

It was clearly understood by us that this contract would be put before Parliament for ratification during the session of 1895; and, in order to afford the New Zealand Government every facility and information within my power, I instructed my secretary (Mr. Robert Grayson) to proceed to New Zealand. This he did, and remained in Wellington from the time Mr. Ward returned to New Zealand until the end of the session; but the ratification of the contract was postponed until the session of 1896. This delay we submitted to, in the full belief that the contract would be ratified during the parliamentary session of this year.

On the 30th April last we despatched a cable to the Hon. Mr. Ward, who was then Treasurer and Postmaster-General, at Wellington, as follows: "Now making every arrangement third steamer. There will not be any delay. If you can recommend, I will leave as soon as possible for Wellington."

On the 22nd May I received from your office the following copy of a cable received from the Premier of New Zealand, addressed to you, and dated Wellington, 21st May: "Previously informed Huddart submit resolution about end June. He must exercise his own discretion as to coming. His presence would assist."

A day previous to this I had received a cablegram direct from Mr. Ward, dated Wellington, 20th May, reading as follows: "Will submit resolution to Parliament about end of June. Exercise your own discretion as to coming."

Of course, it was impossible for me to be in Wellington by the end of June, even if I had left within forty-eight hours of the receipt of the cable, by the next Suez mail; but my secretary, Mr. Robert Grayson, was at that time at Ottawa, and I found it was possible for him, by taking the next mail-train to Vancouver, to secure a passage in the "Warrimoo," leaving Vancouver on the 31st May. Accordingly, I repeated the cablegram of your Premier to Mr. Grayson, and instructed him to proceed forthwith to Wellington, *via* Sydney, or, if he could secure a steamship connection at Fiji, to proceed by that route.

Mr. Grayson ultimately reached Wellington, *via* Sydney, about the end of June or beginning of July, so that he has been there for upwards of three months, in attendance upon the Government, and doing what was practicable to facilitate the consideration of the question. At the present moment we are not aware as to whether Parliament has been prorogued, or whether the Vancouver mail-service contract has been brought forward formally by the Premier, with a view to securing its ratification by Parliament.

In the meantime we have taken the irrevocable step of adding the s.s. "Aorangi" to our fleet of steamships, for the special purpose of carrying out in good faith the contract into which we entered with your Government eighteen months ago. It is inevitable that we shall incorporate either Wellington or Auckland in our time-table from about the month of May next, and we are looking to your Government to carry out their part of the agreement.

It is, therefore, most disappointing to receive from you at this juncture intimation that your Government is not dealing with the question at present, nor are we informed as to exactly when the present San Francisco mail-service contract shall expire. Will you kindly give us this information?

We cannot suppose that your Government is indifferent to the securing of this excellent mail-service to and from Europe by way of British North America. For several years there have been negotiations for the inauguration of this service, and, now that the arrangements are completed for the fulfilment of it, it would be disastrous to all the interests involved if the New Zealand Government should not, earnestly and in good faith, put forward this contract, and with the whole strength of their majority secure the ratification thereof in Parliament.

As you are well aware, a conference is about to meet in London to discuss the policy of the formation of a Pacific cable. It has always been assumed that the Colony of New Zealand is much interested in the success of this project, and would give it its practical assistance. But if the existence of the Vancouver mail-service is threatened, by reason of the indifference or lukewarmness of the New Zealand Government, it will be useless to pursue the discussion upon the Pacific cable, as the one is the complement of the other.

In these circumstances, I rely with implicit confidence upon your doing what is possible to assist us to secure from your Parliament in due time the ratification of the contract entered into between your Government and ourselves, and upon the faith of which we have added so much capital to our business.

The date fixed for the first steamship to leave Sydney for Vancouver, *via* a New Zealand port, is the 22nd May, 1897, and from that date we shall expect the New Zealand Government to contribute its portion of the subsidy contracted for.

If you are desirous of further discussing with me the position I shall be glad to respond to any appointment which it may be convenient for you to make.

Hon. W. P. Reeves, Agent-General for New Zealand.

I have, &c.,

JAMES HUDDART.

Enclosure 2 in No. 45.

The AGENT-GENERAL to Mr. HUDDART.

SIR,—

13, Victoria Street, S.W., 14th October, 1896.

I am directed by the Agent-General to acknowledge the receipt of your letter of the 13th instant, respecting the proposed Vancouver mail-service, and in reference thereto to inform you that a copy of the same will be sent to the New Zealand Government for their consideration.

With regard to the contract which you state was signed by Mr. Ward and yourself in April, 1895, the carrying into effect of which was made subject to its ratification by the New Zealand Parliament, you are probably aware that a copy of the same was laid upon the table of the House of Representatives in its 1895 session.

The Agent-General is unable to give you any information as to any further steps taken by his Government in respect thereto, but he feels sure that in deferring the final consideration of the proposal they have acted with due regard to the interests involved.