of mails arose from any preventable cause or negligence on its part.

(2.) Clause No. 8 of original contract, which binds the contractors to provide accommodation for sorting mails on board the mail-steamers, to be deleted from the new contract.

(3.) Clause No. 11, under which the contractors are liable to pay cost of recovering lost mails, to be deleted.

(4.) Clause No. 14, the word "intermediate" in the fourth line to be deleted.

(5.) Clause No. 20, providing for accommodation for mail-officers to be deleted.

(6.) Clause No. 21, relating to mail-officers, to be deleted.

(7.) Clause No. 29: The amount of liquidated damages (£7,500) in this clause was fixed when the subsidy was equal to £30,000 per annum, and we think should be reduced to, say £1,500.

(8.) Clauses 6 and 7 of the Articles of Agreement dated the 12th November, 1889, to be embodied in the new contract.

We shall be glad if you will place the above before the Hon. the Postmaster-General for his consideration.

With regard to the conveyance of the Homeward mails, we understand the representatives of Shaw-Savill and Albion Company have not yet received authority to enter into a contract except on the same terms as the existing contract, and that it will be necessary to obtain from London the consent of Shaw-Savill and Company before committing that company to carry the Homeward mails on the terms of the proposed contract.

We beg to point out that in the interests of the frozen-meat trade it is not possible for this company to carry out the whole of the proposed contract alone, unless the Hon. the Postmaster-General can see his way to alter the dates of despatch of the Homeward mails *via* San Francisco by putting the steamers of that service back a fortnight, and allowing this company's steamers to be despatched from the colony with the Homeward mail, continuing present time-table dates.

You will doubtless remember that under the first contract, this company, when carrying both outward and Homeward mails, had not sufficient time in London for discharging, loading, and properly overhauling machinery, hence the necessity for an alteration in the San Francisco time-table if the Shaw-Savill and Albion Company do not see its way to continue to carry the Homeward mails.

I have, &c.,

ISAAC GIBBS, Secretary.

The Secretary, Post and Telegraph Department, Wellington.

No. 77.

The SECRETARY, General Post Office, to the SECRETARY, New Zealand Shipping Company, Christchurch.

(Telegram.)

Wellington, 31st October, 1890.

DIRECT SERVICE.—Your letter of 27th has been considered by Postmaster-General. Mr. Mitchelson assumes, as a matter of course, that the Shaw-Savill Albion Company will join yours in carrying on the service. Contract to be made with your company alone. To your suggested modifications I am desired to reply as follows:—Number 1: Cannot be agreed to. Post Office must have power to enforce penalty for late delivery of mails, otherwise companies would frequently find it advantageous to take a maximum number of days on any voyage, thereby destroying real usefulness of the service, and diverting large proportion of correspondence to Brindisi-Naples routes. Numbers two, four, five, six, and eight agreed to. Number three: Postmaster-General unable to consent to excise clause eleven of original contract. Contractors should be obliged to take immediate steps to recover mails; the cost, however, to be shared by Post Office. Number seven: Amount in clause twenty-nine to be reduced to three thousand pounds.

Mr. Mitchelson hopes it may be possible to put draft contract in hand by Monday next. Time-table (an extension of existing one) should be issued immediately, and I should like to be able cable London on Monday.

No. 78.

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

SIR,—

General Post Office, Wellington, 31st October, 1890.

I have the honour, by direction of the Postmaster-General, to acknowledge the receipt of your letter of the 27th instant, in reply to mine of the 26th ultimo, in which you intimate that your directors accept the offer of the Postmaster-General to renew the contract for the Direct mail-service for twelve months, provided that the Shaw-Savill-Albion Company agree to carry the Homeward mails as provided under the existing contract, and subject to the modifications set forth in your letter.

In confirming my telegram of to-day's date (a copy of which I beg to enclose), I am to express the hope that the concessions agreed to be made by the Postmaster-General may be acceptable to your directors, and that it will be possible to have everything ready for preparing the draft-contract and for issuing the time-table by Monday next.

I have, &c.,

The Secretary,

W. GRAY, Secretary.

New Zealand Shipping Company (Limited), Christchurch.

No. 79.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office,
Wellington.

(Telegram.)

Christchurch, 31st October, 1890.

OUR London Board think we are better without contract than on the terms named in resolutions passed by Parliament. The Colonial Board are prepared to take the responsibility of entering into a contract on the terms stated in our letter of twenty-seventh instant, but we regret we do not see our way to agree to pay penalties or recover lost mails. With regard to clause twenty-nine, we will not object to make the amount three thousand pounds.

No. 80.

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

SIR,—

General Post Office, Wellington, 1st November, 1890.

I have the honour to forward you copies of cablegrams to and from your office in connection with the continuance of the Direct mail-service.

I was surprised to find from your cable of the 24th ultimo that the Imperial Government was under the belief that letters received in New Zealand by the Federal packets were to be surcharged on delivery. I am at a loss to understand why such an erroneous conclusion had been arrived at, as it has never been the policy of this department to penalise the inward letters by the Brindisi-Naples routes. I hope the cable in reply made it quite clear that the inward letters were not to be subjected to any surcharge.

I have, &c.,

E. MITCHELSON, Postmaster-General.

The Agent-General for New Zealand, London.

No. 81.

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

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

19th September, 1890.

SIR,—

I duly received your telegram of the 13th instant, stating that the House of Representatives had approved the renewal of both the San Francisco and Direct mail-services for twelve months, and had also adopted the 2½d. rate of postage for letters by those routes, the old 6d. rate being retained for letters specially marked *via* Suez.

Upon receiving your previous telegram of the 9th instant, directing me to apply for an allowance of 1s. per pound for books, and 5d. for newspapers sent from London by Direct steamer, I went to the Post Office and urged your request, but was met at once by a decisive refusal. All the same, I sent in a formal letter asking for those rates to be conceded; but as this could not be done with any chance of success without proposing a rate of some kind for letters, and, as I gathered from the tenor of your messages that 12s. a pound would be accepted by you, I suggested it in my letter to the London Office.

The position, however, was no longer the same as when I cabled to you on the 29th August. Although I could only then tell you of the definite arrangement that had been come to for San Francisco, the moment was propitious for getting both services settled, if it could have been done at once. The negotiations had been brought to a point for San Francisco on the principle of finding a fair basis of Imperial contribution, rather than of calculating what basis would be most profitable, and, while I could not but think you would regard the Treasury offer as an advantageous one for the colony, there seemed a reasonable prospect of a favourable arrangement being also made for the Direct service on the same basis of payment by weight. But in the interval between my messages of the 29th August and yours of the 9th September, the aspect of things had changed, the figures had been worked out, and I found that while in any case the basis of payment by weight would not be agreed to for the Direct service so long as the San Francisco question was unsettled, payment by sharing subsidy would perhaps be insisted upon for the Direct line if the San Francisco service was renewed. In replying, therefore, to your telegram of the 9th September, it was evident that my own message must convey an intimation to you of the difficulty that had arisen, and when, next day, your reply came that Parliament had been asked to renew both services on the basis of my two previous messages of the 29th August, it was equally clear that I must advise you to keep a margin for further negotiation, in the case of the Direct service, on the alternative plans of payment by weight or by subsidy. I accordingly cabled that recommendation to you the same day, 10th September.

I propose now to wait, before taking any further step, until I know the terms of the resolution which the House has passed; because, supposing the ground to be left open for negotiation, and supposing the London Office to refuse altogether the basis of payment by weight for the Direct service, I assume that it would still be necessary for New Zealand to ask that the apportionment of the Direct subsidy as between the two countries should be made on the same principle as was agreed to in the case of the Australian Federal packets, namely, the relative amount of mail-matter sent by each country.

A Reuter telegram from Washington, in the *Times* of 12th instant, announced that the United States Post Office was to move in Congress for a reduction of the transit rates, so as to help the San Francisco service. I presume this does not affect the definite contribution of £12,000 offered

by the United States. Of course you will have seen from my messages, that whatever may be the American contribution it will come in aid of your San Francisco subsidy, and the Imperial Government makes no claim in respect of it.

Copies of telegrams, and of my letters to the London Office are annexed.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

Enclosure 1 in No. 81.

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

SIR,— 13, Victoria Street, S.W., London, 10th September, 1890.

In the letter which I had the honour of addressing to you on the 29th August respecting the ocean mail-services between this country and New Zealand, I expressed the hope that I might be enabled, in addition to the offer of the Lords Commissioners of the Treasury for the San Francisco service, to cable to my Government the basis which their Lordships would be willing to adopt in regard to the alternating service by Direct steamer.

The time was even then very near for the session of the New Zealand Parliament to close; and, as my Government had not had the advantage of knowing their Lordship's views in regard to the Direct service, it became necessary to settle the proposals to be submitted to the Legislature, so that the question of accepting Mr. Goschen's proposal of the universal rate of postage might be definitely settled before the prorogation.

Accordingly, as regards the San Francisco service, the House of Representatives will be invited to sanction its renewal, upon the basis laid down by their Lordships and defined in Mr. Rea's letter to me of 28th August. As regards the Direct service, the House will also be asked to provide for its continuance, on the basis of a similar allowance being made to the colony for the conveyance of letters as their Lordships offered in the case of San Francisco—namely, 12s. per pound, together with an allowance of half-postage on books and newspapers despatched from this country. Resolutions to the above effect will accordingly be brought down in the House of Representatives to-morrow.

Under these circumstances I trust that the Postmaster-General may be able to recommend the Lords of the Treasury to sanction the basis above mentioned for the Direct line, so that the ocean mail-services by both routes may be finally arranged.

I am, &c.,

The Secretary, General Post Office.

F. D. BELL.

Enclosure 2 in No. 81.

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

SIR,— 13, Victoria Street, London, S.W., 15th September, 1890.

In continuation of my recent letters respecting the ocean mail-services between this country and New Zealand, I beg to inform you that I have to-day received a cable message from my Government, stating that the House of Representatives have approved of the renewal, for twelve months, of the existing services *via* San Francisco and by Direct steamers, and have also approved of the postage on letters by those routes being fixed at 2½d. The message further states that the postage *via* Suez will continue to be 6d., restricted to letters specially marked by that route.

I have, &c.,

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

F. D. BELL.

No. 82.

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

SIR,— General Post Office, Wellington, 28th November, 1890.

I have the honour to acknowledge the receipt of your letter, of the 19th September last, in which you give a *résumé* of your negotiations with the London Post Office in connection with the decision of this colony to renew the San Francisco and Direct mail-services for another twelve months.

I have, &c.,

The Agent-General for New Zealand, London.

FRED. WHITAKER,

For Postmaster-General.

No. 83.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 28th November, 1890.

WE are in receipt of cable intimating that the London Board of this company and Shaw-Savill agree to renew the mail contract for one year on the terms already agreed with you, provided no penalty is enforced in the event of accident to or loss of any steamer carrying the mails. We trust the Postmaster-General will see his way to agree to this slight modification, and finally settle the matter.

No. 84.

The SECRETARY, General Post Office, to the SECRETARY, New Zealand Shipping Company,
Christchurch.

(Telegram.)

Wellington, 29th November, 1890.

WIRED Postmaster-General copy of your telegram of yesterday, which he was exceedingly pleased to receive. Mr. Mitchelson agrees to waive penalties in the case of an accident to or loss of steamers conveying the mails. I am indeed glad the matter is settled.

No. 85.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office,
Wellington.

(Telegram.)

Christchurch, 1st December, 1890.

