

had outstripped 'Vasco' by forty hours, and at same proportionate speed 'Vasco' could not be looked for before 14th, and her slow passage was set down to her requiring overhaul, and it seemed impossible she could leave on the 19th. We offered to send the 'Cyphrenes' a special trip *via* Auckland, and had virtually arranged it so far that this Government telegraphed yours that such a plan was almost decided upon; and they approved, and sent free of cost as a Government message, our telegram to London advising the arrangement, and it only remained to put it in legal shape.

"Before this was concluded, on the afternoon of the 12th the 'Vasco' arrived, and the Government withdrew from the arrangement on the ground that as the general agent was in the colony, they could make no mail arrangement whatever, but leave the responsibility with him. We regretted very much when this broke down, as, had it been carried out, B service could have been started complete at all points next month.

"From the spirit shown by the Government, Mr. Hall and ourselves determined to carry out the contract to the best of our ability, and leave no ground of complaint on the score of wilful neglect; therefore we arranged to despatch 'Cyphrenes' to Kandavau, there to receive New Zealand mails from 'Vasco' and proceed to San Francisco; 'Vasco' in that case returning to Auckland with mails from 'Colima,' and beginning B service complete in December with 'Vasco' from Port Chalmers, and 'Colima' from this."

From your telegram we gather that the New South Wales Government have advised you of their course of action,—how they distinctly informed Mr. Hall that he would not be allowed to convey Sydney mails *via* Auckland, thereby putting on him the greatest pressure possible, for how could the "Cyphrenes" at that date attempt to reach Kandavau *via* Auckland, to catch so fast a boat as the "Vasco"?

The New South Wales Government say they were not aware the "Vasco" was coming *via* Auckland until the last moment; but we believed your honorable Government was wired *via* the South on the 12th current, from Sydney, that the "Vasco" would come to Auckland.

We read with some regret the expression in your telegram "of the persistent attempt on the part of the Contractors to utterly disregard their obligations," when we are assured of every effort being made to carry out the contract, and each effort is met with a rebuke. We trusted the action proposed to bring the "Vasco" back to Dunedin would have met with approval, but, on the contrary, we were immediately advised it was a further breach of the contract.

In your telegram you do not refer to the other alternative which the Contractors' agents ask for; we presume that, as it has already been declined, the re-opening of the question was useless.

We shall advise the agents in New South Wales of your decision, and impress upon them the necessity of returning to the letter of the contract as early as possible. In the meantime the "Cyphrenes" must be on her way here, and no power of ours or theirs can place a steamer of contract power in Dunedin for this coming month.

Trusting you will credit us with the full desire of strictly adhering to the contract,

The Hon. the Postmaster-General, Wellington.

We have, &c.,

OWEN AND GRAHAM.

No. 47.

Mr. ROSE to MESSRS. OWEN and GRAHAM.

GENTLEMEN,—

General Post Office, Wellington, 8th December, 1875.

I have been directed by the Acting Postmaster-General to acknowledge the receipt of your communication of the 30th ultimo, in explanation of the failure of the Contractors for the San Francisco Mail Service to despatch the through boat from Port Chalmers on the 16th November last.

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

I have, &c.,

THOMAS ROSE,
(for the Secretary).

No. 48.

The Hon. J. F. BURNS to the POSTMASTER-GENERAL, Wellington.

SIR,—

Sydney, 23rd November, 1875.

I have the honor to enclose for your information copy of a letter dated the 17th instant (as well as of its enclosures, except the agreement and bond, copies of which are already in your possession), which has been addressed from this office to the Crown Solicitor of this colony, instructing him to take steps to recover from Mr. H. H. Hall the sum of £3,279 9s. 1d. overpaid to him by the Government of New South Wales on account of the San Francisco Mail Service, and to mention that in this sum is included the item of £3,000 referred to in the 7th clause of the Russell-Samuel Agreement, dated the 23rd October, 1874.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

J. F. BURNS.