

employment of "Cyphrenes" between Port Chalmers and Kandavau. If she is so employed, it will be regarded as a breach of contract. From what you state, it would appear that New South Wales Government would not sanction employment of "Cyphrenes," and you can scarcely expect this Government to accede to your proposal. Moreover, by your running the "Cyphrenes" between Kandavau and Port Chalmers, Sydney would have direct boats to and from San Francisco: direct boat to Frisco must be steamer from Port Chalmers, and "Colima" should be at Port Chalmers on 14th proximo to convey outward mails. I am surprised any importance should be attached to the opinions alleged to have been expressed in the New South Wales Parliament by private members. This colony, equally with New South Wales, is committed to the contract, and both are in accord with regard to its terms. There is no desire to terminate the contract unless such a course is forced upon this colony by the persistent attempts on the part of the Contractors to utterly disregard their obligations. Up to the present time the two Governments have every reason to be dissatisfied with the irregular proceedings of the Contractors.

Messrs. Owen and Graham,  
Agents, Pacific Mail Steamship Company, Auckland.

W. GRAY,  
(for the Postmaster-General).

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No. 45.

The Hon. D. POLLEN to the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 1st December, 1875.

I HAVE to acknowledge your telegram of the 20th ultimo. "Vasco de Gama" arrived from *Vide No. 41.* Sydney on 24th ultimo, and sailed for Kandavau noon of 25th. Coastal mails collected and forwarded to Auckland at Contractors' risk; and agents of Contractors informed that failure to provide steamer at Port Chalmers on contract date would be treated as breach of agreement. Contractors' agents informed that this Government would not permit any departure from the terms of the contract. It was stated to this department that the "Vasco de Gama" would tranship our mail to "Cyphrenes" at Kandavau, and that latter vessel would proceed to San Francisco. This we refused to recognize. Advices have been received by Contractors' agents per "Hero" that prior to the departure of "Cyphrenes" from Sydney it had been arranged that "Vasco de Gama" would run through to San Francisco, and we have been asked to sanction employment of "Cyphrenes" between Port Chalmers and Kandavau. Permission has been refused, and Contractors' agents informed that if "Cyphrenes" employed, Government would treat matter as breach of contract. This Government concurs in the action taken by your department, and Contractors' agents informed to this effect.

Postmaster-General, Sydney.

DANIEL POLLEN,  
(for the Postmaster-General.)

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No. 46.

MESSRS. OWEN and GRAHAM to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Auckland, 30th November, 1875.

We have the honor to acknowledge your telegram, and now beg to show you that the Sydney agents for the new mail service have done their utmost to convey the mails according to contract.

On 15th October when they were telegraphing for the Pacific Mail Steamship Company to make arrangements for a boat to perform the service allotted to the "Mikado," the discussion in the General Assembly reached Sydney, viz. that after two days debate on the ratification of the contract, the adjournment of the House was moved by Sir Donald McLean to give the Government time to consider their course. This was fully telegraphed by the New South Wales Government to London, and, as Mr. Watt writes, this intelligence would paralyse the proceedings of the Contractors in London. To continue, from Mr. Watt's letter,—

"On 25th October we learned here that the contract was ratified, and immediately telegraphed to London that this had been done; and on the 28th the Contractors' agents in London telegraphed a proposal to this Government to run the service *via* Auckland for three months, and the Contractors were willing to trust to the consideration of the Colonial Governments. This was declined by our Government, and telegraphed to London; they also wired to your Government stating that they declined it.

"These telegrams were despatched by this Government at once, so that we did not learn of it till they had been sent. So soon as we did hear, we made the Government a proposal to make certain concessions to them, if they would consent to this proposal, and they were disposed to do so, provided we got the consent of Contractors. This we telegraphed for on 1st November; but owing to the line being interrupted we did not receive any reply till the 10th, previously to which your Government had replied to the telegram from this Government, and declined to sanction service *via* Auckland, and this Government withdrew from any negotiation for service *via* Auckland.

"Late on the 9th November the 'City of Melbourne' arrived, advising that 'Vasco de Gama' had sailed three days before her, and that, on the eight days' trip, Frisco to Honolulu, she