

No. 79.

The SECRETARY, New Zealand Shipping Company, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Christchurch, 31st October, 1890.

OUR London Board think we are better without contract than on the terms named in resolutions passed by Parliament. The Colonial Board are prepared to take the responsibility of entering into a contract on the terms stated in our letter of twenty-seventh instant, but we regret we do not see our way to agree to pay penalties or recover lost mails. With regard to clause twenty-nine, we will not object to make the amount three thousand pounds.

No. 80.

The Hon. E. MITCHELSON to the AGENT-GENERAL, London.

SIR,—

General Post Office, Wellington, 1st November, 1890.

I have the honour to forward you copies of cablegrams to and from your office in connection with the continuance of the Direct mail-service.

I was surprised to find from your cable of the 24th ultimo that the Imperial Government was under the belief that letters received in New Zealand by the Federal packets were to be surcharged on delivery. I am at a loss to understand why such an erroneous conclusion had been arrived at, as it has never been the policy of this department to penalise the inward letters by the Brindisi-Naples routes. I hope the cable in reply made it quite clear that the inward letters were not to be subjected to any surcharge.

I have, &c.,

E. MITCHELSON, Postmaster-General.

The Agent-General for New Zealand, London.

No. 81.

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

Westminster Chambers, 13, Victoria Street, London, S.W.,

SIR,—

19th September, 1890.

I duly received your telegram of the 13th instant, stating that the House of Representatives had approved the renewal of both the San Francisco and Direct mail-services for twelve months, and had also adopted the 2½d. rate of postage for letters by those routes, the old 6d. rate being retained for letters specially marked *via* Suez.

Upon receiving your previous telegram of the 9th instant, directing me to apply for an allowance of 1s. per pound for books, and 5d. for newspapers sent from London by Direct steamer, I went to the Post Office and urged your request, but was met at once by a decisive refusal. All the same, I sent in a formal letter asking for those rates to be conceded; but as this could not be done with any chance of success without proposing a rate of some kind for letters, and, as I gathered from the tenor of your messages that 12s. a pound would be accepted by you, I suggested it in my letter to the London Office.

The position, however, was no longer the same as when I cabled to you on the 29th August. Although I could only then tell you of the definite arrangement that had been come to for San Francisco, the moment was propitious for getting both services settled, if it could have been done at once. The negotiations had been brought to a point for San Francisco on the principle of finding a fair basis of Imperial contribution, rather than of calculating what basis would be most profitable, and, while I could not but think you would regard the Treasury offer as an advantageous one for the colony, there seemed a reasonable prospect of a favourable arrangement being also made for the Direct service on the same basis of payment by weight. But in the interval between my messages of the 29th August and yours of the 9th September, the aspect of things had changed, the figures had been worked out, and I found that while in any case the basis of payment by weight would not be agreed to for the Direct service so long as the San Francisco question was unsettled, payment by sharing subsidy would perhaps be insisted upon for the Direct line if the San Francisco service was renewed. In replying, therefore, to your telegram of the 9th September, it was evident that my own message must convey an intimation to you of the difficulty that had arisen, and when, next day, your reply came that Parliament had been asked to renew both services on the basis of my two previous messages of the 29th August, it was equally clear that I must advise you to keep a margin for further negotiation, in the case of the Direct service, on the alternative plans of payment by weight or by subsidy. I accordingly cabled that recommendation to you the same day, 10th September.

I propose now to wait, before taking any further step, until I know the terms of the resolution which the House has passed; because, supposing the ground to be left open for negotiation, and supposing the London Office to refuse altogether the basis of payment by weight for the Direct service, I assume that it would still be necessary for New Zealand to ask that the apportionment of the Direct subsidy as between the two countries should be made on the same principle as was agreed to in the case of the Australian Federal packets, namely, the relative amount of mail-matter sent by each country.

A Reuter telegram from Washington, in the *Times* of 12th instant, announced that the United States Post Office was to move in Congress for a reduction of the transit rates, so as to help the San Francisco service. I presume this does not affect the definite contribution of £12,000 offered