THANKS for your telegram. Will you kindly have draft contract prepared and forward to us for signature.

No. 86.

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

(Telegram.)

Wellington, 1st December, 1890.

RENEWAL Direct service just settled with New Zealand Shipping Company. Present time-table extended. Inform Imperial Post Office.

No. 87.

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

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

17th October, 1890.

SIR,—

I received in due course your telegram of the 9th instant, stating that the contractors for the San Francisco mail-service had agreed to a renewal for twelve months at the existing time-table, and that you expected soon to settle a renewal of the Direct service also.

In communicating this to the London Office, I took occasion to ask again for a decision as to the Imperial contribution to the Direct service, but was told, in reply, that none had yet been given by the Treasury. Copy of the correspondence is annexed.

A few days before your telegram arrived, Mr. Strickland, of the New Zealand Shipping Company, came to me respecting a telegram that had been received by the Shaw-Savill and Albion Company to the effect that Government had decided to adopt the basis of payment by weight, and had offered rates of 12s. per pound for letters, 6d. for books, and 3d. for newspapers, but with penalties for late delivery if forty-eight hours beyond time. The London Boards of the companies objected to these rates, especially considering the liability to penalties, and I understood it was proposed to send a cablegram to the colonial Boards recommending the rejection of your offer. I strongly advised them not to reject it, but rather to wait a little, as negotiations were still pending with the London Office as to the contribution of that office to the direct line.

On the 13th instant your message was received stating that the London Board of the New Zealand Shipping Company had advised the Colonial Board not to contract for the service while the negotiations with the London Office were pending, and asking what the position was; to which I replied the same day that the position was unchanged, as the London Office was still awaiting the directions of the Treasury respecting the basis of contribution. Thereupon I sent for Mr. Strickland, who explained that the London Board had only cabled to "delay action"; but my advice to both the companies was not to delay any longer making up their own minds here, but either to accept your offer or say definitely what they wanted instead.

The text of the resolutions in Parliament in regard to both the ocean services has not yet been received here, but will no doubt arrive by the next mail. Meanwhile the delay of the Imperial Treasury in coming to a decision is not likely to do harm, as (unless some new proposal turns up) their choice merely lies between conceding the rates asked for in my letter of the 10th September or contributing half a subsidy of £15,000 as asked by the companies up to the end of August.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

P.S.—I have just received a telegram from Mr. Strickland saying, to my great surprise, that the Shipping Company had cabled to you to-day, to the effect that they would renew the contract for another year on the same terms as the present ones. This is quite contrary to the advice I gave.—F. D. B., 17th October.

Enclosure 1 in No. 87.

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

SIR,—

13, Victoria Street, S.W., 9th October, 1890.

I have received a cablegram from my Government 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.

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

October), saying that you had never intended to surcharge inward letters, and that the House of Representatives' resolutions only applied to letters specially addressed by Naples or Brindisi; and, simultaneously, the "Doric's" mail also brought me your letter of 18th September, with the actual resolutions passed. If these things had only been known here before the matter would have been settled long ago.

In the meantime, however, the official letter had come in from the Post Office, conveying the decision of the Treasury; and, not having received your answer up to the 27th, it had to be answered the best way I could. You will see how positively the condition for withdrawal of the surtax was expressed, and how absolutely the London Office stipulated to be free to send correspondence by all routes at the universal rate, while the colony was not to favour any particular route by surtaxing letters from this country: but you will also see that I replied there must be no change in the existing practice of only sending correspondence by Federal packet when specially so marked. Fortunately I have now been able to tell the Post Office that their letters at any rate will not be surtaxed, and there is an end of the long trouble at last.

In replying to the London Office, it seemed also necessary to ask what provision they proposed to make, when the universal rate comes into force, for sending on the Suez letters from Australia; this is a serious matter, and will have to be the subject of a special negotiation. There are also several other things to be settled here. You will have seen from my cable of 24th instant, that the London Office is trying to bring the universal rate into force on the 1st of January, 1891, and Sir A. Blackwood has now asked the Agents-General to meet him upon the following points: (1) Postage on post-cards; (2) charge on unpaid or insufficiently prepaid correspondence; (3) termination of the existing agreements with France and Italy; (4) special train through France and Italy for Homeward mails; (5) position of Fiji and New Guinea. And no doubt other points of detail will also turn up during the proposed discussion, for which provision will have to be made. The meeting is to take place at the Post Office early next week.

I now turn to the subjects mentioned in your letter of the 18th September, received the 29th of October.

On reading the resolutions, I see that the Imperial Treasury is assumed to have then agreed to the rates to be allowed for the Direct service; this was of course a mistake, but fortunately their acceptance of those rates now makes it of no consequence.

Then, as regards the provision that all receipts from the Imperial Post Office are to be paid over to the contractors, it is also fortunate that the Imperial contributions had been settled here before any mention of this provision reached me, as there is reason to believe it might have defeated the arrangements altogether. You also say in your letter of the 18th September that your cable of the 9th September had been sent in the interest of the contractors, and that you hoped favourable consideration may yet be given to the appeal for an increased rate in the case of books and newspapers. But I would strenuously advise you, now that the rates have been settled, not to raise that question again, as I am very sure that if there had been any chance of an augmentation, it would not be made for the contractors now.

As the policy of New Zealand in respect to the Federal service is of course affected now by the condition attached to the Imperial contribution, and by your engagement to recommend the adoption of the universal rate next session, it is only necessary to say here that I shall insist on letters being only sent by Federal packet when specially so marked. Any other course would, in fact, be a virtual defeat of the agreement; and though the official answer has not yet come I do not anticipate any difficulty in the matter.

The figures on the second page of the Supplementary Order Paper of the 9th September do not appear to be clear, and at any rate do not tally with the estimates of the London Office. According to these estimates, the result would, in round numbers, be as follows—on the basis of the mails of 1889:—

- (1.) *For San Francisco.*—The sum payable to New Zealand for letters would come to about £4,300, and the land-transit rate payable by the colony to America to about £3,800.
- (2.) *For the Direct service.*—Taking the weight of letters at 6,200lb., the letters at 12s. a pound would come to about £3,700, and taking the gross postage on newspapers and books at £5,400; the half-postage would come to about £2,700: therefore the payment would be altogether about £6,400.

Perhaps your officers would be good enough to let me have the details on which their figures in the Supplementary Order Paper were based.

It only remains to notice the words "Postal Union sea-rates" in my cable of the 29th August. Those words might just as well have been left out, as the amount of sea-rate does not affect the arrangement. London brings the whole mail on from New York, and the colony has nothing to do with the Atlantic transit.

In conclusion, I have noticed in Press extracts that, as regards the San Francisco service, you had demanded £10,000 from New South Wales for the concession of letting Sydney remain the terminal port, and also that the contractors had accepted the rates fixed by the House; but up to this moment I know nothing of what has been settled for the Direct service, except that I heard to-day of a cable having come to the Shaw-Savill and Albion Company saying that the contract was renewed for the outward service only. If this is true it is very grave, as the Imperial contribution was not supposed to be for anything but a regular service both ways, and would very likely have been declined altogether for a service only one way; but surely there must be some mistake, which your next news will clear up.

Copies of the telegrams and correspondence that have passed are annexed.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

Enclosure 1 in No. 89.

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

SIR,—

General Post Office, London, 24th October, 1890.

I am directed by the Postmaster-General to inform you that the purport of your letters of the 29th of August last and subsequent dates has been communicated to the Lords Commissioners of Her Majesty's Treasury, from whom a reply has just been received.

Their Lordships note that the New Zealand House of Representatives has decided to renew for twelve months the existing services, *via* San Francisco and by Direct packet to and from Plymouth (the two services giving a fortnightly means of communication), and to reduce to 2½d. the postage on letters sent by those two routes, maintaining at 6d. the letter-postage *via* Suez.

It is, of course, inferred from your letter of the 10th September that the San Francisco service has been resumed on the basis of the new terms of apportionment fixed by the Treasury; and upon that assumption their Lordships consent to the payment of 12s. a pound for outward letters and half the postage on outward books and newspapers sent by the Direct route from Plymouth for one year. As, however, in the opinion of the Postmaster-General and the Lords of the Treasury, it is very objectionable that a different rate for Homeward correspondence sent by the Imperial contract line *via* Suez should be enforced, it has been decided that this continued support by Her Majesty's Government of the Direct sea-service must be absolutely conditional on the withdrawal of this restriction. It must also be clearly understood that this department remains perfectly free to send correspondence by all routes at a uniform rate, and that no attempt will be made in New Zealand to favour particular routes by taxing letters from this country on delivery when properly prepaid.

I am, &c.

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

S. A. BLACKWOOD.

Enclosure 2 in No. 89.

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

SIR,—

13, Victoria Street, London, S.W., 27th October, 1890.

I have to acknowledge the receipt of your letter of the 24th instant, containing the decision of the Lords Commissioners of Her Majesty's Treasury in regard to the Imperial contribution to the Direct mail-service between this country and New Zealand.

I note that this decision is given on the assumption that the San Francisco service has been renewed upon the basis of the new terms of apportionment fixed by the Treasury, as defined in Mr. Rea's letter to me of 28th August. It was intended by my letters of 10th and 15th September to intimate that my Government had accepted those terms.

A condition is, however, attached for the Direct service arrangement, that New Zealand is to give up her differential rate for Homeward correspondence sent by the Imperial contract line *via* Suez, and that while the London Office is to remain perfectly free to send correspondence by all routes at a uniform rate, New Zealand is not to favour particular routes by taxing letters from this country (if properly prepaid) on delivery. With regard to this condition, I beg leave to represent that my Government find themselves unable to abolish the differential Suez rates at present, because the vote of the New Zealand Legislature, sanctioning the renewal of the San Francisco and Direct services, and the adoption of the "universal rate" of 2½d. by those routes, was accompanied by a proviso retaining the 6d. rate *via* Suez, which I had the honour to inform you of on the 15th September. But in response to the wish of Her Majesty's Government, my Government engage to recommend the Legislature, at its next session, to adopt the "universal rate" for all routes; and I do not permit myself to doubt that this engagement will be deemed satisfactory, seeing that the Treasury's decision was not given till after the prorogation, and there was, therefore, no opportunity of bringing the matter before the Legislature. I assume that it is not intended, by the condition, to make any change in the existing practice of only sending correspondence for New Zealand by the Federal packets when specially so marked. A question, however, arises out of the condition, which it was my intention to submit to the Postmaster-General later on, if the New Zealand differential rate had not been brought into the present arrangement for the Direct service. What provision does the London Office propose to make, when the universal rate comes into force, for sending on from Australia whatever correspondence destined for New Zealand they may forward by the Federal packets? Obviously this will require adjustment, because the rates hitherto charged to New Zealand, as a non-contracting colony, for the use of the Federal service could not be continued after the universal rate is established, and I am not supposing the London Office to mean that the sea transit from Australia of any correspondence they may send by Suez is to be borne by New Zealand.

I am, &c.,

The Secretary, General Post Office, E.C.

F. D. BELL.

Enclosure 3 in No. 89.

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

SIR,—

13, Victoria Street, London, S.W., 29th October, 1890.

With reference to the condition attached to the arrangement for continuing the Direct mail-service—namely, that letters from this country despatched by the Imperial contract line *via* Suez should not be taxed on delivery, I am now able to state that it was not intended to tax such letters, and whenever the universal rate comes into force they will be delivered on arrival in New Zealand without any surcharge. The resolution of the New Zealand House of Representatives for continuing a 6d. rate *via* Suez only applied to outward letters from the colony, specially addressed for the

Federal packets; and this the House will now (as stated in my letter to you of the 27th instant) be invited to withdraw, so that the universal rate may apply to all routes. I trust this assurance will be entirely satisfactory to Her Majesty's Government.

