

proposed increase in the postage of letters sent by Mail Packet from Great Britain to the Australian Colonies, it has been determined to suspend this measure.

I am directed to inform you that the New Zealand Government is glad to learn that such a determination has been come to by Her Majesty's Postmaster-General.

I have, &c.,

G. ELLIOTT ELLIOTT,
Secretary.

The Secretary, General Post Office,
London.

CORRESPONDENCE RESPECTING DISCONTINUANCE OF SYDNEY AND COOK'S STRAITS MAIL STEAMER TO RUN TO LYTTELTON AND PORT CHALMERS.

No. 13.

General Post Office,
Auckland, 5th April, 1864.

SIR,

In the reconstruction of the Interprovincial Mail Services, there appears to have been overlooked the trip of the "Prince Alfred" from Nelson to Otago and back, intermediate between her Sydney and Nelson voyages, and for which a subsidy of £1,600 is at present paid.

On referring to the time table for the other Services, which was specially constructed at Captain Hall's request, with a view to the correspondence between the interprovincial boats and the Sydney and Nelson boat, it will be seen that the "Prince Alfred" and the "Phœbe" would be running against each other from Nelson to Otago and back.

This cannot be an advantageous arrangement for the Company, and I see no reason for the Colony paying a subsidy for two steamers of the same Company running about the same dates.

I therefore propose to determine the subsidy of the "Prince Alfred" between Nelson and Otago at the earliest date consistent with placing the Company at as little inconvenience as possible.

Be so good as to inform me without delay when the Company will be prepared to forego the subsidy above referred to, as I should be unwilling to inconvenience the Company by a formal notice after the satisfactory manner in which the Company, through Captain Hall, met the desires of the Government in reference to the additional Interprovincial Services.

I have, &c.,
THOMAS B. GILLIES.

The Local Manager I. C. R. M. Company.

No. 14.

Intercolonial Royal Mail Company,
Sydney and New Zealand,
Sydney, April 20th, 1864.

SIR,

I have the honour to acknowledge the receipt of your letter of 5th March (April), requesting to be informed "when the Company will be prepared to forego the subsidy at present paid to Cook's Straits' steamer for service south of Nelson."

I am certainly very much astonished at the proposal, because you ask me on behalf of this Company to consent to the virtual destruction of the Cook's Straits' line, by relinquishing, without any equivalent, that part of it which from the first the New Zealand Government urged us to perform, and which we only lately succeeded in doing. See my letter of April 13th, 1863, addressed to Mr. Reader Wood, informing him that we were prepared to undertake the extended service to Otago, in accordance with Mr. Ward's earnest desire. at the interview I had with him at Melbourne prior to his leaving for England.

It is by no fault of ours that the Southern part of the Cook's Straits' line is made to appear superfluous; nor need it have been so, because the extra boat might have been arranged to leave 28th to meet it at Wellington or Nelson—performing the northern part of the service.

Referring to recent arrangements, it was fully understood that the services were to be two on each coast; that the then existing lines, Manukau leaving 24th and Cook's Straits, were not to be disturbed, except the dates by a day or two, and my tender was based upon this for a fortnightly service. See letter March 29th, in which I stipulate that "the present west coast boat (*i.e.* "Phœbe," leaving "Manukau 24th) keep up the same communication as hitherto," or correspondence with Cook's Straits' steamer by calling at Wellington and Picton; thus completing the connection between these ports and Sydney *via* Nelson, as provided for by agreement with New Zealand Government, November 1862, so that the convenience of the public should be studied as well as our interests.