

principals, as you were in ignorance of what was being done either in London or Sydney, or whether the service was to be renewed with this colony. I did not hear from you again.

The alleged want of courtesy cannot in any sense be said to apply to your company, but to the Canadian-Australian Mail Steamship Company, which you will no doubt admit on again perusing the report.

It was a matter for regret that the manner in which the Vancouver service lapsed should have called for any adverse comment from the Post Office, but, remembering the difficulties in which the department had been placed and the serious inconvenience occasioned the public from the absence of definite information from your principals, I think you will acknowledge, even now, that the strictures were not without reason.

I have, &c.,

The General Manager for the Colonies,
New Zealand Shipping Company (Limited), Christchurch.

W. GRAY, Secretary.

No. 99.

The GENERAL MANAGER for the COLONIES, New Zealand Shipping Company, Christchurch, to the SECRETARY, General Post Office, Wellington.

The New Zealand Shipping Company (Limited), Christchurch,
14th November, 1899.

SIR,—

I have the honour to acknowledge the receipt of your letter of 25th ultimo in reply to mine of 10th August last.

After so long a lapse of time it is difficult to state precisely the remarks made at a personal interview of which notes were not taken at the time, but so far as my memory serves me the result of my conversation with you is correctly set out in my letter above referred to.

As the company acted as agents in New Zealand for the Canadian-Australian Royal Mail Steamship Company, the impression left in the minds of readers of the remarks in the annual report of your department would undoubtedly be that the New Zealand Shipping Company was charged with a lack of business courtesy.

I submit that in fairness to the Canadian-Australian Company you should have referred in your report to the telegram forwarded to the Hon. the Premier on the 31st October, 1898 [No. 136, F.—6, 1899], intimating that that company would not be likely to continue the Vancouver mail-service on a yearly contract.

Events have proved the wisdom of the Canadian-Australian Company in dropping New Zealand. The contract for the San Francisco service has just been extended for another year, after which faster steamers will be required to run that service, and it is not unreasonable to infer that the Vancouver line would have met with similar treatment.

The Canadian-Australian Company had run great risks and incurred the heavy expenses which are inseparable from the organization and opening-up of a new trade route. No encouragement was given by the New Zealand Government to the company—on the contrary, every penalty was rigidly enforced; and with the certainty that at the end of twelve months the company would be called upon to replace the steamers then running in the service with faster and more costly vessels, without any indication of a corresponding increase in the subsidy, it is not surprising that the directors of the Canadian-Australian Royal Mail Steamship Company took steps to secure a contract elsewhere of a more profitable and permanent character than the New Zealand Government appeared prepared to give. As business men the Government could hardly have expected any other result.

I am not aware that it was incumbent upon the Canadian-Australian Company to inform the Government of their intention to make other arrangements, and it is for not doing so that they are charged with want of business courtesy.

The efforts subsequently made by the New Zealand Government to frustrate negotiations with the Queensland Government clearly show that the directors of the Canadian-Australian Company acted with proper business caution in this matter.

From the time that Mr. Huddart ceased to control the Canadian-Australian Company the Government of New Zealand treated that company in the harshest possible manner. They were most unsympathetic and unbending in all their communications, and evidently were surprised to find that the company would not renew a contract with a Government which had proved itself to be so unfriendly.

I have, &c.,

ISAAC GIBBS, General Manager for the Colonies.

The Secretary, General Post Office, Wellington.

No. 100.

The SECRETARY, General Post Office, Wellington, to the GENERAL MANAGER for the COLONIES, New Zealand Shipping Company, Christchurch.

SIR,—

General Post Office, Wellington, 30th December, 1899.

I have now the honour to acknowledge the receipt of your letter of the 14th ultimo, in further reference to the Vancouver mail-service.

I have been directed to state in reply that there was a distinct ground of complaint against the Canadian-Australian Royal Mail Steamship Company in its neglecting to apprise the Postmaster-General that it did not intend to renew the service with this colony, when it was well known that an agreement excluding New Zealand had been all but concluded with Queensland. As already explained, this resulted in serious public inconvenience, and no good reason has been advanced for