The Secretary, General Post Office, E.C.

I am, &c.,

F. D. BELL.

Enclosure 4 in No. 89.

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

SIR,—

13, Victoria Street, London, S.W., 30th October, 1890.

The arrangements which have been pending for some time between Her Majesty's Government and the Government of New Zealand for the renewal of the ocean mail-services *via* San Francisco and by Direct steamer having been brought to a conclusion, I have received the commands of my Government to express their high appreciation of the liberality with which New Zealand has been treated in the settlement of the question: and I have now to beg the favour of your conveying their best thanks to Mr. Raikes for the recommendations he has been pleased to make to the Treasury.

I am, &c.,

F. D. BELL.

The Secretary, General Post Office, E.C.

Enclosure 5 in No. 89.

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

SIR,—

General Post Office, London, 30th October, 1890.

In view of the possibility that it may be found expedient to carry into effect at very short notice the scheme for reducing the letter-postage between this country and the Australasian Colonies, I have to inquire whether it would be convenient to you to arrange, in concert with your colleagues representing the other Australasian Colonies, an early meeting at the Post Office, to consider with me certain points that require settlement. These are: (1) The postage on post cards; (2) the manner of charging unpaid and insufficiently prepaid letters and cards; (3) the agreements with France and Italy, requiring notice of termination before the postage from the Colonies to the Continent of Europe can be reduced; (4) the use of the special train service through France and Italy for the Homeward mails; (5) the position of Fiji and New Guinea in respect of reducing postage. Perhaps you will kindly let me know the day and hour at which it will be convenient for you and your colleagues to call here.

I am, &c.,

S. A. BLACKWOOD.

Sir F. D. Bell, K.C.M.G., C.B.

No. 90.

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

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

SIR,—

1st November, 1890.

Permit me to express my thanks for the generous terms in which the Cabinet has been pleased to approve of the part I have had in bringing about the settlement with her Majesty's Government for the ocean mail-services. It was impossible not to be sensible all along of the embarrassing position you were in, and of the extreme inconvenience caused by your long suspense. But you will have seen that my own task was not an easy one, and that only by great patience and care was there ever any hope of the negotiations being brought to a successful issue. The most difficult part of them, indeed, was that you had not found yourself able to send me instructions of any kind, so that there was no escape from having to take a great responsibility upon myself, as has so often had to be done before in many other cases. Happily it all ended in an arrangement very favourable to the colony, and I was glad to read of the "chorus of congratulations" you received in Parliament.

It was also a pleasure to receive your commands to express to Her Majesty's Government the appreciation of New Zealand for the liberality with which she has been treated. A copy of my letter to the Treasury is annexed, and you may be sure it was welcome there. Nor are the Imperial Government, on their part, less sensible of the prompt response made by the colony to their proposals for reducing postage to the universal rate; and this will not be forgotten, when a more permanent arrangement for the ocean-services must take the place of the present makeshift for twelve months.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 90.

The AGENT-GENERAL to the SECRETARY, Treasury, London.

SIR,—

13, Victoria Street, London, S.W., 30th October, 1890.

The arrangements which have been for some time under the consideration of the Lords Commissioners of Her Majesty's Treasury for the renewal of the ocean mail-services between this country and New Zealand having now been brought to a conclusion, I have received the commands of my Government to express their high appreciation of the liberality with which New Zealand has been treated by Her Majesty's Government in the settlement of the question. I beg you will be pleased to convey this expression to their Lordships.

I am, &c.,

F. D. BELL.

The Secretary of the Treasury, Whitehall.

6—F. 4.

No. 91.

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

Westminster Chambers, 13, Victoria Street, London, S.W.,
5th November, 1890.

SIR,—

The enclosed letter from the Imperial Post Office completes the record on this side of the new arrangements for continuing the ocean mail-services.

The condition is still maintained that the differential 6d. rate *via* Suez is to be abolished next session, but the rate can be collected until then. The special address for letters sent by this country *via* Suez is maintained, at all events during the year for which the new arrangements are made. And the existing allowance of $\frac{1}{2}$ d. a letter, and 3s. a hundredweight printed matter, is continued to New Zealand for sea-conveyance from Australia of correspondence sent by the Federal packets.

Since the last mail left, the manager of the Shaw-Savill and Albion Company came to me to explain what had passed on this side between the two shipping companies. I strongly advised the Shaw-Savill and Albion Company to accept at once the terms you had offered for the Homeward service; and I hope they will cable to their agents at Wellington to do so.

The Postmaster-General, Wellington.

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

Enclosure in No. 91.

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

SIR,—

General Post Office, London, 4th November, 1890.

I have laid before the Postmaster-General your three letters of the 27th, 29th, and 30th of October, relative to the newly-authorized arrangements concerning the New Zealand mail-service.

Mr. Raikes notes that the vote of the New Zealand Legislature sanctioning the renewal of the San Francisco and Direct sea-services, and the adoption of the $2\frac{1}{2}$ d. rate, was accompanied by a proviso retaining the 6d. rate on letters forwarded from the colony *via* Suez, and that this proviso can only be rescinded by the Legislature; but that the Colonial Government undertake to recommend the Legislature at its next session to adopt the $2\frac{1}{2}$ d. rate for all routes. Under this assurance, whenever it may be found expedient to carry out the reduction as regards Australia, New Zealand can be included in the arrangement, the colony being left to collect for a short time the 6d. rate on the trifling amount of correspondence sent thence *via* Suez, so as to give the Legislature time to sanction the reduction of the rate by that route to $2\frac{1}{2}$ d. You will, of course, understand that the eventual reduction remains a condition of the support which the Postmaster-General has been authorised by the Treasury to give to the packet service *via* Plymouth for a year.

In regard to the special address required for letters sent from this country to New Zealand *via* Suez, I am to add that, while retaining its freedom in this matter, the Imperial Post Office has not any intention of abolishing the special address restriction, at all events during the year for which the new arrangements are conditionally authorised.

In regard to the question, what provision this Office proposes to make for sending on to New Zealand the correspondence conveyed by the Imperial packets as far as Australia, I am to state that the present arrangement would remain in force; this department providing the service to Australia, and paying the New Zealand Post Office at the rate of $\frac{3}{4}$ d. a letter, and 3s. a hundredweight for printed papers, &c., for the sea-conveyance from Australia to New Zealand.

Sir F. D. Bell, K.C.M.G., C.B.

I have, &c.,
S. A. BLACKWOOD.

No. 92.

THE AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

Westminster Chambers, 13 Victoria Street, London, S.W.,
28th November, 1890.

SIR,—

With reference to what I said in previous letters as to the intentions of the New Zealand Shipping Company and the Shaw-Savill and Albion Company in regard to the Direct service, I am glad to say that I have now been informed that both companies have authorised a contract to be concluded for the service both ways for one year.

The Hon. the Postmaster-General, Wellington.

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

No. 93.

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

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

SIR,-- 6th December, 1890.

I received in due course your telegram of the 1st instant, stating that the arrangements for the renewal of the Direct ocean mail-service had just been completed with the New Zealand Shipping Company, and I at once informed the Imperial Post Office to that effect.

The Post Office have inquired whether the despatch of the mail to be made on the 12th instant by Direct steamer, and also the next despatch *via* San Francisco, will be made under the old or new contracts. By the agreement of the 12th November, 1889, between yourself and the New Zealand Shipping Company, it was provided that the service was to commence with the despatch of the "Rimutaka" from Plymouth on the 14th December, 1889, since which date thirteen outward voyages have been made. I have therefore told the Post Office that the mail by the s.s. "Tongariro" on the 12th instant will be made under the renewed contract, and that the next mail *via* San Francisco will be also under the renewed agreement.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 94.

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

SIR,— General Post Office, Wellington, 23rd February, 1891.

I have the honour to acknowledge the receipt of your letter of the 17th October last, and of the enclosures thereto, on the subject of the renewal of the San Francisco and the Direct mail-services.

I have, &c.,

P. A. BUCKLEY,

For the Postmaster-General.

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

No. 95.

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

SIR,— General Post Office, Wellington, 24th February, 1891.

I have the honour to acknowledge the receipt of your letter of the 31st October last, and of the copy of correspondence which you enclosed therewith, detailing the concluding negotiations between yourself and the Imperial Post Office in relation to the renewal of the San Francisco and Direct mail-services—particularly the latter.

The Government regrets the difficulty you were in for want of fuller information, but it was itself in great doubt as to the course Parliament would take on the subject of the renewal. It would have been impossible to submit any proposal to the House of Representatives until it was known what assistance was to be rendered by the Imperial Treasury. As soon as it was possessed of this information the Government acquainted you with its views and intentions. However, it is a matter for congratulation that you were able to secure an acceptable arrangement with the Imperial authorities in the absence of definite information.

With respect to the figures given in the Supplementary Order Paper of the 9th September, and their difference from those of the London Office, I have to inform you that the calculations of this office were based on the paid correspondence from London only. This rule has been followed for years past, so as to keep the annual report and various returns in harmony. That is to say, the foreign and unpaid correspondence are left out of the statements as unessential. The greatest difference between the two statements now considered is one of £236, owing to the omission of the foreign and unpaid correspondence merely, in a year.

I have, &c.,

P. A. BUCKLEY,

For the Postmaster-General.

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

No. 96.

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

SIR,— General Post Office, Wellington, 26th February, 1891.

I have the honour to acknowledge the receipt of your letter of the 5th November last, enclosing copy of one of the previous day from the Imperial Post Office on the subject of the new arrangements for continuing the ocean mail-services. As you say, it completed the record on your side of those arrangements.

I have, &c.,

P. A. BUCKLEY,

For the Postmaster-General.

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

No. 97.

AUTHORITY for the Hon. the POSTMASTER-GENERAL to enter into a Contract with the New Zealand Shipping Company (Limited).

To the Hon. Joseph George Ward, 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, Joseph George Ward, 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 eleventh day of December, 1890; 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 ninth day of February, 1891.

ONSLOW, Governor.

No. 98.

AGREEMENT BETWEEN THE NEW ZEALAND SHIPPING COMPANY LIMITED AND THE POSTMASTER-GENERAL OF NEW ZEALAND.

ARTICLES of AGREEMENT made and entered into this fourteenth day of April, 1891, between the Honourable JOSEPH GEORGE WARD, the Postmaster-General of the Colony of New Zealand, appointed under the provisions of "The Post Office Act, 1881," and acting for and behalf of the Government of the said colony, of the one part, and THE NEW ZEALAND SHIPPING COMPANY LIMITED, carrying on business at Christchurch, in the said colony (hereinafter referred to as "the company"), of the other part: Witness that, for the consideration herein set forth, the company doth, for itself, its successors and assigns, hereby covenant with the said Postmaster-General and his successors; and the said 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. IN the construction of these presents the following words and expressions shall, unless inconsistent with the context, have the meanings hereby assigned to them:—

"Postmaster-General" means the Postmaster-General for the time being of the Colony of New Zealand, and includes also any member of the Executive Council of the colony acting for and on behalf of the Postmaster-General:

"Company" means the New Zealand Shipping Company Limited, and includes its successors and assigns:

"Mails" include all boxes, bags, or packets of letters, newspapers, or printed papers, patterns, and all other articles transmissible by means of the Post Office, without regard either to the place to which they may be addressed or to that in which they may have originated, and also all empty bags, empty boxes, and other stores and articles used or to be used in carrying on the Post Office service:

"Mail" means the aggregate of mails transmitted at any one time by any of the vessels for the time being employed in the mail service under this contract:

"Hours" mean hours calculated according to Greenwich time:

"Master" includes any officer for the time being having command or charge of any steam-vessel employed in performing this contract.

