

As the Secretary of State is aware, a tender for the fast Atlantic service has been accepted, and it is to be hoped that such service will in due course be commenced, but the condition under which the Imperial contribution has been promised renders it impossible to entertain any application from Mr. Huddart for an annual payment to him out of Imperial funds in respect of the service which he is performing, or will perform, between Vancouver and Australasia.

I am to add that a letter was received some months ago from the Agent-General for New Zealand announcing the intention of his Government to establish a mail-service by way of Vancouver in alternation with the existing service *via* San Francisco, which is to be continued and improved, and inquiring to what extent the Imperial Government would contribute towards the cost of these services. In the reply from this office it was pointed out that, as regards the line *via* San Francisco, the Treasury have repeatedly declined to give any contribution towards the cost of the service to the New Zealand Government, except the sea-postage payable on the mails from this country under the regulations of the Postal Union; and it was stated that the Postmaster-General was not prepared to recommend their Lordships to alter their decision. With regard to the proposed Vancouver service, the Agent-General was informed of the condition attaching to the Imperial support of the Canadian fast Atlantic service as above referred to, under which the Postmaster-General was precluded from making any contribution to the mail-service on the Pacific.

The Agent-General has lately further inquired whether, pending the establishment of a fast Atlantic connecting service, this office would be prepared to pay to the Post Office of New Zealand Postal Union sea-rates for the conveyance of mails between Vancouver and New Zealand in case the Government of that colony agreed to subsidise such service. The answer from this department was to the effect that, in respect of the correspondence for Fiji and Australia which is already sent hence *via* Vancouver, the full Union rates for land and sea transit are paid by this department to the Canadian Post Office, as that office subsidises the Canadian-Australian Steamship Company, and is therefore entitled to receive the payment referred to, and that the same course would be applicable in the case of any mails for New Zealand which might be forwarded by the Canadian-Australian line, unless any arrangement to the contrary were made between the Canadian and New Zealand Governments.

In these circumstances it will be seen that the Postmaster-General is unable to hold out any expectation of earnings by the Canadian-Australian Steamship Company from this department on letters from this country for New Zealand.

I am to add that if Mr. Secretary Chamberlain thought it desirable to forego the advantage of a wholly British route for mails going *via* Vancouver to New Zealand there would probably be no objection on the part of the Postmaster-General to the transmission of the mails *via* New York until such time as the fast Atlantic service to Canada may be established; but he could scarcely pledge himself to send mails to New Zealand solely by way of Vancouver and San Francisco alternately until he has full particulars of the new arrangements, and is thus in a position to judge whether he would be justified in discontinuing the use of the service *via* Suez for the transmission of mails to New Zealand.

I am, &c.,

W. ROCHE,

For the Secretary.

The Under-Secretary of State, Colonial Office.

### No. 132.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 3rd February, 1898.

IMPERIAL Post Office consents despatch all mail-matter San Francisco Vancouver, except specially addressed. Secondly, states, with regard to sea-rates, matter one for arrangement between New Zealand and Canada, but offers, if desired, address Canada with regard to subject.

### No. 133.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 10th February, 1898.

I have the honour to acknowledge the receipt of your letter of the 10th December last [see No. 121], transmitting copy of correspondence with the Imperial Post Office, indicating that that office was prepared to pay full Postal Union sea-rates in the case of any mails for New Zealand which might be forwarded by way of Vancouver.

I was already aware from your later advices that the intention of the London Post Office was to pay these rates to the Canadian Post Office, and not to the contractors, as I had assumed, concerning which I have communicated with you by cable. I am at a loss to understand why it should have been decided to make payment to Canada for the carriage of mails for this colony, especially when it is remembered that New South Wales was already a party to the contract, and that New Zealand had decided to subsidise the service as well. I trust, however, that the representations which you have made to the Imperial Post Office will result in the payments being diverted to the contractors.

I have, &c.,

W. C. WALKER,

For the Premier.

The Hon. W. P. Reeves,  
Agent-General for New Zealand, London.