

(*vide* No. 70, F.—6, 1890), inquiring whether, in the event of this colony renewing the San Francisco mail-service, the Australian Colonies would continue to pay on their outward mails the rates that were being charged, and to your reply thereto. On the expiration of the present contract, further consideration will be given your representations.

The Secretary, General Post Office, Sydney.

I have, &c.,

W. GRAY, Secretary.

No. 43.

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

SIR,—

San Francisco, 13th November, 1890.

I beg to acknowledge receipt of your letter of the 2nd October, in reply to my communication of the 23rd August, embodying a proposal for the continuance of the four-weekly postal service between New Zealand and San Francisco, informing me that my letter arrived after the matter had been settled by the Legislature, a fact of which I had been apprised by cable from the Hon. Mr. Mitchelson on the 19th September.

I regret that the House should have taken such a restricted view of the policy of sustaining the Californian mail-service, because I am convinced that it is calculated to develop an important trade between New Zealand and this country by opening markets for your products, and bringing about commercial interchange not even contemplated at present. But I recognise at the same time that New Zealand has for many years contributed liberally towards the American mail and commercial line, and that the failure hitherto of the United States Government to reciprocate has been to some extent the cause of the change of policy.

It is the desire of the Oceanic Steamship Company to carry out the service in such shape as shall develop trade and encourage travel, and we trust that the action of the United States Government in aid of the line may enable us to put it upon such a basis of efficiency as a mail-route as must command more liberal treatment by all the colonies.

I note the estimate of payment based upon weight to be £16,358, or considerably less than half the former subsidy. From this, I now understand, there is to be deducted a moiety of the railroad charge between San Francisco and New York on the colonial mail Homeward bound, amounting in round figures to £2,000. This is a new feature in the conditions, and, added to the light-dues hereafter payable by the mail-steamships, it will reduce the estimated total payment very considerably. We are using our best endeavour to have the overland railroad charges remitted in favour of New Zealand, and hope to succeed, but in the meantime we think the contractors should not be penalised on account of an agreement entered into between the British Envoy at Washington and the United States Postmaster-General, under which this payment for land transportation is made.

I also notice that, whereas payment for books and newspapers at the rate of 9d. and 3d. per pound, respectively, is to be made on the Direct service, no payment for the carriage of books and newspapers is to be made under the Californian mail-contract, although the contractors are required to pay half railroad-charges for books and newspapers from San Francisco to New York. This discrimination against the Californian mail-route, admittedly the most expeditious for New Zealand, is all the more conspicuous, inasmuch as the Direct line is to receive an equal amount for letter-mail, namely, 12s. per pound, although by the fact of its being an ocean route exclusively it is necessarily exempt from reduction on account of railroad charges. I am aware that the London Post Office allows half-postage on books and newspapers on the Direct route, and withholds this allowance on the Californian route to recoup it the cost of the outward Atlantic service and railroad charge between New York and San Francisco and the return Atlantic charges, but this only marks more clearly the point I have mentioned, because in reality the contractors carrying the British mail from San Francisco to Sydney pay all the transportation charges between Liverpool and San Francisco outward, and half the railroad and all the Atlantic charges on the Homeward bound colonial mail.

I deem it proper to bring these points to your attention, although I am aware that the Government is limited in its action by the conditions imposed by the House. At the same time I cannot help thinking, in view of the growing feeling of interest in New Zealand affairs in this country, and in further view of the reciprocity sections of our new tariff law, that it might have been more politic if your Legislature had continued to display its friendship for the Californian mail-route, instead of imposing conditions which under ordinary circumstances might cause a practical severance of direct commercial intercourse with the United States. I trust, however, that this is only a temporary measure resulting from a conflict of local interests with public policy, and that in the near future the Californian mail-service and the American connection will be rated at their true value.

I remain, &c ,

W. Gray, Esq., Secretary, Post Office, Wellington, New Zealand.

J. D. SPRECKELS.

No. 44.

Mr. CREIGHTON to the SECRETARY, General Post Office, Wellington.

SIR,—

San Francisco, California, 14th November, 1890.

I have the honour to acknowledge receipt of your letter of the 4th October, enclosing resolutions authorising the Government to arrange for a continuance of the Californian mail-service for another year upon conditions as to payments, &c., embodied therein. I had previously been advised by cable of the action of the House.

I think it is cause for regret that the resolutions as submitted by the Government were not adopted. In their present shape they are calculated to convey the impression that the Legislature did not consider the Californian line so desirable a postal route as either the Direct or Federal line. Such an impression would do an injustice to the Californian route, and could hardly have been in-