2. The company shall from time to time, and at all times hereafter during a period of twelve calendar months computed from the eleventh day of

December, 1890 (unless previously terminated in pursuance of the provision for that purpose hereinafter contained), 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 hereinafter mentioned may call, as hereinafter provided, or of any such ports, within the times and in the manner provided for.

3. So long as the whole or any part of the services hereby agreed to be performed in pursuance of this contract ought to be performed, the company shall and will provide, and keep seaworthy and in complete repair and readiness for such a purpose, the steam-vessels known by the names of the "Ruapehu," "Tongariro," "Aorangi," "Kaikoura," "Rimutaka," "Arawa," "Tainui," "Doric," "Ionic," and "Coptic," respectively, and any other steam-vessels that may from time to time be lawfully used for the purposes of this contract: Provided that should any of the said steam-vessels become disabled through tempestuous weather, or by reason of accident beyond the control of the company, the company may—

(1.) Either provide and equip a steam-vessel or steam-vessels as a substitute or substitutes, capable of performing the voyage within the time specified, and any substitute vessel shall not (except in any special case with the permission in writing of the Postmaster-General) be of less gross tonnage than 2,500 tons, and all the provisions of this contract, so far as applicable, shall extend to any such substitute vessel as aforesaid during the period she is necessarily used for that purpose; or

(2.) 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 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.

4. The said steam-vessels, and all other steam-vessels to be employed under this contract, shall be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, and all other necessary nautical and other appliances necessary for equipping the said vessels and rendering them constantly efficient for the performance of the voyages within the times hereinafter specified and for the service hereby agreed to be performed, and also manned and provided with competent and legally-qualified officers, the master having ample experience in command of screw steam-vessels, and with a sufficient number of efficient engineers and a sufficient crew of able seamen and other men, and with a competent surgeon.

5. The Postmaster-General shall have full power, whenever and as often as he thinks requisite, by any of his officers or agents, to survey all or any of such vessels and the hulls thereof, and the engines, machinery, and tackle, boats, and all other nautical and other appliances as aforesaid; and any defect or deficiency that may be discovered on any such survey shall be forthwith repaired or supplied by the company; and for the purposes aforesaid the said vessels shall, if necessary, be opened in their hulls whenever the Postmaster-General or any of his officers or agents may require.

6. If any such vessel or any part thereof, or any engines, machinery, tackle, boats, or nautical or other appliances as aforesaid, shall on any such survey be declared by the officers or agents of the Postmaster-General to be unseaworthy or not adapted to the service hereby agreed to be performed, every vessel which shall be so disapproved of, or in which such deficiency or defect shall appear, shall be deemed insufficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of mails until such defect or deficiency has been repaired or supplied to the satisfaction of the Postmaster-General or his officer or agent requiring the same.

7. The company shall provide, to the satisfaction of the Postmaster-General, on board all steam-vessels employed under this contract, safe and convenient places, secured against vermin, and otherwise secured, as places of deposit for the mails, with all necessary locks and fastenings, and shall be liable for all damage or injury to any of the mails from whatever cause the same may arise, except fire, the act of God, or the Queen's enemies.

8. The company shall be responsible for the safe custody of all mails (except as before provided), and the master shall, on its behalf, do all things necessary for the safe delivery of such mails and every part thereof, and also for obtaining proper receipts or acknowledgments for such delivery; and, upon being required thereto by the Postmaster-General or by the Postmaster-General of Great Britain, or any of the officers or agents of either of such Postmasters-General, the master or any of the officers of any of the said steam-vessels shall make any postal declaration required by any law or regulations relating to the postal services of Great Britain or of the Colony of New Zealand.

9. The master of any such steam-vessel shall also, on being required by the Postmaster-General, furnish an abstract of the said vessel's log, and also certificates or other documents showing the prompt and due delivery of mails to the proper authorities.

10. The mails shall be conveyed once in every four weeks between Plymouth aforesaid and either of the Ports of Auckland, Wellington, Lyttelton, Port Chalmers, or Bluff (which last-mentioned ports are hereinafter collectively referred to as

"New Zealand ports," and when such an expression is used in the singular number it means one of such ports), and in the same manner between one of the New Zealand ports and Plymouth, and the vessels employed shall leave a New Zealand port and Plymouth on the days and times to be appointed by the Postmaster-General, and the days or times so appointed may be varied or altered as the Postmaster-General shall think fit:

Provided that the dates of final despatch from a New Zealand port and Plymouth respectively shall alternate with the days of the despatch of the mails by the San Francisco service so long as that service in its present or any modified condition shall be continued, or by any substitute service by way of San Francisco, or by any other route, the intent being that regular fortnightly mail communication, as nearly as possible, between New Zealand and the United Kingdom shall be maintained:

Provided also that, if the Postmaster-General or his agent shall at any time deem it requisite for the public service that any vessel should be delayed beyond the appointed time of departure, it shall be lawful for the Postmaster-General or his agent to order such delay, not exceeding twenty-four hours, at either the final port of departure from New Zealand or from Plymouth, by letter addressed to and delivered to the commander of the vessel, or the person acting as such, or left for him at the office of the company in the port or on board the vessel three hours at least before the hour appointed for departure. Payment for such detention to be at the rate of £200 for the said period of twenty-four hours.

11. The service provided for in this contract shall be deemed to have commenced with the despatch of the "Tongariro" from Plymouth on the thirteenth day of December, 1890, and with the despatch of the "Ionic" from a New Zealand port on the eleventh day of December, 1890.

12. Any of the vessels employed under this contract may on the route from Plymouth to a New Zealand port, or on the route from a New Zealand port to Plymouth, call at any port or ports for coaling or other purposes.

13. For the conveyance of mails under this contract the Postmaster-General will pay to the company at the following rates: Letters, 12s. per lb.; packets, 9d. per lb.; newspapers, 3d. per lb. And all moneys payable hereunder shall be paid quarterly, at Christchurch, in the said colony, or at such other place as may from time to time be agreed upon; the first quarter's payment to commence on the first day of April, 1891, subject to the provisions of this contract:

Provided that all moneys received by the Postmaster-General of New Zealand from the Postmaster-General of the United Kingdom of Great Britain and Ireland, or from the Government of any other country, in respect of the conveyance of mails by the company over the routes hereinbefore mentioned, shall be paid by the Postmaster-General of New Zealand to the company, after deducting any payments made or expenses incurred by such Postmaster-General in respect of such conveyance; but the direct liability of the Postmaster-General is hereby expressly limited to payment for the outward mails sent by the company's vessels from New Zealand.

14. All mail-matter posted in New Zealand between the date of despatch of the San Francisco mail, or of any mail by any substitute service as aforesaid, and the departure of the vessels under this contract, shall, unless specially addressed to be forwarded by another route, be sent

by such contract vessels. This shall also apply to correspondence posted in the United Kingdom and Ireland, so far as the Postmaster-General of New Zealand may be able to influence the Imperial Post Office authorities: Provided that nothing in this clause shall be deemed to give the company any claim against the Postmaster-General in the event of the postal authorities in Great Britain sending any such mail-matter by a different route.

15. The mails shall be safely conveyed from Plymouth to a New Zealand port in 1,080 hours, and from a New Zealand port to Plymouth in 1,008 hours, such respective periods to be calculated from the times appointed for the departure of the mail respectively from Plymouth or the final port of departure in New Zealand.

16. If, during the continuance of this contract, the time occupied in conveying the mails is in excess of the said number of hours, then the moneys hereby made payable shall be reduced by four pounds (£4) for every hour so in excess: Provided that no penalty shall be enforced or reduction made in the moneys payable to the company until a period of forty-eight hours has elapsed after the period when the mails ought to be delivered by the company, and in any case the Postmaster-General shall have power to remit all or any part of such reduction if he shall be satisfied that the delay in conveying the mail was attributable to causes over which the company had no control:

Provided also that 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.

17. If, from any cause whatever, at any time or times during the continuance of this contract, one of the said steam-vessels shall not be at Plymouth and at a New Zealand port respectively ready to put to sea in due time to perform the services hereby contracted to be performed, the company shall pay, as and by way of liquidated damages, to the Postmaster-General, for the use of the Government of the colony, in respect of every mail that shall be delayed by reason of such default, a sum of two hundred pounds (£200), and the further sum of fifty pounds (£50) for every successive twenty-four hours which shall elapse between the time at which the mail shall be appointed to leave the port and the time at which the vessel conveying the same shall actually leave the port; whether the vessel shall be one of those hereinbefore specially named, or any other vessel which the Postmaster-General may employ, or sanction being employed, for the purpose: Provided that the Postmaster-General shall have the same power of remission or reduction of any such sum hereby made payable as under like circumstances those mentioned in the last preceding clause hereof: Provided also that the maximum penalty for any one month shall not exceed one thousand pounds (£1,000).

18. So long as the efficient performance of the services hereby contracted for are not interfered with, the company may carry mails for any other country or colony at rates not less than those payable by the Postmaster-General hereunder, or such other rates as may from time to time be approved by the Postmaster-General; but the com-

pany shall have no claim against the Postmaster-General or the Government of New Zealand to any postage, nor to any money on account thereof, for mails carried in any vessel employed under this contract, or on account of any services rendered, except as herein specially agreed to be paid.

19. This contract or any part thereof shall not be assigned, underlet, or disposed of by the company without the consent in writing of the Postmaster-General first obtained for that purpose.

20. In case this contract or any part thereof shall be assigned, or underlet, or otherwise disposed of by the company, otherwise than with such consent as last aforesaid, or in case of any great or habitual non-performance or non-observance of this contract, or of any of the covenants, matters, or things herein contained, and on the part of the company, their officers, agents, or servants, or any of them, to be observed and performed, and whether there be or be not any penalty or sum of money payable by the company for any such non-observance or non-performance, it shall be lawful for the Postmaster-General, if he shall be of opinion that the company is not *bonâ fide* carrying out the provisions herein contained, by writing under his hand, to determine this contract without any previous notice to the company or their agents.

The company shall not be entitled to any compensation in respect of such determination, nor shall such determination deprive the Postmaster-General of any right or remedy to which he would be otherwise entitled by reason of any non-observance or non-performance of any of the provisions herein contained.

21. If, within but not after twenty-eight days after any notice of the determination of this contract shall have been given to the company, the company shall give notice in writing to the Postmaster-General that it requires the question whether there was such a great or habitual non-performance or non-observance of this contract on the part of the company as to justify the Postmaster-General in determining the same to be referred to arbitration, then such question shall be determined by arbitration in the manner hereinafter provided.

22. In case the arbitrator or arbitrators, or the umpire, shall at any time or times decide that the Postmaster-General was not justified in determining the contract, the Postmaster-General shall have and be entitled from time to time to exercise the power hereinbefore given to determine the contract as fully and effectually as if he had not on any previous occasion or occasions attempted to exercise such power; and the company shall not be entitled to any compensation in respect of the attempted determination of the contract or any loss or damages which may be incurred by the company by reason thereof.

