

Article 4, paragraph 3: "Correspondence exchanged in closed mails between two Administrations of the Union, by means of the services of one or of several other Administrations of the Union, is subject to the following transit charges to be paid to each of the countries traversed or whose services participate in the conveyance."

Clause 2, subclause (c): "8 francs per kilogramme of letters and post-cards, and 1 franc per kilogramme of other articles, for all transmits not included in the categories given above in paragraphs (a) and (b)."

We assumed that as the Vancouver steamers would be conveying closed mails "between two Administrations of the Union by means of the services of one or of several other Administrations of the Union" the rates of payment as per subclause (c), article 4, would be available for distances exceeding 1,500 miles.

It is quite true that the Vancouver steamers are not under contract from Australia, and it occurs to us that for that reason the Commonwealth Post Office Department may feel itself bound to the literal reading of the Act, which specifies the rates payable. If that is so, would it facilitate the case if we cleared the steamers at the Customs for Auckland instead of for Vancouver, as we do at present? Their contract obligations begin at Auckland, and we suppose that if the suggestion was adopted the Australian mails would be sent to the care of your Department, and rates paid as provided by the rules of the Convention.

I have, &c.,

R. MCK. McLENNAN,
For General Manager.

The Secretary, General Post Office, Wellington.

[Van. Misc. 12/207, 208.]

No. 81.

The HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

Westminster Chambers, 13 Victoria Street, London S.W.,
22nd November, 1912.

SIR,—

Referring to the second paragraph of my letter of the 16th instant [not printed], I have the honour to enclose herein letter, in original, addressed by the Chairman of the Pacific Cable Board to the Hon. the Postmaster-General of the Dominion, dealing with the question of the desired call of the mail-steamers at Fanning Island. The Chairman has asked me to forward the letter by to-day's mail for the earnest consideration of the Government.

I have, &c.,

The Hon. the Prime Minister, Wellington, New Zealand.

THOS. MACKENZIE.

[Van. Misc. 12/218.]

Enclosure in No. 81.

The CHAIRMAN, Pacific Cable Board, London, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Queen Anne's Chambers, London S.W., 22nd November, 1912.

I have the honour to inform you that a perusal of the "Further Papers relating to Ocean Mail-services," presented to both Houses of the General Assembly by command [F.-6, 1912], has led the Pacific Cable Board to fear that, in the correspondence that took place in 1911 on the subject of periodical calls at Fanning Island by the mail-steamers running between Auckland and Vancouver, there was a certain amount of misapprehension as to the attitude and views of this Board, which may have influenced the Government of New Zealand unfavourably towards our proposals; and I have accordingly been authorized to address you again upon the subject.

In his replies to my cable messages of the 5th and 26th November, 1911 [Nos. 163 and 164, F.-6, 1912], the Prime Minister based his rejection of the Board's suggestions wholly on the fear that the rapidity and the punctuality of the mail-service might be endangered. But in a subsequent part of the paper (No. 179, letter from the Postmaster-General, Wellington, to the Secretary, General Post Office, London) quite a different reason is assigned—viz., that "the Postmaster-General does not see his way to incur the additional expense which such a call would involve." The same letter goes on to say, "As the Board fully understands the position, I have no doubt it will manage to set in operation at an early date some plan of communication, more or less regular, by the use of the cable steamer or by subsidizing a connecting service, steam or sail, from Honolulu, or other means." Each of these quotations indicates a misunderstanding of the position, which my Board cannot but think may have influenced the decision of the New Zealand Government in a very unfortunate manner. In the first place, nothing that we had proposed could possibly have imposed any additional charge on the New Zealand Post Office, and, next, the establishment of "some plan of communication, more or less regular," with Fanning Island is by no means such a simple task as your predecessor appears to have imagined.

I will ask you to allow me to invite your attention to the actual facts, in order that you may realize how great has been the embarrassment and the expense to my Board that have resulted from the refusal of the New Zealand Government to allow the mail-steamers to deviate in one voyage out of three, and that in one direction only, in order to call at Fanning Island. They are set out very fully in paragraph 18 of the Board's report for 1911-12 (of which I enclose a copy) [not printed], and to what is there stated I need only add that as matters stand at present it is extremely doubtful whether the undertakers in the Fanning and Washington Island enterprise will be able to afford any regular or permanent assistance in the maintenance of an efficient service to Fanning Island; and that for the moment it looks as if we shall have to rely on the good offices of the Commercial Cable Company, by means of the auxiliary-screw schooner by which they keep up communication with their own station at Midway Island. That arrangement is not a very dignified one for an undertaking of the four Governments interested in the Pacific cable, nor is it really satisfactory; for while it provides fairly well for conveyance of goods from Honolulu to the island, it affords no means of transport for