

"I have now the honor to inform you that, in addition to despatching the 'Vasco de Gama' for Fiji this day, I have chartered, and will to-morrow despatch the 'Cyphrenes' to Kandavau direct, and will convey by her, as well as by 'Vasco de Gama,' any mails you may send on board for Kandavau and Honolulu for San Francisco. 'Cyphrenes' does not come within the tonnage nor speed required by the new contract, but she has hitherto been employed in the temporary service, and is docked, coaled, and ready for the voyage. Were I to send the 'Vasco de Gama' on to San Francisco, it would cause further delay in bringing the B service into operation; but by sending the 'Cyphrenes,' the 'Vasco de Gama' can return to Dunedin and begin B service next month, while 'Colima' will begin it here. I am using every means in my power and sparing no expense to carry out the contract, and regret extremely that in some respects I am compelled to deviate from the strict letter of it, in order to avoid inconvenience to the other contracting colony."

My reply as follows:—"I am directed to acknowledge the receipt of your letter of this day's date, in which you intimate that, in addition to despatching the 'Vasco de Gama' for Fiji this day, you have chartered and will to-morrow despatch the 'Cyphrenes' to Kandavau direct, and that you purpose to convey by her, as well as by the 'Vasco de Gama,' any mails which may be sent on board for Kandavau, Honolulu, or San Francisco; and you also say that were you to send the 'Vasco de Gama' on to San Francisco, it would cause further delay in bringing the B service into operation, but that by sending the 'Cyphrenes' the 'Vasco de Gama' can return to Dunedin and begin that service next month. If, as the Postmaster-General infers from your communication, it is your intention to send on the mails from Kandavau by the 'Cyphrenes,' a vessel which you admit does not come within the tonnage or speed required by the contract, I am to inform you that any such course of action on your part will be regarded as a breach of the contract, and the matter will be dealt with accordingly."

Postmaster-General, Wellington.

S. H. LAMBTON,  
Secretary, Post Office, November 19th.

#### No. 43.

MESSRS. OWEN and GRAHAM to the SECRETARY, General Post Office, Wellington.  
(Telegram.)

Auckland, 29th November, 1875.

WE beg to advise receipt of very full and long letters on the mail service. Sydney Government gave notice to Contractors that if the "Vasco" transhipped mails to "Cyphrenes" it would be a gross breach of contract; consequently she will go through to San Francisco. Great pressure was brought on the Sydney agents to compel them to send "Vasco" direct to Kandavau, and as you are aware they refused to acknowledge her going to Auckland, and sent no mails to this port. The agents, however, determined to fulfil their duties to both colonies, and on her coming here decided. We have now to beg your forbearance, and ask your permission first to allow the "Cyphrenes" to do the mail service between Dunedin and Kandavau until the arrival of one of the Contractors' new steamers, expected in January, when she will be despatched direct to Dunedin; or if you will be good enough to advise the Sydney Government to sanction the mails for December and January being sent *via* Auckland, subject to time penalties only. We are advised the feeling in Sydney is strongly in favour of a line direct to Frisco worked by a local company, and members in the House have said that the New Zealand Parliament have left them in a fix not ratifying the contract until 20th October, and that they, the New Zealand Government, would break the contract at first chance. Will you give this matter your favourable consideration, and may we beg you will favour us with a reply by the "Hero." The agents have addressed the Hon. the Postmaster-General by letter.

OWEN AND GRAHAM,  
Agents for the Pacific Mail Company.

W. Gray, Esq., Postmaster-General's Office, Wellington.

#### No. 44.

MR. GRAY to MESSRS. OWEN and GRAHAM.

(Telegram.)

Wellington, 30th November, 1875.

I HAVE to acknowledge your telegram of yesterday. The reputed action of the New South Wales Government and Mr. Hall, in connection with the despatch of the "Vasco de Gama" and "Cyphrenes" from Sydney, does not agree entirely with advices received by this department. It does not appear from our advices that any undue pressure was forced on Mr. Hall; but he was informed distinctly that he would not be permitted to convey Sydney mails *via* Auckland. Mr. Hall then undertook in writing to send the "Vasco de Gama" to Kandavau, and on this undertaking mails were placed on board steamer. Up to the hour of the steamer's sailing, the Sydney Post Office authorities took it for granted that the "Vasco de Gama" was bound for Kandavau direct, and this fact will at once explain why steamer did not carry mails for New Zealand. The pressure you allude to, I presume, refers to the action of the New South Wales Government in insisting that no departure from the terms of the contract would be sanctioned, and that any such departure would be treated as a breach of contract. This Government cannot agree to