

This agreement shall be terminable at any time on a notice by either office of one year.

In testimony whereof the undersigned have subscribed their names and affixed their seals hereto at Washington in duplicate original this 6th day of October, 1876.

(L.S.) EDWARD THORNTON,

H.B.M.'s Minister.

(L.S.) JAS. N. TYNER,

Postmaster-General of the United States.

No. 67.

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

SIR,—

13, Victoria Street, London, S.W., 6th November, 1891.

Referring to my letter of the 30th ultimo, I beg leave herewith to transmit copy of letter which I have addressed to the Imperial Post Office, and in which I have endeavoured to set forth so far as possible the views respecting the ocean mail-services which I understand to be entertained by the Government, as conveyed to me by your cablegram of the 30th ultimo (*vide* No. 41).

The instructions contained in your cablegram in the form in which it was received were not altogether clear on one or two points; but, having carefully considered its general tenor, I decided to address the Imperial Post Office on the lines both expressed and indicated therein, and, in view of the definite proposal which I was able to make as regards the substitution of the Federal for the Direct service, to ask for a reconsideration of the whole question.

There is one point on which I may be asked by the Imperial Post Office for further information, and that is with respect to the intercolonial service—namely, whether New Zealand proposes to establish a subsidised line. In your cablegram it is stated that such service is a “necessary” one, and I am inclined to understand from that expression that in your view it must be subsidised, in order to insure certainty and punctuality in the receipt and delivery of the mails.

I have, &c.,

The Hon. the Premier, Wellington.

WALTER KENNAWAY.

Enclosure in No. 67.

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

SIR,—

13, Victoria Street, 6th November, 1891.

Referring to your letter of the 17th ultimo, in which you communicated to me particulars of the modifications which the Imperial Treasury proposed should be adopted in respect to the apportionment of the expense of the mail-service to and from New Zealand by the San Francisco route, and in which you also stated that unless the Direct service *via* Plymouth could be made complete it would not, in the opinion of the Treasury, be desirable to continue it, I have the honour to inform you that, having transmitted to my Government particulars of the modifications thus proposed, I have been instructed to bring the matter again under the notice of the Postmaster-General, and to request the favour, under the circumstances which I have now to lay before you, of the proposals made by the Imperial Treasury receiving further consideration.

In the first place, my Government desire me to represent that the Treasury's requirement that the colony should defray the cost of the Atlantic sea-transit of the Homeward mails was entirely unexpected, more especially as such requirement was unaccompanied by any proposal to reduce the cost of the territorial transit from San Francisco to New York, the arrangement for which has all along been the subject of a special agreement between Her Majesty's Government and the United States. It is therefore strongly felt that, in making material modifications in the existing apportionment in the direction of Postal Union principles, some modification might at the same time have been made in the same direction as regards the territorial transit charges through America, so as to bring them into greater conformity with the general principles of the Postal Union. And, in connection with this part of the subject, I am to point out that the railway service between San Francisco and New York is not specially maintained for the transit of the mails to and from New Zealand, and that now that the colony has joined the Postal Union it may reasonably be expected that some reduction in the cost of transit might be made.

I have further to state, for the information of the Postmaster-General, that my Government, concurring with the expressed opinion of the Imperial Treasury that it would not be desirable to continue the Direct service *via* Plymouth in an incomplete form, have decided not to continue that service, and in its place they propose to avail themselves of the mail-service between Australia and the United Kingdom *via* Suez, and to transmit the Homeward mails by that route once every four weeks, so as to secure with the San Francisco service a fortnightly mail between the two countries; and they invite the Imperial Post Office to adopt the same course as regards the outward mails, it being understood on both sides that only specially-addressed letters are to be transmitted by the intervening and other services.

In making this proposal, I am to point out that, in carrying it into effect, it will be necessary to arrange for an intercolonial mail-service between New Zealand and Australia; and, in reference thereto, my Government desire to be informed what the Imperial Post Office will allow towards the cost of such service; and in asking this I am to direct special attention to the amount of saving to the Imperial Post Office that will be effected by the substitution of the Federal service for the Direct mail-service.