

I delayed writing until I had received further advices from the New Zealand Post Office Department by the "Zealandia," but meanwhile I telegraphed the Hon. the Postmaster-General as follows: "San Francisco, 23rd July, 1890.—To Postmaster-General, Washington, D.C.—New Zealand considers \$60,000 wholly inadequate.—ROBT. J. CREIGHTON, New Zealand Government Agent."

My advices by the late mail do not bring any hope of a continuance of the service by New Zealand undertaking the burden of payment as in former years, and the policy of the British Imperial Government in offering inducements to the Australasian Governments to adopt the Postal Union rate raises a further monetary difficulty in the way of continuing the Californian postal route to England. Its adoption by New Zealand, which circumstances may compel, would involve large loss of postal revenue, and practically wipe out the fund from which the steamship subsidy was paid.

Another difficulty is presented by the cost of railroad transportation across the American Continent. The New Zealand Government instructed its Agent-General at London to ask the Postmaster-General of England to continue existing arrangements for payment for this service in the event of New Zealand renewing the mail-contract, but he could get no definite reply, and the probability is that the British Post Office will decline to pay. The immediate effect of this would be the stoppage of the direct mail-communication with the United States, so far as New Zealand and the other Australasian Colonies are concerned. In the event of the Canadian Pacific line being established to Australia from Vancouver, free railroad transportation for the closed British mail is promised, a fact which will go far towards reconciling the colonies to the Northern British route across America.

I mention these points for your information, in the hope that, should Congress finally pass the shipping subsidy Bills, steps may be taken by the Hon. the Postmaster-General to have the railroad transportation charge abolished, thereby furnishing no excuse for the London Post Office despatching colonial mails *via* Montreal and Vancouver, instead of by way of New York and San Francisco. These charges are made under agreement between Mr. Tyner and Sir Edward Thornton, and I presume may be remitted by the United States Government notifying the British Government of the fact. As this is a matter which may belong to the State Department as well as to your own, I content myself with suggesting the point, and requesting that you should, at your convenience, bring the matter under consideration of the Hon. the Postmaster-General.

I have also the honour to state that I sent the following despatch, 4th August, 1890: "To Hon. Postmaster-General, Washington, D.C.—New Zealand Government cables urgent inquiry, has Congress passed shipping subsidy Bill, as Parliament acts upon mail-service question immediately. What prospect passing? Please reply, as negative answer would cause withdrawal.—CREIGHTON, New Zealand Agent." To which I received the following reply by telegraph: "Washington, D.C., 6th August.—Shipping Bills have passed the Senate. Postal subsidy Bill has been reported favourably to the House and favourable action is expected.—JOHN WANAMAKER, Postmaster-General." I cabled the substance of this despatch to the Postmaster-General of New Zealand, and also forwarded your letter.

I have to acknowledge the interest which the Hon. the Postmaster-General has taken in the continuance of this mail-service, so long and so exclusively an American one, although maintained by British-Colonial subsidy. Should circumstances compel its discontinuance, which result I hope may still be averted, I am at liberty to say that the New Zealand Government would look upon the occurrence with deep regret.

I have, &c.,

ROBT. J. CREIGHTON,  
Agent, New Zealand Government.

Hon. N. M. Brooks, Superintendent, Foreign Mails, Washington, D.C.

## No. 17.

MR. SPRECKELS to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, 23rd August, 1890.

I read your letter to Mr. Creighton detailing the position of the postal-subsidy question at the date at which you wrote, and I noted with satisfaction the friendly solicitude of your Government for a continuance of the direct mail-service to San Francisco.

I recognise most fully the difficulty of your position, confronted as you are by the reduction of your postal revenue, and the withdrawal of New South Wales from the service; and I am prepared to meet the changed conditions as fully and as completely as I can, with the view of preventing even a temporary interruption of mail-communication with New Zealand, and, through New Zealand, with the Australian Continent also.

I am assured that Congress will pass a Postal Subsidy Act either this session or early in the short session which meets in December by statutory provision. In view of this contingency I hereby make the following offer to the New Zealand Government, viz.:—

If New Zealand enters into a contract with us for the continuance of the four-weekly service at the rate of subsidy now paid by New South Wales and New Zealand, I will stipulate that in case the subsidy to be passed by the United States Congress equals the amount payable by New Zealand—namely, £37,000, such payment by New Zealand shall be considered fully liquidated; and, should the United States subsidy fall short of the amount herein named, that New Zealand should only be called upon to pay the difference between the two sums. Furthermore, under this contract all postages by contributing colonies would be payable and accrue exclusively to New Zealand.

In making this offer I am desirous of reversing, as far as possible, the ungenerous treatment which New Zealand has received in the matter of its postal arrangements with the United States, so