

Owing to the successive changes that have been made since 1890 in the apportionment of the cost of the San Francisco service between the Imperial Government and the Colony of New Zealand, and also to the reduction of the postage rate from 6d. to 2½d.—a reduction which was brought about at the instance of the Imperial Government—this service is now carried on at a considerable loss to the colony. The isolated position of New Zealand renders it impossible at the present time to obtain more favourable terms from the contractors for the conveyance of the mails across the Pacific, and my Government urges that, as the maintenance of this service is a necessity for the efficiency of the postal service between the United Kingdom and New Zealand, the colony is justified in asking the Imperial Government to share the expense with the colony. My Government is not able to get the Homeward mails carried by this route across the Pacific at Postal Union rates, so that if the Imperial Government insist on having the outward mails carried at this reduced rate it can only be done at the expense of the colony.

I would also venture to point out, in connection with this phase of the question, that while the Imperial Government and the colony have to submit to an exceptional rate of payment to the United States (all three being members of the Postal Union) as regards the conveyance of the mails between New York and San Francisco, on the other hand, the Imperial Government would appear now to desire to throw upon the colony the obligation to provide for the transit of the mails sent from the Mother-country, the colony receiving for such exceptional service payment only at the ordinary Postal Union rates. I cannot help thinking that, on reconsideration, Her Majesty's Government will not fail to realise that making such a distinction in the case of a colony which cannot take up the independent position that the United States is able to do is not only a considerable hardship to that colony, but also is one that the Mother-country is hardly justified in enforcing.

In support of the contention that the San Francisco service is a necessity under existing circumstances for the efficiency of the postal service between the United Kingdom and New Zealand, I refer to the fact that, in consequence of the Imperial Government having refused to co-operate with the New Zealand Government in subsidising a connecting service between Australia and New Zealand, the Federal (Suez) service is an unreliable one. It is no uncommon thing for the outward mail to suffer detention of five days in Melbourne, and, in the event of a succeeding mail arriving some days ahead of time, for the two mails to be delivered in New Zealand by the same steamer. The time from London to Melbourne is thirty-five days. The mails are due in Melbourne on the Saturday, and the intercolonial boats are timed to leave on the Tuesday for the Bluff, which makes the time to New Zealand about forty-three days. By the San Francisco service the time to Auckland is between thirty-three and thirty-four days, and the mails are delivered in Dunedin on the third day after arrival at Auckland, and on the following day at Invercargill, or thirty-seven days to Dunedin, as against forty-four by the Federal service. It is true that the Federal mails are occasionally delivered in shorter time. This entirely depends on the steamer arriving in advance of time at Melbourne.

The want of a fast intercolonial service undoubtedly minimises the value of the route *via* Suez, but this cannot be obviated at present; but my Government hope that when the time arrives for renewing the San Francisco service it may be possible to arrange for a fortnightly service to San Francisco, or, what would be much more desirable, to join in subsidising a fast line of steamers from Vancouver, thus insuring the connection between the colony and the United Kingdom across British territory.

It is true that, according to the figures supplied by your department, the increased cost to the colony is not a large sum, being only about £1,700 per annum, but in order to provide for this increased cost a vote would have to be submitted to the New Zealand Parliament, and it is doubtful whether Parliament would sanction any additional expenditure over this service, and an alternative proposal would probably be made to revert to the Direct fortnightly service *via* Cape Horn, involving a subsidy which the Imperial Government would be expected to share in providing. Proposals were made by the United States Government to the New Zealand Government some time back for an improved service with the colony (fortnightly), and my Government is anxious to maintain the connection with San Francisco in the hope of these proposals being carried into effect at no distant date, or, what is preferable, the establishment of a fortnightly Canadian Pacific service.

The impending Chicago Exhibition, proposed to be held next year, affords an additional argument with my Government for desiring to maintain the connection with San Francisco, and the Premier of the colony, in his telegram, expresses himself as confident that an appeal to your department for co-operation in maintaining the most efficient postal connection with the colony will receive favourable consideration. I do not consider it necessary to reiterate the arguments which have been expressed previously in the lengthy correspondence which has taken place between us in the past on this subject, but beg to point out that, whatever may have been the exceptional concessions which your department has generously accorded in the past, my Government is now only asking the Imperial Government to join with the colony in defraying the cost of what are admittedly imperfect arrangements, but nevertheless arrangements which under the circumstances are the best that can be made for the purpose of insuring the maintenance of a mail-service between this country and New Zealand which has proved to be of undoubtedly greater value than any other service existing either at present or in the past.

I am, &c.,

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