

I must apologize for the unfinished and somewhat unconnected style of this report. Amidst a multiplicity of other engagements, it has been prepared in great haste to send to-day by the Brindisi mail.

The Hon. the Postmaster-General, N.Z.

I have, &c.,
THOMAS RUSSELL.

Enclosure 1 in No. 1.

Mr. EDWIN O. HALL to Mr. THOMAS RUSSELL.

SIR,—

Department of Interior, Honolulu, 9th May, 1873.

In reply to your verbal inquiry as to what His Majesty's Government will do in aid of a line of steamers to run between San Francisco and New Zealand and one or more of the Australian Colonies, calling here both ways for freight, passengers, and mails, I would say that such steamers, if first class, will be exempt from payment of all port dues and compulsory pilotage; that they will have wharfage and necessary fresh water from the Government pipes, free of charge; that the coals and other materials for the production of steam, and all supplies requisite for the use of such steamships, will be free of duty; that all vessels that may arrive during the continuance of the contract that may be made with the steamship company, loaded entirely with coals, machinery, and supplies, imported by such company for the use of their steamers, will be free from all taxes and harbour dues, excepting pilotage; and all vessels loaded partially with coals, &c., for such steamers will also be free from such charges (excepting pilotage) in the proportion which such imports may bear to the entire capacity of the vessel; that a lot of land of suitable size will be set apart for the exclusive use of such company on which to store their coals, and also for the site for a storehouse for their freight, free of ground rent; and that the Government will either erect on such lot a storehouse for storage of such freight, and let it to the company at a rental equal to the interest upon its cost and repairs, or permit the company to erect thereon such a storehouse at their own cost.

You will please understand that if the foregoing terms are not accepted and included in a formal contract within twelve months from this date, they will be considered null and void, though I am of the opinion that at any time the Hawaiian Government will be quite willing and ready to make liberal terms with any steamship company that will establish a line of good ships to touch at this port regularly, and affording to this community desirable facilities for receiving and sending mails and cargoes, and furnishing good accommodation for passengers.

It is understood that, in consideration for the privileges and facilities above named, to be furnished to the steamers, the mails will be carried both ways without charge.

Thomas Russell, Esq.

I have &c.,
EDWIN O. HALL.

Enclosure 2 in No. 1.

RUSSELL to VOGEL.

New York, 14th June, 1873.

WEBB and others decline to pay the penalties without law—Marbury advises that suit must be here, and that three years will be required to bring it to trial—I defer proceedings for the present—No telegrams from you or Murdoch—Am disappointed—General Burnside showed me a telegram from New South Wales Government that New South Wales Government had made a provisional contract—Featherston advises me that Sydney had agreed to co-operate, and to send Samuel to England to complete arrangements—Much perplexed—Pacific Mail cannot extend their operations beyond Honolulu, but they are anxious to continue that service and will bind themselves to provide good boats to connect there—Am now negotiating with Scott and Burnside, for a service from San Francisco to Australia, touching at New Zealand—A good service could be made in New York, if Sydney agrees to co-operate.

Enclosure 3 in No. 1.

Mr. T. RUSSELL to General BURNSIDE.

SIR,—

New York, 20th June, 1873.

Referring to the several conversations we have had on the subject of a steam service between San Francisco and Australia (in which term I include New Zealand), I shall feel obliged if you will state the views held by yourself and your friends on the subject. As already explained to you, I have authority to make a contract for New Zealand, and expect next month to be in a position to make a joint contract embracing New South Wales (the Postmaster-General of New South Wales being now *en route* for London, where I expect to meet him). The points I am interested to know are as follows:—

1. The price for a service from San Francisco to New Zealand, calling at Auckland, and thence calling at New Zealand ports to Port Chalmers.
2. The price for a service from San Francisco to Auckland, the main boat proceeding thence by way of the East Coast of New Zealand to Wellington, and thence to Australia.
3. The price for a service from San Francisco to Auckland, the main boat proceeding thence to Australia. The mails to be distributed from Auckland by the East Coast to Port Chalmers; the contractors providing for this service a boat of not less than 1,000 tons burthen.
4. The price for a service from San Francisco to the Navigator Island, connecting there with another boat of equal size, the main boat proceeding thence one month to Sydney direct, the other boat to Auckland and thence to Port Chalmers, calling at intermediate ports; and the next month the