23. The Postmaster-General may except from any such determination as aforesaid any voyage or voyages, and if any vessel or vessels shall have started before the determination or before the masters thereof could have received news of such determination, or if any such vessel should, after the determination, start with a mail on any voyage or voyages so excepted as aforesaid, such voyage or voyages shall be continued and performed, and the mails be delivered and received, as if this contract had remained in force with regard to any such vessel or vessels, and with respect to such vessels this contract shall be considered as having terminated only when such vessels shall have reached their port of destination and the mails carried by them shall have been delivered.

24. Every notice or direction which is hereby

authorised to be given to the company, its agents, officers, or servants, may be delivered to the master of any of the said vessels or other officer or agent of the company in charge or having the management of any vessel employed in the performance of this contract on board such vessel, or left for the company on board such vessel, or at the office or place of business of the company at Plymouth, or London, or a New Zealand port, and any notices or directions so given or left shall be binding on the company: Provided that any notice of the determination of this contract given under the powers hereinbefore contained shall be given to the company or left for it at its last known office or place of business in Wellington, or at any other New Zealand port the Postmaster-General may think fit.

25. If the company shall fail to commence the performance of the services hereby contracted to be performed according to the provisions hereof, or, having commenced the same, shall refuse or wilfully neglect to carry on the same according to the true intent and meaning of these presents, the company shall forfeit and pay to the Postmaster-General the sum of three thousand pounds (£3,000) as by way of liquidated damages, and not by way of penalty.

26. All and every the sums of money hereby stipulated to be paid by the company shall be considered as liquidated damages whether any damage or loss shall or shall not have been sustained, and may be set off by the Postmaster-General against any moneys payable to the company under or by virtue of this contract, or may be enforced against the company as a debt due, with full costs of suit, at his discretion: Provided that the payment by the company of any sums of money for any default or neglect in the observance or performance of the covenants or agreements herein contained shall not in any manner prejudice the right of the Postmaster-General to treat such defaults or neglects as a non-observance or non-performance of this contract on the part of the company.

27. If any dispute, question, difference, or controversy shall arise between the Postmaster-General and the company touching these presents, or any clause or thing herein contained, or the construction thereof, or any matter in any way connected with these presents, or the operation thereof, or the rights, duties, or liabilities of the Postmaster-General or of the company, then and in every such case the matter in difference shall be referred to arbitration in manner hereinafter mentioned; and the award of the arbitrator or arbitrators, or of the umpire, appointed as hereinafter mentioned, as the case may be, shall be binding and conclusive in every respect.

28. Unless the Postmaster-General and the company shall concur in the appointment of a single arbitrator, each party, on the request of the other party, shall nominate and appoint an arbitrator to whom such dispute, question, difference, or controversy shall be referred, and every appointment of an arbitrator shall be made on the part of the Postmaster-General under his hand, and on the part of the company under its corporate seal, and such appointment shall be made in duplicate, and delivered one part to the other party, and the other part to the arbitrator on the part of the party by whom the same shall be made; and, after such appointment shall have been made, neither party shall have power to revoke the same without the consent of the other, nor shall the death of either party act as a revocation.

29. If, for the space of twenty days after any such dispute shall have arisen, and after a request in writing, in which shall be stated the matters

required to be referred to arbitration, shall have been served upon the Postmaster-General, or given to the company, or left at its last known office or place of business in Wellington, as the case may be, by the one party or the other party, to appoint an arbitrator, such last-mentioned party fail to appoint an arbitrator, then, upon such failure, the party making the request, and having appointed an arbitrator, may appoint such arbitrator to act on behalf of both parties, and such arbitrator may proceed to hear and determine the matters which shall be in dispute, and in such case the award or determination of such single arbitrator shall be final.

30. If, before the matters so referred shall be determined, any arbitrator appointed by either party die or become incapable, the party by whom such arbitrator was appointed, his successors in office, or successors and assigns, may nominate and appoint in writing some other person to act in his place; and if, for the space of twenty days after notice in writing from the other party for that purpose, he fail to do so, the remaining or other arbitrator may proceed *ex parte*; and every arbitrator so to be substituted as aforesaid shall have the same powers and authorities as were vested in the former arbitrator at the time of such his death or disability as aforesaid.

31. Where more than one arbitrator shall have been appointed, such arbitrators shall, before they enter upon the matters referred to them, nominate and appoint, by writing under their hands, an umpire to decide on any such matters on which they shall differ, or which shall be referred to him; and, if such umpire shall die, or become incapable to act, they shall forthwith after such death or incapacity appoint another umpire in his place; and the decision of every such umpire on the matters so referred to him shall be final.

32. If in either of the cases aforesaid the said arbitrators shall refuse, or shall for fourteen days after the request of either party to such arbitration neglect, to appoint an umpire, the Governor for the time being of the Colony of New Zealand shall, on the application of either party to such arbitration, appoint an umpire; and the decision of such umpire on the matters on which the arbitrators shall differ, or which shall be referred to him, shall be final.

33. If, when a single arbitrator shall have been appointed, or shall be proceeding *ex parte* under any of the provisions herein contained, such arbitrator shall die or become incapable to act before he shall have made his award, the matters referred to him shall be determined by arbitration in the same manner as if no such arbitrator had been appointed.

34. If, when more than one arbitrator shall have been appointed, either of the arbitrators refuse or for fourteen days neglect to act, the other arbitrator may proceed *ex parte*; and the decision of such other arbitrator shall be as effectual as if he had been the single arbitrator appointed by both parties.

35. If, when more than one arbitrator shall have been appointed, and where neither of them shall refuse or neglect to act as aforesaid, such arbitrators shall fail to make their award within three calendar months after the day on which the last of such arbitrators shall have been appointed, or within such extended time (if any) as shall have been appointed for that purpose by both such arbitrators under their hands, the matters referred to them shall be determined by the umpire to be appointed as aforesaid, and the umpire shall make his award within three calendar months after the time when his duties shall commence, or within such extended

time (if any) as shall have been appointed for that purpose by the umpire under his hand.

36. The said arbitrator or arbitrators, or their umpire, may call for the production of any documents in the possession or power of either party which they or he may think it necessary for determining the question in dispute, and may examine the parties or their witnesses on oath, and administer the oaths necessary for that purpose.

37. The costs of every such arbitration and of the award shall be in the discretion of the arbitrator, arbitrators, or umpire, who may direct to and by whom and in what manner the same or any part thereof shall be paid.

38. The arbitration shall take place and be conducted at Wellington aforesaid, and the arbitrator or arbitrators, or the umpire, as the case may be,

shall deliver his or their award in writing to the Postmaster-General, and the Postmaster-General shall retain the same, and shall forthwith, on demand, at his own expense, furnish a copy thereof to the company, and shall at all times, on demand, produce the said award, and allow the same to be inspected or examined by the company or any person appointed by it for that purpose.

39. This submission to arbitration may be made a rule of the Supreme Court of New Zealand, on the application of the Postmaster-General or the company.

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

Signed, sealed, and delivered by the within-named Joseph George Ward (as Postmaster-General of the Colony of New Zealand), in the presence of
W. GRAY,
Secretary, Posts and Telegraphs,
Wellington.

J. G. WARD.

The common seal of the within-named New Zealand Shipping Company Limited was affixed to the before-written instrument, in the presence of
ISAAC GIBBS,
Secretary.)

LEONARD HARPER, Director.

L.S.

No. 99.

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

SIR,—

Premier's Office, Wellington, 20th May, 1891.

Referring to your letter of the 6th December, with regard to the dates on which the present San Francisco and Direct mail-service renewed contracts commenced, I have now the honour to confirm the date furnished by you to the London Post Office respecting the Direct service. I shall be obliged, however, if you will note and inform the Post Office that the mail which left London on the 1st November last, and not the 27th December, was the first outward despatch by the San Francisco service. A difference of opinion between the Post Office and the Union Steamship Company as to the date on which the renewed San Francisco contract actually commenced, which has only just been settled, explains why your letter was not acknowledged earlier.

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

I have, &c.,
J. BALLANCE.

CHANGE OF SAILING-DAYS.

No. 100.

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

(Telegram.)

San Francisco, 9th December, 1890.

AUTHORISE sailing Thursdays. "Umbria" brings mail, 1891.

No. 101.

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

(Telegram.)

Wellington, 11th December, 1890.

CONTRACTORS propose leave Frisco Thursday as mails conveyed "Umbria" ninety-one. Is latter correct?

No. 102.

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

London, 12th September, 1890.

(Telegram.)
 "UMBRIA" only certain until April. Imperial Post Office considers unsafe calculate her mails reaching San Francisco before Friday.

No. 103.

The SECRETARY, General Post Office, to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

(Telegram.)

Wellington, 13th December, 1890.

FOLLOWING just received from the Agent-General: "' Umbria ' only certain until April. Imperial Post Office considers unsafe calculate her mails reaching San Francisco before Friday." What do you think? Although mails probably not always reach Frisco Thursday, the sailing on Thursday might be advertised in the meantime. More convenient to postpone departure of steamer than anticipate time-table date.

No. 104.

The MANAGING DIRECTOR, Union Steamship Company, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Dunedin, 15th December, 1890.

CANNOT rely on quick transit of mails across States in winter, but may at times arrive Thursday. Think better advertise Thursday, and can postpone departure when mails late.

No. 105.

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

(Telegram.)

Wellington, 16th December, 1890.

HAVE fixed Thursday Frisco sailing-day meantime. Advise Imperial Post Office.

No. 106.

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

(Telegram.)

Wellington, 16th December, 1890.

CONSULTED Agent-General; Contractors. Thursday sailing approved. Advise Post Office.

No. 107.

Mr. GRAY to the POSTMASTER-GENERAL, Washington.

SIR,—

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

I have the honour, by direction of the Hon. the Postmaster-General, to inform you that, commencing from February next, the day of the departure of the mail-steamers from San Francisco will be altered from Saturday to the preceding Thursday. The s.s. " Umbria " having been selected for conveying the colonial mails from Queenstown to New York from January next, it has been assumed that it will be practicable for the contract-steamer to leave San Francisco on the Thursday.

I have, &c.,

The Postmaster-General, Washington.

W. GRAY, Secretary.

No. 108.

The SECRETARY, General Post Office, to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

(Telegram.)

Wellington, 23rd December, 1890.

CREIGHTON cables yesterday: " Make Sydney sailings Mondays, beginning January, saving three days." Presume this with object connecting with fast steamer from New York. Means a Saturday departure from Auckland. Have you had any advice?

No. 109.

Mr. GRAY to Mr. CREIGHTON, San Francisco.

SIR,—

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

I have the honour to enclose herewith copy of a cablegram intimating approval of your suggestion to despatch the mail-steamers from San Francisco on Thursday, in the place of Saturday.

7—F. 4.

Although the Agent-General advised that the "Umbria" is only certain for the conveyance of the colonial mails until April next, the Postmaster-General nevertheless determined to make the change, in the belief that an equally fast steamer would be available after April, should the "Umbria" be withdrawn. This was done after consulting the Union Steamship Company, and it is hoped that the shortening of the through journey three days, which will be of great importance to the colony, may be maintained.

I have, &c.,

W. GRAY, Secretary.

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

No. 110.

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

SIR,—

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

I have the honour to enclose copies of cablegrams in connection with the proposed change in the sailing of the mail-steamers from San Francisco. Although you advised me that the s.s. "Umbria" could only be relied upon for the conveyance of the colonial mails until April, and that the London Post Office considered that Friday would be the more suitable day for despatching the steamer from San Francisco, I, nevertheless, decided to fix Thursday as the sailing-day, in the belief that an equally fast steamer would be employed should the "Umbria" be withdrawn. I shall therefore be obliged if you will urge this matter on the London Post Office. You can readily understand how important a permanent saving of even two days in the mail delivery would be to the colonies.

