

occupied an exceptional position and merited exceptionally favourable treatment; and I concluded by asking that the existing apportionment be renewed, but so modified as to provide for the Imperial Government providing free carriage both ways between New York and London.

You will see that I have also asked for a speedy reply, but I fear that the general election at present proceeding in this country will stand in the way of any very prompt decision on the part of the Imperial Government.

The Hon. the Premier, Wellington.

I have, &c.,

W. B. PERCEVAL.

Enclosure in No. 2.

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

SIR,— Westminster Chambers, 13, Victoria Street, London, S.W., 4th July, 1892.

Referring to the correspondence which took place last year respecting the mail-services between the United Kingdom and New Zealand, I have the honour to inform you that I have received instructions from my Government to communicate with the Imperial Government with the view of making arrangements for the renewal of the mail-service which at present exists between the two countries, *via* San Francisco.

I will first take the opportunity of recapitulating the successive changes that have been made in the apportionment between the United Kingdom and New Zealand as regards the cost of this mail-service.

For many years prior to 1890 the apportionment was as follows: (1) New Zealand retained all the Homeward postages; (2) the United Kingdom paid New Zealand 13s. per pound on outward letters, 1s. 2d. per pound on books, and 3½d. per pound on newspapers; (3) the United Kingdom was provided with free carriage of mails between San Francisco and the colony; and (4) New Zealand was provided with free carriage between San Francisco and London.

In 1890 the above apportionment was altered to the following, namely: (1) Each country still retained its own postages; (2) the United Kingdom paid New Zealand 12s. per pound on outward letters only; (3) the United Kingdom was provided with free carriage between San Francisco and the colony; (4) New Zealand was provided with free carriage between New York and London; and (5) each country paid the cost of the land-transit of its own mails between San Francisco and New York.

Last year a further modification was made, under which the United Kingdom's contribution was reduced to 11s. per pound on outward letters, and New Zealand had to pay the cost of the Atlantic transit of the Homeward mails.

Thus it will be seen that each successive modification that has been made has been less favourable to New Zealand; and so much has this been the case that my Government considers it is justified in asking the Imperial Government to recognise, as has been done in past years, that the exceptional position of New Zealand merits exceptionally favourable treatment at its hands, and in expressing a hope that this will have due weight now that the time has arrived for the renewal of the service, and that, therefore, an apportionment more favourable to the colony than that which at present exists may be mutually arranged.

My Government feels confident, however, that in dealing with this subject the Imperial authorities will not fail in the first place to bear in mind that the San Francisco service is the speediest and most reliable mail-line between the Mother-country and the colony.

At one time it was considered probable that a mail-service would at an early date be established *via* Vancouver which would supersede the San Francisco service, but at the present time there would appear to be no likelihood of such a service coming into operation—at all events, for some years to come.

Notwithstanding this, it is to be hoped, having regard to the interests of the British Empire, that a mail-service will eventually be established *via* Vancouver, so that it may pass through British territory only, and, with that prospect in view, it is, I venture to point out, important that meanwhile the present communication by the Pacific with Australasia should be satisfactorily maintained.

I would also refer to the fact that, in consequence of there being no contract service between New Zealand and Australia, the Federal service is an unreliable one for rapid delivery, and the contract with the Direct steamers not having been renewed, the San Francisco mail-service is not only the speediest between the United Kingdom and New Zealand, but it is the only one that can be regarded with any degree of satisfaction.

It should also, in considering the subject, be borne in mind that, as regards the sea- and land-transit between London and San Francisco, the available service for the mails will be maintained whether the New Zealand mails are sent by that route or not; but, as regards the service from San Francisco to the colony, that service would in all probability be discontinued were it not for the subsidy it receives for the conveyance of the mails; and this all-important link my Government has had, though under circumstances often difficult and perplexing, to meet the responsibility of maintaining.

With regard to the cost of the territorial transit between San Francisco and New York, my Government understands that the efforts made to procure a reduction in the transit charges have been futile. This circumstance is an additional proof that the service is not one that can be conducted strictly in conformity with Postal Union principles, and that it is therefore scarcely consistent with previous action on the part of the Imperial Government to make, as was done last year, an exceptional application of such principles as regards the Atlantic service.

And I think it right, in the interests of my colony, also to allude to the fact that New Zealand gave a loyal acceptance to the proposal of Her Majesty's Government as regards the reduction of the postage from 6d. to 2½d., and that in doing so it suffers a serious diminution in the amount of