

In corroboration, the dates you gave me South, in Marsh, at Lyttelton, were to leave Auckland 2nd and 18th, *i.e.* fortnightly; Manukau 9th and 25th, *i.e.* fortnightly. Why the company's interests and *bona fide* arrangements are sacrificed in order to introduce a third boat, I am at a loss to know. Nor was a third west-coast service ever mentioned even up to the last moment, when as the steamer was leaving the quay you gave me the new dates, viz.—“Airedale” leave Manukau 8th, and Otago 25th; “Phoebe” leave Manukau 28th, and Otago 15th, and arrive at Manukau 24th. Of course I had no time then to examine the operation of them—barely only to note them down; but it was soon apparent subsequently, and therefore I made my request for the modification of the recent alteration, and have instructed Mr. Jervis to see you, that this important matter may be at once gone into and set right again, making the complete connection between “Phoebe” and Sydney steamer on upward passage, by the former calling for Wellington and Picton passengers.

I had little idea that after negotiating with you in good faith on the principal of a fortnightly service (see letter March 19th), but that this was an oversight (and the shifting “Phoebe” from 24th to 28th, and thus overrunning the route of the Cook's Straits' boat on her downward passage), and that so great an injustice would be proposed as to abolish the Cook's Straits' line, which I affirm was distinctly agreed to remain unchanged.

In your letter of March 31st you agree to the stipulations contained in mine of the 29th, subject to certain modifications, not at all affecting the question at issue. If “Phoebe” had been put back three or four days, from the 28th to 25th, 24th, or 23rd, as agreed with Mr. Ward, the third service might have been arrived at thus, viz., leave Manukau 28th, five days after “Phoebe.” You most distinctly told me in conversation that you would take care in making the new arrangements that one boat did not run over the other.

In your letter of 5th March (April) you mention the satisfactory manner in which the desires of the Government have been met in reference to additional interprovincial services; and I must say that notwithstanding my readiness on all occasions to meet the reasonable wishes of the Government, I very much regret to observe a want of reciprocity, and that the concessions continually made by the Company are followed by harder terms.

In conclusion, I have to submit that the Cook's Straits' line was, by letter of November 14, 1862, incorporated into the original contract and terminable only with it; therefore as your proposal is not the mere giving up of £1,600 per annum, but destroying a line, and introducing a principle which may be applied to any of the Company's lines, I must refer the question to the Directors. I would again press upon you the request which I have instructed Mr. Jervis to make, viz., that the dates may be so modified as to adjust the services in some degree of accordance with the spirit of the negotiations lately completed. Trusting you will see the justice of my request,

The Hon. Thomas B. Gillies,
Postmaster General, &c., &c., &c.,
New Zealand.

I have, &c.,
JOHN VINE HALL.

No. 15.

New Zealand, Auckland, 3rd May, 1864.

SIR,

I have the honour to acknowledge receipt of your letter of 20th ultimo, and regret that the tone of yours compels me to enforce as a right that which I had hoped to accomplish by mutual arrangements. I cannot assent to your proposition that the extra services from Nelson to Otago commenced under two separate arrangements, at two separate subsidies, the last only agreed to by you in April 1863 were by agreement of November, 1862, incorporated with the original contract, so as to be only terminable with it. Nor can I assent to your statements that in the recent arrangements for additional Interprovincial services any additional stipulation was made in reference to the correspondence northwards of the “Phoebe” with the Cook's Straits' boat; the conversations referred to by you were no part of these arrangements, and occurred prior to any system of Interprovincial service having been determined on by me. The alteration of the “Phoebe” from 24th to 28th did not, under the stipulations of the original contract, require the Company's assent; it was made in order to keep up the correspondence of the “Phoebe” southwards with both the Auckland and Cook's Straits' lines, and you must see that the additional services which the public necessities of the Colony demanded (and which your Company were not in a position to undertake, and which were therefore not mentioned to you), rendered it impossible that the “Phoebe” could be made to correspond with the Cook's Straits' line on both the northward and southward route; I therefore adopted a time table which appeared to me to be best adapted for the efficiency of the public service.

I have now to give you notice, that payment of the subsidy for the line from Nelson to Otago, in continuation of the Cook's Straits' Intercolonial line, will cease in three months from this date, that line having become unnecessary for the postal service of the Colony.

Your remarks as to concessions being continually made by the Company I am at a loss to understand, as on examination of the mode in which the contracts have hitherto been performed by the Company shows that the Government of New Zealand have dealt with the Company with the utmost tenderness, and have in numerous instances waived the enforcement of terms of the contracts which would have proved exceedingly inconvenient to the Company. It is, however, unnecessary for me to enter into a discussion of this and other statements in your letter, which have no real bearing on the point at issue.

The General Manager I. C. R. M. Company,
Sydney.

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