I have, &c.,

E. MITCHELSON, Postmaster-General.

The Agent-General for New Zealand, London.

No. 111.

The MANAGING DIRECTOR, Union Steamship Company, to the SECRETARY,
General Post Office, Wellington.

(Telegram.)

Dunedin, 2nd January, 1891.

No communication from Spreckels *re* "Monowai" nor *re* earlier despatch of steamers from Sydney. I am in doubt whether we should take Creighton's cable to you as sufficient instructions to us. It is possible they may intend the cable to be an instruction to us both. Do you intend to ask us officially to make the change? There will be some difficulty in arranging coastal communication, as mail would leave Lyttelton Wednesday night. Presume you would not require steamer to wait New Plymouth till Friday night.

No. 112.

The MANAGING DIRECTOR, Union Steamship Company, to the SECRETARY, General Post Office.

(Telegram.)

Dunedin, 12th January, 1891.

SPRECKELS has cabled Jackson as follows:—"New schedule: Despatch 'Alameda' twenty-sixth January, and each twenty-eight days thereafter." Do you agree to this change coming into force this month?

No. 113.

The Hon. the POSTMASTER-GENERAL to Mr. CREIGHTON, San Francisco.

(Telegram.)

Wellington, 13th January, 1891.

UNABLE change Sydney sailing this month. How secure saving three days, and whether permanent?

No. 114.

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

(Telegram.)

Wellington, 13th January, 1891.

FRISCO SERVICE.—Creighton recommends Sydney sailing five days later, saving three days' delivery London. Can this be secured?

No. 115.

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

(Telegram.)

London, 14th January, 1891.

MESSAGE received. Imperial Post Office approves proposal, because, by leaving Sydney five days later, mails should reach New York Tuesday, catching Wednesday express steamer and saving three days. This, however, depends upon punctual arrival San Francisco.

No. 116.

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

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

12th December, 1890.

SIR,—

I received your telegram yesterday, stating that the contractors for the San Francisco service proposed leaving San Francisco on Thursdays, as the mails would be conveyed across the Atlantic by the "Umbria" during 1891; and desiring me to inform you whether the latter statement was correct. I communicated at once with the Post Office, and now enclose copy of a letter from Mr. Rea, from which you will see that the "Umbria" will only sail on the New Zealand (Fr'isco) mail-days from January to April inclusive, and that Mr. Rea does not think it would be prudent to substitute Thursday for Saturday as the sailing-day, because the mails by the "Umbria" could not be safely calculated to reach San Francisco before Friday mornings. I have sent you a telegram to this effect, copy of which is annexed.

I have, &c.,

The Hon. the Postmaster General, Wellington.

F. D. BELL.

Enclosure in No. 116.

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

DEAR SIR FRANCIS,—

General Post Office, E.C., 12th December, 1890.

I could not answer your note of yesterday without first obtaining information from the Cunard Company as to their sailing arrangements for next year. I have ascertained that in 1891 the "Umbria" will sail on the New Zealand (Fr'isco) mail-days from January to April inclusive.

As to the proposed alteration in the sailing-day of the New Zealand packet from San Francisco, I doubt whether it will be prudent to substitute Thursday for Saturday. I find that during the present year the mails carried by the "Aurania" have nearly all reached New York on Sunday or Monday, and Fr'isco on the following Saturday morning. Now, the "Umbria" is only half a day quicker than the "Aurania," and I do not think it would be safe to calculate on the "Umbria's" mails reaching Fr'isco before Friday morning. This, however, is a question for your Government to settle. Of course, the New Zealand steamer would have to wait for the mails if they failed to arrive on Thursday.

Yours, &c.,

Sir F. D. Bell, K.C.M.G., C.B.

EDWD. H. REA.

No. 117.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 12th February, 1891.

At Conference shipping companies, held here this morning, it was not considered advisable to alter dates of despatch of mail-steamers from the colony.

No. 118.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office, Wellington.

New Zealand Shipping Company (Limited), Christchurch,

SIR,—

13th February, 1891.

I have the honour to hand you herewith draft contract for carriage of mails between New Zealand and Plymouth for one year ending December next. The contract has been submitted to and approved by the directors of this company. Please forward copy for signature at your convenience. We shall also be obliged if you will kindly send us a number of spare copies of the contract.

With reference to the proposed alteration in despatch of the mails *via* San Francisco, and in reply to your inquiry as to whether any alteration could be made in the date of despatch of the Direct mail, I am directed to state that this company is desirous of meeting the wishes of the Hon. the Postmaster-General if possible; but in view of the small amount we receive for carrying the mails and the fact that all our almanacs, time-tables, and advertisements are out for this year, we hope the Hon. the Postmaster-General will not make any alteration in the dates of despatch from the colony of either the San Francisco or Direct service for the remaining ten months of the contract. If the Direct mail leaves a week after the San Francisco mail, as is proposed under the new time-table, and then no mail for three weeks, we venture to think the colony will not be so well served as under present arrangements, which gives as nearly possibly a fortnightly despatch from Wellington.

I have, &c.

ISAAC GIBBS, Secretary.

The Secretary, Post Office and Telegraph Department, Wellington.

No. 119.

THE SECRETARY, New Zealand Shipping Company, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Christchurch, 16th February, 1891.

Would alteration in despatch homeward mails from Thursday to Saturday meet your wishes?

No. 120.

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

(Telegram.)

Wellington, 19th February, 1891.

MAIL SERVICES.—Fr'isco sailing colony Saturday permanent. Shipping Company adopt Saturday also. Government prefer Monday. Urge Shipping Boards agree Monday both ends. Obtain approval Post Office sailing Plymouth Monday.

No. 121.

The Hon. J. G. WARD to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 23rd February, 1891.

I have the honour to acknowledge the receipt of your letter of the 12th December last, enclosing copy of a letter from the London Post Office with reference to the change in the date of the departure of the mail-steamers from San Francisco. My predecessor's letter of the 27th December last advised you that Thursday had been fixed as the sailing-day from San Francisco, and the reasons which actuated the department in favour of Thursday.

The Agent-General for New Zealand, London.

I have, &c.,

J. G. WARD, Postmaster-General.

No. 122.

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

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

24th December, 1890.

SIR,—

I received in due course your telegram of the 16th instant, stating that the Government had fixed Thursday for the San Francisco sailing-day in the meantime, and directing me to advise the Imperial Post Office accordingly. I gather that this arrangement is only intended so long as the "Umbrina" carries the mails. I have also received your telegram of the 23rd December, stating that an Order in Council had been issued approving a letter-postage of 2½d. to this country by San Francisco and Direct steamers, the rate of 6d. being maintained for other routes; also that post-cards will be charged 2d., and that the new rates will begin on the 1st January. I have also communicated this information to the Post Office.

I have, &c.,

F. D. BELL.

The Hon. the Postmaster-General, Wellington.

P.S.—I append an extract from a letter from Mr. Rea, about the 6d. rate.—F.D.B.

No. 123.

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

SIR,—

San Francisco, 10th January, 1891.

I have the honour to acknowledge receipt of your letter dated the 29th November, 1890. I also received the following cable in reply to mine of the 9th December: "Wellington, 15th December, 1890.—To Creighton, San Francisco.—Consulted Agent-General, contractors, Thursday sailing approved. Advise Post Office.—MITCHELSON." In consequence of this despatch I wrote to the Superintendent of Foreign Mails, explaining the reason for making the change, and urging that there should be no unnecessary delay at New York or on the railroad journey to San Francisco. I have not received a reply to this communication. I attach herewith copy of my letter.

It was found, upon looking into the steamship sailings from New York for 1891, that a saving certain of three, and a possible saving of four days on the Homeward mail could be effected by changing the day of sailing from Sydney to Monday, and delaying the departure of the January mail to Monday, the 26th January, instead of despatching it on Wednesday the 21st, as in the old schedule. This saving in time results from avoiding a detention at New York of two days, which is inevitable should the steamer arrive at San Francisco on Saturday, and a further saving of at least one day on the Atlantic passage by connecting at New York with the "Majestic," which is scheduled for Wednesdays' sailings during the year 1891, beginning with the 25th February, and every fourth Wednesday thenceafter. But as the "Majestic" has made the run between Queenstown and New York under six days, it is reasonable to presume an average saving of from thirty-six to forty-eight hours over the time of the slow steamers scheduled for Saturday sailings, by one of which the mail must be shipped at New York if Wednesday sailings from Sydney be adhered to.

By despatching the mail-steamer from Sydney on Wednesday, 26th January, and every fourth Wednesday following, the mail would arrive at San Francisco on Thursdays, and be in the New York Post Office on the Tuesday evening following, in time for despatch by the "Majestic," sailing at 7 a.m. the next day for Queenstown. For this reason I anticipate that the mail leaving Sydney the 26th January will be delivered in London about the same date it would be delivered if it took the usual course, involving two days' detention at New York and slow time across the Atlantic.

Working out a trial schedule of sailings with these changes at the terminal ports, it was found that New Zealand would be specially benefited. The outward steamer leaving San Francisco on Thursday the 5th February would arrive at Auckland, Thursday, the 26th February; and the steamer leaving Sydney on Monday, the 23rd February, would arrive at Auckland on Saturday the 28th February: thus giving New Zealand merchants two days to reply to their correspondence. In other words, nearly four weeks would be saved to New Zealand in its correspondence with the United

States and England. This postal advantage to New Zealand appeared to me to be so great, accompanied as it is by a saving of at least three days on the through time between Sydney and London, that I cabled the 22nd December, in my cable announcing the arrival and departure of the mail at San Francisco, as follows: "Make Sydney sailings Mondays, beginning (instrepto) 26th January, saving three days." Anticipating your approval, I advised the issue of a new time-schedule, copies of which I inclose herewith. I have not had a reply to my cable, but expect to receive one hourly. Messrs. J. D. Spreckels and Brothers have cabled their Sydney agents to advertise Sydney sailings in accordance with this schedule of dates. New South Wales having declined to become a party to the contract for the Californian mail-service, it is not necessary to obtain its consent to this change, or even to consult its Government on the subject. A similar change of sailing dates was objected to by the Sydney Post Office department some years ago, as it desired to make the Californian line alternate with the Suez mail as nearly as possible, but as it has abandoned the American mail-route this reason no longer exists.

It is manifestly the interest of New Zealand to improve and expedite the Californian mail-service as much as possible without incurring extra expenditure, and this can be accomplished, as I have shown, by adopting the new time-schedule issued by the Oceanic Steamship Company, and which has been placed in the hands of their agents and correspondents.

The "Bothnia," with the December mail, made a long Atlantic passage, the last portion of the mail having left New York only on the night of Wednesday the 7th, three days later than usual. This detention can be submitted to, however, inasmuch as it was necessary to change the rotation of the steamers and bring the Australian mail for despatch by a fast ship from and after January.

The Shipping Bill was debated during the week in the House of Representatives. No decision had been reached to-day. Although the division will be a close one, I anticipate the passage of the Bill.

I have, &c.,

ROBT. J. CREIGHTON.

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

Enclosure in No. 123.

MR. CREIGHTON to the Hon. N. M. BROOKS.

SIR,—

San Francisco, 27th December, 1890.

