

Enclosure 7 in No. 64.

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

SIR,— 13, Victoria Street, 12th October, 1891.
I beg to inform you that, having communicated to my Government the offers contained in your letters of the 8th, 9th, and 10th instant, I have received a cablegram in reply declining to accept them, and adding that the conditions for the renewal of the contract, as communicated to the representative of your company in the colony, cannot be varied.

The Manager, New Zealand Shipping Company (Limited). I am, &c.,
WALTER KENNAWAY.

No. 65.

The Hon. A. J. CADMAN to the AGENT-GENERAL, London.

SIR,— Premier's Office, Wellington, 7th December, 1891.
I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 16th October, forwarding copies of cablegrams and correspondence relating to the ocean mail-services, in continuance of those enclosed with his letter of the 9th idem. The question of the provision for the despatch *via* San Francisco from London on the 31st October is also dealt with therein.

The Agent-General for New Zealand, London. I have, &c.,
A. J. CADMAN,
For the Premier.

No. 66.

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

SIR,— 13, Victoria Street, London, S.W., 30th October, 1891.
I beg to transmit copies of cablegrams and correspondence relating to the mail-services, in continuation of those enclosed with my letter of the 16th instant.

With regard to your inquiries contained in your cablegram of the 21st instant (*vide* No. 36), I may state that the rates for the Atlantic sea-transit are fixed by Article IV. of the Postal Union Convention, as modified by the additional Act of Lisbon, which provides "that in all cases where the sea-transit rate is fixed at present at 5 francs per kilogramme of letters or post-cards, and at 50 centimes per kilogramme of other articles, those rates are maintained."

When the United States first joined the Postal Union, the Atlantic rate was 6 francs 50 centimes (the old Mediterranean rate); but this was subsequently reduced to 5 francs, at which it stands at present.

With respect to the American land-transit, it is specified in the detailed regulations of the Paris-Lisbon Convention as an "extraordinary" service, the rates for which have, under Article V., to be "regulated by mutual consent between the Administrations concerned;" and the rates are therefore fixed by an agreement between the United Kingdom and United States, signed at Washington on the 6th October, 1876, copy of which I herewith transmit.

I am informed that the General Post Office have more than once approached the United States Government with the view of reducing the rates charged under this agreement, but without success, it being represented by that Government that the service in question in reality costs them more than what they receive under the agreement.

On the 27th instant I received a telegram from the Secretary to the General Post Office, asking what were the arrangements for the New Zealand mail-services after the end of this month, and, on seeing him with respect thereto, he explained that the information was required for a list which was being prepared for departmental circulation, specifying the mails leaving this country, and that, if the Direct service was discontinued, it was proposed to state in the list that the New Zealand mails hitherto sent by the Direct steamers would go *via* Brindisi and Australia.

I asked that an official communication be made to me to that effect, and I intended, on its receipt, to have telegraphed its substance to you, but your cablegram, received as I am writing this, will now enable me to take further action in the matter.

I understand by the instructions conveyed to me by to-day's telegram that I am authorised to accept the decision of Her Majesty's Government so far as the San Francisco service is concerned; but that, in view of the saving made by the General Post Office in transmitting the alternate mails by Federal packet instead of by Direct steamer, I am first to endeavour, if possible, to obtain better terms, such as, for instance, the reduction or withdrawal of the charge for the Atlantic transit of the Homeward mails.

I must say, however, that I am not sanguine that the General Post Office will consent to any modification, as, in all the interviews I have had with the officials of the General Post Office, they make a point of saying that they regard any contribution towards the San Francisco service as a special favour to New Zealand, and that, so far as the General Post Office is concerned, they would be quite content to send the outward mails by the Brindisi-Australian route.

The Hon. the Premier, Wellington. I have, &c.,
WALTER KENNAWAY.