

No. 126.

The Hon. H. A. ATKINSON to the PRESIDENT, Pacific Steam Company, New York.

SIR,— General Government Offices, Wellington, 18th October, 1876.

This letter will be presented to you by Sir Julius Vogel, who is on his way to England, where he has been appointed Agent-General for this colony.

I have the honor to ask that you will confer with Sir Julius upon the subject of the mail service. Communications are now passing between this Government, the Government of New South Wales, and your agents in Sydney, respecting modifications of the service. It will therefore be difficult to determine the exact position of the question before Sir Julius leaves the colony; and I can only say that, whilst he is not in a position to complete any arrangement without the approval of the Government, he is fully in possession of our views as to the shape it is desirable the service should assume. Should no arrangement have been made with the Company before this letter is presented, Sir Julius may be able consequently to suggest to you proposals of a kind which would be likely to prove acceptable to the contracting Governments.

I have, &c.,

The President, Pacific Steam Company, New York.

H. A. ATKINSON.

No. 127.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

14th December, 1876.

SIR,—

I have the honor to inform you that I presented at New York the letter which the Hon. the Premier gave me to the President of the Pacific Mail Company, Mr. Clyde.

I had a long interview with that gentleman, during part of which the Vice-President of the Company, Mr. Houston, was present. I had also an interview with Captain Dow, who had specially reported to the Company upon the Australian and New Zealand Mail Service, and who, it was represented to me, possessed the confidence of the Directors.

I found that the Company had no information of any further agreement having been arrived at between the two Governments and Messrs. Gilchrist, Watt, and Co. than that of which I was aware—namely, an agreement as to altering the present service, but a difference between the two Governments as to whether the New Zealand port of call should be Auckland or Bay of Islands. The Company, I was told, decidedly preferred Auckland. I told Mr. Clyde that I believed the preference of the New South Wales Government for the Bay of Islands was owing to the saving of time by that route, the Company having offered, through Messrs. Gilchrist, Watt, and Co., to make the time to Sydney by the Bay of Islands 670 hours as against 674 hours by Auckland. (See corrected copy of telegram dated New York, 13th July, 1876, published at page 4 in New Zealand Parliamentary Papers, 1876, F. 3D.) I suggested to him that if he would undertake to do the service to and from Sydney by way of Auckland as quickly as by the Bay of Islands, the New South Wales Government would probably waive their objection. I understood that Mr. Clyde was not unwilling to agree to make up the difference in time, but before telegraphing to that effect he seemed disposed to wait a few days for further information from Messrs. Gilchrist, Watt, and Co.

In studying the Parliamentary Papers on my way to New York, I noticed that the offer made by the Company to the New Zealand Government placed the colony at a great disadvantage as compared with New South Wales. In the telegram to which I have already referred, the time to New Zealand which the Company undertook to make was 570 hours, whilst to Sydney, as I have already referred to, it was 670 or 674 hours. Taking into account six or eight hours' detention at New Zealand, and the time which would necessarily be occupied between New Zealand and Sydney, it was evident that the time proposed to and from Sydney and San Francisco could not be made unless there was a saving of many hours in the time proposed to and from San Francisco and New Zealand. This would mean that when time was kept with Sydney, New Zealand would have to pay a considerable premium for many hours' anticipation of the contract time. I pointed out to Mr. Clyde that the point had escaped the notice of my Government in the negotiations which had taken place, and that I was sure New Zealand would not be willing to place itself in the position of habitually paying a heavy premium when New South Wales would only have to pay contract price. A reference was in consequence made by the Vice-President to the original calculations, when it was found to have been the intention to have made the time to and from San Francisco and Auckland 550 hours instead of 570 hours. Mr. Clyde agreed that this should be the time to be inserted in the amended contract, whether or not the correction was made in the colony before my advice reached it. I therefore did not think it necessary to telegraph, but wrote a few hurried lines to that effect in a private letter to the Hon. the Premier, to catch the mail which was about leaving. Whether or not you have agreed to the 570 hours, the time is to be 550 hours. The matter is important, as saving twenty hours' premium a trip amounts in the year to a saving of £2,600.

I found, from my conversation with Captain Dow, that the Company proposed to work the new service with three boats, and to keep a spare boat at San Francisco. This seemed to me not in accordance with what was desirable. Under the existing contract the company have to provide five approved steamers. With the alterations which are proposed, it would be reasonable to reduce the number to four, but not less than four. Three boats in constant use would suffice for the service, but the fourth should always be ready for use. A spare boat at San Francisco means nothing. The Company have always plenty of steamers at that place, and a spare boat there would mean that in case of need they would put on one of their available steamers. The spare boat belonging to the service should be at Sydney, where it would be available for use in case of its being required at that end of the line. I represented this to Mr. Clyde. He replied that it would be a loss to the Company to keep the steamer in Sydney. They would have, he said, to keep it fully manned,