I have the honour to inform you that, owing to the substitution of the "Umbria" for the "Aurania" in the carriage of the British-Australian mail from Liverpool to New York during 1891, it has been decided by the New Zealand Government to take advantage of the shorter average Atlantic passage which this change of steamships involves, and fix the day of sailing from San Francisco for Auckland and Sydney for Thursday, instead of Saturday as hitherto. This change in the day of sailing is to take effect on Thursday, the 5th February, 1891, and every twenty-eight days thereafter, in accordance with the new time-schedule, two copies of which are enclosed for your information and use. I have to request, therefore, that you issue the necessary orders for making up the United States mail for Australia and New Zealand for despatch from San Francisco on those days; also, that upon the arrival of the "Umbria" at New York with the closed British mail for the Australian Colonies it will have despatch by the west-bound express the same day, which is usually Saturday.

Strict attention to this connection between steamer and railroad is essential to the shortening of the time between Loudon and Sydney, thereby demonstrating to the merchants of Australia and New Zealand the superiority of the American mail-route for commercial purposes over the Eastern or Suez route. If this can be accomplished it will strengthen American interests in the Colonies and restore confidence in the permanence of the line. I make the stronger point of this because I am informed at the San Francisco Post Office that the "Umbria's" mail arrived at San Francisco on Friday during the present year, with two exceptions: one on Thursday and one on Saturday. But if the "Umbria" arrives at New York on Saturday in time for the transfer of the Australian closed mail to the 9 p.m. or 9.30 p.m. west-bound express, it should arrive at San Francisco about noon of the following Thursday on the present railroad time-schedule. If, however, it were allowed to remain in the New York office until Sunday's express it would not arrive until Friday. This would defeat the purpose of the change in the day of sailing from San Francisco, which is to take advantage of favouring conditions to accelerate the service and display the superiority of the Californian mail-route for the Australian Colonies.

I am satisfied that the New Zealand Government may confidently rely upon the co-operation of the United States Postal Department in this matter, and that, if necessary, general orders shall be issued to insure the direct transfer of the closed British-Australian mail to the west-bound train from the steamer, and thereby prevent a detention of twenty-four hours at New York and a corresponding delay in the delivery of the mail at Auckland and Sydney.

You will note from the accompanying time-schedule that the day of sailing from Sydney has been changed to Monday, beginning Monday, the 26th January, 1891. This will bring the steamer to San Francisco on Thursday, the 19th February. By this change the Australian mail Homeward bound will reach New York on Tuesday, the 24th February, in full time for despatch by the "Majestic," sailing at 7 a.m. on Wednesday, the 25th February, for Queenstown and Liverpool, thereby insuring rapid Atlantic transit and saving two days' detention at New York, which is unavoidable under the old time-schedule, making Saturday the day for arrival at San Francisco. I have also to request your attention to the fact that, owing to failure to make connection at Chicago with the west-bound express, the "Alameda" was delayed twenty-four hours at San Francisco, waiting the arrival of the last portion of the Australian mail by the "Aurania" this month. As passengers by the same train from New York came through on time with their baggage, it would seem that it might

have been possible to make the transfer of the mail likewise. I mention this in the hope that precautions may hereafter be taken to avoid similar detention either at Chicago, Council Bluffs, or other point *en route*.

* * * * *

I remain, &c.,

ROBT. J. CREIGHTON,

Agent, New Zealand Government.

The Superintendent, Foreign Mails, Washington, D.C.

No. 124.

The SECRETARY, General Post Office, to the MANAGING DIRECTOR, Union Steamship Company, Dunedin.

(Telegram.)

Wellington, 21st February, 1891.

FRISCO SERVICE.—Postmaster-General now decided that change in days of departure from Sydney and Auckland to be permanent. Commencing with this month's mails, Sydney, Monday, 23rd, and Auckland, 28th instant. Have advised Creighton and Agent-General. Kindly acknowledge.

No. 125.

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

(Telegram.)

Wellington, 21st February, 1891.

DECIDED make sailing Sydney for Auckland and Frisco on Monday instead of Wednesday, permanent.

No. 126.

The Hon. the POSTMASTER-GENERAL to Mr. CREIGHTON, San Francisco.

(Telegram.)

Wellington, 21st February, 1891.

COMMENCING this month sailing Sydney Monday, Auckland Saturday, permanent. Advise Post Office.

No. 127.

The SUPERINTENDENT of FOREIGN MAILS, Washington, to the Hon. the POSTMASTER-GENERAL, New Zealand.

Post Office Department, Office of Foreign Mails, Washington,

26th January, 1891.

SIR,—

Referring to your letter of the 18th ultimo, advising this department that commencing next month (February), the day of the departure of the mail steamers from San Francisco will be changed from Saturday to the preceding Thursday, I have the honour, by direction of the Postmaster-General, to inform you that information respecting the change in question was received on the 2nd instant from the Agent of New Zealand in San Francisco, Mr. Creighton, and that the necessary instructions in regard to the matter were promptly issued by this department.

I am, &c.,

N. M. BROOKS,

Superintendent of Foreign Mails.

The Postmaster-General, &c., Wellington, New Zealand.

No. 128.

The SECRETARY, New Zealand Shipping Company to the SECRETARY, General Post Office.

(Telegram.)

Christchurch, 27th February, 1891.

We have received the following cable from our London office: "Consent colony mail-day Saturday. Cannot alter Plymouth departure on account of passengers. Shaw-Savill have cabled their agents to same effect."

No. 129.

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

(Telegram.)

London, 2nd March, 1891.

SHIPPING companies refuse make Monday sailing date Plymouth.

No. 130.

Mr. ROSE to the SECRETARY, New Zealand Shipping Company, Christchurch.

SIR,—

General Post Office, Wellington, 9th March, 1891.

I have the honour to inform you that the Postmaster-General has now approved the sailing of the Direct mail-contract steamers from New Zealand being changed from Thursday to the following Saturday, the change to take effect from Saturday, the 4th prox.

As you are aware, it was the desire of the Postmaster-General that the day of sailing should be changed to Monday from both ends, and the Agent-General was asked to approach the Directors of

your company on the subject. He has now cabled that the shipping companies are unable to agree to change the day of sailing to Monday from either end. The matter now, therefore, stands that no change will take place in regard to the departure from Plymouth; but the four-weekly departure from New Zealand will be changed from Thursday to the following Saturday, from 4th April next.

I have, &c.,

THOMAS ROSE (for the Secretary).

The Secretary, New Zealand Shipping Company, Christchurch.

No. 131.

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

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

SIR,—

24th January, 1891.

I received in due course your telegram of the 13th instant, stating that Mr. Creighton had recommended a change being made in the date of sailing of the San Francisco mail-steamer from Sydney to five days later, saving three days' delivery in London; and asking whether this object could be secured.

Upon my going to the Imperial Post Office, careful inquiry was made by the proper officers as to the sailing-dates of the New York steamers, and we found that if the San Francisco mail-steamer left Sydney five days later than at present the mails would reach New York on Tuesday instead of Saturday, securing transmission across the Atlantic by the express steamers leaving New York on Wednesday, instead of having to be sent by the slower vessels leaving on Saturday. By this, three days would be saved in the entire voyage from Sydney, thus:—

Present Service.—Sydney, Wednesday, 21st January; Frisco, Saturday, 14th February; New York, Saturday, 21st February; London arrive, Monday, 2nd March: 40 days.

Proposed Service.—Sydney, Monday, 26th January; Frisco, Thursday, 19th February; New York, Wednesday, 25th February; London arrive, Wednesday, 4th March: 37 days.

Accordingly the Post Office consider that the suggestion made by Mr. Creighton would be a good one; but this would, of course, depend upon the punctual arrival of the Sydney mail-steamer at San Francisco. I cabled to you to this effect on the 14th instant.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 132.

MR. GRAY to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 26th March, 1891.

I have the honour to acknowledge the receipt of your letter of the 24th January last, on the subject of the earlier delivery in London of the mails *via* San Francisco, to be secured by a change (already made, with the mail of last month) of the day of departure from Sydney, from Wednesday to Monday, five days later.

I have, &c.,

Sir F. D. Bell, K.C.M.G., C.B.,

W. GRAY, for the Postmaster-General.

Agent-General for New Zealand, London.

No. 133.

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

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

SIR,—

21st February, 1891.

I duly received your telegrams of the 16th and 19th instant, informing me that this month's outward San Francisco mail would leave Auckland on the 28th instant; that the permanent sailing-date of the San Francisco service from the colony was to be Saturday, and that the Shipping Company adopted Saturday also for the sailing-date of the Direct steamers, but that the Government preferred Monday; and directing me to urge upon the Shipping Companies to accept Monday at both ends, and to obtain the approval of the Imperial Post Office to the change of sailing date from Plymouth.

I am in communication with the Imperial Post Office and the Shipping Boards to give effect to your instructions. From the enclosed correspondence, however, you will see that Monday would be a very inconvenient day for passengers, inasmuch as, owing to there being only a slow train from London on Sunday, passengers intending to embark at Plymouth would be obliged to go down on Saturday and remain there at some hotel for two days.

I have, &c.,

The Hon. the Premier, Wellington.

F. D. BELL.

Enclosure 1 in No. 133.

The AGENT-GENERAL to the MANAGER, Shaw-Savill-Albion Company, and the MANAGER, New Zealand Shipping Company.

SIR,—

13, Victoria Street, 19th February, 1891.

I have received a cablegram from the New Zealand Government stating that it is now proposed to change the sailing-dates of the Direct steamers both ways, substituting Monday instead of the present day; and I am instructed to urge the Board of your company to assent to this

change in the sailing date. Under the proposed alteration, the steamers on this side would leave Plymouth on Monday, and I am communicating with Her Majesty's Postmaster-General to obtain his assent to the change.

I should be much obliged if you would lay this matter before your Board, as my Government are desirous of receiving information by cable at the earliest moment possible of your Board's assent.

The Manager, Shaw-Savill and Albion Company,
38, Leadenhall Street, E.C., and
The Manager, New Zealand Shipping Company,
134, Leadenhall Street, E.C.

I am, &c.,

F. D. BELL.

Enclosure 2 in No. 133.

The MANAGER, New Zealand Shipping Company, to the AGENT-GENERAL.

SIR,—

138, Leadenhall Street, 19th February, 1891.

I beg to acknowledge your letter of the 19th instant, and to enclose copy of cable message received to-day from the colony *re* alteration in days of departure of mail steamers.

I will bring the matter before my Board as early as possible; but the days for embarkation of mails having been fixed after much consideration with regard to the services to be performed, any alteration, we fear, would be productive of much inconvenience, especially to passengers embarking at Plymouth.

The request of the Postmaster-General for the Colony will, however, be fully considered by the Board, with every desire to meet his wishes, and its decision communicated to you.

I am, &c.,

O. R. STRICKLAND, Manager.

Sub-enclosure in Enclosure 2 in No. 133.

COPY of CABLEGRAM received from Christchurch Office, 19th February, 1891.

The Agent-General for New Zealand, 13, Victoria Street.

“JOINTLY with Shaw-Savill and Albion Company agreed to despatch Homeward Saturday, instead of Thursday. Postmaster-General for New Zealand desires alter dates of despatch Monday colony and Plymouth. See Agent-General cable your views.”

Enclosure 3 in No. 133.

The MANAGER, Shaw-Savill and Albion Company, to the AGENT-GENERAL.

DEAR SIR,—

34, Leadenhall Street, 19th February, 1891.

We are in receipt of your communication of this date with reference to the proposed alteration in the sailing-dates for the Direct mail-steamers to and from New Zealand, and shall have pleasure in laying the matter before the Board of Directors of this Company on as early a date as possible.

Meanwhile we may say that we fear it would be most disadvantageous to this Company to extend the period of the stay of the steamers in the colony (seeing it would be equally undesirable to alter the date of departure from here), as it would proportionately shorten the time at our disposal in London, which, with the labour, &c., difficulties we have to contend with, is now barely sufficient for effecting the necessary docking, repairs, and outfit each voyage.

We may also point out that the alteration of the departure of the steamers from Plymouth to Monday instead of Saturday would be most inconvenient for passengers, necessitating as it would their travelling to Plymouth on Sunday, and this, we fear, would have a most prejudicial effect on the passenger business of the lines.

We are, &c.,

Shaw-Savill and Albion Company,
J. A. POTTER, Manager.

The Agent-General for New Zealand, 13, Victoria Street, S.W.

No. 134.

The Hon. P. A. BUCKLEY to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 14th April, 1891.

I have the honour to acknowledge the receipt of your letter of the 21st February last, with copy of correspondence enclosed, on the subject of the sailing-day for the Direct steamers.

I have now to inform you that it is intended not to move further in the matter, but to accept Saturday as the day of departure from London and Plymouth during the currency of the present temporary contract.

I have, &c.,

P. A. BUCKLEY,

For the Postmaster-General.

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

PROJECTED CANADIAN PACIFIC SERVICE.

(CORRESPONDENCE RESPECTING.)

No. 135.

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

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

11th December, 1890.

SIR,—

It will be in your recollection that in all my negotiations with the Imperial Government for some years past relating to the San Francisco service, the alternative of a Vancouver line was steadily kept in view, in case Canada should grant a sufficient subsidy for it and the Imperial Government be willing to contribute: the condition being always insisted upon that any Vancouver service should make New Zealand the first port of arrival and last of departure in Australasian waters.

You will probably have seen in Press telegrams that the Canadian Government has been in treaty with a powerful syndicate here, at the head of which is Lord Hartington, for establishing a fast line of steamers across the Atlantic, at a subsidy of £100,000 a year for a five-years' term. The scheme is now, however, to comprise a Pacific as well as an Atlantic service, and the China-Japan service is to be supplemented by a line from Vancouver to Australia. Sir Charles Tupper, who has always acted in concert with me upon these questions, has exercised his powerful influence in favour of the condition of calling at New Zealand, and it is now apparently accepted. A proposal has been sent to Canada by Lord Hartington, that the Canadian subsidy should be increased from £100,000 a year for five years to £150,000 a year for ten years, in order to combine the Atlantic and Pacific services; and to this Sir John Macdonald has just confidentially cabled the consent of the Dominion. Sir Charles Tupper will ask the Agents-General to meet him with a view to united action for an adequate Imperial contribution, and it is possible therefore that you may hear by cable, even before receiving this letter, that an interview is to be held with the Imperial authorities on the subject; and you might be in a position to submit to the new Parliament the outline of a scheme for a Vancouver service in substitution for the temporary renewal of the San Francisco line. If meanwhile you could confidentially ascertain the views of the Australian Governments as to joining in the subsidy, and could also indicate the amount New Zealand might grant, it would be very material. The Vancouver service would be one performed by much faster and better steamers than those now serving the San Francisco line, and if the rate of speed insisted upon by Lord Hartington for the Pacific should be not much below that required for the Atlantic, the postal time to New Zealand would be appreciably reduced, while the postal time even to Australia would favourably compete with the Naples-Brindisi services.

This information is private, and I must beg that it may be treated as such until confirmed by cable.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

No. 136.

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

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

24th December, 1890.

SIR,—

In continuation of my letter of the 11th instant, I beg to state that the meeting to which I then referred was held at the office of the High Commissioner for Canada on the 16th instant, when all the Australasian Agents-General met Sir Charles Tupper upon the question of the Vancouver service.

The discussion was, however, a fruitless one, as none of the Agents-General, except myself, felt justified in expressing any formal opinion, in the absence of instructions from their Governments; but, with the exception of Sir James Garrick, I understood it to be generally acknowledged that in order for any Vancouver service to be successful it must make New Zealand the first and last place of call. Since the meeting, however, I have received the enclosed prospectus of a company to be called "The Imperial Steam Navigation Company," to provide a fast Atlantic service of four twenty-knot steamers between this country and Canada, and a further service of three steamers of a speed of not less than sixteen knots between Vancouver and the Australasian Colonies. I understand that the promoters of the company have, after all, practically made up their minds to adhere to their original proposal of making Brisbane the first port of arrival in Australia; and I still think, as I have always done, that a scheme under those conditions will be found to be quite impracticable.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosure in No. 136.

MEMORANDUM.—THE IMPERIAL STEAM NAVIGATION COMPANY.

It is proposed to establish a company to be called "The Imperial Steam Navigation Company, Limited," to provide a fast Atlantic service of four twenty-knot twin-screw steamers between Great Britain and Canada, running from London, a port in France, and Plymouth to Halifax and Quebec.

there connecting with the Canadian Pacific Railway, the Grand Trunk, and other systems. It is proposed to further provide a service of three twin-screw steamers, of not less than sixteen knots an hour at sea, between British Columbia and the Australasian Colonies. The seven vessels are to be specially designed as fast armed cruisers and transport ships, and to be built under the supervision of the Admiralty, special attention to be given to the twin-screw engines and elaborate subdivision. They will be fully provided with all the necessary gun platforms and fittings, and manned as far as practicable by crews of the Royal Naval Reserve.

For the Atlantic service a subsidy has already been secured from the Canadian Government. A small subsidy has been secured, also from the same source, for the Australasian service. In connection with the Canadian Pacific Railway it is proposed to guarantee through time between London and Australia not to exceed thirty-five days—the same as between London and Adelaide *via* Brindisi. The through transit would frequently be made in thirty-one to thirty-two days. At Halifax, Quebec, Vancouver, &c., the steamers will land passengers alongside the trains, thus avoiding any difficulty and expense of cabs, hotels, and transfer. Through rates will be made between London and various points in Australasia, allowing stop-over privileges, and covering all charges by ocean and rail. It is also proposed to check baggage through, following the system now in practice in the United States and Canada.

The accommodation in the Australasian vessels would be of the best possible description, and they would be manned by European officers and crews. They would perform the passage across the Pacific in from eighteen to twenty days, and in the event of emergency could reach Australia (Moreton Bay) from Vancouver in sixteen days. At Vancouver, the steamers will, at a comparatively small expense, always be within immediate reach of London and Europe by the Canadian Pacific Railway Company's telegraph system.

Direct connection, both by sea and rail, will be made with San Francisco, and also with Seattle and Tacoma, the termini of the Northern Pacific, Union Pacific, and Great Northern Railway systems. By means of the latter, and of the Canadian Pacific Railway, there is direct communication with all points in the United States and Canada. It is thought that a large trade may, in time, be developed outward from Canada of all kinds of manufactured goods, canned salmon, fruit and vegetables, fresh fruit, butter, eggs, &c., also large consignments of lumber. The return cargoes would consist of wool, tin, sugar, fruits, &c.

Passengers from the Australasian Colonies would be enabled to reach Europe in about thirty-two days, as against, say, forty days by the Gibraltar-Suez route, and without increase of expense. An alternative route will be provided, which will avoid the heat and discomfort of the voyage through the Red Sea and Suez Canal, and will offer a smooth and pleasant passage across the Southern Pacific, a railway journey across the best equipped line in America, and the fastest possible Atlantic crossing, about equal in point of time to that between Gibraltar and London.

The total additional subsidy to that given by Canada required to insure the establishment of the proposed new company is £80,000, which it is hoped will be furnished by the Imperial and Colonial Governments. The present rate of subvention to armed cruiser ships is 15s. per gross ton per annum, and at this rate the seven vessels of the company would be entitled to £33,000 per annum. It is understood that by a reduction in the postal rates some £10,000 per annum will be saved upon the New York-San Francisco service, which amount could be applied to this British service. The Australian service would be made fortnightly at the earliest opportunity.

It is thought that the establishment of this great line will materially conduce to the promotion of a closer relationship between Great Britain and Canada, Great Britain and Australasia, and Canada and Australasia, and that the total sum asked for—namely £80,000—will not be considered an excessive one.

No. 137.

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

SIR,—

General Post Office, Wellington, 17th February, 1891.

I have the honour to acknowledge the receipt of your letters of the 11th and 24th December, upon the question of the Vancouver service: the latter reporting the meeting of the Agents-General with the High Commissioner for Canada on the 16th idem, and enclosing the prospectus of the Imperial Steam Navigation Company, which is intended to provide fast services between the United Kingdom and Canada, and between Vancouver and the Australian Colonies. This question will no doubt be considered at the Postal Conference which is to be held at Sydney on the 26th instant, and at which New Zealand will be represented.

I have, &c.,

A. J. CADMAN,

For the Postmaster-General.

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

No. 138.

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

(Telegram.)

Wellington, 21st February, 1891.

INQUIRE Imperial Post Office prospects early construction Pacific cable; establishing Vancouver service calling New Zealand. Urgently reply, for Conference proceedings.

No. 139.

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

(Telegram.)

London, 23rd February, 1891.

VANCOUVER.—No proposals before Imperial Post Office at present with reference to either mail-service or cable.

No. 140.

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

Westminster Chambers, 13, Victoria Street, London, S.W.,
21st February, 1891.

SIR,—

I received this morning your telegram directing me to inquire from the Imperial Post Office what are the prospects of an early construction of the Pacific cable, and of the ocean steam-service from Vancouver, calling at New Zealand.

The letters I recently addressed to your predecessor will, I think, have clearly shown to the Government that there was neither any prospect yet of the Pacific cable being constructed nor of a Vancouver mail-service being established on the condition of the ocean steamers calling at New Zealand; but I will take care to keep you informed by cable of whatever may take place.

I take this opportunity of urging the expediency of your inviting Parliament to decide as early as possible whether arrangements of a more permanent kind are to take the place of those made last year for the San Francisco and Direct services. Hitherto it has been difficult to obtain a decision in the House of Representatives until late in the year, when the Imperial Parliament is prorogued, and the Ministers and heads of departments in this country disperse for their autumn holidays; and the result has been that the difficulties attending any negotiations on this side with either the Treasury or the Post Office have been greatly increased. It would, therefore, be most desirable for the question to be settled earlier than in previous years, so that if any negotiation has to be attempted in this country it may be done in good time before the expiry of the present contracts.

The Hon. the Premier, Wellington.

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

No. 141.

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

Westminster Chambers, 13, Victoria Street, London, S.W.,
6th March, 1891.

SIR,—

In continuation of my letter of the 21st ultimo, I beg leave to state that on inquiry at the Imperial Post Office I was informed that no proposals were before them relating either to an ocean mail-service or a cable from Vancouver, and I telegraphed to that effect on the 23rd February.

The Post Office authorities here had been in communication with the Canadian Pacific Railway Company, but the question has always been one of subsidy, as well as the route to be taken. About two years ago, when the matter was officially before her Majesty's Postmaster-General, he gave it his strong support from an Imperial point of view, but since then nothing has been heard about it at the London Office.

The Hon. the Premier, Wellington.

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

No. 142.

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

Premier's Office, Wellington, 4th May, 1891.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 6th March last, confirming your telegram of the 23rd February, which notified that no proposals were before the Imperial Post Office with reference to either mail-service or telegraph cable from Vancouver.

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

I have, &c.,
J. BALLANCE.

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